Signet Bank Annual Report 2024

Content

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Management report on the Group and the Bank's operations during 2024

In 2024 Signet Bank AS Grupa (hereinafter referred to as the Group) continued dynamic development in accordance with its long-term business strategy.

The Group maintains is core business line - providing financing to Latvian companies and entrepreneurs - both through traditional lending products and capital market instruments.

In 2024, the Group's loan portfolio increased by 25% to EUR 209 million. The increase in the loan portfolio was driven by both organic growth and the acquisition of a 51% stake in SIA AgroCredit Latvia, a non-bank lender to farmers, at the end of 2024. The transaction is aimed at further pursuing the Group's growth strategy by expanding the range of financing solutions, expanding and diversifying the loan portfolio. We are confident that by combining AgroCredit's experience in the agricultural sector and Signet Bank's experience in the banking sector, we will be able to offer flexible financing and ensure faster growth in this segment.

The year 2024 was also a successful in providing funding to customers through bond and equity issues. For the second year in a row, Signet Bank maintained its leading position in the Latvian bond trading segment. Last year we provided a total of EUR 165 million (+11% compared to 2023) to our clients through capital market instruments by launching 16 equity and bond issues (+46 compared to 2023).

More active use of capital market instruments by local companies is vital to improve and expand access to finance and enable a more dynamic development of the Latvian economy. We are pleased that equity and bond issues are becoming increasingly popular as a way of raising finance in Latvia - according to Signet Bank's data, 21 new bond issues took place in Latvia in 2024, raising EUR 691 million.

One of Signet Bank's strategic objectives is to promote the development of the capital market and financial literacy through a range of business and public engagement and education initiatives:

- We continued to organise a public education initiative for entrepreneurs, providing free participation to interested parties - the Signet Bank Capital Market Academy, which provides theoretical and practical information and dispels myths about confusing issues and opportunities offered by the capital market. In 2024, we completed the 2nd season of the Academy with six academies and around 200 attendees. We expanded the scope of the Academy and for the first time went to the largest regional centres of Latvia - Liepāja, Valmiera and Cēsis.
- Baltic Capital Markets Conference - together with our partners, we continued to organise the largest capital market conference in the Baltics for the third consecutive year, bringing together industry experts, investors and entrepreneurs from the Baltic States and other European countries. Last year, the conference was attended by 440 participants in person and broadcast live to 86,238 viewers in all the Baltic States.
- We supported the festivals organised by investorklubs.lv and Investoru Klubs, which provide local investors with information on developments on the Baltic capital market, as well as investment opportunities for both investors and the public.
- In partnership with Radio SWH, we provided daily news of Latvian, Baltic and foreign capital markets throughout the year.
- For a second year, a special publication on financial literacy and capital market topics was put out in partnership with IR magazine.

We will continue to support initiatives that promote financial literacy, both individually and in partnership with Finance Latvia Association and the Bank of Latvia.

We believe that a well-developed capital market is one of the key factors for a more dynamic development of the Latvian economy. We are committed to continuing to support issuers and investors in capital market transactions and to promoting financial literacy among investors and Latvian businesses alike.
The Group's third most important area of activity is the provision of investment solutions to clients with available financial resources. The amount of client funds under the Group's management and administration reached EUR 1.6 billion by the end of 2024.
Our investment solutions include deposits, brokerage services providing access to financial instruments both in the local Latvian market and in international financial markets, investment advice, individual portfolio management and investment funds managed by Signet Asset Management. All these investment products showed positive results in 2024 thanks to the team's experience and professionalism, as well as a favourable situation in global financial markets.

With the acquisition of Magnetiq Bank in December 2023, the Group started operating in the segment providing services to *FinTech* companies, with the focus on *Banking-as-a-Service* solutions. In 2024, Magnetiq Bank made significant preparations for rapid development, which included rebranding and putting together a strong management team of local and international *FinTech* professionals.

Magnetiq Bank will continue to operate as a subsidiary of the Group, retaining its existing credit institution licence and focusing on services to *FinTech* companies and innovative digital financial products and services.

In 2024, the Group also managed to significantly increase other business volume indicators, raising the number of clients and deposits, as well as expanding its loan portfolio. Comparing the Group's results at the end of 2024 with the end of 2023:

- Capital increased by 41% to EUR 42 million;
- Deposits grew by 19%;
- Loan portfolio grew by 25%;
- Clients' assets under management and administration (AUMA) increased by 15% to EUR 1,6 billion;
- Gross income grew by 57% to EUR 39 million;
- Comprehensive income (attributable to the Bank's shareholders) amounted to EUR 6.5 million.

The Group continues to maintain a conservative balance sheet structure, with a capital adequacy ratio of 18% and a liquidity coverage ratio of 166%. The Group's return on equity (ROE) and return on assets (ROA) ratios are 18.30% and 1.02%, respectively.

The Bank's Board proposes to the Bank's Council not to distribute the Bank's 2024 profit in the amount of EUR 5 472 688, the Council will forward this proposal for approval at the shareholders' meeting.

In 2024, we launched a three-year brand awareness strategy, with the aim of accelerating the Group's customer acquisition and also improving customer loyalty. In 2024, we managed to increase brand awareness among our target audience from 27% to 42%, which is very good for a brand that is one of the "youngest" in the Latvian banking sector.

The Group continues to pay significant attention to AML/CTPF and sanctions compliance by continuously improving its internal controls in line with regulatory developments and international practices. We invest in information systems and human resources to maintain risk management and internal control systems at a level consistent with the Group's chosen business model.

The Group is committed to operating in a sustainable manner and integrating environmental, social and governance considerations into the activities of Signet Bank AS and the Group's companies. In 2024, we continued to implement the Group's sustainability strategy by effectively integrating sustainability at all levels of the organisation and promoting the availability of sustainable financial solutions.

As a socially responsible company, the Group supported a number of cultural, sporting and educational initiatives in 2024. Preserving local culture, society development and building a sustainable future are integral part of Signet Bank's values. The Bank continues to provide annual financial support and is actively involved in various projects of national importance: preservation and development of culture and arts, sports initiatives, promoting local talent and community welfare. We also support sustainability projects that foster environmentally friendly solutions and public education projects.

In 2024, we implemented 23 community support projects in culture, arts, education, sport and sustainability.

The most important projects:

- We became a major sponsor of the Latvian National Theatre for the 105th season;
- We continued to support instrumental group DAGAMBA during a tour of Latvian cities, attended by 10,000 people;
- We became supporters of Latvian beach volleyball players Anastasija Samoilova and Tīna Graudiņa, two-time European champions;
- We supported an international chess festival in Cēsis, and others.

In sustainability:

- We supported the "Before You Fly, Plant a Tree" project, which encourages people to keep in mind the impact of flying on the environment and climate, and compensate the CO2 footprint of their flights by donating to planting new trees where there have been no forests for at least 20 years. Inspired by the project, we went to Jugla Forestry where, together with Magnetiq Bank AS, we planted 8,000 trees;
- We supported the Baltic Sustainability Awards, an event and a platform that promotes innovation and brings together stakeholders to build a thriving future.

We also supported two charity projects:

- "Come Along!" project for human rights and civic awareness of people with disabilities;
- "Set an Example!" project that inspires society, fosters positive change and supports children and young people who need additional support and opportunities for a fulfilling life.

Russia's war in Ukraine has continued for three years now, shattering people's beliefs in the principles established over the past decades that ensured security and allowed us look to the future with confidence. The Group strongly condemns Russia's war against Ukraine that is undermining the foundations of international law. We support the Ukrainian people in their fight against the aggressor and for the right to build their future in a family of democratic and civilised countries.

Despite the challenging global environment and geopolitical situation, the Group's management sees ample opportunities for growth as the Latvian banking sector continues to undergo structural change. In addition to lending and arranging bond and equity issues, the Group has clear growth opportunities in servicing corporate clients, providing investment services, and developing digital and BaaS products through its subsidiary, Magnetiq Bank. We will continue to work hard to ensure that the Group eventually becomes a real competitor to the foreign-owned banks that currently dominate the Latvian market.

The management of the Group would like to thank our clients for their continuous trust, our shareholders for their support, and our employees for their contribution to the growth of the Group. We are confident that the Group is well positioned to continue its successful development in the coming years as well.

Sustainability

Signet Bank AS's commitment to promoting sustainability is based on:

- A vision for a better future where peace and prosperity prevail for both people and the planet;
- Awareness of potential risks that may impact society and the environment;
- The belief that success and prosperity can be achieved without harming the planet and its inhabitants;
- Support for international, European, and national initiatives aimed at fostering sustainable development;
- Confidence in collective efforts, as we believe that everyone must contribute to the shared journey toward a more sustainable future.

Sustainability Factors Materiality Assessment

A double materiality analysis of sustainability factors enables us to evaluate both our current and potential impact on the environment and society while simultaneously assessing how sustainability factors affect and may influence us. This approach helps identify and prioritize the sustainability issues most significant to the Bank's operations and its stakeholders—clients, employees, shareholders, partners, and society—ensuring strategic focus and enabling the development of targeted and effective sustainability initiatives that align with the Group's long-term goals.

In the environmental sphere, we have identified climate change and biodiversity as areas requiring urgent attention and action. While these factors do not have an immediate physical impact on our operations, the transition to more sustainable practices presents transition risks.

In the social sphere, our priorities include safe working conditions, equality and non-discrimination, respect for human and labor rights, ethical product development, and data privacy protection. Our goal is to foster a respectful and responsible business environment.

In governance, we believe that effective and responsible governance practices are the foundation of sustainability efforts, advocating for a transparent, accountable, and ethical governance culture.

Strategic Sustainability Goals

I. Reduce Our Direct Environmental Impact

Our direct environmental impact includes Scope 1 and Scope 2 carbon emissions (i.e., emissions from directly consumed and managed energy), waste generation, and water consumption.

Energy Consumption	2024	2023	2022
Heat energy consumption (natural gas), MWh	352	371	458
Heat energy consumption per occupied area	0.16	0.17	0.23
Electricity consumption, MWh	215	200	190
Electricity per employee	1.35	1.43	1.60

Greenhouse Gas (GHG) Emissions, tCO_2e	2024	2023	2022
Scope 1 GHG emissions	70	74	92
Scope 2 GHG emissions	115	102	58
Total GHG emissions (Scope 1 & 2)	185	177	149
Total GHG emissions per employee	1.17	1.26	1.25

Other Data	2024	2023	2022
Water consumption, m^3	1 158	894	718
Total waste volume, including recycled waste, t	28	23	24
Recycled waste volume, t	7.2	1.6	1.6
Number of employees	169	149	113

Additionally, in 2024, we gathered data on employee commuting:

- 43% used public transport;
- 27% used private gasoline or diesel vehicles;
- 14% walked;
- 5% used electric cars;
- 5% cycled;
- 2% used electric scooters;
- 1% used motorcycles;
- 1% used hybrid vehicles;
- 1% used taxis;
- 1% used car-sharing services.

For the first time, public transport has become the most popular commuting method among employees.

II. Improve Employee Well-being

Our constant priority is employee well-being, professional development, and maintaining a healthy balance between work and personal life.

To support our employees, various initiatives were implemented in 2024:

- Participation in sports events – we supported Signet Bank employees in participating in the Rimi Riga Marathon, the Bank Cup in Beach Volleyball, and the Toyota Riga Velomarathon 2024.
- Sports activities – we organized a three-month Signet Bank Group Sports Challenge, as well as indoor Signet Bank sports tournaments and yoga sessions at the Bank's office.
- Well-being lecture series – we hosted educational lectures on fostering a balanced work environment, including "Well-being and Mindfulness at Work – How to Work More Sustainably," "Mindfulness and Self-Care," and "Communication in Unexpected Situations."
- Educational literature at Signet Bank premises – we provided a curated selection of books focused on professional and personal growth, well-being, and maintaining an effective work-life balance.

To enhance employees' skills and knowledge, Signet Bank develops an annual training plan, ensuring the necessary professional education. Additionally, the Bank organizes training for department heads on leadership skills essential for employee well-being. In 2024, all employees also participated in feedback training to foster effective communication and continuous development.

In total, our employees dedicated 1,311 hours to training in 2024, averaging 8.3 hours per employee, reinforcing ongoing growth and competency development.

III. Provide Customer Service Aligned with Sustainability Practices

At Signet Bank, we offer a personalized approach to each client, providing well-thought-out, sustainable, and responsible financial solutions. Our goal is not only to deliver high-quality financial services but also to build sustainable and trustworthy relationships with clients, helping them achieve long-term goals.

In 2024, we continued enhancing accessibility for both existing and potential clients, expanding our target client segments and improving our digital banking channels to ensure a more seamless and efficient customer experience.

IV. Promote Social Well-being and Community Development

The preservation of local culture, community development, and the creation of a sustainable future are integral to Signet Bank's values. Each year, the Bank continues to provide financial support and actively participate in various national-scale projects—fostering the preservation and advancement of culture and the arts, as well as supporting sports initiatives to promote local talent and overall societal well-being. Additionally, we support sustainability-related projects that encourage environmentally friendly solutions and educational initiatives aimed at raising public awareness.

In 2024, we implemented 23 public support projects, including:

- 5 in culture
- 4 in education
- 4 in sports
- 6 in business development
- 2 in sustainability
- 2 in arts

Notable initiatives:

- Became a major sponsor of the Latvian National Theatre's 105th season.
- Continued to support the music group DAGAMBA on their concert tour across major Latvian cities, which attracted an audience of 10,000 listeners.
- Sponsored Latvian beach volleyball players, two-time European champions – Anastasija Samoilova and Tīna Graudiņa.

In sustainability:

- Supported the project "Before You Fly, Plant a Tree," which raises awareness about the environmental and climate impact of air travel, encouraging individuals to offset their flight-related carbon footprint by donating towards tree planting in areas where no forest has grown for at least the past 20 years. Inspired by this initiative, together with Magnetiq Bank AS employees, we participated in a tree-planting event in Jugla Forest District, where we planted 8,000 trees.
- Supported the "Baltic Sustainability Awards 2024", the leading impact event and platform in the Baltics that fosters innovation, connects key stakeholders, and contributes to building a thriving future.

We supported two charity projects:

- "Nāc Līdzās" – promoting human rights and civic awareness for people with disabilities;
- "Esi Piemērs" – inspiring positive change and supporting children and youth in need.

V. Strengthen Sustainability Governance

In 2024, we continued integrating sustainability considerations into our business processes, strengthening their role in strategic planning, decision-making, and risk management:

- Worked on sustainability data availability, identifying data sources and developing processes for data collection, recording, and analysis;
- Developed processes for monitoring and reporting on sustainability goals within the Bank;
- Strengthened the sustainability team, continuously improving the knowledge of employees involved in sustainability management;
- Enhanced sustainability disclosures on the Bank's website;
- Began preparations for the Bank's first sustainability report, which will be published in 2026.

VI. Improve the Sustainability Performance of Our Credit and Investment Portfolio

Our goal is to increase access to financing for projects that have a positive impact on sustainability goals. A key prerequisite for achieving this is the availability of data and an in-depth understanding of our clients' sustainability performance. Therefore, this has been one of our primary focus areas in 2024. We have established and continue to refine processes for collecting sustainability data—both from our clients and through external data sources—to assess and gradually enhance the sustainability performance of our lending and investment activities. In 2025, we plan to place significant emphasis on improving the process of calculating the Bank's financed emissions.

VII. Support Clients in Transitioning to a Sustainable Future

This goal includes two key areas of action:

- Client education and practical support in understanding and addressing sustainability issues. This is implemented at both the Bank level—through individual engagement with clients—and at the industry level, where we actively participate in the Sustainable Finance Working Group of the Finance Latvia Association. As part of these industry-wide efforts, we have contributed to the development of tools such as a unified client sustainability questionnaire and a GHG emissions calculation tool, both freely available to businesses.
  In 2024, we also continued developing the Capital Markets Academy—a free educational program that introduces businesses to capital market opportunities, helping them better understand financial instruments and funding options for business growth.
- Development of financial products to support investments in sustainable economic activities. In 2024, we continued our collaboration with the European Energy Efficiency Fund (EEEF) to finance and promote energy efficiency projects in Latvia.

VIII. Ensure Effective Sustainability Risk Management

In 2024, we enhanced our client sustainability risk assessment process, enabling more effective identification and management of sustainability-related risks. This new approach provides us with a deeper understanding of our clients' sustainability risk profiles, allowing us to better assess how different businesses and industries are adapting to sustainability requirements. It also enables us to:

- Develop tailored communication with clients on solutions for mitigating sustainability risks;
- Support clients in understanding and managing sustainability challenges by providing guidance on implementing more sustainable business models;
- Promote the integration of sustainability factors into business operations, helping companies align with new regulations and market expectations.

This is a significant step toward responsible and sustainable financial management, allowing us to not only manage sustainability risks more effectively but also strengthen long-term relationships with our clients, supporting them in their transition to a more sustainable future.

On behalf of the management:

Roberts Idelsons
Chairman of the Management Board

Tatjana Drobina
Member of the Management Board

5 March 2025

The Council and Management of the Bank

Supervisory Council of the Bank

There were no changes in the membership of the Bank's Supervisory Council during the reporting period.
On December 31, 2024, the membership of the Bank's Supervisory Council was this:

Position	Name, surname
Chairman of the Supervisory Council	Michael A.L. Balboni
Deputy Chairman of the Supervisory Council	Irīna Pīgozne
Member of the Supervisory Council	Thomas Roland Evert Neckmar
Member of the Supervisory Council	Sergejs Medvedevs

Management Board of the Bank

There were changes in the membership of the Bank's Management Board during the reporting period.
On December 31, 2024, the membership of the Bank's Management Board was such:

Position	Name, surname	Date of Appointment
Chairman of the Management Board	Roberts Idelsons	01.07.2022.
Member of the Management Board	Tatjana Drobina	01.07.2022.
Member of the Management Board	Sergejs Zaicevs	01.07.2022.
Member of the Management Board	Arnis Praudiņš	19.09.2023.
Member of the Management Board	Ineta Done	20.09.2024.

Statement of Management Responsibility

The management of Signet Bank AS (the Bank) is responsible for the preparation of the financial statements of the Bank and its subsidiaries (the Group) that reflect the Bank and the Group's financial position at the end of the reporting period in a clear and actual manner, as well as for the financial results and the movement of monetary assets and liabilities during the reporting period.

The Bank's management confirms that throughout the preparation of pages 13 to 115 of the financial statements of the Bank and the Group for 2024 the corresponding bookkeeping methods have been used consistently, and that the decisions and evaluations of the Bank's management during the preparation of the financial statements have been in all respects sufficient, well-considered and balanced.

The aforementioned financial statements are prepared on a going concern basis in conformity with International Financial Reporting Standards as adopted by the European Union, and based on the requirements of the Bank of Latvia Regulation No. 326 "Regulations on the Annual and Consolidated Annual Reports of Credit Institutions, Investment Brokerage Companies, Investment Management Companies and Private Pension Funds". Prudent and reasonable judgments and estimates have been made by the management in the preparation of the financial statements.

The Bank's management is responsible for the maintenance of proper accounting records, the safeguarding of the Group's assets, and the prevention and detection of fraud or any other irregularities in the Group.

The Bank's management is also responsible for operating the Group and the Bank in compliance with the Law on Credit Institutions of the Republic of Latvia, Regulations of the Bank of Latvia (previously - the Financial and Capital Market Commission of the Republic of Latvia), and other laws of the Republic of Latvia as well as European Union Regulations applicable to credit institutions.

On behalf of the management:

Roberts Idelsons	Tatjana Drobina
Chairman of the Management Board	*Member of the Management Board*

5 March 2025

Group`s Consolidated and Bank's Separate Statement of Income for the year ended 31 December 2024

'000 EUR	Note	2024 Group	2024 Bank	2023 Group	2023 Bank
Interest income		29 662	21 069	18 390	16 560
Interest expense		(10 630)	(8 724)	(4 098)	(4 034)
Net interest income	7	**19 032**	**12 345**	**14 292**	**12 526**
Fee and commission income	8	25 165	10 540	11 696	10 772
Fee and commission expense	9	(11 311)	(2 354)	(2 926)	(2 916)
Net fee and commission income		**13 854**	**8 186**	**8 770**	**7 856**
Dividend income		29	21	12	12
Net profit /(loss) on discontinuing recognition of financial assets and financial liabilities at fair value through profit or loss		1 941	1 137	(18)	(18)
Net profit /(loss) from financial assets and financial liabilities measured at fair value through profit or loss		(116)	-	1 290	1 290
Net foreign exchange profit		2 920	461	179	181
Net other income		1 671	676	513	315
Total operating income		**39 331**	**22 826**	**25 038**	**22 162**
General administrative expenses	10	(30 450)	(15 368)	(16 287)	(13 511)
Share of loss of equity-accounted investee, net of tax		(92)	-	(3)	-
Provisions		1	1	(11)	(11)
Impairment recovery/(loss)	11	(1 931)	(599)	(2 494)	(1 511)
Profit before income tax		**6 859**	**6 860**	**6 243**	**7 129**
Income tax expense	12	(1 407)	(1 387)	(1 474)	(1 463)
Profit for the period		**5 452**	**5 473**	**4 769**	**5 666**
Profit Attributable to non-controlling interest		(597)	-	(624)	-
Profit Attributable to Equity holders of the Bank		6 049	5 473	5 393	5 666

The accompanying notes on pages 21 to 115 are an integral part of the Group consolidated and Bank separate financial statements.

The Group consolidated and Bank`s separate financial statements as set out on pages 13 to 115 were approved by management of the Bank on 5 March 2025.

On behalf of the management:

Roberts Idelsons
Chairman of the Management Board

Tatjana Drobina
Member of the Management Board

Group`s Consolidated and Bank's Separate Statement of Comprehensive Income for the year ended 31 December 2024

'000 EUR	Note	2024 Group	2024 Bank	2023 Group	2023 Bank
Profit for the period		**5 452**	**5 473**	**4 769**	**5 666**
Other comprehensive income					
Items that are or may be reclassified to profit or loss					
Changes in revaluation reserve of debt securities at fair value through other comprehensive income		348	(59)	(70)	(70)
Change to income statement as a result of sale of financial assets at fair value through other comprehensive income (debt securities)		116	-	77	77
Other comprehensive income for the period		**464**	**(59)**	**7**	**7**
Total comprehensive income for the period		**5 916**	**5 414**	**4 776**	**5 673**
Attributable to non-controlling interest		(597)	-	(624)	-
Attributable to Equity holders of the Bank		6 513	5 414	5 400	5 673

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On behalf of the management:

Roberts Idelsons
Chairman of the Management Board

Tatjana Drobina
Member of the Management Board

Group's Consolidated and Bank's Separate Statement of Financial Position as at 31 December 2024

'000 EUR	Note	2024 Group	2024 Bank	2023 Group	2023 Bank
Assets					
Cash and due from central banks	13	169 820	76 784	121 543	56 877
Cash		270	270	1 331	234
Demand deposit with Bank of Latvia		6 639	1 118	9 155	7 907
Term deposit with Bank of Latvia		162 911	75 396	111 057	48 736
Demand deposits with financial institutions	15	18 021	15 022	9 939	9 672
Financial instruments carried at fair value through profit or loss	14	22 829	22 315	10 953	10 150
Debt securities measured at fair value through other comprehensive income	17	9 763	479	18 791	1 786
Financial assets measured at amortized cost		394 242	331 102	350 365	275 402
Loans and advances due from non-banks	*16*	*208 621*	*169 180*	*167 162*	*128 527*
Debt securities	*18*	*184 465*	*161 922*	*180 349*	*145 107*
Term deposits with finance institutions	*15*	*1 156*	*-*	*2 854*	*1 768*
Investment in subsidiaries	19	-	40 327	-	38 067
Investment in associates	20	1 623	1 781	1 598	1 760
Property and equipment	21	8 398	1 587	8 365	1 866
Intangible assets	22	1 577	917	1 772	1 077
Non-current assets held for sale	23	1 835	1 824	2 401	2 324
Other assets	24	8 610	6 806	9 521	7 137
Total Assets		**636 718**	**498 944**	**535 248**	**406 118**

The accompanying notes on pages 21 to 115 are an integral part of the Group consolidated and Bank separate financial statements.

The Group consolidated and Bank`s separate financial statements as set out on pages 13 to 115 were approved by management of the Bank on 5 March 2025.

On behalf of the management:

Roberts Idelsons
Chairman of the Management Board

Tatjana Drobina
Member of the Management Board

Group's Consolidated and Bank's Separate Statement of Financial Position as at 31 December 2024

'000 EUR	Note	2024 Group	2024 Bank	2023 Group	2023 Bank
Liabilities and shareholders' equity					
Liabilities to central bank		-	-	3 855	3 855
Demand deposits to credit institutions		172	172	-	-
Financial liabilities at fair value through profit or loss	14	477	477	74	74
Financial liabilities measured at amortized cost		577 113	444 954	486 062	362 197
Deposits	25	*555 093*	*428 482*	*469 943*	*346 566*
Subordinated liabilities	26	*10 530*	*10 530*	*11 299*	*11 299*
Debt securities issued	27	*5 942*	*5 942*	*4 332*	*4 332*
Other liabilities		*5 548*	-	*488*	-
Provisions	28	42	42	29	25
Other liabilities	29	17 378	15 599	15 834	11 631
Total Liabilities		**595 182**	**461 244**	**505 854**	**377 782**
Share capital	30	13 440	13 440	12 644	12 644
Share premium		9 514	9 514	6 360	6 360
Other reserves		25	25	25	25
Fair value reserve		524	1	60	60
Accumulated profit		15 906	14 720	9 857	9 247
Total Equity Attributable to Equity Holders of the Bank		**39 409**	**37 700**	**28 946**	**28 336**
Non-controlling Interest		2 127	-	448	-
Total Shareholders' Equity		**41 536**	**37 700**	**29 394**	**28 336**
Total Liabilities and Shareholders' Equity		**636 718**	**498 944**	**535 248**	**406 118**
Assets under management and administration	**32**	**1 033 620**	**867 609**	**926 351**	**741 111**

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On behalf of the management:

Roberts Idelsons
Chairman of the Management Board

Tatjana Drobina
Member of the Management Board

Group's Consolidated and Bank's Separate Statement of Cash Flows for the year ended 31 December 2024

'000 EUR	Note	2024 Group	2024 Bank	2023 Group	2023 Bank
Cash flows from operating activities					
Profit before income tax		6 859	6 860	6 243	7 129
Corporate income tax	12	1 407	1 387	1 474	1 463
Amortisation and depreciation	21, 22	1 514	1 029	887	862
Investments in associate		(4)	-	-	-
Impairment loss		1 931	599	2 494	1 511
Net interest income		(19 032)	(12 345)	(14 292)	(12 526)
Repossession of collaterial		-	-	(2 324)	(2 324)
Increase / (Decrease) of provisions		13	17	(23)	(22)
Decrease in cash and cash equivalents before changes in assets and liabilities, as a result of ordinary operations		**(7 312)**	**(2 453)**	**(5 541)**	**(3 907)**
(Increase)/decrease in financial assets at fair value through profit or loss		(11 473)	(11 762)	1 303	1 303
(Increase)/decrease in balances due from financial institutions		(874)	(1 779)	542	1 632
(Increase)/decrease in loans and advances due from customers		(28 818)	(41 323)	(8 030)	(8 919)
(Increase)/decrease in non-current assets held for sale		566	500	(10)	-
(Increase)/decrease in other assets		915	329	(5 100)	(5 533)
(Increase)/decrease in deposits and balances due from customers		70 810	80 442	(13 535)	(11 234)
(Increase)/decrease in other liabilities		(1 499)	1 568	4 660	4 475
Increase / (Decrease) in cash and cash equivalents from changes in assets and liabilities, as a result of ordinary operations		**22 315**	**25 522**	**(25 711)**	**(22 183)**
Interest received		30 155	21 024	17 557	16 265
Interest paid		(9 032)	(7 131)	(2 525)	(2 457)
Net cash flow from operating activities		**43 438**	**39 415**	**(10 679)**	**(8 375)**
Cash flow from investing activities					
Purchase of property and equipment		(1 302)	(590)	(872)	(718)
Investments in financial instruments designated at fair value through profit or loss		7 869	(471)	437	437
Proceeds in financial instruments designated at fair value through profit or loss		1 623	1 719	15 864	15 864
Investments in financial assets measured at amortized cost		(209 842)	(195 092)	(54 871)	(54 871)
Proceeds in financial assets measured at amortized cost		205 860	178 374	53 472	53 472
Acquisition of subsidiaries		-	(2 055)	-	(35 547)
Investments in subsidiaries		-	(205)	-	(1 066)
Proceeds from acquisition of subsidiaries		2 107	-	29 987	-
Investments in associate		-	-	3	-
Net cash flow from investing activities		**6 315**	**(18 320)**	**44 020**	**(22 429)**

Group's Consolidated and Bank's Separate Statement of Cash Flows for the year ended 31 December 2024

'000 EUR	Note	2024 Group	2024 Bank	2023 Group	2023 Bank
Cash flow from financing activities					
Non-controlling interest in subsidiary		2 276	-	784	-
Increase in share capital		796	796	1 000	1 000
Increase in share issue premium		3 154	3 154	-	-
Increase / (Decrease) in Subordinated liabilities		(9 85)	(985)	5 850	5 850
Increase in Debt securities issued		1 500	1 500	2 000	2 000
Repayment of lease liabilities		(134)	(167)	(46)	(43)
Net cash flow from financing activities		**6 607**	**4 298**	**9 588**	**8 807**
Net in cash and cash equivalents		**56 360**	**25 393**	**42 929**	**(21 997)**
Cash and cash equivalents at the beginning of the year		131 482	66 549	88 765	88 762
Currency translation of cash and cash equivalents at the year		(1)	(136)	(212)	(216)
Cash and cash equivalents at the end of the year	13	**187 841**	**91 806**	**131 482**	**66 549**

The accompanying notes on pages 21 to 115 are an integral part of the Group consolidated and Bank separate financial statements.

The Group consolidated and Bank`s separate financial statements as set out on pages 13 to 115 were approved by management of the Bank on 5 March 2025.

On behalf of the management:

Roberts Idelsons
Chairman of the Management Board

Tatjana Drobina
Member of the Management Board

Group's Consolidated Statement of Changes in Shareholders' equity for the year ended 31 December 2024

'000 EUR	Note	Share capital	Share premium	Fair value reserve	Other reserves	Accumulated profit	Non-controlling Interest	Total
Balance at 31 December 2022		**11 644**	**6 360**	**53**	**25**	**4 464**	**288**	**22 834**
Issue of shares		1 000	-	-	-	-	784	1 784
Comprehensive income								
Profit/ (loss) for the year		-	-	-	-	5 393	(624)	4 769
Other comprehensive income		-	-	7	-	-	-	7
Total comprehensive income / (expense)		**-**	**-**	**7**	**-**	**5 393**	**(624)**	**4 776**
Balance at 31 December 2023		**12 644**	**6 360**	**60**	**25**	**9 857**	**448**	**29 394**
Issue of shares		796	3 154	-	-	-	1 175	5 125
Transfers between equity components		-	-	-	-	-	1 101	1 101
Comprehensive income								
Profit/ (loss) for the year		-	-	-	-	6 049	(597)	5 452
Other comprehensive income		-	-	464	-	-	-	464
Total comprehensive income / (expense)		**-**	**-**	**464**	**-**	**6 049**	**(597)**	**5 452**
Balance at 31 December 2024	30	**13 440**	**9 514**	**524**	**25**	**15 906**	**2 127**	**41 536**

The accompanying notes on pages 21 to 115 are an integral part of the Group consolidated and Bank separate financial statements.

The Group consolidated and Bank`s separate financial statements as set out on pages 13 to 115 were approved by management of the Bank on 5 March 2025.

On behalf of the management:

Roberts Idelsons
Chairman of the Management Board

Tatjana Drobina
Member of the Management Board

Bank's Separate Statement of Changes in Shareholders' Equity for the year ended 31 December 2024

'000 EUR	Note	Share capital	Share premium	Fair value reserve	Other reserves	Accumulated profit	Total
Balance at 31 December 2022		**11 644**	**6 360**	**53**	**25**	**3 581**	**21 663**
Issue of shares		1 000	-	-	-	-	1 000
Comprehensive income							
Profit for the year		-	-	-	-	5 666	5 666
Other comprehensive income		-	-	7	-	-	7
Total comprehensive income		**-**	**-**	**7**	**-**	**5 666**	**5 673**
Balance at 31 December 2023		**12 644**	**6 360**	**60**	**25**	**9 247**	**28 336**
Issue of shares		796	3 154	-	-	-	3 950
Comprehensive income							
Profit for the year		-	-	-	-	5 473	5 473
Other comprehensive income		-	-	(59)	-	-	(59)
Total comprehensive income		**-**	**-**	**(59)**	**-**	**5 473**	**(59)**
Balance at 31 December 2024	30	**13 440**	**9 514**	**1**	**25**	**14 720**	**37 700**

The accompanying notes on pages 21 to 115 are an integral part of the Group consolidated and Bank separate financial statements.

The Group consolidated and Bank`s separate financial statements as set out on pages 13 to 115 were approved by management of the Bank on 5 March 2025.

On behalf of the management:

Roberts Idelsons
Chairman of the Management Board

Tatjana Drobina
Member of the Management Board

Group's Consolidated and Bank's Separate Notes to the Financial Statements

1. Background

Principal activities

Signet Bank AS (Bank) was established on December 6, 1991, in the Republic of Latvia as a closed joint stock company.

The Bank operates in accordance with Latvian law, as well as the license that was issued to it by the Bank of Latvia (LB), which has made it possible to offer all of the financial services that are listed in the Law on Lending Institutions. The Bank's operations are supervised by the Bank of Latvia. The Bank's legal address is at Antonijas Street 3, Rīga LV-1010, Latvia.

The Bank's leading shareholders are financially powerful investors, including Signet Acquisition III LLC (23.04% of capital shares), AS RIT GROUP (18.36%), and SIA Reglink (14.98%). A diversified shareholder structure ensures not just financial stability, but also a foundation for rational and considered strategic decisions at the shareholder level, using the broad and diverse experience of each shareholder, which complements each other. In 2024 Bank expanded its shareholder base, As a result of the new share issue, nine local entrepreneurs joined the Bank's shareholders, becoming minority shareholders.

The Bank offers high-quality financial services to local entrepreneurs and their companies, doing so at the highest level of professionalism and trustworthiness. The Bank's primary products and services include corporate and private loans, placement of bonds, organisation of IPOs for shares, club-type financing transactions, capital management, including brokerage, securities storage and portfolio management services, consultations on investments, deposits, services related to the everyday banking transactions of individuals and legal entities, as well as payment cards.

Signet Bank Group (Group) is committed to becoming a recognizable, reliable investment partner for entrepreneurs and their companies in the Baltic region in the near future, promoting sustainable business growth and contributing to a positive impact on the regional economy with capital market financial instruments.

Placement of bonds, organisation of IPOs and provision of financing for companies in Latvia – these are the most important operations for the Bank. In 2024, the Bank organised 16 bond emissions for Latvian companies, helping them to attract financing worth EUR 165 million. According to Nasdaq CSD and Bloomberg data, the Bank was convincingly in first place among banks in Latvia when it came to the number of bond emissions and their volume in 2024.

The Bank is implementing its development not only by expanding its core business lines at the Bank level, but also by providing financing to customers at the subsidiary level.

The Bank, through its participation in the holding company "Primero Holding" AS, owns 51% of the consumer financing company "Primero Finance" AS, which uses the Bank's financing to lend to local clients.

On July 7, 2023, the Bank acquired 100% of voting shares of investment management company Signet Pensiju Pārvalde IPAS (Reg No 40003814724). In 2023, the Bank's subsidiary Signet Pensiju Pārvalde IPAS (SPP) commenced management of the 2nd pillar pension funds of the state funded pension scheme, adding a new product to the range of products offered by the Group, which is available to all residents of Latvia. The Group intends to further develop the range of investment products offered by the Bank and its subsidiaries Signet Pensiju Pārvalde IPAS (pension plan management services) and Signet Asset Management Latvia IPAS (investment fund and individual investment portfolio management services).

During the reporting period, SPP faced fierce competition and an outflow of participants in the management of the state-funded pension scheme. This forced the management of SPP to critically assess the profitability of continuing operations. Having evaluated various possible options for further development, the Bank, as the sole shareholder of SPP, has decided to reorganize SPP by merging it with Signet Asset Management Latvia IPS, another investment management company of the Signet Group. Until the start of the reorganization of SPP, it will transfer the management rights of the state-funded pension scheme plan under its management to another market participant. However, the management of the 3rd pillar pension plan will continue to be carried out by Signet Asset Management Latvia IPS.

The Bank's subsidiary bank AS "Magnetiq Bank" (registration number 50103189561) provides the Group with the opportunity to increase business volumes in the FinTech field, strengthen digital solutions, as well as significantly increase and diversify the range of financial services and products offered to customers.

On December 3, 2024, the Bank acquired 51% of the voting shares of the agricultural lender SIA AgroCredit Latvia (registration number 40103479757), expanding the availability of financing for local entrepreneurs and companies in the agricultural sector, as well as diversifying the bank's financing product portfolio. SIA AgroCredit Latvia has been operating for 13 years and, as a non-bank lender, offers tailored to the specifics of farmers and conveniently accessible lending services for legal entities – Latvian farmers.

The Bank's and the Group's capital adequacy and Liquidity coverage ratio on December 31, 2024, were 19.62 % (Group 18.00 %) and 169 % (Group 166 %) respectively. Return on equity (ROE) and return on assets (ROA) were 17.59 % (Group 18.30 %) and 1.12 % (Group 1.02 %) respectively.

Group's organizational structure

The companies included in the Group are listed in Appendix 2 to the 2024 Annual Report. Information on the Bank's corporate governance model and reporting channels can be found on the Bank's website at https://signetbank.com/parvaldiba/.

The Group is managed by the Council and the Management Board, ensuring effective decision-making and supervision. The Council is responsible for strategic management and supervision, while the Management Board ensures day-to-day operational management. Reporting channels and responsibilities are internally clearly defined and divided between the members of the Council and the Management Board to ensure the effective operation of the Group. Information on the members of the Management Board of the Bank and their main areas of responsibility can be found on the Bank's website at https://signetbank.com/par-mums/vadiba-un-akcionari/. Information on the members of the Bank's Council and their main areas of responsibility can be found on the Bank's website at https://signetbank.com/par-mums/vadiba-un-akcionari/.

Information about the Management Board and Council of the Bank's subsidiaries, if applicable, can be found in the annual report of each company.

Significant changes in the Group's management structure

Compared to the previous reporting year, significant changes were made to the corporate governance structure in 2024, by establishing a new Audit Committee and appointing a new member of the Management Board, while clarifying the distribution of responsibilities of the Board members.

The purpose of the Audit Committee, established by the decision of the shareholders' meeting on June 28, 2024, is to ensure the protection of the interests of the Bank's shareholders in relation to the preparation of the Bank's separate and the Group's consolidated annual reports, their audit and

the effectiveness of the internal control, risk management and internal audit functions, as far as it relates to ensuring the reliability and objectivity of the annual reports. The Audit Committee is directly subordinate to the Bank's shareholders' meeting.
On September 26, 2024, the Bank's Board of Directors was expanded by appointing a new member of the Management Board, Ineta Done. Along with the expansion of the Board, changes were made to the Bank's organizational structure and areas of responsibility of the Board members: Sergejs Zaicevs, who was previously responsible for client relations and service, is now responsible for private capital management. Ineta Done, the new Board member, is responsible for corporate client service and brand development of the Bank Group. The changes were made with the aim of improving management efficiency and strengthening client service and brand development strategies.

Group's Council and Board member number and diversity

The Bank's strategy is based on the principle that diversity in personnel contributes to achieving better business results. The Bank's team is made up of representatives of different nationalities. The Bank's management is staffed by professionals from multidisciplinary fields who have complementary competence, diversity in education, work experience, gender and age.
Information on the situation as of December 31, 2024:

Title	Council						Board				
	Number of Council	Males	Females	Longest term of duty (in years)	Shortest term of duty (in years)	Number of independent council	Number of Board members	Males	Females	Longest term of duty (in years)	Shortest term of duty (in years)
Signet Bank AS	4	3	1	11,8*/2,5 **	4*/2,5**	2	5	3	2	11,8*/2,5 **	0,4
AS Magnetiq Bank	4	2	2	1,3	0,2	1	5	4	1	0,8	0,2
Signet Asset Management Latvia IPS	3	2	1	3,8	3,8	1	2	2	-	9,4	5,4
Signet Pensiju Pārvalde IPAS	3	2	1	4,6	1,6	1	2	2	-	1,1	1,3
AS "Primero Holding"	4	3	1	3,8	3,8	N/A	2	1	1	3,8	1,8

* The Council and the Board member term of duty prior to the business merge transaction on July 5, 2022.
** The Council and the Board member term of duty excluding the business merge transaction of Signet Bank AS (Reg. No. 40003076407) and AS Expobank (Reg. No. 40003043232) on July 5, 2022..

Bank's Audit Committee

The Bank has established an Audit Committee, the purpose of which is to ensure the protection of the interests of the Bank's shareholders in relation to the preparation of the Bank's and the Group's consolidated annual reports, their audit, as well as the effectiveness of the internal control, risk management and internal audit functions. The Audit Committee consists of 5 members.

Conflict of interest prevention policy

The Bank's policy for preventing conflicts of interest is a Group-level document that contains principles for managing conflicts of interest applicable to Group companies, their council and board members. The purpose of the policy is to determine the measures to be taken by the Bank to identify, prevent or manage conflict of interest situations that have arisen or may arise during the provision of financial services. The policy is available on the Bank's website at https://signetbank.com/about-us/.

Internal control system

The Group's internal control system has been designed taking into account the size, nature and complexity of the Group's operations. Information on the Bank's internal control system model and reporting channels can be found on the Bank's website at https://signetbank.com/parvaldiba/.

Group's business continuity management

The business continuity management framework established by the Bank ensures the Group's ability to continue critical functions even in emergency situations. Ensuring business continuity is a complex set of measures designed to mitigate losses caused by crisis situations. Ensuring business continuity includes restoring critical business processes within an acceptable time interval, as well as ensuring these processes in an alternative way or place and for a period of time until normal functionality is restored.

The Group has developed business continuity plan (hereinafter - BCP), which determine resources and actions in crisis situations. The Bank has developed its own plan, which also applies to the Group's companies that use the Bank's infrastructure for which relevant agreements have been concluded. Other Group companies, taking into account their business models, develop and approve their own BCP and other internal regulatory documents that regulate various BCP-related issues in detail.

BCP of the Group contains identification of significant processes and resources in the event of operational disruptions. The assessment of essential processes and resources results in defined recovery times and actions in crisis situations. The BCP includes information on crisis teams, responsible persons, involvement of administrative and technical functions and communication within and outside the Group. The Group companies regularly perform BCP tests.

2. Authorisation of the financial statements

These financial statements have been authorised for issuance by the Management of the Bank on 5 March 2025 and they comprise the financial information of Signet Bank AS (hereinafter – the Bank) and its subsidiaries - AS "Magnetiq Bank", Signet Asset Management Latvia IPS, Signet Pensiju Pārvalde IPAS, SIA AgroCredit Latvia, AS "Primero Holding", Citra Development SIA, SB Real Estate SIA, and subsidiaries of a subsidiary - AS "Primero Finance", UAB Primero Finance and Primero SV1 OU (together referred to as the "Group"). The shareholders have the right to approve these financial statements, as well as have the right to make changes to these financial statements.

Subsidiaries of the Group is as follows:

Name	Country of incorporation	Principal Activities	Address	Reasons for inclusion in the group	Ownership % 31 Dec 2024
AS "Magnetiq Bank"	Latvia	Credit institution	54 Brivibas street, Riga LV-1011, Latvia	Subsidiary	100
Signet Asset Management Latvia IPS	Latvia	Financial services	3-1 Antonijas street, Riga LV-1010, Latvia	Subsidiary	100
Signet Pensiju Pārvalde IPAS	Latvia	Financial services	3-7 Antonijas street, Riga LV-1010, Latvia	Subsidiary	100
SIA AgroCredit Latvia	Latvia	Financial services	Mārupes county, Mārupe, Ziedleju street 6, LV-2167, Latvia	Subsidiary	51
AS "Primero Holding"	Latvia	Financial services	3-1 Antonijas street, Riga LV-1010, Latvia	Subsidiary	51
AS "Primero Finance"	Latvia	Financial services	3 Antonijas street, Riga LV-1010, Latvia	Subsidiary of a subsidiary	51 *
UAB Primero Finance	Lithuania	Financial services	Perkūnkiemio Str. 6-1, Vilnius, LT-12130, Lithuania	Subsidiary of a subsidiary	51 *
Primero SV1 OU	Estonia	Financial services	Harju maakond, Tallinn, Kesklinna linnaosa, Narva mnt 5, 10117, Igaunija	Subsidiary of a subsidiary	51*
Citra Development SIA	Latvia	Real estate rental and management	Antonijas Str. 3-5, Riga, LV-1010, Latvia	Subsidiary	100
SB Real Estate SIA	Latvia	Real estate management of subsidiaries	Antonijas Str. 3-5, Riga, LV-1010, Latvia	Subsidiary	100

*Bank's direct shareholding in AS Primero Holding is 51%; AS Primero Holding owns 100% of shares.

3. Summary of significant accounting policies

The following significant accounting policies have been applied in the preparation of the Group's consolidated and the Bank's separate financial statements.

a) Basis of preparation

The accompanying Group consolidated and Bank separate financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("EU IFRS"), and Bank of Latvia and regulations of the Financial and Capital Market Commission of the Republic of Latvia in force as at the reporting date and in accordance with a going concern basis. Having reassessed the main risks, the Management considers it appropriate to adopt going concern basis of accounting in preparing these financial statements, there are no material uncertainties with regard to applying going concern basis of accounting.
Some of the updated standards became effective on 1 January 2023, but they do not have a material impact on the Group, therefore the accounting policies were not updated and revised. The other accounting policies have not changed from those used in the preparation of the financial statements for the year ended 31 December 2023.

b) Functional and Presentation Currency

Group's and Bank's functional currency and presentation currency, is the official currency of the Republic of Latvia, Euro ("EUR"). The accompanying financial statements are presented in thousands of Euros (EUR 000's).

c) Changes in significant accounting policies

New standards, interpretations and amendments adopted from 1 January 2024

The following amendments are effective for the period beginning 1 January 2024:

- Supplier Finance Arrangements (Amendments to IAS 7 & IFRS 7);
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16);
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1);
- Non-current Liabilities with Covenants (Amendments to IAS 1).

These amendments to various IFRS Accounting Standards are mandatorily effective for reporting periods beginning on or after 1 January 2024.

Supplier Finance Arrangements (Amendments to IAS 7 & IFRS 7)

On 25 May 2023, the IASB issued Supplier Finance Arrangements, which amended IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures.
The amendments require entities to provide certain specific disclosures (qualitative and quantitative) related to supplier finance arrangements. The amendments also provide guidance on the characteristics of supplier finance arrangements.

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

On 22 September 2022, the IASB issued amendments to IFRS 16 – Lease Liability in a Sale and Leaseback (the Amendments).
Prior to the Amendments, IFRS 16 did not contain specific measurement requirements for lease liabilities that may contain variable lease payments arising in a sale and leaseback transaction. In applying the subsequent measurement requirements of lease liabilities to a sale and leaseback transaction, the Amendments require a seller-lessee to determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee.
These amendments had no effect on the consolidated/separate financial statements of the Group/Entity.

Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants (Amendments to IAS 1)

The IASB issued amendments to IAS 1 in January 2020: Classification of Liabilities as Current or Non-current, and subsequently, in October 2022: Non-current Liabilities with Covenants.
The amendments clarify the following:
- An entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period;
- If an entity's right to defer settlement of a liability is subject to covenants, such covenants affect whether that right exists at the end of the reporting period only if the entity is required to comply with the covenant on or before the end of the reporting period;
- The classification of a liability as current or non-current is unaffected by the likelihood that the entity will exercise its right to defer settlement;
- In the case of a liability that can be settled, at the option of the counterparty, by the transfer of the entity's own equity instruments, such settlement terms do not affect the classification of the liability as current or non-current only if the option is classified as an equity instrument.

These amendments have no effect on the measurement of any items in the consolidated/separate financial statements of the Group/Entity.

New standards, interpretations, and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group/Entity has decided not to adopt early.

The following amendments are effective for the annual reporting period beginning 1 January 2025:
- Lack of Exchangeability (Amendment to IAS 21 The Effects of Changes in Foreign Exchange Rates).

The following amendments are effective for the annual reporting period beginning 1 January 2026:
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 Financial Instruments and IFRS 7).
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7).

The following standards and amendments are effective for the annual reporting period beginning 1 January 2027:

- IFRS 18 Presentation and Disclosure in Financial Statements
- IFRS 19 Subsidiaries without Public Accountability: Disclosures

The Group/Entity is currently assessing the effect of these new accounting standards and amendments.

IFRS 18 Presentation and Disclosure in Financial Statements

This standard, issued by the IASB in April 2024, supersedes IAS 1 and results in major consequential amendments to IFRS Accounting Standards, including IAS 8 Basis of Preparation of Financial Statements (renamed from Accounting Policies, Changes in Accounting Estimates, and Errors). Even though IFRS 18 will not have any effect on the recognition and measurement of items in the consolidated/separate financial statements of the Group/Entity, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorization and sub-totals in the statement of profit or loss, aggregation/disaggregation and labeling of information, and disclosure of management-defined performance measures.
The Group/Entity does not expect to be eligible to apply IFRS 19.

d) Basis of consolidation

(i) Subsidiaries and subsidiaries of a subsidiary

Subsidiaries and subsidiaries of a subsidiary are those enterprises controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. The investments in the subsidiaries are presented in the Bank's financial statements at acquisition cost less impairment allowance, if any. More detailed information on the Group's subsidiary is presented in Note 19 (Investment in Subsidiaries).
The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

(ii) Associates

The Bank's interests in equity accounted investees comprise interests in associates.
Associates are those entities in which the Bank has significant influence, but not control or joint control, over the financial and operating policies. Investments in associates are accounted for in the Group consolidated financial statements using the equity method. They are initially recognised at cost, including transaction costs. Subsequent to initial recognition, consolidated financial statements include the Group's share of the profit or loss and OCI in equity-accounted investees, until the date on which significant influence or joint control ceases.
Investments in associates are carried in the Bank's separate financial statements at cost less impairment, if any. More detailed information on the Group's associates is presented in Note 20 (Investment in associates).

(iii) Transactions eliminated on consolidation

Detailed information of the subsidiaries entity is available in Note 19.
The Bank and its Subsidiarie's financial statements are consolidated in the Group financial statements, merging the respective assets, liabilities, income and expense captions. Intra-group balances and transactions, and any unrealized gains arising from intra-group transactions, have been eliminated in the preparation of the consolidated financial statements.

(iv) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Subsidiary company's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets.
Goodwill represents the excess of the cost of a business combination over the Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired. Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued, plus the amount of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree. Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, remeasured subsequently through profit or loss.
Goodwill is allocated to cash-generating units and is stated at cost less impairment losses.
Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.
Negative goodwill arising on acquisition is recognised immediately in profit or loss. Impairment losses are not reversed.

e) Foreign currency

Transactions in foreign currencies are translated into the respective functional currency of Group companies at the exchange rate at the date of the transaction.
Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the European Central Bank spot exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value in foreign currency are retranslated into the functional currency at the European Central Bank spot exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial liability designated as the hedging instrument in a hedge of the net investment in a foreign operation or in a qualifying cash flow hedge, which are recognised in other comprehensive income.

f) Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with central banks and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Bank and the Subsidiary companies in the management of short-term commitments.

g) Financial instruments

(i) Recognition

The Group recognises financial asset on its balance sheet when, and only when, the Group becomes a party to the contractual provisions of the instrument.
All transactions of purchase and sale of financial assets are recognised in the statement of financial position on the settlement date. In the period between a transaction and the settlement date, the Bank recognises changes of fair value of an asset to be received or transferred according to the same principles that are applied to the accounting of any asset of the respective category.

(ii) Classification

At the time of initial recognition, the Group classifies all financial assets and financial liabilities into one of the business models as follows:

- held in order to collect contractual cash flows (HTC);
- held in order to both collect the contractual cash flows and sell the financial asset (HTCS);
- held for trading (TRD).

The basis for classification is both business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. At acquisition the applicable classification is evaluated based on the guidelines established by the Management. For financial asset classification in particular category, the Group at inception has to determine whether the asset meets the relevant business model and contractual cash flow criteria.
The Group, having regard to the business model objectives and the contractual cash flow characteristics, accounts financial assets in 3 (three) measurement categories:

- measured at amortised cost (AmC);
- measured at fair value through other comprehensive income (FVOCI);
- measured at fair value through profit or loss (hereinafter referred to as FVTPL).

The Group accounts all financial assets as measured at AmC, except for:

- liabilities held for trading or those initially classified as FVTPL. Such liabilities, including derivative instruments which are liabilities, are afterwards measured at fair value;
- financial liabilities that arise when the transfer of a financial asset does not qualify for derecognition, or a continuing involvement approach applies;
- financial guarantee contracts;
- commitment to issue a loan at an interest rate lower than the market interest rate;
- contingent consideration recognised by the buyer in a business combination that is subject to IFRS 3. Such possible remuneration is subsequently measured at fair value with changes recognised in the statement of profit and loss.

(iii) Measurement

Financial assets and liabilities measured at amortised cost

For a financial asset to be measured at amortised cost it should both be held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset should give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortised cost are carried at amortised cost using the effective interest rate method, less any allowance for impairment. The amount of the impairment loss for assets carried at amortised cost is calculated as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the financial instrument's effective interest rate. The effective interest rate is applied to the gross carrying amount of a financial asset except for credit-impaired financial assets. For the purchased or originated credit-impaired financial assets the credit-adjusted effective interest rate is applied from initial recognition. For financial assets which subsequently become credit-impaired the effective interest rate is applied to the revised after impairment carrying amount and where the credit risk on the financial instrument improves so that the financial asset is no longer credit-impaired, the effective interest rate is applied to the gross carrying amount.

The Bank offers asset management services (see Note 32), which also include a portion of loan financing transactions in which customers participate with their own funds in financing loans issued by the Bank, with the customer receiving benefits and assuming risks related to the loan or asset in proportion to their participation in the respective transaction. Accordingly, the portion of loans in which the Bank's customers participate is accounted for separately and reflected in the asset management line item.

A gain or loss on a financial asset that is measured at amortised cost is recognised in profit or loss when the financial asset is derecognised, reclassified, through the amortisation process or in order to recognise impairment gains or losses. Financial assets at amortised cost are recognised on drawdown. From the date of signing a contractual agreement till drawdown they are accounted for as off-balance sheet commitments.

When the financial asset cannot be recovered, it is written off and charged against allowance for credit losses. The management of the Bank or Subsidiaries makes the decision on writing-off of financial assets. Recoveries of loans previously written-off are credited to the statement of income.

The Group classifies all financial liabilities as subsequently measured at amortised cost using the effective interest rate method, except for derivatives and certain deposit components of the insurance plan liabilities which are measured at fair value through profit or loss. A gain or loss on a financial liability that is measured at amortised cost is recognised in profit or loss when the financial liability is derecognised and through the amortisation process.

Financial assets measured at fair value through other comprehensive income

For a financial asset to be measured at fair value through other comprehensive income it should be held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset should give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Group's financial assets measured at fair value through other comprehensive income are intended to be held for an undefined period of time and may be sold in response to needs for liquidity or changes in interest rates, exchange rates, share prices or other

circumstances.
Financial assets measured at fair value through other comprehensive income are subsequently re-measured at fair value based on available market prices. A revaluation gain or loss on a financial asset measured at fair value through other comprehensive income is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised or reclassified. For debt securities the difference between the initial carrying amount and amortised cost determined by the effective interest rate method is treated as interest income and is recognised in profit or loss; on derecognising the cumulative fair value revaluation gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.
For non-equity financial instruments measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income and does not reduce the carrying amount in the balance sheet. Impairment gains or losses are recognised in profit or loss.
For equity instruments, neither held for trading or acquired in a business combination, the Group at initial recognition, has to make an irrevocable election to present subsequent changes in the fair value of each instrument in other comprehensive income or profit or loss. This election is made on an instrument-by-instrument basis. Amounts presented in other comprehensive income subsequently are not transferred to profit or loss, but cumulative gain or loss on disposal is transferred directly to retained earnings. Dividends on equity instruments classified at fair value through other comprehensive are recognised in the statement of income. Such equity instruments are not tested for impairment, but carried at fair value.

Financial assets and liabilities measured at fair value through profit or loss

A financial asset is measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income. For equity instruments that would otherwise be measured at fair value through profit or loss an irrevocable election at initial recognition on instrument-by-instrument basis is made to present subsequent changes in fair value in other comprehensive income. Also a financial asset or liability, at initial recognition, may be irrevocably designated as measured at fair value through profit or loss if doing so eliminates or significantly reduces "accounting mismatch" that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases or a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the management.
Financial assets and liabilities which are held for trading are measured at fair value through profit or loss. Financial assets and liabilities are held for trading if they are either acquired in a business model which is characterised by generation of a profit from short-term fluctuations in price or dealer's margin, or a pattern of short-term profit taking exists.

Modification of terms in loan contracts

The Group sometimes renegotiates or otherwise modifies the contractual cash flows or other contractual terms of loans to customers. When this happens, the Group assesses whether or not the new terms are substantially different from the original ones. To do so, the Group considers modifications such as:

- significant extension of the loan when the borrower is not in financial difficulty;
- significant change in interest rate;
- change of the loan currency;
- whether there are any other changes in the loan contract that substantially affect the risk profile of the loan including changes in the composition of collateral.

If the terms are substantially different, the Group derecognises the original financial asset and recognises a new asset at fair value and calculates new effective interest rate for the asset. The date of renegotiation is considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. The Group also assesses whether the new financial asset is deemed to be credit-impaired at initial recognition, especially when the renegotiation was driven by the debtor being unable to meet the original schedule of payments.

Differences in the carrying amount are recognised on profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the modification does not result in derecognition, and the Group recalculates the gross carrying amount by discounting the revised cash flows at the original effective interest rate. Resulting gain or loss is recognised in profit or loss.

(iv) Derecognition

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or when the Group transfers substantially all of the risks and rewards of ownership of the financial asset. Any rights or obligations created or retained in the transfer are recognised separately as assets or liabilities. A financial liability is derecognised when it is extinguished.

The Group also derecognises certain assets when it writes off balances pertaining to the assets deemed to be uncollectible.

h) Repurchase and reverse repurchase agreements

Where the Group is the transferee, the assets are not included in the Group's balance sheet, but the purchase price paid by it to the transferor is recorded as an asset. Interest income or expense arising from outstanding sale and repurchase agreements is recognised in the statement of income over the term of the agreement.

i) Derivative financial instruments

Derivative financial instruments include OTC interest rate swaps, exchange-traded interest rate futures and interest rate options, currency forwards and swaps, options on precious metals, and stock options and any combinations of these financial instruments. All derivatives are classified as measured at fair value through profit or loss.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value. All derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Changes in the fair value of derivatives are recognised immediately in the profit or loss.

Derivatives may be embedded in another contractual arrangement (a "host contract"). An embedded derivative is separated from the host contract and it is accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract, and a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the combined instrument is not measured at fair value with changes in fair value recognised in the profit or loss. Derivatives embedded in financial assets or financial liabilities at fair value through profit or loss are not separated.

Although the Group/Bank trade with derivative instruments for risk hedging purposes, the Group/Bank do not apply hedge accounting.

j) Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

k) Property and equipment

(i) Owned assets

Items of property and equipment are stated at cost less accumulated depreciation and impairment losses.

Where an item of property and equipment comprises major components having different useful lives, they are accounted for as separate items of property and equipment.

(ii) Leased assets

The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs. Subsequently, the right-of-use asset is measured using a cost model. A right-of-use asset is measured at cost less any accumulated depreciation and impairment. The lease liability is initially measured at the discounted value of agreed-upon payments over the lease term. A discount rate which discounts future payments to estimated present value is applied. The Group presents right-of-use assets in the same line items in which it presents owned assets of the same nature. Lease liabilities are presented within other liabilities. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets, but to expense lease payments for low-value assets over the lease term instead.

When estimating a lease term, the Group's intentions as well as contractual early termination and extension options available to the lessee and lessor are considered. When a previously recognised lease is modified and the scope of the lease increases, and increase in compensation is commensurate, a new separate lease is recognised; if increase in compensation is not commensurate or the scope of lease decreases, the current right-of-use asset and corresponding

lease liability are re-measured. In case of decrease in scope of lease a gain or loss (if any) is recognised in income statement.
The most important kind of lease agreement for the bank as a lessee concerns spaces leased for the purposes of the Bank's core activities. If a lease contract entails the possibility of extension or premature termination, in many cases a period of lease equal to a one-year planning period is applied – unless an agreement already specifies a shorter period of lease.
As a lessee, the Group defines IFRS 16 accounting terms beyond the scope of the Standard as follows:

- a short-term lease is a lease with the term of less than or equal to 12 (twelve) months;
- a low value asset is an asset which is acquired new and has value equal to or less than EUR 5'000.00 (five thousand euros).

Leasehold improvements are capitalized, and their depreciation is calculated on a straight-line basis over the remaining lease term. Leasehold renovation costs in relation to improving quality of the building are capitalized.
Leasehold maintenance and current repair costs are recognized in the profit or loss statement when incurred.

(iii) Depreciation

Depreciation is charged to the profit or loss on a straight-line basis over the estimated useful lives of the individual assets. Depreciation commences on the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and ready for use. Land is not depreciated. The estimated useful lives are as follows:

Leasehold improvements	Over the lease term
Equipment	3 years
Fixtures and fittings	5 years
Land and buildings	50 years

l) Intangible assets

Intangible assets, which are acquired by the Group, are stated at cost less accumulated amortisation and impairment losses.
Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.
Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.
Costs associated with maintaining computer software programs are recognised as an expense as incurred.
Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets for which no useful life is stated, the estimated useful lives are as follows:

Intangible assets	5-7 years

m) Non-current assets held for sale

The Group classifies non-current assets as held for sale if their carrying amount is to be recovered through a sale transaction rather than continuing use and the management has committed to an active plan that is expected to result in a complete sale within one year from the date of classification.

Assets classified as held for sale are stated at the lower of their carrying amount and fair value less costs to sell of the non-current asset. At least at each reporting date, the Group assesses, whether the value of the non-current assets classified as held for sale is impaired. The impairment loss reduces carrying amount of the asset and is included in the statement of income's line 'Other impairment losses'. In the same line of the statement of income a gain from any subsequent increase in fair value less cost to sell of an asset is recognised, but not in excess of the cumulative impairment loss that has been recognised either for non-current asset held for sale or previously for the non-current asset.

n) Impairment of financial assets and expected loss

The Group's impairment requirements are based on an expected loss model. Expected loss calculations do not represent the losses that the Group may suffer in a single scenario such as a stress scenario, but represent a probability weighted loss in a number of reasonably possible scenarios including a normal repayment scenario.

To calculate impairment, the assets are divided into three categories (stages):

- stage 1 includes assets where no significant increase in credit risk since acquisition/initial recognition is identified;
- stage 2 includes assets for which a significant increase in credit risk is identified since acquisition/initial recognition but for which no default of the issuer has been identified;
- stage 3 includes defaulted assets.

The Group calculates provisions for expected credit losses according to the requirements of IFRS 9:

- for stage 1 assets, loan loss allowance equals the 12 month expected credit loss, that is a possible loss if the issuer defaults within the next 12 months;
- for stage 2 and 3 assets loan loss allowance equals the lifetime expected credit losses.

The 'default' is defined in line with the prudential definition of the default: exposure delayed 90 and more days, significant restructuring and other unlikeliness to pay indicators. The 'default' is the criteria for transfer to stage 3.

To determine if the credit risk associated with a financial instrument has increased significantly since initial recognition (or a financial instrument is in default), the Group monitoring a number of indicators, such as:

- whether the payments related to an asset (or other obligations of an obligor) have been past due or there has been a breach of covenants;
- whether there has been information about significant deterioration of the obligor's financial situation;
- whether an obligor has informed the Group about his willingness to alter the debt contract terms that can be deemed to be a forbearance (granting to the obligor a concession(s) due to the obligor's financial difficulty that would not otherwise be granted) or an event of forbearance itself;
- whether substantial decline of the market price of the obligor's debt instruments has occurred, in case an obligor has issued financial instruments and those are actively traded;
- whether actual or expected changes in business conditions have been observed / forecasted that may have a significant impact on the obligor's creditworthiness assessment;

- whether there has been a decrease of an obligor's external or internal credit rating;
- whether there has been an increase of the loan-to-value ratio (for the Group's issued loans).

Based on the above mentioned criteria, the Group's management make a decision regarding classification of the assets by stages. Usually, if payments related to an asset are past due more than 30 days, the asset is classified as stage 2 asset, and, if payments related to an asset are past due more than 90 days, the asset is classified as stage 3 asset.

The Group use the "low credit risk exemption" permitted by the standard. The Group uses low credit risk exemption as permitted by the IFRS 9 standard when calculating the amount of expected credit losses (ECL) for the Group's claims on counterparties and issuers that have BBB- or higher credit rating from rating companies Standard & Poor's, Moody's or Fitch taking into account that probabilities of default (PD) have historically been low for issuers with such credit rating level (average 1 year PD of 0.18% for issuers with BBB- credit rating and lower for issuers with higher credit rating). Low credit risk exemption means that, if a counterparty has BBB- or higher credit rating, the Group considers that credit risk that is related to the Group's claims on that counterparty has not increased significantly even if there are indications of the counterparty's creditworthiness worsening.

The Group calculates expected loss (EL) on an individual basis for all assets in scope of the standard, except the consumer loan portfolio of the Bank's daughter company, stage 1 credit card overdrafts and trade debtors (with individual exposures below EUR 100 thousand) for which EL is calculated on collective basis.

For stage 1 and 2 assets, the amount of EL is calculated by multiplying the exposure at default on the reporting date (including accrued interest and undisbursed loan or credit line) by loss given default (LGD) rate and by the probability of default: 12 month PD rate for stage 1 assets and lifetime PD rate for stage 2 assets. For stage 3 assets, individual scenarios of recovery cash flows are developed by the Group and approved by the Bank's or Subsidiary company's management.

For debt securities, amounts due from other banks and counterparties and other instruments that have a credit rating, the Group uses PD's that are based on the rating .

For debt securities, amounts due from other banks and counterparties and other instruments, except loans to customers, that do not have credit rating, the Group estimates ratings based on the level and intervals of financial indicators used by credit rating agencies to determine credit rating. The estimated credit ratings and historical PD's by ratings based on the external rating agencies data are used as the basis for PD assessment.

For debt securities held, amounts due from counterparties and other assets the Group bases its LGD estimate on LGDs calculated by rating agencies orinternal analysis of recoveries from defaulted exposures.

For stage 1 and stage 2 loans to customers, the Group estimates PD rates that are based on the number of defaults that the Group has experienced in its loans portfolio during the past 3 years taking into account each borrower's specific creditworthiness assessment.

For loans to customers, loss given default rates are based on the estimated proceeds from the sale of collateral in case of the default. For that purpose, the Group makes assumptions regarding possible sales term, discount and selling costs based on the collateral type, liquidity, location, etc.

Impairment allowance for loans to customers is calculated as a difference between the net present value of projected future cash flows that are discounted using the loan's original effective interest rate and the net carrying amount. Calculation of net present value of projected future cash flows for loans secured with collateral takes into account cash flows from repossession of collateral less cost of repossession and sale. Losses are recognised in profit or loss.

Calculation of impairment allowance for expected credit losses from off-balance sheet liabilities and contingent liabilities is in line with the principles and methodology applied for balance sheet positions. Additional aspects evaluated for off-balance sheet financial liabilities are conversions and estimates of future use, as well as the Group's ability to react timely, identify exposures and close such limits in case their credit quality deteriorates.

Loss allowance for expected credit losses on loan commitments and financial guarantee contracts is recognised as provisions.

The Group uses a separate approach for calculating expected credit losses for loans issued by the Group's company which operates in consumer lending business. Probabilities of default are calculated based on the company's data on defaults that the company has actually experienced, and loss given default rates are based on the actual income from recoveries for the defaulted and terminated loan agreements.

The Group adjusts PDs used in the EL calculation depending on forecasted relevant macroeconomic circumstances. If a conterparty's or a borrower's creditworthiness depends on economic situation in a country or a region and in that country or a region macroeconomic risks may be evaluated as elevated, higher probabilities of default are employed to calculate expected credit losses than in 'normal' circumstances.

Unlike the Group, the Group companies use also the principle of assuming 60 days overdue, taking into account the sensitivity of borrowers to seasonality (agriculture harvest once a year, when the settlement of accumulated costs during the season takes place), which has an impact on the number of days overdue, but to a large extent does not have an impact on the fulfillment of the borrower's obligations. Seasonal companies (which most directly apply to agricultural companies) often have significant cash flow fluctuations throughout the year and dependence on market price fluctuations, they have longer payment cycles and extending the criterion of the days overdue principle to 60 days allows better to understand the company's ability to manage these fluctuations and fulfill its obligations, provides a more realistic view of the borrower's creditworthiness, and also allows to ensure a more stable credit risk assessment taking into account these uncertainties.

The Group regularly reviews and improves the methods it uses for EL calculation including comparison of actually experienced losses to previously expected losses.

o) Provisions

A provision is recognised in the statement of financial position when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

p) Debt securities issued

The Group recognises financial liabilities on its balance on drawdown.
After an initial measurement, being a fair value minus directly attributable transaction costs, in the case of a financial liability not at fair value through profit or loss, debt issued, subordinated liabilities and borrowings are measured at amortised cost and any difference between net proceeds and value at redemption is recognised in the statement of income over the period of borrowing using the effective interest rate.

q) Unrecognised loan commitments

In the normal course of business, the Group enters into unrecognised loan commitments, comprising undrawn loan commitments and provides guarantees and letters of credit.
Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.
A financial guarantee is recognised initially at fair value, and is measured subsequently at the higher of the amount initially recognised less cumulative amortisation or the amount determined in accordance with the accounting policy for provisions when enforcement of the guarantee has become probable.
Financial guarantee liabilities and provisions for other credit related commitment are included within provisions.

r) Income tax

The tax payable includes the expected payment of the tax from the taxable income for the year, calculated using the tax rates which are in force at the end date of the reporting period, and adjustments to the taxes payable for previous years. Corporate income tax (CIT) assets and liabilities are measured at the amount expected to be obtained from or paid to tax authorities. Up until now, the Bank and the Group had to pay corporate income tax on the profit distribution in Latvia. Thus, the corporate income tax on the profit distribution is recognized at the time of payment, when dividends are declared. Whereas UAB Primero Finance pays income tax on taxable income in Lithuania.
According to amendments to the CIT Law adopted in 2024, credit institutions and consumer credit providers (Bank, AS Magnetiq Bank and AS "Primero Finance") have pay an annual corporate income tax surcharge of 20%, which is calculated on the basis of their financial data of pre-taxation year. In essence, the tax surcharge is an advance payment that will be taken into account for an unlimited period in calculating the tax payable on distributions of dividends.
The CIT surcharge is recognised in the income statement in the financial year, and as a tax liability of the current period for the reporting period payable to the tax administration in 2025.

s) Income and expense recognition

Interest income and expense items are recognised on an accrual basis using the effective interest rate.

Loan origination fees and other fees that are considered to be integral to the overall profitability of a loan, together with the related direct costs, are deferred and amortised to interest income over the estimated life of the financial instrument using the effective interest rate method.

Commissions in respect of the acquisition of financial assets that are not at fair value through profit or loss are deferred and recognised as an adjustment to the effective yield on the respective asset or liability. Other fees, commissions and other income and expense items are recognised when the corresponding service has been provided.

Penalty income is recognised on cash-received basis.

The bank's subsidiary AS Magnetiq Bank offers e-commerce transaction services. Commission income is recognized at the point in time when a transaction is processed, as this represents the completion of AS Magnetiq Bank performance obligation under IFRS 15 “Revenue from Contracts with Customers.” The commission income earned is deducted directly from the transaction amount before transferring funds to the e-commerce merchant. The commission fee is contractually agreed upon with each merchant and represents the consideration for facilitating the payment. In the settlement process, when a customer completes a purchase, the transaction amount is initially processed by global payment networks such as Visa and MasterCard. While funds remain with Visa and MasterCard during the settlement period (typically one business day), AS Magnetiq Bank advances its own funds to the e-commerce merchant, net of commission income. Once Visa and MasterCard settle the transaction, AS Magnetiq Bank offsets the amounts, effectively reimbursing itself. Magnetiq Bank incurs commission expenses related to payment processing fees charged by Visa and MasterCard. These costs are recognized as commission expenseswhen the associated transactions are processed. Since these fees are directly attributable to revenue-generating activities, they are recorded in the same period as the corresponding commission income to ensure proper matching.

4. Risk management

The Group mainly has exposure to the following risks:
- market risks
- interest rate risk
- currency risk
- price risk
- credit risk
- liquidity risk
- operational risk
- other risks: Money Laundering and Terrorism and Proliferation Financing (further – ML/TPF) and sanctions risk, compliance and reputation risk, strategic risk.

This note presents information about the Bank's exposure to each of the above risks, as well as about the Group's objectives, policies and processes for measuring and managing risk.

a) Risk management policies and procedures

The Group's risk management policies aim to identify, analyse and manage the risks faced by the Group, to set appropriate risk limits and controls, and to continuously monitor risk levels and adherence to limits. The Group's tolerance of risks is set forth in the Group's respective risk management policies. Risk management policies and procedures are reviewed regularly to reflect changes in regulation, market conditions, products and services offered and emerging risk management best practice.

The Council has overall responsibility for the oversight of the risk management framework, overseeing the management of key risks and reviewing its risk management policies and procedures as well as approving significantly large exposures.

The Management Board is responsible for monitoring and implementation of risk mitigation measures and making sure that the Group operates within the established risk parameters. The Financial Risk Management Department (further – FRMD) is responsible for identifying, measuring, managing and reporting financial risks. The Head of Compliance and Risk Management Department is responsible for the non-financial risks and compliance issues.

Credit risk, market risk and liquidity risk, both at portfolio and transactional levels are managed and controlled by Credit committee and Assets and liabilities committee (further - ALCO).

b) Market risks

Market risk is the risk that movements in market prices, including foreign exchange rates, interest rates, credit spreads and equity prices will affect the Group's income or the value of its portfolios. Market risks comprise currency risk, interest rate risk and other price risk. Market risk arises from open positions in interest rate, currency and fixed income or other financial instruments, which are exposed to general and specific market movements and volatility of market prices.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimizing the return on risk.

Overall authority for market risk is vested in the ALCO, chaired by the CEO. Market risk limits are approved by ALCO based on recommendations of the FRMD.

The Group manages its market risk by setting open position limits for financial instruments, interest rate risk positions and currency positions which are monitored on a regular basis and reviewed and approved by the ALCO. Additional restrictions are set for financial instrument portfolios, such as duration limits, concentration limits etc.

In addition, the Group uses various stress tests to model the financial impact of a variety of exceptional market scenarios on individual portfolios and the Group's overall position. Stress tests provide an indication of the potential losses that could arise under adverse or very unfavorable conditions.

c) Interest rate risk

Interest rate risk is the risk that movements in interest rates will affect the Group's income or the value of its portfolios of financial instruments.
The Group is exposed to changes of market interest rates on its financial position and cash flows. Due to changes of market interest rates the Group's profit may increase, decrease, or the Group may suffer losses if there are large unexpected changes of market interest rates.
In the following table below possible impact on the Group's and the Bank's profit and equity is shown from a change of yield of fixed income securities acquired by the Group and the Bank by 100 basis points. This analysis assumes that all other variables, including foreign exchange rates, remain constant. The analysis includes fixed income securities classified as FVTPL or FVOCI. The impact of income taxes is not reflected in this analysis:

'000 EUR	31 December 2024		31 December 2023	
	Group	Bank	Group	Bank
Impact on profit: parallel increase by 100 basis points	(185)	(185)	(93)	(93)
Impact on profit: parallel decrease by 100 basis points	189	189	97	97
Impact on equity: parallel increase by 100 basis points	(144)	(4)	(387)	(85)
Impact on equity: parallel decrease by 100 basis points	150	4	404	90

In addition to the impact on securities prices, possible changes in the interest rates may impact the interest income that the Bank receives on the assets and pays on the liabilities thus impacting the Bank's net interest income. Below a possible impact on the Bank's net interest income within a period of the next 12 months is provided:

'000 EUR	31 December 2024	31 December 2023
100 bp parallel increase	295	360
100 bp parallel decrease	(996)	(360)

d) Currency risk

The Group has assets and liabilities denominated in several foreign currencies. Foreign currency risk arises when the receivables in a foreign currency are either greater or less than the payables in that currency. For further information on the Group's exposure to currency risk at year end refer to Currency analysis table in this Note.
A change in exchange rates as indicated below, as at 31 December would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The impact of income taxes is not reflected in this analysis:

'000 EUR	31 December 2024		31 December 2023	
	Profit or loss, Group	Profit or loss, Bank	Profit or loss, Group	Profit or loss, Bank
5% appreciation of USD against EUR	(3)	(6)	(18)	(1)
5% depreciation of USD against EUR	3	6	18	1
5% appreciation of GBP against EUR	1	(10)	(1)	-
5% depreciation of GBP against EUR	(1)	10	1	-

e) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments traded in the market. Price risk arises when the Group takes a long or short position in a financial instrument.
An analysis of sensitivity of the Group's net income for the year and equity to changes in securities prices based on positions existing as at 31 December 2024 and 2023 and a simplified scenario of a 5% change in all securities prices is as follows:

'000 EUR	31 December 2024		31 December 2023	
	Group	Bank	Group	Bank
Impact on profit: increase of securities prices by 5%	496	496	156	156
Impact on profit: decrease of securities prices by 5%	(496)	(496)	(156)	(156)
Impact on other comprehensive income: increase of securities prices by 5%	488	24	940	89
Impact on other comprehensive income: decrease of securities prices by 5%	(488)	(24)	(940)	(89)

f) Credit risk

Credit risk means possible losses to the Group (or reduction of profit), if the Group's customer, counterparty, or issuer of financial instruments owned by the Bank fully or partially fails to fulfil its financial obligations towards the Group, as well as losses (or reduction in profit) due to price decrease of the financial instruments owned by the Group due to worsening of creditworthiness of the issuer.
The Group's and Bank's credit risk management guidelines are defined by the Bank's internal regulatory document „Credit Risk Management Policy", „Credit Policy" and „Country Risk Management Policy" approved by the Council of the Bank, as well as the Bank's internal regulatory document „Country Risk Management Procedure"; credit risk management procedure is determined by the Bank's internal regulatory document „Credit Risk Management Procedure".
According to the Bank's internal regulatory document „Credit Risk Management Policy", the Group separately manages credit risk related to the Group's loans to the customers (except loans against collateral for financial instruments), and credit risk related to interbank claims and the Group's investments in financial instruments (as well as loans against collateral for financial instruments).
The Group's guidelines in relation to customer financing transactions (loans to customers) are set out in the Bank's internal regulatory document „Credit Policy" that stipulates:

- desirable creditworthiness and reputation profile of the customer;
- preferred loan term;
- requirements for loan security and restrictions/ conditions for LTV (loan to value) ratio;
- procedure of lending process;
- credit portfolio management and supervision procedure;
- limits to the total proportion of the loans, proportion of unsecured loans, and proportion of loans secured by real estate in the Bank's assets.

Decision on issue of loans at the Bank is made by the Credit Committee according to regulations on its operations. The Bank's Board accepts decisions of the Credit Committee on crediting transactions exceeding EUR 500 thousand. The Bank's Council reviews decisions of the Credit Committee of crediting transactions exceeding EUR 3 million, except for those with cash as collateral.
The Council has the right to overturn decisions made by the Credit Committee (veto right).

Creditworthiness of each borrower and credit risk of the planned transaction is assessed by FRMD according to the procedure prescribed by the Bank's internal regulatory document „Procedure for Credit Risk Assessment of Crediting Transaction”. Legal Department of the Bank assesses legal aspects of each planned transaction and provides its opinion on legal aspects of the transaction. Security Department of the Bank performs inspection of the customer, persons associated with the customer, information and documents submitted by the customer, by using information sources and resources available to the Bank including the inspection of customer's reputation, existence of negative information on customer and associated persons, and the department provides an opinion on the customer.

In addition to the abovementioned, in order to ensure a credit risk level acceptable to the Group at the portfolio level, ALCO sets limits for the concentration of loan portfolio by countries/ regions, industries, and other factors.

The Bank’s credit risk that stems from keeping of funds in correspondent accounts in other banks, as well as transactions made by the Bank’s Treasury Division, Investment Division and Brokerage Division (interbank loans, loans against collateral for financial instruments, financial instruments transactions, and other transactions), is restricted by the Bank with a help of limits for maximum amount of claim against each counterparty.

Limits are set by ALCO that operates according to the regulations on its operation. Monitoring of the set limits is performed every day by FRMD and Accounting and Reporting Department of the Bank, and management of Treasury Division and Brokerage Division of the Bank is informed about detected limit violations, as well as the situation regarding compliance with the set limits is reviewed every week by ALCO.

Besides management of credit risk at an individual exposure level, the Group/Bank also performs management of credit risk at a portfolio level. Stress testing of the Group’s credit risk is performed in which total possible credit risk losses of the Group in a number of scenarios are calculated assuming that unfavorable or very unfavorable economic circumstances set in. Planning of the Group’s balance sheet/assets structure and overall exposure to credit risk is performed. Limits on the Group’s various transaction types and concentration of claims are set and control of observance of these limits is performed.

Every quarter FRMD prepares a credit risk report reflecting detailed information regarding credit risk undertaken by the Group in relation to all transactions/ transaction types concluded by the Group. Report is reviewed by ALCO and Bank’s council.

Group / Bank regularly performs asset quality assessment in accordance with the requirements of IFRS 9 (See Note 3 (c) (i) IFRS 9 Financial Instruments”.

Past due loan is defined as the loan for which interest, commissions or principal payments are overdue.

Impaired loan is defined as the loan for which one or more events with a negative effect on the expected cash flow of the loan have occurred - loss events. Signs that may indicate that a loan may be impaired are the following:

- material financial difficulties of the borrower;
- violation of the terms of the loan agreement (including a failure to make a timely payment according to the loan agreement);
- a relief granted to the borrower due to economic or legal reasons related to the borrower's financial difficulties that would otherwise not have been granted;
- a fair chance that the borrower will initiate the bankruptcy procedure or a reorganization;
- prerequisites of the loan project failing to materialize;
- a failure to fulfill obligations by a person that impacts the borrowers' ability to make timely payments to the Bank;
- a failure to utilize the borrowed funds according to the loan purpose;
- a drop in the value of the loan collateral;
- other events that increase the credit risk.

Credit quality analysis for the Group:

'000 EUR	Business	Reverse repo and loans secured by financial instruments	Consumer	Collateralized by real estate	Loans for Latvian farmers	Other deposits with financial institutions	Other	Total
31.12.2024								
Total gross loans	**29 732**	**6 737**	**33 059**	**45 515**	**18 087**	**5 000**	**73 829**	**211 959**
Neither past due nor impaired loans	29 047	6 737	30 282	45 318	13 140	5 000	73 760	**203 284**
Past due and impaired loans								
past due up to 29 days	9	-	1 423	40	190	-	49	**1 711**
past due from 30 days up to 59 days	-	-	320	-	1 526	-	5	**1 851**
past due from 60 days up to 90 days	-	-	224	156	2 119	-	-	**2 499**
past due more than 90 days	676	-	810	1	1 112	-	15	**2 614**
Total impairment allowance	**(255)**	**(11)**	**(2 023)**	**(103)**	**(651)**	**-**	**(295)**	**(3 338)**
Total impairment allowance - neither past due nor impaired loans	(123)	(11)	(836)	(102)	(258)	-	(280)	**(1 610)**
Impairment allowance - loans are past due								
past due up to 29 days	(1)	-	(204)	-	(2)	-	-	**(207)**
past due from 30 days up to 59 days	-	-	(177)	-	(16)	-	-	**(193)**
past due from 60 days up to 90 days	-	-	(154)	-	(143)	-	-	**(297)**
past due more than 90 days	(131)	-	(652)	(1)	(232)	-	(15)	**(1 031)**
Total net loans	**29 477**	**6 726**	**31 036**	**45 412**	**17 436**	**5 000**	**73 534**	**208 621**
Neither past due nor impaired loans	28 924	6 726	29 446	45 216	12 882	5 000	73 480	**201 674**
Past due and impaired loans								
past due up to 29 days	8	-	1 219	40	188	-	49	**1 504**
past due from 30 days up to 59 days	-	-	143	-	1 510	-	5	**1 658**
past due from 60 days up to 90 days	-	-	70	156	1 976	-	-	**2 202**
past due more than 90 days	545	-	158	-	880	-	-	**1 583**

Credit quality analysis for the Group:

’000 EUR	Business	Reverse repo and loans secured by financial instruments	Consumer	Collateralized by real estate	Other deposits with financial institutions	Other	Total
Total gross loans	**32 241**	**6 141**	**23 134**	**43 022**	**8 364**	**56 491**	**169 393**
Neither past due nor impaired loans	32 104	6 141	19 849	39 828	8 364	56 432	**162 718**
Past due and impaired loans							
past due up to 29 days	137	-	1 730	2 351	-	-	**4 218**
past due from 30 days up to 59 days	-	-	374	838	-	-	**1 212**
past due from 60 days up to 90 days	-	-	157	-	-	-	**157**
past due more than 90 days	-	-	1 024	5	-	59	**1 088**
Total impairment allowance	**(177)**	**(8)**	**(1 690)**	**(136)**	**-**	**(220)**	**(2 231)**
Total impairment allowance - neither past due nor impaired loans	(171)	(8)	(471)	(130)	-	(161)	**(941)**
Impairment allowance - loans are past due							
past due up to 29 days	(6)	-	(150)	(1)	-	-	**(157)**
past due from 30 days up to 59 days	-	-	(147)	-	-	-	**(147)**
past due from 60 days up to 90 days	-	-	(103)	-	-	-	**(103)**
past due more than 90 days	-	-	(819)	(5)	-	(59)	**(883)**
Total net loans	**32 064**	**6 133**	**21 444**	**42 886**	**8 364**	**56 271**	**167 162**
Neither past due nor impaired loans	31 933	6 133	19 378	39 698	8 364	56 271	161 777
Past due and impaired loans							
past due up to 29 days	131	-	1 580	2 350	-	-	**4 061**
past due from 30 days up to 59 days	-	-	227	838	-		**1 065**
past due from 60 days up to 90 days	-	-	54	-	-	-	**54**
past due more than 90 days	-	-	205	-	-	-	**205**

Credit quality analysis for the Bank:

’000 EUR	Business	Reverse repo and loans secured by financial instruments	Consumer	Collateralized by real estate	Other deposits with financial institutions	Other	Total
31.12.2024							
Total gross loans	**37 671**	**6 737**	**3 182**	**27 858**	**1 363**	**94 923**	**171 734**
Neither past due nor impaired loans	37 109	6 737	3 182	27 858	1 363	94 895	**171 144**
Past due and impaired loans							
past due up to 29 days	-	-	-	-	-	8	**8**
past due from 30 days up to 59 days	-	-	-	-	-	5	**5**
past due more than 90 days	562	-	-	-	-	15	**577**
Total impairment allowance	**(335)**	**(11)**	**(6)**	**(69)**	**-**	**(2 133)**	**(2 554)**
Total individually impairment allowance - neither past due nor impaired loans	(297)	(11)	(6)	(69)	-	(2 118)	**(2 501)**
Past due and impaired loans							
past due more than 90 days	(38)	-	-	-	-	(15)	**(53)**
Total net loans	**37 336**	**6 726**	**3 176**	**27 789**	**1 363**	**92 790**	**169 180**
Neither past due nor impaired loans	36 812	6 726	3 176	27 789	1 363	92 777	**168 643**
Impairment allowance - loans are past due							
past due up to 29 days	-	-	-	-	-	8	**8**
past due from 30 days up to 59 days	-	-	-	-	-	5	**5**
past due more than 90 days	524	-	-	-	-	-	**524**
31.12.2023							
Total gross loans	**51 419**	**6 141**	**712**	**22 158**	**4 826**	**45 210**	**130 466**
Neither past due nor impaired loans	51 419	6 141	616	22 158	4 826	45 210	**130 370**
Past due and impaired loans							
past due up to 29 days	-	-	-	-	-	-	5
past due more than 90 days	-	-	96	-	-	-	**96**
Total impairment allowance	**(1 556)**	**(8)**	**(100)**	**(61)**	**-**	**(214)**	**(1 939)**
Total individually impairment allowance - neither past due nor impaired loans	(1 556)	(8)	(4)	(61)	-	(214)	**(1 843)**
Past due and impaired loans							
past due more than 90 days	-	-	(96)	-	-	-	**(96)**
Total net loans	**49 863**	**6 133**	**612**	**22 097**	**4 826**	**44 996**	**128 527**
Neither past due nor impaired loans	49 863	6 133	612	22 097	4 826	44 996	**128 527**
Past due and impaired loans							
past due more than 90 days	-	-	-	-	-	-	**-**

The Group assessed the impact of modification of cash flows on restructured loans and concluded that it is immaterial. As of 31 December 2024, the Bank had five forborned loans to non-banks in the total amount of 4 896 thousand EUR (2023: four loans, 2 466 thousand EUR). As of 31 December 2024, the Group had thirty one forborned loan to non-banks in the total amount of 17 876 thousand EUR (2023: four loans, 2 466 thousand EUR). A loan is considered to be forborned from the date of the above mutual agreement to the date when at least two years have passed without delays of contractual payments by more than 30 days and none of the loss events has taken place.
The Group monitors concentrations of credit risk by industry/sector and by geographic location. For the analysis of concentration of credit risk in respect of loans and advances to customers refer to Note 16 ”Loans and advances due from customers”.

Classification of the Group's financial assets in measurement categories (3 stages) as of December 31, 2024:

'000 EUR	Stage 1	Stage 2	Stage 3	Total
Financial assets				
Cash and due from central banks	169 820	-	-	169 820
Demand deposits with financial institutions	18 021	-	-	18 021
Financial instruments measured at fair value through profit or loss	22 829	-	-	22 829
Debt securities measured at fair value through other comprehensive income	9 797	-	-	9 797
Financial assets measured at amortized cost	346 863	41 488	9 357	397 708
Other financial assets	1 357	-	-	1 357
Total gross financial assets	**568 687**	**41 488**	**9 357**	**619 532**
Total impairment allowance	(1 019)	(659)	(1822)	(3 500)
Total net financial assets	**567 668**	**40 829**	**7 535**	**616 032**

Classification of the Group's financial assets in measurement categories (3 stages) as of December 31, 2023:

'000 EUR	Stage 1	Stage 2	Stage 3	Total
Financial assets				
Cash and due from central banks	72 807	-	-	72 807
Demand deposits with financial institutions	9 939	-	-	9 939
Debt securities measured at fair value through other comprehensive income	18 791	-	-	18 791
Financial assets measured at amortized cost	364 755	29 554	7 202	401 511
Other financial assets	2 668	-	-	2 668
Total gross financial assets	**468 960**	**29 554**	**7 202**	**505 716**
Total impairment allowance	(868)	(333)	(1209)	(2 410)
Total net financial assets	**468 092**	**29 221**	**5 993**	**503 306**

Classification of the Bank's financial assets in measurement categories (3 stages) as of December 31, 2024:

’000 EUR	Stage 1	Stage 2	Stage 3	Total
Financial assets				
Cash and due from central banks	76 784	-	-	76 784
Demand deposits with financial institutions	15 022	-	-	15 022
Financial instruments measured at fair value through profit or loss	22 315	-	-	22 315
Debt securities measured at fair value through other comprehensive income	479	-	-	479
Financial assets measured at amortized cost	283 182	48 030	2 552	333 764
Other financial assets	433	-	-	433
Total gross financial assets	**398 215**	**48 030**	**2 552**	**448 797**
Total impairment allowance	(529)	(1 982)	(151)	(2 662)
Total net financial assets	**397 686**	**46 048**	**2 401**	**446 135**

Classification of the Bank's financial assets in measurement categories (3 stages) as of December 31, 2023:

’000 EUR	Stage 1	Stage 2	Stage 3	Total
Financial assets				
Cash and due from central banks	8 141	-	-	8 141
Demand deposits with financial institutions	9 672	-	-	9 672
Debt securities measured at fair value through other comprehensive income	1 786	-	-	1 786
Financial assets measured at amortized cost	315 701	9 808	712	326 221
Other financial assets	1 608	-	-	1 608
Total gross financial assets	**336 908**	**9 808**	**712**	**347 428**
Total impairment allowance	(1 873)	(18)	(192)	(2 083)
Total net financial assets	**335 035**	**9 790**	**520**	**345 345**

Changes in financial assets measured at amortized cost of the Group’s financial assets by stages for the year ended 31 December 2024:

’000 EUR	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount 1 January 2024	**364 755**	**29 554**	**7 202**	**401 511**
Increases related to acquisition of the subsidiary company AS AgroCredit (result of consolidation)	12 204	3 418	2 467	18 089
New assets originated or increased on the existing contracts	84 724	2 544	(1 126)	86 142
Assets redeemed	(98 524)	(2 751)	(1 502)	(102 777)
Effect on Gross carrying value at the end of the period due to changes in accruals				
Transfers to Stage 1	6 105	(6 099)	(6)	-
Transfers to Stage 2	(15 806)	15 950	(144)	-
Transfers to Stage 3	(2 002)	(1 673)	3 675	-
Written off	(3 650)	(392)	(1 215)	(5 257)
Gross carrying amount 31 December 2024	**347 806**	**40 551**	**9 351**	**397 708**

Changes in financial assets measured at amortized cost of the Group’s financial assets by stages for the year ended 31 December 2023:

’000 EUR	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount 1 January 2023	**333 623**	**9 513**	**1 391**	**344 527**
Increases related to acquisition of the subsidiary company AS Magnetiq (result of consolidation)	50 398	17 555	5 350	73 303
New assets originated or increased on the existing contracts	66 536	4 114	387	71 037
Assets redeemed	(80 024)	(5 910)	(140)	(86 074)
Effect on Gross carrying value at the end of the period due to changes in accruals				
Transfers to Stage 1	3 458	(3 453)	(5)	-
Transfers to Stage 2	(7 880)	7 884	(4)	-
Transfers to Stage 3	(629)	(36)	665	-
Written off	(727)	(113)	(442)	**(1 282)**
Gross carrying amount 31 December 2023	**364 755**	**29 554**	**7 202**	**401 511**

Changes in financial assets measured at amortized cost of the Bank's financial assets by stages for the year ended 31 December 2024:

'000 EUR	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount 1 January 2024	**315 701**	**9 808**	**712**	**326 221**
New assets originated or increased on the existing contracts	38 046	6 937	-	44 983
Assets repaid (redeemed)	(40 580)	3 718	(578)	(37 440)
Effect on Gross carrying value at the end of the period due to changes in accruals				
Transfers to Stage 1	4 187	(4 187)	-	-
Transfers to Stage 2	(35 105)	35 105	-	-
Transfers to Stage 3	(1 060)	(1 358)	2 418	-
Gross carrying amount 31 December 2024	**281 189**	**50 023**	**2 552**	**333 764**

Changes in financial assets measured at amortized cost of the Bank's financial assets by stages for the year ended 31 December 2023:

'000 EUR	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount 1 January 2023	**332 500**	**9 079**	**711**	**342 290**
New assets originated or increased on the existing contracts	57 239	3 451	-	**60 690**
Assets redeemed	(70 891)	(5 869)	1	**(76 759)**
Effect on Gross carrying value at the end of the period due to changes in accruals				
Transfers to Stage 1	3 276	(3 276)	-	-
Transfers to Stage 2	(6 423)	6 423	-	-
Gross carrying amount 31 December 2023	**315 701**	**9 808**	**712**	**326 221**

Changes in loan loss allowance of the Group's financial assets measured at amortised cost by stages for the year ended 31 December 2024:

'000 EUR	Stage 1	Stage 2	Stage 3	Total
ECLs as at 1 January 2024	**866**	**334**	**1 210**	**2 410**
Increases in connection with the acquisition of the subsidiary company AS AgroCredit (result of consolidation)	109	55	489	653
New assets originated or increased on the existing contracts	378	427	365	1 170
Assets repaid (redeemed)	(196)	15	229	48
Written off	(182)	(172)	(471)	(825)
At 31 December 2024	**975**	**659**	**1 822**	**3 456**

Changes in loan loss allowance of the Group's financial assets by stages for the year ended 31 December 2023:

'000 EUR	Stage 1	Stage 2	Stage 3	Total
ECLs as at 1 January 2023	**986**	**79**	**637**	**1 702**
Increases in connection with the acquisition of the subsidiary company AS Magnetiq (result of consolidation)	133	3	162	298
New assets originated or increased on the existing contracts	361	114	265	740
Assets repaid (redeemed)	(148)	210	493	555
Written off	**(466)**	**(72)**	**(347)**	**(885)**
At 31 December 2023	**866**	**334**	**1 210**	**2 410**

Changes in loan loss allowance of the Bank’s financial assets measured at amortised cost by stages for the year ended 31 December 2024:

’000 EUR	Stage 1	Stage 2	Stage 3	Total
ECLs as at 1 January 2024	**1 873**	**18**	**192**	**2 083**
New assets originated or increased on the existing contracts	262	1 972	40	**2 274**
Assets repaid (redeemed)	(1 606)	(8)	(81)	**(1 695)**
At 31 December 2024	**529**	**1 982**	**151**	**2 662**

Changes in loan loss allowance of the Bank’s financial assets by stages for the year ended 31 December 2023:

’000 EUR	Stage 1	Stage 2	Stage 3	Total
ECLs as at 1 January 2023	**1 408**	**21**	**190**	**1 619**
New assets originated or increased on the existing contracts	147	6	-	153
Assets redeemed	318	(9)	2	311
At 31 December 2023	**1 873**	**18**	**192**	**2 083**

g) Liquidity risk

Liquidity risk means possible losses to the Group or decrease in profit from the sale of the assets or attraction of resources at unfavourable interest rates in order for the Group to meet its financial liabilities towards depositors, counterparties and other creditors.

The Group's guidelines for liquidity risk management are defined in the Bank's internal regulatory document „Liquidity Risk Management Policy" approved by the Bank's Council and liquidity risk management procedure is defined in the Bank's internal regulatory document „Liquidity Risk Management Procedure".

The purpose of liquidity risk ratios is to indicate the liquidity risk level undertaken by the Group from various angles and promptly indicate the increase in liquidity risk level. Liquidity risk ratios are calculated and monitored every day, and the Bank's internal regulatory document „Liquidity Risk Management Procedure" sets out actions to be taken when ratios have reached certain levels.

The Group's liquidity risk stress testing is conducted every quarter, and the surplus or deficit of liquid assets in stress scenarios is determined. Liquidity risk stress test results are assessed by ALCO.

In order to limit the liquidity risk, limits are set on the Bank's liquidity net positions, as well as on investments in low liquidity assets. The control of liquidity net positions is conducted once a month, but the control of the limit of loans to customers is carried out every week.

Group performs liquidity planning within the framework of budget planning. Liquidity ratio, LCR (liquidity coverage ratio), and NSFR (net stable funding ratio) are planned.

The Group also calculates mandatory liquidity ratios on a daily basis in accordance with the requirement of the Financial and Capital Markets Commission and the requirement of Regulation 575/2013. The Bank was in compliance with these ratios during the twelve-month period ended 31 December 2024 and 31 December 2023.

The table below analyses the Group’s non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

Analysis of the Group's financial liabilities' contractual undiscounted cash flows as at 31 December 2024:

'000 EUR	Demand and less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	From 1 to 5 years	More than 5 years	Total gross amount outflow/ (inflow)	Carrying amount
Non-derivative liabilities								
Demand liabilities to financial institutions	172	-	-	-	-	-	**172**	**172**
Deposits	282 736	30 012	37 056	64 174	48 932	96 950	**559 860**	**555 093**
Subordinated liabilities	255	488	232	417	8 005	5 418	**14 815**	**10 530**
Debt securities issued	5 942	-	-	-	-	-	**5 942**	**5 942**
Other liabilities	5 548	-	-	-	-	-	**5 548**	**5 548**
Other financial liabilities	9 224	-	-	-	-	-	**9 224**	**9 224**
Contingent liabilities for guarantees	2 803	-	-	50	464	2 200	**5 517**	**5 517**
Unrecognised loan commitments	14 467	-	150	3 676	4 352	-	**22 645**	**22 645**
Total Non-derivative liabilities	**321 147**	**30 500**	**37 438**	**68 317**	**61 753**	**104 568**	**623 723**	**614 671**
Derivative liabilities								
Inflow	(748)	-	-	-	(15 219)	-	**(15 967)**	**(15 661)**
Outflow	16 500	-	-	-	-	-	**16 500**	**16 023**
Total Derivative liabilities	**15 752**	**-**	**-**	**-**	**(15 219)**	**-**	**533**	**362**
Total	**336 899**	**30 500**	**37 438**	**68 317**	**46 534**	**104 568**	**624 256**	**615 033**

Analysis of the Group's financial liabilities' contractual undiscounted cash flows as at 31 December 2023:

'000 EUR	Demand and less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	From 1 to 5 years	More than 5 years	Total gross amount outflow/ (inflow)	Carrying amount
Non-derivative liabilities								
Demand liabilities to financial institutions	-	-	-	3 855	-	-	**3 855**	**3 855**
Deposits	374 082	33 338	21 544	31 369	9 070	-	**469 403**	**469 943**
Subordinated liabilities	61	298	1 366	510	5 238	6 232	**13 705**	**11 299**
Debt securities issued	-	-	-	-	-	4 332	**4 332**	**4 332**
Other liabilities	488	-	-	-	-	-	488	488
Other financial liabilities	3 784	41	41	84	606	-	**4 556**	**4 556**
Contingent liabilities for guarantees	304	-	50	50	3 678	-	**4 082**	**4 082**
Unrecognised loan commitments	8 938	27	300	134	2 220	-	**11 619**	**11 619**
Total Non-derivative liabilities	**387 657**	**33 704**	**23 301**	**36 002**	**20 812**	**10 564**	**512 040**	**510 174**
Derivative liabilities								
Inflow	(9 810)	(2 308)	(1 315)	(652)	-	(250)	(14335)	**(14 233)**
Outflow	9 764	2 328	1 317	635	-	254	14 298	**14 225**
Total Derivative liabilities	**(46)**	**20**	**2**	**(17)**	**-**	**4**	**(37)**	**(8)**
Total	**387 611**	**33 724**	**23 303**	**35 985**	**20 812**	**10 568**	**512 003**	**510 166**

Analysis of the Bank's financial liabilities' contractual undiscounted cash flows as at 31 December 2024:

'000 EUR	Demand and less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	From 1 to 5 years	More than 5 years	Total gross amount outflow/ (inflow)	Carrying amount
Non-derivative liabilities								
Demand liabilities to financial institutions	172	-	-	-	-	-	**172**	**172**
Deposits	170 601	26 354	32 319	57 790	49 253	97 061	**433 378**	**428 482**
Subordinated liabilities	255	488	232	417	8 005	5 418	**14 815**	**10 530**
Debt securities issued	5 942	-	-	-	-	-	**5 942**	**5 942**
Other financial liabilities	8 861	-	-	-	-	-	**8 861**	**8 861**
Contingent liabilities for guarantees	2 800	-	-	50	464	2 200	**5 514**	**5 514**
Unrecognised loan commitments	12 884	-	150	3 676	4 352	-	**21 062**	**21 062**
Total Non-derivative liabilities	**201 515**	**26 842**	**32 701**	**61 933**	**62 074**	**104 679**	**489 744**	**480 563**
Derivative liabilities								
Inflow	(748)	-	-	-	(15 219)	-	**(15 967)**	**(15 661)**
Outflow	16 500	-	-	-	-	-	**16 500**	**16 023**
Total Derivative liabilities	**15 752**	**-**	**-**	**-**	**(15 219)**	**-**	**533**	**362**
Total	**217 267**	**26 842**	**32 701**	**61 933**	**46 855**	**104 679**	**490 277**	**480 925**

Analysis of the Bank's financial liabilities' contractual undiscounted cash flows as at 31 December 2023:

'000 EUR	Demand and less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	From 1 to 5 years	More than 5 years	Total gross amount outflow/ (inflow)	Carrying amount
Non-derivative liabilities								
Demand liabilities to financial institutions	-	-	-	3 855	-	-	**3 855**	**3 855**
Deposits	272 382	30 638	17 485	23 059	3 802	-	**347 366**	**346 566**
Subordinated liabilities	61	298	1 366	510	5 238	6 232	**13 705**	**11 299**
Debt securities issued	-	-	-	-	-	4 332	**4 332**	**4 332**
Other financial liabilities	2 171	41	41	83	601	-	**2 937**	**2 937**
Contingent liabilities for guarantees	-	-	50	50	3 678	-	**3 778**	**3 778**
Unrecognised loan commitments	8 564	-	300	134	2 113	-	**11 111**	**11 111**
Total Non-derivative liabilities	**283 178**	**30 977**	**19 242**	**27 691**	**15 432**	**10 564**	**387 084**	**383 878**
Derivative liabilities								
Inflow	(9 810)	(2 308)	(1 315)	(652)	-	(250)	(14 335)	(14 233)
Outflow	9 764	2 328	1 317	635	-	254	14 298	14 225
Total Derivative liabilities	**(46)**	**20**	**2**	**(17)**	**-**	**4**	**(37)**	**(8)**
Total	**283 132**	**30 997**	**19 244**	**27 674**	**15 432**	**10 568**	**387 047**	**383 870**

The Group are keeping different financial assets to provide liquidity. If necessary, the Group and the Bank will be able to realize liquid assets in the short term in order to meet the demand side. The Group's Analysis of contractual maturities of financial assets and liabilities and equity as at 31 December 2024 is presented below:

Group '000 EUR	1 month	1-3 months	3-6 months	6-12 months	More than 1 year	No maturity	Total
Financial assets							
Cash and due from central banks	169 820	-	-	-	-	-	**169 820**
Demand deposits with financial institutions	18 021	-	-	-	-	-	**18 021**
Financial instruments designated at fair value through profit or loss	12 460	424	111	527	9 307	-	**22 829**
Debt securities measured at fair value through other comprehensive income	104	1 492	-	1 513	6 654	-	**9 763**
Financial assets measured at amortized cost	41 529	52 904	23 918	56 797	214 918	4 176*	**394 242**
Other financial assets	1 357	-	-	-	-	-	**1 357**
Total financial assets	**243 291**	**54 820**	**24 029**	**58 837**	**230 879**	**4 176**	**616 032**
Financial liabilities							
Financial liabilities at fair value through profit or loss	477	-	-	-	-	-	**477**
Liabilities to central bank	172	-	-	-	-	-	**172**
Deposits	279 683	30 160	36 649	63 054	145 547	-	**555 093**
Subordinated liabilities	15	433	-	-	10 082	-	**10 530**
Debt securities issued	5 942	-	-	-	-	-	**5 942**
Other liabilities	5 548	-	-	-	-	-	**5 548**
Other financial liabilities	9 224	-	-	-	-	-	**9 224**
Contingent liabilities for guarantees	2 803	-	-	50	2 664	-	**5 517**
Unrecognised loan commitments	14 467	-	150	3 676	4 352	-	**22 645**
Total financial liabilities	**318 331**	**30 593**	**36 799**	**66 780**	**162 645**	-	**615 148**
Total Equity	-	-	-	-	-	41 536	**41 536**
Total Liabilities and Equity	**318 331**	**30 593**	**36 799**	**66 780**	**162 645**	**41 536**	**656 684**
Net liquidity position as at 31 December 2024	**(75 040)**	**24 227**	**(12 770)**	**(7 943)**	**68 234**	**(37 360)**	**-**
Net liquidity position as at 31 December 2023	(213 143)	4 266	22 546	5 586	184 551	(29 247)	-

* Security deposits

The Bank's Analysis of contractual maturities of financial assets and liabilities and equity as at 31 December 2024 is presented below:

Bank '000 EUR	1 month	1-3 months	3-6 months	6-12 months	More than 1 year	No maturity	Total
Financial assets							
Cash and due from central banks	76 784	-	-	-	-	-	**76 784**
Demand deposits with financial institutions	15 022	-	-	-	-	-	**15 022**
Financial instruments designated at fair value through profit or loss	11 946	424	111	527	9 307	-	**22 315**
Debt securities measured at fair value through other comprehensive income	-	-	-	479	-	-	**479**
Financial assets measured at amortized cost	34 451	50 497	23 321	74 946	147 347	540*	**331 102**
Other financial assets	433	-	-	-	-	-	**433**
Total financial assets	**138 636**	**50 921**	**23 432**	**75 952**	**156 654**	**540**	**446 135**
Financial liabilities							
Financial liabilities at fair value through profit or loss	477	-	-	-	-	-	**477**
Liabilities to central bank	172	-	-	-	-	-	**172**
Deposits	167 547	26 498	31 851	56 651	145 935	-	**428 482**
Subordinated liabilities	15	433	-	-	10 082	-	**10 530**
Debt securities issued	5 942	-	-	-	-	-	**5 942**
Other financial liabilities	8 861	-	-	-	-	-	**8 861**
Contingent liabilities for guarantees	2 800	-	-	50	2 664	-	**5 514**
Unrecognised loan commitments	12 884	-	150	3 676	4 352	-	**21 062**
Total financial liabilities	**198 698**	**26 931**	**32 001**	**60 377**	**163 033**	**-**	**481 040**
Total Equity	-	-	-	-	-	37 700	**37 700**
Total Liabilities and Equity	**198 698**	**26 931**	**32 001**	**60 377**	**163 033**	**37 700**	**518 740**
Net liquidity position as at 31 December 2024	**(60 062)**	**23 990**	**(8 569)**	**15 575**	**(6 379)**	**(37 160)**	**-**
Net liquidity position as at 31 December 2023	(181 689)	783	20 229	6 316	125 699	(28 130)	-

* Security deposits

The interest rate analysis chart for the Group's financial assets and financial liabilities, taking into their sensitivity, as at 31 December 2024 is presented in the table below:

'000 EUR	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years	Non-interest bearing financial instruments	Total
Financial assets								
Cash and due from central banks	162 899	-	-	-	-	-	6 921	**169 820**
Demand deposits with financial institutions	-	-	-	-	-	-	18 021	**18 021**
Financial instruments designated at fair value through profit or loss	-	-	111	527	9 291	-	12 900	**22 829**
Debt securities measured at fair value through other comprehensive income	103	1 492	-	1 513	1 791	-	4 864	**9 763**
Financial assets measured at amortized cost	8 733	14 599	23 918	56 797	173 263	38 815	78 117	**394 242**
Other financial assets	433	-	-	-	-	-	924	**1 357**
Long positions of interest rates risk sensitive off-balance items*	502	-	-	-	15 159	-	-	**15 661**
Total assets and long off-balance-sheet positions sensitive to changes in interest rates	**172 670**	**16 091**	**24 029**	**58 837**	**199 504**	**38 815**	**121 747**	**631 693**
Financial liabilities								
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-	477	**477**
Liabilities to central bank	-	-	-	-	-	-	172	**172**
Deposits	74 571	16 277	17 172	53 800	8 027	-	385 246	**555 093**
Subordinated liabilities	-	433	-	-	4 982	5 100	15	**10 530**
Debt securities issued	5 500	-	-	-	-	-	442	**5 942**
Other liabilities	-	-	-	-	-	-	5 548	**5 548**
Other financial liabilities	-	-	-	-	-	-	9 224	**9 224**
Short positions of interest rates risk sensitive off-balance items*	16 023	-	-	-	-	-	-	**16 023**
Total liabilities and short off-balance-sheet positions sensitive to changes in interest rates	**96 094**	**16 710**	**17 172**	**53 800**	**13 009**	**5 100**	**401 124**	**603 009**
Net position as at 31 December 2024	**76 576**	**(619)**	**6 857**	**5 037**	**186 495**	**33 715**	**(279 377)**	**28 684**
Net position as at 31 December 2023	82 863	(8 774)	23 171	(14 643)	134 172	(2 521)	(195 354)	18 914

*Foreign currency forward agreements and Foreign currency contracts

The amounts in the tables above represent interest rate gap position by carrying amounts of the financial assets and liabilities as at the reporting date and do not include future interest payments. The interest rate analysis chart for the Bank's financial assets and financial liabilities, taking into their sensitivity, as at 31 December 2024 is presented in the table below:

'000 EUR	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years	Non-interest bearing financial instruments	Total
Financial assets								
Cash and due from central banks	75 385	-	-	-	-	-	1 399	**76 784**
Demand deposits with financial institutions	-	-	-	-	-	-	15 022	**15 022**
Financial instruments designated at fair value through profit or loss	-	-	111	527	9 291	-	12 386	**22 315**
Debt securities measured at fair value through other comprehensive income	-	-	-	479	-	-	-	**479**
Financial assets measured at amortized cost	3 741	12 192	23 321	47 111	115 977	19 929	108 831	**331 102**
Other financial assets	433	-	-	-	-	-	-	**433**
Long positions of interest rates risk sensitive off-balance items*	502	-	-	-	15 159	-	-	**15 661**
Total assets and long off-balance-sheet positions sensitive to changes in interest rates	**80 061**	**12 192**	**23 432**	**48 117**	**140 427**	**19 929**	**137 638**	**461 796**
Financial liabilities								
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-	477	**477**
Liabilities to central bank	-	-	-	-	-	-	172	**172**
Deposits	55 217	12 611	11 874	46 947	6 756	-	295 077	**428 482**
Subordinated liabilities	-	433	-	-	4 982	5 100	15	**10 530**
Debt securities issued	5 500	-	-	-	-	-	442	**5 942**
Other financial liabilities	-	-	-	-	-	-	8 861	**8 861**
Short positions of interest rates risk sensitive off-balance items*	16 023	-	-	-	-	-	-	**16 023**
Total liabilities and short off-balance-sheet positions sensitive to changes in interest rates	**76 740**	**13 044**	**11 874**	**46 947**	**11 738**	**5 100**	**305 044**	**470 487**
Net position as at 31 December 2024	**3 321**	**(852)**	**11 558**	**1 170**	**128 689**	**14 829**	**(167 406)**	**(8 691)**
Net position as at 31 December 2023	72 014	(8 639)	14 895	(2 918)	117 746	(4 332)	(202 325)	(13 559)

*Foreign currency forward agreements and Foreign currency contracts

The amounts in the tables above represent interest rate gap position by carrying amounts of the financial assets and liabilities as at the reporting date and do not include future interest payments.

Currency analysis in the table is the currency structure of the Group's financial assets and financial liabilities as at 31 December 2024:

’000 EUR	EUR	USD	Other currency	Total
Financial assets				
Cash and due from central banks	169 815	5	-	**169 820**
Demand deposits with financial institutions	4 224	9 153	4 644	**18 021**
Financial instruments designated at fair value through profit or loss	22 315	514	-	**22 829**
Debt securities measured at fair value through other comprehensive income	8 829	934	-	**9 763**
Financial assets measured at amortized cost	329 047	62 799	2 396	**394 242**
Other assets	922	222	213	**1 357**
Total financial assets	**535 152**	**73 627**	**7 253**	**616 032**
Off-balance (currency SWAP nominal value)	11 067	4 594	-	**15 661**
Financial liabilities				
Financial liabilities at fair value through profit or loss	477	-	-	**477**
Liabilities to central bank	-	-	172	**172**
Deposits	485 304	62 733	7 056	**555 093**
Subordinated liabilities	7 049	3 481	-	**10 530**
Debt securities issued	5 942	-	-	**5 942**
Other liabilities	5 548	-	-	**5 548**
Other financial liabilities	8 732	481	11	**9 224**
Total financial liabilities	**513 052**	**66 695**	**7 239**	**586 986**
Total Equity and reserves	41 536	-	-	**41 536**
Total Liabilities and Equity	554 588	66 695	7 239	**628 522**
Off-balance (currency SWAP nominal value)	4 562	11 461	-	**16 023**
Net currency balance position as at 31 December 2024	**(19 436)**	**6 932**	**14**	**(12 490)**
Net currency position as at 31 December 2024 (balance & off-balance)	**(12 931)**	**65**	**14**	**(12 852)**
Net currency balance position as at 31 December 2023	(15 695)	6 011	-	(9 684)
Net currency position as at 31 December 2023 (balance & off-balance)	(8 937)	(739)	-	(9 676)

The following table shows the Bank's currency structure of financial assets and financial liabilities at 31 December 2024:

'000 EUR	EUR	USD	Other currency	Total
Financial assets				
Cash and due from central banks	76 779	5	-	**76 784**
Demand deposits with financial institutions	4 134	6 601	4 287	**15 022**
Financial instruments designated at fair value through profit or loss	22 315	-	-	**22 315**
Debt securities measured at fair value through other comprehensive income	479	-	-	**479**
Financial assets measured at amortized cost	267 062	61 644	2 396	**331 102**
Other assets	433	-	-	**433**
Total financial assets	**371 202**	**68 250**	**6 683**	**446 135**
Off-balance (currency SWAP nominal value)	11 067	4 594	-	**15 661**
Financial liabilities				
Financial liabilities at fair value through profit or loss	477	-	-	**477**
Liabilities to central bank	-	-	172	**172**
Deposits	364 113	57 520	6 849	**428 482**
Subordinated liabilities	7 049	3 481	-	**10 530**
Debt securities issued	5 942	-	-	**5 942**
Other financial liabilities	8 426	435.00	-	**8 861**
Total financial liabilities	**386 007**	**61 436**	**7 021**	**454 464**
Total Equity and reserves	37 700	-	-	**37 700**
Total Liabilities and Equity	**423 707**	**61 436**	**7 021**	**492 164**
Off-balance (currency SWAP nominal value)	4 562	11 461	-	**16 023.00**
Net currency balance position as at 31 December 2024	**(52 505)**	**6 814**	**(338)**	**(46 029)**
Net currency position as at 31 December 2024 (balance & off-balance)	**(46 000)**	**(53)**	**(338)**	**(46 391)**
Net currency balance position as at 31 December 2023	(48 346)	6 413	29	(41 904)
Net currency position as at 31 December 2023	(41 588)	(337)	29	(41 896)

h) Operational Risk

Operational risk is the risk of incurring losses resulting from inadequate or failed internal processes, which do not comply with the requirements of the external and internal legal regulations, the Group's employees' and system activities, defects of internal processes, third parties' activities or from other external events as well, including legal risk, but excluding strategic and reputation risk. The aim of the management of the operational risk is to keep the operational risk on the economic reasonable minimum level, to stimulate stability of the Group's activities and commercial profit in the long term.

The management of the operational risk is integral part of the Bank's and subsidiary organizational structure and is taking place in each unit of the Group. The management of the risk is based on overall comprehension of each employee on processes to be conducted and the risks inherent in these processes (risk awareness), as well, the sound risk culture. The Group does not accept operational risks, which exceed the Bank's risk appetite. The Bank is not accepting also the operations risks, if the impact of such risks cannot be evaluated in money terms and these risks at the same time are uncontrollable In order to mitigate operational risk, the Group uses the expert assessment method and self-assessment; risk assessment prior launch of new products/process; implementation of quantitative indicators of operational risk; usage of database of risk events; stress – testing and scenario analysis.

i) Money Laundering and Terrorism and Proliferation Financing and Sanctions (further – ML/TPF and Sanctions) Risk

The ML/TPF and sanctions risk is the risk that the Group can be involved into money laundering or terrorism or proliferation financing or breaching or circumventing of sanctions. Internal control system operates in the Bank, observing requirements of the binding regulatory enactments and taking into account the best international practice, in order to prevent the use of financial services of the Bank for the ML/TPF or breaching or circumventing of sanctions, dedicating the respective resources for that purpose and training employees. The Bank has internal rules to identify each client and to apply due diligence procedures in accordance with a degree of the risk of the client. Depending on the degree of the ML/TPF risk and sanctions risk, the Bank has procedures to investigate the nature of personal or economic activity of the client, origin of funds in accounts held with the Bank and the economical meaning of transactions. The Bank employees servicing the clients have a deep level of knowledge and experience in anti - money laundering and combating terrorism and proliferation financing and sanctions risk management (further - AML/CTPF and Sanctions) issues and constitute the first line of defense.

In order to insure supervision of the customer activity, the Bank has established second line of defense - a division, which is independent and separated from the business activities, with the aim to ensure due diligence of the clients of the Bank prior to establishing business relations, supervision of transactions during business relations as well as to oversee proper and timely performance of duties of the Bank stipulated in the law in relations with the competent state bodies. The quality control function within this division provides a constant assessment of the effectiveness of the established internal control elements.

The third line of defense is independent internal audit function. The Bank has zero tolerance level to persons from the international sanction lists or persons which are involved in supporting proliferation. In accordance with the requirements of regulatory acts, the Bank conducts a regular independent evaluation of its established internal control system. The Bank provides on-line payment monitoring to ensure compliance to the sanction lists. There is specially appointed employee appointed as a responsible person for sanction risk management. The Bank has the modest quantity of clients and it has deep knowledge of each of them which allows minimizing ML/TPF and Sanctions risk. In addition, the Bank additionally scrutinizes customers and their transactions, including, paying attention to customer transactions with countries highlighted by the national FIU in the 2023 National Risk Assessment document or other public sources that might be used for circumvention of sanctions, in order to ensure compliance with the restrictive measures set against the Russian Federation and Belarus.

The principles described above are enclosed in the Group level AML/CTPF and Sanctions Policy. All the Group's subsidiaries are required to adhere to the Groups principles while taking into account the subsidiaries size, organisational setup and business specifics. Any deviation from the Group's AML/CTPF principles should be approved by the respective subsidiaries management and the Bank's Management Board and the Council. In order to approve deviation, respective arguments for deviation and potential mitigation controls applied should be documented.

The compliance with the Group principles are insured by facilitating information exchange with the subsidiaries and provision of advice, when needed. As well, the subsidiaries are providing respective risk management reports at least on a quarterly basis. Additional attention on the Group level is being paid to respective area audit recommendations and the remediation actions to be implemented to strengthen the controls.

j) Compliance and Reputation Risk

Compliance and reputation risk is the risk that the Group, by not being in compliance with legislation, may suffer losses or legal obligations or penalties may be imposed against the Group or the Group's reputation may suffer. The Group has developed and implemented the „Compliance Policy" with the aim, of subject to compliance with the requirements of the legislation, to strengthen confidence in the Group; to protect the Group's reputation, to lower the cost of capital; to reduce litigation and sanctions enforcement risks. To manage the compliance risk the Bank:

- has established the Compliance Committee that has a central role in compliance risk management. The Compliance Committee of the Bank evaluates and assesses identified compliance risks, decides on appropriate risks mitigation actions to be taken, monitors efficiency of compliance risks management.
- keeps track of changes of compliance legislation and implements appropriate changes to internal regulatory documents of the Bank;
- actively participates in the Finance Latvia Association held discussions/workshops on issues that affect the challenges in AML/CTPF area;
- evaluates the Bank's internal regulatory documents and the lack of practical application;
- analyses and compares the performance data to ensure their compliance with the certain requirements proactively;
- actively keeps all employees informed on the recent developments in AML/CTPF area;
- analyses the Bank client's complaints.

k) Strategy Risk

Strategy risk is the risk that the changes in the business environment and the Group's failure to respond to these changes timely, or false/unsubstantiated activities of the Group's long-term strategy, or the Group's inability to provide the necessary resources for the implementation of the strategy could adversely affect the Group's income/expense (and the amount of equity capital). The Group has developed operational development strategies, the implementation of which is regularly monitored and updated as necessary. The Group plans its work with a variety of scenarios, including the negative scenarios that reflect the possible impact of adverse external conditions on the Group's results.

Planning activities within the framework of development, the Group carries out analysis of the external environment, competitiveness of the Group, its position in the financial market, Group's internal business environment, including macroeconomic circumstances, with the purpose to determine the likelihood that an event in a business environment, in which the Group carries out its activities and/or intends to take action in the future, will have a negative impact on the Group's ability to achieve its strategic objectives (to implement the strategy) and/or threaten the Group's future operations. Evaluating and planning the Group's asset and liability structure is based on results of analysis of selected indicators of development activities and the business environment.

l) Risks related to sustainability matters

Risks related to sustainability matters include:

- Environmental risks, divided into physical and transitional risks. Physical risks can manifest as acute (extreme weather events) or chronic (long-term changes, e.g., temperature rise), negatively impacting business operations, causing property or asset losses, and requiring additional expenses for adaptation measures, among others. Transitional risks stem from the transition to a sustainable economy and result from changes in regulations, technology, and market sentiment;
- Social risks encompass issues related to employees and workforce in value change (working conditions, equal opportunities), consumers and end-users (privacy, security, responsible marketing, non-discrimination), and communities (economic, social, cultural, civil, and political rights);
- Governance risks arise from weak corporate culture, ethical violations, corruption, and fraudulent supplier relationship management, posing a threat to the company's reputation and overall operations.

The Group considers that risk factors related to sustainability can affect other risk categories (credit, market, operational, and liquidity risks), and the evaluation of the impact of sustainability factors is integrated into the mentioned risk management processes rather than managed as a separate type of risk.

5. Capital management

The capital requirements for the Bank and the Group are determined and monitored by the LB. The Bank and the Group defines as capital those items defined by statutory regulation as capital. The Bank's and the Group's capital position are calculated in accordance with the requirements of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 . As at 31 December 2024, the individual minimum Capital adequacy ratio level for the Bank is set at 16.78 % (2023: 14.10 %). The Bank was in compliance with the LB determined individual capital ratio as at 31 December 2024 and 2023.

The Group's risk based capital adequacy ratio as at 31 December 2024 was 18.00 % (2023: 17.73 %)%. The Bank's risk based capital adequacy ratio as at 31 December 2024 was 19.62 % (2023: 20.33 %). As at 31 December 2024, the Tier 1 Capital adequacy ratio level for the Bank was 16.28 % (2023: 15.75 %). The Group monitors its capital adequacy levels calculated in accordance with the requirements of the regulations, commonly known as Basel III agreement and its implementing act in Europe, commonly known as CRD IV package.

The following table shows the composition of the Group and the Bank's capital position as at 31 December 2024 and 2023:

'000 EUR	2024 Group	2024 Bank	2023 Group	2023 Bank
Tier 1 capital				
Share capital	13 128	13 128	12 644	12 644
Additional paid-in capital	8 276	8 276	6 360	6360
Reserves	24	24	25	25
Accumulated profit / (losses)	15 906	14 720	9 857	9 247
Reductions of tier 1 capital	(1 756)	(1 126)	(1 854)	(1 178)
Additional deductions for Tier 1 capital according to Article 3 of the CRR	(1)	(1)	(17)	(1)
Common Equity Tier 1 capital	35 577	35 021	27 014	27 096
Additional Tier 1 capital	5 500	5 500	4 000	4 000
Total tier 1 capital	**41 077**	**40 521**	**31 014**	**31 096**
Tier 2 capital				
Subordinated liabilities (unamortised portion)	8 310	8 310	9 032	9 032
Total tier 2 capital	8 310	8 310	**9 032**	**9 032**
Total capital	**49 387**	**48 831**	**40 046**	**40 128**
Capital requirements				
Credit risk requirements	17 807	16 883	15 036	13 206
Market risk requirements	29	44	40	8
Operational risk requirements	4 119	2 982	2 994	2 580
Total capital requirements	**21 955**	**19 909**	**18 070**	**15 794**
Total risk exposure amount	**274 437**	**248 863**	**225 885**	**197 424**
Capital adequacy ratio	**18.00%**	**19.62%**	**17.73 %**	**20.33 %**
CET 1 Capital adequacy ratio	**12.96%**	**14.07%**	**11.96 %**	**13.72 %**
Tier 1 Capital adequacy ratio	**14.97%**	**16.28%**	**13.73 %**	**15.75 %**

The risk-weighted assets are measured by means of a hierarchy of risk weights classified according to the nature of assets and reflecting an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-balance sheet exposure, with some adjustments to reflect the more contingent nature of the potential losses.

The Group is subject to minimum capital adequacy requirements calculated in accordance with the Basel Accord established by covenants under liabilities incurred by the Group. The Group has complied with all externally imposed capital requirements during the years ended 31 December 2024 and 31 December 2023.

6. Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs as adopted by the European Union requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.
The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Key sources of estimation uncertainty:

(i) Expected credit losses
For investments in financial instruments classified as amortized cost or measured at fair value through other comprehensive income, the Group regularly assesses whether there has been a significant increase in credit risk since the acquisition and when a significant increase in credit risk has occurred, for these financial instruments the Group calculates the expected loss that it may incur during the remaining term of these financial instruments until maturity as opposed to expected losses in the 12-month period for financial instruments for which no significant credit risk increase has been identified.
For calculation of provisions for expected credit losses the Group uses significant assumptions and judgements. When calculating provisions for expected credit losses for its investments in debt securities and amounts due from other banks and counterparties, the Group uses average default rates for debt issuers with corresponding credit rating during the period of previous 10 years based on the data by credit rating agencies as well as historic data on average losses in case of default according to the data by the same credit rating agencies. However, the number of defaults and losses experienced by the Group in future periods may differ from the estimated indicators. Also, when calculating provisions for expected credit losses for issued loans, the Group bases its expectations on its own experienced defaults over the period of past 5 years. However, also taking into account that the number of defaulted loans has been small, there is a possibility that the number of defaults in the next periods may not correspond to the forecasted numbers. In addition, when calculating provisions for expected credit losses for issued loans, the Group makes assumptions about sale value of collateral assets, and, even though the Group applies discount to calculate possible values of collateral assets, it is possible that in some cases sale values of collateral assets may be lower than the assumed values.
The procedure for determining the significant increase in credit risk and the procedure for calculating the expected loss is described in Note 3, which describes the accounting policy.

(ii) Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities, and net assets of the acquire.
The Group has an established control framework with respect to the measurement of fair values.
Where third-party information, such as broker quotes or pricing services, are used to measure fair value, the Bank assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS as adopted by EU. This includes:

- Verifying that broker or pricing service is approved by the Group for use in pricing the relevant type of financial instrument;
- Understanding how the fair value has been arrived at and the extent to which it represents actual market transactions;
- When prices for similar instruments are used to measure fair value, how these prices have been adjusted to reflect the characteristics of the instrument subject to measurement.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.
The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.
Fair value of non-financial assets is determined taking into account market participants' view of highest and best use of these assets, even if it is different from current use. The highest and best use has to be physically possible, legally permissible and financially feasible.
Further information about the assumptions and judgments made in measuring fair values is included in Note 37 Fair value of financial instruments.

(iii) Classification of investment in associate

Upon acquisition of an entity's shares it is being assessed whether control or significant influence has been acquired, or whether investment is a financial instrument accounted under IFRS 9. In assessment of control and level of influence the Bank considers direct and indirect interest in equity, as well as other circumstances that allow the Bank to influence operations of the investee. In 2018 the Bank applied the described procedures when judging about classification of shares acquired as a result of a loan restructuring, as described in Note 20.

(iv) Valuation of real estate development projects

In assessment of real estate development projects the Bank has to make assumptions and judgements in relation to future outcomes that can significantly affect results of the project in subsequent periods. The Bank prefers to use external data from independent sources, uses local and international real estate market experts' opinion, as well as estimates, forecasts and financial data of real estate market participants. Having considered nature of development project, the Bank defines key parameters that can affect the outcome of the project and assesses key sources of uncertainty. The Bank validates key parameters using external sources of information as much as possible. In addition, in order to estimate the effect of uncertainty the Bank performs sensitivity testing against changes in parameters. In 2024 and 2023 the Bank applied the procedures described when it was assessing fair value of assets of associate entity it acquired, as described in Note 20.

(v) Impairment of Non-financial Assets

It is assessed at each reporting date whether events or changes in circumstances indicate that there is an indication that a non-financial asset may be impaired. This assessment is carried out more often, if there are events or changes in circumstances that indicate that a non-financial asset may be impaired. If any such indication exists, the bank makes an estimate of the asset's recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. This written down amount constitutes an impairment loss.

For non-financial assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If any such indication exists, the recoverable amount is estimated.

A previously recognised impairment loss is reversed only if there has been a change in the estimate used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount.

This increase constitutes the reversal of impairment losses.

The Bank and Group apply the procedures described when assessing the value of investment in associates, as their main assets are non-financial.

(vi) Estimate of provision amounts

Provisions are recognised in amount that is the best estimate as of the reporting date. Management of the Group and Bank estimates provisions required to cover obligations. In preparation of the estimate management uses available information, evidence and experience, as well as engages independent experts if necessary.

7. Net interest income

'000 EUR	2024 Group	2024 Bank	2023 Group	2023 Bank
Interest income calculated using the effective interest method				
Interest income on financial assets at amortized cost				
Loans and advances due from customers	20 590	14 939	14 948	13 118
Debt securities	4 539	4 265	2 243	2 243
Balances due from financial institutions	1 222	1 189	247	247
Other assets	163	163	210	210
Interest income on debt securities at fair value through profit or loss in other comprehensive income	546	336	472	472
Interest income on financial assets mandatorily at fair value through profit or loss	-	-	-	-
Interest income on liabilities from Latvian Bank	2 602	177	270	270
Total interest income	**29 662**	**21 069**	**18 390**	**16 560**
Interest expense				
Interest expense recognised on liabilities measured at amortised cost				
Current accounts and deposits due to customers	(8 107)	(6 570)	(2 517)	(2 537)
Subordinated liabilities	(864)	(864)	(530)	(530)
Balances due to financial institutions	(98)	(98)	(126)	(127)
Interest expense on issued debt securities	(856)	(856)	(600)	(600)
Payments to the deposit guarantee fund and other expenses	(479)	(304)	(202)	(202)
Lease commitments	(32)	(32)	(39)	(38)
Other interest expense	(194)	-	(84)	-
Total interest expense	**(10 630)**	**(8 724)**	**(4 098)**	**(4 034)**
Net interest income	**19 032**	**12 345**	**14 292**	**12 526**

Interest income on loans and advances due from customers classified in stage 2 and stage 3 during the year ended 31 December 2024 Bank amounted to EUR 3 404 thousand (2023: EUR 1 058 thousand).

8. Fee and commission income

'000 EUR	2024 Group	2024 Bank	2023 Group	2023 Bank
Commission income from servicing e-commerce transactions *	11 143	-	-	-
Asset management and fiduciary services	3 654	2 297	2 445	2 159
Servicing current accounts	3 434	1 842	1 757	1 759
Structured products	3 037	3 037	3 240	3 240
Brokerage operations	2 943	2 751	3 548	2 907
Credit card maintenance	496	290	268	268
Other	458	323	438	439
Total	**25 165**	**10 540**	**11 696**	**10 772**

*AS Magnetiq Bank

9. Fee and commission expense

'000 EUR	2024 Group	2024 Bank	2023 Group	2023 Bank
Commission expenses from servicing e-commerce transactions *	8 492	-	-	-
Asset management and brokerage services	1 353	1 231	1 655	1 647
Agency fees	948	948	1 112	1 112
Settlements	429	169	156	154
Other	89	6	3	3
Total	**11 311**	**2 354**	**2 926**	**2 916**

*AS Magnetiq Bank

10. General administrative expenses

'000 EUR	2024 Group	2024 Bank	2023 Group	2023 Bank
Employee compensation and payroll taxes	19 787	9 664	9 763	8 467
Depreciation and amortization	1591	1029	887	862
IT services costs	1243	505	502	400
Advertising and marketing	1057	910	790	527
Professional services	691	304	1 185	720
Other employee expenses	632	270	290	239
Communications and information services	495	465	594	482
Non-refundable value added tax	490	476	493	448
Rent and utilities payments	426	199	193	191
Payment cards expenses	351	351	341	341
Other	3 687	1195	1 249	834
Total	**30 450**	**15 368**	**16 287**	**13 511**

Audit and other fees paid to the independent auditor company which has audited these financial statements are presented within administrative expenses under the heading "Professional services". Other audits and consultations included audit related services to fullfil regulatory requirements on custodian responsibilities,deposit guarantee fund contribution reporting and other.

'000 EUR	2024 Group	2024 Bank	2023 Group	2023 Bank
Expenses and payments made in previous periods to a sworn auditor for the audit of the annual report	98	67	96	60
Expenses and payments made in previous periods to a sworn auditor for non - audit services	11	6	24	24
Total	**109**	**73**	**120**	**84**

The Bank's rental fees for low value inventory rental in the amount of EUR 15 thousand are included under the item 'IT services costs' (2023: EUR 15 thousand) and in the amount of EUR 8 thousand - under the item 'Other' (2023: EUR 8 thousand).

In 2024 the Group employed an average of 396 persons (2023: 196), whereas the Bank employed an average of 157 (2023: 137).

Number of employees of the Group and the Bank at the year end:

	31 Dec 2024 Group	31 Dec 2024 Bank	31 Dec 2023 Group	31 Dec 2023 Bank
Management	28	5	15	4
Heads of divisions and departments	70	24	84	23
Other personnel	306	140	317	122
Total at the end of the year	**404**	**169**	**416**	**149**

11. Impairment recovery/(loss)

Total net asset impairment allowance included in statement of income:

'000 EUR	2024 Group	2024 Bank	2023 Group	2023 Bank
Loans and advances due from customers	(2 086)	(715)	(1 628)	(645)
Debt securities	134	97	288	288
Investment in associates	21	21	(228)	(228)
Other assets	2	-	(913)	(913)
Other financial assets	(2)	(2)	(13)	(13)
Total impairment allowance and provisions charged to income statement, net	**(1 931)**	**(599)**	**(2 494)**	**(1 511)**

Changes in the Group financial and other asset impairment allowance for the year ended 31 December 2024:

'000 EUR	Increases in origination and acquisition	(Increases) / Decreases in derecognition and repayments	Total net impairment charge
Stage 1			
Loans and advances due from customers	(507)	217	(290)
Debt securities	(163)	295	132
Balances due from financial institutions	(22)	23	1
Other financial and non-financial assets	(9)	29	20
Total stage 1 impairment	**(701)**	**564**	**(137)**
Stage 2			
Loans and advances due from customers	(568)	112	(456)
Debt securities	(1)	1	-
Total stage 2 impairment	**(569)**	**113**	**(456)**
Stage 3			
Loans and advances due from customers	(2 327)	989	(1 338)
Total stage 3 impairment	**(2 327)**	**989**	**(1 338)**
Total allowances for credit losses recognised in profit or loss, net	**(3 597)**	**1 666**	**(1 931)**

11. Impairment recovery/(loss) (continued)

Changes in the Group financial and other asset impairment allowance for the year ended 31 December 2023:

’000 EUR	(Increases) / Decreases in origination and acquisition	(Increases) / Decreases in derecognition and repayments	Total net impairment charge
Stage 1			
Debt securities	(51)	339	288
Loans and advances due from customers	(546)	521	(25)
Other financial and non-financial assets	(1 155)	-	(1 155)
Total stage 1 impairment	**(1 752)**	**860**	**(892)**
Stage 2			
Loans and advances due from customers	(108)	(159)	(267)
Total stage 2 impairment	**(108)**	**(159)**	**(267)**
Stage 3			
Loans and advances due from customers	(273)	(1 062)	(1 335)
Total stage 3 impairment	**(273)**	**(1 062)**	**(1 335)**
Total allowances for credit losses recognised in profit or loss, net	**(2 133)**	**(361)**	**(2 494)**

Changes in the Bank financial and other asset impairment allowance for the year ended 31 December 2024:

’000 EUR	Increases in origination and acquisition	(Increases) / Decreases in derecognition and repayments	Total net impairment charge
Stage 1			
Loans and advances due from customers	(347)	124	(223)
Debt securities	(64)	161	97
Other financial and non-financial assets	(9)	29	20
Total stage 1 impairment	**(420)**	**314**	**(106)**
Stage 2			
Loans and advances due from customers	(627)	170	(457)
Total stage 2 impairment	**(627)**	**170**	**(457)**
Stage 3			
Loans and advances due from customers	(37)	1	(36)
Total stage 3 impairment	**(37)**	**1**	**(36)**
Total allowances for credit losses recognised in profit or loss, net	**(1 084)**	**485**	**(599)**

11. Impairment recovery/(loss) (continued)

Changes in the Bank financial and other asset impairment allowance for the year ended 31 December 2023:

’000 EUR	Increases in origination and acquisition	Decreases in derecognition and repayments	Total net impairment charge
Stage 1			
Debt securities	(51)	339	288
Loans and advances due from customers	(980)	343	(637)
Other financial and non-financial assets	(1 155)	-	(1 155)
Total stage 1 impairment	**(2 186)**	**682**	**(1 504)**
Stage 2			
Loans and advances due from customers	-	(7)	(7)
Total stage 2 impairment	**-**	**(7)**	**(7)**
Stage 3			
Loans and advances due from customers	-	-	-
Total stage 3 impairment	**-**	**-**	**-**
Total allowances for credit losses recognised in profit or loss, net	**(2 186)**	**675**	**(1 511)**

12. Income tax

Income tax recognised in the profit or loss:

’000 EUR	2024 Group	2024 Bank	2023 Group	2023 Bank
Income tax surcharge for the profit of the reporting year (in the amount of 20%)	1 382	1 368	1 416	1 416
Income tax on profit distribution	25	19	58	47
Income tax recognised in profit or loss	**1 407**	**1 387**	**1 474**	**1 463**

The tax payable includes the expected payment of the tax from the taxable income for the year, calculated using the tax rates which are in force at the end date of the reporting period, and adjustments to the taxes payable for previous years. Up until now, the Bank and the Group had to pay corporate income tax on the profit distribution in Latvia. Thus, the corporate income tax on the profit distribution is recognized at the time of payment, when dividends are declared.
According to amendments to the Corporate Income Tax Law adopted in 2024, credit institutions and consumer credit providers have pay an annual corporate income tax surcharge of 20%, which is calculated on the basis of their financial data of pre-taxation year. In essence, the tax surcharge is an advance payment that will be taken into account for an unlimited period in calculating the tax payable on distributions of dividends.

13. Cash and cash equivalents

Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows are composed of the following items:

'000 EUR	31 Dec 2024 Group	31 Dec 2024 Bank	31 Dec 2023 Group	31 Dec 2023 Bank
Cash	270	270	1 331	234
Balances due from Bank of Latvia	6 639	1 118	9 155	7 907
Term deposit with Bank of Latvia	162 911	75 396	111 057	48 736
Subtotal	**169 820**	**76 784**	**121 543**	**56 877**
Demand deposit due from financial institutions	18 021	15 022	9 939	9 672
Total	**187 841**	**91 806**	**131 482**	**66 549**

Deposits with the Bank of Latvia represent the balance outstanding on correspondent account in EUR. Credit institutions should comply with the compulsory reserve requirement calculated on the basis of attracted funding. The Bank's and AS Magnetiq Bank compulsory reserve must be exceeded by a credit institution's average monthly euro balance on its correspondent account with the Bank of Latvia.

Balance position of 2023 Term deposit with Bank of Latvia reclassified from balance position Financial assets measured at amortized cost to Cash and due from central banks, as it is an overnight demand and its initial maturity is less than three months:

'000 EUR	Group 31.12.2023.	Group reclassification	Group 31.12.2023. after reclassification	Bank 31.12.2023.	Bank reclassification	Bank 31.12.2023. after reclassification
Cash and due from central banks						
Term deposits with central bank	-	48 736	48 736	-	48 736	48 736
Financial assets measured at amortized cost						
Term deposits with central bank	48 736	(48 736)	-	48 736	(48 736)	-

14. Financial assets and liabilities at fair value through profit or loss

'000 EUR	31 Dec 2024 Group	31 Dec 2024 Bank	31 Dec 2023 Group	31 Dec 2023 Bank
Assets				
Debt securities				
Corporate debt securities *	2223	2223	3 109	3 109
Financial institutions debt securities *	2 840	2 840	818	15
Credit institutions debt securities *	4 866	4 866	-	-
Total debt securities	**9 929**	**9 929**	**3 927**	**3 124**
Equity instruments				
Financial institutions shares*	11 462	10 948	6 909	6 909
Corporate shares*	1132	1132	15	15
Total equity instruments	**12 594**	**12 080**	**6 924**	**6 924**
Derivative financial instruments				
Sellback option for equity shares at estimated fair value	216	216	-	-
Foreign currency contracts	84	84	102	102
Foreign currency forward agreements	6	6	-	-
Total derivative financial instruments	**306**	**306**	**102**	**102**
Total assets at fair value	**22 829**	**22 315**	**10 953**	**10 150**
Notional amount				
Derivative financial instruments				
Foreign currency forward agreements	15 159	15 159	14 021	14 021
Foreign currency contracts	502	502	212	212
Total derivative financial instruments at national amount	**15 661**	**15 661**	**14 233**	**14 233**
Liabilities				
Derivative financial instruments,				
Foreign currency contracts	405	405	74	74
Callback option for equity shares at estimated fair value	72	72	-	-
Total liabilities at fair value	**477**	**477**	**74**	**74**
Notional amount				
Derivative financial instruments				
Foreign currency forward agreements	15523	15523	14 012	14 012
Foreign currency contracts	500	500	213	213
Total derivative financial instruments at national amount	**16 023**	**16 023**	**14 225**	**14 225**

*held for trading

Included in financial assets and financial liabilities at fair value through profit or loss at 31 December 2024 are EUR 10.953 million (2023: EUR 10.15 million) and EUR 477 thousand (2023: EUR 74 thousand) respectively which are held for trading.

15. Balances due from financial institutions

'000 EUR	31 Dec 2024 Group	31 Dec 2024 Bank	31 Dec 2023 Group	31 Dec 2023 Bank
Not impaired or past due				
Nostro accounts				
OECD banks[1]	17 981	14 996	9 899	9 646
Non-OECD banks	40	26	40	26
Credit ratings2				
Rated A- and above	10 067	9 875	7 930	7925
AA	378	378	138	27
Rated from BBB- to BBB+	59	-	6	-
Not rated	7 517	4 769	1 865	1 720
Total nostro accounts	**18 021**	**15 022**	**9 939**	**9 672**
Loans and deposits[3]				
OECD banks[3]	1 156	-	2 854	1 768
Credit ratings[2]				
BBB	-	-	1 768	1 768
Not rated	1 156	-	1 086	-
Total loans and deposits not impaired	**1 156**	**-**	**2 854**	**1 768**
Total balances due from financial institutions	**19 177**	**15 022**	**12 793**	**11 440**

1. Nostro accounts held with OECD banks include balances with 16 counterparties (31 December 2023: 14) one of which exceed 51% (31 December 2023: two - 62%) of the total account balance. The respective one counterparties credit rating was A+ as at 31 December 2024 (31 December 2023: one,A+).
2. Balances due from financial institutions are classified by average credit rating from three international rating agencies: Moody's Investors Service, Standard & Poor's, Fitch Ratings.
3. As at 31 December 2024 loans and deposits held with OECD banks include balances with 1 financial institution which accounts for 6% of the total balance, do not have credit ratings, is registered and operates in the EU (31 December 2023: 2 financial institutions of which individually does not exceed 30% of the total balance, one - BBB rating, other - do not have credit ratings, is registered and operates in the EU).

As at 31 December 2024 and 2023 the Group's and Bank's balances due from financial institutions had no impairments.

Concentration of placements with banks and other financial institutions

As at 31 December 2024 and 2023 the Group and the Bank had a number of due from balances with banks and financial institutions that individually exceeded 10% of the total balances due from financial institutions. As of 31 December 2024 and 2023 none of these balances individually exceeded 51 % and 69 % respectively. The gross value of due from balances with banks and financial institutions that individually exceeded 10% of the total balances due from financial institutions as of 31 December 2024 was EUR 14 978 thousand (31 December 2023: EUR 7 925 thousand) and it included 3 banks, one bank with the credit rating A+ and above, others without credit rating (31 December 2023: 1, A- and above).

16. Loans and advances due from non-banks

Breakdown of loans issued by the Group and the Bank by customer type:

'000 EUR	31 Dec 2024 Group	31 Dec 2024 Bank	31 Dec 2023 Group	31 Dec 2023 Bank
Corporate entities	130 092	94 655	92 560	65 940
Private individuals and Associations and foundations serving individuals and households	50 281	14 205	42 840	14 644
Financial auxiliaries and other financial intermediaries	31 586	62 874	33 993	49 882
Total loans and advances due from non-banks	**211 959**	**171 734**	**169 393**	**130 466**
Total impairment allowance	(3 338)	(2 554)	(2 231)	(1 939)
Loans and advances due from non-banks customers, net	**208 621**	**169 180**	**167 162**	**128 527**

As of 31 December 2024, the Bank had five forborned loans to non-banks in the total amount of 4 896 thousand EUR (2023: one, 2 466 thousand EUR). As of 31 December 2024, the Group had thirty one (2023: four) forborned loan to non-banks in the total amount of 17 876 thousand EUR (2023: 2 466 thousand EUR), Group's largest part is from AS Magnetiq Bank.
In the tables below estimated Group's fair value of loan collateral is presented separately for those assets where collateral and other credit enhancements exceed carrying value of the asset (LTV < 100%) and those assets where collateral and other credit enhancements are equal to or less than the carrying value of the asset (LTV ⩾ 100%):

'000 EUR	31 Dec 2024 Group				31 Dec 2023 Group			
	LTV < 100%		LTV ⩾ 100% and unsecured		LTV < 100%		LTV ⩾ 100% and unsecured	
	Carrying value of assets	Estimated fair value of collateral	Carrying value of assets	Estimated fair value of collateral	Carrying value of assets	Estimated fair value of collateral	Carrying value of assets	Estimated fair value of collateral
Business loans	27 657	95 026	2 075	11	30 146	149 233	2 096	107
Reverse repo and loans secured by financial instruments	6 737	14 024	-	-	6 140	13 991	-	-
Consumer loans	3 374	11 521	29 685	-	679	1 768	22 454	-
Loans collateralized by real estate	41 444	111 442	4 071	-	43 022	134 143	-	-
Loans to Latvian farmers *	10 019	21 336	8 068	5 327	-	-	-	-
Other deposits with financial institutions	-	-	5 000	-	-	-	8 364	-
Other	65 072	229 726	8 757	471	55 936	176 389	556	-
Loans and advances due from customers	**154 303**	**483 075**	**57 656**	**5 809**	**135 923**	**475 524**	**33 470**	**107**
Impairment allowance	(900)	-	(2 438)	-	(392)	-	(1 839)	-
Loans and advances due from customers, net	**153 403**	**483 075**	**55 218**	**5 809**	**135 531**	**475 524**	**31 631**	**107**

* loan portfolio of subsidiary SIA AgroCredit Latvia at fair value, see Note 19

16. Loans and advances due from non-banks (continued)

In the tables below estimated Bank's fair value of loan collateral is presented separately for those assets where collateral and other credit enhancements exceed carrying value of the asset (LTV <100%) and those assets where collateral and other credit enhancements are equal to or less than the carrying value of the asset (LTV ⩾ 100%):

'000 EUR	31 Dec 2024 Bank				31 Dec 2023 Bank			
	LTV < 100%		LTV ⩾ 100% and unsecured		LTV < 100%		LTV ⩾ 100% and unsecured	
	Carrying value of assets	**Estimated fair value of collateral**	**Carrying value of assets**	**Estimated fair value of collateral**	**Carrying value of assets**	**Estimated fair value of collateral**	**Carrying value of assets**	**Estimated fair value of collateral**
Business loans	36 940	118 161	731	11	50 592	167 246	827	-
Reverse repo and loans secured by financial instruments	6 737	14 024	-	-	6 140	13 991	-	-
Consumer loans	3 154	10 830	28	-	433	1 067	280	-
Loans collateralized by real estate	27 858	72 581	-	-	22 158	80 592	-	-
Other deposits with financial institutions	-	-	1 363	-	-	-	4 826	-
Other	86 209	239 985	8 714	471	44 710	145 366	500	-
Loans and advances due from customers	**160 898**	**455 581**	**10 836**	**482**	**124 033**	**408 262**	**6 433**	**-**
Impairment allowance	(2 386)	-	(168)	-	(1 739)	-	(200)	-
Loans and advances due from customers, net	**158 512**	**455 581**	**10 668**	**482**	**122 294**	**408 262**	**6 233**	**-**

16. Loans and advances due from non-banks (continued)

The following table shows the types of credit collateral and its geography for the Group as at 31 December 2024:

'000 EUR		Estimated fair value of collateral by type of collateral				Estimated fair value of the collateral
		Real estate	Financial instruments	Money and deposits	Another type of collateral	
Loans and advances due from non-banks						
Business loans	**29 477**	**21 210**	**7 269**	**1 284**	**65 274**	**95 037**
Latvia		*36 059*	*21 210*	*7 269*	*1 284*	65 274
Reverse repo and loans secured by financial instruments	**6 726**	**-**	**14 024**	**-**	**-**	**14 024**
Latvia		-	*13 515*	-	-	**13 515**
*Other countries**		-	*509*	-	-	**509**
Consumer loans	**31 036**	**10 655**	**852**	**14**	**-**	**11 521**
OECD countries		*9 149*	*515*	-	-	**9 664**
Latvia		*1 506*	*337*	*14*	-	**1 857**
Loans collateralized by real estate	**45 412**	**103 152**	**4 570**	**1 941**	**1 779**	**111 442**
OECD countries		*6 400*	-	-	-	**6 400**
Latvia		*88 613*	*4 570*	*1 817*	*1 779*	**96 779**
*Other countries**		*8 139*	-	*124*	-	**8 263**
Loans to Latvian farmers **	**17 436**	**14 849**	**-**	**-**	**11 814**	**26 663**
Latvia		*14 849*	-	-	*11 814*	**26 663**
Other deposits with financial institutions	**5 000**	**-**	**-**	**-**	**-**	**-**
Other	**73 534**	**175 196**	**14 415**	**3 400**	**37 186**	**230 197**
OECD countries		*14 010*	*3 941*	*166*	*1 282*	**19 399**
Latvia		*151 653*	*8 439*	*3 118*	*35 904*	**199 114**
Russia		*883*	*2 025*	*16*	-	**2 924**
*Other countries**		*8 650*	*10*	*100*	-	**8 760**

*single primary country cannot be identified, location/registration country of collateral is different (EU countries, etc.)
** loan portfolio of subsidiary SIA AgroCredit Latvia at fair value, see Note 19

16. Loans and advances due from non-banks (continued)

The following table shows the types of credit collateral and its geography for the Group as at 31 December 2023:

’000 EUR		Estimated fair value of collateral by type of collateral				Estimated fair value of the collateral
		Real estate	Financial instruments	Money and deposits	Another type of collateral	
Loans and advances due from non-banks						
Business loans	**32 064**	**50 110**	**4 767**	**200**	**94 266**	**149 343**
OECD countries		7 047	-	-	28	**7 075**
Latvia		32 888	4 416	200	94 238	**131 742**
*Other countries**		10 175	351	-	-	**10 526**
Reverse repo and loans secured by financial instruments	**6 133**	**-**	**13 990**	**-**	**-**	**13 990**
OECD countries		-	253	-	-	**253**
Latvia		-	11 908	-	-	**11 908**
*Other countries**		-	1 829	-	-	**1 829**
Consumer loans	**21 444**	**1 358**	**380**	**10**	**20**	**1 768**
Latvia		453	36	-	-	**489**
OECD countries		905	334	10	20	**1 269**
*Other countries**		-	10	-	-	**10**
Loans collateralized by real estate	**42 886**	**125 426**	**1 372**	**48**	**7 297**	**134 143**
Latvia		102 388	1 372	48	7 297	**111 105**
Russia		4 298	-	-	-	**4 298**
OECD countries		17 240	-	-	-	**17 240**
*Other countries**		1 500	-	-	-	**1 500**
Other deposits with financial institutions	**8 364**	**-**	**-**	**-**	**-**	**-**
Other	**56 271**	**122 917**	**11 051**	**229**	**42 190**	**176 387**
Latvia		101 562	5 698	161	36 252	**143 673**
OECD countries		12 331	3 886	68	5 938	**22 223**
*Other countries**		9 024	1 467	-	-	**10 491**

*single primary country cannot be identified, location/registration country of collateral is different (EU countries, etc.)

16. Loans and advances due from non-banks (continued)

The following table shows the types of credit collateral and its geography for the Bank as at 31 December 2024:

’000 EUR		Estimated fair value of collateral by type of collateral				Estimated fair value of the collateral
		Real estate	**Financial instruments**	**Money and deposits**	**Another type of collateral**	
Loans and advances due from non-banks						
Business loans	**37 336**	**20 212**	**7 269**	**1 296**	**89 396**	**118 173**
Latvia		*20 212*	*7 269*	*1 296*	*89 396*	**118 173**
Reverse repo and loans secured by financial instruments	**6 726**	**-**	**14 024**	**-**	**-**	**14 024**
Latvia		-	*13 515*	-	-	**13 515**
*Other countries**		-	*509*	-	-	**509**
Consumer loans	**3 176**	**9 964**	**852**	**14**	**-**	**10 830**
OECD countries		*9 149*	*515*	-	-	**9 664**
Latvia		*815*	*337*	*14*	-	**1 166**
Loans collateralized by real estate	**27 789**	**65 308**	**4 570**	**1 936**	**767**	**72 581**
OECD countries		*6 400*	-	-	-	**6 400**
Latvia		*50 769*	*4 570*	*1 812*	*767*	**57 918**
*Other countries**		*8 139*	-	*124*	-	**8 263**
Other deposits with financial institutions	**1 363**	**-**	**-**	**-**	**-**	**-**
Other	**92 790**	**158 064**	**14 415**	**3 642**	**64 334**	**240 455**
OECD countries		*14 010*	*3 941*	*166*	*1 282*	**19 399**
Latvia		*134 521*	*8 439*	*3 360*	*63 052*	**209 372**
Russia		*883*	*2 025*	*16*	-	**2 924**
*Other countries**		*8 650*	*10*	*100*	-	**8 760**

*single primary country cannot be identified, location/registration country of collateral is different (EU countries, etc.)

16. Loans and advances due from non-banks (continued)

The following table shows the types of credit collateral and its geography for the Bank as at 31 December 2023:

'000 EUR		Estimated fair value of collateral by type of collateral				Estimated fair value of the collateral
		Real estate	Financial instruments	Money and deposits	Another type of collateral	
Loans and advances due from non-banks						
Business loans	**49 863**	**47 446**	**4 767**	**200**	**114 835**	**167 248**
OECD countries		*7 047*	-	-	*28*	**7 075**
Latvia		*30 224*	*4 416*	*200*	*114 807*	**149 647**
*Other countries**		*10 175*	*351*	-	-	**10 526**
Reverse repo and loans secured by financial instruments	**6 133**	**-**	**13 990**	**-**	**-**	**13 990**
OECD countries		-	*253*	-	-	**253**
Latvia		-	*11 908*	-	-	**11 908**
*Other countries**		-	*1 829*	-	-	**1 829**
Consumer loans	**612**	**667**	**380**	**-**	**20**	**1 067**
Latvia		*453*	*36*	-	-	**489**
OECD countries		*214*	*334*	-	*20*	**568**
*Other countries**		-	*10*	-	-	**10**
Loans collateralized by real estate	**22 097**	**72 484**	**1 372**	**43**	**6 693**	**80 592**
Latvia		*49 446*	*1 372*	*43*	*6 693*	**57 554**
Russia		*4 298*	-	-	-	**4 298**
OECD countries		*17 240*	-	-	-	**17 240**
*Other countries**		*1 500*	-	-	-	**1 500**
Other deposits with financial institutions	**4 826**	**-**	**-**	**-**	**-**	**-**
Other	**44 996**	**92 253**	**11 051**	**193**	**41 868**	**145 365**
Latvia		*12 331*	*3 886*	*68*	*5 938*	**22 223**
OECD countries		*70 898*	*5 698*	*125*	*35 930*	**112 651**
*Other countries**		*9 024*	*1 467*	-	-	**10 491**

*single primary country cannot be identified, location/registration country of collateral is different (EU countries, etc.)

16. Loans and advances due from non-banks (continued)

Geographical analysis of the loan portfolio to the Group and the Bank. Geographic split of borrowers' credit risk is based on the country of origin of their projected cash flows used for loan repayment.

'000 EUR	31 Dec 2024 Group	31 Dec 2024 Bank	31 Dec 2023 Group	31 Dec 2023 Bank
Loans and advances due from customers				
Latvia	180 095	143 524	126 753	92 980
OECD countries	23 013	19 359	28 789	24 751
Russia	862	862	2 427	1 575
Other countries*	7 989	7 989	11 424	11 160
Total loans and advances due from non-banks	**211 959**	**171 734**	**169 393**	**130 466**
Total impairment allowance	(3 338)	(2 554)	(2 231)	(1 939)
Loans and advances due from non-banks, net	**208 621**	**169 180**	**167 162**	**128 527**

* single primary country cannot be identified, Borrowers' Income is generated in different countries (EU countries, etc.). Furthermore borrower has income that is generated internationally (FI investment portfolio, sale of movable property etc.)

Significant credit exposures

As of December 31, 2024 the Bank had one (2023: one) borrower (subsidiary of a subsidiary) whose total credit obligations to the Bank exceeded 10% of the amount of loans issued by the Bank, which amounted to EUR 25 914 thousand (2023: EUR 19 521 thousand). As of 31 December 2024, the Group had no customers, whose balances exceeded 10% of loans to customers (2023: the same).
According to regulatory requirements, the Group is not allowed to have a credit exposure to one client or group of related clients more than 25% of its equity. As at 31 December 2024 and 2023 the Group was in compliance with this requirement.

17. Debt securities measured at fair value through other comprehensive income

Debt securities of the Group and the Bank measured at fair value through other comprehensive income, by type of issuer:

'000 EUR	31 Dec 2024 Group	31 Dec 2024 Bank	31 Dec 2023 Group	31 Dec 2023 Bank
Debt securities				
Government and municipal bonds				
European Union and EEA	2 724	-	7 411	-
Other countries	104	-	1 428	-
Total government and municipal bonds	**2 828**	**-**	**8 839**	**-**
Financial authorities and institutions bonds				
European Union and EEA	6 356	-	1 440	-
Total Financial authorities and institutions bonds	**6 356**	-	**1 440**	**-**
Corporate bonds				
European Union and EEA	579	479	7 549	1 786
Other countries	-	-	963	-
Total corporate bonds	**579**	**479**	**8 512**	**1 786**
Total debt securities measured at fair value through other comprehensive income	**9 763**	**479**	**18 791**	**1 786**

Geographical allocation is based on countries of principal entities.

Debt securities of the Group and the Bank measured at fair value through other comprehensive income quality analysis:

'000 EUR	31 Dec 2024 Group	31 Dec 2024 Bank	31 Dec 2023 Group	31 Dec 2023 Bank
Debt securities [1]				
Government and municipal bonds				
Rated from AAA- to A-	1 037	-	6 238	-
Rated from BBB+ to BBB-	1 791	-	2 601	-
Total government and municipal bonds	**2 828**	**-**	**8 839**	**-**
Financial institutions bonds				
Rated from AAA- to A-	6 356	-	1 440	-
Total Financial institutions bonds	**6 356**	-	**1 440**	**-**
Corporate bonds				
Rated from AAA- to A-	100	-	4 843	-
Rated from BB- to BB+	-	-	1 883	-
Not rated [2]	479	479	1 786	1 786
Total corporate bonds	**579**	**479**	**8 512**	**1 786**
Total debt securities measured at fair value through other comprehensive income	**9 763**	**479**	**18 791**	**1 786**

1. Financial assets are classified by average credit rating from three international rating agencies: Moody's Investors Service, Standard & Poor's, Fitch Ratings.
2. Groups's and Bank's all Financial instruments issued by all issuers were included in Stage 1 according to IFRS 9 requirements.

18. Debt securities measured at amortized cost

Debt securities of the Group and the Bank measured at amortized cost, by type of issuer:

’000 EUR	31 Dec 2024 Group	31 Dec 2024 Bank	31 Dec 2023 Group	31 Dec 2023 Bank
Debt securities				
Government and municipal bonds				
European Union	63 848	59 818	92 077	82 949
Latvia	42 314	34 939	42 193	32 294
Other countries	59 469	59 469	20 998	20 998
Total government and municipal bonds, gross	**165 631**	**154 226**	**155 268**	**136 241**
Impairment allowance	(117)	(105)	(139)	(106)
Total government and municipal bonds, net	**165 514**	**154 121**	**155 129**	**136 135**
Financial institutions bonds				
European Union and EEA	5 730	5 731	7 928	5 886
Other countries	2 025	-	10 158	-
Total financial institutions bonds, gross	**7 755**	**5 731**	**18 086**	**5 886**
Impairment allowance	(1)	(1)	(3)	(1)
Total financial institutions bonds, net	**7 754**	**5 730**	**18 083**	**5 885**
Corporate bonds				
European Union and EEA	5 120	2 071	5 157	3 124
Other countries	6 082	-	2 017	-
Total corporate bonds, gross	**11 202**	**2 071**	**7 174**	**3 124**
Impairment allowance	(5)	-	(37)	(37)
Total corporate bonds, net	11 197	2 071	**7 137**	**3 087**
Total debt securities measured at amortized cost, net	**184 465**	**161 922**	**180 349**	**145 107**

Geographical allocation is based on countries of principal entities.
Debt securities of the Group and the Bank measured at amortized cost quality analysis:

’000 EUR	31 Dec 2024 Group	31 Dec 2024 Bank	31 Dec 2023 Group	31 Dec 2023 Bank
Debt securities [1]				
Government and municipal bonds[1]				
Rated from A- to above	71 542	62 560	78 072	63 033
Rated from AA- to AA+	84 330	84 330	60 761	60 761
Rated from AAA- to AAA+	6 931	6 933	12 046	12 046
Rated from BB- to BB+	-	-	1 037	-
Rated from BBB- to BBB+	2 711	298	3 213	295
Total government and municipal bonds, net	**165 514**	**154 121**	**155 129**	**136 135**
Financial institutions bonds				
Rated from A- to above	2 024	-	10 156	-
Rated from AA- to AA+	-	-	5 885	5 885
Rated from AAA- to AAA+	5 730	5 730	2 042	-
Total financial institutions and corporate bonds	**7 754**	**5 730**	**18 083**	**5 885**
Corporate bonds				
Rated from A- to above	4 049	-	-	-
Rated from AA- to AA+	4 102	2 071	2 081	2 081
Rated from AAA- to AAA+	1 024	-	-	-
Rated from BBB- to BBB+	2 022	-	4 050	-
Not rated [2]	-	-	1 006	1 006
Total corporate bonds	**11 197**	**2 071**	**7 137**	**3 087**
Total debt securities measured at amortized cost, net	**184 465**	**161 922**	**180 349**	**145 107**

1. Debt securities are classified by average credit rating from three international rating agencies: Moody's Investors Service, Standard & Poor’s, Fitch Ratings.
2. For the Group/Bank, all financial instruments issued by issuers with a total value were included in stage 1 in accordance with the requirements of IFRS 9.

19. Investment in subsidiaries

Following the approval of the Bank of Latvia and the European Central Bank, and the approval of the Competition Council, on 11 December 2023 a transaction was completed whereby AS Signet Bank, acquired AS "Magnetiq Bank".
AS "Magnetiq Bank" operate as a subsidiary of the Signet Bank Group, retaining its credit institution license, and focusing on FinTech companies, Banking as a Service (BaaS) and innovative digital financial products.
This transaction will enable Signet Bank Group to increase its business volumes, strengthen its digital solutions and significantly increase and diversify the range of financial services and products offered to customers.
Bank's investment in subsidiary AS "Magnetiq Bank":

	31 Dec 2024	31 Dec 2023
Investments in AS "Magnetiq Bank", '000 EUR	34 687	34 687
Main activity	Financial services	
Country of incorporation	Latvia	
Address	3 Antonijas street, Riga LV-1010, Latvia	
Ownership interest	100 %	

The control over AS "Magnetiq Bank" was exchanged on 11 December 2023. For financial reporting purposes 31 December 2023 was designated a convenience date.
AS "Magnetiq Bank" balance sheet:

'000 EUR	31 Dec 2024 (audited data) *	31 Dec 2023 (audited data) *
Cash and claims against Bank of Latvia	93 036	64 576
Demand deposits with financial institutions	4 418	183
Financial assets measured at amortized cost	51 657	73 058
Debt securities measured at FVOCI	9 284	17 005
Tangible assets	6 331	6 216
Intangible assets	606	663
Other assets	1 738	2 394
Deposits (measured at amortized cost)	(131 032)	(127 471)
Savings	-	(5)
Other liabilities	(1 290)	(2 336)
Total net assets	**34 748**	**34 283**

Audited by: SIA "BDO Assurance"

Financial result of the subsidiary AS "Magnetiq Bank":

'000 EUR	For the year 2024 (audited data) *	For the year 2023 (audited data) *
Income	12 043	11 699
Expense	12 101	(11 276)
Loss	**(58)**	**423**
Bank's profit / (loss) share 100 %	**100 %**	**0 %**

Audited by: SIA "BDO Assurance"
During the year 2024 Group did not receive dividends from subsidiary.

19. Investment in subsidiaries (continued)

Fair value of consideration paid

In accordance with the sale and purchase agreement under certain pre-agreed conditions linked to the performance of AS "Magnetiq Bank" in next three years after purchase AS Signet Bank could pay an additional acquisition consideration.
The management of AS Signet Bank estimated the NPV of this obligation at the end of year 2024 and 2023, and has not recognized it as a contingent liability in these financial statements due to its insignificance both in absolute and relative to the deal terms. The NPV of the contingent liability is subject to annual revision up until the end of 2026.

Bank's investment in subsidiary Signet Asset Management Latvia IPS:

’000 EUR	31 Dec 2024	31 Dec 2023
Investments in Signet Asset Management Latvia IPS	874	874

Main activity	Financial services
Country of incorporation	Latvia
Address	3 - 1 Antonijas street, Riga LV-1010, Latvia
Ownership interest	
31 December 2024	100 %
31 December 2023	100 %

Financial position of Signet Asset Management Latvia IPS:

’000 EUR	As at 31 Dec 2024 (unaudited data)	As at 31 Dec 2023 (audited data) *
Non-current assets	553	513
Current assets	1 212	541
Current liabilities	(100)	(28)
Net assets	**1 665**	**1 026**
Group share in net assets	**100 %**	**100 %**
	For the year 2024 (unaudited data) *	**For the year 2023 (audited data) ***
Income	1 194	295
Expenses	(560)	(179)
Profit	**634**	**116**
The bank's profit share 100%	**100 %**	**100 %**

*Audited by: SIA "BDO Assurance"

The subsidiary Signet Asset Management Latvia IPS which as at 31 December 2024 had the net asset value of EUR 1 665 thousand which mainly consists of cash and term deposits of EUR 1 315 thousand.
During the year ended 31 December 2024 and 2023 the Group did not receive dividends from investment in subsidiary.
Given that the net assets exceed the investment amount, the subsidiary's net profit in 2024 as well as expected budgeted profit for the next three years, there are no indications of impairment of investment in subsidiary.
The Bank considers that Signet Asset Management Latvia IPS is a significant business line having sustainable development and growth prospects for the future. Signet Asset Management Latvia IPS will continue to develop such business lines as mutual funds and individual portfolio management.

19. Investment in subsidiaries (continued)

On July 7, 2023, with permission from the Bank of Latvia, a transaction was completed during which Signet Bank AS acquired 100% of voting shares in Signet Pensiju Pārvalde IPAS. Following the acquisition, Signet Bank Group commenced management of pension plans of the state-funded pension scheme, running the 2nd pension pillar investment plan Active Investment Plan Integrum. The Group's strategy is closely related to investment products and development of the Latvian capital market. The Group has considerable experience in the field of investment products: since 2011 Signet Asset Management Latvia IPS, a subsidiary of Signet Bank AS, has been successfully managing funds of the 3rd pension pillar's largest private pension plan, investment funds and individual customer portfolios. The Bank is a market leader in providing financing to Latvian companies, making good use of opportunities provided by the capital market through bond and equity issues.

With the acquisition of Signet Pensiju Pārvalde IPAS, the Group is also entering the market for management of state-funded pension plans, adding to the range of services a product that was previously not available to the Bank's clients.

Bank's investment in subsidiary Signet Pensiju Pārvalde IPAS:

	2024. gada 31. decembris	2023. gada 31. decembris
Investments in Signet Pensiju Pārvalde IPAS, '000 EUR	850	850
Main activity	Financial services	
Country of incorporation	Latvia	
Address	3 - 7 Antonijas street, Riga LV-1010, Latvia	
Ownership interest	100 %	90 %

Signet Pensiju Pārvalde IPAS decided at its shareholders' meeting in August 2024, the company's staff shares (which constituted 10% of the company's share capital) were cancelled, reducing the company's share capital and creating the company's share capital from registered shares with voting rights of the same category, as a result of which the Bank's participation increased without changing the investment amount.

Financial position of Signet Pensiju Pārvalde IPAS:

'000 EUR	As at 31 Dec 2024 (unaudited data)	As at 31 Dec 2023 (audited data) *
Non-current assets	621	23
Current assets	363	997
Current liabilities	(34)	(121)
Net assets	**950**	**899**
Bank share 100% in net assets (in 2023. 90%)	**100%**	**100%**
'000 EUR	**For the year 2024 (unaudited data)**	**For the year 2023 (audited data) ***
Income	256	1 291
Expenses	(153)	(1 112)
Profit	**103**	**179**
The Bank's profit share (In 2023 from purchase date 07.07.2023. 90%)	**100 %**	**100 %**

Audited by: SIA "BDO Assurance"

The subsidiary Signet Pensiju Pārvalde IPAS which as at 31 December 2024 had the net asset value of EUR 950 thousand which mainly consists of cash and term deposits of EUR 774 thousand.

During the year 2024 and 2023 the Group did not receive dividends from investment in subsidiary.

19. Investment in subsidiaries (continued)

Bank's investment in subsidiary AS "Primero Holding":

	31 Dec 2024	31 Dec 2023
Investments in AS "Primero Holding", '000 EUR	1 301	1 096

	AS "Primero Holding"
Main activity	Financial services
Country of incorporation	Latvia
Address	3-1 Antonijas street, Riga LV-1010, Latvia
Ownership interest	
31 December 2024	51 %
31 December 2023	51 %

Financial position of AS "Primero Holding":

'000 EUR	As at 31 Dec 2024 (unaudited data)	As at 31 Dec 2023 (audited data) *
Non-current assets	2 448	2 149
Current assets	14	11
Current liabilities	(6)	(6)
Net assets	**2 457**	**2 154**
Bank share 51% in net assets	**1 253**	**1 099**
'000 EUR	**For the year 2024 (unaudited data)**	**For the year 2023 (audited data) ***
Income	36	24
Expenses	(134)	(18)
Loss	**(98)**	**6**
The bank's profit / (loss) share 51%	**(50)**	**3**

Audited by: SIA "BDO Assurance"

During the year 2024 and 2023 Group did not receive dividends from investment in subsidiary.

19. Investment in subsidiaries (continued)

The Bank's subsidiary AS “Primero Holding” has shares in other subsidiary companies - the Latvian company AS “Primero Finance”, the Estonian company Primero SV1 OU and the Lithuanian company UAB Primero Finance. The Bank's indirect participation in all subsidiaries of the subsidiary company is 51%. In 2024, AS "Primero Holding" increased the share capital of one subsidiary company, and decreased of another one. During the year 2024 and 2023 Group did not receive dividends from AS “Primero Holding” subsidiaries.
The Group's investment in the subsidiary's subsidiaries:

’000 EUR	AS "Primero Finance"	Primero SV1 OU	UAB Primero Finance
AS "Primero Holding" participation in the company's capital on December 31, 2024	2 444	2.5	1
AS "Primero Holding" participation in the company's capital on December 31, 2023	1 544	2.5	603
Main activity	Financial services	Financial services	Financial services
Country of incorporation	Latvia	Estonia	Lithuania
Address	Antonijas street 3, Riga, LV-1010, Latvia	Harju maakond, Tallinn, Kesklinna linnaosa, Narva mnt 5, 10117, Estonia	Perkūnkiemio g. 6-1, Vilnius, Lithuania

Financial position of the subsidiaries of the Bank's subsidiary AS "Primero Holding" (2024 unaudited data, 2023 audited data):

’000 EUR

	AS "Primero Finance"		Primero SV1 OU		UAB Primero Finance	
	As at 31 Dec 2024	As at 31 Dec 2023	As at 31 Dec 2024	As at 31 Dec 2023	As at 31 Dec 2024	As at 31 Dec 2023
Non-current assets	22 240	16 719	-	-	-	-
Current assets	6 957	5 880	15	541	4	877
Non-current liabilities	(3)	(21 505)	-	-	-	-
Current liabilities	(28 644)	(529)	(4)	(538)	-	(374)
Net assets	**550**	**565**	**11**	**3**	**4**	**503**
Bank share 51% in net assets	**281**	**288**	**6**	**1.5**	**2**	**257**
	2024	**2023**	**2024**	**2023**	**2024**	**2023**
Income	2 670	1 608	19	-	15	-
Expenses	(3 578)	(2 818)	(11)	-	(12)	(58)
Income tax expense	(6)	(10)	-	-	-	-
Profit /(Loss)	**(914)**	**(1 220)**	**8**	**-**	**3**	**(58)**
The bank's profit / (loss) share, 51%	(466)	(622)	4	-	2	(30)

Following the net loss of the subsidiary in 2024 the Group assessed the sustainability of subsidiary’s business strategy developed for 2025-2027 and concluded that there no indications of impairment of investment in subsidiary.
On 4 February 2022, the Bank's subsidiary AS Primero Finance established the Estonian company Primero SV1 OU. The Company as issuer is a securitization special purpose entity (“SSPE”), established for the purposes of performing the Securitization transaction.

19. Investment in subsidiaries (continued)

In May 2024, the asset backed securities were redeemed early and Primero SV1 OU settled its obligations to asset backed securities holders in full. The portfolio that was securitized within the framework of this issue was ceded back to AS "Primero Finance". In December 2024, a decision was made to initiate the liquidation process of Primero SV1 OU, which had not yet been completed as of 31.12.2024. The liquidation process is planned to be completed in 2025.
The Lithuanian subsidiary company UAB Primero Finance was founded with the aim of developing financial and reverse leasing services in Lithuania. The subsidiary started its operations in April 2023. Having evaluated current market conditions, the decision to cease operations was made in December 2023. By the end of 2023 the loan portfolio was sold in its entirety.
In 2024 and 2023, the Group did not receive dividends from the subsidiaries of the subsidiary.

On December 3, 2024, the Bank acquired 51% of the voting shares of the agricultural lender SIA AgroCredit Latvia (registration number 40103479757), expanding the availability of financing for local entrepreneurs and companies in the agricultural sector, as well as diversifying the bank's financing product portfolio. SIA AgroCredit Latvia has been operating for 13 years and, as a non-bank lender, offers lending services tailored to the specifics of farmers and conveniently accessible. With the acquisition of 51% of the shares, the Bank gained control.

	31 Dec 2024
Investments in SIA AgroCredit Latvia, ‘000 EUR	2 055
Main activity	Financial services
Country of incorporation	Latvia
Address	Mārupes county, Mārupe, Ziedleju street 6, LV-2167, Latvia
Ownership interest	51 %

Financial position of the subsidiary SIA AgroCredit Latvia as of December 3, 2024:

‘000 EUR	**Carrying value**	**Fair value adjustment**	**Fair value**
Demand deposits with financial institutions	4 307	-	4 307
Financial assets measured at amortized cost	14 884	1 106	15 990
Tangible assets	54	-	54
Other assets	18	-	18
Financial liabilities measured at amortized cost	(16 280)	-	(16 280)
Other liabilities	(48)	-	(48)
Net assets	**2 935**	**1 106**	**4 041**

At the time of acquisition, the fair value of the identifiable net assets was assessed. As a result, a fair value adjustment was made to the asset item “Financial assets measured at amortized cost”. The calculation approach is based on cash flow forecasts specified in the actual terms of the contracts, taking into account the gradual repayment period and expected future interest payments over the life of the contracts. The monthly cash flow was subsequently discounted using the appropriate interest rate (7% at the beginning of 2025, decreasing to 6% over time). The 7% rate is the historical borrowing rate of SIA AgroCredit Latvia from various independent lenders. The current interest rate for the Banka’s loan SIA AgroCredit Latvia is 6.32%.

19. Investment in subsidiaries (continued)

As a result, an excess of fair value was recognized:

	’000 EUR
Net assets at the time of acquisition	2 935
Excess of fair value of net assets	1 106
Net assets at fair value	4 041
Fair value of net assets acquired by the Bank, 51%	**2 060**

According share purchase agreement paid amount fair value:

	’000 EUR
Payment	(2 200)
Share sellback option at estimated fair value	217
Share buyback option at estimated fair value	(72)
Bank’s investment	(2 055)
Fair value of net assets acquired by the Bank, 51%	2 060
In the statement of comprehensive income for the year ended 31 December 2024, the Bank's gain on the purchase was recognised in " Share of loss of equity-accounted investee, net of tax ".	5

Acquisition cash flow analysis:

	Carrying value ’000 EUR
Purchase value (payment)	(2 200)
Net cash acquired through subsidiary (03.12.2024.)	4 307
Net cash flow from acquisitions	**2 107**

The Shareholders' agreement provides that the participants may mutually acquire or dispose of their capital shares when certain events occur. The buyback option allows the seller to “request” to sell the Bank's shares at an agreed time in the future. The sellback option allows the buyer (the Bank) to sell its shares at a specified price within a specified period in the future. The aforementioned options are classified as Derivative financial instruments in the Bank's accounting, information that is disclosed in Note 14 to the financial statements “Financial instruments measured at fair value through profit or loss”.

Financial position of the subsidiary SIA AgroCredit Latvia:

‘000 EUR	As at 31 Dec 2024 (unaudited data)
Non-current assets	17 486
Current assets	73
Current liabilities	(13 683)
Short-term liabilities	(53)
Net assets	**3 823**
Bank share 51% in net assets	**1 950**
	For the year 2024, ‘000 EUR
Income	2 588
Expenses	(2 332)
Company income tax	(34)
Profit	**222**
Losses of the subsidiary from the time of acquisition 03.12.2024 to 31.12.2024.	(217)
Bank's share of losses from acquisition 03.12.2024. 51%	(111)

During the year 2024 the Group did not receive dividends from subsidiary.

19. Investment in subsidiaries (continued)

On 24 July 2020, established a subsidiary Citra Development SIA, with the aim of developing a real estate project in Riga, which is planned to be implemented together with the Bank's customers. Bank's investment in Citra Development SIA:

	31 Dec 2024	31 Dec 2023
Investments in Citra Development SIA, '000 EUR	550	300

	Citra Development SIA
Main activity	Real estate rental and management
Country of incorporation	Latvia
Address	3-5 Antonijas street, Riga LV-1010, Latvia
Ownership interest	
31 December 2024	100 %
31 December 2023	100 %

Financial position of Citra Development SIA:

'000 EUR	As at 31 Dec 2024 (unaudited data)	As at 31 Dec 2023 (unaudited data)
Non-current assets	388	237
Current assets	113	278
Current liabilities	(5)	(5)
Net assets	**496**	**510**
Bank share 100% in net assets	**496**	**510**
	For the year 2024 (unaudited data)	**For the year 2023 (unaudited data)**
Expenses	(15)	(16)
Loss	**(15)**	**(16)**
The bank's loss share,100%	**(15)**	**(16)**

19. Investment in subsidiaries (continued)

Subsidiary SB Real Estate SIA was established on 8 March 2023 for the purpose of managing the Bank's real estate projects and the Bank's transactions that are and will be related to real estate. Bank's investment in SB Real Estate SIA:

	31 Dec 2024	31 Dec 2023
Investments in SB Real Estate SIA, '000 EUR	10	10

	SB Real Estate SIA
Main activity	Management of subsidiaries
Country of incorporation	Latvia
Address	3-5 Antonijas street, Riga LV-1010, Latvia
Ownership interest	
31 December 2024	100 %
31 December 2023	100 %

Financial position of SB Real Estate SIA:

'000 EUR	As at 31 Dec 2024 (unaudited data)	As at 31 Dec 2023 (unaudited data)
Current assets	3	9
Net assets	3	9
Bank share 100% in net assets	**3**	**9**
	For the year 2024 (unaudited data)	**For the year 2023 (unaudited data)**
Expenses	(7)	(1)
Loss	(7)	(1)
The bank's loss share,100%	**(7)**	**(1)**

During the year 2024 and 2023 the Group did not receive dividends from subsidiary.

20. Investment in associates

The Bank’s investment in company's SIA “LS Medical Property” share capital EUR 880 thousand with the participation of 32%. As the Bank does not have the control over SIA “LS Medical Property” the investment is not consolidated in the Group’s consolidated financial statements.
The original project LS Medical Property envisioned a construction of a medical centre on Skanstes 17, Riga. However, due to the lack of progress with this project, the decision was made to sell the land plot. Sale agreement was signed in 2023 which schedules gradual payment during three-year period, the first advance payment was made in December 2024, within the contractually agreed term. In order to estimate recoverable amount of the Bank’s investment the discounted cash flow (CF) model was prepared, resulting in the impairment release of EUR 21 thousand.
Bank’s investment in associate:

’000 EUR	31 Dec 2024	31 Dec 2023
Investments in SIA ”LS Medical Property”	880	880
Impairment of investment	(207)	(228)
Part of the Bank’s loss	(223)	(219)
Investment in the associate, net	**450**	**433**

	SIA ”LS Medical Property”
Main activity	Development of real estate
Country of incorporation	Latvia
Address	3 Antonijas street, Riga LV-1010, Latvia
Ownership interest	
31 December 2024	32 %
31 December 2023	32 %

Financial position of SIA “LS Medical Property”:

’000 EUR	As at 31 Dec 2024 (unaudited data)	As at 31 Dec 2023 (unaudited data)
Non-current assets	2 094	2 094
Current assets	63	12
Current liabilities	**(123)**	**(30)**
Net assets	**2 034**	**2 076**
Bank’s share 32% in net assets	**651**	**664**
	For the year 2024 (unaudited data)	**For the year 2023 (unaudited data)**
Expenses	(14)	(23)
Loss	**(14)**	**(23)**
The bank's loss share, 32%	**(4)**	**(7)**

20. Investment in associates (continued)

The Bank and its customers obtained 32 % of share capital in SIA "Citra Kaļķu" which gives the Bank a significant impact. As of December 31, 2024 the Bank's direct investment was 11.68 %. In addition, the Bank exercises the significant impact through its representative in the management board of SIA "Citra Kaļķu". The Bank considers its investment in SIA "Citra Kaļķu" as an investment in an associate. The Bank does not have a decisive control to consider it as a subsidiary, so it is not consolidated.

At the time of acquisition of shareholdings, the Bank also took over claims against SIA Citra Kaļķu in the amount of EUR 471 thousand, which were recognized as part of the loan portfolio. The main asset of SIA Citra Kaļķu is a land plot in the centre of Riga, which the Bank, together with potential investors, plans to use for the construction of a high-quality hotel. To generate the value of the project, the Bank agreed with another member of SIA Citra Kaļķu to purchase their share, paying a security deposit and advance payment total amount EUR 1 856 thousand (classified as prepayment, see Note 24). For the purposes of valuation, the Bank combines all investments made into a single group.

Bank's investment in associate:

'000 EUR	31 Dec 2024	31 Dec 2023
Investments in SIA "Citra Kaļķu"	1 447	1 447
Part of the previous year's profit	57	53
Part of the Bank's profit	8	4
Impairment of investment	(339)	(339)
Investment in the associate, net	**1 173**	**1 165**

	SIA "Citra Kaļķu"
Main activity	Real estate transactions, development, leasing and rental of real estate
Country of incorporation	Latvia
Address	Aspāzijas bulvāris 32-1A, Riga LV-1050, Latvia
Ownership interest	
31 December 2024	11.68 %
31 December 2023	11.68 %

Financial position of SIA "Citra Kaļķu":

'000 EUR	As at 31 Dec 2024 (unaudited data)	As at 31 Dec 2023 (unaudited data)
Non-current assets	10 947	10 947
Non-current liabilities	(1 086)	(1 086)
Net assets	**9 861**	**9 861**
Bank's share 11.68% in net assets	**1 152**	**1 152**
	2024	**2023**
Income	106	75
Expenses	40	(40)
Profit	**66**	**35**
The bank's profit, 11.68%	**8**	**4**

*Bankas peļņas daļa par pārskata gadu no pārņemšanas brīža 11.07.2022

20. Investment in associates (continued)

Upon acquisition of SIA “Citra Kaļķu”, the Bank adjusted fair value of the investee’s assets, based on their highest and best use that was determined to be the construction of a premium hotel on the SIA’s land plot.The Bank conducted an impairment test as at 31 December 2024 to verify that SIA “Citra Kaļķu” the fair value of the investee’s assets had not decreased. The test did not establish any decrease in the fair value of the SIA “Citra Kaļķu” assets.As the basis for the valuation, the Bank relied on an appraisal prepared in 2023 by a certified real estate appraiser, and a forecast by the business partner – a professional hotel operator (hereinafter referred to as the Project Business Partner) – based on the performance of existing hotels, as well as appraisals and information from other external experts.As at 31.12.2024, the Bank updated the financial model of the development project, which contains the following key parameters and sources for validation of the parameters:

- occupancy rate, which is based on validated information from the Project Business Partner on the occupancy indicators of hotels in similar locations; the occupancy rate is lower in the first few years and gradually increases in subsequent years;
- hotel room rates, which were validated using offers published in open internet sources and hotel reservation systems for hotels operating in Riga city centre for different times of the year, as well as forecasts by the Project Business Partner;
- income from the hotel restaurant, which was validated using experience and calculations by the Bank’s Project Cooperation Partner, opinions and research results of external experts, as well as Bank’s experience from other projects related to financing of hotels;
- hotel construction term, which was validated using publicly available information about construction of a comparative hotel, as well as forecasts by the Project Business Partner;
- construction costs, which were validated using experience and calculations by the Project Business Partner;
- capitalisation rate, which was validated using experience and calculations by the Bank Project Cooperation Partner, opinions and research findings from external experts, as well as Bank’s experience from other projects related to financing of hotels.

To make sure that the hotel project can be implemented on the land plot owned by SIA “Citra Kaļķu”, Riga Development Plan and the rules for the use and development of the territory of the historical centre of Riga and its protected area were used. Using the above assumptions, the net present value of the project is determined in the amount of EUR 14 688 thousand (2023: EUR 17 638 thousand), which exceeds the value of the investment made. In 2024, the construction project in its minimum format (MBP) was approved by the Riga Historical Centre Council, the MBP was approved by the NKMP in the construction information system, within the framework of the land use planning project, the new land boundaries are registered in the Land Register, land boundary plans were drawn up, the documentation with construction plan materials was submitted to the UNESCO National Commission, UNESCO recommendations for the project were received, and the improved MBP documentation was defended at the Riga City Construction Board, Riga City Council and the Riga Historical Centre Council. The change in value is due to the 11% reduction in the number of rooms as a result of the above actions.Key parameters and results of sensitivity analysis for the hotel development project are presented below, based on the value depreciation test performed as at 31.12.2024. Sensitivity analysis was prepared to calculate changes in net present value of the project in cases when key hotel parameter will be worse than forecasted.

Parameter	Parameter value	Net present value EUR’000, from unfavourable changes in the parameter by 5 %	Net present value EUR’000, from unfavourable changes in the parameter by 10 %
Occupancy rate	82 % - 89 %	15 354	13 069
Hotel room rate	81 EUR on average	15 354	13 069
Income from restaurant	Up to 27 % (revenue share vs. number income)	17 233	16 829
Hotel sales price	EUR 74 522 thousand	15 437	13 238
Construction costs	EUR 31 861 thousand	16 914	16 190
Capitalisation rate	6.5 %	15 543	13 638

21. Property and equipment

Group '000 EUR	Leasehold improvements	Right-of-use assets (IFRS 16)	Land and buildings	Other	Total
Cost					
At 1 January 2024	2 331	1 378	7 214	4 047	**14 970**
Purchases	-	-	379	450	**829**
Reclassified / (Write-offs)	-	(3)	-	(69)	**(72)**
The result of the consolidation of the Group of the new members for the year 2024	-	101	-	26	**127**
At 31 December 2024	**2 331**	**1 476**	**7 593**	**4 454**	**15 854**
Depreciation					
At 1 January 2024	1 713	687	1 481	2 724	**6 605**
Depreciation charge	143	160	147	393	**843**
Write-offs	-	-	-	(69)	**(69)**
The result of the consolidation of the Group of the new members for the year 2024	-	63	-	14	**77**
At 31 December 2024	**1 856**	**910**	**1 628**	**3 062**	**7 456**
Carrying value					
At 31 December 2024	**475**	**566**	**5 965**	**1 392**	**8 398**
Cost					
At 1 January 2023	2 331	1 274	-	2 363	**5 968**
Purchases	-	-	-	306	**306**
Reclassified / (Write-offs)	-	104	-	(7)	**97**
The result of the consolidation of the Group of the new members for the year 2023	-	-	7 214	1 385	**8 599**
At 31 December 2023	**2 331**	**1 378**	**7 214**	**4 047**	**14 970**
Depreciation					
At 1 January 2023	1 570	525	-	1 655	**3 750**
Depreciation charge	143	162	-	177	**482**
Write-offs	-	-	-	(8)	**(8)**
The result of the consolidation of the Group of the new members for the year 2023	-	-	1 481	900	**2 381**
At 31 December 2023	**1 713**	**687**	**1 481**	**2 724**	**6 605**
Carrying value					
At 31 December 2023	**618**	**691**	**5 733**	**1 323**	**8 365**
Carrying value					
At 31 December 2022	761	749	-	708	2 218

21. Property and equipment (continued)

Bank '000 EUR	Leasehold improvements	Right-of-use assets (IFRS 16)	Other	Total
Cost				
At 1 January 2024	2 331	1 375	2 381	**6 087**
Purchases	-	-	225	**225**
Reclassified / (Write-offs)	-	(3)	-	**(3)**
At 31 December 2024	**2 331**	**1 372**	**2 606**	**6 309**
Depreciation				
At 1 January 2024	1 713	683	1 825	**4 221**
Depreciation charge	143	159	199	**501**
Write-offs	-	-	-	**-**
At 31 December 2024	**1 856**	**842**	**2 024**	**4 722**
Carrying value				
At 31 December 2024	**475**	**530**	**582**	**1 587**
Cost				
At 1 January 2023	2 331	1 264	2 211	**5 806**
Purchases	-	-	172	**172**
Reclassified / (Write-offs)	-	111	(2)	**109**
At 31 December 2023	**2 331**	**1 375**	**2 381**	**6 087**
Depreciation				
At 1 January 2023	1 570	523	1 654	**3 747**
Depreciation charge	143	160	173	**476**
Write-offs			(2)	**(2)**
At 31 December 2023	**1 713**	**683**	**1 825**	**4 221**
Carrying value				
At 31 December 2023	**618**	**692**	**556**	**1 866**
Carrying value				
At 31 December 2022	761	741	557	2 059

22. Intangible assets

’000 EUR	Group Total	Bank Total
Cost		
At 1 January 2024	6 101	4 104
Purchases	476	368
Write-offs	(21)	-
At 31 December 2024	**6 556**	**4 472**
Amortisation		
At 1 January 2024	4 329	3 027
Amortisation charge	671	528
Write-offs	(21)	-
At 31 December 2024	**4 979**	**3 555**
Carrying value		
At 31 December 2024	**1 577**	**917**
Cost		
At 1 January 2023	3 703	3 669
Additions	435	435
Acquisition value of intangible assets of subsidiaries acquired in 2023	1 963	-
At 31 December 2023	**6 101**	**4 104**
Amortisation		
At 1 January 2023	2 648	2 641
Amortisation charge	405	386
Acquisition value of intangible assets of subsidiaries acquired in 2023	1 276	-
At 31 December 2023	**4 329**	**3 027**
Carrying value		
At 31 December 2023	**1 772**	**1 077**
Carrying value		
At 31 December 2022	**1 055**	**1 028**

Intangible assets of the Group and the Bank consist of software’s licenses and computer programmes.

23. Non-current assets held for sale

'000 EUR	31 Dec 2024 Group	31 Dec 2024 Bank	31 Dec 2023 Group	31 Dec 2023 Bank
Non-current assets held for sale				
Real estate	1 824	1 824	2 324	2 324
Movable property	11	-	77	-
Total **Non-current assets held for sale**	**1 835**	**1 824**	**2 401**	**2 324**

Non-current assets held for sale are accounted at the lower of the carrying amount and fair value less costs to sell. In 2024 and 2023 long-term assets related to real estate investments in Latvia that were taken over as loan recovery results, and movable property.

24. Other assets

'000 EUR	31 Dec 2024 Group	31 Dec 2024 Bank	31 Dec 2023 Group	31 Dec 2023 Bank
Other financial assets				
Settlement of payment cards	1 162	433	1 226	422
Settlement of securities	-	-	1 186	1 186
Settlement of financial services	194	-	256	-
Other financial assets	**1 356**	**433**	**2 668**	**1 608**
Other non-financial assets				
Claims against partners regarding property intended for sale	3 778	3 778	3 778	3 778
Prepayments	3 525	2 830	2 910	2 140
Accrued income	446	213	304	74
Settlement of tax	115	112	94	67
Other	327	377	703	406
Other non-financial assets	**8 191**	**7 310**	**7 789**	**6 465**
Impairment allowance	(937)	(937)	(936)	(936)
Total other assets	**8 610**	**6 806**	**9 521**	**7 137**

Claims against partners regarding property intended for sale are secured by the mortgage. For these claims impairment allowances were recognized decreasing their value by 913 thousand. EUR. The net carrying value of the claims is less than the value determined by the external real estate appraiser.

25. Deposits

Client deposits split by their profile

'000 EUR	31 Dec 2024 Group	31 Dec 2024 Bank	31 Dec 2023 Group	31 Dec 2023 Bank
Current accounts and demand deposits	**396 205**	**287 945**	**354 669**	**265 554**
Private individuals	118 220	107 553	111 506	95 728
Corporates	277 985	180 392	243 163	169 826
Term deposits	**158 888**	**140 537**	**115 274**	**81 012**
Private individuals	128 836	110 049	71 579	48 661
Corporates	30 052	30 488	43 695	32 351
Total current accounts and demand deposits	**555 093**	**428 482**	**469 943**	**346 566**

Geographical analysis of the deposits

'000 EUR	31 Dec 2024 Group	31 Dec 2024 Bank	31 Dec 2023 Group	31 Dec 2023 Bank
Current accounts and demand deposits	**396 205**	**287 945**	**354 669**	**265 554**
Latvia	193 892	176 956	194 602	161 896
OECD countries	121 968	42 986	87 032	39 653
Russia	23 689	22 009	24 823	22 658
Other countries	56 656	45 994	48 212	41 347
Term deposits	**158 888**	**140 537**	**115 274**	**81 012**
Latvia	48 711	33 806	60 651	39 705
OECD countries	94 585	93 136	40 644	36 670
Russia	4 774	3 659	2 693	826
Other countries	10 818	9 936	11 286	3 811
Total deposits	**555 093**	**428 482**	**469 943**	**346 566**

Concentrations of current accounts and customer deposits

As of 31 December 2024 and 31 December 2023, the Group and Bank had no customers, whose balance exceeded 10% of total customer accounts.

26. Subordinated liabilities

'000 EUR	31 Dec 2024 Group	31 Dec 2024 Bank	31 Dec 2023 Group	31 Dec 2023 Bank
Subordinated borrowings				
Private individuals	5 457	5 457	6 230	6 230
Corporates	5 073	5 073	5 069	5 069
Total Subordinated borrowings	**10 530**	**10 530**	**11 299**	**11 299**

Subordinated borrowings have a fixed term of at least five years at their origination, and are repayable before maturity only on winding up of the Bank or with the permission of the LB. In the event of the winding-up of the Bank these borrowings will be subordinated to the claims of depositors and all other creditors of the Bank.

Reconciliation of movements of subordinated borrowings to cash flows arising from financing activities

'000 EUR	31 Dec 2024 Group	31 Dec 2024 Bank	31 Dec 2023 Group	31 Dec 2023 Bank
Balance of subordinated borrowings at 1 January	**11 299**	**11 299**	**5 453**	**5 453**
Redemption of subordinated borrowings	(985)	(985)	(300)	(300)
Increase in subordinated borrowings	-	-	6 150	6 150
Changes from financing cash flows				
Other changes Liability-related				
Interest expense	864	864	530	530
Interest paid	(843)	(843)	(338)	(338)
Interest paid in advance decrease / (increase)	(12)	(12)	(167)	(167)
Exchenge rates	207	207	(29)	(29)
Total liability-related other changes	**216**	**216**	**(4)**	**(4)**
Balance of subordinated borrowings at 31 December	**10 530**	**10 530**	**11 299**	**11 299**

Concentrations of subordinated borrowings

As of 31 December 2024, the Group and Bank had two subordinated borrowing agreements, whose balance exceeded 10% of the total subordinated borrowings and which are indicated in the table below.

Customer	Currency	Issue size '000	Interest rate	Original agreement date	Maturity date	Carrying amount '000 EUR
						31.12.2024
Legal entity – non-resident	EUR	5 000	8.178 %	20.10.2023	19.10.2031	4 968
Private individual – non - resident	USD	2 000	10 %	27.02.2015	30.06.2028	1 925

27. Debt securities issued

Issued bonds qualify for inclusion in additional tier 1 capital of the Bank and Group. Additional information about capital adequacy is available in Note 5 “Capital Management”.
On November 17, 2022, Signet Bank AS issued 2 million euros of Temporary Write-Down Additional Tier 1 bonds (LV0000802668). Bonds are perpetual and have no maturity date. The purpose of the issue is to strengthen the Bank's capital in order to increase the volume of loan portfolio. The bonds were offered only to the Bank's shareholders and persons related to them with a floating coupon rate of 12.50% + 12M Euribor.
On February 15, 2023, Signet Bank AS issued an additional tranche of LV0000802668 bonds in amount of EUR 2 million euros. As a result, total issue size reached EUR 4 million euros.
On March 1, 2024, Signet Bank AS issued an additional tranche of LV0000802668 bonds in amount of EUR 1.5 million euros. As a result, total issue size reached EUR 5.5 million euros.

28. Provisions

’000 EUR	31 Dec 2024 Group	31 Dec 2024 Bank	31 Dec 2023 Group	31 Dec 2023 Bank
Provisions				
Provision for guarantees	5	5	5	5
Provision for commitments and contingencies	37	37	24	20
Total provisions	**42**	**42**	**29**	**25**

29. Other liabilities

’000 EUR	31 Dec 2024 Group	31 Dec 2024 Bank	31 Dec 2023 Group	31 Dec 2023 Bank
Other financial liabilities				
Settlement of securities	7 397	7 397	1 306	1 306
Settlements for the purchase of AS "Magnetiq Bank"	865	865	865	865
Lease liabilities	638	599	772	766
Lease liabilities Settlements for electronic commerce and payment card operations	116	-	864	-
Settlement of financial services	209	-	749	-
Total other financial liabilities	**9 225**	**8 861**	**4 556**	**2 937**
Other non-financial liabilities				
Accrued expenses	4 690	4 187	2 948	2 512
Suspense liabilities and money in transit	1 167	1 073	3 038	2 732
Provision for employee vacations	992	477	1 207	556
Deferred income	500	487	460	460
Tax obligations	227	155	1 773	1 472
Other	577	359	1 852	962
Total other non-financial liabilities	**8 153**	**6 738**	**11 278**	**8 694**
Total other liabilities	**17 378**	**15 599**	**15 834**	**11 631**

30. Share capital

On November 6th 2024, at the Bank's shareholders' meeting, the shareholders decided to increase the Bank's share capital by EUR 483 893.40, by issuing new 34 077 shares with a nominal value of EUR 14.20. All shares of the new issue are paid in cash.
On November 27th 2024, at the Bank's shareholders' meeting, the shareholders decided to increase the Bank's share capital by EUR 312 499.40, by issuing new 22 077 shares with a nominal value of EUR 14.20. After the increase, the Bank's share capital was EUR 13 440 399.40, which consists of 946 507 shares. All shares of the new issue are paid in cash.
All of the bank's share are registered shares.
The shareholders of the Bank as of 31 December 2024 were as follows:

Shareholder	31 Dec 2024		
	Number of shares	Paid share capital (EUR)	Share capital ownership %
Signet Acquisition III, LLC	218 154	3 097 786.80	23.0483
AS RIT GROUP	173 686	2 466 341.20	18.3502
SIA "Reglink"	141 832	2 014 014.40	14.9848
Natalija Petkevicha	87 767	1 246 291.40	9.2727
Solrut Holding Company LLC	85 828	1 218 757.60	9.0679
Leonid Kaplan	71 234	1 011 522.80	7.5260
SIA "Slink"	56 733	805 608.60	5.9939
ID Family Foundation SIA *	46 285	657 247.00	4.8901
Other shareholders together (each holding less than 2%)	64 988	922 829.60	6.8660
Total	**946 507**	**13 440 399.40**	**100.00**

* UBO are Roberts Idelsons and Jelena Idelsone.

Share premium

The Bank's 2024 share issue premium of EUR 3,154 thousand has been formed in accordance with the Bank's two share issues in 2024, when each share of the Bank's new issue was sold with an issue premium of EUR 56.23.

Other reserves

Bank's other reserves of EUR 25 thousand (2023: EUR 25 thousand) represent contributions made by shareholders in previous years. Other reserves represent residual interest of shareholders and can be distributed.

30. Share capital (continued)

Fair value reserve

Fair value reserve comprises the cumulative net change in the fair value of equity instruments measured at FVOCI and the cumulative net change in the fair value of debt instruments measured at FVOCI until the assets are derecognized or reclassified. The amount is increased by the amount of loss allowance of debt instruments measured at FVOCI.

Non-controlling interest

The Group recognizes non-controlling interest in its subsidiaries based on non-controlling interest part in Net identifiable assets of subsidiaries. All costs related to acquisition are recognized as administrative expenses as they occur. Non-controlling interest is disclosed in the Group equity separately from the Bank shareholders equity. Profit or loss is attributed to the Bank as parent company and to non-controlling interest.

31. Lease liabilities

The lease liabilities are for the Group's and the Bank's premises lease agreements. The term of the Bank's Lease agreement is until May 1, 2028, with the possibility of renewing the lease after its expiration date. Lease payments are fixed. Lease agreements do not include additional obligations. The following table shows an analysis of the terms of the lease liabilities maturing after the reporting date.

’000 EUR	Group	Bank
Lease liabilities January 1, 2024	**772**	**766**
Part of the lease payments of a lease liability increase/(decrease)	32*	(2)
Lease payments of a lease liability	(198)	(197)
Interest parts of lease payments	32	32
Lease liabilities December 31, 2024	**638**	**599**
incl. current expenditure on lease liabilities	183	171
incl. long-term expenses for lease liabilities	455	428
Lease liabilities January 1, 2023	**818**	**809**
Part of the lease payments of a lease liability increase/(decrease)	111	111
Lease payments of a lease liability	(196)	(192)
Interest parts of lease payments	39	38
Lease liabilities December 31, 2023	**772**	**766**
incl. current expenditure on lease liabilities	190	189
incl. long-term expenses for lease liabilities	582	577

* Consolidation result of the new group member for 2024

32. Assets under management

Asset management services

The Group through its Subsidiary Signet Asset Management IPS and Signet Pensiju Pārvalde IPAS provides asset management services to private individuals and companies. The Group receives management fee for providing these services.
As part of its asset management operations, the Group offers club deals and fiduciary services, under which clients are offered to participate with their own funds in the financing of loans issued (by participating in a part of an already issued loan or in the entire loan transaction, becoming a participant in the lending transaction, or becoming a participant in the transaction at the time of issuance of the loan or its part) or in the financing of the acquisition of other assets (for example, shares in companies), with the client receiving benefits and assuming risks related to the loan or asset in proportion to their participation in the relevant transaction. The Group receives a commission for these services.
The assets under management of the Subsidiary are not included in neither the consolidated nor separate statement of financial position.
As of 31 December 2024 the Group had EUR 407 million (2023: EUR 408 million) assets under management of which the Bank held EUR 241million (2023: EUR 230 million) and the Subsidiary held EUR 166 million (2023: EUR 178 million).

Custody activities

The Group and the Bank provides custody services to its customers, whereby it holds securities on behalf of customers and receives fee income for providing these services. These securities are neither assets of the Group, nor the Bank and are not recognized in the consolidated and separate statements of financial position. As of 31 December 2024 the total amount in custody on behalf of customers was EUR 627 million (2023: EUR 511 million).

33. Related party transactions

Transactions with members of the Group's Key Management Personnel

Total remuneration included in employee compensation (refer to Note 10):

'000 EUR	31 Dec 2024 Group	31 Dec 2024 Bank	31 Dec 2023 Group	31 Dec 2023 Bank
Total remuneration	1 906	1 121	1 568	1 019

Balances as of 31 December 2024 and 31 December 2023 with members of the Key Management Personnel were as follows:

'000 EUR	31 Dec 2024 Group	31 Dec 2024 Bank	31 Dec 2023 Group	31 Dec 2023 Bank
Statement of financial position				
Assets				
Loans	382	168	85	77
Liabilities				
Current accounts	317	281	82	61

33. Related party transactions (continued)

Transactions with related parties of the Bank

Balances as of 31 December 2024 and as of 31 December 2023 and related profit or loss amounts of transactions for the year ended 31 December 2024 and 31 December 2023 with other related parties were as follows:

'000 EUR	2024					2023				
	Subsi-diary company	Asso-ciate compa-nies	Share-holders*	Other	Total	Subsi-diary company	Asso-ciate compa-nies	Share-holders*	Other	Total
Statement of financial position										
Assets										
Financial instruments	-	-	-	1 073	**1 073**	2 826	-	-	1 012	**3 838**
Total impairment allowance on financial instruments	-	-	-	-	**-**	*(35)*	-	-	-	***(35)***
Loans	36 637	615	-	3 938	**41 190**	21 172	645	72	4 063	**25 952**
Total impairment allowance on loans	*(2 064)*	*(94)*	-	*(8)*	***(2 166)***	*(1 484)*	*(93)*	-	*(9)*	***(1586)***
Liabilities										
Deposits	4 421	185	738	2 690	**8 034**	4 094	79	188	2341	**6 702**
Income/ (expenses)										
Ccommission income/ (expenses)	57	-	3	34	**94**	37	1	2	148	**188**
Interest income	2 083	2	(111)	(80)	**1 894**	1 833	1	(5)	(214)	**1 615**

* with a shareholding of over 10%

The subsidiaries' related party transactions are predominantly with the Bank, transactions outside the Group are immaterial, therefore the Group's related party transactions are not presented separately.

34. Financial assets pledged

'000 EUR	31 Dec 2024 Group	31 Dec 2024 Bank	31 Dec 2023 Group	31 Dec 2023 Bank
Other deposits with financial institutions	4 176	540	4 260	722
Financial assets measured at amortized cost *	-	-	3 920	3 920
Total financial assets pledged	**4 176**	**540**	**8 180**	**4 642**
Total liabilities secured by pledged financial assets *	**-**	**-**	**3 900**	**3 900**

* Pledged to central bank

All pledged amounts consist of several placements to secure various Bank's and Group's transactions in the ordinary course of business.

35. Commitments and guarantees

As part of lending operations the Bank has outstanding commitments to extend credit. These commitments take the form of approved loans, credit card limits and overdraft facilities. The Bank provides financial guarantees of the performance of customers to third parties. The contractual amounts of commitments are set out in the following table by category.

'000 EUR	31 Dec 2024 Group	31 Dec 2024 Bank	31 Dec 2023 Group	31 Dec 2023 Bank
Contracted amount				
Loan commitments [1]	13 964	12 394	7 284	7 177
Unutilised credit line [1]	7 904	7 904	3 274	3 247
Contingent liabilities on guarantees [2]	5 517	5 514	4 082	3 778
Undrawn overdraft facilities [3]	777	763	1 061	687
Total commitments and guarantees	**28 162**	**26 575**	**15 701**	**14 889**
Provisions	(42)	(42)	(30)	(25)

[1] Provisions of EUR 21 thousand (2023:22) have been made for liabilities.
[3] Provisions of EUR 5 thousand have been established for issued guarantees (2023: 5).
[3] Impairment allowance for unused credit limits in total amount of EUR 16 thousand (2023:2)

36. Fair value of financial instruments

Financial instruments measured at fair value

The table below analyses the Group's and the Bank's financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised.

Group 2024, '000 EUR	Level 1	Level 2	Level 3	Total
Financial assets				
Financial instruments carried at fair value through profit or loss	16 739	2 072	4 018	**22 829**
Debt securities measured at fair value through other comprehensive income	9 284	479	-	**9 763**
	26 023	**2 551**	**4 018**	**32 592**
Financial liabilities				
Financial liabilities at fair value through profit or loss	-	477	-	**477**

Bank 2024, '000 EUR	Level 1	Level 2	Level 3	Total
Financial assets				
Financial instruments carried at fair value through profit or loss	16 740	2 072	3 503	**22 315**
Debt securities measured at fair value through other comprehensive income	-	479	-	**479**
	16 740	**2 551**	**3 503**	**22 794**
Financial liabilities				
Financial liabilities at fair value through profit or loss	-	477	-	**477**

Group 2023, '000 EUR	Level 1	Level 2	Level 3	Total
Financial assets				
Financial instruments carried at fair value through profit or loss	4 787	102	6 064	**10 953**
Debt securities measured at fair value through other comprehensive income	17 005	-	1 786	**18 791**
	21 792	**102**	**7 850**	**29 744**
Financial liabilities				
Financial liabilities at fair value through profit or loss	-	74	-	**74**

Bank 2023, '000 EUR	Level 1	Level 2	Level 3	Total
Financial assets				
Financial instruments carried at fair value through profit or loss	4 787	102	5 261	**10 150**
Debt securities measured at fair value through other comprehensive income	-	-	1 786	**1 786**
	4 787	**102**	**7 047**	**11 936**
Financial liabilities				
Financial liabilities at fair value through profit or loss	-	74	-	**74**

36. Fair value of financial instruments (continued)

The following table shows reconciliation from the opening balances to the closing balances for fair value measurements in Level 3 of the fair value hierarchy. The reason of the reclassification of the level in the fair value hierarchy was changes in their level of liquidity.

Group 2024 '000 EUR	Financial instruments carried at fair value through profit or loss	Debt securities measured at fair value through other comprehensive income	Total
Group's balance at 1 Jan 2024	**6 064**	**1 786**	**7 850**
Total gains and losses:			
in profit or loss	(168)	30	(138)
in OCI	-	60	60
Purchases	8 243	-	8 243
Settlements	(10 121)	(1 876)	(11 997)
Group's balance at 31 Dec 2024	**4 018**	**-**	**4 018**

Bank 2024 '000 EUR	Financial instruments carried at fair value through profit or loss	Debt securities measured at fair value through other comprehensive income	Total
Bank's balance at 1 Jan 2024	**5 261**	**1 786**	**7 047**
Total gains and losses:			
in profit or loss	120	30	150
in OCI	-	60	60
Purchases	8 243	-	8 243
Settlements	(10 121)	(1 876)	(11 997)
Group's balance at 31 Dec 2024	**3 503**	**-**	**3 503**

Group/Bank 2023 '000 EUR	Financial instruments carried at fair value through profit or loss	Debt securities measured at fair value through other comprehensive income	Total
Balance at 1 Jan 2023	**5 842**	**5 735**	**11 577**
Total gains and losses:			
in profit or loss	132	109	241
in OCI	61	-	61
Purchases	4 640	-	4 640
Settlements	(5 414)	(4 058)	(9 472)
Bank's balance at 31 Dec 2023	**5 261**	**1 786**	**7 047**
Consolidation of the subsidiary company as of December 31, 2023	803	-	803
Group's balance at 31 Dec 2023	**6 064**	**1 786**	**7 850**

36. Fair value of financial instruments (continued)

Total gains or losses for the year in the above table are presented in the statement of comprehensive income as follows:

'000 EUR	31 Dec 2024 Group	31 Dec 2024 Bank	31 Dec 2023 Group	31 Dec 2023 Bank
Total gains and losses included in profit or loss:	**30**	**30**	**109**	**109**
Net realised gain for financial instruments from Level 3	30	30	109	109
Total losses recognised in other comprehensive income	**60**	**60**	**26**	**26**
Financial instruments – net change in fair value	60	60	26	26

As of 31 December 2024 the Group and Bank's fair value hierarchy Level 3 portfolio is represented by one bond, four shares and four investments in funds. Issuer operates in technology and financial sectors (investments in funds are diversified).
Precise bond discount rate 10.75% (2023: 4.50% – 13.50%) is an unobservable fluctuations due to low liquidity of these instruments.

As of 31 December 2024 change of discount rate by 300 bps will have the following effect on The Group's value of Level 3 portfolio fair value:

'000 EUR	Effect on profit or loss	
Level 3 portfolio as of 31.12.2024	Change of discount rate by – 300 bps	Change of discount rate by +300 bps
4 018	(121)	121

As of 31 December 2024 change of discount rate by 300 bps will have the following effect on The Bank's value of Level 3 portfolio fair value:

'000 EUR	Effect on profit or loss	
Level 3 portfolio as of 31.12.2023	Change of discount rate by – 300 bps	Change of discount rate by +300 bps
3 503	(105)	105

As of 31 December 2023 change of discount rate by 300 bps will have the following effect on The Group's and Bank's value of Level 3 portfolio fair value:

'000 EUR	**Effect on profit or loss**	
Level 3 portfolio as of 31.12.2023	**Change of discount rate by – 300 bps**	**Change of discount rate by +300 bps**
7 850	(236)	236

36. Fair value of financial instruments (continued)

Financial instruments not measured at fair value

The table below analyses the fair values of financial instruments not measured at fair value of the Group, by the level in the fair value hierarchy into which each fair value measurement is categorised:

31 December 2024, '000 EUR	Level 1	Level 2	Level 3	Total fair values	Total carrying amount
Financial assets					
Cash and due from central bank[1]	-	-	-	169 820	169 820
Balances due from financial institutions[2]	-	-	-	18 021	18 021
Financial assets measured at amortized cost	183 845	-	211 535	395 380	394 242
Other financial assets[3]	-	-	-	1 356	1 356
Financial liabilities					
Liabilities to central bank	-	-	-	172	172
Deposits	-	-	552 932	552 932	555 093
Subordinated liabilities	-	-	10 612	10 612	10 530
Debt securities issued	-	-	5 942	5 942	5 942
Other liabilities	-	-	5 548	5 548	5 548
Other financial liabilities [4]	-	-	-	9 225	9225

31 December 2023, '000 EUR	Level 1	Level 2	Level 3	Total fair values	Total carrying amount
Financial assets					
Cash and due from central bank[1]	-	-	-	72 807	72 807
Balances due from financial institutions[2]	-	-	-	9 939	9 939
Financial assets measured at amortized cost	177 885	-	258 944	436 829	399 101
Other financial assets[3]	-	-	-	2 668	2 668
Financial liabilities					
Liabilities to central bank	-	-	-	3 855	3 855
Deposits	-	-	468 920	468 920	469 943
Subordinated liabilities	-	-	10 756	10 756	11 299
Debt securities issued	-	-	4 332	4 332	4 332
Other financial liabilities [4]	-	-	488	488	488

1. Cash and due from central banks are various currency cash and deposits with the Bank of Latvia whose carrying amount represents the fair value.
2. Most of the balances due from financial institutions are either deposits on demand or short term deposits; therefore, their carrying amount approximates the fair value.
3. Other financial assets consist of receivables from settlement of securities ans of payment card; thus the carrying amount is equal to their fair value
4. Other financial liabilities consist of receivables from settlement of securities and the lease liabilities; thus the carrying amount is equal to their fair value.

36. Fair value of financial instruments (continued)

Financial instruments not measured at fair value

The table below analyses the fair values of financial instruments not measured at fair value of the Bank, by the level in the fair value hierarchy into which each fair value measurement is categorised:

31 December 2024, '000 EUR	Level 1	Level 2	Level 3	Total fair values	Total carrying amount
Financial assets					
Cash and due from central bank[1]	-	-	-	76 784	76 784
Balances due from financial institutions[2]	-	-	-	15 022	15 022
Financial assets measured at amortized cost	161 922	-	169 775	331 697	331 102
Other financial assets[3]	-	-	-	433	433
Financial liabilities					
Liabilities to financial institutions	-	-	-	172	172
Deposits	-	-	427 901	427 901	428 482
Subordinated liabilities	-	-	10 612	10 612	10 530
Debt securities issued	-	-	5 942	5 942	5 942
Other financial liabilities [4]	-	-	-	8 861	8 861
31 December 2023, '000 EUR	**Level 1**	**Level 2**	**Level 3**	**Total fair values**	**Total carrying amount**
Financial assets					
Cash and due from central bank[1]	-	-	-	8 141	8 141
Balances due from financial institutions[2]	-	-	-	9 672	9 672
Financial assets measured at amortized cost	144 102	-	179 472	323 574	324 138
Other financial assets[3]				1 608	1 608
Financial liabilities					
Liabilities to central bank	-	-	-	3 855	3 855
Deposits	-	-	347 402	347 402	346 566
Subordinated liabilities	-	-	10 756	10 756	11 299
Debt securities issued	-	-	4 332	4 332	4 332
Other financial liabilities [4]	-	-	-	2 937	2 937

1. Cash and due from central banks are various currency cash and deposits with the Bank of Latvia whose carrying amount represents the fair value.
2. Most of the balances due from financial institutions are either deposits on demand or short term deposits; therefore, their carrying amount approximates the fair value.
3. Other financial assets consist of receivables from settlement of securities ans of payment card; thus the carrying amount is equal to their fair value
4. Other financial liabilities consist of receivables from settlement of securities and the lease liabilities; thus the carrying amount is equal to their fair value.

The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as significant unobservable inputs used:

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs
Financial assets at fair value through profit or loss	Discounted cash flows, quoted prices for similar instruments	Discount rates, quoted prices for similar instruments in active markets
Financial assets at fair value through profit or loss (Level 3)	Discounted cash flows	Discount rates
Available for sale instruments	Discounted cash flows	Discount rates

Financial instruments not measured at fair value

Type	Valuation technique	Significant unobservable inputs
Balances due from financial institutions	Discounted cash flows	Discount rates
Loans and advances due from customers	Discounted cash flows	Discount rates
Deposits and balances due to customers	Discounted cash flows	Discount rates
Subordinated liabilities	Discounted cash flows	Discount rates

37. Events subsequent to the reporting date

At the shareholders' meeting of the Bank on 27 November 2024, the shareholders decided to increase the share capital of the Bank, after the increase the share capital of the Bank is EUR 13 440 399.40. Taking into account Article 26 of Regulation (EU) No. 575/2013 of the European Parliament and of the Council, in December 2024 the Bank requested the Bank of Latvia permission to include in the Common Equity Tier 1 capital at the Bank's individual level and at the Group's consolidated level, new shares issued by the Bank with a total nominal value of EUR 312 499.40 and a share premium of EUR 1 237 453.61. On 4 February 2025, the Supervisory Committee of the Bank of Latvia granted permission to the Bank to include in the calculation of Tier 1 capital, at the Bank's individual and consolidated Group levels, the newly registered shares issued by the Bank in full, i.e. EUR 1 549 953.01.

During the reporting period, the management of the subsidiary Signet Pensiju Pārvalde IPAS critically assessed the profitability of continuing operations. Having assessed various possible options for further development, the Bank, as the sole shareholder, decided to reorganize Signet Pensiju Pārvalde IPAS by merging it with another investment management company of the Group, Signet Asset Management Latvia IPS. Until the start of the reorganization of Signet Pensiju Pārvalde IPAS, it will transfer the management rights of the state funded pension scheme plan under its management to another market participant. In turn, the management of the 3rd tier pension plan will continue to be managed by Signet Asset Management Latvia IPS.

Beyond the considerations described above, no events have occurred during the period between the final date of the reporting year and the date of signing of these consolidated and separate financial statements as a result of which the consolidated financial statement would require corrections, or which would require clarifications within this consolidated financial statement.

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Independent Auditors' Report

To the shareholders of Signet Bank AS

Report on the Audit of the Separate and Consolidated Financial Statements

Our Opinion on the Separate and Consolidated Financial Statements

We have audited the separate financial statements of Signet Bank AS ("the Bank") and consolidated financial statements of the Bank and its subsidiaries ("the Group") set out on pages 13 to 115 of the accompanying separate and consolidated Annual Report, which comprise:

- the separate and consolidated statement of financial position as at 31 December 2024;
- the separate and consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the separate and consolidated statement of changes in equity and reserves for the year then ended;
- the separate and consolidated statement of cash flows for the year then ended;
- notes to the separate and consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying separate and consolidated financial statements give a true and fair view of the separate and consolidated financial position of the Bank and the Group as at 31 December 2024, and of its separate and consolidated financial performance and its cash flows for the year then ended in accordance with the IFRS Accounting standards as adopted by the European Union (IFRS).

Basis for Opinion

In accordance with the Law on Audit Services of the Republic of Latvia we conducted our audit in accordance with International Standards on Auditing adopted in the Republic of Latvia (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements section of our report*.

We are independent of the Bank and the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) and independence requirements included in the Law on Audit Services of the Republic of Latvia that are relevant to our audit of the separate and consolidated financial statements in the Republic of Latvia. We have also fulfilled our other professional ethics responsibilities and objectivity requirements in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) and Law on Audit Services of the Republic of Latvia.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate and consolidated financial statements of the current period. These matters were addressed in the context of our audit of the separate and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report:

Impairment of loans to customers (the Bank and the Group)

Key audit matter	In the consolidated financial statements, gross value of loans to customers comprised EUR 211 959 thousand as at 31 December 2024 (31 December 2023: EUR 169 393 thousand) and impairment allowances comprised EUR 3 338 thousand as at 31 December 2024 (31 December 2023: EUR 2 231 thousand). The combined gross value of loans to customers by both the Bank and Magnetiq Bank AS constitutes the majority of the total gross value of loans to customers. In the separate financial statements, gross value of loans to customers comprised EUR 171 734 thousand as at 31 December 2024 (31 December 2023: EUR 130 466 thousand) and impairment allowances comprised EUR 2 554 thousand as at 31 December 2024 (31 December 2023: EUR 1 939 thousand). More details are provided in the note 16 of the separate and consolidated financial statements and information about the measurement policies is provided in the note 3. Individual impairment allowances recognized by the Group relate to individually monitored corporate and individual exposures, where the Bank and Magnetiq Bank AS are assessing expected credit loss (ECL) on an individual basis. The assessment is therefore based on the analysis of financial performance of each individual borrower and estimation of the fair value of the related collateral. The Group also performs a collective assessment of impairment allowance for loans and leases issued by the subsidiaries Primero Finance AS and AgroCredit Latvia SIA. The management applies significant judgements to define impairment allowance for loans to customers. Identification of a significant increase in credit risk and credit impairment loans, assessment of probability of default and loss given default ratios requires the management to exercise subjective judgments and develop complex financial models and therefore, we considered this as a key audit matter.
Our audit response	We assessed whether the accounting policies in relation to the impairment of loans to customers are in compliance with IFRS requirements. We assessed Bank's and Group's expected credit loss assessment methodology for compliance with the IFRS. We tested internal controls applied within processes

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	related to the loan approval and issuance as well as controls over delayed payments and debt collection. We made a sample and audited the Bank's loans covering 80% of outstanding loans gross value to customers as at 31 December 2024. In addition, we made a sample and audited Magnetiq Bank's loans covering 82% of outstanding loans to customers gross value as at 31 December 2024. As part of the audit procedures, we assessed customers' financial position, historic debt service, current creditworthiness and the management's exit plans and activities, as well as available sources for loan repayment. Majority of the loans issued by the Bank are loans secured by collateral, therefore in most cases the key source of recovery for non-performing loans is sale of collateral. We performed detailed assessment of assumptions and information sources used in valuation reports provided by independent valuation specialists and the Bank's analysts, including independent checks on market prices for comparable properties and benchmarking assumptions used within the cash flow forecasts against market practice. We analysed repayment scenarios for loans issued to borrowers that are directly or indirectly affected by imposed sanctions against Russia and Belarus, we checked reasonability of assumptions used and assessed whether impairment for such loans have been estimated appropriately by the Bank. We tested whether the management correctly identified and treated factors evidencing a significant increase in credit risk and impairment for loans to customers. We audited management assumptions and inputs used in assessment of probability of default and loss given default ratios. We tested completeness and accuracy of data used for the calculation of impairment allowance. We audited completeness and accuracy of disclosures related to loans to customers, impairment allowance and impairment losses.

Commission income from e-commerce transaction servicing (Magnetiq Bank AS)

Key audit matter	As disclosed in the note 8 in the financial statements, commission income from e-commerce transaction servicing comprised EUR 11 143 thousand for the year ended 31 December 2024. Details about the measurement policies are provided in the note 3 s). The management heavily relies on IT software for commission income calculations and recognition, which is based on the transaction amount by the merchant and relevant commission applied for a specific transaction, as agreed between the Magnetiq Bank and each individual merchant. Commission income is recognized at the point in time when a transaction is processed, as this represents the completion of Magnetiq Bank AS performance obligation under IFRS 15 "Revenue from Contracts with Customers." The commission income earned is deducted directly from the transaction amount before transferring funds to the e-commerce merchant.

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	The commission fee is contractually agreed upon with each merchant and represents the consideration for facilitating the payment. We assess this as a key audit matter due to the share of the commission income from e-commerce transaction servicing in the Group`s total income.
Our audit response	We assessed whether the accounting policies in relation to the commission income from e-commerce transaction servicing are in compliance with IFRS Accounting standards requirements. We analysed and tested internal controls environment with respect to the recognition of commission income from e-commerce transaction servicing and new clients on-boarding process. We assessed design and implementation of automatic controls in Magnetiq Bank AS`s IT systems. We conducted analytical procedures over the e-commerce commission income, assessing trends, ratios, and expected revenue patterns to identify any anomalies or inconsistencies. We evaluated the existence and accuracy of commission income from e-commerce transaction recognized, based on selected transactions We audited completeness and accuracy of disclosures related to commission income from e-commerce transaction servicing.

Reporting on Other Information

The Bank's and Group's management is responsible for the other information. The other information comprises:

- the Management Report, as set out on pages 3 to 10 of the accompanying separate and consolidated Annual Report,
- the composition of the Supervisory Council and the Management Board, as set out on page 11 of the accompanying separate and consolidated Annual Report.
- the Statement on Management Responsibility, as set out on page 12 of the accompanying separate and consolidated Annual Report,

Our opinion on the separate and consolidated financial statements does not cover the other information included in the Annual Report, and we do not express any form of assurance conclusion thereon, except as described in the *Other reporting responsibilities in accordance with the legislation of the Republic of Latvia* related to other information section of our report.

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate and consolidated financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed and in light of the knowledge and understanding of the entity and its environment obtained in the course of our audit, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other reporting responsibilities in accordance with the legislation of the Republic of Latvia related to other information

In addition, in accordance with the Law on Audit Services of the Republic of Latvia with respect to the Management Report, our responsibility is to consider whether the Management Report is prepared in accordance with the requirements of the Bank of Latvia – Regulation 326 Regulations for annual accounts and consolidated annual accounts of credit institutions, investment firms, investment management companies and private pension funds.

Based solely on the work required to be undertaken in the course of our audit, in our opinion:

- the information given in the Management Report for the financial year for which the separate and consolidated financial statements are prepared is consistent with the separate and consolidated financial statements; and
- the Management Report has been prepared in accordance with the requirements of the Bank of Latvia - Regulation 326 Regulations for annual accounts and consolidated annual accounts of credit institutions, investment firms, investment management companies and private pension funds.

Responsibilities of Management and Those Charged with Governance for the Separate and Consolidated Financial Statements

Management is responsible for the preparation of the separate and consolidated financial statements that give a true and fair view in accordance with IFRS Accounting standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and consolidated financial statements, management is responsible for assessing the Bank's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank and/or the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's and the Group's financial reporting process.

Auditor's Responsibility for the Audit of the Separate and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate and consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's and/or the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank and/or the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and objectivity, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate and consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Responsibilities and Confirmations Required by the Legislation of the Republic of Latvia and the European Union when Providing Audit Services to Public Interest Entities

We were appointed by the shareholder's meeting on 27 June 2024 to audit the separate and consolidated financial statements of Signet Bank AS for the year ended 31 December 2024. This is our seventh year of appointment.

We confirm that:

- our audit opinion is consistent with the additional report presented to the Audit Committee of the Bank and the Group;
- as referred to in the paragraph 37.6 of the Law on Audit Services of the Republic of Latvia we have not provided to the Bank and the Group the prohibited non-audit services (NASs) referred to in paragraph 1 of article 5 of EU Regulation (EU) No 537/2014. We also remained independent of the audited entity (the Bank) and the Group in conducting the audit.

SIA "BDO ASSURANCE"
Licence No 182

Irita Cimdare
Responsible sworn auditor
Certificate No 103
Member of the Board

Riga, Latvia
5 March 2025

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