

# SIGNET BANK AS ANNUAL REPORT

2025

A black rectangular sign with a gold logo consisting of three vertical bars of varying heights, and the words "SIGNET BANK" in gold capital letters below it. The sign is mounted on a textured wall next to a window.

**SIGNET  
BANK**

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## Signet Bank AS

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# Highlights 2025



**335**

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mIn EUR  
Loan portfolio volume



**1.7**

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bIn EUR  
AUMA



**47**

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mIn EUR  
Operating income



**8.8**

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mIn EUR  
Profit



**#1**

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In the bond trading  
segment in Latvia

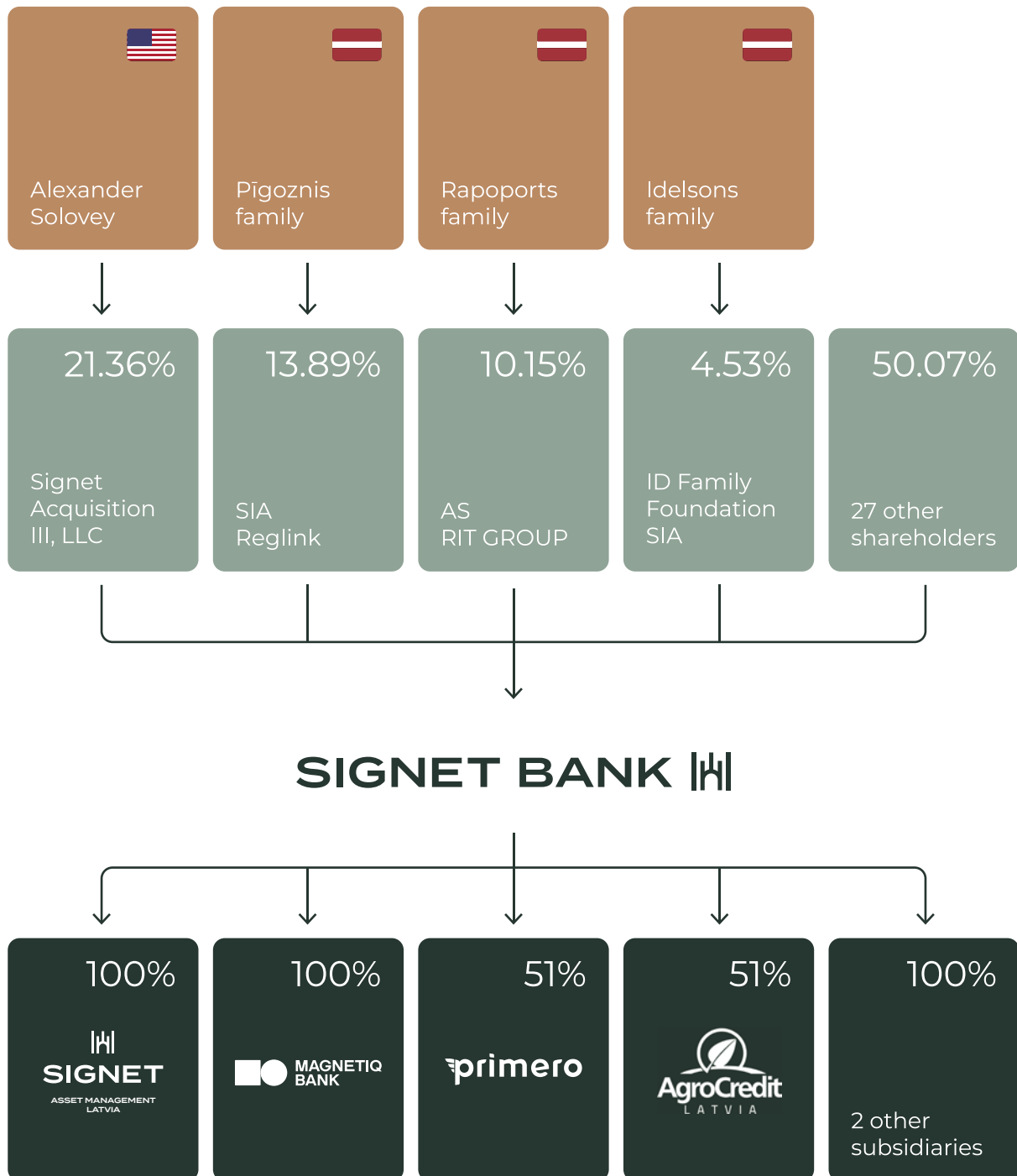


**359**

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mIn EUR  
Raised for clients through  
capital markets

# Signet Bank Group Structure



# Management Team



**Roberts Idelsons**  
*Chairman of the Board*

Roberts Idelsons holds a Master's degree from the University of Latvia Faculty of Economics. Roberts began his career with the Riga Stock Exchange in 1995. From 2003 till 2010, he chaired the Board of Citadele Asset Management, and headed Citadele banka's Private Capital Management Directorate to take part in the restructuring of Parex Banka and building up Citadele banka as a result. Beyond that, Roberts chaired the Board of Directors at Switzerland's AP Anlage & Privatbank AG. He has been Chairman of the Board at Signet Bank since 2013.



**Tatjana Drobina**  
*Member of the Board*

Tatjana Drobina obtained a Master's degree from the Faculty of Economics at the University of Latvia. She is a Certified Internal Auditor, a Chartered Financial Analyst, and a Certified Anti-Money Laundering Specialist. Tatjana has been active in the financial sector since 1995. She was a CFO and Head of Internal Audit at asset management company VB Financial Markets, later a Board member and CFO at BlueOrange Bank. Tatjana joined Signet Bank in June 2013.



**Sergejs Zaicevs**  
*Member of the Board*

Sergejs Zaicevs graduated with a Master's degree from the University of Latvia Faculty of Economics and Business Administration, launching his career in financial management at Procter&Gamble's Baltic Office. Since 2001, he worked with several banks and investment management businesses in Latvia, holding management positions, in charge of servicing high net worth individuals and investment management. Sergejs' work with Signet Bank began in June 2013, where he is currently a Member of the Board.



**Ineta Done**  
*Member of the Board*

Ineta Done has a higher professional qualification as an economist, specialising in banking, and a Master's degree in management and social sciences from the University of Latvia. Ineta is a highly qualified financial expert with 30 years of experience in the financial and banking sector. From 2013 to September 2024, she was Senior Vice President and Head of Customer Relations and Service at Signet Bank AS. She was also a member of the Board of Signet Asset Management IPA, a subsidiary of the bank, from 2015 to 2023 and Chairman of Signet Pension Management IPAS from January 2024 to September 2024. Until then, she gained experience in several local banks – Hansabank (now Swedbank), Citadele banka, etc., holding managerial positions in customer service and private banking departments. In addition, she obtained a Master of Humanities degree in art history and theory at the Latvian Academy of Arts.

# Management Team



**Arnis Praudiņš**  
*Member of the Board*

Arnis Praudiņš earned a master's degree from the Faculty of Economics and Management at the University of Latvia. He has more than 20 years of professional experience in the banking sector. From 2008 until 2013 he directed compliance functions at the Latvian branch of Nordea Bank AB, where he then became the director of identifying financial crimes. From 2017 until 2012 Mr Praudiņš worked for the Latvian branch of Swedbank AB, where he led the transaction oversight team and the Financial Crime Risk Management Department. In 2022, Mr Praudiņš joined the Baltic branch of Swedbank to co-ordinate the management of financial crime risks for the Baltic holding company of the bank. In 2023, he handled MLTPF functions and sanctions oversight for Mintos Marketplace AS and Mintos Payments AS. Starting from September of 2023 Mr Praudiņš has joined the management team of as a Board member and he is responsible for dealing with the prevention of money laundering and financing of terrorism and proliferation (MLTPF).



**Jānis Solovjakovs**  
*Anti-Financial  
Crime Division*

Jānis Solovjakovs received his Master's degree from the Faculty of Law at the University of Latvia. He is a Certified Anti-Money Laundering Specialist, and his area of expertise is risk and compliance management at credit institutions. In 2002, he made his career at Citadele Bank in the field of credit institutions' risk and compliance management. He joined Signet Bank in June 2013 to head our Risk and Compliance Department.



**Edmunds Antufjevs**  
*Head of Investment  
Banking division*

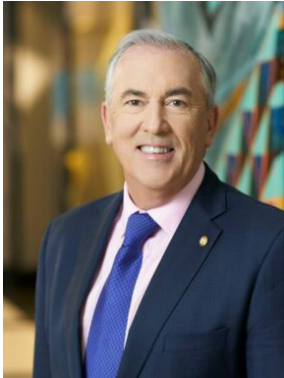
Edmunds Antufjevs holds a bachelor's degree in Finance from the BA School of Business and Finance and has over 10 years of experience in the banking sector. From 2014 to 2020, Edmunds worked at BluOr Bank, where he led the Investment Attraction Department. Since 2020, Edmunds has been part of the Signet Bank team, heading the Investment Banking Department and contributing to the bank's position as a leading investment banking service provider in Latvia. Edmunds is an experienced expert in capital markets and corporate finance in the Baltic region. He serves as Co-Chairman of the Financial Industry Association's Capital Markets Committee and is a member of the Nasdaq CSD Latvian User Committee.



**Reinis Zauers**  
*Head of the Legal  
Department*

Reinis Zauers has a Master's degree from the Faculty of Law at University of Latvia. His work experience in the field of law began in 1999, having since worked for numerous private and state government organisations. In 2003, Reinis transitioned to the financial sector, successfully holding various positions, most notably as a lawyer at the Parex Banka Financial Markets and Investment Management Department, and as head of the BlueOrange Legal Department and later part of its executive team. Since 2013, he has headed the Legal Department at Signet Bank and has contributed to its upper management group, while also holding the position of Member of the Board at Signet Asset Management Latvia.

# Board of Directors



**Michael Balboni**  
*Chairman of the  
Supervisory Board*

Michael Balboni has spent thirty years in government in the United States. He served in both houses of the New York State Legislature, and then became the Homeland Security Advisor for two Governors. In addition, he is a lawyer and runs several companies in the cyber and healthcare space. In 2021, he was appointed Chairman of the Supervisory Board for Signet Bank.



**Irina Pigozne**  
*Deputy Chairwoman of  
Supervisory Board*

Irina Pigozne is a professional with over 30 years of experience in banking and international investments. She has Master's degree in Physics from University of Latvia as well as accomplished International Executive Program at INSEAD in 2007. Irina has been active in the financial sector since 1994 – from 2003 to 2015 she was a Board Member at Swedbank AS, an acting Deputy Chairwoman of Supervisory Board at Signet Bank since 2017 as well as co-head of Latvia-based Family Office which manages numerous investments and businesses across Europe.



**Sergey Medvedev**  
*Supervisory Board Member*

Sergey Medvedev has a Master of Science degree from the Riga Aviation University. He has more than 15 years' experience working in banking and finance industry in Latvia including asset management company and pension fund. Sergejs was a member of Council for seven years at one of the largest road construction companies in Latvia – AS A.C.B. Sergey Currently, Sergejs is working with private companies, including the AS RIT Group. He has been Supervisory Board Member at Signet Bank since 2017.



**Thomas Neckmar**  
*Supervisory Board Member*

Thomas Neckmar received his Master of Science in Economics from the University of Lund. He also has a diploma from IMD business school. Over the past 25 years, he has worked in the European financial sector. Throughout his career, Tomass has strengthened Nordea Bank's presence in the Baltic States and Poland. From 1999 to 2011, he held the position of Vice President of Nordea Bank and was the Head of the Regional Bank for Poland and the Baltic States. He has been Supervisory Board Member at Signet Bank since 2013.

# Management report on the Group and the Bank's operations during 2025



**Roberts Idelsons**  
*Chairman of the Board*

Greetings,

In 2025, the Baltic economies were characterized by moderate growth and gradual stabilization of inflation, a stable labor market, improved corporate lending, and a cautious improvement in household sentiment. At the same time, concerns remained about the cost of living and the impact of the external environment, particularly the geopolitical situation. The EBRD forecasts that the GDP of the Baltic countries will continue to grow in 2026: it will increase by 2.2% in Latvia and Estonia, and by 3.3% in Lithuania. Employment increased, but growth was moderate, and the unemployment rate remained at around 6.7-6.9%, which is a relatively stable but not low level of unemployment. As financial market sentiment improved and monetary policy gradually stabilized, investor activity and corporate interest in attracting financing increased.

In 2025, the European Union economy experienced a slower but more stable recovery, with GDP growth in the range of 1-2%, with significant differences between Member States. Inflation in the euro area gradually approached the European Central Bank's target of 2%, easing pressure on household purchasing power and allowing monetary policy to become less restrictive. The labor market remained resilient with historically low unemployment, although productivity challenges and weaker industrial activity in some countries limited faster growth. Lending remained cautious as banks continued to apply stricter standards, while sentiment in capital markets gradually improved as inflation eased and greater clarity emerged on the interest rate outlook.

For joint-stock Signet Bank Group (hereinafter – Group), 2025 was another year of strong growth and

development. As one of the leading financial services groups in Latvia, combining banking, investment, fintech, and specialized lending companies, we continued our dynamic development in line with our long-term business strategy and achieved the best operating results in the Group's history. This is already the fourth consecutive year of growth, confirming the sustainability of the chosen strategy and market confidence.

The Group's main business lines– lending to Latvian companies and entrepreneurs and raising financing for local corporate clients through capital market financial instruments (bond and equity issues) – reached record levels in 2025. The Group's loan portfolio increased by 60% or EUR 126 million, reaching EUR 335 million at the end of the year. In turn, with the help of bond placements, Signet Bank provided its clients with financing in the amount of EUR 359 million in 2025, which is 117% more than in 2024. These results confirm not only numerical growth, but also the growing confidence of entrepreneurs in the opportunities offered by the capital market.

One of the Group's key priorities is the growth of its loan portfolio. During the reporting period, the loan portfolio increased thanks to a strong increase in the corporate loan segment – the portfolio increased by 114% and reached EUR 161 million at the end of the reporting period. Real estate financing, lending to financial companies and loans against securities collateral also showed positive development. Overall, Signet Bank's loan portfolio increased by 85% to EUR 249 million (excluding loans to subsidiaries).

We have achieved this result by purposefully attracting new customers, strengthening our team and gradually increasing the bank's brand recognition. At the same time, portfolio growth was also driven by the favorable conditions in the corporate lending market in Latvia – stabilization of interest rates and reduction of geopolitical risks encouraged entrepreneurs and consumers to borrow. As a result, total volume of loans issued by all banks in Latvia in 2025 increased by 12% or EUR 1.9 billion compared to 2024.

The Group's subsidiaries Primero and AgroCredit made a significant contribution to the growth of the Group's portfolio. Primero, one of the fastest growing consumer credit providers in Latvia, increased its loan portfolio by 41% to EUR 40 million. AgroCredit, a non-bank lender providing specialized lending services to farmers, increased its loan portfolio by 21% to EUR 19.7 million.

The Group plans to continue growing its business in the lending sector, taking advantage of the favorable situation in the Latvian lending market and the Group's growing brand recognition. The significant increase in the Group's capital in recent years has strengthened our ability to finance larger and more ambitious projects in the Latvian business environment, expanding the growth opportunities of the loan portfolio. Given that the Group's market share in the Latvian lending market is currently less than 5%, we see potential for significant portfolio growth even without acquiring a significant market share. In the coming years, the Group will continue to focus on lending to Latvian clients, offering a wide and tailored range of products to meet the needs of different borrowers.

Signet Bank is currently the leading investment bank in Latvia and one of the largest stockbrokers in the Baltics. By purposefully developing the capital market in Latvia, we have established a strong Investment Banking business line, which has become one of the cornerstones of the Group's strategic development. The year 2025 was particularly significant in this area – we achieved record results in our history in terms of both the number and volume of transactions. During the year, 22 bond issues were organized for the Group's clients, providing financing in the amount of EUR 359 million, which is 117% more than in 2024. These results confirm not only the professionalism of our team and market confidence, but also the growing importance of the capital market in the development of Latvian companies.

Signet Bank continues to be a driving force in the Latvian bond market – leader in the secondary bond market in Latvia and, for the third year in a row, leader in the Nasdaq Latvia bond trading segment. These results reflect our strategic development and ambition to continue strengthening the competitiveness of the Latvian capital market in the Baltic region.

More active use of capital market financial instruments by local companies is absolutely necessary to improve the availability and diversity of financing, as well as to strengthen Latvia's economic growth and sustainability.



We are pleased that equity and bond issues are becoming an increasingly popular form of financing in Latvia – according to the results of a survey conducted by Signet Bank in 2025, 51% (increase of 43% compared to 2023) of Latvian entrepreneurs are aware of the opportunities offered by the capital market. This is the highest figure in the last four years. In addition, 33% of entrepreneurs plan to use one of the alternative financing options in the coming year. These figures confirm significant progress in entrepreneurs' financial literacy, thanks in part to the Bank's initiatives and, in particular, the Signet Bank Capital Market Academy.

The Group continues to facilitate development of the capital market and financial literacy in Latvia by implementing various initiatives that engage and educate entrepreneurs and society, because we are convinced that growth begins with knowledge and understanding. In 2025, we arranged 33 financial literacy events and initiatives, involving and educating approximately 1 000 participants – entrepreneurs, investors, young people, and the wider public.



- One of the most important steps was the creation of the first Latvian capital market activity barometer. Together with the national news agency LETA, we created the first analytical report of its kind, which systematically compiles data on the development of the local capital market. The barometer provides structured information to entrepreneurs, investors, policymakers, and the public, promoting understanding of the development trends and growth potential of the Latvian capital market, as well as strengthening financial literacy and entrepreneur involvement in the capital market.
- The Signet Bank Capital Market Academy has become an important tradition – a free one-day educational program for entrepreneurs and business leaders that provides theoretical and practical insight into capital market opportunities and dispels myths about unclear issues. In 2025, we held our third season, organizing three academies with 200 participants. Since the initiative began in 2023, 11 academies have been held with more than 400 graduates.
- For the fourth year in a row, we continued to organize the Baltic Capital Markets Conference – the largest capital market conference in the Baltics, bringing

together industry experts, investors, entrepreneurs, and policymakers from the Baltics and Europe, including the finance ministers of the Baltic states in a special panel discussion. The conference was attended by 570 participants in person and watched live by 90 380 viewers across the Baltic States.

- We participated in the LAMPA discussion festival and discussed topics of importance to society, including financial literacy.
- Throughout the year, we provided regular information and analysis on current events in the financial market – both in the video series Financial Market Impulse – What's Current Right Now (Finanšu tirgus impulss – kas šobrīd aktuāls) and in analytical reviews of the investment environment and Baltic issuers, as well as through cooperation with the media, including Radio SWH, Finday.lv, Dienas Bizness, and the radio program More Money with Karīna Kulberga. We also continued our collaboration with IR magazine, supporting the publication of a special edition on financial literacy for the third year in a row.
- We paid special attention to the younger generation – we collaborated with the Stockholm School of Economics (SEE) in Riga and the University of Latvia, including awarding the Signet Bank Excellence Scholarship. We also supported the initiatives of investorklubs.lv by participating in the financial literacy festival and conference, which provides local investors with information on current developments in the Baltic capital market, as well as investment opportunities for both investors and the public.

We will continue to support initiatives that strengthen financial literacy both individually and in cooperation with the Finance Latvia Association and the Bank of Latvia. Despite rapid growth of the bond market segment in recent years, Latvia's capital market remains the smallest in the European Union. At the same time, thanks to improved financial literacy among both investors and entrepreneurs, capital market instruments are becoming an increasingly popular form of financing, creating the conditions for faster capital market growth. The Group's achievements in the Latvian capital market to date form a solid foundation for further growth in the Investment Banking business.

The third most important area of the Group's activities is providing investment solutions to clients with investable capital. At the end of 2025, the amount of client funds managed and administered by the Group reached EUR 1.7 billion, confirming the trust of our clients. We offer a wide range of investment solutions – deposits, brokerage services with access to financial instruments in both Latvian and international financial markets, investment consulting, individual portfolio management, and investment funds managed by Signet Asset Management. All of these investment products showed positive results in 2025, thanks to both the experience and professionalism of our team and the favorable situation in global financial markets.



During the reporting period, the Group's investment management company Signet Asset Management launched a new product that is unique in the Baltic region – the Signet Baltic Bond Fund. The fund offers investors opportunity to invest in a diversified portfolio of bonds issued by Baltic companies. This is a UCITS fund that provides investors with daily liquidity. In the near future, any investor will be able to purchase this investment product without opening an account with Signet Bank. We are confident that the Signet Baltic Bond Fund will become a popular product among Latvian investors, and we plan to continue growing its volume – since the fund's inception in May 2025, its assets have grown to EUR 7.2 million.

With the acquisition of Magnetiq Bank in December 2023, the Group entered the fintech business segment, focusing on Banking-as-a-Service (BaaS) solutions. 2025 was the first full year of operation under the Magnetiq Bank brand, marking a significant stage of development for both the bank and the Group.

During the reporting period, Magnetiq Bank completed its strategic transition to the financial technology (fintech) sector, strengthening its position as a BaaS and payment infrastructure provider in the European Economic Area. Using API-based solutions, Magnetiq Bank's infrastructure is fully adapted to the

dynamic needs of e-commerce and fintech companies, combining advanced technologies with the highest compliance standards in the EU banking sector.

Following approval by the Bank of Latvia, Jakub Wieclaw joined the Magnetiq Bank board as chairman and Deniss Filipovs as a board member on January 2, 2025, completing the formation of the management team.

During the reporting period, Magnetiq Bank started working with 95 new fintech companies, bringing the total number of business clients served to 310. Integration into the Visa B2B Connect network and targeted activities in the crypto asset sector in accordance with the MiCA regulation allowed the bank to attract a rapidly growing client base, whose needs are often not met by traditional banking services. E-commerce remained one of the bank's strategic priorities in 2025. The technological solutions implemented increased transaction efficiency, which led to a significant increase in the average daily transaction volume at the end of the year. At the same time, the bank transitioned to a fully digital client attraction process. Magnetiq Bank expanded its BaaS offering with new API and webhook solutions, and completed preparations for the launch of Lending-as-a-Service and Merchant Cash Advance in 2026.

The group's management sees significant growth potential in Magnetiq Bank's future development and value growth, becoming an important player in the Baltic fintech ecosystem. The development of innovative products and cooperation with rapidly growing fintech companies in both the Baltics and the EU creates broad opportunities for Magnetiq Bank to achieve significant business growth in the coming years, becoming one of the most important sources of revenue growth and contributing to a more rapid increase in the Group's total business value.

In 2025, the Group also managed to significantly increase other business volume indicators – number of clients, assets under management and administration, as well as growth in deposits, capital and revenue.

Comparing the Group's results at the end of 2025 with those at the end of 2024:

- Capital increased by 29% to EUR 53.5 million.
- Deposits reached EUR 567 million.
- Loan portfolio grew by 67%.
- Total assets under management and administration (AUMA) increased by 5% to EUR 1.7 billion.
- Gross income increased by 20% to EUR 47 million.
- Combined income (attributable to the Bank's shareholders) reached EUR 8.8 million.

The Group continues to maintain a conservative balance sheet structure – the capital adequacy ratio was 18%, the liquidity coverage ratio was 161 percent, while the loan-to-deposit ratio was 56%. The Group's return on equity (ROE) and return on assets (ROA) ratios were 21.55% and 1.36%, respectively.<sup>1</sup>

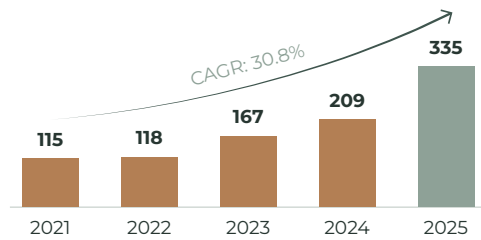
<sup>1</sup>Return on equity (ROE) is calculated by dividing the combined income attributable to the owners of the parent company for the reporting year by the average shareholders' equity at the beginning of the financial year, adjusted for share issues during the reporting year. Return on assets (ROA) is calculated by dividing the combined income attributable to the owners of the parent company for the reporting year by the average total assets, calculated as the average of the balance sheet totals at the beginning and end of the financial year.



## Dynamics of the group's key indicators:

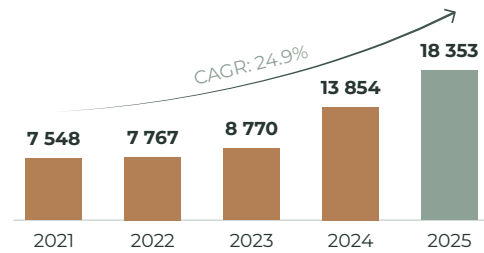
### Loan portfolio 2021 - 2025

EUR m



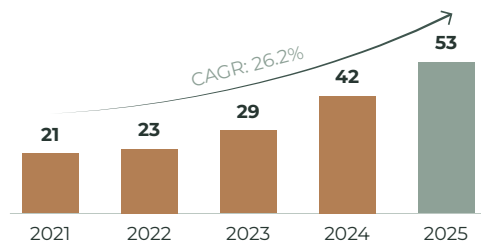
### Net commission income 2021 - 2025

EUR '000



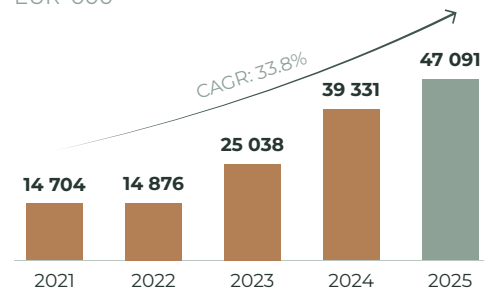
### Total equity 2021 - 2025

EUR m



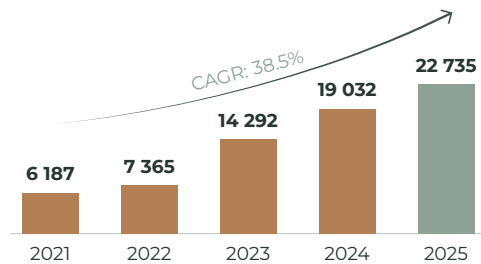
### Total operating income 2021 - 2025

EUR '000



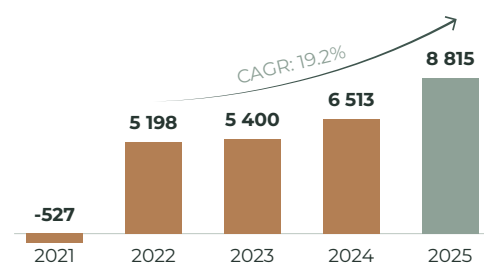
### Net interest income 2021 - 2025

EUR '000



### Total comprehensive income attributable to owners of the parent 2021 - 2025

EUR '000



Over the past three years, we have purposefully implemented Signet Bank's communication and marketing strategy, strengthening the Bank's brand recognition not only among entrepreneurs but also among the wider public. Although our core business focuses on financing of corporate clients and servicing entrepreneurs, we have deliberately broadened our communication approach, seeking new and strategic ways to build our reputation and strengthen our recognition among the Latvian public.

Therefore, in addition to business communication, we have become active participants and supporters of various national projects in culture, art, sports, and education. The brand's visibility and active presence in such projects, as well as targeted public communication, have strengthened the brand's emotional connection with the public and Signet Bank's positioning as a local bank. The results are measurable – brand recognition among the public has increased by 11% in one year.

The goal of brand communication and strategy is not only to increase brand recognition, build emotional connections, and strengthen reputation. It is a tool that promotes the attraction of new clients and the loyalty of existing clients. Our goal is not just to be recognizable – our goal is to be the choice.

In 2026, we plan to continue brand communication even more actively by implementing a thoughtful and multi-channel approach that combines professional competence with a socially significant and visible presence. The Group is committed to conducting its activities in accordance with the principles of sustainability and integrating environmental, social and governance considerations into activities of Signet Bank and its Group companies. In 2025, we continued to implement the Group's sustainability strategy by effectively integrating sustainability at all levels of the organization and promoting the availability of sustainable financial solutions.

Preserving local culture, developing society, and building a sustainable future are integral parts of Signet Bank's values. The bank continues to provide financial support every year and is actively involved in various national projects of significance – preserving and developing culture and art, sports initiatives, promoting the growth of local talent and the well-being of society. We also support sustainability projects that promote the implementation of environmentally friendly solutions and public education projects.

In 2025, we implemented 25 social support projects in the fields of culture, art, education, and sports. Most significant projects:

- We began collaborating with one of Latvia's most popular bands - Brainstorm, becoming supporters of their concert tour, First Days Tour (Pirmās Dienas Tūre). We also jointly implemented a public engagement campaign, creating a platform for Latvian residents to share their stories, [signetbank.com/pratavetra](https://signetbank.com/pratavetra), which collected stories from the band's fans.

- We became one of the main partners of the charity campaign Angels Over Latvia (Eņģeļi Pār Latviju).
- We continued our long-term support for the Latvian National Theater – Signet Bank as a main sponsor of the 106th/107th season.
- We became patrons of the Latvian National Symphony Orchestra.
- We were supporters of the Latvian National Opera and Ballet's Gadumijas (Year End) concert.
- We supported the cultural initiative Cēsis – Latvian Capital of Culture 2025 throughout the year.
- We supported art events – an exhibition at the Latvian National Museum of Art in honor of artist Džemma Skulme and a solo exhibition by artist Sabine Vernere at the ASNI Art Space.
- We started a new partnership by becoming a supporter of the city-wide contemporary art festival Riga Art Week.
- We continued to support beach volleyball duo Tīna Graudiņa and Anastasija Samoilova, as well as Liepāja Basketball Club's 2025 season.
- We provided support and continued to mentor within the Junior Achievement Latvia youth leadership program.

The Group manages ML/TPF and sanctions risk in accordance with Latvian regulations and best international practices. Each company in the group develops and implements control measures appropriate to its risk profile.

On February 19, 2026, Moneyval (the Council of Europe's Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism) published Latvia's assessment report, which provides international confirmation of the country's ability to effectively combat financial crime and ensure the security of the financial system. Latvia was the first country to undergo the sixth round of Moneyval assessment in accordance with the new methodology revised by the Financial Action Task Force (FATF). This indicates that the legislative requirements and the practices introduced for their implementation in the country as a whole, and in the financial sector in particular, are considered adequate for the proper management of ML/TPF and sanctions risks.

At the same time, the Group is taking preparatory measures to implement the risk management principles set out by the EU agency AMLA (Authority for Anti-Money Laundering and Countering the Financing of Terrorism).

Unfortunately, the war started by Russia in Ukraine is continuing for the fourth year, maintaining high geopolitical uncertainty in Europe and significantly



affecting the current security and economic environment. This has a significant impact on the security, economic and energy environment, as well as on the stability of financial markets in the region. The Group strongly condemns the aggression against Ukraine and supports Ukraine's sovereignty and right to independent and democratic development.

In 2026, the Group will continue its organic business growth in all strategic directions. We will focus on increasing lending volumes and strengthening our position in the corporate lending market, while continuing to provide our clients with financing through capital market instruments. We will continue to grow the volume of customer funds in the Signet Baltic Bond Fund and portfolios managed by Signet Asset Management, attract new clients to brokerage and investment advisory services, and improve the customer experience in everyday banking services and digital solutions.

Magnetiq Bank's priorities for 2026 include further development of the Bank's core products – acquiring, embedded finance, and payment services – continued development while maintaining a focus on profitability and efficient use of capital. Magnetiq Bank will continue to invest in process automation, expand its offering

with automated lending solutions, and strengthen its integration into the Latvian and European Union fintech ecosystem, thus supporting the national strategy to position Latvia as a European fintech hub.

Primero and AgroCredit will continue to increase their loan portfolios, providing sustainable financial solutions to their target clients.

Our success is based on people – our employees, clients, and shareholders. The knowledge, experience, and responsibility of our employees enable us to provide high-quality services to our clients, develop new solutions, make informed decisions, and manage risks effectively. The trust of our clients and the long-term vision of our shareholders form a stable foundation for the Group's development. This mutual cooperation allows us to ensure consistent approach to the Group's management and create sustainable value. On this foundation, we continue to strengthen our operations and ensure stable growth in the future.

The Group's management would like to thank our clients for their trust, our shareholders for their support, and our colleagues for their professional daily contribution to the Group's growth.

On behalf of the management:

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**Roberts Idelsons**  
*Chairman of the Management Board*

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**Tatjana Drobina**  
*Member of the Management Board*

March 5, 2026

# Commitment to promote sustainable development

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 materiality assessment

The Bank performs a double materiality assessment (DMA) to identify the material sustainability matters to its operations. The assessment considers both (i) the Bank's impacts on people and the environment and (ii) sustainability-related risks and opportunities that could affect the Bank's financial performance and resilience.

- As material environmental matters, we have identified climate change and biodiversity. Their materiality arises primarily from the Bank's financed impacts, i.e., impacts associated with loans granted and investments made.
- As a material social matter, the Bank considers own employees and protection of consumers.
- With regard to governance, we view effective and responsible governance practices to be fundamental to achieving sustainability objectives, and we are committed to a governance culture that is transparent, accountable and conducted with integrity.



## Strategic Sustainability Goals

The Bank's strategic sustainability targets are defined in the Sustainability Strategy for 2025-2027, with specific tasks and indicators for each target to track progress. In this report, we provide information on the impact indicators collected in 2025 and the measures implemented in those areas of the strategy where progress has been observed. In the coming years, we will continue to work purposefully towards achieving the sustainability targets we have set and integrating sustainability principles into all of the Group's activities.

### I. Reduce our direct environmental impact

One of the Bank's strategic sustainability objectives is to reduce the direct environmental impact of its operational activities. This includes Scope 1 and Scope 2 greenhouse gas (GHG) emissions arising from energy that is directly managed and consumed by the Bank, as well as from the waste generated and water consumed.

#### Signet Bank AS Direct Environmental Impact Metrics

Energy consumption	2025	Change compared to 2024	2024
Office heat energy consumption (natural gas), MWh	453	15%	393
Heat energy consumption per occupied area, MWh/m <sup>2</sup>	0.21	15%	0.18
Office electricity consumption, MWh	222	3%	215
Electricity consumption per employee	1.2	-4%	1.3
Renewable electricity procurement share, %	24%	24%	0%
Operational energy intensity (kWh/m <sup>2</sup> )	310	11%	280

Greenhouse gas emissions, tCO <sub>2</sub> e	2025	Change compared to 2024	2024
Scope 1 GHG emissions	82	16%	70
Scope 2 GHG emissions	85	-26%	115
Total GHG emissions (Scope 1 & 2)	166	-10%	185
Total GHG emissions per employee	0.9	-17%	1.1
GHG intensity of office premises (kgCO <sub>2</sub> e/m <sup>2</sup> )	76	-10%	85

Other data	2025	Change compared to 2024	2024
Water consumption, m <sup>3</sup>	1451	24%	1175
Total waste generated, including recycled waste, t	25.7	-4%	26.9
Recycled waste, t	0.9	-42%	1.5
Share of waste recycled, %	3%	-39%	5%
Employees	182	8%	169

In 2025, the Bank began sourcing electricity for its own operations from locally produced renewable energy. This is supported by the supplier's European Energy Certificate System (EECS) certificate and the *Powered by Green* label. As a result, the Bank significantly reduced its Scope 2 GHG emissions, as well as total GHG emissions and the GHG emissions intensity of its premises.

When preparing the 2025 report, certain indicators previously disclosed in the 2024 report were restated in line with an updated calculation methodology. The restatements relate to natural gas, water and waste

metrics. The restatements do not affect the reported amount of GHG emissions.

In 2025, the Bank also collected environmental impact data at Group level, the data is used for internal monitoring purposes and are not disclosed in this report.

### II. Improve the well-being of our employees

The Bank's ongoing priority is employee well-being, grounded in fostering a safe and health-promoting working environment, ensuring equal opportunities

and non-discrimination, and upholding the principles of diversity and inclusion. In addition, the Bank actively supports employee training and skills development and promotes work-life balance.

To promote employee well-being, various activities were provided in 2025:

- We supported Bank's employee's participation in 35. Rimi Riga Marathon and the participation in the Bank Cup in Beach Volleyball.
- We organized sporting activities, such as a sports games tournament, yoga and BodyArt classes on the Bank's premises, as well as a walking, running and cycling challenges, in which Signet Bank, Magnetiq Bank and SAM employees participated:
  - Walking challenge: participants collectively covered 4.484 km.
  - Running challenge: participants collectively covered 1.692 km.
  - Group team-building: we organized an orienteering challenge, where employees collectively covered 625.6 km.

- We organized educational seminars on a range of topics, including "How to recognize, reduce and prevent professional burnout in a dynamic work environment", "Procrastination: what makes us put things off and how to stop", "Managing personal development" and "Critical thinking".

In recognition of the Bank's contribution to fostering an inclusive, empathetic and supportive working environment, in 2025 we received two acknowledgements from the Society Integration Foundation of Latvia:

- "Diversity is Strength" – in the first year of participation, the Bank achieved Bronze status, reflecting the measures implemented to strengthen an inclusive organizational culture and promote diversity.
- "Family-Friendly Workplace" status – awarded for strengthening work-family balance, including opportunities for remote work and flexible working hours, as well as well-being and support initiatives for employees at different life stages.

#### Signet Bank AS Employee Related metrics

Occupational health and safety, discrimination and human rights incidents	2025
Work-related accidents	-
Work-related ill health cases	-
Discrimination incidents (including harassment)	-
Human rights incidents involving own workers	-
Number of reported human rights complaints or violations	-

Diversity indicators	2025
Share of women in total workforce	66%
Share of women on the Management Board	40%
Share of women on the Supervisory Board	25%
Share of employees aged under 30	9%
Share of employees aged 30-50	68%
Share of employees aged over 50	23%

To ensure that employees have opportunities to develop skills and enhance their knowledge, the Bank prepares an annual training plan. In 2025, employees completed a total of 2 583 training hours across mandatory and career development training programs, equivalent to an average of 14.5 training hours per employee.

Training and skills development indicators	2025
Average training hours per employee	14.5
Average training hours, women	15.9
Average training hours, men	11.8
Average training hours, Management Board	18.2



### III. Deliver exceptional customer service that is aligned with sustainability practices

Signet Bank's service is based on an individual approach to each client, providing well-considered and responsible financial solutions. Our objective is not only to deliver high-quality financial services, but also to build sustainable and trustworthy relationships with clients, supporting them in achieving their long-term goals.

In 2025, we continued to improve the accessibility of our services for both existing and prospective clients by implementing enhancements to the Bank's digital channels, in order to ensure more convenient, efficient and secure customer service.

### IV. Enhance social well-being and foster sustainable communities through our actions and initiatives

One of the Bank's sustainability strategic priorities is to strengthen financial literacy among both businesses and individuals. In 2025, to support this objective, the Bank organized events regarding capital markets solutions such as – the public education initiative Capital Market Academy, which is intended for entrepreneurs and business leaders, the Baltic Capital Markets Conference 2025, the largest capital market event in the Baltics, which is being held for the fourth consecutive year, as well as the presentation of the first Latvian capital market activity barometer.

An important sustainability strategic priority for the Bank is to increase positive social impact through targeted community investment that supports community development and social well-being. This is delivered through financial support and active participation in

projects and initiatives of national significance. In 2025, we implemented 25 public support projects, including: 8 in culture, 4 in education, 2 in sports, 6 in business development, 5 arts.



### V. Strengthen sustainability governance and ethical practices

In 2025, we continued to integrate sustainability considerations into business processes, strengthening their role in strategic planning, decision-making and risk management:

- Strengthened internal capacity and ongoing competence development in sustainability.
- Introduced regular reporting to Bank's governing bodies on progress in implementing the sustainability strategy and on target achievement.
- Enhanced of sustainability data governance, including data collection from subsidiaries, and the review of selected methodologies.
- Integrated sustainability considerations into the Chief Risk Officer's regular reporting.
- Initiated updates to the sustainability strategy, as well as sustainability related internal policies and procedures (which will continue in 2026).

## VI. Improve sustainability performance of our loan and investments portfolio, and support our clients in their transition to a more sustainable future

The Bank's most significant impacts on sustainability matters arise from its financing and investment decisions. Accordingly, in 2025 we focused on initiatives that both improve the sustainability profile of our portfolio and enable more targeted support for clients in their transition to sustainable economy:

- Continued the integration of sustainability considerations into lending practices, through assessment of the sustainability aspects within lending projects based on information provided by clients and, in parallel, engaged with clients to explain the relevance of sustainability topics. This supports a more systematic identification of material risks and opportunities in transactions and strengthens clients' understanding and readiness to implement transition measures.
- Supported sustainable finance solutions in capital markets – the Bank supported SIA "Rīgas ūdens" in the issuance of EUR 20 million in Green Bonds, acting as arranger and distributor. The transaction represented a milestone for Latvia's capital market, as "Rīgas ūdens" was the first municipal company in Latvia to raise financing via the capital market and the first company in Northern Europe to issue bonds in line with the European Green Bond (EuGB) standard.
- Established the foundation for measuring portfolio financed emissions. In 2025, the Bank became a member of the Partnership for Carbon Accounting Financials (PCAF), joining an internationally recognized initiative that provides methodologies and guidance for measuring and reporting financed emissions. The PCAF framework supports the

Bank in standardizing and further development of its approach regarding financed emissions calculations, enabling a more data-driven assessment of environmental impacts arising from lending and investment activities. The calculation of financed emissions will provide a basis for setting and implementing targeted emissions reduction actions going forward.

## VII. Ensure effective and proactive sustainability risk management across all business activities

In 2025, we further developed our sustainability risk management process by applying a consistent approach to the identification and assessment of sustainability risks and using the results to support portfolio monitoring and decision-making:

- At portfolio level, we analyze our investments by sector and geographic location to determine the portfolio's overall exposure to transition risks (which are sector-dependent) and physical risks (which are location-dependent).
- At transaction level, we assess the sustainability risks of individual projects or companies, taking into account relevant sustainability indicators and the processes in place to manage sustainability-related risks and opportunities.
- We obtain the data required for risk assessment from external databases and public registers, as well as from client provided or publicly disclosed information.
- We continuously work to further enhance our sustainability risk management framework and improve the availability of relevant data, such as the information regarding the energy performance of buildings and other indicators that are material for managing sustainability risks.



# 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, 2025, 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 Pigozne
Member of the Supervisory Council	Thomas Roland Evert Neckmar
Member of the Supervisory Council	Sergejs Medvedevs

## Management Board of the Bank

There were no changes in the membership of the Bank's Management Board during the reporting period. On December 31, 2025, the membership of the Bank's Management Board was such:

Ieņemamais amats	Name, surname
Chairman of the Management Board	Roberts Idelsons
Member of the Management Board	Tatjana Drobina
Member of the Management Board	Sergejs Zaicevs
Member of the Management Board	Arnīs Praudiņš
Member of the Management Board	Ineta Done

# 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 18 to 119 of the financial statements of the Bank and the Group for 2025 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:

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**Roberts Idelsons**  
*Chairman of the Management Board*

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**Tatjana Drobina**  
*Member of the Management Board*

5 March 2026

## Statement of Income

'000 EUR	Note	Group 2025	Bank 2025	Group 2024	Bank 2024
Interest income		32 398	22 440	29 662	21 069
Interest expense		(9 663)	(7 366)	(10 630)	(8 724)
<b>Net interest income</b>	7	<b>22 735</b>	<b>15 074</b>	<b>19 032</b>	<b>12 345</b>
Fee and commission income	8	28 627	13 203	25 165	10 540
Fee and commission expense	9	(10 274)	(2 424)	(11 311)	(2 354)
<b>Net fee and commission income</b>		<b>18 353</b>	<b>10 779</b>	<b>13 854</b>	<b>8 186</b>
Dividend income		68	50	29	21
Net profit/(loss) on discontinuing recognition of financial assets and financial liabilities at fair value through profit or loss		1 711	1 417	1 941	1 137
Net profit/(loss) from financial assets and financial liabilities measured at fair value through profit or loss		67	67	(116)	-
Net foreign exchange profit		2 313	905	2 920	461
Net income from non-financial assets derecognition		703	-	-	-
Net other income		1 141	631	1 671	676
<b>Total operating income</b>		<b>47 091</b>	<b>28 923</b>	<b>39 331</b>	<b>22 826</b>
General administrative expenses	10	(33 544)	(18 622)	(30 450)	(15 368)
Profit/(loss) from investments in subsidiaries and associates		348	-	(92)	-
Reversal of provisions for other contingent liabilities		5	5	1	1
Impairment loss	11	(3 599)	(1 857)	(1 931)	(599)
<b>Profit before income tax</b>		<b>10 301</b>	<b>8 449</b>	<b>6 859</b>	<b>6 860</b>
Income tax expense	12	(1 757)	(1 714)	(1 407)	(1 387)
<b>Profit for the period</b>		<b>8 544</b>	<b>6 735</b>	<b>5 452</b>	<b>5 473</b>
Profit Attributable to non-controlling interest		105	-	(597)	-
Profit Attributable to Equity holders of the Bank		8 439	6 735	6 049	5 473

The accompanying notes on pages 26 to 119 are an integral part of the Group's consolidated and Bank's standalone financial statements.

The Group's consolidated and Bank's standalone financial statements as set out on pages 18 to 119 were approved by management of the Bank on 5 March 2026.

On behalf of the management:

**Roberts Idelsons**  
Chairman of the Management Board

**Tatjana Drobina**  
Member of the Management Board

## Statement of Comprehensive Income

'000 EUR	Note	Group 2025	Bank 2025	Group 2024	Bank 2024
<b>Profit for the period</b>		<b>8 544</b>	<b>6 735</b>	<b>5 452</b>	<b>5 473</b>
<b>Other comprehensive income</b>					
<b>Items that are or may be reclassified to profit or loss</b>					
Changes in revaluation reserve of debt securities at fair value through other comprehensive income		333	103	348	(59)
Change to income statement as a result of sale of financial assets at fair value through other comprehensive income (debt securities)		43	43	116	-
<b>Other comprehensive income for the period</b>		<b>376</b>	<b>146</b>	<b>464</b>	<b>(59)</b>
<b>Total comprehensive income for the period</b>		<b>8 920</b>	<b>6 881</b>	<b>5 916</b>	<b>5 414</b>
Attributable to non-controlling interest		105	-	(597)	-
Attributable to Equity holders of the Bank		8 815	6 881	6 513	5 414

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On behalf of the management:

**Roberts Idelsons**  
Chairman of the Management Board

**Tatjana Drobina**  
Member of the Management Board

## Statement of Financial Position

'000 EUR	Note	31 Dec 2025 Group	31 Dec 2025 Bank	31 Dec 2024 Group	31 Dec 2024 Bank
<b>Assets</b>					
Cash and due from central banks	13	136 896	51 845	169 820	76 784
Demand deposits with financial institutions	15	17 900	15 028	18 021	15 022
Financial instruments carried at fair value through profit or loss	14	15 427	15 224	22 829	22 315
Debt securities measured at fair value through other comprehensive income	17	19 544	5 741	9 763	479
Financial assets measured at amortized cost		452 664	397 780	394 242	331 102
<i>Loans and advances due from non-banks</i>	16	334 813	296 973	208 621	169 180
<i>Debt securities</i>	18	117 851	100 807	184 465	161 922
<i>Term deposits with finance institutions</i>	15	-	-	1 156	-
Investment in subsidiaries	19	-	40 381	-	40 327
Investment in associates	20	1 182	1 108	1 623	1 781
Property and equipment	21	5 841	1 370	8 398	1 587
Intangible assets	22	1 559	986	1 577	917
Non-current assets held for sale	23	1 536	1 498	1 835	1 824
Other assets	24	8 714	7 151	8 610	6 806
<b>Total Assets</b>		<b>661 263</b>	<b>538 112</b>	<b>636 718</b>	<b>498 944</b>

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On behalf of the management:

**Roberts Idelsons**  
Chairman of the Management Board

**Tatjana Drobina**  
Member of the Management Board

## Statement of Financial Position

'000 EUR	Note	31 Dec 2025 Group	31 Dec 2025 Bank	31 Dec 2024 Group	31 Dec 2024 Bank
<b>Liabilities and shareholders' equity</b>					
Demand deposits to credit institutions		4	145	172	172
Financial liabilities at fair value through profit or loss	14	1 380	1 380	477	477
Financial liabilities measured at amortized cost		582 721	473 429	577 113	444 954
<i>Deposits</i>	25	555 889	446 140	555 093	428 482
<i>Subordinated liabilities</i>	26	11 230	11 230	10 530	10 530
<i>Debt securities issued</i>	27	9 632	9 632	5 942	5 942
<i>Term liabilities to a credit institution</i>		-	6 427	-	-
<i>Other liabilities</i>		5 970	-	5 548	-
Provisions	28	37	37	42	42
Other liabilities	29	23 665	15 540	17 378	15 599
<b>Total Liabilities</b>		<b>607 807</b>	<b>490 531</b>	<b>595 182</b>	<b>461 244</b>
Share capital	30	13 978	13 978	13 440	13 440
Share premium		11 976	11 976	9 514	9 514
Other reserves		25	25	25	25
Fair value reserve		900	147	524	1
Accumulated profit		24 345	21 455	15 906	14 720
<b>Total Equity Attributable to Equity Holders of the Bank</b>		<b>51 224</b>	<b>47 581</b>	<b>39 409</b>	<b>37 700</b>
Non-controlling Interest		2 232	-	2 127	-
<b>Total Shareholders' Equity</b>		<b>53 456</b>	<b>47 581</b>	<b>41 536</b>	<b>37 700</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>661 263</b>	<b>538 112</b>	<b>636 718</b>	<b>498 944</b>
<b>Assets under management and administration</b>	<b>32</b>	<b>1 109 191</b>	<b>1 005 987</b>	<b>1 033 620</b>	<b>867 609</b>

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On behalf of the management:

**Roberts Idelsons**  
Chairman of the Management Board

**Tatjana Drobina**  
Member of the Management Board

## Statement of Cash flows

'000 EUR	Note	Group 2025	Bank 2025	Group 2024	Bank 2024
<b>Cash flows from operating activities</b>					
Profit before income tax		10 301	8 449	6 859	6 860
Corporate income tax	12	1 757	1 714	1 407	1 387
Amortisation and depreciation	21, 22	1 727	1 113	1 514	1 029
Profit from sale of fixed assets		(703)	-	-	-
Investments in associate		-	-	(4)	-
Impairment loss		3 599	1 857	1 931	599
Net interest income		(22 735)	(15 074)	(19 032)	(12 345)
Increase / (Decrease) of provisions		(5)	(5)	13	17
<b>Decrease in cash and cash equivalents before changes in assets and liabilities, as a result of ordinary operations</b>		<b>(6 059)</b>	<b>(1 946)</b>	<b>(7 312)</b>	<b>(2 453)</b>
(Increase)/decrease in financial assets at fair value through profit or loss		8 305	7 994	(11 473)	(11 762)
(Increase)/decrease in balances due from financial institutions		588	7 224	(874)	(1 779)
Increase in loans and advances due from customers		(126 393)	(128 579)	(28 818)	(41 323)
Decrease in non-current assets held for sale		299	326	566	500
Increase/(decrease) in other assets		4 455	(785)	915	329
Increase in deposits and balances due from customers		1 843	18 584	70 810	80 442
Increase/(decrease) in other liabilities		(7 289)	(3 647)	(1 499)	1 568
<b>Increase / (decrease) in cash and cash equivalents from changes in assets and liabilities, as a result of ordinary operations</b>		<b>(124 251)</b>	<b>(100 829)</b>	<b>22 315</b>	<b>25 522</b>
Interest received		30 655	21 929	30 155	21 024
Interest paid		(10 099)	(8 103)	(9 032)	(7 131)
<b>Increase/(decrease) in net cash flow from operating activities</b>		<b>(103 695)</b>	<b>(87 003)</b>	<b>43 438</b>	<b>39 415</b>
<b>Cash flow from investing activities</b>					
Purchase of property and equipment		(1 253)	(965)	(1 302)	(590)
Proceeds from the sale of fixed assets		7 842	-	-	-
Investments in financial instruments designated at fair value through profit or loss		(45 634)	(41 414)	7 869	(471)
Proceeds in financial instruments designated at fair value through profit or loss		36 229	36 298	1 623	1 719
Investments in financial assets measured at amortized cost		(386 891)	(381 491)	(209 842)	(195 092)
Proceeds in financial assets measured at amortized cost		453 442	442 532	205 860	178 374
Acquisition of subsidiaries		-	-	-	(2 055)
Investments in subsidiaries		-	178	-	(205)
Proceeds from acquisition of subsidiaries		-	-	2 107	-
Investments in associate		441	441	-	-
<b>Net cash flow from investing activities</b>		<b>64 176</b>	<b>55 579</b>	<b>6 315</b>	<b>(18 320)</b>

## Statement of Cash flows

'000 EUR	Note	Group 2025	Bank 2025	Group 2024	Bank 2024
<b>Cash flow from financing activities</b>					
Non-controlling interest in subsidiary		-	-	2 276	-
Increase in share capital		538	538	796	796
Increase in share issue premium		2 462	2 462	3 154	3 154
Increase/(decrease) in Subordinated liabilities		1 035	1 035	(985)	(985)
Increase in Debt securities issued		3 500	3 500	1 500	1 500
Repayment of lease liabilities		(309)	(174)	(134)	(167)
<b>Net cash flow from financing activities</b>		<b>7 226</b>	<b>7 361</b>	<b>6 607</b>	<b>4 298</b>
<b>Net in cash and cash equivalents</b>					
<b>Net in cash and cash equivalents</b>		<b>(32 293)</b>	<b>(24 063)</b>	<b>56 360</b>	<b>25 393</b>
Cash and cash equivalents at the beginning of the year		187 841	91 806	131 482	66 549
Currency translation of cash and cash equivalents at the year		(752)	(870)	(1)	(136)
<b>Cash and cash equivalents at the end of the year</b>	13	<b>154 796</b>	<b>66 873</b>	<b>187 841</b>	<b>91 806</b>

The accompanying notes on pages 26 to 119 are an integral part of the Group's consolidated and Bank's standalone financial statements.

The Group's consolidated and Bank's standalone financial statements as set out on pages 18 to 119 were approved by management of the Bank on 5 March 2026.

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

'000 EUR	Note	Share capital	Share premium	Fair value reserve	Other reserves	Accumulated profit	Non-controlling interest	Total
<b>Balance at 31 December 2023</b>		<b>12 644</b>	<b>6 360</b>	<b>60</b>	<b>25</b>	<b>9 857</b>	<b>448</b>	<b>29 394</b>
Issue of shares		796	3 154	-	-	-	1 175	5 125
Transfers between equity components		-	-	-	-	-	1 101	1 101
<b>Comprehensive income</b>								
Profit/ (loss) for the year		-	-	-	-	6 049	(597)	5 452
Other comprehensive income		-	-	464	-	-	-	464
<b>Total comprehensive income / (expense)</b>		<b>-</b>	<b>-</b>	<b>464</b>	<b>-</b>	<b>6 049</b>	<b>(597)</b>	<b>5 916</b>
<b>Balance at 31 December 2024</b>		<b>13 440</b>	<b>9 514</b>	<b>524</b>	<b>25</b>	<b>15 906</b>	<b>2 127</b>	<b>41 536</b>
Issue of shares		538	2 462	-	-	-	-	3 000
<b>Comprehensive income</b>								
Profit/ (loss) for the year		-	-	-	-	8 439	105	8 544
Other comprehensive income		-	-	376	-	-	-	376
<b>Total comprehensive income / (expense)</b>		<b>-</b>	<b>-</b>	<b>376</b>	<b>-</b>	<b>8 439</b>	<b>105</b>	<b>8 920</b>
<b>Balance at 31 December 2025</b>	30	<b>13 978</b>	<b>11 976</b>	<b>900</b>	<b>25</b>	<b>24 345</b>	<b>2 232</b>	<b>53 456</b>

The accompanying notes on pages 26 to 119 are an integral part of the Group's consolidated and Bank's standalone financial statements.

The Group's consolidated and Bank's standalone financial statements as set out on pages 18 to 119 were approved by management of the Bank on 5 March 2026.

On behalf of the management:

**Roberts Idelsons**  
Chairman of the Management Board

**Tatjana Drobina**  
Member of the Management Board

## Bank's Standalone Statement of Changes in Shareholders' Equity

'000 EUR	Note	Share capital	Share premium	Fair value reserve	Other reserves	Accumulated profit	Total
<b>Balance at 31 December 2023</b>		<b>12 644</b>	<b>6 360</b>	<b>60</b>	<b>25</b>	<b>9 247</b>	<b>28 336</b>
Issue of shares		796	3 154	-	-	-	3 950
<b>Comprehensive income</b>							
Profit for the year		-	-	-	-	5 473	5 473
Other comprehensive income		-	-	(59)	-	-	(59)
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>(59)</b>	<b>-</b>	<b>5 473</b>	<b>5 414</b>
<b>Balance at 31 December 2024</b>		<b>13 440</b>	<b>9 514</b>	<b>1</b>	<b>25</b>	<b>14 720</b>	<b>37 700</b>
Issue of shares		538	2 462	-	-	-	3 000
<b>Comprehensive income</b>							
Profit for the year		-	-	-	-	6 735	6 735
Other comprehensive income		-	-	146	-	-	146
Total comprehensive income		-	-	146	-	6 735	6 881
<b>Balance at 31 December 2025</b>	30	<b>13 978</b>	<b>11 976</b>	<b>147</b>	<b>25</b>	<b>21 455</b>	<b>47 581</b>

The accompanying notes on pages 26 to 119 are an integral part of the Group's consolidated and Bank's standalone financial statements.

The Group's consolidated and Bank's standalone financial statements as set out on pages 18 to 119 were approved by management of the Bank on 5 March 2026.

On behalf of the management:

**Roberts Idelsons**  
Chairman of the Management Board

**Tatjana Drobina**  
Member of the Management Board

# Notes to the Financial Statements

## 1. General information

### Principal activities

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

Signet Bank AS operates in accordance with the legislative acts of the Republic of Latvia and the license for the operation of a credit institution issued by the Bank of Latvia No. 06.01.05.010/546, issued on December 4, 1991, 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, Riga LV-1010, Latvia.

At the end of the reporting year the Bank's leading shareholders are financially powerful investors, including Signet Acquisition III LLC (22.16% of capital shares), SIA Reglink (14.41% of capital shares), AS RIT GROUP (10.53% of capital shares). 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 2025 Bank expanded its shareholder base, as a result of the new share issue, fourteen 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, capital management, including brokerage, securities storage and portfolio management services, consultations on investments, club-type financing transactions, 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 2025, the Bank organised 22 bond issues for Latvian companies,

helping them to attract financing worth EUR 359 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 issues and their volume in 2025.

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.

In 2024, the Group's management conducted a strategic assessment of the operations of the Bank's subsidiaries Signet Asset Management Latvia IPAS and Signet Pensiju Pārvalde IPAS (SPP). As a result of this assessment, a strategic decision was made to discontinue the Group's operations in the state-funded pension scheme management market, due to high competition and the Group's limited ability to attract new pension plan clients.

During the reporting period, SPP was reorganised by merging it with another investment management company of the Signet Group, Signet Asset Management Latvia IPS, while the management of the pension plan managed by SPP was transferred to CBL Asset Management for a fee, while the management of the 3rd pillar pension plan continues to be managed 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.

## Group's organisational structure

The companies included in the Group are listed in Note 2 to the 2025 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/en/management/>.

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/en/about-us/management-and-shareholders/>. 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/en/about-us/management-and-shareholders/>.

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, no significant changes were made to the corporate governance structure in 2025.

## 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.

## Number and diversity of Council and Board members in the Bank's and Group's regulated financial subsidiaries. Information on the situation as of December 31, 2025:

Title	Council						Board				
	Number of Council members	Males	Females	Longest term of duty (in years)	Shortest term of duty (in years)	Number of independent council members	Number of Board members	Males	Females	Longest term of duty (in years)	Shortest term of duty (in years)
Signet Bank AS	4	3	1	12,8*/3,5**	5*/3,5**	2	5	3	2	12,8*/3,5**	1,4
AS Magnetiq Bank	3	2	1	2,3	1,2	1	4	3	1	1,8	1,2
Signet Asset Management Latvia IPS	3	3	-	4,8	0,1	1	3	2	1	0,8	0,1

\*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's-level document that contains principles for managing conflicts of interest applicable to Group's 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 governance system

The Group's internal governance 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/en/management/>.

## 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 plans (hereinafter - BCP), which define 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's companies, taking into account their business models, develop and approve their own BCP and other internal regulatory documents that regulate various business continuity-related matters in detail.

BCP of the Group ensure the identification of the Group's critical business processes, the disruption of which may result in a crisis situation, as well as the resources required to ensure their continuity. The assessment of critical business processes and the resources supporting them results in defined recovery times and actions in crisis situations. BCP include information on the crisis management team, responsible and involved employees, the involvement of administrative and technical functions and internal and external communication within the Group. The Group's companies regularly perform BCP testing.



## 2. Authorisation of the financial statements

These financial statements have been authorised for issuance by the Management of the Bank on 5 March 2026 and they comprise the financial information of Signet Bank AS (hereinafter – the Bank) and its subsidiaries - AS "Magnetiq Bank", Signet Asset Management Latvia IPS, 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 are as follows:

Name	Country of incorporation	Principal Activities	Address	Reasons for inclusion in the group	Ownership % 31 Dec 2025
<b>AS Magnetiq Bank</b>	Latvia	Credit institution	54 Brivibas street, Riga LV-1011, Latvia	Subsidiary	100
<b>Signet Asset Management Latvia IPS</b>	Latvia	Financial services	3-1 Antonijas street, Riga LV-1010, Latvia	Subsidiary	100
<b>SIA AgroCredit Latvia</b>	Latvia	Financial services	Mārupes county, Mārupe, Ziedleju street 6, LV-2167, Latvia	Subsidiary	51
<b>AS "Primero Holding"</b>	Latvia	Financial services	3-1 Antonijas street, Riga LV-1010, Latvia	Subsidiary	51
<b>AS "Primero Finance"</b>	Latvia	Financial services	3 Antonijas street, Riga LV-1010, Latvia	Subsidiary of a subsidiary	51*
<b>UAB Primero Finance</b>	Lithuania	Financial services	Perkūnkiemio Str. 6-1, Vilnius, LT-12130, Lithuania	Subsidiary of a subsidiary	51*
<b>Primero SV1 OU**</b>	Estonia	Financial services	Harju maakond, Tallinn, Kesklinna linnaosa, Narva mnt 5, 10117, Estonia	Subsidiary of a subsidiary	51*
<b>Citra Development SIA</b>	Latvia	Real estate rental and management	Antonijas Str. 3-5, Riga, LV-1010, Latvia	Subsidiary	100
<b>SB Real Estate SIA</b>	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.

\*\*in the process of liquidation.

### 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 standalone financial statements.

#### a) Basis of preparation

The accompanying Group consolidated and Bank standalone financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("EU IFRS"), and Bank 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.

#### 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 2025***

The following amendments are effective for the period beginning 1 January 2025:

- Lack of Exchangeability (Amendment to IAS 21 The Effects of Changes in Foreign Exchange Rates). On 15 August 2023, the IASB issued amendments - Lack of Exchangeability, which amended IAS 21 - The Effects of Changes in Foreign Exchange Rates. The amendments introduce requirements for assessing when a currency is convertible into another currency and when it is not. The amendments require that if an entity concludes that a currency is not convertible into another currency, the spot exchange rate should be estimated.

These amendments did not have an impact on these financial statements.

The following illustrative examples were issued in 2025 and do not have an effective date:

- Illustrative examples of presenting uncertainty in financial statements

On 28 November 2025, the IASB issued disclosures about uncertainties in the financial statements illustrative examples, which amended several IFRS accounting standards to include illustrative examples that illustrate how entities can apply IFRS accounting

standards by presenting the effects of uncertainty in their financial statements. The illustrative examples are supplementary material to the IFRS accounting standards and do not have an effective date. The IASB had published a near-final exposure draft of these illustrative examples in July 2025.

The Group and the Bank have taken these illustrative examples into account in preparing these financial statements and no additional disclosures or changes to the presentation of the statements were considered necessary.

##### ***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 and Bank has decided not to adopt early.

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/standalone financial statements of the Group/Bank, 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/Bank 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.

Transactions between entities under common control are accounted for using the predecessor (book value) method. Assets and liabilities are recognised at their existing carrying amounts, no goodwill is recorded, and any difference between the consideration transferred and the carrying amount of net assets received is recognised directly in equity. Comparative information is not restated.

### ***(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 standalone 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.

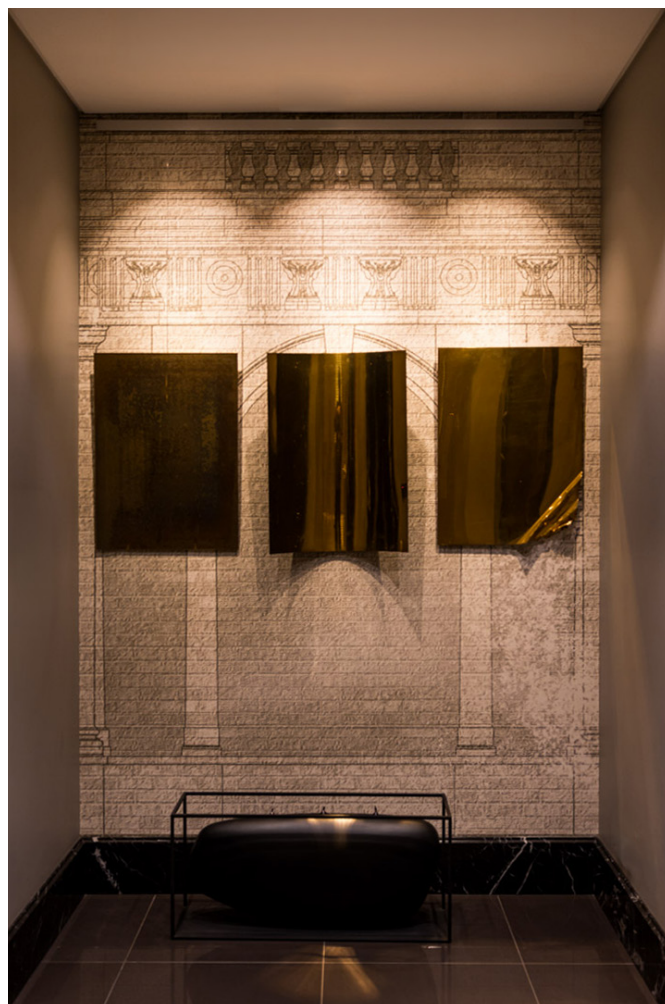
The Bank offers asset management services (see Note 32), which also include a portion of loan financing transactions in which customers participate with their own funds in financing loans issued by the Bank, with the customer receiving benefits and assuming risks related to the loan or asset in proportion 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.



SIGNET

### 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.

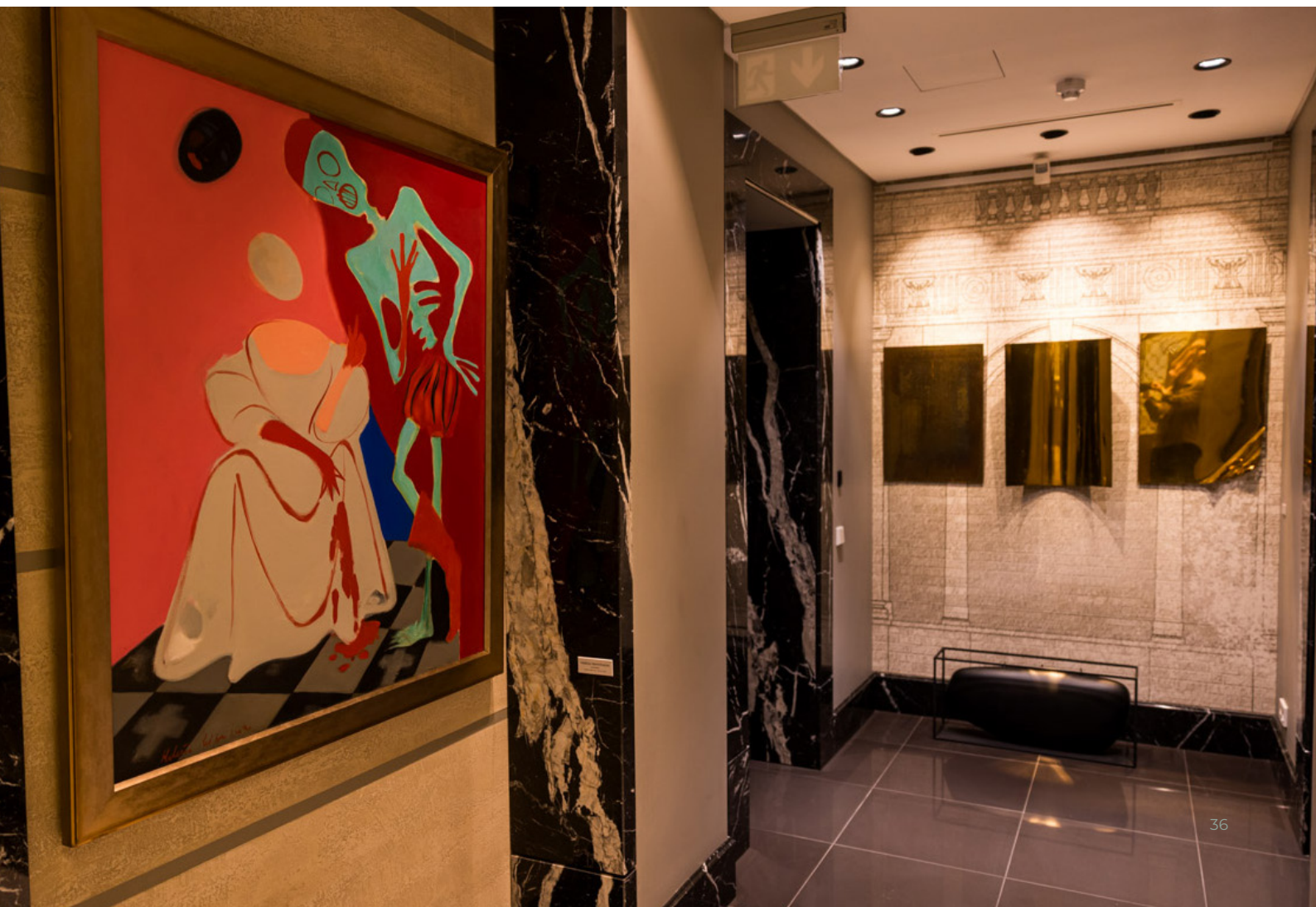
Differences in the carrying amount are recognised on profit or loss as a gain or loss on derecognition.

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).

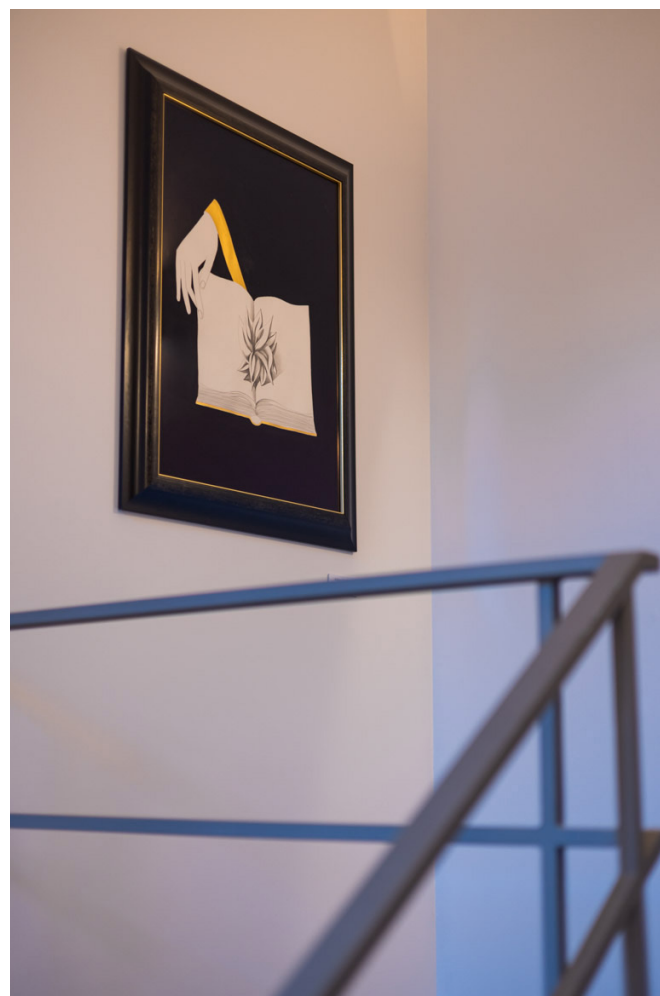
Leasehold improvements are capitalized, and their depreciation is calculated on a straight-line basis over the remaining lease term. Leasehold renovation costs in relation to improving quality of the building are capitalized.

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
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## 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 IFRS 9 definition of the default: exposure delayed 90 and more days, significant restructuring and other unlikelihood 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.

Based on the above mentioned criteria, the Group 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 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, loan portfolio to agriculture sector borrowers by the Bank's another daughter company 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.

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 or internal 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 5 years taking into account each borrower's specific creditworthiness assessment. The first-year probability of default, which the Bank uses to calculate expected losses for its loans, which constitute the majority of the Group's loans, ranges from 1% to 2%.

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.

A significant portion of the Bank's Loan portfolio is secured by real estate collateral, and the applicable accepted sales discounts for real estate collateral range from 18% to 33%, sales costs range from 10% to 13%, and sales terms range from 2.6 to 3.2 years.

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 different approaches for calculating expected credit losses for loans issued by the Group's companies which operates in consumer lending business and for the Group's another company which issues loans to agriculture sector borrowers. A collective accrual model is used. Loans issued are allocated to baskets by number of days past due/IFRS 9 stage, and the probability of default for each basket is determined using the migration matrix method – as the share of loans in the basket that migrated to the defaulted loan basket during a given period. Recovery exceptions and losses in the event of default are forecasted based on

experience from previous periods, including taking into account expected revenues from the sale of defaulted loans to third parties.

Expected credit losses for the Bank's issued loans to the Group companies largely depends on the daughter companies' loan portfolios quality – on the daughter companies expected cash flows from their granted loans: the Bank may suffer losses from its granted loans to the daughter companies if the expected cash flows from the daughter companies loan portfolios is not sufficient for complete repayment of the loans granted by the Bank to the daughter companies.

The Bank calculates expected losses on loans issued to a Subsidiary operating in the field of consumer lending, assuming that in the event of default by this company on its credit obligations or in the event that the Bank decides to demand repayment of the loan, the Subsidiary would cease issuing new loans, and all payments received from the loans issued, after covering operating expenses, would be directed to interest payments and repayment of the principal amount of the Bank's loans. The expected cash flow of loans issued by the Subsidiary is calculated in several scenarios, and the amount of expected losses on loans issued by the Bank to the Subsidiary is calculated as the difference between the value of the Bank's loans and the value of the cash flow to be received from the loans issued by the Subsidiary in scenarios where the difference is positive, and by applying certain weights to the scenarios.

The Group adjusts PDs used in the EL calculation depending on forecasted relevant macroeconomic circumstances. If a counterparty'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.

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) Solidarity contributions

In 2024, the Saeima of the Republic of Latvia adopted the Solidarity Contribution Law, which entered into force on 1 January 2025. The law provides for a solidarity contribution to credit institutions in the amount of 60% of the share of net interest income that exceeds 50% of

the average annual net interest income for the period from 2018 to 2022, subject to the adjustments specified in the law. The Bank meets the criteria for a solidarity contribution payer specified in the law and has assessed the impact of the potential contribution based on the forecast and actual net interest income. The Bank met the criteria to receive a 100% discount on the solidarity contribution. Accordingly, the solidarity contribution has not been recognized in the financial statements.

## t) 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 related to the acquisition of financial assets other than financial assets measured at fair value through profit or loss are recognized as deferred income and are reflected as an adjustment to the actual yield of the relevant asset. 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 expenses when 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 Group's and 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, Enterprise Risk Management Division is responsible for operational and ESG risk management. Security Department, Legal Division, Anti-Financial Crime Division and General Compliance Department are responsible for non-financial risk, as well as compliance risk management.

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 2025		31 December 2024	
	Group	Bank	Group	Bank
Impact on profit: parallel increase by 100 basis points	(4)	(4)	(185)	(185)
Impact on profit: parallel decrease by 100 basis points	4	4	189	189
Impact on equity: parallel increase by 100 basis points	(332)	(60)	(144)	(4)
Impact on equity: parallel decrease by 100 basis points	343	61	150	4

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 2025	31 December 2024
100 bp parallel increase	595	295
100 bp parallel decrease	(1475)	(996)

## 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 2025		31 December 2024	
	Profit or loss, Group	Profit or loss, Bank	Profit or loss, Group	Profit or loss, Bank
5% appreciation of USD against EUR	2	6	(3)	(6)
5% depreciation of USD against EUR	(2)	(6)	3	6
5% appreciation of GBP against EUR	(3)	(6)	1	(10)
5% depreciation of GBP against EUR	3	6	(1)	10

## 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 2025 and 2024 and a simplified scenario of a 5% change in all securities prices is as follows:

'000 EUR	31 December 2025		31 December 2024	
	Group	Bank	Group	Bank
Impact on profit: increase of securities prices by 5%	186	186	496	496
Impact on profit: decrease of securities prices by 5%	(186)	(186)	(496)	(496)
Impact on other comprehensive income: increase of securities prices by 5%	859	170	488	24
Impact on other comprehensive income: decrease of securities prices by 5%	(859)	(170)	(488)	(24)



## 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 and the Bank's Council reviews the Credit Committee decisions on

substantial size lending transactions to a client or to a group of connected clients according to the provisions of the Lending policy, except for those transactions with cash 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 reorganisation;
- 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
<b>31.12.2025.</b>								
<b>Total gross loans</b>	<b>77 787</b>	<b>9 712</b>	<b>45 388</b>	<b>77 122</b>	<b>21 387</b>	<b>7 334</b>	<b>100 835</b>	<b>339 565</b>
Neither past due nor impaired loans	77 675	9 712	42 147	76 928	15 443	7 334	97 351	<b>326 590</b>
Loans that are past due and have been recognized as impaired								
past due up to 29 days	23	-	1 691	194	143	-	3 469	<b>5 520</b>
past due from 30 days up to 59 days	25	-	403	-	2 527	-	-	<b>2 955</b>
past due from 60 days up to 90 days	-	-	216	-	2 075	-	-	<b>2 291</b>
past due more than 90 days	64	-	931	-	1 199	-	15	<b>2 209</b>
<b>Total impairment allowance</b>	<b>(421)</b>	<b>(22)</b>	<b>(2 238)</b>	<b>(392)</b>	<b>(1 066)</b>	<b>-</b>	<b>(613)</b>	<b>(4 752)</b>
Total impairment allowance - neither past due nor impaired loans	(357)	(22)	(1 091)	(392)	(250)	-	(585)	<b>(2 697)</b>
Estimated provisions for impairment losses - Loans that are past due								
past due up to 29 days	(1)	-	(186)	-	(6)	-	(13)	<b>(206)</b>
past due from 30 days up to 59 days	(1)	-	(169)	-	(84)	-	-	<b>(254)</b>
past due from 60 days up to 90 days	-	-	(135)	-	(399)	-	-	<b>(534)</b>
past due more than 90 days	(62)	-	(657)	-	(327)	-	(15)	<b>(1 061)</b>
<b>Total net loans</b>	<b>77 366</b>	<b>9 690</b>	<b>43 150</b>	<b>76 730</b>	<b>20 321</b>	<b>7 334</b>	<b>100 222</b>	<b>334 813</b>
Neither past due nor impaired loans	77 318	9 690	41 056	76 536	15 193	7 334	96 766	<b>323 893</b>
Loans that are past due and have been recognized as impaired								
past due up to 29 days	22	-	1 505	194	137	-	3 456	5 314
past due from 30 days up to 59 days	24	-	234	-	2 443	-	-	2 701
past due from 60 days up to 90 days	-	-	81	-	1 676	-	-	1 757
past due more than 90 days	2	-	274	-	872	-	-	1 148

## 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
<b>31.12.2024.</b>								
<b>Total gross loans</b>	<b>29 732</b>	<b>6 737</b>	<b>33 059</b>	<b>45 515</b>	<b>18 087</b>	<b>5 000</b>	<b>73 829</b>	<b>211 959</b>
Neither past due nor impaired loans	29 047	6 737	30 282	45 318	13 140	5 000	73 760	<b>203 284</b>
Loans that are past due and have been recognized as impaired								
past due up to 29 days	9	-	1 423	40	190	-	49	<b>1 711</b>
past due from 30 days up to 59 days	-	-	320	-	1 526	-	5	<b>1 851</b>
past due from 60 days up to 90 days	-	-	224	156	2 119	-	-	<b>2 499</b>
past due more than 90 days	676	-	810	1	1 112	-	15	<b>2 614</b>
<b>Total impairment allowance</b>	<b>(255)</b>	<b>(11)</b>	<b>(2 023)</b>	<b>(103)</b>	<b>(651)</b>	<b>-</b>	<b>(295)</b>	<b>(3 338)</b>
Total impairment allowance - neither past due nor impaired loans	(123)	(11)	(836)	(102)	(258)	-	(280)	<b>(1 610)</b>
Estimated provisions for impairment losses - Loans that are past due								
past due up to 29 days	(1)	-	(204)	-	(2)	-	-	<b>(207)</b>
past due from 30 days up to 59 days	-	-	(177)	-	(16)	-	-	<b>(193)</b>
past due from 60 days up to 90 days	-	-	(154)	-	(143)	-	-	<b>(297)</b>
past due more than 90 days	(131)	-	(652)	(1)	(232)	-	(15)	<b>(1 031)</b>
<b>Total net loans</b>	<b>29 477</b>	<b>6 726</b>	<b>31 036</b>	<b>45 412</b>	<b>17 436</b>	<b>5 000</b>	<b>73 534</b>	<b>208 621</b>
Neither past due nor impaired loans	28 924	6 726	29 446	45 216	12 882	5 000	73 480	<b>201 674</b>
Loans that are past due and have been recognized as impaired								
past due up to 29 days	8	-	1 219	40	188	-	49	<b>1 504</b>
past due from 30 days up to 59 days	-	-	143	-	1 510	-	5	<b>1 658</b>
past due from 60 days up to 90 days	-	-	70	156	1 976	-	-	<b>2 202</b>
past due more than 90 days	545	-	158	-	880	-	-	<b>1 583</b>

## 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
<b>31.12.2025.</b>							
<b>Total gross loans</b>	<b>122 311</b>	<b>9 712</b>	<b>3 513</b>	<b>63 771</b>	<b>3 642</b>	<b>97 882</b>	<b>300 831</b>
Neither past due nor impaired loans	122 311	9 712	3 513	63 771	3 642	94 428	<b>297 377</b>
Loans that are past due and have been recognized as impaired							
past due up to 29 days	-	-	-	-	-	3 439	<b>3 439</b>
past due more than 90 days	-	-	-	-	-	15	<b>15</b>
<b>Total impairment allowance</b>	<b>(2 864)</b>	<b>(22)</b>	<b>(6)</b>	<b>(360)</b>	<b>-</b>	<b>(606)</b>	<b>(3 858)</b>
Total individually impairment allowance - neither past due nor impaired loans	(2 864)	(22)	(6)	(360)	-	(578)	<b>(3 830)</b>
Individually estimated provisions for impairment losses - Loans that are past due							
past due up to 29 days	-	-	-	-	-	(13)	<b>(13)</b>
past due more than 90 days	-	-	-	-	-	(15)	<b>(15)</b>
<b>Total net loans</b>	<b>119 447</b>	<b>9 690</b>	<b>3 507</b>	<b>63 411</b>	<b>3 642</b>	<b>97 276</b>	<b>296 973</b>
Neither past due nor impaired loans	119 447	9 690	3 507	63 411	3 642	93 850	<b>293 547</b>
Loans that are past due and have been recognized as impaired							
past due up to 29 days	-	-	-	-	-	3 426	3 426
<b>31.12.2024.</b>							
<b>Total gross loans</b>	<b>37 671</b>	<b>6 737</b>	<b>3 182</b>	<b>27 858</b>	<b>1 363</b>	<b>94 923</b>	<b>171 734</b>
Neither past due nor impaired loans	37 109	6 737	3 182	27 858	1 363	94 895	<b>171 144</b>
Loans that are past due and have been recognized as impaired							
past due up to 29 days	-	-	-	-	-	8	<b>8</b>
past due from 30 days up to 59 days	-	-	-	-	-	5	<b>5</b>
past due more than 90 days	562	-	-	-	-	15	<b>577</b>
<b>Total impairment allowance</b>	<b>(335)</b>	<b>(11)</b>	<b>(6)</b>	<b>(69)</b>	<b>-</b>	<b>(2 133)</b>	<b>(2 554)</b>
Total individually impairment allowance - neither past due nor impaired loans	(297)	(11)	(6)	(69)	-	(2 118)	<b>(2 501)</b>
Individually estimated provisions for impairment losses - Loans that are past due							
past due more than 90 days	(38)	-	-	-	-	(15)	<b>(53)</b>
<b>Total net loans</b>	<b>37 336</b>	<b>6 726</b>	<b>3 176</b>	<b>27 789</b>	<b>1 363</b>	<b>92 790</b>	<b>169 180</b>
Neither past due nor impaired loans	36 812	6 726	3 176	27 789	1 363	92 777	<b>168 643</b>
Loans that are past due and have been recognized as impaired							
past due up to 29 days	-	-	-	-	-	8	<b>8</b>
past due from 30 days up to 59 days	-	-	-	-	-	5	<b>5</b>
past due more than 90 days	524	-	-	-	-	-	<b>524</b>

The Group assessed the impact of modification of cash flows on restructured loans and concluded that it is immaterial. As of 31 December 2025, the Bank had six forbore loans to non-banks in the total amount of 7 886 thousand EUR (2024: five loans, 4 896 thousand EUR). As of 31 December 2025, the Group had one hundred and four forbore loan to non-banks in the total amount of 23 811 thousand EUR (2024: thirty one, 17 876 thousand EUR). A loan is considered to be forbore 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, 2025:

'000 EUR	Stage 1	Stage 2	Stage 3	Total
<b>Financial assets</b>				
Cash and due from central banks	136 896	-	-	<b>136 896</b>
Demand deposits with financial institutions	17 900	-	-	<b>17 900</b>
Financial instruments measured at fair value through profit or loss	15 427	-	-	<b>15 427</b>
Debt securities measured at fair value through other comprehensive income	19 569	-	-	<b>19 569</b>
Financial assets measured at amortized cost	401 529	46 626	9 417	<b>457 572</b>
Other financial assets	2 026	-	-	<b>2 026</b>
<b>Total gross financial assets</b>	<b>593 347</b>	<b>46 626</b>	<b>9 417</b>	<b>649 390</b>
Total impairment allowance	(2 109)	(1 002)	(1 822)	<b>(4 933)</b>
<b>Total net financial assets</b>	<b>591 238</b>	<b>45 624</b>	<b>7 595</b>	<b>644 457</b>

### 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
<b>Financial assets</b>				
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
<b>Total gross financial assets</b>	<b>568 687</b>	<b>41 488</b>	<b>9 357</b>	<b>619 532</b>
Total impairment allowance	(1 019)	(659)	(1822)	(3 500)
<b>Total net financial assets</b>	<b>567 668</b>	<b>40 829</b>	<b>7 535</b>	<b>616 032</b>

## Classification of the Bank's financial assets in measurement categories (3 stages) as of December 31, 2025:

'000 EUR	Stage 1	Stage 2	Stage 3	Total
<b>Financial assets</b>				
Cash and due from central banks	51 845	-	-	<b>51 845</b>
Demand deposits with financial institutions	15 028	-	-	<b>15 028</b>
Financial instruments measured at fair value through profit or loss	15 224	-	-	<b>15 224</b>
Debt securities measured at fair value through other comprehensive income	5 741	-	-	<b>5 741</b>
Financial assets measured at amortized cost	334 845	66 301	631	<b>401 777</b>
Other financial assets	1 515	-	-	<b>1 515</b>
<b>Total gross financial assets</b>	<b>424 198</b>	<b>66 301</b>	<b>631</b>	<b>491 130</b>
Total impairment allowance	(1 436)	(2 451)	(110)	<b>(3 997)</b>
<b>Total net financial assets</b>	<b>422 762</b>	<b>63 850</b>	<b>521</b>	<b>487 133</b>

## 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
<b>Financial assets</b>				
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
<b>Total gross financial assets</b>	<b>398 215</b>	<b>48 030</b>	<b>2 552</b>	<b>448 797</b>
Total impairment allowance	(529)	(1 982)	(151)	(2 662)
<b>Total net financial assets</b>	<b>397 686</b>	<b>46 048</b>	<b>2 401</b>	<b>446 135</b>

## Changes in financial assets measured at amortized cost of the Group's financial assets by stages for the year ended 31 December 2025:

'000 EUR	Stage 1	Stage 2	Stage 3	Total
<b>Gross carrying amount 1 January 2025</b>	<b>347 806</b>	<b>40 551</b>	<b>9 351</b>	<b>397 708</b>
New assets originated or increased on the existing contracts	132 142	8 055	208	140 405
Assets redeemed	(69 041)	(9 043)	(2 457)	(80 541)
Effect on Gross carrying value at the end of the period due to changes in accruals				
Transfers to Stage 1	(4 541)	4 061	480	-
Transfers to Stage 2	(4 137)	3 282	855	-
Transfers to Stage 3	(700)	(280)	980	-
<b>Gross carrying amount 31 December 2025</b>	<b>401 529</b>	<b>46 626</b>	<b>9 417</b>	<b>457 572</b>

## 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
<b>Gross carrying amount 1 January 2024</b>	<b>364 755</b>	<b>29 554</b>	<b>7 202</b>	<b>401 511</b>
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)
<b>Gross carrying amount 31 December 2024</b>	<b>347 806</b>	<b>40 551</b>	<b>9 351</b>	<b>397 708</b>

## Changes in financial assets measured at amortized cost of the Bank's financial assets by stages for the year ended 31 December 2025:

'000 EUR	Stage 1	Stage 2	Stage 3	Total
<b>Gross carrying amount 1 January 2025</b>	<b>281 189</b>	<b>50 023</b>	<b>2 552</b>	<b>333 764</b>
New assets originated or increased on the existing contracts	92 224	7 068	-	99 292
Assets repaid (redeemed)	(34 979)	5 621	(1 921)	(31 279)
Effect on Gross carrying value at the end of the period due to changes in accruals				
Transfers to Stage 1	646	(646)	-	-
Transfers to Stage 2	(4 235)	4 235	-	-
Transfers to Stage 3	-	-	-	-
<b>Gross carrying amount 31 December 2025</b>	<b>334 845</b>	<b>66 301</b>	<b>631</b>	<b>401 777</b>

## 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
<b>Gross carrying amount 1 January 2024</b>	<b>315 701</b>	<b>9 808</b>	<b>712</b>	<b>326 221</b>
New assets originated or increased on the existing contracts	38 046	6 937	-	<b>44 983</b>
Assets repaid (redeemed)	(40 580)	3 718	(578)	<b>(37 440)</b>
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	-
<b>Gross carrying amount 31 December 2024</b>	<b>281 189</b>	<b>50 023</b>	<b>2 552</b>	<b>333 764</b>

## Changes in loan loss allowance of the Group's financial assets measured at amortised cost by stages for the year ended 31 December 2025:

'000 EUR	Stage 1	Stage 2	Stage 3	Total
<b>ECLs as at 1 January 2025</b>	<b>975</b>	<b>659</b>	<b>1 822</b>	<b>3 456</b>
New assets originated or increased on the existing contracts	1 304	444	142	1 890
Assets repaid (redeemed)	(170)	(101)	(142)	(413)
<b>At 31 December 2025</b>	<b>2 109</b>	<b>1 002</b>	<b>1 822</b>	<b>4 933</b>

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

'000 EUR	Stage 1	Stage 2	Stage 3	Total
<b>ECLs as at 1 January 2024</b>	<b>866</b>	<b>334</b>	<b>1 210</b>	<b>2 410</b>
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)
<b>At 31 December 2024</b>	<b>975</b>	<b>659</b>	<b>1 822</b>	<b>3 456</b>

## Changes in loan loss allowance of the Bank's financial assets measured at amortised cost by stages for the year ended 31 December 2025:

'000 EUR	Stage 1	Stage 2	Stage 3	Total
<b>ECLs as at 1 January 2025</b>	<b>529</b>	<b>1 982</b>	<b>151</b>	<b>2 662</b>
New assets originated or increased on the existing contracts	560	148	-	708
Assets repaid (redeemed)	347	321	(41)	627
<b>At 31 December 2025</b>	<b>1 436</b>	<b>2 451</b>	<b>110</b>	<b>3 997</b>

## Changes in loan loss allowance of the Bank's financial assets by stages for the year ended 31 December 2024:

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



## 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 2025 and 31 December 2024.

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 2025:

'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
<b>Non-derivative liabilities</b>								
Demand liabilities to financial institutions	4	-	-	-	-	-	4	4
Deposits	382 343	25 137	14 953	116 732	21 978	-	561 143	555 889
Subordinated liabilities	102	87	234	423	14 645	88	15 579	11 230
Debt securities issued	-	-	-	-	9 632	-	9 632	9 632
Other liabilities	32	61	94	190	7 101	-	7 478	5 970
Other financial liabilities	10 042	-	-	-	-	-	10 042	10 042
Contingent liabilities for guarantees	-	-	1 450	-	1 863	2 200	5 513	5 513
Unrecognised loan commitments	3 248	300	380	485	28 214	10 927	43 554	43 554
<b>Total Non-derivative liabilities</b>	<b>395 771</b>	<b>25 585</b>	<b>17 111</b>	<b>117 830</b>	<b>83 433</b>	<b>13 215</b>	<b>652 945</b>	<b>641 834</b>
<b>Derivative liabilities</b>								
Inflow	(24 262)	(6 979)	(11 576)	(3 979)	(126)	-	(46 922)	(45 224)
Outflow	23 819	6 661	11 553	4 057	35	-	46 125	44 745
<b>Total Derivative liabilities</b>	<b>(443)</b>	<b>(318)</b>	<b>(23)</b>	<b>78</b>	<b>(91)</b>	<b>-</b>	<b>(797)</b>	<b>(479)</b>
<b>Total</b>	<b>395 328</b>	<b>25 267</b>	<b>17 088</b>	<b>117 908</b>	<b>83 342</b>	<b>13 215</b>	<b>652 148</b>	<b>641 355</b>

## 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
<b>Non-derivative liabilities</b>								
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
<b>Total Non-derivative liabilities</b>	<b>321 147</b>	<b>30 500</b>	<b>37 438</b>	<b>68 317</b>	<b>61 753</b>	<b>104 568</b>	<b>623 723</b>	<b>614 671</b>
<b>Derivative liabilities</b>								
Inflow	(748)	-	-	-	(15 219)	-	(15 967)	(15 661)
Outflow	16 500	-	-	-	-	-	16 500	16 023
<b>Total Derivative liabilities</b>	<b>15 752</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(15 219)</b>	<b>-</b>	<b>533</b>	<b>362</b>
<b>Total</b>	<b>336 899</b>	<b>30 500</b>	<b>37 438</b>	<b>68 317</b>	<b>46 534</b>	<b>104 568</b>	<b>624 256</b>	<b>615 033</b>

## Analysis of the Bank's financial liabilities' contractual undiscounted cash flows as at 31 December 2025:

'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
<b>Non-derivative liabilities</b>								
Demand liabilities to financial institutions	145	-	-	-	-	-	145	145
Deposits	277 807	23 464	13 610	114 922	21 818	-	451 621	446 140
Subordinated liabilities	102	87	234	423	14 645	88	15 579	11 230
Debt securities issued	-	-	-	-	9 632	-	9 632	9 632
Term liabilities to a credit institution	14	6 458	-	-	-	-	6 472	6 427
Other financial liabilities	3 650	-	-	-	-	-	3 650	3 650
Contingent liabilities for guarantees	-	-	1 450	-	1 863	2 200	5 513	5 513
Unrecognised loan commitments	680	300	380	485	28 214	10 927	40 986	40 986
<b>Total Non-derivative liabilities</b>	<b>282 398</b>	<b>30 309</b>	<b>15 674</b>	<b>115 830</b>	<b>76 172</b>	<b>13 215</b>	<b>533 598</b>	<b>523 723</b>
<b>Derivative liabilities</b>								
Inflow	(24 262)	(6 979)	(11 576)	(3 979)	(126)	-	(46 922)	(45 224)
Outflow	23 819	6 661	11 553	4 057	35	-	46 125	44 745
<b>Total Derivative liabilities</b>	<b>(443)</b>	<b>(318)</b>	<b>(23)</b>	<b>78</b>	<b>(91)</b>	<b>-</b>	<b>(797)</b>	<b>(479)</b>
<b>Total</b>	<b>281 955</b>	<b>29 991</b>	<b>15 651</b>	<b>115 908</b>	<b>76 081</b>	<b>13 215</b>	<b>532 801</b>	<b>523 244</b>

## 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
<b>Non-derivative liabilities</b>								
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
<b>Total Non-derivative liabilities</b>	<b>201 515</b>	<b>26 842</b>	<b>32 701</b>	<b>61 933</b>	<b>62 074</b>	<b>104 679</b>	<b>489 744</b>	<b>480 563</b>
<b>Derivative liabilities</b>								
Inflow	(748)	-	-	-	(15 219)	-	(15 967)	(15 661)
Outflow	16 500	-	-	-	-	-	16 500	16 023
<b>Total Derivative liabilities</b>	<b>15 752</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(15 219)</b>	<b>-</b>	<b>533</b>	<b>362</b>
<b>Total</b>	<b>217 267</b>	<b>26 842</b>	<b>32 701</b>	<b>61 933</b>	<b>46 855</b>	<b>104 679</b>	<b>490 277</b>	<b>480 925</b>

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.

## Group's Analysis of contractual maturities of financial assets and liabilities and equity as at 31 December 2025 is presented below:

Group '000 EUR	1 month	1-3 months	3-6 months	6-12 months	More than 1 year	No maturity	Total
<b>Financial assets</b>							
Cash and due from central banks	136 896	-	-	-	-	-	<b>136 896</b>
Demand deposits with financial institutions	17 900	-	-	-	-	-	<b>17 900</b>
Financial instruments designated at fair value through profit or loss	13 401	1 575	13	20	418	-	<b>15 427</b>
Debt securities measured at fair value through other comprehensive income	2 338	4 979	-	29	12 198	-	<b>19 544</b>
Financial assets measured at amortized cost	26 538	20 276	22 681	63 812	315 177	4 180	<b>452 664</b>
Other financial assets	2 026	-	-	-	-	-	<b>2 026</b>
<b>Total financial assets</b>	<b>199 099</b>	<b>26 830</b>	<b>22 694</b>	<b>63 861</b>	<b>327 793</b>	<b>4 180</b>	<b>644 457</b>
<b>Financial liabilities</b>							
Demand deposits to credit institutions	4	-	-	-	-	-	<b>4</b>
Financial liabilities at fair value through profit or loss	2	1 244	-	99	35	-	<b>1 380</b>
Deposits	381 577	24 726	11 753	116 965	20 868	-	<b>555 889</b>
Subordinated liabilities	-	-	-	-	11 230	-	<b>11 230</b>
Debt securities issued	-	-	-	-	9 632	-	<b>9 632</b>
Other liabilities	-	-	-	-	5 970	-	<b>5 970</b>
Other financial liabilities	10 042	-	-	-	-	-	<b>10 042</b>
Contingent liabilities for guarantees	-	-	1 450	-	4 063	-	<b>5 513</b>
Unrecognised loan commitments	3 248	300	380	485	39 141	-	<b>43 554</b>
<b>Total financial liabilities</b>	<b>394 873</b>	<b>26 270</b>	<b>13 583</b>	<b>117 549</b>	<b>90 939</b>	-	<b>643 214</b>
Total Equity	-	-	-	-	-	53 456	<b>53 456</b>
<b>Total Liabilities and Equity</b>	<b>394 873</b>	<b>26 270</b>	<b>13 583</b>	<b>117 549</b>	<b>90 939</b>	<b>53 456</b>	<b>696 670</b>
<b>Net liquidity position as at 31 December 2025</b>	<b>(195 774)</b>	<b>560</b>	<b>9 111</b>	<b>(53 688)</b>	<b>236 854</b>	<b>(49 276)</b>	-
Net liquidity position as at 31 December 2024	(75 040)	24 227	(12 770)	(7 943)	68 234	(37 360)	-

\*Security deposits

## The Bank's Analysis of contractual maturities of financial assets and liabilities and equity as at 31 December 2025 is presented below:

Bank '000 EUR	1 month	1-3 months	3-6 months	6-12 months	More than 1 year	No maturity	Total
<b>Financial assets</b>							
Cash and due from central banks	51 845	-	-	-	-	-	<b>51 845</b>
Demand deposits with financial institutions	15 028	-	-	-	-	-	<b>15 028</b>
Financial instruments designated at fair value through profit or loss	13 198	1 575	13	20	418	-	<b>15 224</b>
Debt securities measured at fair value through other comprehensive income	2 338	-	-	29	3 374	-	<b>5 741</b>
Financial assets measured at amortized cost	25 681	18 022	18 355	37 349	297 885	488	<b>397 780</b>
Other financial assets	1 515	-	-	-	-	-	<b>1 515</b>
<b>Total financial assets</b>	<b>109 605</b>	<b>19 597</b>	<b>18 368</b>	<b>37 398</b>	<b>301 677</b>	<b>488</b>	<b>487 133</b>
<b>Financial liabilities</b>							
Demand deposits to credit institutions	145	-	-	-	-	-	<b>145</b>
Financial liabilities at fair value through profit or loss	2	1 244	-	99	35	-	<b>1 380</b>
Deposits	277 033	23 029	10 276	115 136	20 666	-	<b>446 140</b>
Subordinated liabilities	-	-	-	-	11 230	-	<b>11 230</b>
Debt securities issued	-	-	-	-	9 632	-	<b>9 632</b>
Term liabilities to a credit institution	14	6 413	-	-	-	-	<b>6 427</b>
Other financial liabilities	3 650	-	-	-	-	-	<b>3 650</b>
Contingent liabilities for guarantees	-	-	1 450	-	4 063	-	<b>5 513</b>
Unrecognised loan commitments	680	300	380	485	39 141	-	<b>40 986</b>
<b>Total financial liabilities</b>	<b>281 524</b>	<b>30 986</b>	<b>12 106</b>	<b>115 720</b>	<b>84 767</b>	-	<b>525 103</b>
Total Equity	-	-	-	-	-	47 581	<b>47 581</b>
<b>Total Liabilities and Equity</b>	<b>281 524</b>	<b>30 986</b>	<b>12 106</b>	<b>115 720</b>	<b>84 767</b>	<b>47 581</b>	<b>572 684</b>
<b>Net liquidity position as at 31 December 2025</b>	<b>(171 919)</b>	<b>(11 389)</b>	<b>6 262</b>	<b>(78 322)</b>	<b>216 910</b>	<b>(47 093)</b>	-
Net liquidity position as at 31 December 2024	(60 062)	23 990	(8 569)	15 575	(6 379)	(37 160)	-

\*Security deposits

**The interest rate analysis chart for the Group's financial assets and financial liabilities, taking into their sensitivity, as at 31 December 2025 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
<b>Financial assets</b>								
Cash and due from central banks	119 265	-	-	-	-	-	17 631	<b>136 896</b>
Demand deposits with financial institutions	-	-	-	-	-	-	17 900	<b>17 900</b>
Financial instruments designated at fair value through profit or loss	-	42	-	-	274	-	15 111	<b>15 427</b>
Debt securities measured at fair value through other comprehensive income	-	-	-	29	12 197	-	7 318	<b>19 544</b>
Financial assets measured at amortized cost	2 364	4 809	10 378	41 059	86 268	25 064	282 722	<b>452 664</b>
Other financial assets	-	-	-	-	-	-	2 026	<b>2 026</b>
Long positions of interest rates risk sensitive off-balance items*	24 255	5 447	11 563	3 959	-	-	-	<b>45 224</b>
<b>Total assets and long off-balance-sheet positions sensitive to changes in interest rates</b>	<b>145 884</b>	<b>10 298</b>	<b>21 941</b>	<b>45 047</b>	<b>98 739</b>	<b>25 064</b>	<b>342 708</b>	<b>689 681</b>
<b>Financial liabilities</b>								
Demand deposits to credit institutions	-	-	-	-	-	-	4	<b>4</b>
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-	1 380	<b>1 380</b>
Deposits	63 371	24 725	11 753	116 965	20 868	-	318 207	<b>555 889</b>
Subordinated liabilities	-	-	-	-	6 198	5 000	32	<b>11 230</b>
Debt securities issued	-	-	-	-	-	9 000	632	<b>9 632</b>
Other liabilities	-	-	-	-	-	-	5 970	<b>5 970</b>
Other financial liabilities	-	-	-	-	-	-	10 054	<b>10 054</b>
Short positions of interest rates risk sensitive off-balance items*	23 816	5 417	11 553	3 959	-	-	-	<b>44 745</b>
<b>Total liabilities and short off-balance-sheet positions sensitive to changes in interest rates</b>	<b>87 187</b>	<b>30 142</b>	<b>23 306</b>	<b>120 924</b>	<b>27 066</b>	<b>14 000</b>	<b>336 279</b>	<b>638 904</b>
<b>Net position as at 31 December 2025</b>	<b>58 697</b>	<b>(19 844)</b>	<b>(1 365)</b>	<b>(75 877)</b>	<b>71 673</b>	<b>11 064</b>	<b>6 429</b>	<b>50 777</b>
Net position as at 31 December 2024	76 576	(619)	6 857	5 037	186 495	33 715	(279 377)	28 684

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.

\*Foreign currency forward agreements and Foreign currency contracts

**The interest rate analysis chart for the Bank's financial assets and financial liabilities, taking into their sensitivity, as at 31 December 2025 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
<b>Financial assets</b>								
Cash and due from central banks	39 177	-	-	-	-	-	12 668	<b>51 845</b>
Demand deposits with financial institutions	-	-	-	-	-	-	15 028	<b>15 028</b>
Financial instruments designated at fair value through profit or loss	-	42	-	-	274	-	14 908	<b>15 224</b>
Debt securities measured at fair value through other comprehensive income	-	-	-	29	3 373	-	2 339	<b>5 741</b>
Financial assets measured at amortized cost	1 520	2 555	6 052	14 596	43 358	2 607	327 092	<b>397 780</b>
Other financial assets	-	-	-	-	-	-	1 515	<b>1 515</b>
Long positions of interest rates risk sensitive off-balance items*	24 255	5 447	11 563	3 959	-	-	-	<b>45 224</b>
<b>Total assets and long off-balance-sheet positions sensitive to changes in interest rates</b>	<b>64 952</b>	<b>8 044</b>	<b>17 615</b>	<b>18 584</b>	<b>47 005</b>	<b>2 607</b>	<b>373 550</b>	<b>532 357</b>
<b>Financial liabilities</b>								
Demand deposits to credit institutions	-	-	-	-	-	-	145	<b>145</b>
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-	1 380	<b>1 380</b>
Deposits	20 905	23 029	9 776	115 136	20 666	-	256 628	<b>446 140</b>
Subordinated liabilities	-	-	-	-	6 198	5 000	32	<b>11 230</b>
Debt securities issued	-	-	-	-	-	9 000	632	<b>9 632</b>
Term liabilities to a credit institution	-	6 412	-	-	-	-	15	<b>6 427</b>
Other financial liabilities	-	-	-	-	-	-	3 650	<b>3 650</b>
Short positions of interest rates risk sensitive off-balance items*	23 816	5 417	11 553	3 959	-	-	-	<b>44 745</b>
<b>Total liabilities and short off-balance-sheet positions sensitive to changes in interest rates</b>	<b>44 721</b>	<b>34 858</b>	<b>21 329</b>	<b>119 095</b>	<b>26 864</b>	<b>14 000</b>	<b>262 482</b>	<b>523 349</b>
<b>Net position as at 31 December 2024</b>	<b>20 231</b>	<b>(26 814)</b>	<b>(3 714)</b>	<b>(100 511)</b>	<b>20 141</b>	<b>(11 393)</b>	<b>111 068</b>	<b>9 008</b>
Net position as at 31 December 2023	3 321	(852)	11 558	1 170	128 689	14 829	(167 406)	<b>(8 691)</b>

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.

\*Foreign currency forward agreements and Foreign currency contracts

**Currency analysis in the table is the currency structure of the Group's financial assets and financial liabilities as at 31 December 2025:**

'000 EUR	EUR	USD*	Other currency	Total
<b>Financial assets</b>				
Cash and due from central banks	136 896	-	-	<b>136 896</b>
Demand deposits with financial institutions	5 025	7 113	5 762	<b>17 900</b>
Financial instruments designated at fair value through profit or loss	15 224	203	-	<b>15 427</b>
Debt securities measured at fair value through other comprehensive income	19 544	-	-	<b>19 544</b>
Financial assets measured at amortized cost	424 166	27 017	1 481	<b>452 664</b>
Other assets	1 781	242	3	<b>2 026</b>
<b>Total financial assets</b>	<b>602 636</b>	<b>34 575</b>	<b>7 246</b>	<b>644 457</b>
Off-balance (currency SWAP nominal value)	23 752	21 403	69	<b>45 224</b>
<b>Financial liabilities</b>				
Financial liabilities at fair value through profit or loss	-	-	4	<b>4</b>
Liabilities to central bank	1 380	-	-	<b>1 380</b>
Deposits	519 358	29 943	6 588	<b>555 889</b>
Subordinated liabilities	8 411	2 819	-	<b>11 230</b>
Debt securities issued	9 632	-	-	<b>9 632</b>
Other liabilities	5 970	-	-	<b>5 970</b>
Other financial liabilities	9 603	449	2	<b>10 054</b>
<b>Total financial liabilities</b>	<b>554 354</b>	<b>33 211</b>	<b>6 594</b>	<b>594 159</b>
Total Equity and reserves	53 456	-	-	<b>53 456</b>
<b>Total Liabilities and Equity</b>	<b>607 810</b>	<b>33 211</b>	<b>6 594</b>	<b>647 615</b>
Off-balance (currency SWAP nominal value)	21 137	22 695	913	<b>44 745</b>
<b>Net currency balance position as at 31 December 2025</b>	<b>(5 174)</b>	<b>1 364</b>	<b>652</b>	<b>(3 158)</b>
<b>Net currency position as at 31 December 2025 (balance &amp; off-balance)</b>	<b>(2 559)</b>	<b>72</b>	<b>(192)</b>	<b>(2 679)</b>
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)

\*For the conversion of items denominated in USD into euro, the reference rate of the European Central Bank as of 31 December 2025, 1,175, was applied.

**The following table shows the Bank's currency structure of financial assets and financial liabilities at 31 December 2025:**

'000 EUR	EUR	USD*	Other currency	Total
<b>Financial assets</b>				
Cash and due from central banks	51 845	-	-	<b>51 845</b>
Demand deposits with financial institutions	4 994	4 648	5 386	<b>15 028</b>
Financial instruments designated at fair value through profit or loss	15 224	-	-	<b>15 224</b>
Debt securities measured at fair value through other comprehensive income	5 741	-	-	<b>5 741</b>
Financial assets measured at amortized cost	369 282	27 017	1 481	<b>397 780</b>
Other assets	1 515	-	-	<b>1 515</b>
<b>Total financial assets</b>	<b>448 601</b>	<b>31 665</b>	<b>6 867</b>	<b>487 133</b>
Off-balance (currency SWAP nominal value)	23 752	21 403	69	<b>45 224</b>
<b>Financial liabilities</b>				
Financial liabilities at fair value through profit or loss	140	1	4	145
Deposits	1 380	-	-	1 380
Subordinated liabilities	415 854	23 967	6 319	<b>446 140</b>
Debt securities issued	8 411	2 819	-	<b>11 230</b>
Term liabilities to a credit institution	9 632	-	-	<b>9 632</b>
Other financial liabilities	3 006	3 421	-	<b>6 427</b>
Total financial liabilities	3 650	-	-	<b>3 650</b>
<b>Total Equity and reserves</b>	<b>442 073</b>	<b>30 208</b>	<b>6 323</b>	<b>478 604</b>
Total Liabilities and Equity	47 581	-	-	<b>47 581</b>
<b>Off-balance (currency SWAP nominal value)</b>	<b>489 654</b>	<b>30 208</b>	<b>6 323</b>	<b>526 185</b>
Net currency balance position as at 31 December 2025	21 137	22 695	913	<b>44 745</b>
<b>Net currency position as at 31 December 2025 (balance &amp; off-balance)</b>	<b>(41 053)</b>	<b>1 457</b>	<b>544</b>	<b>(39 052)</b>
Net currency balance position as at 31 December 2024	<b>(38 438)</b>	<b>165</b>	<b>(300)</b>	<b>(38 573)</b>
Net currency position as at 31 December 2024	(52 505)	6 814	(338)	(46 029)

\* For the conversion of items denominated in USD into euro, the reference rate of the European Central Bank as of 31 December 2025, 1.175, was applied.

## 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 organisational 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, the economical meaning of transactions and to assess the potential exposure to countries that are subject to significant sanction regimes (e.g. Russian Federation).

The Bank has zero tolerance level to persons from the international sanction lists or persons which are involved in supporting proliferation.

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, that assesses the efficiency of the first and the second line risk management system design and efficiency. Internal Audit reports to the Council. 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 accordance with the requirements of regulatory acts, the Bank conducts a regular independent evaluation of its established internal control system.

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 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 is 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 reputational risk is the risk that the Group may incur losses, be subject to legal obligations, penalties, or reputational damage as a result of failing to comply with or breaching compliance-related laws and regulations. The Group has developed and implements the "Compliance Risk Management Policy", the purpose of which is to establish the fundamental principles for managing compliance risk in the Bank by defining clear allocation of responsibilities and roles. This is intended to ensure a strong compliance risk culture

within the Bank, which is an integral part of the overall risk culture, thereby embedding the Bank's values and ethical conduct and promoting effective corporate governance. This, in turn, strengthens trust in the Group, safeguards the Group's reputation, reduces the cost of capital, and mitigates the risk of litigation and the imposition of sanctions.

To manage the compliance risk the Bank:

- has established the Compliance Committee that has a central role in providing oversight for the compliance risk 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.

## I) 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 Bank of Latvia.

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 2025, the individual minimum Capital adequacy ratio level for the Bank is set at 17.23 % (2024: 16.78 %). The Bank was in compliance with the LB determined individual capital ratio as at 31 December 2025 and 2024.

The Group's risk based capital adequacy ratio as at 31 December 2025 was 17.97 % (2024: 18.00 %).

The Bank's risk based capital adequacy ratio as at 31 December 2025 was 19.22 % (2024: 19.62 %).

As at 31 December 2025, the Tier 1 Capital adequacy ratio level for the Bank was 16.18 % (2024: 16.28 %). 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 2025 and 2024:**

'000 EUR	2025 Group	2025 Bank	2024 Group	2024 Bank
<b>Tier 1 capital</b>				
Share capital	13 978	13 978	13 128	13 128
Additional paid-in capital	11 976	11 976	8 276	8 276
Reserves	25	25	25	25
Accumulated profit / (losses)	24 345	21 455	15 906	14 720
Reductions of tier 1 capital	(1 741)	(1 194)	(1 756)	(1 126)
Additional deductions for Tier 1 capital according to Article 3 of the CRR	-	-	(1)	(1)
Common Equity Tier 1 capital	48 583	46 240	35 577	35 021
Additional Tier 1 capital	9 000	9 000	5 500	5 500
<b>Total tier 1 capital</b>	<b>57 583</b>	<b>55 240</b>	<b>41 077</b>	<b>40 521</b>
<b>Tier 2 capital</b>				
Subordinated liabilities (unamortised portion)	10 393	10 393	8 310	8 310
<b>Total tier 2 capital</b>	<b>10 393</b>	<b>10 393</b>	<b>8 310</b>	<b>8 310</b>
<b>Total capital</b>	<b>67 976</b>	<b>65 633</b>	<b>49 387</b>	<b>48 831</b>
<b>Capital requirements</b>				
Credit risk requirements	25 366	24 410	17 807	16 883
Market risk requirements	22	29	29	44
Operational risk requirements	4 879	2 874	4 119	2 982
<b>Total capital requirements</b>	<b>30 267</b>	<b>27 313</b>	<b>21 955</b>	<b>19 909</b>
<b>Total risk exposure amount</b>	<b>378 333</b>	<b>341 417</b>	<b>274 437</b>	<b>248 863</b>
<b>Capital adequacy ratio</b>	<b>17.97 %</b>	<b>19.22 %</b>	<b>18.00 %</b>	<b>19.62 %</b>
<b>CET 1 Capital adequacy ratio</b>	<b>12.84 %</b>	<b>13.54 %</b>	<b>12.96 %</b>	<b>14.07 %</b>
<b>Tier 1 Capital adequacy ratio</b>	<b>15.22 %</b>	<b>16.18 %</b>	<b>14.97 %</b>	<b>16.28 %</b>

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 2025 and 31 December 2024.



## 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 2025 and 2024 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

### Net interest income by type of service:

'000 EUR	2025 Group	2025 Bank	2024 Group	2024 Bank
<b>Interest income calculated using the effective interest method</b>				
Interest income on financial assets at amortized cost				
Loans and advances due from customers	23 772	16 479	20 590	14 939
Debt securities	3 721	3 593	4 539	4 265
Balances due from financial institutions	1 326	1 304	1 222	1 189
Other assets	168	168	163	163
Interest income on debt securities at fair value through profit or loss in other comprehensive income	992	798	546	336
Interest income on financial assets mandatorily at fair value through profit or loss	-	-	-	-
Interest income on liabilities from Latvian Bank	2 419	98	2 602	177
<b>Total interest income</b>	<b>32 398</b>	<b>22 440</b>	<b>29 662</b>	<b>21 069</b>
<b>Interest expense</b>				
Interest expense recognised on liabilities measured at amortised cost				
Current accounts and deposits due to customers	(6 239)	(4 609)	(8 107)	(6 570)
Subordinated liabilities	(813)	(813)	(864)	(864)
Balances due to financial institutions	(291)	(395)	(98)	(98)
Interest expense on issued debt securities	(1 137)	(1 137)	(856)	(856)
Payments to the deposit guarantee fund and other expenses	(567)	(330)	(479)	(304)
Lease commitments	(25)	(25)	(32)	(32)
Other interest expense	(591)	(57)	(194)	-
<b>Total interest expense</b>	<b>(9 663)</b>	<b>(7 366)</b>	<b>(10 630)</b>	<b>(8 724)</b>
<b>Net interest income</b>	<b>22 735</b>	<b>15 074</b>	<b>19 032</b>	<b>12 345</b>

Interest income on loans and advances due from customers classified in stage 2 and stage 3 during the year ended 31 December 2025 the Group amounted to EUR 5 936 thousand (2024: EUR 5 294 thousand), Bank EUR 4 039 thousand (2024: EUR 3 404 thousand).

### Net interest income by geographic market segment:

'000 EUR	2025 Group	2025 Bank	2024 Group	2024 Bank
<b>Interest income</b>				
Latvian residents	24 837	15 445	21 387	13 468
Residents of EEA member states	5 013	4 631	4 869	4 583
Residents of other countries	2 548	2 364	3 406	3 018
<b>Total interest income</b>	<b>32 398</b>	<b>22 440</b>	<b>29 662</b>	<b>21 069</b>
<b>Interest expense</b>				
Latvian residents	(4 178)	(3 238)	(4 567)	(3 664)
Residents of EEA member states	(3 681)	(2 880)	(4 120)	(3 856)
Residents of other countries	(1 804)	(1 248)	(1 943)	(1 204)
<b>Total interest expense</b>	<b>(9 663)</b>	<b>(7 366)</b>	<b>(10 630)</b>	<b>(8 724)</b>
<b>Net interest income</b>	<b>22 735</b>	<b>15 074</b>	<b>19 032</b>	<b>12 345</b>

## 8. Fee and commission income

### Commission income by type of service:

'000 EUR	2025 Group	2025 Bank	2024 Group	2024 Bank
Commission income from servicing e-commerce transactions*	11 684	-	11 143	-
Investment banking	6 065	6 065	3 037	3 037
Servicing current accounts	3 087	1 428	3 434	1 842
Brokerage operations	2 859	2 893	2 943	2 751
Asset management and fiduciary	2 599	1 957	3 654	2 297
Credit card maintenance	510	316	496	290
Other**	1 823	544	458	323
<b>Total commission income</b>	<b>28 627</b>	<b>13 203</b>	<b>25 165</b>	<b>10 540</b>

### Commission income by geographic market segment:

'000 EUR	2025 Group	2025 Bank	2024 Group	2024 Bank
Latvian residents	9 638	7 434	7 778	5 069
Residents of EEA member states	15 079	4 383	11 516	3 948
Residents of other countries	3 674	1 386	5 650	1 523
Not classified by country	236	-	221	-
<b>Total commission income</b>	<b>28 627</b>	<b>13 203</b>	<b>25 165</b>	<b>10 540</b>

## 9. Fee and commission expense

### Commission expense by type of service:

'000 EUR	2025 Group	2025 Bank	2024 Group	2024 Bank
Commission expenses from servicing e-commerce transactions*	(7 533)	-	(8 492)	-
Agency fees	(1 295)	(1 295)	(948)	(948)
Asset management and brokerage services	(1 049)	(955)	(1 353)	(1 231)
Settlements	(364)	(167)	(429)	(169)
Other	(33)	(7)	(89)	(6)
<b>Total commission expenses</b>	<b>(10 274)</b>	<b>(2 424)</b>	<b>(11 311)</b>	<b>(2 354)</b>

### Commission expense by geographic market segment:

'000 EUR	2025 Group	2025 Bank	2024 Group	2024 Bank
Latvian residents	(875)	(729)	(830)	(702)
Residents of EEA member states	(1 069)	(1 054)	(753)	(724)
Residents of other countries	(8 205)	(641)	(9 478)	(928)
Not classified by country	(125)	-	(250)	-
<b>Total commission expenses</b>	<b>(10 274)</b>	<b>(2 424)</b>	<b>(11 311)</b>	<b>(2 354)</b>

\*AS Magnetiq Bank

\*\*Signet Asset Management Latvia IPS income from liquidation 983 thousand EUR

## 10. General administrative expenses

'000 EUR	2025 Group	2025 Bank	2024 Group	2024 Bank
Staff remuneration	17 450	9 536	16 147	7 922
Social security and solidarity tax contributions	3 967	2 128	3 610	1 742
Depreciation and amortisation	1 727	1 113	1 591	1 029
Advertising and marketing	1 648	1 124	1 294	910
IT services costs	1 361	599	1 144	505
Payment cards expenses	1 297	393	1 477	351
Non-refundable value added tax	977	559	826	476
Other employee expenses	958	315	692	270
Professional services	878	593	681	304
Communications and information services	572	495	604	465
Rent and utilities	433	202	426	199
Other	2 276	1 565	1 958	1 195
<b>Total</b>	<b>33 544</b>	<b>18 622</b>	<b>30 450</b>	<b>15 368</b>

Financial stability fee, membership fees in various organizations, and financing fees of the Bank of Latvia and the European Central Bank are reflected in the general administrative expenses item "Other".

'000 EUR	2025 Group	2025 Bank	2024 Group	2024 Bank
Financial stability fee	314	234	282	218
Financing fees of the Bank of Latvia and the European Central Bank	240	176	216	165
Membership fees in various organizations	130	68	192	56
<b>Total</b>	<b>684</b>	<b>478</b>	<b>690</b>	<b>439</b>

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

'000 EUR	2025 Group	2025 Bank	2024 Group	2024 Bank
Expenses and payments made in previous periods to a sworn auditor for the audit of the annual report	191	101	181	76
Expenses and payments made in previous periods to a sworn auditor for non - audit services	10	7	11	6
<b>Total</b>	<b>201</b>	<b>108</b>	<b>192</b>	<b>82</b>

The Bank's rental fees for low value inventory rental in the amount of EUR 23 thousand are included under the item 'IT services costs' (2024: EUR 15 thousand) and in the amount of EUR 10 thousand - under the item 'Other' (2024: EUR 8 thousand).

In 2025 the Group employed an average of 380 persons (2024: 396), whereas the Bank employed an average of 179 (2024: 157).

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

	31 Dec 2025 Group	31 Dec 2025 Bank	31 Dec 2024 Group	31 Dec 2024 Bank
Management	17	5	28	5
Heads of divisions and departments	61	25	70	24
Other personnel	297	155	306	140
<b>Total at the end of the year</b>	<b>375</b>	<b>185</b>	<b>404</b>	<b>169</b>

## 11. Impairment recovery/(loss)

### Total net asset impairment allowance included in statement of income:

'000 EUR	2025 Group	2025 Bank	2024 Group	2024 Bank
Loans and advances due from customers	(3 096)	(1 343)	(2 086)	(715)
Other assets	(352)	(352)	2	-
Other financial assets	(88)	(88)	(2)	(2)
Debt securities	(63)	(74)	134	97
Investment in associate	-	-	21	21
<b>Total impairment allowance and provisions charged to income statement, net</b>	<b>(3 599)</b>	<b>(1 857)</b>	<b>(1 931)</b>	<b>(599)</b>

### Changes in the Group financial and other asset impairment allowance for the year ended 31 December 2025:

'000 EUR	Increases in origination and acquisition	(Increases) / Decreases in derecognition and repayments	Total net impairment charge
<b>Stage 1</b>			
Balances due from financial institutions	(13)	13	-
Loans and advances due from customers	(3 177)	1 839	(1 338)
Debt securities	(218)	155	(63)
Other financial and non-financial assets	(602)	162	(440)
<b>Total stage 1 impairment</b>	<b>(4 010)</b>	<b>2 169</b>	<b>(1 841)</b>
<b>Stage 2</b>			
Loans and advances due from customers	(1 211)	265	(946)
<b>Total stage 2 impairment</b>	<b>(1 211)</b>	<b>265</b>	<b>(946)</b>
<b>Stage 3</b>			
Loans and advances due from customers	(482)	(330)	(812)
<b>Total stage 3 impairment</b>	<b>(482)</b>	<b>(330)</b>	<b>(812)</b>
<b>Total allowances for credit losses recognised in profit or loss, net</b>	<b>(5 703)</b>	<b>2 104</b>	<b>(3 599)</b>

## 11. Impairment recovery/(loss) (continued)

### 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
<b>Stage 1</b>			
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
<b>Total stage 1 impairment</b>	<b>(701)</b>	<b>564</b>	<b>(137)</b>
<b>Stage 2</b>			
Loans and advances due from customers	(568)	112	(456)
Debt securities	(1)	1	-
<b>Total stage 2 impairment</b>	<b>(569)</b>	<b>113</b>	<b>(456)</b>
<b>Stage 3</b>			
Loans and advances due from customers	(2 327)	989	(1 338)
<b>Total stage 3 impairment</b>	<b>(2 327)</b>	<b>989</b>	<b>(1 338)</b>
<b>Total allowances for credit losses recognised in profit or loss, net</b>	<b>(3 597)</b>	<b>1 666</b>	<b>(1 931)</b>

### Changes in the Bank financial and other asset impairment allowance for the year ended 31 December 2025:

'000 EUR	Increases in origination and acquisition	(Increases) / Decreases in derecognition and repayments	Total net impairment charge
<b>Stage 1</b>			
Loans and advances due from customers	(1 188)	310	(878)
Debt securities	(192)	119	(73)
Other financial and non-financial assets	(603)	162	(441)
<b>Total stage 1 impairment</b>	<b>(1 983)</b>	<b>591</b>	<b>(1 392)</b>
<b>Stage 2</b>			
Loans and advances due from customers	(888)	423	(465)
<b>Total stage 2 impairment</b>	<b>(888)</b>	<b>423</b>	<b>(465)</b>
<b>Stage 3</b>			
Loans and advances due from customers	-	-	-
<b>Total stage 3 impairment</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total allowances for credit losses recognised in profit or loss, net</b>	<b>(2 871)</b>	<b>1 014</b>	<b>(1 857)</b>

## 11. Impairment recovery/(loss) (continued)

### 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
<b>Stage 1</b>			
Loans and advances due from customers	(347)	124	(223)
Debt securities	(64)	161	97
Other financial and non-financial assets	(9)	29	20
<b>Total stage 1 impairment</b>	<b>(420)</b>	<b>314</b>	<b>(106)</b>
<b>Stage 2</b>			
Loans and advances due from customers	(627)	170	(457)
<b>Total stage 2 impairment</b>	<b>(627)</b>	<b>170</b>	<b>(457)</b>
<b>Stage 3</b>			
Loans and advances due from customers	(37)	1	(36)
<b>Total stage 3 impairment</b>	<b>(37)</b>	<b>1</b>	<b>(36)</b>
<b>Total allowances for credit losses recognised in profit or loss, net</b>	<b>(1 084)</b>	<b>485</b>	<b>(599)</b>

## 12. Income tax

### Income tax recognised in the profit or loss:

'000 EUR	2025 Group	2025 Bank	2024 Group	2024 Bank
Income tax surcharge for the profit of the reporting year (in the amount of 20%)	1 684	1 684	1 382	1 368
Income tax on profit distribution	73	30	25	19
<b>Income tax recognised in profit or loss</b>	<b>1 757</b>	<b>1 714</b>	<b>1 407</b>	<b>1 387</b>

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 2025 Group	31 Dec 2025 Bank	31 Dec 2024 Group	31 Dec 2024 Bank
Cash	321	321	270	270
Balances due from Bank of Latvia	17 307	12 344	6 639	1 118
Term deposit with Bank of Latvia	119 268	39 180	162 911	75 396
<b>Subtotal</b>	<b>136 896</b>	<b>51 845</b>	<b>169 820</b>	<b>76 784</b>
Demand deposit due from financial institutions	17 900	15 028	18 021	15 022
<b>Total</b>	<b>154 796</b>	<b>66 873</b>	<b>187 841</b>	<b>91 806</b>

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.

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

'000 EUR	31 Dec 2025 Group	31 Dec 2025 Bank	31 Dec 2024 Group	31 Dec 2024 Bank
<b>Assets</b>				
<b>Debt securities</b>				
Corporate debt securities*	149	149	2 223	2 223
Financial institutions debt securities*	166	166	2 840	2 840
Credit institutions debt securities*	-	-	4 866	4 866
<b>Total debt securities</b>	<b>315</b>	<b>315</b>	<b>9 929</b>	<b>9 929</b>
<b>Equity instruments</b>				
Financial institutions shares*	13 341	13 138	11 462	10 948
Corporate shares*	73	73	1 132	1 132
<b>Total equity instruments</b>	<b>13 414</b>	<b>13 211</b>	<b>12 594</b>	<b>12 080</b>
<b>Derivative financial instruments</b>				
Sellback option for equity shares at estimated fair value	126	126	216	216
Foreign currency contracts	1 554	1 554	84	84
Foreign currency forward agreements	18	18	6	6
<b>Total derivative financial instruments</b>	<b>1 698</b>	<b>1 698</b>	<b>306</b>	<b>306</b>
<b>Total assets at fair value</b>	<b>15 427</b>	<b>15 224</b>	<b>22 829</b>	<b>22 315</b>
<b>Notional amount</b>				
<b>Derivative financial instruments</b>				
Foreign currency forward agreements	43 380	43 380	15 159	15 159
Foreign currency contracts	1 844	1 844	502	502
<b>Total derivative financial instruments at national amount</b>	<b>45 224</b>	<b>45 224</b>	<b>15 661</b>	<b>15 661</b>
<b>Liabilities</b>				
<b>Derivative financial instruments,</b>				
Foreign currency contracts	1 324	1 324	405	405
Buyback option for equity shares at estimated fair value	35	35	72	72
Foreign currency forward agreements	21	21	-	-
<b>Total liabilities at fair value</b>	<b>1 380</b>	<b>1 380</b>	<b>477</b>	<b>477</b>
<b>Notional amount</b>				
<b>Derivative financial instruments</b>				
Foreign currency forward agreements	42 898	42 898	15 523	15 523
Foreign currency contracts	1 847	1 847	500	500
<b>Total derivative financial instruments at national amount</b>	<b>44 745</b>	<b>44 745</b>	<b>16 023</b>	<b>16 023</b>

Included in financial assets and financial liabilities at fair value through profit or loss at 31 December 2025 are EUR 14 million (2024: EUR 22 million) and EUR 1 380 thousand (2024: EUR 447 thousand) respectively which are held for trading.

\*held for trading

## 15. Balances due from financial institutions

'000 EUR	31 Dec 2025 Group	31 Dec 2025 Bank	31 Dec 2024 Group	31 Dec 2024 Bank
<b>Not impaired or past due</b>				
<b>Nostro accounts</b>				
OECD banks <sup>1</sup>	17 879	15 012	17 981	14 996
Non-OECD banks	21	16	40	26
<u>Credit ratings<sup>2</sup></u>				
Rated A- and above	8 370	8 294	10 067	9 875
AA	777	777	378	378
Rated from BBB- to BBB+	-	-	59	-
Not rated	8 753	5 957	7 517	4 769
<b>Total nostro accounts</b>	<b>17 900</b>	<b>15 028</b>	<b>18 021</b>	<b>15 022</b>
<b>Loans and deposits<sup>3</sup></b>				
OECD banks <sup>3</sup>	-	-	1 156	-
<u>Credit ratings<sup>2</sup></u>				
Not rated	-	-	1 156	-
<b>Total loans and deposits not impaired</b>	<b>-</b>	<b>-</b>	<b>1 156</b>	<b>-</b>
<b>Total balances due from financial institutions</b>	<b>17 900</b>	<b>15 028</b>	<b>19 177</b>	<b>15 022</b>

1. Nostro accounts held with OECD banks include balances with 15 counterparties (31 December 2024: 16) one of which exceed 4.6% (31 December 2024: 5.1%) of the total account balance. The respective counterparty credit rating was A+ as at 31 December 2025 (31 December 2024: 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 2025 there were no loans and deposits held with OECD banks (31 December 2024: 1 financial institution which individually does not exceed 6% of the total outstanding claims, do not have credit ratings, is registered and operates in the EU).

As at 31 December 2025 and 2024 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 2025 and 2024 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 2025 and 2024, there were claims on credit institutions that individually exceeded 47% and 51% of the total amount of claims on credit institutions, 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 2025 was EUR 15 645 thousand (31 December 2024: EUR 14 978 thousand) and it included 4 banks, one bank with the credit rating A+, others without credit rating (31 December 2024: 3, one bank with the credit rating A+, others without credit rating).

## 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 2025 Group	31 Dec 2025 Bank	31 Dec 2024 Group	31 Dec 2024 Bank
Corporate entities	222 458	187 990	130 092	94 655
Private individuals and Associations and foundations serving individuals and households	68 021	21 997	50 281	14 205
Financial auxiliaries and other financial intermediaries	49 086	90 844	31 586	62 874
<b>Total loans and advances due from non-banks</b>	<b>339 565</b>	<b>300 831</b>	<b>211 959</b>	<b>171 734</b>
<b>Total impairment allowance</b>	<b>(4 752)</b>	<b>(3 858)</b>	<b>(3 338)</b>	<b>(2 554)</b>
<b>Loans and advances due from non-banks customers, net</b>	<b>334 813</b>	<b>296 973</b>	<b>208 621</b>	<b>169 180</b>

As of 31 December 2025, the Bank had six forbore loans to non-banks in the total amount of 7 886 thousand EUR (2024: five, 4 896 thousand EUR). As of 31 December 2025, the Group had one hundred and four (2024: thirty one) forbore loan to non-banks in the total amount of 23 811 thousand EUR (2024: 17 876 thousand EUR), Group's largest part is from subsidiaries, SIA Agrocredit Latvia, AS Magnetiq Bank (2024 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 2025 Group				31 Dec 2024 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	64 011	186 478	13 776	2 752	27 657	95 026	2 075	11
Reverse repo and loans secured by financial instruments	9 712	18 662	-	-	6 737	14 024	-	-
Consumer loans	3 657	9 743	41 731	2	3 374	11 521	29 685	-
Loans collateralized by real estate	76 686	235 669	436	-	41 444	111 442	4 071	-
Loans to Latvian farmers*	13 629	24 724	7 758	5 666	10 019	21 336	8 068	5 327
Other deposits with financial institutions	-	-	7 334	-	-	-	5 000	-
Other	87 482	304 562	13 353	1 964	65 072	229 726	8 757	471
<b>Loans and advances due from customers</b>	<b>255 177</b>	<b>779 838</b>	<b>84 388</b>	<b>10 384</b>	<b>154 303</b>	<b>483 075</b>	<b>57 656</b>	<b>5 809</b>
Impairment allowance	(1 895)	-	(2 857)	-	(900)	-	(2 438)	-
<b>Loans and advances due from customers, net</b>	<b>253 282</b>	<b>779 838</b>	<b>81 531</b>	<b>10 384</b>	<b>153 403</b>	<b>483 075</b>	<b>55 218</b>	<b>5 809</b>

## 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 2025 Bank				31 Dec 2024 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	71 398	185 754	50 913	38 583	36 940	118 161	731	11
Reverse repo and loans secured by financial instruments	9 712	18 662	-	-	6 737	14 024	-	-
Consumer loans	3 479	9 051	34	2	3 154	10 830	28	-
Loans collateralized by real estate	63 335	200 262	436	-	27 858	72 581	-	-
Other deposits with financial institutions	-	-	3 642	-	-	-	1 363	-
Other	84 647	297 973	13 235	1 964	86 209	239 985	8 714	471
<b>Loans and advances due from customers</b>	<b>232 571</b>	<b>711 702</b>	<b>68 260</b>	<b>40 549</b>	<b>160 898</b>	<b>455 581</b>	<b>10 836</b>	<b>482</b>
Impairment allowance	(1 309)	-	(2 549)	-	(2 386)	-	(168)	-
<b>Loans and advances due from customers, net</b>	<b>231 262</b>	<b>711 702</b>	<b>65 711</b>	<b>40 549</b>	<b>158 512</b>	<b>455 581</b>	<b>10 668</b>	<b>482</b>

## 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 2025:

'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		
<b>Loans and advances due from non-banks</b>						
Business loans	<b>77 366</b>	<b>45 913</b>	<b>41 902</b>	<b>3 812</b>	<b>97 603</b>	<b>189 230</b>
<i>OECD countries</i>		2 726	-	76	21 313	24 115
<i>Latvia</i>		43 187	41 902	3 736	76 290	165 115
Reverse repo and loans secured by financial instruments	<b>9 690</b>	-	<b>18 663</b>	-	-	<b>18 663</b>
<i>OECD countries</i>		-	1 616	-	-	1 616
<i>Latvia</i>		-	16 011	-	-	16 011
<i>Other countries*</i>		-	1 036	-	-	1 036
Consumer loans	<b>43 150</b>	<b>7 245</b>	<b>1 839</b>	<b>660</b>	-	<b>9 744</b>
<i>OECD countries</i>		6 554	356	-	-	6 910
<i>Latvia</i>		691	766	580	-	2 037
<i>Other countries*</i>		-	717	80	-	797
Loans collateralized by real estate	<b>76 730</b>	<b>212 180</b>	<b>13 612</b>	<b>3 685</b>	<b>6 193</b>	<b>235 670</b>
<i>OECD countries</i>		29 302	-	-	-	29 302
<i>Latvia</i>		182 878	13 612	3 685	6 193	206 368
Loans to Latvian farmers	<b>20 321</b>	<b>15 699</b>	-	-	<b>14 691</b>	<b>30 390</b>
<i>Latvia</i>		15 699	-	-	14 691	30 390
Other deposits with financial institutions	<b>7 334</b>	-	-	-	-	-
Other	<b>100 222</b>	<b>151 980</b>	<b>55 126</b>	<b>3 140</b>	<b>96 279</b>	<b>306 525</b>
<i>OECD countries</i>		22 802	8 807	1 517	5 966	39 092
<i>Latvia</i>		120 864	44 395	1 611	90 313	257 183
<i>Russia</i>		1 066	1 924	2	-	2 992
<i>Other countries*</i>		7 248	-	10	-	7 258

\*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 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		
<b>Loans and advances due from non-banks</b>						
Business loans	<b>29 477</b>	<b>21 210</b>	<b>7 269</b>	<b>1 284</b>	<b>65 274</b>	<b>95 037</b>
<i>Latvia</i>		21 210	7 269	1 284	65 274	95 037
Reverse repo and loans secured by financial instruments	<b>6 726</b>	-	<b>14 024</b>	-	-	<b>14 024</b>
<i>Latvia</i>		-	13 515	-	-	13 515
<i>Other countries*</i>		-	509	-	-	509
Consumer loans	<b>31 036</b>	<b>10 655</b>	<b>852</b>	<b>14</b>	-	<b>11 521</b>
<i>OECD countries</i>		9 149	515	-	-	9 664
<i>Latvia</i>		1 506	337	14	-	1 857
Loans collateralized by real estate	<b>45 412</b>	<b>103 152</b>	<b>4 570</b>	<b>1 941</b>	<b>1 779</b>	<b>111 442</b>
<i>OECD countries</i>		6 400	-	-	-	6 400
<i>Latvia</i>		88 613	4 570	1 817	1 779	96 779
<i>Other countries*</i>		8 139	-	124	-	8 263
Loans to Latvian farmers**	<b>17 436</b>	<b>14 849</b>	-	-	<b>11 814</b>	<b>26 663</b>
<i>Latvia</i>		14 849	-	-	11 814	26 663
Other deposits with financial institutions	<b>5 000</b>	-	-	-	-	-
Other	<b>73 534</b>	<b>175 196</b>	<b>14 415</b>	<b>3 400</b>	<b>37 186</b>	<b>230 197</b>
<i>OECD countries</i>		14 010	3 941	166	1 282	19 399
<i>Latvia</i>		151 653	8 439	3 118	35 904	199 114
<i>Russia</i>		883	2 025	16	-	2 924
<i>Other countries*</i>		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 Bank as at 31 December 2025:

'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		
<b>Loans and advances due from non-banks</b>						
Business loans	<b>119 447</b>	<b>45 825</b>	<b>41 902</b>	<b>4 627</b>	<b>131 983</b>	<b>224 337</b>
<i>OECD countries</i>		2 727	-	76	-	2 803
<i>Latvia</i>		43 098	41 902	4 551	131 983	221 534
Reverse repo and loans secured by financial instruments	<b>9 690</b>	-	<b>18 663</b>	-	-	<b>18 663</b>
<i>OECD countries</i>		-	1 616	-	-	1 616
<i>Latvia</i>		-	16 011	-	-	16 011
<i>Other countries*</i>		-	1 036	-	-	1 036
Consumer loans	<b>3 507</b>	<b>6 554</b>	<b>1 839</b>	<b>660</b>	-	<b>9 053</b>
<i>OECD countries</i>		6 554	356	-	-	6 910
<i>Latvia</i>		-	766	580	-	1 346
<i>Other countries*</i>		-	717	80	-	797
Loans collateralized by real estate	<b>63 411</b>	<b>177 205</b>	<b>13 612</b>	<b>3 680</b>	<b>5 765</b>	<b>200 262</b>
<i>OECD countries</i>		29 302	-	-	-	29 302
<i>Latvia</i>		147 903	13 612	3 680	5 765	170 960
Other deposits with financial institutions	<b>3 642</b>	-	-	-	-	-
Other	<b>97 276</b>	<b>145 591</b>	<b>55 126</b>	<b>3 140</b>	<b>96 079</b>	<b>299 936</b>
<i>OECD countries</i>		22 802	8 807	1 517	5 966	39 092
<i>Latvia</i>		114 475	44 395	1 611	90 113	250 594
<i>Russia</i>		1 066	1 924	2	-	2 992
<i>Other countries*</i>		7 248	-	10	-	7 258

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

\*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 2025 Group	31 Dec 2025 Bank	31 Dec 2024 Group	31 Dec 2024 Bank
<b>Loans and advances due from customers</b>				
Latvia	51 422	42 457	180 095	143 524
OECD countries	286 052	256 283	23 013	19 359
Russia	557	557	862	862
Other countries*	1 534	1 534	7 989	7 989
<b>Total loans and advances due from non-banks</b>	<b>339 565</b>	<b>300 831</b>	<b>211 959</b>	<b>171 734</b>
<b>Total impairment allowance</b>	<b>(4 752)</b>	<b>(3 858)</b>	<b>(3 338)</b>	<b>(2 554)</b>
<b>Loans and advances due from non-banks, net</b>	<b>334 813</b>	<b>296 973</b>	<b>208 621</b>	<b>169 180</b>

### Significant credit exposures

As of December 31, 2025 the Bank had one (2024: 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 37 827 thousand (2024: EUR 25 914 thousand). As of 31 December 2025, the Group had no customers, whose balances exceeded 10% of loans to customers (2024: 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 2025 and 2024 the Group was in compliance with this requirement.

\*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.)

## 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 2025 Group	31 Dec 2025 Bank	31 Dec 2024 Group	31 Dec 2024 Bank
<b>Debt securities</b>				
<b>Government and municipal bonds</b>				
European Union and EEA	1 912	-	2 724	-
Other countries	-	-	104	-
<b>Total government and municipal bonds</b>	<b>1 912</b>	<b>-</b>	<b>2 828</b>	<b>-</b>
<b>Financial authorities and institutions bonds</b>				
European Union and EEA	4 979	-	6 356	-
<b>Total Financial authorities and institutions bonds</b>	<b>4 979</b>	<b>-</b>	<b>6 356</b>	<b>-</b>
<b>Corporate bonds</b>				
European Union and EEA	2 405	396	579	479
Latvia	10 248	5 345	-	-
<b>Total corporate bonds</b>	<b>12 653</b>	<b>5 741</b>	<b>579</b>	<b>479</b>
<b>Total debt securities measured at fair value through other comprehensive income</b>	<b>19 544</b>	<b>5 741</b>	<b>9 763</b>	<b>479</b>

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 2025 Group	31 Dec 2025 Bank	31 Dec 2024 Group	31 Dec 2024 Bank
<b>Debt securities<sup>1</sup></b>				
<b>Government and municipal bonds</b>				
Rated from AAA- to A-	-	-	1 037	-
Rated from BBB- to BBB+	1 912	-	1 791	-
<b>Total government and municipal bonds</b>	<b>1 912</b>	<b>-</b>	<b>2 828</b>	<b>-</b>
<b>Financial institutions bonds</b>				
Rated from AAA- to A-	4 979	-	6 356	-
<b>Total Financial institutions bonds</b>	<b>4 979</b>	<b>-</b>	<b>6 356</b>	<b>-</b>
<b>Corporate bonds</b>				
Rated from AAA- to A-	804	804	100	-
Rated from BB- to BB+	363	363	-	-
Rated from BBB- to BBB+	498	498	-	-
Not rated <sup>2</sup>	10 988	4 076	479	479
<b>Total corporate bonds</b>	<b>12 653</b>	<b>5 741</b>	<b>579</b>	<b>479</b>
<b>Total debt securities measured at fair value through other comprehensive income</b>	<b>19 544</b>	<b>5 741</b>	<b>9 763</b>	<b>479</b>

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 2025 Group	31 Dec 2025 Bank	31 Dec 2024 Group	31 Dec 2024 Bank
<b>Debt securities</b>				
<b>Government and municipal bonds</b>				
European Union and EEA	33 848	33 848	63 848	59 818
Latvia	41 365	34 373	42 314	34 939
Other countries	26 940	26 940	59 469	59 469
<b>Total government and municipal bonds, gross</b>	<b>102 153</b>	<b>95 161</b>	<b>165 631</b>	<b>154 226</b>
Impairment allowance	(104)	(94)	(117)	(105)
<b>Total government and municipal bonds, net</b>	<b>102 049</b>	<b>95 067</b>	<b>165 514</b>	<b>154 121</b>
<b>Financial institutions bonds</b>				
European Union and EEA	2 926	2 926	5 730	5 731
Other countries	6 049	-	2 025	-
<b>Total financial institutions bonds, gross</b>	<b>8 975</b>	<b>2 926</b>	<b>7 755</b>	<b>5 731</b>
Impairment allowance	(3)	-	(1)	(1)
<b>Total financial institutions bonds, net</b>	<b>8 972</b>	<b>2 926</b>	<b>7 754</b>	<b>5 730</b>
<b>Corporate bonds</b>				
European Union and EEA	4 019	-	5 120	2 071
Latvia	2 856	2 856	-	-
Other countries	-	-	6 082	-
<b>Total corporate bonds, gross</b>	<b>6 875</b>	<b>2 856</b>	<b>11 202</b>	<b>2 071</b>
Impairment allowance	(45)	(42)	(5)	-
<b>Total corporate bonds, net</b>	<b>6 830</b>	<b>2 814</b>	<b>11 197</b>	<b>2 071</b>
<b>Total debt securities measured at amortized cost, net</b>	<b>117 851</b>	<b>100 807</b>	<b>184 465</b>	<b>161 922</b>

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 2025 Group	31 Dec 2025 Bank	31 Dec 2024 Group	31 Dec 2024 Bank
<b>Debt securities<sup>1</sup></b>				
<b>Government and municipal bonds<sup>1</sup></b>				
Rated from A- to above	73 118	66 136	71 542	62 560
Rated from AA- to AA+	28 931	28 931	84 330	84 330
Rated from AAA- to AAA+	-	-	6 931	6 933
Rated from BBB- to BBB+	-	-	2 711	298
<b>Total government and municipal bonds, net</b>	<b>102 049</b>	<b>95 067</b>	<b>165 514</b>	<b>154 121</b>
<b>Financial institutions bonds</b>				
Rated from A- to above	6 046	-	2 024	-
Rated from AAA- to AAA+	2 926	2 926	5 730	5 730
<b>Total financial institutions and corporate bonds</b>	<b>8 972</b>	<b>2 926</b>	<b>7 754</b>	<b>5 730</b>
<b>Corporate bonds</b>				
Rated from A- to above	-	-	4 049	-
Rated from AA- to AA+	-	-	4 102	2 071
Rated from AAA- to AAA+	-	-	1 024	-
Rated from BBB- to BBB+	4 316	300	2 022	-
Not rated <sup>2</sup>	2 514	2 514	-	-
<b>Total corporate bonds</b>	<b>6 830</b>	<b>2 814</b>	<b>11 197</b>	<b>2 071</b>
<b>Total debt securities measured at amortized cost, net</b>	<b>117 851</b>	<b>100 807</b>	<b>184 465</b>	<b>161 922</b>

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

On 11 December 2023 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 2025	31 Dec 2024
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 %	100 %

### AS “Magnetiq Bank” balance sheet:

'000 EUR	31 Dec 2025 (audited data)*	31 Dec 2024 (audited data)*
Cash and claims against Bank of Latvia	85 051	93 036
Demand deposits with financial institutions	3 002	4 418
Financial assets measured at amortized cost	49 051	51 657
Debt securities measured at FVOCI	13 803	9 284
Tangible assets	3 940	6 331
Intangible assets	510	606
Other assets	1 162	1 738
Deposits (measured at amortized cost)	(114 367)	(131 032)
Savings	-	-
Other liabilities	(7 131)	(1 290)
<b>Total net assets</b>	<b>35 021</b>	<b>34 748</b>

### Financial result of the subsidiary AS “Magnetiq Bank”:

'000 EUR	For the year 2025 (audited data)*	For the year 2024 (audited data)*
Income	11 562	12 043
Expense	(11 519)	12 101
<b>Profti / (Loss)</b>	<b>43</b>	<b>(58)</b>
<b>Bank’s profit / (loss) share 100 %</b>	<b>100%</b>	<b>100%</b>

During the year 2025 and 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 2025 and 2024, 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 2025	31 Dec 2024
Investments in Signet Asset Management Latvia IPS, '000 EUR	1 724	874
<b>Signet Asset Management Latvia IPS</b>		
<b>Main activity</b>	Financial services	
<b>Country of incorporation</b>	Latvia	
<b>Address</b>	3 - 1 Antonijas street, Riga LV-1010, Latvia	
<b>Ownership interest</b>	100 %	100 %

### Bank's investment in subsidiary Signet Pensiju Pārvalde IPAS:

	31 Dec 2025	31 Dec 2024
Investments in Signet Pensiju Pārvalde IPAS, '000 EUR	-	850
Main activity	Financial services	
Country of incorporation	Latvia	
Address	3 - 7 Antonijas street, Riga LV-1010, Latvia	
Ownership interest	-	100 %

On February 10, 2025, the Bank, as the sole shareholder, decided to during 2025 reorganise the subsidiary "Signet Pensiju Pārvalde" IPAS by merging it with "Signet Asset Management Latvia" IPS. The Bank's participation in the capital of Signet Pensiju Pārvalde IPAS both as of 31 December 2024 and at the time of the acquisition was EUR 850 thousand. The reorganisation was completed on November 20, 2025. As a result, all assets and liabilities

of "Signet Pensiju Pārvalde" IPAS and "Signet Asset Management Latvia" IPS were combined. The addition of assets and liabilities took place at the balance sheet value, which corresponds to the fair value of assets and liabilities. Along with "Signet Pensiju Pārvalde" IPAS assets, the management of the First Closed Pension Fund was transferred. Information on the values of the added assets and liabilities is provided below:

'000 EUR	20 Nov 2025
<b>Assets</b>	
Cash and cash equivalents	551
Term deposits	618
<b>Total assets</b>	<b>1 169</b>
<b>Liabilities</b>	
Accrued liabilities	26
<b>Total liabilities</b>	<b>26</b>
<b>Equity</b>	
Share capital	585
Profit from previous reporting periods	361
Profit for the reporting period	198
<b>Total equity</b>	<b>1 144</b>
<b>Total equity and liabilities</b>	<b>1 169</b>

## 19. Investment in subsidiaries (continued)

### Financial position of Signet Asset Management Latvia IPS:

'000 EUR	As at 31 Dec 2025 (unaudited data)	As at 31 Dec 2024 (audited data)*
Non-current assets	908	553
Current assets	3 000	1 212
Current liabilities	(185)	(100)
<b>Net assets</b>	<b>3 723</b>	<b>1 665</b>
<b>Group share in net assets</b>	<b>100 %</b>	<b>100 %</b>
	For the year 2025 (unaudited data)	For the year 2024 (audited data)*
Income	1 542	1 194
Expenses	(629)	(560)
<b>Profit</b>	<b>913</b>	<b>634</b>
<b>The bank's profit share 100%</b>	<b>100 %</b>	<b>100 %</b>

The subsidiary Signet Asset Management Latvia IPS which as at 31 December 2025 had the net asset value of EUR 3 723 thousand which mainly consists of cash and term deposits of EUR 3 463 thousand. During the year ended 31 December 2025 and 2024 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 2025 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)

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

	31 Dec 2025	31 Dec 2024
Investments in AS "Primero Holding", '000 EUR	1 301	1 301
<b>AS "Primero Holding"</b>		
<b>Main activity</b>	Financial services	
<b>Country of incorporation</b>	Latvia	
<b>Address</b>	3-1 Antonijas street, Riga LV-1010, Latvia	
<b>Ownership interest</b>	<b>51 %</b>	<b>51 %</b>

### Financial position of AS "Primero Holding":

'000 EUR	As at 31 Dec 2025 (unaudited data)	As at 31 Dec 2024 (unaudited data)
Non-current assets	2 448	2 448
Current assets	19	14
Current liabilities	(1)	(5)
<b>Net assets</b>	<b>2 466</b>	<b>2 457</b>
<b>Bank share 51% in net assets</b>	<b>1 258</b>	<b>1 253</b>
	<b>For the year 2025 (unaudited data)</b>	<b>For the year 2024 (unaudited data)</b>
Income	24	36
Expenses	(21)	(134)
<b>Profit / (Loss)</b>	<b>3</b>	<b>(98)</b>
<b>The bank's profit / (loss) share 51%</b>	<b>2</b>	<b>(50)</b>

During the year 2025 and 2024 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%. During the year 2025 Group did not receive dividends from AS "Primero Holding" subsidiaries.

### The Group's investment in the subsidiary's subsidiaries:

	AS "Primero Finance"	Primero SV1 OU	UAB Primero Finance
AS "Primero Holding" participation in the company's capital on December 31, 2025	2 444	2.5	1
AS "Primero Holding" participation in the company's capital on December 31, 2024	2 444	2.5	1
<b>Main activity</b>	Financial services	Financial services	Financial services
<b>Country of incorporation</b>	Latvia	Estonia	Lithuania
<b>Address</b>	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" (2025 unaudited data, 2024 unaudited data):

'000 EUR	AS "Primero Finance"		Primero SV1 OU		UAB Primero Finance	
	As at 31 Dec 2025	As at 31 Dec 2024	As at 31 Dec 2025	As at 31 Dec 2024	As at 31 Dec 2025	As at 31 Dec 2024
Non-current assets	31 604	22 240	-	-	-	-
Current assets	9 711	6 957	1	15	9	4
Non-current liabilities	(40 000)	(3)	-	-	-	-
Current liabilities	(722)	(28 644)	-	(4)	(5)	-
<b>Net assets</b>	<b>593</b>	<b>550</b>	<b>1</b>	<b>11</b>	<b>4</b>	<b>4</b>
<b>Bank share 51% in net assets</b>	<b>302</b>	<b>281</b>	<b>1</b>	<b>6</b>	<b>2</b>	<b>2</b>
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Income	4 182	2 670	-	19	7	15
Expenses	(4 117)	(3 578)	(10)	(11)	(6)	(12)
Income tax expense	(22)	(6)	-	-	-	-
<b>Profit /(Loss)</b>	<b>43</b>	<b>(914)</b>	<b>(10)</b>	<b>8</b>	<b>1</b>	<b>3</b>
<b>The bank's profit / (loss) share, 51%</b>	<b>22</b>	<b>(466)</b>	<b>5</b>	<b>4</b>	<b>1</b>	<b>2</b>

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 of Primero SV1 OÜ commenced in January 2025, it was not yet completed on December 31, 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.

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 14 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.

### Bank's investment in subsidiary SIA AgroCredit Latvia:

	31 Dec 2025	31 Dec 2024
Investments in SIA AgroCredit Latvia, '000 EUR	2 109	2 055
Main activity	Financial services	
Country of incorporation	Latvia	
Address	Mārupes county, Mārupe, Ziedleju street 6, LV-2167, Latvia	
Ownership interest	51 %	51 %

At the time of acquisition, the fair value of the identifiable net assets was measured. 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 over the period and the expected future interest payments during the contract period and subsequently amortized in interest income,

using the effective interest rate method, over the remaining contractual term of the asset. Accordingly, interest income includes both the interest specified in the contract and the effect of the amortization of the fair value adjustment. During the reporting period, the effect of the fair value adjustment, reflected through the amortization of the effective interest rate, reduced the Group's interest income by 531 thousand EUR.

### Accordinging share purchase agreement paid amount fair value:

'000 EUR	As at 31 Dec 2024
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
<b>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 ".</b>	<b>5</b>

## 19. Investment in subsidiaries (continued)

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".

### In 2025, the estimated fair value of the option shares was revalued:

	'000 EUR
Bank's investment before revaluation	2 055
Share sellback option at estimated fair value	91
Share buyback option at estimated fair value	(37)
Bank's investment	2 109

### Financial position of the subsidiary SIA AgroCredit Latvia:

'000 EUR	As at 31 Dec 2025 (audited data)*	As at 31 Dec 2024 (unaudited data)
Non-current assets	6 132	17 486
Current assets	13 861	73
Current liabilities	(16 702)	(13 683)
Short-term liabilities	(198)	(53)
<b>Net assets</b>	<b>3 093</b>	<b>3 823</b>
<b>Bank share 51% in net assets</b>	<b>1 577</b>	<b>1 950</b>
'000 EUR	For the year 2025	For the year 2024
Income	1 640	2 588
Expenses	(1 137)	(2 332)
Company income tax	-	(34)
<b>Profit</b>	<b>503</b>	<b>222</b>
<b>Bank's profit share according to the participants' agreement</b>	<b>176</b>	<b>-</b>
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 2025 and 2024 Group did not receive dividends from investment in 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 2025	31 Dec 2024
Investments in Citra Development SIA, '000 EUR	550	550
Citra Development SIA		
<b>Main activity</b>	Real estate rental and management	
<b>Country of incorporation</b>	Latvia	
<b>Address</b>	3-5 Antonijas street, Riga LV-1010, Latvia	
<b>Ownership interest</b>	100 %	100 %

### Financial position of Citra Development SIA:

'000 EUR	As at 31 Dec 2025 (unaudited data)	As at 31 Dec 2024 (unaudited data)
Non-current assets	399	388
Current assets	67	113
Current liabilities	(5)	(5)
<b>Net assets</b>	<b>461</b>	<b>496</b>
<b>Bank share 100% in net assets</b>	<b>461</b>	<b>496</b>
'000 EUR	For the year 2025 (unaudited data)	For the year 2024 (unaudited data)
Expenses	(35)	(15)
<b>Loss</b>	<b>(35)</b>	<b>(15)</b>
<b>The bank's loss share,100%</b>	<b>(35)</b>	<b>(15)</b>

Considering that the carrying amount of the Bank's investment in the Subsidiary Citra Development SIA exceeds its net asset value, the Bank has performed an assessment of the recoverability of the investment based on management estimates and future cash flow projections. As a result of the assessment, it was concluded that the recoverable amount of the investment exceeds its carrying amount, therefore no provision for impairment was recognized.

## 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 2025	31 Dec 2024
Investments in SB Real Estate SIA, '000 EUR	10	10
SB Real Estate SIA		
<b>Main activity</b>	Management of subsidiaries	
<b>Country of incorporation</b>	Latvia	
<b>Address</b>	3-5 Antonijas street, Riga LV-1010, Latvia	
<b>Ownership interest</b>	100 %	100 %

### Financial position of SB Real Estate SIA:

'000 EUR	As at 31 Dec 2025 (unaudited data)	As at 31 Dec 2024 (unaudited data)
Current assets	3	3
<b>Net assets</b>	<b>3</b>	<b>3</b>
<b>Bank share 100% in net assets</b>	<b>3</b>	<b>3</b>
'000 EUR	For the year 2025 (unaudited data)	For the year 2024 (unaudited data)
Income	10	-
Expenses	(9)	(7)
Profit / (Loss)	1	(7)
<b>The bank's loss share, 100%</b>	<b>1</b>	<b>(7)</b>

During the year 2025 and 2024 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 of December 31, 2024. The Bank does not have the control over SIA "LS Medical Property" and it was accounted using the equity method.

The initial 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. Sales 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 2025, the terms of the sales agreement were fulfilled in full. After the sale of the property, SIA "LS Medical Property" was liquidated. The Bank received 777 thousand EUR from the liquidation quota, in the amount of which the Bank's investment in the associate was partially reduced. The remaining share of participation in the amount of 103 thousand EUR was covered from the impairment loss recognized in previous periods. In turn, the balance of the impairment loss recognized in previous periods in the amount of 104 thousand EUR was reversed, being recognized as the Bank's profit.

## 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, 2025 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, therefor it is accounted using the equity method.

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 2 606 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 2025	31 Dec 2024
Investments in SIA "Citra Kaļķu"	1 447	1 447
Part of the previous year's profit	65	57
Part of the Bank's profit	9	8
Impairment of investment	(339)	(339)
<b>Investment in the associate, net</b>	<b>1 182</b>	<b>1 173</b>
<b>SIA "Citra Kaļķu"</b>		
<b>Main activity</b>	Real estate transactions, development, leasing and rental of real estate	
<b>Country of incorporation</b>	Latvia	
<b>Address</b>	Aspāzijas bulvāris 32-1A, Rīga LV-1050, Latvia	
<b>Ownership interest</b>	11.68 %	

### Financial position of SIA "Citra Kaļķu":

'000 EUR	As at 31 Dec 2025 (unaudited data)	As at 31 Dec 2024 (unaudited data)
Non-current assets	10 947	10 947
Non-current liabilities	(1 086)	(1 086)
<b>Net assets</b>	<b>9 861</b>	<b>9 861</b>
<b>Bank's share 11.68% in net assets</b>	<b>1 152</b>	<b>1 152</b>
	For the year 2025 (unaudited data)	For the year 2024 (unaudited data)
Income	116	106
Expenses	(39)	(40)
<b>Profit</b>	<b>77</b>	<b>66</b>
<b>The bank's profit, 11.68%</b>	<b>9</b>	<b>8</b>

## 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 2025 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 2025 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 31.12.2025, 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 17 537 thousand (2024: EUR 14 688 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 National Cultural Heritage Administration's (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. At the end of 2025, the improved project and the "Assessment of the Impact on the Cultural and Historical Environment" were submitted to the NKMP for approval. At the beginning of 2026, the project solutions were presented at the Riga City Municipality Urban Development Department council meeting, support for the project's progress was received, and approval from the NKMP is awaited. Changes in value are mainly related to the reduction in Euribor rates.

## 20. Investment in associates (continued)

Key parameters and results of sensitivity analysis for the hotel development project are presented below, based on the value depreciation test performed as at 31.12.2025. 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	80 % - 85 %	15 863	14 189
Hotel room rate	89 EUR on average	15 863	14 189
Income from restaurant	Up to 30 % (revenue share vs. number income)	17 057	16 576
Hotel sales price	EUR 72 967 thousand	15 318	13 099
Construction costs	EUR 25 600 thousand	16 946	16 354
Capitalisation rate	5.9 %	15 424	13 502

## 21. Property and equipment

Group '000 EUR	Leasehold improvements	Right-of-use assets (IFRS 16)	Land and buildings	Other	Total
<b>Cost</b>					
At 1 January 2025	2 331	1 476	7 593	4 454	<b>15 854</b>
Purchases	-	3 800	-	575	<b>4 375</b>
Reclassified / (Write-offs)	-	2	(7 593)	(27)	<b>(7 618)</b>
<b>At 31 December 2025</b>	<b>2 331</b>	<b>5 278</b>	<b>-</b>	<b>5 002</b>	<b>12 611</b>
<b>Depreciation</b>					
At 1 January 2025	<b>1 856</b>	<b>910</b>	<b>1 628</b>	<b>3 062</b>	<b>7 456</b>
Depreciation charge	142	362	62	438	<b>1 004</b>
Write-offs	-	-	(1 690)	-	<b>(1 690)</b>
<b>At 31 December 2025</b>	<b>1 998</b>	<b>1 272</b>	<b>-</b>	<b>3 500</b>	<b>6 770</b>
<b>Carrying value</b>					
<b>2025. gada 31. decembrī</b>	<b>333</b>	<b>4 006</b>	<b>-</b>	<b>1 502</b>	<b>5 841</b>
<b>Cost</b>					
At 1 January 2024	2 331	1 378	7 214	4 047	<b>14 970</b>
Purchases	-	-	379	450	<b>829</b>
Reclassified / (Write-offs)	-	(3)	-	(69)	<b>(72)</b>
The result of the consolidation of the Group of the new members for the year 2024	-	101	-	26	<b>127</b>
<b>At 31 December 2024</b>	<b>2 331</b>	<b>1 476</b>	<b>7 593</b>	<b>4 454</b>	<b>15 854</b>
<b>Depreciation</b>					
At 1 January 2024	1 713	687	1 481	2 724	<b>6 605</b>
Depreciation charge	143	160	147	393	<b>843</b>
Write-offs	-	-	-	(69)	<b>(69)</b>
The result of the consolidation of the Group of the new members for the year 2024	-	63	-	14	<b>77</b>
<b>At 31 December 2024</b>	<b>1 856</b>	<b>910</b>	<b>1 628</b>	<b>3 062</b>	<b>7 456</b>
<b>Carrying value</b>					
<b>At 31 December 2024</b>	<b>475</b>	<b>566</b>	<b>5 965</b>	<b>1 392</b>	<b>8 398</b>
<b>Carrying value</b>					
At 31 December 2023	618	691	5 733	1 323	8 365

## 21. Property and equipment (continued)

In accordance with the purchase agreement concluded on 30 June 2025, the Bank's subsidiary AS Magnetiq Bank sold the building and land at Brivibas Street 54 in Riga with a carrying amount of EUR 5.9 million to a Latvian non-financial company unrelated to the Group and simultaneously entered into an irrevocable leaseback transaction with a term of 10 years for the lease of the entire building with a fixed monthly rental fee, which may be reviewed in accordance with changes in the consumer price index. Accordingly, part of the income from the sale must be deferred. Deferred profit from the sale of EUR 1.2 million will be recognized during the lease period as a decrease in the depreciation of the leasehold right-of-use asset. The total profit from the sale was EUR 1.9 million, of which EUR 0.7 million was recognized by AS Magnetiq Bank at the time of sale.

The deferred part of the profit has been allocated to the leasehold right-of-use asset.

The decision to sell the building was made taking into account that it allows the Group to dispose of a strategically insignificant asset that is not essential for the successful conduct of its business and frees up financial resources to invest in profitable activities, such as lending or deposits with the Bank of Latvia. It also allows it to take advantage of the current relatively stable situation in the real estate market, which may be negatively affected by external geopolitical shocks in the future, while increasing the Group's flexibility to find office space that better suits its size and needs at the end of the lease agreement.

Bank '000 EUR	Leasehold improvements	Right-of-use assets (IFRS 16)	Other	Total
<b>Cost</b>				
At 1 January 2025	2 331	1 372	2 606	6 309
Purchases	-	-	300	300
Reclassified	-	2	-	2
<b>At 31 December 2025</b>	<b>2 331</b>	<b>1 374</b>	<b>2 906</b>	<b>6 611</b>
<b>Depreciation</b>				
At 1 January 2025	1 856	842	2 024	4 722
Depreciation charge	142	160	217	519
<b>At 31 December 2025</b>	<b>1 998</b>	<b>1 002</b>	<b>2 241</b>	<b>5 241</b>
<b>Carrying value</b>				
<b>At 31 December 2025</b>	<b>333</b>	<b>372</b>	<b>665</b>	<b>1 370</b>
<b>Cost</b>				
At 1 January 2024	2 331	1 375	2 381	6 087
Purchases	-	-	225	225
Reclassified / (Write-offs)	-	(3)	-	(3)
<b>At 31 December 2024</b>	<b>2 331</b>	<b>1 372</b>	<b>2 606</b>	<b>6 309</b>
<b>Depreciation</b>				
At 1 January 2024	1 713	683	1 825	4 221
Depreciation charge	143	159	199	501
<b>At 31 December 2024</b>	<b>1 856</b>	<b>842</b>	<b>2 024</b>	<b>4 722</b>
<b>Carrying value</b>				
<b>At 31 December 2024</b>	<b>475</b>	<b>530</b>	<b>582</b>	<b>1 587</b>
<b>Carrying value</b>				
At 31 December 2023	618	692	556	1 866

## 22. Intangible assets

'000 EUR	Group Total	Bank Total
<b>Cost</b>		
At 1 January 2025	6 556	4 472
Purchases	705	663
<b>At 31 December 2025</b>	<b>7 261</b>	<b>5 135</b>
<b>Amortisation</b>		
At 1 January 2025	4 979	3 555
Amortisation charge	723	594
<b>At 31 December 2025</b>	<b>5 702</b>	<b>4 149</b>
<b>Carrying value</b>		
<b>At 31 December 2025</b>	<b>1 559</b>	<b>986</b>
<b>Cost</b>		
At 1 January 2024	6 101	4 104
Additions	476	368
Acquisition value of intangible assets of subsidiaries acquired in 2024	(21)	-
<b>At 31 December 2024</b>	<b>6 556</b>	<b>4 472</b>
<b>Amortisation</b>		
At 1 January 2024	4 329	3 027
Amortisation charge	671	528
Acquisition value of intangible assets of subsidiaries acquired in 2024	(21)	-
<b>At 31 December 2024</b>	<b>4 979</b>	<b>3 555</b>
<b>Carrying value</b>		
<b>At 31 December 2024</b>	<b>1 577</b>	<b>917</b>
<b>Carrying value</b>		
At 31 December 2023	1 772	1 077

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 2025 Group	31 Dec 2025 Bank	31 Dec 2024 Group	31 Dec 2024 Bank
<b>Non-current assets held for sale</b>				
Real estate	1 498	1 498	1 824	1 824
Movable property	38	-	11	-
<b>Total Non-current assets held for sale</b>	<b>1 536</b>	<b>1 498</b>	<b>1 835</b>	<b>1 824</b>

Non-current assets held for sale are accounted at the lower of the carrying amount and fair value less costs to sell. In 2025 and 2024 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 2025 Group	31 Dec 2025 Bank	31 Dec 2024 Group	31 Dec 2024 Bank
<b>Other financial assets</b>				
Settlement of payment cards	910	506	1 162	433
Settlement of securities	919	919	-	-
Settlement of financial services	197	90	194	-
<b>Other financial assets</b>	<b>2 026</b>	<b>1 515</b>	<b>1 356</b>	<b>433</b>
<b>Other non-financial assets</b>				
Claims against partners regarding property intended for sale	2 286	2 286	3 778	3 778
Prepayments	4 186	3 536	3 525	2 830
Accrued income	520	309	446	213
Settlement of tax	114	107	115	112
Other	784	600	327	377
<b>Other non-financial assets</b>	<b>7 890</b>	<b>6 838</b>	<b>8 191</b>	<b>7 310</b>
Impairment allowance	(1 202)	(1 202)	(937)	(937)
<b>Total other assets</b>	<b>8 714</b>	<b>7 151</b>	<b>8 610</b>	<b>6 806</b>

Claims against partners regarding property intended for sale are secured by the mortgage. For these claims impairment allowances were recognized decreasing their value by 944 thousand EUR (2024: 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 2025 Group	31 Dec 2025 Bank	31 Dec 2024 Group	31 Dec 2024 Bank
<b>Current accounts and demand deposits</b>	<b>351 834</b>	<b>250 704</b>	<b>396 205</b>	<b>287 945</b>
Private individuals	126 168	119 713	118 220	107 553
Corporates	225 666	130 991	277 985	180 392
<b>Term deposits</b>	<b>204 055</b>	<b>195 436</b>	<b>158 888</b>	<b>140 537</b>
Private individuals	146 056	135 685	128 836	110 049
Corporates	57 999	59 751	30 052	30 488
<b>Total current accounts and demand deposits</b>	<b>555 889</b>	<b>446 140</b>	<b>555 093</b>	<b>428 482</b>

### Geographical analysis of the deposits

'000 EUR	31 Dec 2025 Group	31 Dec 2025 Bank	31 Dec 2024 Group	31 Dec 2024 Bank
<b>Current accounts and demand deposits</b>	<b>351 834</b>	<b>250 704</b>	<b>396 205</b>	<b>287 945</b>
Latvia	139 476	125 442	193 892	176 956
OECD countries	131 859	54 883	121 968	42 986
Russia	26 098	25 710	23 689	22 009
Other countries	54 401	44 669	56 656	45 994
<b>Term deposits</b>	<b>204 055</b>	<b>195 436</b>	<b>158 888</b>	<b>140 537</b>
Latvia	118 863	117 358	94 585	93 136
OECD countries	58 428	52 712	48 711	33 806
Russia	3 239	2 373	4 774	3 659
Other countries	23 525	22 993	10 818	9 936
<b>Total deposits</b>	<b>555 889</b>	<b>446 140</b>	<b>555 093</b>	<b>428 482</b>

### Concentrations of current accounts and customer deposits

As of 31 December 2025 and 31 December 2024, the Group and Bank had no customers, whose balance exceeded 10% of total customer accounts.

## 26. Subordinated liabilities

'000 EUR	31 Dec 2025 Group	31 Dec 2025 Bank	31 Dec 2024 Group	31 Dec 2024 Bank
Subordinated borrowings				
Private individuals	5 330	5 330	5 457	5 457
Corporates	5 900	5 900	5 073	5 073
<b>Total Subordinated borrowings</b>	<b>11 230</b>	<b>11 230</b>	<b>10 530</b>	<b>10 530</b>

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 2025 Group	31 Dec 2025 Bank	31 Dec 2024 Group	31 Dec 2024 Bank
<b>Balance of subordinated borrowings at 1 January</b>	<b>10 530</b>	<b>10 530</b>	<b>11 299</b>	<b>11 299</b>
Redemption of subordinated borrowings	(433)	(433)	(985)	(985)
Increase in subordinated borrowings	1 468	1 468	-	-
<b>Changes from financing cash flows</b>				
Other changes Liability-related				
Interest expense	813	813	864	864
Interest paid	(809)	(809)	(843)	(843)
Interest paid in advance decrease / (increase)	(5)	(5)	(12)	(12)
Exchange rates	(334)	(334)	207	207
<b>Total liability-related other changes</b>	<b>(335)</b>	<b>(335)</b>	<b>216</b>	<b>216</b>
<b>Balance of subordinated borrowings at 31 December</b>	<b>11 230</b>	<b>11 230</b>	<b>10 530</b>	<b>10 530</b>

### Concentrations of subordinated borrowings

As of 31 December 2025, 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 in currency '000	Interest rate	Original agreement date	Maturity date	Carrying amount '000 EUR 31.12.2025
Legal entity – non-resident	EUR	5 000	6.551 %	20.10.2023	19.10.2031	4 973
Private individual – non-resident	USD	2 000	10 %	27.02.2015	30.06.2028	1 702

## 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.

In 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.

In 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. In 2025, Signet Bank AS issued an additional issue of LV0000802668 bonds in the amount of EUR 3.5 million, as a result of which, as of December 31, 2025, Signet Bank AS had issued 9 000 perpetual bonds with a nominal value of EUR 1 000 per bond, which totals EUR 9 million.

## 28. Provisions

'000 EUR	31 Dec 2025 Group	31 Dec 2025 Bank	31 Dec 2024 Group	31 Dec 2024 Bank
<b>Provisions</b>				
Provision for guarantees	5	5	5	5
Provision for commitments and contingencies	32	32	37	37
<b>Total provisions</b>	<b>37</b>	<b>37</b>	<b>42</b>	<b>42</b>

## 29. Other liabilities

'000 EUR	31 Dec 2025 Group	31 Dec 2025 Bank	31 Dec 2024 Group	31 Dec 2024 Bank
<b>Other financial liabilities</b>				
Settlement of securities	2 356	2 356	7 397	7 397
Settlements for the purchase of AS "Magnetiq Bank"	865	865	865	865
Lease liabilities	5 327	429	638	599
Lease liabilities Settlements for electronic commerce and payment card operations	1 394	-	116	-
Settlement of financial services	100	-	209	-
<b>Total other financial liabilities</b>	<b>10 042</b>	<b>3 650</b>	<b>9 225</b>	<b>8 861</b>
<b>Other non-financial liabilities</b>				
Accrued expenses	6 368	5 525	4 690	4 187
Suspense liabilities and money in transit	5 253	5 167	1 167	1 073
Provision for employee vacations	725	538	992	477
Deferred income	600	415	500	487
Tax obligations	227	104	227	155
Other	450	141	577	359
<b>Total other non-financial liabilities</b>	<b>13 623</b>	<b>11 890</b>	<b>8 153</b>	<b>6 738</b>
<b>Total other liabilities</b>	<b>23 665</b>	<b>15 540</b>	<b>17 378</b>	<b>15 599</b>

## 30. Share capital

### 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.

On June 6, 2025, at the Bank's shareholders' meeting, the shareholders decided to increase the Bank's share capital by EUR 537 597.80 by issuing 37 859 new shares with a nominal value of EUR 14.20. After the increase, the Bank's share capital is EUR 13 977 997.20, consisting of 984 366 shares. All Bank's shares are shares of one category and grant equal rights to shareholders with regard to participation in management of the Bank (voting rights at the meeting of shareholders), receipt of dividends and in case of liquidation – receipt of a liquidation quota. Each paid-up share grants to a shareholder the right to one vote at the meeting of shareholders.

### The shareholders of the Bank as of 31 December 2025 were as follows:

Shareholder	31 Dec 2025		
	Number of shares	Paid share capital (EUR)	Share capital ownership %
Signet Acquisition III, LLC	218 154	3 097 786.80	22.1619
SIA "Reglink"	141 832	2 014 014.40	14.4085
AS RIT GROUP	103 686	1 472 341.20	10.5333
Solrut Holding Company LLC	88 343	1 254 470.60	8.9746
Natalija Petkevicha	87 767	1 246 291.40	8.9161
Leonid Kaplan	71 234	1 011 522.80	7.2365
SIA "Slink"	56 733	805 608.60	5.7634
ID Family Foundation SIA*	46 285	657 247.00	4.7020
Other shareholders together (each holding less than 4%)	170 332	2 418 714.40	17.3038
<b>Total</b>	<b>984 366</b>	<b>13 977 997.20</b>	<b>100.00</b>

### Share premium

The Bank's 2025 share issue premium of EUR 2 462 thousand has been formed in accordance with the Bank's two share issues in 2025, when each share of the Bank's new issue was sold with an issue premium of EUR 65.04.

### Other reserves

Bank's other reserves of EUR 25 thousand (2024: EUR 25 thousand) represent contributions made by shareholders in previous years. Other reserves represent residual interest of shareholders and can be distributed.

\*UBO are Roberts Idelsons and Jelena Idelsone.

## 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.

Meanwhile, within the Group, one Subsidiary entered into a purchase agreement for the sale of the building and land on 30 June 2025 (Note 21) and at the same time an irrevocable leaseback transaction was concluded

with a term of 10 years for the lease of the entire building with a fixed monthly rental fee. The Subsidiary recognized the lease liability at the discounted value of the payments determined during the initially estimated lease term. The payments were applied an implicit interest rate that discounts future payments to their estimated value. The Subsidiary has a new lease term until 31 July 2035, with an option to renew the lease after its expiration date. The lease payments are fixed. The lease agreement does 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
<b>Lease liabilities January 1, 2025</b>	<b>638</b>	<b>599</b>
Part of the lease payments of a lease liability increase/(decrease)	5 047**	2
Lease payments of a lease liability	(515)	(197)
Interest parts of lease payments	158	25
<b>Lease liabilities December 31, 2025</b>	<b>5 328</b>	<b>429</b>
incl. current expenditure on lease liabilities	573	187
incl. long-term expenses for lease liabilities	4 755	242
<b>Lease liabilities January 1, 2024</b>	<b>772</b>	<b>766</b>
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
<b>Lease liabilities December 31, 2024</b>	<b>638</b>	<b>599</b>
incl. current expenditure on lease liabilities	183	171
incl. long-term expenses for lease liabilities	455	428

\*Consolidation result of the new group member for 2024

\*\*The position includes the Group Subsidiary's new 2025 lease agreement

## 32. Assets under management

### Asset management services

The Group through its Subsidiary Signet Asset Management IPS 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 standalone statement of financial position.

As of 31 December 2025 the Group had EUR 353 million (2024: EUR 407 million) assets under management of which the Bank held EUR 250 million (2024: EUR 241 million) and the Subsidiary held EUR 103 million (2024: EUR 166 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 standalone statements of financial position. As of 31 December 2025 the total amount in custody on behalf of customers was EUR 756 million (2024: EUR 627 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 2025 Group	31 Dec 2025 Bank	31 Dec 2024 Group	31 Dec 2024 Bank
Total remuneration	2 408	1 311	1 906	1 121

Balances as of 31 December 2025 and 31 December 2024 with members of the Key Management Personnel were as follows:

'000 EUR	31 Dec 2025 Group	31 Dec 2025 Bank	31 Dec 2024 Group	31 Dec 2024 Bank
<b>Statement of financial position</b>				
<b>Assets</b>				
Loans	149	149	382	168
<b>Liabilities</b>				
Current accounts	108	108	317	281

## 33. Related party transactions (continued)

### Transactions with related parties of the Bank

Balances as of 31 December 2025 and as of 31 December 2024 and related profit or loss amounts of transactions for the year ended 31 December 2025 and 31 December 2024 with other related parties were as follows:

'000 EUR	2025					2024				
	Subsidiary companies	Asso-ciate companies	Shareholders*	Other	Total	Subsidiary companies	Asso-ciate companies	Shareholders*	Other	Total
<b>Statement of financial position</b>										
<b>Assets</b>										
Financial instruments	-	-	-	1 124	<b>1 124</b>	-	-	-	1 073	<b>1 073</b>
Loans	50 622	615	-	4 965	<b>56 202</b>	36 637	615	-	3 938	<b>41 190</b>
<i>Total impairment allowance on loans</i>	<i>(2 547)</i>	<i>(94)</i>	<i>-</i>	<i>(19)</i>	<b><i>(2 660)</i></b>	<i>(2 064)</i>	<i>(94)</i>	<i>-</i>	<i>(8)</i>	<b><i>(2 166)</i></b>
Guaranty	1 000	-	-	-	1 000	1 000	-	-	-	1 000
<b>Liabilities</b>										
Deposits	7 224	195	3 204	1 992	<b>12 615</b>	4 421	185	738	2 690	<b>8 034</b>
<b>Income/ (expenses)</b>										
Commission income)	26	-	-	130	<b>156</b>	57	-	3	34	<b>94</b>
Interest income / (expenses)	3 060	-	-	(360)	<b>2 700</b>	2 083	2	(111)	(80)	<b>1 894</b>

\*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 2025 Group	31 Dec 2025 Bank	31 Dec 2024 Group	31 Dec 2024 Bank
Other deposits with financial institutions	4 179	488	4 176	540
<b>Total financial assets pledged</b>	<b>4 179</b>	<b>488</b>	<b>4 176</b>	<b>540</b>

\*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 2025 Group	31 Dec 2025 Bank	31 Dec 2024 Group	31 Dec 2024 Bank
<b>Contracted amount</b>				
Loan commitments <sup>1</sup>	26 910	28 678	13 964	12 394
Unutilised credit line <sup>1</sup>	13 381	14 181	7 904	7 904
Contingent liabilities on guarantees <sup>2</sup>	5 513	5 513	5 517	5 514
Undrawn overdraft facilities <sup>3</sup>	695	695	777	763
<b>Total commitments and guarantees</b>	<b>46 499</b>	<b>49 067</b>	<b>28 162</b>	<b>26 575</b>
Provisions	(37)	(37)	(42)	(42)

1. Provisions of EUR 18 thousand (2024: 21) have been made for liabilities.

2. Provisions of EUR 5 thousand have been established for issued guarantees (2024: 5).

3. Impairment allowance for unused credit limits in total amount of EUR 14 thousand (2024: 16).

## 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 2025, '000 EUR	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Financial instruments carried at fair value through profit or loss	7 062	1 848	6 517	<b>15 427</b>
Debt securities measured at fair value through other comprehensive income	17 486	1 924	134	<b>19 544</b>
	<b>24 548</b>	<b>3 772</b>	<b>6 651</b>	<b>34 971</b>
<b>Financial liabilities</b>				
Financial liabilities at fair value through profit or loss	-	1 380	-	<b>1 380</b>

Bank 2025, '000 EUR	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Financial instruments carried at fair value through profit or loss	7 062	1 848	6 314	<b>15 224</b>
Debt securities measured at fair value through other comprehensive income	3 683	1 924	134	<b>5 741</b>
	<b>10 745</b>	<b>3 772</b>	<b>6 448</b>	<b>20 965</b>
<b>Financial liabilities</b>				
Financial liabilities at fair value through profit or loss	-	1 380	-	<b>1 380</b>

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

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

## 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 2025 '000 EUR	Financial instruments carried at fair value through profit or loss	Debt securities measured at fair value through other comprehensive income	Total
<b>Group's balance at 1 Jan 2025</b>	<b>4 018</b>	<b>-</b>	<b>4 018</b>
Total gains and losses:			
in profit or loss	659	-	659
in OCI	(730)	-	(730)
Purchases	2 750	134	2 884
Settlements	(180)	-	(180)
<b>Group's balance at 31 Dec 2025</b>	<b>6 517</b>	<b>134</b>	<b>6 651</b>

Bank 2025 '000 EUR	Financial instruments carried at fair value through profit or loss	Debt securities measured at fair value through other comprehensive income	Total
<b>Bank's balance at 1 Jan 2025</b>	<b>3 503</b>	<b>-</b>	<b>3 503</b>
Total gains and losses:			
in profit or loss	111	-	111
in OCI	130	-	130
Purchases	2 750	134	2 884
Settlements	(180)	-	(180)
<b>Bank's balance at 31 Dec 2025</b>	<b>6 314</b>	<b>134</b>	<b>6 448</b>

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
<b>Group's balance at 1 Jan 2024</b>	<b>6 064</b>	<b>1 786</b>	<b>7 850</b>
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)
<b>Group's balance at 31 Dec 2024</b>	<b>4 018</b>	<b>-</b>	<b>4 018</b>

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
<b>Bank's balance at 1 Jan 2024</b>	<b>5 261</b>	<b>1 786</b>	<b>7 047</b>
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)
<b>Bank's balance at 31 Dec 2024</b>	<b>3 503</b>	<b>-</b>	<b>3 503</b>

## 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 2025 Group	31 Dec 2025 Bank	31 Dec 2024 Group	31 Dec 2024 Bank
<b>Total gains and losses included in profit or loss:</b>	-	-	<b>30</b>	<b>30</b>
Net realised gain for financial instruments from Level 3	-	-	30	30
<b>Total losses recognised in other comprehensive income</b>	-	-	<b>60</b>	<b>60</b>
Financial instruments – net change in fair value	-	-	60	60

As of 31 December 2025 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% (2024: 10.75%) is an unobservable fluctuations due to low liquidity of these instruments.

**As of 31 December 2025 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 31.12.2025	Change of discount rate by – 300 bps	Change of discount rate by +300 bps
6 651	(200)	200

**As of 31 December 2025 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 31.12.2025	Change of discount rate by – 300 bps	Change of discount rate by +300 bps
6 448	(193)	193

**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 31.12.2024	Change of discount rate by – 300 bps	Change of discount rate by +300 bps
3 503	(105)	105

## 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 2025, '000 EUR	Level 1	Level 2	Level 3	Total fair values	Total carrying amount
<b>Financial assets</b>					
Cash and due from central bank <sup>1</sup>	-	-	-	136 896	136 896
Balances due from financial institutions <sup>2</sup>	-	-	-	17 900	17 900
Financial assets measured at amortized cost	117 851		334 834	452 685	452 664
Other financial assets <sup>3</sup>				2 026	2 026
<b>Financial liabilities</b>					
Liabilities to central bank	-	-	-	4	4
Deposits	-	-	555 739	555 739	555 889
Subordinated liabilities	-	-	11 326	11 326	11 230
Debt securities issued	-	-	9 632	9 632	9 632
Other liabilities	-	-	5 971	5 971	5 970
Other financial liabilities <sup>4</sup>	-	-	-	10 042	10 042

31 December 2024, '000 EUR	Level 1	Level 2	Level 3	Total fair values	Total carrying amount
<b>Financial assets</b>					
Cash and due from central bank <sup>1</sup>	-	-	-	169 820	169 820
Balances due from financial institutions <sup>2</sup>	-	-	-	18 021	18 021
Financial assets measured at amortized cost	183 845	-	211 535	395 380	394 242
Other financial assets <sup>3</sup>	-	-	-	1 356	1 356
<b>Financial liabilities</b>					
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 <sup>4</sup>	-	-	-	9 225	9 225

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 and 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 2025, '000 EUR	Level 1	Level 2	Level 3	Total fair values	Total carrying amount
<b>Financial assets</b>					
Cash and due from central bank <sup>1</sup>	-	-	-	51 845	51 845
Balances due from financial institutions <sup>2</sup>	-	-	-	15 028	15 028
Financial assets measured at amortized cost	100 807	-	294 483	395 290	397 780
Other financial assets <sup>3</sup>	-	-	-	1 515	1 515
<b>Financial liabilities</b>					
Liabilities to financial institutions	-	-	-	145	145
Deposits	-	-	446 117	446 117	446 140
Subordinated liabilities	-	-	-	11 326	11 230
Debt securities issued	-	-	-	9 632	9 632
Term liabilities to a credit institution	-	-	-	6 417	6 427
Other financial liabilities <sup>4</sup>	-	-	-	3 650	3 650

31 December 2024, '000 EUR	Level 1	Level 2	Level 3	Total fair values	Total carrying amount
<b>Financial assets</b>					
Cash and due from central bank <sup>1</sup>	-	-	-	76 784	76 784
Balances due from financial institutions <sup>2</sup>	-	-	-	15 022	15 022
Financial assets measured at amortized cost	161 922	-	169 775	331 697	331 102
Other financial assets <sup>3</sup>	-	-	-	433	433
<b>Financial liabilities</b>					
Liabilities to central bank	-	-	-	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 <sup>4</sup>	-	-	-	8 861	8 861

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 and 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 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 12 February 2026, the shareholders decided to increase the share capital of the Bank, after the increase the share capital of the Bank will be EUR 14 503 397.20. Taking into account Article 26 of Regulation (EU) No. 575/2013 of the European Parliament and of the Council, the Bank has submitted a letter to the Bank of Latvia on 4 March 2026 requesting permission to include in the Common Equity Tier 1 capital at the Bank's individual level and the Group's consolidated level, the new shares issued by the Bank with a total nominal value of EUR 525 400.00 and a share issue premium of EUR 2 859 360. After receiving the Bank of Latvia's permission, the Bank will include in the calculation of Common Equity Tier 1 capital, at the Bank's individual level and at the Group's consolidated level, the new registered shares issued by the Bank.

The Bank, as the sole shareholder of the subsidiary Signet Asset Management Latvia IPS, on February 17, 2026 made a decision to reduce the share capital of Signet Asset Management Latvia IPS by EUR 585,000.

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 standalone financial statements as a result of which the consolidated financial statement would require corrections, or which would require clarifications within this consolidated financial statement.



## 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 18 to 119 of the accompanying separate and consolidated Annual Report, which comprise:

- the separate and consolidated statement of financial position as at 31 December 2025,
- 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 2025, 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:

<i>“Expected credit losses” for “Loans and receivables due from customers” (the Bank and the Group)</i>	
<b>Key audit matter</b>	<p>In the consolidated financial statements, gross value of “Loans and receivables due from customers” comprised EUR 339 565 thousand as at 31 December 2025 (31 December 2024: EUR 211 959 thousand) and “Expected credit losses” comprised EUR 4 752 thousand as at 31 December 2025 (31 December 2024: EUR 3 338 thousand).</p> <p>In the separate financial statements, gross value of “Loans and receivables due from customers” comprised EUR 300 831 thousand as at 31 December 2025 (31 December 2024: EUR 171 734 thousand) and “Expected credit losses” comprised EUR 3 858 thousand as at 31 December 2025 (31 December 2024: EUR 2 554 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.</p> <p>Individual “Expected credit loss” (“ECL”) recognized by the Group relate to individually monitored corporate and individual exposures, where the Bank and Magnetiq Bank AS are assessing 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.</p> <p>The Group also performs a collective assessment of “Expected credit loss” (“ECL”) for loans issued by the subsidiaries Primero Finance AS and AgroCredit Latvia SIA.</p> <p>The management applies significant judgements to define ECL for “Loans and receivables due from customers”. Identification of a significant increase in credit risk and credit (“SICR”) and classification of exposures as credit-impaired (Stage 3), assessment of probability of default (“PD”) and loss given default (“LGD”) ratios requires the management to exercise subjective judgments and develop complex financial models and therefore, we considered this as a key audit matter.</p>
<b>Our audit response</b>	<p>Our procedures included, among others:</p> <ul style="list-style-type: none"> <li>• inspected the Bank’s and the Group’s “Expected credit losses” (“ECL”) methodology and assessed its compliance with the relevant requirements of IFRS 9,</li> <li>• reviewed the design and implementation of internal controls over the loan approval, recording and monitoring,</li> <li>• tested operating effectiveness for selected key controls over the loan approval and recording (Magnetiq Bank &amp; Primero Finance AS) and monitoring (Primero Finance AS),</li> <li>• performed substantive procedures over loan balances as at 31 December 2025,</li> <li>• selected a sample covering 80% of the outstanding loans and receivables due from customers portfolio of the Bank as at 31 December 2025. In addition, selected a sample covering 81% of the</li> </ul>

	<p>outstanding loans and receivables due from customers portfolio of the Magnetiq Bank AS as at 31 December 2025. For sampled loans assessed customers' financial position, historic debt service records, current creditworthiness, management's recovery strategies, delayed payment days and available repayment sources,</p> <ul style="list-style-type: none"> <li>majority of the loans issued by the Bank and the Group are loans secured by collateral, therefore in most cases the key source of recovery for non-performing loans is sale of collateral, thus performed detailed assessment of assumptions and information sources used in valuation reports provided by independent valuation specialists and the Bank's and the Group's analysts, including independent checks on market prices for comparable properties and benchmarking assumptions used within the cash flow forecasts against market practice,</li> <li>assessed the definition of default and the staging criteria and their consistent application by evaluating these against the requirements of IFRS 9,</li> <li>assessed and challenged the forward-looking information used in the ECL model, by means of corroborating inquiries of Management and inspection of publicly available information,</li> <li>assessed that the LGD and PD parameters used in the Bank's and the Group's ECL model are determined and applied in accordance with the Bank's and the Group's ECL methodology and current data, and verified the correct application of these parameters in ECL calculations,</li> <li>assessed the adequacy of the Bank's and the Group's disclosures on the loss allowances, and credit risk management in the notes to the financial statements.</li> </ul>
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<p><b><i>“Commission income from e-commerce transaction servicing” recognition (Magnetiq Bank AS)</i></b></p>	
<p><b>Key audit matter</b></p>	<p>As disclosed in the Note 8 in the financial statements, “Commission income from e-commerce transaction servicing” comprised EUR 11 684 thousand for the year ended 31 December 2025 (31 December 2024: EUR 11 143 thousand). Details about the related accounting policies are provided in Note 3.</p> <p>The management heavily relies on IT software for “Commission income from e-commerce transaction servicing” 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 AS and each individual merchant.</p> <p>“Commission income from e-commerce transaction servicing” is recognized at the point in time when a transaction is processed, as this represents the completion of the Magnetiq Bank AS's performance obligation under IFRS 15 “Revenue from Contracts with Customers.” The “Commission income from e-commerce transaction servicing” earned is deducted directly from the transaction amount before transferring funds to the e-commerce merchant. The commission amount is contractually agreed upon with each merchant and represents the consideration for facilitating the payment.</p>

	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 and the fact that “Commission income from e-commerce transaction servicing” is the main business line of the Magnetiq Bank AS.
<b>Our audit response</b>	<p>Our procedures included, among others:</p> <ul style="list-style-type: none"> <li>• assessed the accounting policies, management assumptions and tested inputs used in the recognition of commission income from e-commerce transaction servicing,</li> <li>• engaged IT specialists who tested the effectiveness of the overall IT environment and controls over the systems supporting the calculation of commission income from e-commerce transaction servicing,</li> <li>• tested the design and implementation of selected controls over the commission income from e-commerce transaction servicing recognition process, controls over the application of appropriate contractual terms, as well as, on a sample basis, evaluated the existence and accuracy of commission income from e-commerce transaction recognized,</li> <li>• performed other substantive and analytical procedures over the e-commerce commission income, assessing trends, ratios, and expected revenue patterns to identify any anomalies or inconsistencies,</li> <li>• tested the completeness and accuracy of the disclosures relating to commission income from e-commerce transactions recognized in the notes to the financial statements.</li> </ul>

### ***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 15 of the accompanying separate and consolidated Annual Report,
- the composition of the Supervisory Council and the Management Board, as set out on page 16 of the accompanying separate and consolidated Annual Report.
- the Statement on Management Responsibility, as set out on page 17 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 6 June 2025 to audit the separate and consolidated financial statements of Signet Bank AS for the year ended 31 December 2025. This is our eight 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.



For the period to which our statutory audit relates, we have not provided any services to the Bank and the Group in addition to the audit, which have not been disclosed in the Management Report or in the separate and consolidated financial statements of the Bank and the Group.

The responsible sworn auditor on the audit resulting in this independent auditors' report is Irita Cimdare.

SIA "BDO ASSURANCE"  
Licence No 182

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

Riga, Latvia  
5 March 2026



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