

SET OF ANNUAL FINANCIAL REPORTS



2025

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INFORMATION ABOUT THE BANK

Name:	AB Fjord Bank
Legal form:	Limited Liability Company
Registration No.:	304493038
VAT code:	LT100012244316
Address:	Rinktinės str. 5, LT-09234 Vilnius
Telephone:	+370 525 11181
Email:	info@fjordbank.lt
Website:	www.fjordbank.lt
Financial Year:	January 1 st , 2025 - December 31 st , 2025
License:	Specialized Bank License No 5 from 10 th December 2019
Audit Company:	Grant Thornton Baltic UAB

Members of the Supervisory Board:

Olav Haugland, Chairman of the Supervisory Board
Joakim Mandorsson
Martin Hagen
Sven Tore Kaasa

Members of the Management Board:

Veiko Kandla, Chairman of the Management Board
Danas Juzėnas
Kristina Simonovič

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF AB FJORD BANK

Report on the audit of the Bank and Group financial statements**Opinion**

We have audited the separate financial statements of AB Fjord Bank (the Bank) and the consolidated financial statements of AB Fjord Bank and its subsidiaries (the Group) which comprise the separate and consolidated statement of financial position as at December 31, 2025, and the separate and the consolidated statement of profit and loss and other comprehensive income, separate and consolidated statement of changes in equity and separate and consolidated statement of cash flows for the year then ended, and notes to the separate and the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying separate and the consolidated financial statements present fairly, in all material respects, the separate and the consolidated financial position of the Bank and the Group as at December 31, 2025, and its separate and consolidated financial performance and its separate and consolidated cash flows for the year then ended in accordance with the Law of the Republic of Lithuania on accounting and financial reporting, and International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 2014 April 16 the European Parliament and of the Council Regulation (EU) No 537/2014 on specific statutory audit requirements for public interest entities (Regulation (EU) No 537/2014 of the European Parliament and of the Council). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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) (IESBA Code) together with the requirements of the Law on Audit of Financial Statements and Other Assurance Services of the Republic of Lithuania that are relevant to audit in the Republic of Lithuania, and we have fulfilled our other ethical responsibilities in accordance with the Law on Audit of Financial Statements and Other Assurance Services of the Republic of Lithuania and the IESBA Code. 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 judgement, were of most significance in our audit of the separate and the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the separate and the 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 fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the separate and the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying separate and consolidated financial statements.

Grant Thornton Baltic UAB

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Key audit matter

Expected Credit Losses of Loans to Customers

Referring to Material accounting policies section – Credit impairment and Note 1 Risk management section, including subsections Credit risk, Loans to customers and Calculation of loan impairment, and Note 9 – Loans to customers on pages 22-23, 32-35 and 45, respectively.

We focused on this area because application of the expected credit loss (ECL) model for loan impairment under IFRS 9 “Financial instruments” requires complex and subjective judgements regarding both the timing of recognition of impairment and the measurement of such impairment.

Key features of the ECL model include the classification of loans into three stages, the assessment of credit risk parameters, and the incorporation of forward-looking information. The amount of impairment provision for the Bank’s and the Group’s loans is based on model calculations that consider exposure at default (EAD), probability of default (PD), changes in customer credit ratings, other known risk factors affecting the stage of each exposure, and recovery of defaulted loans (loss given default – LGD), as well as adjustments reflecting the expected impact of future macroeconomic scenarios.

As of 31 December 2025, the expected credit losses on loans amounted to EUR 1,483 thousand for both the Bank and the Group (refer to Note 9).

Credit impairment losses recognized in the statement of profit and loss and other comprehensive income for the year ended 31 December 2025 amounted to EUR 891 thousand for both the Bank and the Group.

How the Matter Was Addressed in the Audit

We assessed whether the Bank’s and the Group’s accounting policies relating to the ECL for loans to customers comply with IFRS 9 by evaluating the key components of the ECL model, including exposure at default, probability of default and loss given default, the definition of default, criteria for significant increase in credit risk, and the use of macroeconomic scenarios.

We evaluated the design and operating effectiveness of the relevant controls over relevant loan data and the ECL calculations. Those relevant controls included controls over recording of loan data in the system, credit analysis and approval prior to loan issuance, including automatic credit rating assessment and calculation of overdue days.

Based on testing, we determined that we could rely on these controls for the purpose of our audit.

We also performed substantive testing of the reliability of loan data, including contract dates, scoring rates for loans exposures, estimation of loss given default, overdue days, and other model inputs.

In addition, we tested data flows between source systems and the ECL model, including the incorporation of macroeconomic factors into the model.

We performed detailed audit procedures on selected loans classified in Stages 1, 2 and 3 to assess the reasonableness of the loan staging as at 31 December 2025.

Finally, we assessed the adequacy of the credit risk disclosures in the financial statements.

Other Information

The other information comprises the information included in the consolidated management report of 2025 year but does not include the separate and the consolidated financial statements and our auditor’s report thereon. Management is responsible for the other information.

Our opinion on separate and consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the separate and the 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 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, 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.

In addition, our responsibility is to consider whether information included in the consolidated management report for the financial year for which the financial statements are prepared is consistent with the financial statements and whether consolidated management report has been prepared in compliance with applicable legal requirements. Based on the work carried out in the course of audit of financial statements, in our opinion, in all material respects:

- The information given in the consolidated management report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The consolidated management report has been prepared in accordance with the requirements of the Law on Reporting by Undertakings of the Republic of Lithuania.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the separate and the consolidated financial statements in accordance with the Law of the Republic of Lithuania on accounting and financial reporting, and International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of the separate and the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and the consolidated financial statements, management is responsible for assessing the Bank's and 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 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 responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the separate and the 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 the 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 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 the 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 the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate and the consolidated financial statements, including the disclosures, and whether the separate and the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

We shall 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 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

Report on other legal and regulatory requirements

In accordance with the decision made by shareholders on 27 March 2025 we have been chosen to carry out the audit of the Bank's and the Group's 2025 year the separate and the consolidated financial statements. Our appointment to carry out the audit of Bank's and Group's separate and consolidated financial statements in accordance with the decision made by shareholders has been renewed each year and the period of total uninterrupted appointment is 6 year.

We confirm that our opinion in the section 'Opinion' is consistent with the additional audit report which we have submitted to the Bank and the Group and its Audit committee.

We confirm that in light of our knowledge and belief, services provided to the Bank and Group are consistent with the requirements of the law and regulations and do not comprise non-audit services referred to in Article 5(1) of the Regulation (EU) No 537/2014 of the European Parliament and of the Council.

In the course of audit, we have not provided any other services except for audit of separate and consolidated financial statements.

The engagement partner on the audit resulting in this independent auditor's report is Darius Gliubicas.

Grant Thornton Baltic UAB
Audit company's certification No. 001513
Upės str. 21-1, Vilnius

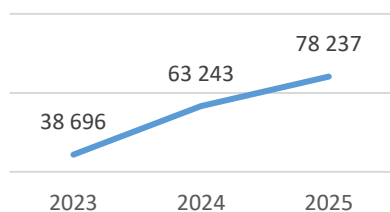
Certified auditor
Darius Gliubicas¹
Auditor's certification No. 000594
13 March 2026

This is a free translation into English of the Statutory Auditor's report issued in Lithuanian language

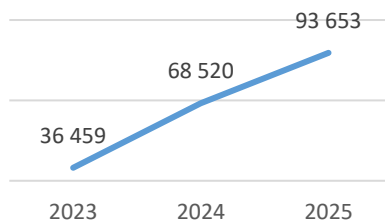
¹ An electronic document is signed with an electronic signature, has the same legal force as a signed written document and is a permissible means of proof. Only the independent auditor's report is signed with the electronic signature of the auditor.

GROUP'S KEY FINANCIAL INDICATORS

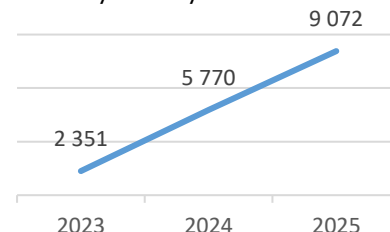
Loan portfolio
EUR 78 237 thousand
 +24% year-on-year



Deposit portfolio
EUR 93 653 thousand
 +37% year-on-year



Fee and interest income
EUR 9 072 thousand
 +57% year-on-year



In thousands EUR

Indicator	2025	2024	Change, EUR th 2025/2024	Change, % 2025/2024
Total Income (Operating profit)	6 154	3 332	2 822	85%
Net Result	1 627	(115)	1 742	-
Total Assets	107 258	80 412	26 846	33%
Equity	10 742	9 168	1 574	17%
Loan Portfolio	78 237	63 243	14 994	24%
Deposit Portfolio	93 653	68 520	25 133	37%

Ratio	2025	2024
ROA	1.7%	-0.2%
ROE	16.3%	-1.4%
Net Margin	14.4%	11.7%
Impairment to Loan Portfolio	1.9%	1.0%
Cost / Income Ratio	60%	100%

Explanation of ratios:

ROA - Return on assets: Net result / total assets (average over the period)

ROE - Return on equity: Net result / total equity (average over the period)

Net margin: Net interest and fee income/income earning assets (average over the period)

Impairment losses to loan portfolio: Impairment losses on loans/loan portfolio

Total Gross Income: Total gross interest, fee, and other income

Total Income: Total net interest, fee, and other income

Cost/income ratio: Total operating expenses / total income

CONSOLIDATED MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31, 2025

Analysis of the year 2025 Set of Annual Financial Reports and operating activities

AB Fjord Bank (hereinafter – the Group) is a specialized digital consumer finance bank focused on providing fast, convenient, and competitively priced lending and saving opportunities. In 2025, the Group offered consumer lending services to private persons in the Lithuanian and Estonian markets, while deposit services were available in Lithuania, Germany, Spain, the Netherlands, and Ireland.

Macroeconomic environment

In 2025, Lithuania’s economy demonstrated solid and broad-based growth despite ongoing geopolitical uncertainties and a volatile external environment. According to the State Data Agency, real GDP expanded by 2.7% compared with 2024, supported by steady performance across all major sectors, including services, industry, agriculture, and construction. Services remained the principal growth driver, contributing 1.8 percentage points to annual GDP growth.

Private consumption was the primary engine of economic activity throughout the year. Growth in household income—driven by increasing real wages—supported resilient consumer demand. In addition, wage growth outpaced inflation, helping to maintain consumer confidence at high levels.

The labour market remained robust throughout 2025. National statistics indicated that wages continued to rise while unemployment declined, reflecting strong demand for labour across most sectors. The unemployment rate improved to 6.9 %, with a gradual reduction expected over the medium term.

Inflation remained manageable but relatively elevated, reaching 3.4% in 2025, and was influenced mainly by increases in services and food prices. Despite price pressures, the State Data Agency noted that inflation did not significantly erode household purchasing power, allowing consumption to remain strong throughout the year.

Overall, the Lithuanian economy in 2025 remained resilient and well-balanced, underpinned by strong domestic demand, a dynamic labour market, and stable investment activity. Although external risks—including geopolitical tensions and global trade disruptions—continued to shape the broader economic environment, Lithuania entered 2026 with solid momentum and a favourable outlook.

During the year, the European Central Bank (ECB) continued its monetary easing before moving into a prolonged pause later on. The ECB implemented several 25 basis point cuts, including a notable reduction in June 2025 that brought the deposit facility rate down to 2%, the main refinancing rate to 2.15%, and the marginal lending facility to 2.40%. The June cut represented the last step in a series of eight reductions that began in mid-2024, driven by easing inflation pressures and improving financing conditions. For the remainder of 2025, the ECB kept its key interest rates unchanged. Accordingly, the retail deposit market interest stabilized and even increased slightly.

Apart from the broader geopolitical uncertainty, the ongoing Russian aggression against Ukraine did not have any impact on the Group as it has no exposures related to either country.

Business overview and results

The main strategic initiative during the year was the process of identifying and onboarding a new strategic investor. To support this process, the Group and its shareholders entered into Engagement Letters at the beginning of 2025 with ABG Sundal Collier, a leading Nordic investment bank, and the law firm Thommessen. Both were mandated to act as the sellers’ advisors in the transaction.

As a result of the process, the Group’s shareholders and Zilch - the UK and EMEA’s fastest growing fintech unicorn - entered in December 2025 into an Investment and Share Purchase Agreement. The first phase of the transaction, involving the issuance of new share capital, is expected to be completed by the end of the first quarter of this year,

subject to regulatory approvals. The second phase, involving the acquisition of 100% of the Group's shares, is anticipated to close in the second half of 2026, also subject to regulatory approvals. Completion of the transaction will enable the Group to significantly accelerate its growth, broaden its product offering, and reach a substantially wider customer base.

The Group's primary financial objectives for 2025 were the continued growth of the loan portfolio and the achievement of strong profitability. Both goals were met, with business volumes increasing significantly and the Group recording a net profit of EUR 1 627 thousand by the end of the financial year, compared with a net loss of EUR 115 thousand in 2024.

The loan portfolio reached EUR 78 237 thousand at year-end (compared with EUR 63 243 thousand at the end of 2024), representing 24% growth. Annual sales volumes moderately exceeded 2024 levels. The Group continued to automate the loan process and enhance loan conditions. As part of these improvements, the maximum loan amount was increased to EUR 30 thousand (previously EUR 25 thousand), and the maximum loan term was extended to 120 months (previously 84 months). The Group also introduced the option to apply for a loan with a co-borrower and to take up to a two-month payment vacation at the beginning of the loan period. Loans can be supplemented with two insurance products—income loss insurance and loan installment insurance—offered in partnership with ADB Compensa Vienna Insurance Group and UADBB InPacto. During the year, the Group continued issuing loans in the Lithuanian market while managing the existing Estonian loan portfolio without issuing new loans there. Credit rules did not change significantly; however, the Group adjusted lending volumes within riskier customer segments in line with its risk appetite.

Following the achievement of break-even at the beginning of the third quarter of 2024, the Group has operated profitably ever since, improving its financial results month by month. In 2025, the Group earned a net profit of EUR 1 627 thousand, compared with a net loss of EUR 115 thousand in 2024, marking a substantial year-on-year improvement. Profitability was driven by stable administrative expenses and a significant increase in income. Fee and interest income from issued loans increased to EUR 9 072 thousand (EUR 5 770 thousand in 2024), representing 57% annual growth. In the spring, the Group revised its revenue model. New loan agreements now include only a fixed interest rate and no longer carry conclusion fees or monthly administration fees. As a result, interest income has continued to increase more strongly, while monthly administration fee income has gradually declined. The most significant cost items during the year were staff expenses, sales-related costs, and financing expenses. Financing expenses were positively influenced by the declining interest rate environment.

Retail deposits remained the most important source of funding for the Group's loan issuance. By the end of the year, the deposit portfolio reached EUR 93 653 thousand (compared with EUR 68 520 thousand at the end of 2024), representing 37% growth. The Group continued to operate in the Lithuanian, German, Spanish, Dutch, and Irish deposit markets. The deposit portfolio is geographically well diversified, with the Dutch market accounting for 44%, followed by Germany (30%), Spain (14%), Lithuania (6%), and Ireland (6%). Given the trend of declining key interest rates, the Group focused primarily on attracting short-term deposits.

At year-end, the Group served nearly 16 500 active loan and deposit customers across six countries, an 18% increase compared to the previous year. The Group's total assets amounted to EUR 107 257 thousand, up from EUR 80 412 thousand at the beginning of the reporting period, reflecting 33% growth.

The ratio of non-performing loans, overdue more than 90 days, amounted to 2.88% at the end of the year (1.15% at the end of 2024). The increase reflects earlier changes in the Group's shift to an in-house debt collection strategy. Under this strategy, the Group no longer sells non-performing claims but instead conducts court and enforcement procedures as a part of the debt collection process. Initial accumulation of non-performing loans is gradually compensated by increasing cash flow from enforcement proceedings handled by bailiffs. At the same time, the general payment behavior remained stable. The reserves for expected credit losses amounted to 1.9% compared with 1% a year earlier, demonstrating strong coverage.

The Bank has one wholly owned subsidiary, Fjord Support Services OÜ (registration number 16479312), registered in the Estonian Business Register. The purpose of the subsidiary is to provide administrative support to the Group in the loan administration process. As of yearend, the subsidiary employed one staff member. The members of its Management Board are Mr. Danas Juzenas and Mr. Veiko Kandla. The Bank has no other subsidiaries or branches. In the fourth quarter of 2024, the Group discontinued new lending activities in Estonia while continuing to administer the existing loan portfolio. This decision improved both operational and financial efficiency.

The Group's applicable individual capital ratio is determined by the decision of the Board of the Bank of Lithuania adopted in September 2024. The required total capital ratio is 14.14%, which includes a supplementary Pillar 2 Requirement (P2R) of 2.64%. In addition, the Bank of Lithuania has set a recommended Pillar 2 Guidance (P2G) of 1%. As of the end of the year, the Group was fully compliant with all prudential requirements applicable to it. The principles of the Group's risk management framework are described in Note 1 of this report, while a more detailed overview of risks is provided in the Risk Management and Capital Adequacy Report, available on the Group's homepage.

During the reporting period, the Bank of Lithuania imposed a sanction, as disclosed in the Q2 interim report. The Bank of Lithuania determined that the Group had temporarily failed to comply with the minimum equity capital requirements during the fourth quarter of 2024. The situation arose in parallel with the registration process for new capital. The Group notified the Bank of Lithuania of the breach in accordance with established procedures and applied to conclude an administrative agreement. After assessing that the institution had self-reported the violation, acknowledged it, and rectified the situation, the Bank of Lithuania decided to enter into an administrative agreement and, as a measure, publicly disclose the breach of the legal requirement.

The Bank's average number of employees increased to 28 (2024: 24 employees), and the Group's average number of employees was 27 (2024: 27 employees). The strengthening of the risk management and IT functions primarily drove the increase. By the end of the year, the Bank and its subsidiary employed a total of 31 employees (29 at the end of 2024). During the year, the Group conducted two employee satisfaction surveys, achieving an Employee Net Promoter Score (eNPS) of 85, indicating consistently strong employee engagement.

The Group did not carry out any activities classified as research and development.

Information about activity plans

The Group's main objectives for 2026 continue to focus on expanding the loan portfolio, increasing revenues, and further improving operational profitability. In cooperation with the new investor, and to ensure a smooth transformation process, the Group intends start planning potential adjustments to its strategic business plans in anticipation of the forthcoming change in ownership.

The Group's activity plans may also be influenced by the upcoming pension reform. On the one hand, the reform is expected to stimulate private consumption—supporting loan sales—and improve debt recovery. On the other hand, it may lead to higher levels of early loan repayment. However, these effects are expected to be temporary and are likely to normalize over time.

Information about the share capital

As of December 31, 2025, the Group's share capital was equal to EUR 3 053 thousand. The share capital is divided into 76 325 thousand ordinary registered shares with EUR 0.04 par value each. All the issued shares provide equal rights for the shareholders. Detailed information is presented in the note regarding the share capital and share premium (Note 19). The Group did not acquire and did not hold (or transfer) any of its shares.

Bodies of the Bank and Subsidiary

The bodies of the Bank are the following: General Meeting of Shareholders, Supervisory Board, Management Board, and Head of Administration (Chief Executive Officer).

The General Meeting of Shareholders

The General Meeting of Shareholders is the highest body of the Bank that reviews and approves the annual accounts (including allocation of profit and distribution of dividends), decides on amending the Articles of Association, elects the members of the Supervisory Board, and decides on other questions given by the laws and Articles of Association. At the end of the financial year, the Bank had 73 shareholders.

The Supervisory Board

The Supervisory Board carries out the function of supervision of the Bank's activities. The main tasks of the Supervisory Board include electing and recalling the Members of the Management Board, monitoring the Bank's business activities and their compliance with the law, the Articles of Association and the decisions of its shareholders, supervising the activities of the Management Board, approve transactions between the Bank and members of the Management Board, the Bank's auditors or related persons, examine and approve the Bank's annual accounts before submitting to the General Meeting of Shareholders and other questions given by the laws and Articles of Association.

In January 2025, the Bank held an Extraordinary General Meeting of Shareholders. As a result of the meeting, Mr. Olav Haugland, Mr. Martin Hagen, Mr. Sven Tore Kaasa, Mr. Joakim Mandorsson, and Mr. Otto Havneraas were elected members of the Supervisory Board. Following the elections, Mr. Otto Havneraas withdrew his candidacy due to personal reasons, and the Supervisory Board continued to fulfil its duties with 4 members, with 1 seat remaining vacant.

The Supervisory Board members hold the following positions:

Mr. Olav Haugland is the Chairman of the Supervisory Board, holding 5.73% ownership in the Bank through Skalmen AS.

Mr. Olav Haugland is participating in the following companies' management bodies:

Position	Company name	Form of Company	Registration No.	Country
Board member	Greenbarge AS	Private limited liability company	997706536	Norway
Board member	Skalmen AS	Private limited liability company	914835518	Norway
Board member	Greenbarge 2023 AS	Private limited liability company	830591532	Norway

Mr. Joakim Mandorsson is a Member of the Supervisory Board, holding 3.11% ownership in the Bank through Mander Investments AB.

Mr. Joakim Mandorsson is participating in the following companies' management bodies:

Position	Company name	Form of Company	Registration No.	Country
CEO	Hambedo AB	Private limited liability company	559048-2633	Sweden
CEO	Byax AB	Private limited liability company	559006-7343	Sweden
CEO	Mander Investments AB	Private limited liability company	556889-7283	Sweden

Mr. Sven Tore Kaasa is a Member of the Supervisory Board, holding 9.70% ownership in the Bank through Lenani AS.

Mr. Sven Tore Kaasa is participating in the following companies' management bodies:

Position	Company name	Form of Company	Registration No.	Country
Chairman	Lenani AS	Private limited liability company	996338452	Norway
Chairman	K&K Holding AS	Private limited liability company	921387032	Norway
Chairman	Røyken Næringspark Invest AS	Private limited liability company	921441320	Norway
Chairman	Medvind Eiendom AS	Private limited liability company	921441290	Norway
Chairman	Johan Follestadsvei 24 AS	Private limited liability company	917118817	Norway
Chairman	Johan Follestadsvei 9 AS	Private limited liability company	921038968	Norway

Mr. Martin Hagen is a Member of the Supervisory Board, holding 9.13% ownership in the Bank through First Partner Holding 4 AS.

Mr. Martin Hagen is participating in the following companies' management bodies:

Position	Company name	Form of Company	Registration No.	Country
Board Member	Osloveien 37 AS	Private limited liability company	914430453	Norway
Board Member	ProDev AS	Private limited liability company	911915596	Norway
Board Member	Duo 2 AS	Private limited liability company	916119844	Norway
Board Member	First Partner Holding AS	Private limited liability company	989574302	Norway
Board Member	Gulliksbakken AS	Private limited liability company	913272129	Norway
Board Member	Sogsti Panorama AS	Private limited liability company	998843715	Norway
Board Member	Hagen Gårdene AS	Private limited liability company	985077118	Norway
Board Member	Credeva Securities AS	Private limited liability company	913908686	Norway
Board Member	Norselab AS	Private limited liability company	918392033	Norway
Board Member	Norselab Credit Management AS	Private limited liability company	931243632	Norway

The Management Board

The Management Board is a collegial management body elected by the Supervisory Board for a term of three years. It consists of three members. The Management Board is responsible for supervising the general and day-to-day management of the Bank's operations, ensuring sound risk management and compliance, organizing the Bank's activities effectively, preparing business plans and budgets, and maintaining adequate controls over operations, accounting, and asset management. It also represents the Bank's interests and is responsible for the proper provision of financial services in accordance with applicable laws.

The current members of the Management Board are:

Mr. Veiko Kandla is the Chairman of the Management Board and Head of Administration (CEO) and holds 0.18% ownership in the Bank as a private person. Mr. Veiko Kandla is the CEO of the private limited liability company Tailwind OÜ (registration No. 12929072, Estonia) and a Member of the Management Board of private limited liability company Fjord Support Services OÜ (registration no. 16479312, Estonia).

Mr. Danas Juzēnas is a Member of the Management Board and Deputy Head of Administration, and holds no ownership in the Bank. Mr. Danas Juzēnas is a Member of the Management Board of private limited liability company Fjord Support Services OÜ (registration no. 16479312, Estonia).

Ms. Kristina Simonovič is a Member of the Management Board, holds no ownership in the Bank and does not participate in other companies' management bodies.

The Head of Administration (Chief Executive Officer)

The Head of Administration (CEO) is the Bank's single-person management body. The CEO is appointed and dismissed by the Management Board. The Head of Administration is responsible for organising the Bank's daily operations, directing and overseeing the Bank's business activities, hiring and dismissing employees, concluding and terminating employment contracts, and performing other functions assigned by law, the Articles of Association, and internal regulations.

Mr. Veiko Kandla is appointed as the Head of Administration (CEO) of the Bank, and **Mr. Danas Juzenas** serves as the Deputy Head of Administration.

Committees of the Bank

The Bank has established three committees - the Audit Committee, the Credit Committee, and the Crisis Management Committee.

The Audit Committee is established by the Supervisory Board to assist in the fulfillment of the supervisory function of the Bank. The Audit Committee consists of three members. The current members of the Audit Committee are Mr. Olav Haugland (Chairman), Mr. Sven Tore Kaasa, and Mr. Martin Hagen.

The Credit Committee is established by the Management Board of the Bank to support the management of credit risk as one of the key risks in the Bank. The Credit Committee is, among other issues, handling non-standard loan projects, analyzing the situation on overdue loans, assessing the necessity to amend and improve regulations regarding issuing, managing, and collecting loans, and proposing relevant changes.

The Crisis Management Committee is established by the Management Board of the Bank to strengthen the organization's ability to restore financial and economic viability when the Bank falls into crisis or emergency. The composition of the Committee is organized in such a way as to make sure that specific business know-how related to safety, business continuity, or recovery from an emergency, internal and external communication expertise of the Bank are available.

Links and additional explanations about the data

Links and additional explanations are presented in the explanatory notes of the Set of Annual Financial Reports.

Significant events in the Bank since the end of the last reporting period

On 22 January 2026, the Bank held an Extraordinary General Meeting of Shareholders. The shareholders adopted a decision to increase the Bank's share capital by issuing 5 247 thousand new shares, each with a par value of EUR 0.04. The total new capital, including a share premium, amounted to EUR 2 200 thousand. All newly issued shares have been subscribed for and paid for, and the Bank is currently awaiting regulatory approval for the registration of the corresponding amendments to the Articles of Association.

On 26 January 2026, the Supervisory Board re-elected the current members of the Management Board — Mr. Veiko Kandla, Mr. Danas Juzėnas, and Ms. Kristina Simonovič — for a new term ending on 26 January 2029. Mr. Veiko Kandla was re-elected as the Chairman of the Management Board.

There were no other subsequent material events after the statement of financial position date that would have a corrective effect on the Group and the Bank's Set of Annual Financial Reports for the Year 2025.

Veiko Kandla
CEO

March 13, 2026

CONSOLIDATED AND BANK'S STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED DECEMBER 31, 2025

Article	Notes no.	Group 2025	Bank 2025	Group 2024	Bank 2024
ASSETS					
Cash and cash equivalents	8	25 464	25 423	13 737	13 698
Loans to customers	9	78 237	78 237	63 243	63 243
Investment in subsidiary	10	-	46	-	41
Intangible assets	11	1 307	1 307	1 288	1 288
Tangible assets	12, 13	314	314	383	383
Deferred tax assets	14	1 795	1 795	1 702	1 702
Other assets	15	141	135	59	53
Total assets:		107 258	107 257	80 412	80 408
LIABILITIES					
Deposits from customers	16	93 653	93 653	68 520	68 520
Subordinated liabilities	17	1 961	1 961	1 955	1 955
Tax liabilities	14	33	33	-	-
Other liabilities	18	869	868	769	765
Total liabilities:		95 516	96 515	71 244	71 240
EQUITY					
Capital	19	3 053	3 053	3 053	3 053
Share premium	19	11 907	11 907	11 959	11 959
Retained earnings (loss)	19	(4 218)	(4 218)	(5 844)	(5 844)
Total Equity:		10 742	10 742	9 168	9 168
Total liabilities and equity:		107 258	107 257	80 412	80 408

The accompanying notes on pages 19-53 are an integral part of the Set of Annual Financial Reports.

The Set of Annual Financial Reports was prepared on March 13th, 2026 by:

Veiko Kandla
CEO
/signed digitally/

Asta Guleckienė
Chief Accountant
/signed digitally/

CONSOLIDATED AND BANK'S STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2025

Article	Notes no.	Group 2025	Bank 2025	Group 2024	Bank 2024
Interest income at EIR	2	5 832	5 831	2 789	2 788
Interest expense	2	(2 918)	(2 918)	(2 413)	(2 413)
Net interest income (expenses)		2 914	2 913	376	375
Fee income	3	3 237	3 237	2 981	2 981
Net fee and commission income (expenses)		3 237	3 237	2 981	2 981
The net result from financial assets	4	-	-	(37)	(37)
Other income	5	3	3	12	12
OPERATING PROFIT (LOSS)		6 154	6 153	3 332	3 331
Personnel expenses	6	(1 790)	(1 794)	(1 485)	(1 492)
Administration expenses	7	(1 501)	(1 501)	(1 343)	(1 343)
Depreciation and amortization	11-13	(405)	(405)	(544)	(544)
PROFIT (LOSS) BEFORE IMPAIRMENT LOSSES AND SUBSIDIARY RESULT		2 458	2 453	(40)	(48)
Impairment losses on loans	9	(891)	(891)	(356)	(356)
Subsidiary results accounted through the equity method	10	-	5	-	8
PROFIT (LOSS) BEFORE TAXES		1 567	1 567	(396)	(396)
Tax expense	14	60	60	281	281
NET PROFIT (LOSS)		1 627	1 627	(115)	(115)
TOTAL COMPREHENSIVE INCOME (EXPENSES)		1 627	1 627	(115)	(115)
Profit (loss) per share attributed to the shareholders		0.02	0.02	(0.002)	(0.002)

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CONSOLIDATED AND BANK'S STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2025

Article	Group and Bank				
	Notes no.	Share capital	Share premium	Retained earnings (loss)	Total Equity
Balance as of December 31, 2023		2 642	9 964	(5 729)	6 877
Net Profit (loss)				(115)	(115)
Other comprehensive income					-
Total comprehensive income (expenses)				(115)	(115)
Share capital increase	19	411	1 995		2 406
Balance as of December 31, 2024		3 053	11 959	(5 844)	9 168
Net Profit (loss)				1 626	1 626
Other comprehensive income					-
Total comprehensive income (expenses)				1 626	1 626
Share capital decrease	19		(52)		(52)
Balance as of December 31, 2025		3 053	11 907	(4 218)	10 742

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CONSOLIDATED AND BANK'S STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025

Article	Group 2025	Bank 2025	Group 2024	Bank 2024
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit (loss)	1 626	1 626	(115)	(115)
Adjustments:				
Interest income	(7 225)	(7 225)	(3 936)	(3 935)
Interest expenses	2 360	2 360	2 248	2 248
Depreciation and amortization	405	405	545	545
Decrease (increase) in deferred tax expense	(93)	(93)	(281)	(281)
Impairment loss on loans	891	891	356	356
Other adjustments	1 664	1 658	1 337	1 327
Changes in:				
Received interest	6 948	6 948	3 491	3 491
Paid interest	(2 287)	(2 287)	(1 192)	(1 192)
Decrease (increase) in other short-term assets	(82)	(82)	(14)	(12)
Decrease (increase) in right-of-use asset	(8)	(8)	(372)	(372)
Decrease (increase) in loans to customers	(17 002)	(17 002)	(25 605)	(25 605)
Increase (decrease) in deposits from customers	25 090	25 090	31 110	31 110
Increase (decrease) in other liabilities	158	162	318	323
Net cash flow from operating activities	12 445	12 443	7 890	7 888
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of tangible fixed assets	(2)	(2)	(5)	(5)
Acquisition of intangible fixed assets	(345)	(345)	(429)	(429)
Net cash flows from investing activities	(347)	(347)	(434)	(434)
CASH FLOWS FROM FINANCING ACTIVITIES				
Issue of shares	-	-	2 500	2 500
Issue of shares cost	-	-	(94)	(94)
Issue of subordinated notes	-	-	1 710	1 710
Issue of subordinated notes cost	-	-	(68)	(68)
Subordinated notes interest paid	(288)	(288)	(241)	(241)
Principal payments of lease liability	(83)	(83)	(93)	(93)
Net cash flows from financing activities	(371)	(371)	3 714	3 714
Net increase in cash and cash equivalents	11 727	11 725	11 170	11 168
Cash and cash equivalents at the beginning of the year	13 737	13 698	2 567	2 530
Cash and cash equivalents at the end of the year	25 464	25 423	13 737	13 698

The accompanying notes on pages 19-53 are an integral part of the Set of Annual Financial Reports.

The Set of Annual Financial Reports was prepared on March 13th, 2026 by:

Veiko Kandla
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EXPLANATORY NOTES FOR THE YEAR ENDED DECEMBER 31, 2025

I. GENERAL PART

The Bank was registered as a public company in the Enterprise Register of the Republic of Lithuania on March 28th, 2017 and its business code is 304493038. The Bank is registered and operates at Rinktinės str. 5, Vilnius. The Bank was granted a specialized bank license by the European Central Bank on December 10th, 2019. The relevant changes of the Article of Association were registered in the Register of Legal Entities on 15th April 2020. The Bank launched its services in the second half of 2020 and started more active operations from the beginning of 2021. The Bank is offering unsecured consumer loans and fixed-term deposits through digital channels for private persons.

The Bank's management is fully convinced of stable and balanced performance going forward and based on that prepared the Set of Annual Financial Reports based on going concern basis assumptions. The Bank does not hold any own shares.

The Bank established in April 2022 a daughter company Fjord Support Services OÜ (reg nr 16479312, registered in the Business Register of Estonia). The purpose of the company is the administrative support of the Bank in the process of issuing and administering loans on the Estonian market. The Bank has no other subsidiaries or associated companies and does not have any branches. Detailed information about the established subsidiary and consolidation matter is presented in Note No. 10.

The Set of Annual Financial Reports comprises the Bank's and Group's (including daughter company Fjord Support Services OÜ) financial statements.

In 2025, the average number of employees of the Group was 27 and in 2024 – 22, while of the Bank in 2025 was 28 and in 2024 - 24 employees.

II. ACCOUNTING POLICY

Basis of accounting

The Set of Annual Financial Reports of the Group and the Bank are prepared following the Laws of the Republic of Lithuania, regulating accounting and financial accountability, as well as the International Financial Reporting Standards (IFRS) that have been adopted for use in the European Union.

The Management prepared the consolidated and the Parent Bank's Set of Annual Financial Reports on March 13th, 2026. The Set of Annual Financial Reports are prepared following a going concern assumption. The Set of Annual Financial Reports are prepared on a historical cost basis.

Functional currency and foreign currency transaction

The Set of Annual Financial Reports are presented in the local currency - Euro (EUR). Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the spot exchange rate prevailing at the date of the statement of financial position. Non-monetary items carried at cost are translated using the exchange rate at the date of the transaction, while non-monetary assets carried at fair value or revalued amounts are translated at the exchange rate when the fair value was determined. Gains and losses resulting from the settlement of such transactions and the translation of monetary assets and liabilities denominated in currencies other than EUR are recognized in the profit or loss.

Consolidated Set of Annual Financial Reports (IFRS 3, IFRS 10)

Subsidiaries are all entities over which the Bank has control. The Bank controls an entity when the Bank is exposed to, or has rights to, variable returns from its involvement with the entity and could affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Bank and are deconsolidated from the date that control ceases. Intergroup receivables and liabilities, transactions and unrealized gains and losses on transactions between Group companies are eliminated upon consolidation.

The equity method is used in accounting for investments in subsidiaries in the separate Bank's financial reports. Initial investment value is recognized at cost and subsequently adjusted for post-acquisition changes in the Bank's share of the net assets of the subsidiary. The entity part of the profit or loss is included in the value of an investment in a subsidiary and the Bank's profit (loss) statement.

The Bank's primary Set of Annual Financial Reports are prepared using the same accounting principles as those that have been used for preparing the consolidated annual report except for the investments in subsidiaries that in the separate Bank report are accounted for in the equity method.

Under local law, the Bank is required to disclose certain information about the Financial Group. In preparing the Set of Annual Financial Reports of the Financial Group, the Bank's subsidiaries not included in the Financial Group are not consolidated under 10 IFRS and are presented in the consolidated balance sheet of the Financial Group as investments in subsidiaries accounted for at equity method, as in the Bank's Statement of financial position. Such presentation is consistent with the Set of Annual Financial Reports provided by the Bank for supervisory purposes, concluded under Regulation (EU) No 182/2011 of the European Parliament and the Council 575/2013 (CRR).

Material accounting policies

Intangible assets (IAS 38)

Intangible assets are initially measured at cost. An intangible asset is recognized in the balance sheet only when its cost can be measured reliably and it is likely that future economic benefits attributable to the assets will accrue to the Group. Intangible assets are initially measured at cost and subsequently at cost less accumulated amortization and accumulated impairment. The cost includes all expenses for purchasing, manufacturing, taxes, and other direct costs to otherwise bring the goods to their current location and condition. Amortization of the intangible asset is calculated using the straight-line method of amortization based on the estimated useful life of the asset:

- | | |
|----------------------------|---------|
| - Banking software | 9 years |
| - Other software | 5 years |
| - Specialized bank license | 5 years |
| - Other intangible assets | 4 years |

From 2025 the Bank changed the estimated useful life of the Banking software from 7 years to 9 years. The Bank invested and expanded the Banking Software with its own payment module, invested and developed improvements of the Banking Software to serve new products, and invested an additional significant amount in the improvements of the Banking Software by applying automatic solutions for automatic processing. The aforementioned investments and the expanded environment enable the Banking Software to be used for product acceptance services for a longer period than planned.

The described accounting principles apply to the accounting for additional acquisitions of intangible assets already in use. In the event of an additional increase in the value of the intangible assets used, the intangible assets are amortized on a straight-line basis over their estimated useful lives.

The created intangible asset is recognized at cost and recorded in the separate intangible asset account until the asset is used. When intangible assets are started to be used in the operations, the accounting of intangible assets is the same as the accounting principles of an acquired intangible asset.

Capitalized software development costs include payroll expenses and other expenses directly related to development. Other development expenditures that do not meet these criteria are recognized as expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Tangible assets (IAS 16)

Long-term tangible assets are those assets whose useful life is more than one year and whose cost exceeds EUR 500. Tangible assets are held at historical cost less accumulated depreciation and any impairment in value whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The cost includes all expenses for purchasing, manufacturing, taxes, and other direct costs to otherwise bring the goods to their current location and condition. Asset maintenance costs are charged to the income statement when they are incurred.

Depreciation and amortization are calculated using the straight-line method of depreciation based on the estimated useful life of the asset. Useful lives, residual values, and depreciation methods are reassessed and changed when necessary in connection with each closing day.

The following amortization and depreciation useful life (years) are applied in the Group for the respective asset category:

Office equipment:

- | | |
|--------------------------------|---------|
| - Computers | 3 years |
| - Furniture, Office equipment | 6 years |
| - Other property and equipment | 4 years |

When an asset is sold or written off, its cost and accumulated depreciation are eliminated in the accounts and the gain or loss on sale is recorded in profit or loss. Expenses, such as repairs and maintenance, incurred after the property, plant and equipment is placed in service, are normally charged to profit or loss in the period in which they are incurred. If the economic benefits increase for the Group due to costs or if the useful life of the asset increases or if there are significant renewals of assets, then costs are capitalized and added to tangible assets and depreciated over the remaining useful life period of the improved asset.

Financial instruments

The Group recognizes financial assets and liabilities in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument. When financial assets and liabilities are recognized initially, they are measured at fair value. Transaction costs that are directly related to purchasing or issuance of the financial assets (except financial assets and financial liabilities which are recognized at fair value through profit or loss) when initially recognized are added or subtracted from financial assets' or financial liabilities' fair value. Transaction costs that are directly attributed to financial assets or financial liabilities at fair value are immediately recognized through profit or loss.

Financial assets

Financial assets measured at amortized cost are initially recognized at fair value plus any directly attributable transaction costs. Financial instruments measured at fair value through profit or loss are initially recognized at fair value, with transaction costs recognized in profit or loss as they occur. Subsequent measurement is fair value with gains and losses recognized in the income statement.

Investments in financial assets, which are not designated at fair value through profit or loss, are measured at amortized cost if both of the following conditions are met: the assets are held within a business model whose objective is to hold the asset and collect the contractual cash flows and the contractual cash flows represent solely payment of principal and interest.

Instruments with contractual cash flows that are only payments of interest and principal on given dates and that are held in a business model to receiving contractual cash flows and sales shall be measured at fair value with changes through other comprehensive income, with interest income, currency translation effects, and any impairments presented in the ordinary income statement. Changes recognized through other comprehensive income should be reclassified to profit or loss when the assets are sold or otherwise disposed of.

All other financial assets are initially recognized at fair value and subsequent measurement is fair value with gains and losses recognized in the income statement.

Financial assets are only reclassified when there is a significant change in the business model for those assets. Such changes are expected to be very infrequent. Financial liabilities are not reclassified.

The effective interest rate method

The effective interest method is a method for calculating amortized cost and interest income allocation over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of financial assets or financial liability to the gross carrying amount of financial assets or the amortized cost of financial liability. The method does not consider expected credit losses and includes all fees paid or received, transaction costs, and other premiums or discounts that are an integral part of the effective interest rate, such as origination fees.

When the Group revises the estimates of future cash flows, the carrying amount of the financial asset or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes in value are recognized in the income statement.

Derecognition of financial assets and liabilities

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized where:

- The rights to receive cash flows from the asset have expired;
- The Group has transferred its rights to receive cash flows from the asset, or retained the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; and
- The Group either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Credit impairment

The Group assesses at each statement of financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired. Losses on loan and receivables impairment are established

through profit or loss if there is objective evidence that the Group will not be able to collect all amounts due. Evidence of impairment is based on the Expected Credit Losses model (ECL), which tests if the credit risk has not increased significantly after initial recognition.

The measurement of the provision for expected losses under the general model depends on whether the credit risk has increased significantly since initial recognition. IFRS 9 provides the ECL model with a three-stage approach based on changes in credit risk. Upon initial recognition and when the credit risk has not increased significantly after initial recognition, a provision shall be made for 12-month expected losses, and the financial asset is recognized as Stage 1. Twelve-month expected losses are the losses expected to occur during the instrument's lifetime, but that can be linked to events occurring in the next 12 months. Stage 2 includes financial assets for which the credit risk has increased significantly since initial recognition, but there is no objective evidence of a loss. Stage 3 (in default) of the model includes assets for which the credit risk has increased significantly since initial recognition, and there has been objective evidence of a loss event on the balance sheet date. Similar to Stage 2 the provision for expected losses for Stage 3 is calculated on lifetime expected credit losses. From 180 days overdue the provision for expected losses is constantly increasing to cover all defaulted exposure before the write-off. Credit-impaired financial assets considered under stage 3 their ECL is always measured on a lifetime basis.

Additionally, Stage 2 and Stage 3 include financial assets for which the credit risk has increased significantly since initial recognition due to financial difficulties (forbearance exposures). Forbearance measures are divided into short-period and long-period measures: short-term: to meet temporary liquidity constraints, e.g., through suspension/reduction of redemption payments, covenant waivers/holidays, etc., with a term of max. 2 years; and long-term: comprehensive settlement of existing arrears and actual reduction of the credit balance. For the receivables classified as performing forborne the maximum probation period is 24 months.

Defaulted loans are normally written off, either partially or in full when there is no realistic prospect of further recovery. The probability of recovery is considered low and credit may be written off if any of the following events has occurred: received a bailiff's letter regarding the impossibility of credit recovery; or the Management Board decides that the defaulted loan is uncollectable or it is not possible or economically practical to implement measures for collecting the loan.

The guiding principle of the ECL model is to reflect the general pattern of deterioration or improvement in the credit quality of financial assets. ECL is calculated having in mind the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD). The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months, or over the remaining lifetime of the obligation. The lowest risk grades by PD represents the low credit risk exposures. EAD is expressed by assessment of the amounts the Group expects to be owed at the time of default. The LGD represents the expectation of the extent of loss on a defaulted exposure. Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. The assumptions underlying the ECL calculation are monitored and reviewed on a quarterly basis.

The Group calculates the impairment of financial instruments according to the IFRS 9 standard, based on the expected credit loss (ECL) model. Regardless of the quantitative indicator, a significant increase in credit risk is triggered if the following backstop indicators occur: payments are past due >30 days and/or financial assets are forborne (where due to the customer's financial difficulties the contractual terms of the loans have been revised and concessions are given). Defaults are defined as overdrawn amounts of more than 90 days or a situation in which objective evidence exists that indicates a customer will default as a result of a weakening of the debtor's creditworthiness. Loss Given Default (LGD) represents the Group's expectation of the extent of loss on a defaulted exposure. LGD is expressed as a percentage loss per unit of exposure at the time of default. To assess the macroeconomic impact the Group has developed a model which incorporates developments of the future economic environment in the expected credit loss calculation. The impact of different economic variables (incl. GDP change, unemployment rate) on portfolio PD was implemented using regression analysis.

Financial liabilities

All financial liabilities are recognized at amortized costs valued at fair value, except financial liabilities valued at fair value through profit or loss with gains and losses recognized in the income statement.

Financial liabilities recognized at amortized cost are initially valued at fair value with the addition of direct transaction costs. In periods after the initial measurement, the liabilities are valued at amortized cost based on the effective interest rate method.

The issued Subordinated Notes are recorded in the balance sheet at amortized cost by using the effective interest rate method. In addition to interest rate, the effective interest rate mainly reflects acquisition costs, recognized as a change in the nominal value of the debt securities and charged to interest expense over a term of notes.

Financial liabilities are valued at fair value through profit as follows: financial liabilities are treated as liabilities, where fair value changes are recognized through profit or loss; financial liabilities, which occur if the transfer of the financial assets does not comply with the derecognition criteria and if the further control method is applied; financial guarantee contracts; provided loans which apply lower than market interest rates and uncertain remuneration during the business merger.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or canceled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the income statement.

Cash and cash equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition.

For the cash flow statement, cash and cash equivalents comprise the cash in the Group's account balances.

Share capital and reserves

Share capital is presented according to the Bank's articles of association. Consideration received for the shares sold in an excess of their par value is shown as a share premium. Paid-in capital where the price of issued shares exceeds that of the nominal value is recognized as a share premium. Incremental costs that are directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

The reserves are made from the distribution of fiscal year net profit decided by the shareholder meeting, following the Republic of Lithuania's act of law as well as the Bank's articles of association.

According to the Law on Companies of the Republic of Lithuania, the mandatory reserve is compulsory under the Lithuanian regulatory legislation. Annual transfers of 5% of the net result are required until the reserve reaches 10% of share capital. The mandatory reserve cannot be used for payment of dividends and it is established to cover future losses only.

Employee benefits

Short-term benefits for employees are recognized as current operating costs for the period during which the employees provided the services. The detailed information about Remuneration system is presented in the Note No. 1.

Revenues

Revenues are recognized as income on an accrual basis when earned. The services are treated as completed and provided for the customer if the following conditions are satisfied:

- The amount of the revenue can be measured reliably,
- The transaction is completed or the probability of the transaction being completed could be measured reliably,
- It is probable that the economic benefits associated with the transaction will flow to the enterprise.

The Group's revenues from main operations are attributed to the interest income and from specialized bank services. Interest income is recognized using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period.

Fee and commission income is recognized on an accrual basis when the service is provided and is allocated over the life of the financial instrument. Such income includes a monthly loan administration fee. Late payment fees are recognized when the payment is received from the customer.

Gains and losses arising from the foreign currency translation of financial assets and liabilities are recognized at fair value as income or expenses of financial activities and included in the income statement for the period depending on if the foreign currency changes are net profit or loss respectively.

Expenses

Expenses are recognized in accounting in accordance with the principles of accrual and comparison. Interest expense is recognized using the effective interest method. Fees and commissions are recognized when the service is provided.

In those cases, when the costs incurred cannot be directly attributed to the specific income and they will not bring income during future periods, they are expensed as incurred. Administrative expenses include personnel expenses, office rent, telephone and communication expenses as well as other expenses such as amortization and depreciation.

Financial activity expenses include asset management fees, interests for debt as well as administration expenses related to receivables. The interest expenses are recognized by using the effective interest rate method.

Leases (IFRS 16)

The determination of whether an arrangement is a lease or it contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and whether the arrangement conveys a right to use the asset.

Finance lease

The Group recognizes the finance lease as assets and liabilities in the financial position statement, carried at the fair value of the finance lease at the beginning of the lease or the minimal present value of the future lease payments if the latter is lower. In calculating the present value of the minimum finance lease payments the

discount factor used is the interest rate implicit in the lease when it is practicable to determine. Otherwise, the Group's incremental borrowing rate is used. Initial direct costs incurred are included as part of the asset. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge payments are allocated to periods during the lease term to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

For finance lease assets and lease liabilities, the Group calculates depreciation; in addition, the Group also recognizes finance expenses related to the financial lease. The depreciation policy for leased assets is consistent with that for depreciable assets that are owned. The leased assets are not depreciated over a period longer than the lease term, unless the Group, according to the lease contract, gets transferred their ownership after the lease term is over.

If a sale and leaseback transaction results in a finance lease, any excess of sales proceeds over the carrying amount is not immediately recognized as income. Instead, it is deferred and amortized over the lease term.

Operating lease

Leases of assets under which the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under an operating lease are recognized as expenses on a straight-line basis over the lease term and included in other administrative and operating expenses.

The overall discounts granted by the lessor are recognized as a reduction in lease expenses on a straight-line basis over the lease term.

TAXES

Income tax

The tax currently payable is based on taxable profit for the reporting period. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Income tax expenses are calculated based on the information available as of the date of preparation of the Set of Annual Financial Reports. According to the Law on Corporate Income Tax of the Republic of Lithuania, the current income tax rate is 16% on taxable income (17% from 2026 forward).

Tax losses can be carried forward for an indefinite period, except for the losses incurred as a result of the disposal of securities and (or) derivative instruments. Such carrying forward is disrupted if the Group changes its activities due to which these losses were incurred except when the Group does not continue its activities due to reasons which do not depend on the Group itself.

The losses can be used to reduce the taxable income earned during the reporting year by a maximum of 70%.

Deferred income tax

Deferred tax assets have been recognized in the statement of financial position to the extent the management believes they will be realized in the foreseeable future, based on taxable profit forecasts. If it is believed that part of the deferred tax asset is not going to be realized, this part of the deferred tax asset is not recognized in the Set of Annual Financial Reports. Deferred income tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the Set of Annual Financial Reports.

Deferred tax assets are tested on each closing period and recognized to the extent it is likely on each closing day that they can be utilized. As a result, a previously unrecognized deferred tax asset is recognized when it is considered likely that a sufficient surplus will be available in the future. If it is not probable that future taxable

profit will be available against which the temporary differences can be utilized, then deferred tax assets are reduced accordingly.

Deferred income tax liabilities are generally recognized for all temporary taxable differences and deferred income tax assets are recognized to the extent that it is probable that taxable profits will be available against which temporary deductible differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets and liabilities are offset only if the Group has a legally enforceable right to set off current tax assets against current tax liabilities.

Income tax and deferred income tax for the reporting period

Income tax and deferred income tax are charged or credited to profit or loss, except when they relate to items not recognized in profit or loss (either in the statement of profit or loss and other comprehensive income or directly in equity).

Contingent liabilities

Contingent liabilities are not recognized in the Set of Annual Financial Reports. They are disclosed in the financial notes unless the possibility of an outflow of resources embodying economic benefits is marginal.

According to current laws, the Tax Inspectorate at any time could check the Group 's accounting registers for the last five years before the reporting period, and also can calculate and apply additional taxes and sanctions for the Group. The management of the Group has no information about the events and conditions which can result in significant additional tax expenses or liabilities for the Group.

A contingent asset is not recognized in the Set of Annual Financial Reports but disclosed in the financial notes when an inflow of economic benefits is probable.

Subsequent events

Events after the reporting date that provide additional information about the Group 's position at the statement of financial position date (adjusting events) are reflected in the Set of Annual Financial Reports. Events after the reporting date that are not adjusting events are disclosed in the notes when material.

Related parties

Parties are considered to be related if at least one of the conditions is met:

- a. The person or its relative is treated as related to the Group if the person:
 - i. Has control or joint control of the Group
 - ii. Can exercise a significant influence over the Group
 - iii. Is the member of the management personnel of the Group or a parent of the Group
- b. An entity is related to the Group if any of the following conditions are met:
 - i. An entity and the Group are members of the same group (i.e. each parent, subsidiary, and fellow subsidiary is related to each other)

- ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member)
- iii. Both entities are joint ventures of the same third party
- iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity
- v. An entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Company is itself such a plan, the sponsoring employers are also related to the Group
- vi. An entity is controlled or jointly controlled by a person identified in (a)
- vii. A person identified in (a), (i) has a significant influence over an entity or is a member of the key management personnel of an entity (or of a parent of an entity).

Offsetting

In the preparation of the Set of Annual Financial Reports, assets and liabilities, as well as income and expenses, are not offset, except in the cases when a specific IFRS note requires or allows a specific offsetting operation.

The use of assessments and decisions in the Set of Annual Financial Reports

In the preparation of the Set of Annual Financial Reports following IFRS that have been adopted for use in the European Union, the management, based on certain assumptions, has to evaluate factors that influence the choice of accounting principles as well as the effect on the assets, liabilities, income and expenses amounts. The actual results might differ from assumptions and forecasts. The evaluations, forecasts, and assumptions are always reviewed and revised regularly.

The effect of changes in evaluations is recognized in the period during which the evaluation is revised and for the coming periods if the evaluation affects the future periods as well. The evaluations might be revised based on the changed conditions which were used to make the evaluation or if there is new information available or new experience gained during the period which might lead to more accurate evaluations.

The cash flow statement was prepared based on an indirect method.

Material accounting estimates

According to the IFRS, many of the financial indicators in the report are based on accounting-related management estimates, which have an impact on the value of the assets and liabilities presented in the Set of Annual Financial Reports and on the income and expenses. Although these estimates are based on the best knowledge of the management and conclusions from ongoing events, the actual result may not coincide with them in the end and may differ significantly from these estimates. The management consistently reviews such decisions and estimates, including the ones that influence the fair value of financial instruments, and other deferred assets.

The measurement of the expected credit loss allowance for loans measured at amortized cost is an area that requires the use of complex models and significant assumptions about future economic conditions and customer behavior. The inputs, assumptions, and estimation techniques used in measuring expected credit loss are described in detail in the part "Accounting policy". Several significant judgments are also required in applying the accounting requirements of the determining criteria for the significant increase in credit risk, choosing appropriate assumptions for the measurement of expected credit loss, and establishing the number and relative weightings of forward-looking scenarios.

Adoption of new and/or changed IFRS and International Financial Reporting Interpretations Committee (IFRIC) interpretations.

In the current year, the Bank has adopted all of the new and revised Standards and Interpretations that are relevant to its operations and effective for accounting periods beginning on 1 January 2025.

Amendments to IAS 21 Lack of Exchangeability (issued on August 2023, effective from 1 January 2025, early application is possible)

Lack of Exchangeability amends IAS 21 The Effects of Changes in Foreign Exchange Rates to require an entity to apply a consistent approach to assessing whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide. These amendments will not have an impact on the Group and Bank's Set of Annual Financial Reports.

Standards and amendments that have been approved but are not yet effective and have not been applied in advance:

Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7 (issued on 18 December 2024, effective from 1 January 2026 with early application permitted)

The amendments are to the own-use requirements, and hedge accounting requirements, together with related disclosures. The scope of the amendments is narrow, and only if contracts meet the specified scoping characteristics will they be in the scope of the amendments.

The amendments include - clarifying the application of the 'own-use' requirements; permitting hedge accounting if these contracts are used as hedging instruments; and adding new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows.

Amendments to IFRS 9 Financial Instruments

- the own-use requirements in IFRS 9 are amended to include the factors an entity is required to consider when applying IFRS 9:2.4 to contracts to buy and take delivery of renewable electricity for which the source of production of the electricity is nature-dependent; and
- the hedge accounting requirements in IFRS 9 are amended to permit an entity using a contract for nature-dependent renewable electricity with specified characteristics as a hedging instrument: to designate a variable volume of forecast electricity transactions as the hedged item if specified criteria are met; and to measure the hedged item using the same volume assumptions as those used for the hedging instrument.

Amendments to IFRS 7 Financial Instruments: Disclosures and IFRS 19 Subsidiaries without Public Accountability: Disclosures

The IASB amends IFRS 7 and IFRS 19 to introduce disclosure requirements about contracts for nature-dependent electricity with specified characteristics.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026. Earlier application of either all the amendments at the same time or only the amendments to the classification of financial assets is permitted.

An entity is required to apply the amendments retrospectively. An entity is not required to restate prior periods to reflect the application of the amendments, but may do so if, and only if, it is possible to do so without the use of hindsight. The Management of the Bank has not yet evaluated the impact of these amendments on the Group and Bank's Set of Annual Financial Reports.

Annual Improvements Volume 11 (issued on 18 July 2024 effective from 1 January 2026, earlier application is permitted)

These amendments include clarifications, simplifications, corrections and changes aimed at improving the consistency of several IFRS Accounting Standards. The amendments contained in the Annual Improvements relate to:

- IFRS 1 First-time Adoption of International Financial Reporting Standards - Hedge Accounting by a First-time Adopter
- IFRS 7 Financial Instruments: Disclosures:
 - Gain or loss on derecognition
 - Disclosure of differences between the fair value and the transaction price
 - Disclosures on credit risk
- IFRS 9 Financial Instruments:
 - Derecognition of lease liabilities
 - Transaction price
- IFRS 10 Consolidated Financial Statements - Determination of a 'de facto agent'
- IAS 7 Statement of Cash Flows - Cost Method.

These amendments are mandatory for financial years beginning on or after 1 January 2026; earlier application is permitted. The Management of the Bank has not yet evaluated the impact of these amendments on the Group and Bank's Set of Annual Financial Reports.

Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (issued on 30 May 2024 effective from 1 January 2026; earlier application is permitted)

Clarifying the classification of financial assets with environmental, social and corporate governance (ESG) and similar features - ESG-linked features in loans could affect whether the loans are measured at amortised cost or fair value. Stakeholders asked how to determine how such loans should be measured based on the characteristics of the contractual cash flows. To resolve any potential diversity in practice, the amendments clarify how the contractual cash flows on such loans should be assessed.

Settlement of liabilities through electronic payment systems - stakeholders highlighted challenges in applying the derecognition requirements in IFRS 9 to the settlement of a financial asset or a financial liability via electronic cash transfers. The amendments clarify the date on which a financial asset or financial liability is derecognised. The IASB also decided to develop an accounting policy option to allow a company to derecognise a financial liability before it delivers cash on the settlement date if specified criteria are met.

With these amendments, the IASB has also introduced additional disclosure requirements to enhance transparency for investors regarding investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features, for example features tied to ESG-linked targets.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026. Earlier application of either all the amendments at the same time or only the amendments to the classification of financial assets is permitted.

An entity is required to apply the amendments retrospectively. An entity is not required to restate prior periods to reflect the application of the amendments, but may do so if, and only if, it is possible to do so without the use of hindsight. These amendments will not have an impact on the Group and the Bank's Set of Annual Financial Reports.

Amendments to IFRS 18: Presentation and Disclosure in Financial Statements (issued on 9 April 2024 effective from 1 January 2027)

IFRS 18 introduces new requirements on presentation within the statement of profit or loss, including specified totals and subtotals. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. The Management of the Bank has not yet evaluated the impact of these amendments on the Group and Bank's Set of Annual Financial Reports.

IFRS 19 Subsidiaries without Public Accountability: Disclosures (issued on 9 May 2024 effective from 1 January 2027)

IFRS 19 creates a reduced set of disclosures that certain in-scope entities can elect to apply instead of the disclosure requirements set out in other IFRS Accounting Standards. However, what IFRS 19 does not do is change any of the recognition, measurement or presentation requirements set out in other IFRS Accounting Standards. The objective of the Standard is to alleviate the reporting burden for eligible subsidiaries without public accountability. It achieves this by working alongside other IFRS Accounting Standards, with eligible subsidiaries applying the recognition, measurement and presentation requirements in other IFRS Accounting Standards, except for the disclosure requirements. The Management of the Bank has not yet evaluated the impact of these amendments on the Group and Bank's Set of Annual Financial Reports.

III. NOTES

Note 1 Risk management

The Bank (and Group) defines risk as the possibility of a negative deviation from an expected financial outcome that may adversely impact the Bank's financial position, operations, or reputation. Risk-taking inherently involves the possibility of losses, which are classified into expected and unexpected losses. The Bank seeks to minimize expected losses by maintaining sound internal practices, strong internal controls, and appropriate insurance coverage.

The most important types of risk the Bank is exposed to are credit risk, liquidity risk, interest rate risk in the banking book, and operational risk. This Note includes information about the impact of the risks on the Bank, its objectives, policy, and processes related to risk assessment and management, also information about capital management. The quantitative disclosures are presented in other Notes to the Set of Annual Financial Reports.

The Management Board is responsible for the development and oversight of an effective risk management structure. The Risk Management Strategy and Internal Control Policy describes the overall approach to risk management, including the definition of risk, risk strategy, processes, and principles for risk management and the internal control framework. The Risk Management Strategy, together with the Risk and Capital Policy, an overarching framework for risk management in the Bank and outlines the Bank's risk appetite. Detailed principles and procedures for the management of individual risk types are set out in standalone policies. The Risk Management Strategy and the risk management systems are revised regularly to reflect the developments in the market conditions and the operations of the Bank. The Bank seeks to promote high ethical and integrity standards, to develop a disciplinary and constructive risk management policy where all employees are aware of their functions and obligations, and understand their position in the internal control system.

The Bank's risk management is built on the concept of the Three Lines of Defence:

- the First Line of Defence – refers to all risk management activities carried out by the business operations and its support functions, responsible for day-to-day risk-taking and risk management.
- the Second Line of Defence – refers to the Risk Management Function and Compliance Functions, which are governed by and report to the CEO.
- the Third Line of Defence – refers to the Internal Audit Function, which is governed by and reports to the Audit Committee.

Risk monitoring and control activities are carried out based on the limits set by the Bank, reflecting its business model, strategy, market environment, and acceptable risk level, as determined by the Supervisory Board. The Management and Supervisory Boards receive regular risk overview reports, which include a comprehensive assessment of significant risks for the Bank, material risk exposures, internal limit execution, and compliance with prudential ratios, and changes in the Bank's overall risk profile.

In identifying, assessing, and measuring risks, the Bank applies methodologies that combine forward-looking elements with backward-looking evidence. The framework includes assessments of the actual risk profile against the Bank's risk appetite, as well as scenario and stress testing to evaluate potential adverse developments relative to the Bank's risk-bearing capacity. The Bank's risk management framework covers both inherent risks arising from its business model and emerging risks that may materialize due to external developments.

The Bank also integrates proportionality principles, ensuring that the design of its risk management processes, data requirements, and methodologies remains appropriate to the size, complexity, and nature of its business.

A more detailed overview of the Bank's risk profile, risk management practices, and capital adequacy is provided in the Risk Management and Capital Adequacy Report, available on the Bank's homepage www.fjordbank.lt.

Credit risk

Credit risk is the risk that the Bank will incur losses due to the failure of counterparty and customer financial obligations. The Bank applies several measures to ensure that credit is granted only to financially reliable customers and that exposures remain within the approved credit risk limits. The Bank does not issue guarantees or assume credit risk on behalf of third parties.

The largest credit risk is represented by the carrying value of each unit of financial assets in the statement of the financial position. As a result, the Bank's management believes that the maximum risk is equal to the amounts receivable less the recognized impairment loss as of the statement of the financial position date.

The Bank's credit risk arises almost entirely from its consumer lending activities, as the Bank does not engage in investment activities, trading portfolios, or the purchase of debt securities. Consequently, the Bank does not incur credit risk from investment instruments. The Bank's most significant non-lending credit exposure relates to funds held with commercial banks, which are used solely for liquidity management purposes and are placed only with reputable and financially sound banks that meet the Bank's internal counterparty criteria.

Loans to customers

The core business of the Bank is to provide unsecured consumer credits for private persons residing in Lithuania and Estonia. In assessing the customer's credit quality behavior, the Bank is assessing previous payment history, income, obligations and other relevant factors.

Allocation of the loan receivables from customers is presented in the following table.

As of December 31, 2025:

Distribution of loans by overdue days	Group and Bank					Net loans	Impairment coverage, %
	Gross loans	Expected Credit Losses (ECL)					
		Stage 1	Stage 2	Stage 3			
Not overdue	73 590	(286)	(92)	(5)	73 207	0.5%	
0-30 days	2 467	(18)	(42)	(6)	2 401	2.7%	
31-90 days	1 491	-	(47)	(79)	1 365	8.5%	
more than 90 days	2 172	-	-	(908)	1 264	41.8%	
Total loans to customers	79 720	(304)	(181)	(998)	78 237	1.9%	

As of December 31, 2024:

Distribution of loans by overdue days	Group and Bank					Net loans	Impairment coverage, %
	Gross loans	Expected Credit Losses (ECL)					
		Stage 1	Stage 2	Stage 3			
Not overdue	60 584	(214)	(46)	(8)	60 316	0.4%	
0-30 days	1 972	(20)	(10)	(7)	1 935	2.0%	
31-90 days	583	-	(13)	(22)	548	6.0%	
more than 90 days	727	-	-	(283)	444	38.9%	
Total loans to customers	63 866	(234)	(69)	(320)	63 243	1.0%	

Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial asset at the time of initial recognition. The transaction costs attributed to loans to households for the end of 2025 amounted to EUR 4 345 thousand, and at the end of 2024, EUR 3 226 thousand.

Calculation of the loan impairment

The Bank calculates the impairment of financial instruments in accordance with IFRS 9 using the Expected Credit Loss (ECL) model. The model applies a three-stage approach based on changes in credit risk since initial recognition.

- Stage 1 includes financial assets for which credit risk has not increased significantly since initial recognition. A 12-month expected credit loss is recognised.
- Stage 2 includes assets for which credit risk has increased significantly since initial recognition, but for which there is no objective evidence of impairment. Lifetime expected credit losses are recognised.
- Stage 3 includes credit-impaired assets for which objective evidence of default has been identified. Lifetime expected credit losses are applied.

A significant increase in credit risk (SICR) is deemed to have occurred when a loan becomes more than 30 days past due, or when other backstop indicators arise, such as financial difficulties leading to forbearance measures. A loan is classified as in default (Stage 3) when it becomes 90 days or more past due, or when the borrower meets unlikely-to-pay (UTP) criteria, including significant financial difficulty, bankruptcy, death, court proceedings, or other circumstances indicating that the borrower is unlikely to meet their obligations.

The Bank applies forbearance measures in cases where customers face temporary or long-term financial difficulties. Short-term measures are applied to address temporary liquidity constraints and may include instalment reductions or payment holidays (up to 2 years). Long-term measures include restructuring and the reduction of outstanding balances. For receivables classified as performing forborne, the maximum probation period is 24 months.

The ECL calculation incorporates the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD).

- PD represents the likelihood of default over the next 12 months or the lifetime of the exposure.
- EAD represents the expected outstanding amount at the moment of default.
- LGD represents the proportion of the exposure expected to be lost in the event of default, expressed as a percentage of the exposure at default.

Forward-looking macroeconomic information is integrated into the calculation of PD, EAD, and LGD. The Bank uses three scenarios (baseline, upside, and downside), weighted according to their probability. Model assumptions and parameters are reviewed quarterly.

The expected credit loss model's necessary parameters as the probability of default, loss given default, and exposure at default for the calculation of allowances are based on the historical data. Allowances for loans to customers are calculated on an individual level depending on the probability of default.

At 31 December	Group and Bank 2025			Group and Bank 2024		
	Upside	Baseline	Downside	Upside	Baseline	Downside
Scenario probability weighting	30%	40%	30%	15%	65%	20%

In 2025, the Bank implemented an update of its ECL model, including the internal calculation of PDs based on historical default rates. PDs are assigned to credit risk classes, with the following average PDs at the reporting date: class A – 0.3%, class B – 1.1%, class C – 2.6%, and class D and below – 38.2%. At the end of 2024, the respective averages were: class A – 0.5%, class B – 1.5%, class C – 4.0%, and class D and below – 14.6%.

The Bank performs periodic reassessments of customer creditworthiness, and following each reassessment, customers are assigned an updated internal credit rating class. These ratings directly influence the PD used in the ECL calculation and ensure that credit quality changes are reflected promptly.

Liquidity reserves

As part of the management of liquidity risk arising from financial liabilities, the Bank holds liquid assets comprising cash and cash equivalents. The Bank's cash balances are held with the central bank and commercial bank counterparties and the management estimates such exposures as at low credit risk.

The unrated counterparties include commercial banks – a subsidiary of the Scandinavian bank that has assigned a credit rating to the parent bank but the credit rating is missing for the subsidiary bank. The following table discloses the Bank's cash balance exposures by credit ratings:

Items	Group 2025	Bank 2025	Group 2024	Bank 2024
Cash balance at the central bank	25 401	25 401	13 673	13 673
Cash balance at commercial no rated bank but with assigned credit rating to the parent bank	11	12	10	10
Cash balance at the commercial bank with P – 2 rating for short-term funding by Moody's Investors Service	52	10	54	15
Total	25 464	25 423	13 737	13 698

Due to the cash balances being payable on demand, no allowance of the cash balances from the central bank and credit institutions has been recognized in the statement of financial position. The Bank didn't hold collateral and other credit enhancements against certain of its credit exposures and has no collateral arrangements relating to derivatives, repurchase, and reverse repurchase agreements.

Liquidity risk

The liquidity risk means the risk that the Bank is unable to meet its financial obligations in time or the risk to incur losses due to a sudden decrease in financial resources (e.g. financial crises may result in a delay of incoming payments). For liquidity risk management, the Bank's policy is to maintain sufficient cash and cash equivalents enabling the Bank to fulfill its obligations under ordinary or complex conditions without incurring unacceptable loss or risk to the Bank's reputation.

The following table discloses the Bank's prudential liquidity requirements structure:

Items	2025	2024
Liquidity Coverage Ratio		
Total high-quality liquid assets (HQLA)	24 593	13 141
Total net cash outflow	14 084	3 455
LCR (%)	175%	380%
Net Stable Funding Ratio		
Total available stable funding	100 139	73 596
Total required stable funding	64 382	49 067
NSFR (%)	156%	150%

Banks must hold sufficient liquid assets to be able to cover net cash outflows under gravely stressed conditions within 30 days. The value of the liquidity coverage ratio (LCR) must not be below 100 percent, i.e., a credit institution's reserves of liquid assets must not be lower than net cash outflows over 30 calendar days under gravely stressed conditions.

The net stable funding ratio is a liquidity standard requiring banks to hold enough stable funding to cover the duration of their long-term assets. The value of the net stable funding ratio (NSFR) must not be below 100 percent, i.e., the ratio ensures banks do not undertake excessive maturity transformation, which is the practice of using short-term funding to meet long-term liabilities.

A more detailed overview of the liquidity requirements is included in the Risk Management and Capital Adequacy Report, available on the Bank's homepage www.fjordbank.lt.

The following table discloses the Group's and Bank's largest liquidity risk exposures irrespective of the security measures according to the contractual flow (net value):

As of December 31, 2025:

Items	Group / Contractual cash flows						
	Total	Upon request	Till 3 months	3-12 months	1-5 years	Over 5 years	Not distributed
Assets							
Cash and cash equivalents	25 464	25 464	-	-	-	-	-
Loans to customers	73 893	-	4 603	11 401	47 142	9 340	1 406
Right of use asset	306	-	19	57	231	-	-
Other receivables	141	-	115	24	2	-	-
Balance as of December 31, 2025	99 804	25 464	4 736	11 483	47 375	9 340	1 406
Liabilities							
Deposits from customers	93 759	241	46 461	41 586	5 470	-	-
Subordinated notes	2 026	-	26	-	-	2 000	-
Rent liabilities	300	-	18	55	226	-	-
Payables to service providers	334	-	334	-	-	-	-
Other current liabilities	268	75	160	33	-	-	-
Balance as of December 31, 2025	96 687	316	47 000	41 675	5 697	2 000	-

As of December 31, 2024:

Items	Group / Contractual cash flows						
	Total	Upon request	Till 3 months	3-12 months	1-5 years	Over 5 years	Not distributed
Assets							
Cash and cash equivalents	13 737	13 737	-	-	-	-	-
Loans to customers	60 017	-	3 872	9 966	38 954	6 726	498
Right of use asset	374	-	19	56	300	-	-
Other receivables	59	-	53	6	-	-	-
Balance as of December 31, 2024	74 187	13 737	3 944	10 027	39 255	6 726	498
Liabilities							
Deposits from customers	68 614	45	21 205	40 251	7 112	-	-
Subordinated notes	2 028	-	28	-	-	2 000	-
Rent liabilities	363	-	17	52	294	-	-
Payables to service providers	268	-	268	-	-	-	-
Other current liabilities	138	69	68	-	-	-	-
Balance as of December 31, 2024	71 410	115	21 586	40 304	7 406	2 000	-

As of December 31, 2025:

Items	Bank / Contractual cash flows						
	Total	Upon request	Till 3 months	3-12 months	1-5 years	Over 5 years	Not distributed
Assets							
Cash and cash equivalents	25 423	25 423	-	-	-	-	-
Loans to customers	73 893	-	4 603	11 401	47 142	9 340	1 406
Right of use asset	306	-	19	57	231	-	-
Other receivables	135	-	108	24	2	-	-
Balance as of December 31, 2025	99 757	25 423	4 730	11 483	47 375	9 340	1 406
Liabilities							
Deposits from customers	93 759	241	46 461	41 586	5 470	-	-
Subordinated notes	2 026	-	26	-	-	2 000	-
Rent liabilities	300	-	18	55	226	-	-
Payables to service providers	330	-	330	-	-	-	-
Other current liabilities	270	69	168	33	-	-	-
Balance as of December 31, 2025	96 686	310	47 004	41 675	5 697	2 000	-

As of December 31, 2024:

Items	Bank / Contractual cash flows						
	Total	Upon request	Till 3 months	3-12 months	1-5 years	Over 5 years	Not distributed
Assets							
Cash and cash equivalents	13 698	13 698	-	-	-	-	-
Loans to customers	60 017	-	3 872	9 966	38 954	6 726	498
Right of use asset	374	-	19	56	300	-	-
Other receivables	53	-	47	6	-	-	-
Balance as of December 31, 2024	74 142	13 698	3 938	10 027	39 255	6 726	498
Liabilities							
Deposits from customers	68 614	45	21 205	40 251	7 112	-	-
Subordinated notes	2 028	-	28	-	-	2 000	-
Rent liabilities	363	-	17	52	294	-	-
Payables to service providers	256	-	256	-	-	-	-
Other current liabilities	147	67	80	-	-	-	-
Balance as of December 31, 2024	71 408	112	21 586	40 304	7 406	2 000	-

Market risk

Market risk is the risk that the Bank's results or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, and equity prices. The purpose of market risk management is to manage the open risk exposures to maximize the return. The Bank was involved in the management of the interest rate risk only, as through the financial year, no investments into equity price-related financial instruments were done and all monetary assets and liabilities were held in Euros.

Foreign exchange risk

The Bank's risk management policy includes the requirement to match the cash flows from the highly probable future transactions in each foreign currency. The Bank did not use any financial instruments or derivatives to manage the foreign exchange risk.

The Group's financial assets and financial liabilities were in EUR currency as follows:

	2025		2024	
	Assets	Liabilities	Assets	Liabilities
EUR	103 693	96 270	76 998	71 130
Other currencies	-	-	-	-
Total:	103 693	96 270	76 998	71 130

The assets reflect receivables from the financial assets and liabilities include liabilities to depositors, bondholders and other payables to the service providers.

Interest rate in the banking book risk

The Bank did not have any derivatives with the purpose of managing interest rate risk. The Bank's interest rate gap position is related to the interest rates on a banking book portfolio.

As of 31 December 2025, a 2 percentage point increase in market interest rates would decrease the Bank's equity evaluated by the economic value method by EUR 2 272 thousand (a decrease of EUR 1 547 thousand was calculated as for the previous year) and the annual profit evaluated by the net interest income method would decrease by EUR 449 thousand (an decrease by EUR 217 thousand was calculated as for the previous year). A 2 percentage point decrease in market interest rates would increase the Bank's equity evaluated by the economic value method by EUR 2 528 thousand (a increase of EUR 1 714 thousand was calculated as for the previous year) and would increase the annual profit evaluated by the net interest income method by EUR 449 thousand (a increase of EUR 272 thousand was calculated as for the previous year).

Operational risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events. Operational risk management within the Bank focuses on risks arising from the people, systems, and processes through which the Bank operates, and includes key risk categories such as fraud risk, ML/TF risk, legal and compliance risks, outsourcing risks, and cyber security risks. As a fully digital bank, particular attention is given to information security, IT continuity, and the resilience of outsourced technology services.

Operational risk is managed in line with the Bank's Three Lines of Role model. Operational risk events are recorded, monitored, and analysed to identify root causes and to implement preventive measures. The Bank also performs scenario analysis and applies forward-looking elements as part of its operational risk assessment.

As a fully digital bank, ICT and cyber security risks represent a critical component of the Bank's operational risk profile. Throughout 2025, the Bank significantly strengthened its cyber resilience by implementing a wide range of risk-mitigating measures, enhancing system security controls, and improving the protection of both Bank and customer data. The Bank continued the implementation of the Digital Operational Resilience Act (DORA) requirements, including ICT risk assessments, testing of operational resilience, incident management enhancements, and improvements in third-party ICT oversight. As a result, the Bank has materially increased

its level of ICT security, strengthened data protection, and improved the overall resilience of its digital infrastructure.

Although fraud risk has increased significantly across the financial sector, the Bank's exposure to this risk remains low due to its business model. The Bank does not provide payment services and does not process payment transactions, which substantially reduces the exposure to common industry fraud schemes. The primary fraud-related risks relevant to the Bank are those associated with identity misuse and application fraud, and these are mitigated through strong onboarding controls, advanced customer authentication, and continuous monitoring processes.

Anti-Money Laundering and Counter-Terrorist Financing (AML/CTF) risk is also considered as part of the Bank's operational risk framework. The Bank's exposure to AML/CTF risk is inherently low due to its simple business model and the absence of payment services, international money transfers, corporate clients, or cash operations. The primary AML/CTF risks relevant to the Bank relate to customer onboarding and identity verification, which are mitigated through strong KYC procedures, automated sanctions and PEP screening, and continuous transaction and behaviour monitoring. The Bank maintains a robust internal control environment to ensure full compliance with regulatory requirements and to safeguard the integrity of its operations.

In addition to calculating the capital requirement for operational risk based on the standard method, it will be assessed whether the Bank's use of outsourcing requires additional Pillar 2 requirements. The Bank uses the base method to calculate the minimum required capital needed for operational risk. The calculation of the operational risk is part of the ICAAP process as well. The risk appetite, risk tolerance, and early warning limit for operational risk are implemented accordingly.

ESG risk

The Bank has developed an action plan that is gradually incorporated into the Bank's risk management and internal control framework for the management of Environmental, Social, and Governance (ESG) risks. The Bank's narrow product range—limited to consumer loans and deposits for private individuals—affects the scope of available ESG risk management tools and limits the applicability of certain sustainability methodologies commonly used by larger or more diversified financial institutions. Nevertheless, the Bank introduced a "Green loan" product to encourage environmentally responsible choices by offering favourable financing for sustainable projects, such as energy efficiency improvements and eco-friendly household solutions.

As a fully digital institution with minimal reliance on paper and no physical branches, the Bank's operational environmental impact is very limited, and therefore ESG efforts are concentrated on indirect environmental risks and responsible lending practices.

The Bank has also begun assessing its partners and outsourced service providers with respect to ESG risks to ensure alignment with sustainability principles and regulatory expectations. This assessment promotes transparency, helps identify potential environmental, social, and governance risks within the supply chain, and supports responsible business practices.

Starting from 2026, the Bank has enhanced its approach by analysing ESG-related risks across multiple time horizons (short-, medium-, and long-term), in line with emerging supervisory expectations and market practices. This includes evaluating how potential environmental developments—such as climate-related changes, evolving consumer behaviour, and broader macroeconomic trends—may affect the credit quality of the Bank's consumer loan portfolio over time. Although the Bank's exposure to physical climate risks is inherently low due to the absence of collateralised lending or real-estate portfolios, the Bank also assesses potential localised physical risks, such as flood-prone areas in Lithuania, by analysing the geographical distribution of its customers. This helps identify whether concentrations of borrowers in higher-risk locations could indirectly influence the Bank's portfolio performance in the future.

The Bank aims to generate long-term value by fostering responsible financial behaviour, promoting transparency, and contributing to sustainable development. The Bank actively considers the social impact of its operations and seeks to identify opportunities to reduce risks and enhance its positive contribution to society. Due to the limited scope of the business model and the absence of reliable methodologies for quantifying environmental impact for purely retail consumer exposures, the Bank is not yet able to define portfolio-level carbon emission metrics or measurable environmental targets. This will be reassessed once recognised and reputable guidelines become available.

Within the Environmental, Social, and Governance domains, the Bank continues developing initiatives related to sustainable workplace practices, responsible cooperation with partners, maintaining responsible lending standards, and promoting social inclusion and equal rights.

Regulatory capital

The Bank must comply with prudential regulatory requirements and ensure its ability to maintain sufficient capital to meet capital adequacy ratios, support planned growth, and safeguard against potential risks.

The Bank's most recent Supervisory Review and Evaluation Process (SREP) was conducted in 2024, resulting in a decision by the Board of the Bank of Lithuania in September 2024. The SREP process applies to all European banks and involves an assessment of the Bank's business model, risk profile, internal governance, and capital adequacy. Based on this assessment, the supervisor sets institution-specific capital requirements and issues recommendations for further strengthening of risk management practices.

Following the 2024 SREP, the Bank was assigned an individual total capital requirement of 14.14% (including a Pillar 2 Requirement of 2.64%) and a recommended Pillar 2 Guidance (P2G) of 1%. These requirements remain applicable throughout 2025.

A more detailed overview of the own funds and additional capital buffer requirements is included in the Risk Management and Capital Adequacy Report, available on the Bank's homepage www.fjordbank.lt

Capital planning is an integrated process that ensures the Bank can meet its strategic, operational, and financial objectives. A strong risk culture supports maintaining an adequate capital structure and enables the successful execution of the Bank's business plans.

The following table discloses the Bank's regulatory capital structure:

Items	2025	2024
Equity as reported in the Balance Sheet	10 742	9 168
Regulatory adjustments	3 102	2 990
Intangible assets	1 307	1 288
Deferred tax assets	1 795	1 702
Common Equity Tier 1 capital	7 639	6 177
Tier 1 capital	7 639	6 177
Tier 2 capital	2 000	2 000
Total regulatory capital	9 639	8 177
Risk exposure amount:		
Credit risk according to the standardized approach	59 653	48 079
Operational risk according to the basic indicator approach	5 421	3 444
Total risk exposure amount	65 074	51 523
Total capital ratio (%)	14.8%	15.9%

The risk exposure amount for operational risk initially decreased in 2025 due to changes in regulatory requirements. However, towards the end of the reporting period, the operational risk exposure increased again, reflecting the Bank's income growth, which is used as the basis for calculating operational risk under the Basic Indicator Approach.

Leverage

The leverage ratio measures the Bank's core capital relative to its total assets. The ratio looks specifically at Tier 1 capital to judge how leveraged the Bank is based on its assets. The 3% leverage ratio requirement became binding for banks in the mid of the Year 2021. As of December 31, 2025, the Bank's leverage ratio was 7.3% and as of December 31, 2024 8%.

The large exposure requirement

It's required that exposure (loans granted, also any asset or off-balance-sheet asset) to a client or a group of connected clients cannot exceed 25% of the Bank's Tier 1 capital, or EUR 150 m, whichever is higher, provided that the sum of exposure values. An exposure to a client or a group of connected clients shall be considered a large exposure where the value of the exposure is equal to or exceeds 10 % of its Tier 1 capital.

The Bank complied with the large exposure requirement. As of 31st December 2025, and 31st December 2024, the exposure to one customer or a group of related customers did not exceed 2% of the Bank's Tier 1 capital.

Remuneration policy

The Supervisory Board of the Bank approves the Remuneration Policy of the Bank and directly supervises the remuneration rules for the Bank's employees.

The Policy is based on equal pay for male and female employees for equal work or work of equal value and is an integral part of the Bank's corporate strategy and risk management framework. Total remuneration is structured in a way that ensures that it does not expose the Bank to unwanted risk.

Considering the Bank's activities, complexity, size, organisational structure, and risk exposure, the Bank does not form a Remuneration Committee. The Supervisory Board of the Bank is responsible for establishing the principles of the Policy, the models for calculating variable remuneration, and for the periodic review of the Policy (at least annually), and the Management Board of the Bank is responsible for the implementation of the Policy.

The Bank is committed to all of the following principles in designing, updating, and applying the Remuneration framework:

- external competitiveness - in order to attract and retain necessary and motivated Employees, competitive Remuneration corresponding to labour market trends is set to the Employees;
- non-discrimination - Remuneration is determined without discriminating on the basis of an Employee's sex, race, nationality, language, origin, social status, religion, belief or opinion (the Policy is neutral in respect of Employee's sex, race, nationality, language, origin, social status, religion, belief or opinion);
- internal fairness – Employee's assessment is based on the responsibilities assigned to the Employee, the employee's performance, the Employee's competencies, knowledge, experience, skills, etc., and equal remuneration is set for the same work or work of equal value;
- transparency - it must be clear to each Employee how his/her Remuneration is determined;

- flexibility - where there is a need to recruit or retain a key Employee, or to manage risks arising from Employee substitution, turnover, or business continuity, exceptions to this Policy may be made, provided that the principles of Variable remuneration versus Fixed remuneration are upheld.

The remuneration framework consists of:

- Fixed remuneration;
- Variable remuneration.

The Remuneration framework is based on the position level, with a Fixed remuneration range and other Remuneration indicators assigned to the specific position level. The position level is determined by assessing the required competence, qualification, experience, level of responsibility, the authority to make decisions, and work complexity.

Variable remuneration is paid to align Employees' individual performance objectives with the long-term interests of the Bank, taking into account current and future risks, to ensure sustainable business development, and to encourage Employees to act with integrity, honesty, transparency, and professionalism in a manner that respects clients' rights and interests.

The proportion of Variable remuneration shall not exceed a maximum of 100 percent of the proportion of Fixed remuneration calculated over 1 calendar year, unless the Bank's General Meeting of Shareholders, in accordance with the requirements of the legal acts, raises the maximum ratio of Variable to Fixed remuneration to 200 percent.

Variable annual remuneration may only be granted if the Bank is in a sustainable financial position and in compliance with legal requirements. When approving the annual budget, the Supervisory Board may decide whether a variable annual remuneration for the coming year shall be applied.

The separate procedures stipulate the provisions for the award of performance fees, dedicated to the respective functions and structural units, which may establish qualitative, quantitative, and other criteria and tasks, the fulfilment of which shall result in the awarding of performance fees to the Employees. The amount of the performance fees shall not exceed 28% of the Employee's Fixed remuneration calculated for the relevant period. Employees may be paid other allowances (complementary financial incentives), which are given to encourage individual or group activities, the implementation of significant project work, and the performance of additional work functions (besides their official functions).

Group 2025	Fixed remuneration	Variable remuneration	Number of the staff
All staff	1 589	168	29
Management Board members of the Bank	353	37	3
Staff whose professional activities have a material impact on the Bank's	1 002	95	12
Other employees	587	73	17

Group 2024	Fixed remuneration	Variable remuneration	Number of the staff
All staff	1 414	60	27
Management Board members of the Bank	341	-	3
Staff whose professional activities have a material impact on the Bank's	994	1	12
Other employees	420	59	15

Note 2 Net interest income (expenses)

Items	Group 2025	Bank 2025	Group 2024	Bank 2024
<i>Interest income calculated using the effective interest method</i>				
Loans to households	6 773	6 773	3 601	3 601
Adjustment on the effective interest method	(1 394)	(1 394)	(1 147)	(1 147)
Interest income from loans:	5 379	5 379	2 454	2 454
Term deposits with commercial banks	1	-	1	-
Deposits with the Central Bank	452	452	334	334
Total interest income:	5 832	5 831	2 789	2 788
<i>Interest expenses calculated using the effective interest method</i>				
Deposits received	(2 360)	(2 360)	(1 973)	(1 973)
Adjustment on effective interest method	(258)	(258)	(162)	(162)
<i>Other interest expenses:</i>				
Interest expense on subordinated liabilities	(288)	(288)	(275)	(275)
Lease liability	(12)	(12)	(3)	(3)
Total interest expense:	(2 918)	(2 918)	(2 413)	(2 413)
Net interest income (expense)	2 914	2 913	376	375

The interest income from deposits with the Central Bank represents the interest income from the deposit facilities operations that were received on the cash balances. An interest rate level for such operations is set by the ECB for deposit facility operations.

Note 3 Fee income

Items	Group and Bank 2025	Group and Bank 2024
<i>Fee income</i>		
Loans to households	3 237	2 981
Total:	3 237	2 981

The fee income on loans to households is related to the administration fee paid for the loan maintenance.

Note 4 The net result from financial assets

Items	Group and Bank 2025	Group and Bank 2024
The net result from financial assets	-	(37)
Total:	-	(37)

Since the beginning of 2024, the Bank changed its debt collection strategy. Considering current lower price levels, the debt purchase market is for financial institutions not as attractive as it used to be. The Bank has put more effort into in-house debt collection, processing non-performing loans in courts and the enforcement process without selling the claims at an early default stage. Before, according to the forward-flow agreement, the Bank sold loans that were more than 90 days overdue with no obligation to repurchase. The difference

between pre-transaction and post-transaction loan carrying amount is recognized in the income statement and the total amount of the loan is derecognized from the statement of financial position.

Note 5 Other income

Items	Group and Bank 2025	Group and Bank 2024
Other income	3	12
Total:	3	12

Note 6 Personnel expenses

Items	Group 2025	Bank 2025	Group 2024	Bank 2024
Salary and related paid taxes	1 589	1 592	1 414	1 421
Bonuses	168	168	60	60
Vacation accruals	28	28	(10)	(10)
Other personnel-related expenses	5	6	21	21
Total:	1 790	1 794	1 485	1 492

Note 7 Administrative expenses

Items	Group 2025	Bank 2025	Group 2024	Bank 2024
IT and communication expenses	357	357	346	346
Registers and maintenance expenses	304	304	367	367
Marketing and public relations expenses	259	259	226	226
Deposit insurance expenses	160	160	94	94
Consultation expenses	98	98	71	71
Financial audit expenses	73	73	32	32
Debt collection expenses	57	57	17	17
Office rent and maintenance expenses	55	55	50	51
Tax expenses	31	31	29	29
Other expenses	107	107	111	110
Total:	1 501	1 501	1 343	1 343

Note 8 Cash and cash equivalents

Items	Group 2025	Bank 2025	Group 2024	Bank 2024
Cash balances in the central bank	25 401	25 401	13 673	13 673
Cash balances in commercial banks	63	22	64	25
Total:	25 464	25 423	13 737	13 698

The Bank is under the regime of the mandatory 1% reserve from deposits, keeping the funds in the Bank of Lithuania. The mandatory reserve for a certain period at the end of 2025 was EUR 808 thousand.

Note 9 Loans to customers

Items	Group and Bank	
	2025	2024
Loans to households	78 998	63 421
Accrued interest	722	445
Loan impairment	(1 483)	(623)
Total:	78 237	63 243

Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial asset at the time of initial recognition. The transaction costs attributed to loans to households for the end of 2025 amounted to EUR 4 345 thousand and at the end of 2024, EUR 3 226 thousand.

The following table shows the geographical distribution of loan balance and the loan loss allowance.

Items	Group and Bank 2025			Group and Bank 2024		
	Lithuania	Estonia	Total	Lithuania	Estonia	Total
Loans to households	75 251	3 747	78 998	58 063	5 358	63 421
Accrued interest	691	31	722	405	40	445
Loan impairment	(1 227)	(256)	(1 483)	(452)	(171)	(623)
Total:	74 715	3 522	78 237	58 016	5 227	63 243
Share in portfolio, %	95%	5%	100%	92%	8%	100%

The following table shows reconciliations from the opening to the closing balance of the loan loss allowance. The basis for determining transfers due to changes in credit risk is set out in the Bank's Accounting Policy.

Items	Group and Bank 2025	Group and Bank 2024
Balance as of 1st January	623	274
Increases due to origination	159	297
Decrease due to derecognition repayments and disposals, including sold loans	(191)	(167)
Changes due to changes in credit risk	763	329
Changes due to an update in the methodology for estimation	161	(103)
Changes due to write-offs	(32)	(7)
Balance as of 31st December	1 483	623

The change in methodology for estimation reflects the impact of the Bank's estimates on expected credit losses due to macroeconomic forecasts, which the Bank reviews regularly based on estimates by competent authorities.

Note 10 Investment in subsidiary

For the administrative support of the cross-border operations in Estonia, the Bank established in April 2022 a daughter company Fjord Support Services OÜ (reg nr 16479312, registered in the Business Register of Estonia). The purpose of the company is the administrative support of the Bank in the process of issuing and administering loans.

Investment in the Subsidiary amounted EUR 20 thousand and is accounted for in the Parent Bank statement using the equity method and there is no impact on the consolidated result as the subsidiary result is included in the Bank's results through an equity method. Detailed information on the transactions between the Bank and the subsidiary is presented in Note 21. The Bank has developed transfer pricing documentation, which formulates and develops principles, methods and rules for determining the pricing policy for intra-group financing services transactions between the Bank and a subsidiary.

Note 11 Intangible assets

Items	Group and Bank			Total
	Built-up Banking IT platform	Specialized Banking license	Other intangible assets	
<i>The acquisition cost</i>				
December 31, 2023	2 222	68	13	2 303
Acquisition of assets	387	-	42	429
December 31, 2024	2 609	68	55	2 732
Acquisition of assets	341	-	4	345
Write-off	-	-	(8)	(8)
December 31, 2025	2 950	68	51	3 069
<i>Amortization</i>				
December 31, 2023	(928)	(56)	(10)	(994)
Amortization during the period	(432)	(12)	(6)	(450)
December 31, 2024	(1 360)	(68)	(16)	(1 444)
Amortization during the period	(317)	-	(9)	(326)
Write-off	-	-	8	8
December 31, 2025	(1 677)	(68)	(17)	(1 762)
Balance as of December 31, 2024	1 249	-	39	1 288
Balance as of December 31, 2025	1 273	-	34	1 307

All capitalized intangible developed assets were introduced into life and are under amortization.

Note 12 The Right of use of assets

Items	Group and Bank
Balance as of December 31, 2023	82
Fair value change	372
Depreciation	(92)
Balance as of December 31, 2024	362
Fair value change	8
Depreciation	(76)
Balance as of December 31, 2025	294

The Bank adopted IFRS 16 and recognized the right to use the asset in an item of property, plant, and equipment. The value of the right to use an asset is determined based on the discounted lease payments (liabilities) over the lease term set by the rent agreement. In 2024 the long-term office lease agreement was signed for another 5 years. The depreciation period of these assets corresponds to the lease term of the asset. The discount rate used is 3.6%.

Note 13 Tangible assets

Items	Group and Bank			
	Equipment	Furniture	Rent of office prepayment	Total
<i>Acquisition cost</i>				
December 31, 2023	10	15	13	38
Acquisition of assets	2	3	-	5
December 31, 2024	12	18	13	43
Acquisition of assets	-	2	-	2
December 31, 2025	12	20	13	45
<i>Depreciation</i>				
December 31, 2023	(10)	(8)	-	(18)
Depreciation	-	(3)	-	(3)
December 31, 2024	(10)	(11)	-	(21)
Depreciation	-	(3)	-	(3)
December 31, 2025	(10)	(14)	-	(24)
Balance as of December 31, 2024	1	7	13	21
Balance as of December 31, 2025	1	6	13	20

Note 14 Corporate income tax and deferred tax assets

Items	Group and Bank	
	2025	2024
Profit (loss) before taxes	1 567	(396)
Non-tax-deductible expenses	183	73
Non-taxable income	-	(16)
Total amount of expenses reducing profit	(1 064)	(1 540)
Total taxable profit (loss)	686	(1 879)
<i>Rate</i>	<i>16 %</i>	<i>15 %</i>
Income tax	110	-
Tax loss carried forward (70%)	(76)	-
Tax liabilities	33	-

Items	Group and Bank	
	2025	2024
Profit (loss) before taxes	1 567	(396)
Non-tax-deductible expenses	183	73
Non-taxable income	-	(16)
Total amount of expenses reducing profit	(1 064)	(1 540)
Total taxable profit (loss)	686	(1 879)
<i>Rate</i>	<i>17 %</i>	<i>15 %</i>
Deferred tax from taxable losses	(117)	282
Deferred tax adjustment (due to the change in the profit tax rate)	196	-
Deferred tax from other temporary differences	14	(1)
Total deferred tax assets	93	281
Deferred tax assets at the beginning of the reporting year	1 702	1 421
Deferred tax assets at the end of the reporting year	1 795	1 702

The Bank has made a projection of the utilization of deferred tax assets arising from accumulated tax losses. Based on the forecast analysis, the Bank's management does not consider that there is any indication that the deferred tax assets may not be utilized. However, there is uncertainty because the valuation is based on forecasts of taxable profits, the realization of which is dependent on future events.

The Bank's business plans envisage a significant increase in taxable profit based on its active operations and the prospects for their realization over the next 5 years. Management believes that the Bank's business volumes and taxable profits will grow, driven by higher income from loan sales in the context of a growing loan portfolio and lower funding costs in the context of market expectations of ECB interest rate cuts.

Note 15 Other assets

Items	Group 2025	Bank 2025	Group 2024	Bank 2024
Deferred expenses	115	115	36	36
Prepayments	26	20	23	17
Total:	141	135	59	53

Note 16 Deposits from customers

Items	Group and Bank 2025	Group and Bank 2024
Households' term deposits	92 218	67 065
Households' current accounts	240	45
Accrued interest	1 195	1 410
Total:	93 653	68 520

Household's term deposits by clients' residency:

Items	Group and Bank 2025					
	Lithuania	Germany	Netherlands	Spain	Ireland	Total
Households' term deposits	5 454	27 246	40 709	12 865	5 944	92 218
Accrued interest	91	416	411	206	71	1 195
Total:	5 545	27 662	41 120	13 071	6 015	93 413
Share in portfolio, %	6%	30%	44%	14%	6%	100%

Items	Group and Bank 2024					
	Lithuania	Germany	Netherlands	Spain	Ireland	Total
Households' term deposits	5 912	24 722	21 270	12 032	3 129	67 065
Accrued interest	160	430	499	298	23	1 410
Total:	6 072	25 152	21 769	12 330	3 152	68 475
Share in portfolio, %	9%	36%	32%	18%	5%	100%

Transaction costs that are directly attributable to the acquisition of a financial liability are added to the fair value of the financial liability at the time of initial recognition. Transaction costs attributed to the households' term deposits for the end of 2025 amounted to EUR 106 thousand and at the end of 2024, EUR 94 thousand.

The average term deposit interest rate in 2025 was 2.5% (in 2024 was 3.5%).

Note 17 Subordinated liabilities

Items	Group and Bank 2025	Group and Bank 2024
Subordinated notes	2 000	2 000
Accrued interest	26	28
Deferred acquisition costs	(65)	(73)
Total:	1 961	1 955

According to the General Terms and Conditions for the Issuance of Tier 2 Subordinated Notes with a maturity of up to 10 years, the Bank in December 2022 and February 2024 issued Subordinated Notes.

Detailed information about Subordinated Notes:

Subordinated Notes	Nominal Price	Amount	Interest rate	Issue date	Maturity date	De-registration date
LT0000407124	EUR 10 000	1 040	11%	12/12/2022	12/12/2032	31/12/2024
LT0000408775	EUR 1 000	2 000	14%	28/02/2024	28/02/2034	-

The issued Subordinated Notes were included in the Bank's Tier 2 capital. The Bank is obliged to pay quarterly perpetual interest payments. The Bank has the right to redeem the debt notes prematurely, as provided for in the General Terms and Conditions for the Issuance of Tier 2 Subordinated Notes.

In 2023 and 2024 all EUR 1 040 thousand of Subordinated Notes were redeemed prior to the maturity and the proceeds were used to pay for the newly issued capital (EUR 750 thousand for the capital issue in 2023 and EUR 290 thousand for the capital issue in 2024). Detailed information is presented in the note regarding the share capital and share premium (Note 19).

The issued Subordinated Notes are recorded in the balance sheet at amortized cost by using the effective interest rate method. In addition to interest rate, the effective interest rate mainly reflects acquisition costs, recognized as a change in the nominal value of the debt securities and charged to interest expense over a term of notes.

Note 18 Other liabilities

Items	Group 2025	Bank 2025	Group 2024	Bank 2024
Office rent liabilities	300	300	363	363
Liabilities to service providers	290	289	221	220
Accrued expenses	143	143	45	45
Holiday pay accruals	75	69	69	64
Payable taxes	44	41	47	38
Payables to subsidiary	-	9	-	15
Other payables	17	17	25	20
Total:	869	868	770	765

Note 19 Share capital and share premium

Items	Group and Bank		
	Share units	Share capital	Share premium
Balance as of December 31, 2023	66 058	2 642	9 964
Share par value (nominal)		0.04	
Share premium (the difference between the share issue price and nominal value)			0.20
Share issue registered on December 30 th , 2024	10 267	411	2 089
Share issue cost			(94)
Balance as of December 31, 2024	76 325	3 053	11 959
Share issue cost			(52)
Balance as of December 31, 2025	76 325	3 053	11 907

All shares are fully paid up. The Bank has no other type of shares than ordinary registered shares.

In 2024, an additional 10 267 thousand shares were issued and paid for EUR 2 500 thousand. The share issue was finalized by registering a new version of the Bank's Articles of Association in the State Enterprise Center of Registers on December 30, 2024. Following this registration, the Bank's share capital increased by EUR 411 thousand, and due to the paid issue sum of EUR 2 500 thousand, a share premium of EUR 2 089 thousand was accounted for.

The Bank's shareholders were as follows (with an indication of shareholders with more than 5% ownership):

Shareholder	as of December 31, 2025		as of December 31, 2024	
	No of shares	Ownership, %	No of shares	Ownership, %
Lenani AS	7 402	9.70%	7 402	9.70%
First Partner Holding 4 AS	6 971	9.13%	6 971	9.13%
Stranden Invest AS	6 516	8.54%	6 516	8.54%
Skalmen AS	4 370	5.73%	4 370	5.73%
Europa Link AS	3 965	5.20%	3 965	5.20%
Other legal persons	35 520	46.53%	33 308	43.63%
Other private persons	11 581	15.17%	13 793	18.07%
Total:	76 325	100%	76 325	100%
Legal persons	64 744	84.83%	62 532	81.93%
Private persons	11 581	15.17%	13 793	18.07%
Total:	76 325	100%	76 325	100%

Mandatory reserve

As of December 31, 2025, the Bank did not have reserves that are compulsory under Lithuanian legislation. According to the Law on Companies of the Republic of Lithuania, the mandatory reserve is compulsory under the Lithuanian regulatory legislation. Annual transfers of 5% of the net result are required until the reserve reaches 10% of share capital.

The mandatory reserve cannot be used for payment of dividends and it is established to cover future losses only. A part of the mandatory reserve that exceeds the 10% threshold of share capital can be re-distributed when the annual profit of the next year is distributed. The management of the Bank is planning to start transferring funds to the mandatory reserve as soon as the distribution of profit is available.

Profit (loss) available for distribution

Note no.	Items	Value
1	Retained earnings (loss) at the beginning of the financial year	(5 844)
2	Current financial year net profit (loss)	1 626
3	Profit (loss) for distribution (1+2)	(4 218)
4	Profit (loss) transfer to the compulsory reserve or emergency (reserve) capital	-
5	Profit (loss) transfer to the reserve	-
6	Retain profit (loss) at the end of the financial year (3-4-5)	(4 218)

Note 20 Contingencies

According to current laws, the Tax Inspectorate at any time could check the Bank's accounting registers for the last five years as well as calculate and apply additional taxes, fines, and sanctions for the Bank. The management of the Bank has no information about the events and conditions that can result in potentially significant additional tax expenses or liabilities for the Bank.

Note 21 Transactions with related parties

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

The following shows transactions with the Group and Bank's shareholders or other related parties:

Related parties name	Total	Receivables
<i>Sales from a related party during 2025</i>	-	-
<i>Sales from Shareholders during 2024</i>	-	-

Related parties name	Total	Liabilities
<i>Acquisitions from related parties during 2025</i>		
Shareholders	-	-
Subsidiary	95	9
Other related parties	437	36
<i>Acquisitions from related parties during 2024</i>		
Shareholders	32	2
Subsidiary	169	15
Other related parties	490	33

Financial relations with the Bank's Management Board: the paid salary (including taxes) in the Year 2025 amounted to EUR 355 thousand (in 2024 – EUR 342 thousand).

Note 22 Subsequent events

On 22 January 2026, the Bank held an Extraordinary General Meeting of Shareholders. The shareholders adopted a decision to increase the Bank's share capital by issuing 5 247 thousand new shares, each with a par value of EUR 0.04. The total new capital, including a share premium, amounted to EUR 2 200 thousand. All newly issued shares have been subscribed for and paid for, and the Bank is currently awaiting regulatory approval for the registration of the corresponding amendments to the Articles of Association.

On 26 January 2026, the Supervisory Board re-elected the current members of the Management Board — Mr. Veiko Kandla, Mr. Danas Juzėnas, and Ms. Kristina Simonovič — for a new term ending on 26 January 2029. Mr. Veiko Kandla was re-elected as the Chairman of the Management Board.

There were no other subsequent material events after the statement of financial position date that would have a corrective effect on the Group and the Bank's Set of Annual Financial Reports for the Year 2025.

The Set of Annual Financial Reports was signed and approved on March 13th, 2026.

Veiko Kandla
CEO
/signed digitally/

Asta Guleckienė
Chief Accountant
/signed digitally/



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