

# AS “Rietumu Banka”

Group’s consolidated  
and Bank’s Separate  
Annual Report for the year  
ended 31 December 2025



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# Introduction

We are the largest locally owned bank in the country and continue to expand our operations in Latvia and across Europe, providing clients with top-tier financial services and financing their business projects.

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## Address by Jelena Buraja, Chairman of the Management Board of Rietumu Banka

### ***Dear clients and partners,***

*Rietumu Banka has a special role and identity in the Latvian economy - we are the largest domestic capital bank focused on the growth of Latvian and Baltic companies. Last year, we reinforced this role by providing EUR 187 million in new loans for business development and approving a further EUR 110 million. We started cooperation with several hundred new clients, and the bank's total number of clients has increased significantly.*

Being the largest local capital bank means being closely involved in the local economy. We have invested our resources, efforts, expertise and years of professional life in the Latvian economy. We make all our decisions here and we make a profit when Latvian business grows. Unlike foreign banks, we have no other "home market" to return to when the Latvian economy is not growing or risks have significantly increased here. In other words, we live and grow together with Latvian society and economy. Our role is to contribute to the development of the Latvian

economy. But Latvia is not all - we continue our development in Europe. We are the third largest private local capital company in Latvia.

Our specific role has significant advantages – we have a deep understanding of the market, we are in constant and direct contact with our clients and we spot new opportunities quickly. Being able to spot specific business opportunities is particularly important when the Latvian economy as a whole is not growing or is growing very slowly, as is objectively happening in the

difficult geopolitical environment. I have to say that the Latvian economy has shown resilience and flexibility in this period as well. As a bank, we have also grown and developed despite external challenges and difficulties.

Last year, *Rietumu Banka* concluded a number of very important lending transactions, such as a EUR 40 million financing agreement with *ASNS Ingredient*, which is currently building an innovative pea protein production plant in Jelgava, making Latvia a new hub for plant-based protein production. Also worth mentioning is the EUR 19 million loan for the next construction phase of the Verde office center in Riga. I think that *Verde* has become the most visible office complex project in Riga in recent years, in a way embodying the dynamic development of Riga. We are proud to be part of this project.

We also have a very successful partnership with *Tolmets*, which has become one of the leading scrap metal managers in Europe. Our *Tolmets* credit line has reached EUR 50 million – a substantial amount of financing that confirms a significant investment in the company's growth and the development of the industry. Continuing our support for green energy, we have granted almost EUR 5 million for the construction of another solar park - *Lejas Dibenīņi* in Gulbene Municipality. We also continuously lend to real estate projects, both new development projects and renovations of historic buildings, each of which is worth several million euros. All these transactions confirm our position as one of the leading business growth lenders in Latvia and the Baltics.

It is also important to note that we are expanding our lending activities and have successfully financed several real estate projects in Estonia and Spain. Every time we expand to a new market, it opens up new opportunities as we and local businesses get to know each other.

The Bank's overall financial result last year was negative - a loss of EUR 33 million - but it was incurred for a very specific reason. Last year, a court of first instance in Russia decided to confiscate a number of the Bank's assets. We continue to defend justice and our legitimate interests before courts of higher instances. At the same time, putting safety and soundness first, after the decision of the court of first instance, we already made provisions for the value of the assets involved in the Russian litigation, which caused the losses in question. I would like to stress in particular that, whatever the outcome, this Russian episode does not and will not have

a material impact on the Bank's operations and development. Our activities are concentrated here in Latvia and in the Baltics, we are well capitalized, and all liquidity and capital adequacy ratios significantly exceed the requirements set by banking supervisors.

Alongside its business activities, *Rietumu Banka* has always been an active participant in Latvia's public life, which is in line with our special role in the national economy. We continue to support the Latvian national ice hockey teams and the Latvian basketball champions VEF. Art has always been particularly important to *Rietumu Banka*, and we are especially proud that last year we collaborated with the Latvian National Museum of Art to create a unique Italian art event in Latvia, *Light from Italy: From Fattori to Morandi*, where works from Florence's famous *Uffizi Gallery* were exhibited alongside Latvian art, creating a dialogue of trends and influences. At the same time, we have always supported Latvian art, and last year was no exception - for example, we organized an exhibition of the distinguished Latvian painter Eduards Kalniņš in Jūrmala.

*Rietumu Banka's* cooperation with the *Dailes Theatre* has already become one of our most visible involvements in Latvia's and Riga's cultural life. We look forward to each new performance, which often surprises us with creativity, boldness and even technology. Looking back on last year, we cannot, of course, fail to mention the visit of the *Boston Symphony Orchestra* to Riga under the leadership of Andris Nelsons. This also happened with our direct support. We will continue our participation in public life in a purposeful way, because that is also our role - to be part of the Latvian cultural process, to support it, to enjoy it, to share its values and to draw inspiration from it.

The Bank's strategy for the future remains unchanged - we will expand corporate lending, attract new deposits, and, in the coming years, place particular emphasis on technology development and investment management. We want to be the first choice for ambitious Latvian companies that need a financial partner that not only has scale but also the ability and willingness to go deep into what entrepreneurs want and every detail. Truly successful business projects - those that change and challenge their markets - are rarely simple. And they need a bank that appreciates the nuances. And that's what *Rietumu Banka* is and will be.

Thank you for your trust throughout the years! I have no doubt that we have many more successes ahead of us.

# Lending to the Baltic economy

Rietumu Banka continues its strategy of lending to Latvian and Baltic companies, providing financing for large-scale projects in various sectors: innovative manufacturing, green energy, commercial and residential real estate development, construction, logistics, trade, financial services, etc.

In 2025, the bank announced a number of large-scale loan transactions. These included:



## ASNS Ingredient plant

A EUR 40 million loan to ASNS Ingredient for the construction of a pea protein isolate plant in Jelgava. The new plant will be one of the most modern in Europe, specializing in the production of such products. This is a valuable plant-based protein – a meat and milk substitute or alternative source of protein, for which demand is growing rapidly on a global scale. The financing is intended for the construction of the plant buildings and the purchase of the necessary technological equipment.

## Development of the Stockmann building

A loan of EUR 32.5 million was granted to JP HoldCo SIA, which owns the building in the centre of Riga, on 13. Janvāra Street, where the anchor tenants are the Stockmann department store and the Forum Cinemas multiplex cinema. The financing was used to refinance the company's liabilities, providing funds for the modernization and further development of the property. It is planned that the building's leasable space will be increased by 5,600 m<sup>2</sup>, anticipating a significant increase in visitors with the development of the city's railway infrastructure.



## Office centre Verde

A EUR 19 million loan for the further development of the Verde business quarter and the construction of a new office building. Verde is one of the most successful modern office projects in Riga. It has become a symbol of Latvia's economic progress, proving that with a high-quality and well-designed product, it is possible to achieve full occupancy of offices in a short period of time. The new phase is expected to be completed in the second quarter of 2027. Verde is being developed by the investment management company Capitalica Asset Management, a subsidiary of SBA Group.

## RIMI stores in regions

A loan of EUR 8.1 million was granted for the acquisition of 11 shopping centres in various regions of Latvia, where RIMI is the main tenant. The funds were allocated to SIA Mart 11, a Latvian subsidiary of an Estonian fund managed by Nuve Partners, which invests in food retail properties. The shopping centres managed by SIA Mart 11 cover a wide area of the country: they operate in Riga and Jūrmala, as well as in Ādaži, Bauska, Gulbene, Kuldīga, Liepāja, Madona, Olaine, Valmiera, and Ventspils.





### **New house in Tallinn**

A EUR 3.35 million loan to Estonian company Juhkentali 13 OU for the construction of a modern apartment building in Tallinn, Estonia. The project involves a new six-storeyed building with 15 apartments of various sizes – ranging from 42 m<sup>2</sup> to four- and five-room apartments of approximately 110 m<sup>2</sup> – and commercial premises in the centre of Tallinn, in the Kesklinna district. This is Rietumu Banka's second real estate lending project with this developer – previously, the large-scale Kadrioru Plaza project was implemented, comprising 95 apartments and 40 commercial premises.

### **Deglava Gleznotāju rezidence**

A EUR 4.35 million loan to KSIA UNICO to support the third phase of construction of the Deglava Gleznotāju Rezidence. This was the second loan issued by the bank for the apartment complex project – the previous EUR 8.2 million loan was used for the second phase of construction of the complex. Deglava Gleznotāju Rezidence is a complex of seven multi-storeyed residential buildings in the popular Pļavnieki neighbourhood of Riga, offering buyers new Class A energy-efficient apartments with finished interior.



### **Solar park Lejas Dibeniņi**

A loan of EUR 4.9 million for the construction of the Lejas Dibeniņi solar power plant in Beļava parish, Gulbene municipality. The loan was granted to CE Solar Gulbene, which is managed by the investment fund company Envolve Capital. The new power plant with solar panels with a total capacity of 15.1 megawatts (MW) will generate 17 gigawatt hours (GWh) of electricity per year. This is yet another project supported by Rietumu Banka in the strategically important field of renewable energy.

### **Reconstruction of historic buildings**

A EUR 3.56 million loan for the purchase and reconstruction of two historic buildings in Riga, in Latgale suburb. The properties are architectural monuments of local significance which, while retaining their architectural value, will be converted into modern apartment buildings after renovation. The buildings were constructed in 1909 by architect Heinrihs Devendruss, who designed a number of other buildings in the Latgale suburb. After the renovation work is completed, there will be 59 apartments with a total area of approximately 1,929 m<sup>2</sup>, and there are plans to build storage rooms in the basement. The company will also use a part of the loan to increase its working capital.



In 2025, the bank also announced of many other large-scale business loan projects. We continue to support our clients and help them implement their ambitious growth ideas!

# Report from the Council and the Executive Board

Our priorities are stability and building long-term relationships with our clients, taking a tailored approach to each project and providing all the necessary support for its successful implementation.

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# Strategic development of the Bank

In 2025, AS Rietumu Banka and its subsidiaries (hereinafter referred to as the Group) continued stable and balanced growth. AS Rietumu Banka (hereinafter referred to as the Bank), as the parent company of the Group, by focusing mainly on lending to medium-sized and large enterprises, strengthened its position in the Latvian financial market as one of the leading financiers of economic development in Latvia. In parallel, the Bank also implemented successful lending transactions in other Baltic and European Union countries.

During the accounting period, the Bank extended EUR 187 million in new loans to businesses, while the Bank's total loan portfolio stood at EUR 652 million at year-end.

Against the backdrop of moderate growth in the Latvian economy, the Bank successfully adapted to the market situation and in the period under review closed a significant number of corporate business financing transactions promoting business development, as well as continued to implement modern fintech solutions and ensure effective risk management. While continuing to strengthen its brand, the Bank was also actively involved in public initiatives and supporting various social projects.

AS Rietumu Banka maintains its position as the largest local capital bank in Latvia and continues its purposeful development mainly in the segment of financing and servicing of companies.

AS Rietumu Banka, registration No. 40003074497, legal address: Vesetas iela 7, Riga, LV-1013 (website <https://www.rietumu.com>), license for the activities of a credit institution (license register No. 06.01.04.018/245), issued by the Financial and Capital Market Commission (which since 01.01.2023 is integrated in the Bank of Latvia) on 5 May 1992. The Bank has no branches.

# External factors affecting business

In 2025, the business environment in Latvia and the EU was affected by a number of key factors.

## 1. Macroeconomic conditions in the world and Europe

The global, European and Latvian economies were affected by falling financing rates, which were made possible by lower inflation and which have boosted economic growth by making financing more readily available to both businesses and households. In 2025, the European Central Bank and the US Federal Reserve continued interest rate cuts that started in 2024 and are currently keeping them at moderately low levels to stabilize inflation.

According to Eurostat's currently available flash estimate of GDP growth in the European Union (EU) and the euro area for 2025, the EU economy grew by 1.6% last year, while euro area gross domestic product (GDP) grew by 1.5%.

## 2. Macroeconomic conditions in Latvia

The Group's and the Bank's activities are strongly influenced by Latvia's economic development, and here it should be noted that growth, which after recession resumed in 2024, continued in the Latvian economy last year. According to the macroeconomic forecasts published by the Bank of Latvia (prepared in December 2025), Latvia's GDP is expected to have grown by 1.7% in 2025. According to the Bank of Latvia, a further economic recovery will be driven by investment, increasingly strong private consumption and exports.

According to analysts at the Bank of Latvia, the situation will improve in the coming years as domestic and external demand strengthens. GDP is thus expected to grow by 2.8% this year, 2.9% in 2027, and 3.2% in 2028. In the June 2025 forecasts, GDP growth is projected at 1.2% in 2025, 2.8% in 2026 and 3.2% in 2027.

### 3. Technological transformation and innovations

Both the financial sector and business in general have been and continue to be affected by the increasing use of Artificial Intelligence (AI) and automation, which are changing the economic landscape with the potential to generate significant productivity and efficiency gains. So far, however, the benefits of these changes are mostly at the testing or implementation stage.

### 4. Geopolitical factors

In 2025, the global and regional economic situation continued to be influenced by the war in Ukraine, as well as the subsequent sanctions against Russia and Belarus imposed by the European Union, the United States and other countries. Given these factors, like in previous years, the Bank continued to adjust its strategies to ensure stable growth, effective risk management and the provision of high-quality financial services. The Bank actively worked to mitigate the impact of external factors and maintain stability, paying particular attention to risk control and maintaining high liquidity ratios.

Since the start of the war in Ukraine, the Bank has immediately suspended all financial projects and new investments in Russia and Belarus and has consistently reduced its exposure in these countries.

### 5. Litigation in Russia

The Group and the Bank were directly affected by Russian politics in 2025, namely, last year, the Moscow Arbitration Court of first instance decided to confiscate the Bank's assets in Russia, justifying the ruling by the Group's and the Bank's support for the political system and government of Latvia. The Group and the Bank strongly disagree with this ruling and will continue to use all legal means to challenge this decision. As a result of this ruling of the Russian court, the Bank has created provisions equivalent to the relevant assets, which in the reporting period results in after-tax losses for the Group and the Bank of EUR 27 million and EUR 33 million, respectively.

## Analysis of financial results

The operational and financial results achieved by the Bank and the Group in 2025 confirm the soundness of the chosen development strategy. In the accounting period, the Group and the Bank delivered a successful, stable performance, but the net result was negatively impacted by the above-mentioned litigation in Russia. If not for the litigation, the results of the Group and the Bank would have shown a significant profit, higher capital and return on capital.

### Assets

The Bank's total assets at 31 December 2025 remained stable at EUR 1.36 billion, similar to the previous year. The Bank's total loan portfolio stood at EUR 652 million at the end of the reporting year, compared to EUR 688 million a year earlier. The growth of the loan portfolio, despite the strong operating performance, was negatively impacted by the provisioning as a result of the ruling of the Russian court of first instance, which the Group and the Bank continue to challenge.

The Bank's securities portfolio stood at EUR 220 million at the end of 2025. It is composed of high-quality government and corporate securities denominated mainly in EUR. 77% of the portfolio is invested in investment grade debt securities. The portfolio is diversified both geographically and by industry sectors and is developed on the basis of a prudent assessment of all material risks. The average maturity of the securities is 3.0 years.

### Financing, capital and broadening the capital base

The Bank's total deposits as at 31 December 2025 amounted to EUR 987 million, an increase of EUR 57 million, or 6%, compared to the end of the previous year. Deposits in the Bank's customer accounts accounted for 94% of total liabilities. Term deposits totalled EUR 421 million as at 31 December 2025. The Bank continued to diversify its external funding base in 2025.

The Group's total equity decreased by EUR 46 million during 2025 and amounted to EUR 328 million as at 31 December 2025 due to the build-up of provisions as a result of the ruling by the Russian court of first instance. The Group's Tier 1 capital adequacy ratio (see Note 4(h) Capital Management) as at 31 December 2025 was 22.08% (2024: 24.41%) and the Group's total

capital adequacy ratio (see Note 4 (h) Capital Management) as at 31 December 2025 was 22.65% (2024: 25.38%), which is among the highest in the market.

## Revenue and profitability

The Group's core operating income increased by EUR 15 million, reaching EUR 81 million in 2025, compared to EUR 67 million a year earlier. This was driven by a reduction in external financing costs (i.e., interest expenses decreased: from EUR 25 million in 2024 to EUR 18 million in 2025) and an increase in net commission income from EUR 8 million in 2024 to EUR 10 million in 2025.

However, the most significant impact on the Group's and the Bank's results was the Russian court's decision to confiscate the Group's assets, which resulted in a pre-tax loss of EUR 26 million for the Group and a pre-tax loss of EUR 32 million for the Bank.

An analysis of the Group's and the Bank's financial performance shows that, if had it not been for the negative decision of the Russian court, the Group and the Bank would have shown a significant profit of approximately EUR 25 million for the Group and approximately EUR 19 million for the Bank, respectively, which would have had a positive impact on other important financial metrics. This is an indicator of the stability of the Group's and the Bank's core business and the correctness of the chosen development strategy, i.e., the Group's and the Bank's losses in the past year are due exclusively to external, unexpected and legally unjust circumstances beyond the Group's and the Bank's control.

As a result, after-tax return on equity ratio (ROE) was - (7.62%) (3.49% in 2024) for the Group and -(9.78%) (3.61% in 2024) for the Bank. After-tax return on assets ratio (ROA) was -(1.94%) (0.91% in 2024) for the Group and -(2.38%) (0.89% in 2024) for the Bank.

## Group companies

The Bank's main business lines are lending, customer account servicing, deposit-taking, cash and payment operations, as well as trade finance, issuing of guarantees, securities transactions and foreign exchange.

The Group companies operate in various industries, including financial services, lending, energy, financial investments, real estate

management, development and sales, as well as aircraft leasing and other areas. The management of the Bank's subsidiaries and the supervision of their day-to-day operations are fully integrated into the Bank's management and internal control processes.

The activities of the subsidiaries are financed with their own funds, as well as the Bank's loans and capital investments. This approach ensures a stable cash flow and efficient resource management, contributing to the development of the subsidiaries.

The Bank has a significant holding (51%) in the lending subsidiary SIA InCREDIT GROUP, which is registered and operates in Latvia. As at 31 December 2025, the loan portfolio of SIA InCREDIT GROUP was EUR 73 million.

The subsidiary company SIA RB Investments, in which the Bank is the sole shareholder, manages the largest part of the Group's real estate portfolio. These properties are located mainly in Riga and the Riga region and are rented or leased, providing the Group with income during their holding period. The Group's primary goal is to continue developing and successfully selling its real estate.

## Risk management

Risk management is comprehensive and is implemented at all levels of the Bank and the Group and in each of the Bank's business units. In risk management, the Bank seeks to take into consideration the known types/sources of risks and the factors that influence them.

The Group and the Bank apply a three lines of defense risk management model across all functions, define clear roles and responsibilities, develop and continuously enhance the risk management framework, organize internal and external training, and ensure segregation of duties.

### The three lines of defence model

Based on the Business Development Strategy, Sustainability Strategy and Risk Management Strategy, the Bank and the Group have developed a three-level system of internal thresholds, which includes the risk appetite framework, risk limits and key risk indicators

The Bank's management receives daily, weekly, monthly and quarterly risk control reports on the

control of particular thresholds.

To ensure effective risk management, the Bank's first, second and third line of defence functions were strengthened in 2025 by recruiting additional experienced professionals, improving the risk management system, stress testing approaches, introducing new risk control processes and providing training for existing and new employees. To promote sustainability, the Bank continued the previously initiated integration of sustainability risks into the risk management system in 2025.

The Bank continued to monitor the level of sanction risk, the quality and effectiveness of controls, and the adequacy of staff resources to be able to respond immediately to extraordinary changes that may be associated with geopolitical circumstances and new sanction regimes. The Bank continues to implement a complex set of controls and risk mitigation measures in the management of sanction risk, thereby contributing to the appropriate management of sanction requirements.

The Bank ensures a high level of compliance in the field of prevention of money laundering and terrorism and proliferation financing (AML/CFT/CPF) and sanctions compliance by promptly implementing changes in internal regulatory documents and processes in accordance with changes in legislation, recommendations received in external and internal inspections, as well as best practices.

In 2025, the Bank continued to improve the processes for the examination and monitoring of customers and their transactions by introducing new technological solutions to strengthen the internal control system. Particular attention was paid to the efficiency of processes in the prevention of money laundering, terrorism and proliferation financing, as well as in the field of sanctions risk management. At the same time, the quality control function was strengthened by ensuring its independence and efficiency.

Continuing the policy of local customer acquisition and long-term cooperation, several hundred new customers from Latvia were added in 2025, as in the previous year. At the same time, in view of the current sanctions-related issues, the Bank has paid special attention to the analysis of corporate customers, introducing additional

monitoring and research mechanisms.

Detailed information on risk management, activities in the areas of AML/CFT/CPF and corruption prevention, as well as on compliance with the requirements of the Bank of Latvia and the European Central Bank is provided in Note 4.

## Further development, objectives

The Bank and its Group will continue to pursue its business strategy with determination, strengthening its position and becoming one of the leading financial service providers and business lenders in the Baltic region. The Bank will focus on the development of high-value-added services, paying particular attention to the financing of large and medium-sized enterprises, capital management and improving customer self-service channels. In addition, the Bank will continue to work to become the leading financial partner for entrepreneurs operating in international markets, offering customized and technologically advanced solutions.

The Bank will continue to improve customer acquisition and retention processes by developing a remote, accessible, and inclusive solutions that are tailored to the needs of both businesses and individuals.

Another strategic goal of the Bank will be to continue expanding international cooperation – the Bank will develop correspondent relations with leading financial institutions in the European Union and the US, expanding opportunities for customers to conduct international transactions, attract investment and integrate into the global financial market.

The bank will also continue to implement best practices in sustainability and corporate governance, promoting responsible financing and sustainable investment projects that comply with ESG principles.

Alongside business development, special attention will be paid to the professional growth and well-being of employees. The Bank will continue to create a modern and dynamic work environment that promotes innovation, collaboration, and continuous professional development. Training and development programs will be implemented, providing employees with access to the latest knowledge and technologies.

In addition to financial goals, the Bank will continue its social responsibility and charity projects, supporting initiatives that promote sports, education, health, culture, innovation and sustainable development.

As a result of a purposeful and strategic approach, the Bank plans to strengthen its position in the Latvian and Baltic market as the largest local capital bank that makes a significant contribution to the growth of business and society as a whole.

## Financial results of the Group

	2025	2024	2023	2022
<b>At year end ('000 EUR)</b>				
Total assets	1 379 879	1 376 054	1 511 812	1 395 304
Loans and receivables due from customers	628 208	657 062	622 215	545 151
Current accounts and deposits due to customers	964 405	919 037	1 005 938	940 933
Total shareholder's equity	327 726	373 950	379 771	348 817
<b>For the year ('000 EUR)</b>				
Net (loss)/profit before tax	(25 533)	17 291	21 505	19 183
Net (loss)/profit after tax	(26 739)	13 150	17 013	17 456
Operating income	81 077	66 547	74 005	72 391
<b>Ratios</b>				
Earnings per share (EUR) – basic and diluted After tax	-0.25	0.10	0.13	0.14
Return on equity				
Before tax	-7.28%	4.59%	5.90%	5.45%
After tax	-7.62%	3.49%	4.67%	4.96%
Return on assets				
Before tax	-1.85%	1.20%	1.48%	1.30%
After tax	-1.94%	0.91%	1.17%	1.18%
Capital adequacy ratio	22.65%	25.38%	26.00%	24.85%
Profit margin	-31.49%	25.98%	29.06%	26.50%
Loan portfolio to total assets ratio	45.53%	47.75%	41.16%	39.07%
Number of employees	510	519	523	526

**Return on equity before tax** = profit before corporate income tax/average capital and reserves

**Return on equity after tax** = profit for the reporting year/average capital and reserves

**Return on assets before tax** = profit before corporate tax/average assets

**Return on assets after tax** = profit for the reporting year/average assets

**Capital adequacy ratio** = equity/total risk exposure

**Profitability** = profit before corporate income tax/operating income

# Financial results of the Bank

	2025	2024	2023	2022
<b>At year end ('000 EUR)</b>				
Total assets	1 362 896	1 371 933	1 508 604	1 402 576
Loans and receivables due from customers	652 459	688 443	656 367	584 332
Current accounts and deposits due to customers	986 649	930 077	1 011 145	951 824
Total shareholders' equity	312 215	354 202	360 467	333 798
<b>For the year ('000 EUR)</b>				
Net (loss)/profit before tax	(32 044)	16 037	15 902	19 390
Net (loss)/profit after tax	(32 580)	12 882	12 534	19 111
Operating income	65 938	54 507	59 953	60 330
<b>Ratios</b>				
Earnings per share (EUR) – basic and diluted After tax	-0.28	0.11	0.10	0.16
Return on equity Before tax	-9.62%	4.49%	4.58%	5.74%
After tax	-9.78%	3.61%	3.61%	5.66%
Return on assets Before tax	-2.34%	1.11%	1.09%	1.31%
After tax	-2.38%	0.89%	0.86%	1.29%
Capital adequacy ratio	22.51%	24.71%	25.65%	24.66%
Profit margin	-48.60%	29.42%	26.52%	32.14%
Loan portfolio to total assets ratio	47.87%	50.18%	43.51%	41.66%
Number of employees	404	408	388	389

**Return on equity before tax** = profit before corporate income tax/average capital and reserves

**Return on equity after tax** = profit for the reporting year/average capital and reserves

**Return on assets before tax** = profit before corporate tax/average assets

**Return on assets after tax** = profit for the reporting year/average assets

**Capital adequacy ratio** = equity/total risk exposure

**Profitability** = profit before corporate income tax/operating income



# Sustainability report

We make a positive impact not only by doing what we do best – providing lending and investment services – but also by learning from best practices and sharing our experiences of success and challenges.

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# Abbreviations used in the Sustainability Report

**AML** - Anti-money laundering

**UNO** – United Nations Organization

**AMSB** – Administrative, management and supervisory bodies

**CSRD** – Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting (Text with EEA relevance)

**EEA** – European Economic Area

**EU** – European Union

**EU Taxonomy** – Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (Text with EEA relevance)

**ESG** – Environmental, social, governance principles applied by the Bank to implement responsibility towards the environment, employees, customers, suppliers, investors and society as a whole

**ESRS** – Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting standards

**FIML** – Financial Instrument Market Law of the Republic of Latvia

**FTE** – Full-time equivalent

**GAR** – Green Asset Ratio

**GHGP** – Greenhouse Gas Protocol

**GRI** – Global Reporting Initiative

**IT** – Information technology

**LV** – the Republic of Latvia

**NACE** – Statistical classification of economic activities

**AML/CFTP** – Anti-money laundering and combating the financing of terrorism and proliferation

**OECD** – Organisation for Economic Co-operation and Development

**RCC** – Rietumu Capital Centre office building

**RU** – Russian Federation

**GHG** – Greenhouse gases

**SFDR** – Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (Text with EEA relevance)

# Terminology used in the Sustainability Report

The following terms are capitalised in the Sustainability Report:

- **Bank** - AS Rietumu Banka is the parent company of the Group
- **Double Materiality Assessment** - double materiality based on the European Sustainability Reporting Standards
- **Financial Statement** - the Group's consolidated and the Bank's Separate Annual report
- **Group** - AS Rietumu Banka and its subsidiaries included in the consolidation are collectively defined in the Sustainability Report as the Group
- **Sustainability Director** – the person who, on behalf of the Executive Board, implements the Group's sustainability management
- **Sustainability Report** – the 2025 Sustainability Report prepared by applying the requirements of the Sustainability Information Disclosure Law ensuing from the Corporate Sustainability Reporting Directive and the European Sustainability Reporting Standards

In the Sustainability Report, titles of internal regulatory documents are in italics, for example, the *Sustainability Strategy*.

## Link between the Sustainability Report structure/sections and ESRS thematic standards

Section title in the Sustainability Report	ESRS thematic standard
Our impact on climate change   ESRS E1	ESRS E1 Climate change
Our employees   ESRS S1	ESRS S1 Own workforce
Our role in society	ESRS S3 Affected communities
Our clients   ESRS S4	ESRS S4 Consumers and end-users
Business Conduct   ESRS G1	ESRS G1 Business conduct

# About the Sustainability Report | ESRS 2, BP-1, BP-2

The Sustainability Report of the Bank and its Group for 2025 has been prepared for the period from 1 January 2025 to 31 December 2025. This is the second sustainability performance report of the Group prepared by applying the requirements of the Sustainability Information Disclosure Law ensuing from the Corporate Sustainability Reporting Directive (hereinafter – CSRD<sup>1</sup>) and the European Sustainability Reporting Standards (hereinafter – ESRS<sup>2</sup>).

This Sustainability Report includes sustainability information to provide understanding of the impact of the Group's operations on sustainability matters as well as the information about the way the Group's development, performance results, and standing are affected by sustainability matters.

We are aware of the importance of the information contained in the Sustainability Report to our stakeholders, therefore we treat the obligation to disclose information with due care.

The scope of the Sustainability Report corresponds to the Group's consolidation level, based on the consolidation structure determined in the financial reporting year. The structure of the Group is presented in the general information section of the Group's Consolidated and Bank's Separate Annual Report.

The scope of the Sustainability Report includes JSC "Rietumu Banka" and its subsidiaries: "RB

Investments" Ltd., "KI Nekustamie ģpašumi" Ltd., "KI Zeme" Ltd., KI Invest Ltd., "KI FUND" Ltd., Ulmaria Limited, "InCREDIT GROUP" Ltd., "Euro Textile Group" Ltd., Rietumu Leasing Ltd., "RB Drošība" Ltd., RB Securities Limited, the foundation "Nākotnes Atbalsta fonds", "Second Sky Management" Ltd., "Apella" Ltd.

Until June 2025, the Group's scope of consolidation included "Vesetas 7" Ltd., which was acquired by JSC "Rietumu Banka", and therefore the related sustainability data are included in this Sustainability Report within JSC "Rietumu Banka".

There are significant differences between the Group and its individual subsidiaries regarding sustainability-related indicators, risks, and opportunities. Therefore, in the Sustainability Report, information about the respective subsidiary may be presented at an individual level and analysed outside the Group's overall sustainability performance.

<sup>1</sup> Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2005/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting (Text with EEA relevance)

<sup>2</sup> COMMISSION DELEGATED REGULATION (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting standards

The description of subsidiaries is provided in the section on the Group companies, which is a part of the Report of the Council and Executive Board.

This Sustainability Report does not include the associated company JSC “Latvijas Gāze”, since a parent company that is a subsidiary or an associate of the Group is not to be included in the Sustainability Report if the same is obliged to prepare a consolidated Sustainability Report pursuant to the Law on Sustainability Disclosures. The sustainability reporting exemption is not applicable to the Group’s consolidated financial statements and consolidated management reports, as those are prepared independently of this Sustainability Reporting exemption, which applies only to sustainability reporting at a consolidated level. The associated company exempted from sustainability reporting is not included in the assessment of sustainability risks and impacts, including the due diligence process. In August 2025, the Group sold the shares of associated company JSC “Latvijas Gāze”.

Through Double Materiality Assessment, the Group identifies and evaluates which impacts, risks, and opportunities are material, including those across its value chain. The minimum disclosure requirements in the Sustainability Report are based on this Double Materiality Assessment, which determines the material environmental, social, and governance factors, as well as the associated impacts, risks, and opportunities relevant to the Group’s operations and value chain. This report discloses information related to the Group’s activities, value chain, and material sustainability topics, but does not include quantitative sustainability-related data

from upstream and downstream value chain participants.

The option not to indicate information on intellectual property, science, or innovations was not used in the Sustainability Report.

No events or processes occurred during the reporting period that would later, upon publication of the report, contradict the information provided in it.

During the preparation of the Sustainability Report and until its publication, no special circumstances have arisen that would significantly affect the preparation of the information required in the report.

In preparing the information to be disclosed in the Sustainability Report, including the Double Materiality Assessment, the definitions of short-term, medium-term, and long-term time periods were aligned with the time periods defined by the ESRS. In cases where different time periods are used in the Sustainability Report, an explanation of the time period allocation and justification is included.

Time periods in the Sustainability Report:

- short-term (<1 year)
- medium-term (1-5 years)
- long-term (>5 years)

### Value chain data quality

The quality and level of detail of the data used in the Sustainability Report and the sources of the data vary. Accordingly, for each quantitative disclosure, the basic information on the data used is provided.

### Major sources of sustainability-related data and the level of detail of data quality

Data set	Data source	Data detail	Planned measures for data quality improvement
Value chain mapping	Based on the following accomplished within the <i>Business Development Strategy</i> and Double Materiality Assessment: <ul style="list-style-type: none"> <li>• evaluation of the Group’s resources</li> <li>• market segment research</li> <li>• research of the services/ products key regions</li> <li>• research of strategic suppliers and cooperation partners</li> </ul>	Representing actual characteristics of major suppliers, service providers, and end users	<ul style="list-style-type: none"> <li>• in 2026, the Bank will launch a sustainability performance evaluation of loan portfolio clients to assess data-driven sustainability risks</li> <li>• in 2026, the Bank will launch a sustainability performance evaluation of cooperation partners to assess data-driven sustainability risks</li> </ul>
Value chain quantitative information	Group's internal IT systems, manual accounting sources	Representing actual characteristics	

## Major sources of sustainability-related data and the level of detail of data quality

Data set	Data source	Data detail	Planned measures for data quality improvement
Assessment of impacts, risks, and opportunities	Assessment based on data and facts about the Group's processes, due diligence approach, risk management or complaint mechanisms, information collected in internal reports or external sources, etc.	Representing actual characteristics and evidence of industry practices	Not defined
Quantitative data on employees, customers, management indicators	Group's internal IT systems, manual accounting sources	Representing actual characteristics	<ul style="list-style-type: none"> <li>To boost the efficiency and effectiveness of the HR management processes, automate the processes and avoid different risks, Bank implements and develops digital HR management tools and solutions</li> </ul>
Qualitative information about employees, customers, management	Based on the Group's internal policies, procedures and processes (maintained in internal document management systems)	Representing actual characteristics	
Sustainability characteristics of investment management and the Bank's investment portfolio	Internal IT systems of the Group, data from external suppliers (for example, Morningstar Sustainalytics)	Both estimates and actual data	<ul style="list-style-type: none"> <li>If a Bank's client opts for investment limitations, the Bank seeks to reduce the number of companies in the client's portfolio for which data on the relevant sustainability indicator is not available, applying the Bank's Policy on Integration of Sustainability Risks into Individual Portfolio Management</li> </ul>
Scope 1 and 2 GHG emissions	Group's internal IT systems, manual accounting sources	Representing actual consumption, except in certain cases where resource consumption is determined using estimates: <ul style="list-style-type: none"> <li>if the utility provider does not measure it based on actual consumption (e.g., consumption of resources in shared-use premises)</li> <li>if the lease agreement does not provide for utility billing based on actual consumption in premises leased by the Group</li> </ul>	Not required
Performance indicators for achieving sustainable development goals	<ul style="list-style-type: none"> <li>Group's internal IT systems</li> <li>Manual accounting sources</li> <li>Data from external suppliers (for example, Sustainalytics)</li> </ul>	Actual data	Not required

Quantitative indicators and monetary values disclosed in the Sustainability Report have not been identified as being subject to a high level of estimation uncertainty. Further information on data sources used, their level of detail is provided in table The main sustainability data sources and the level of detail of data quality.

During the reporting period, the methodology and data sources for calculation of certain indicators in sections Our employees | S1 and Our impact on climate change | ESRS E1 were refined to improve data quality and ensure compliance with ESRS requirements.

Given the methodological limitations identified in the previous reporting period, comparability of some indicators with previous periods is limited.

In the Sustainability Report, explanations are provided alongside the relevant disclosures of cases where changes have been made to disclosures of information or the methodological approach, adjustments made regarding prior periods, limitations on making such adjustments, and comparability of the information.

## ESRS phase-in

### The Group's phased-in implementation of disclosure requirements in material ESRS topical standards

ESRS	Disclosure requirement	Full name of the disclosure requirement	Notes on phase-in or effective date (including the first year)
ESRS 2	SBM-1	Strategy, business model and value chain	Collective bargaining coverage and social dialogue
ESRS 2	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	The Group omits anticipated financial effects on the business conduct due to material risks and opportunities, but analyses and clarifies the effects by means of qualitative information
ESRS E1	E1-6	Gross Scopes 1, 2, 3 and total GHG emissions	The Group does not include Scope 3 total GHG emissions for the second year of preparation of Sustainability Report
ESRS E1	E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	The Group omits anticipated financial effects from material physical and transition risks and potential climate-related opportunities
ESRS S1	All disclosure requirements	All disclosure requirements	The Group includes the information required under ESRS S1 based on the results of the Double Materiality Assessment
ESRS S1	S1-7	Characteristics of non-employee workers in the undertaking's own workforce	The Group discloses data on characteristics of non-employee workers
ESRS S1	S1-7	Collective bargaining coverage and social dialogue un sociālais dialogs	The Group has no collective bargaining agreement
ESRS S1	S1-11	Social protection	The Group provides details of its social protection policies for its employees
ESRS S1	S1-12	Percentage of employees with disabilities	The Group provides information on the percentage of employees with disabilities

ESRS	Disclosure requirement	Full name of the disclosure requirement	Notes on phase-in or effective date (including the first year)
ESRS S1	S1-13	Training and skills development	The Group provides information on employee and skills development
ESRS S1	S1-14	Health and safety	The Group provides data on the number of work-related illnesses, as well as the number of days lost due to injuries, accidents and work-related illnesses
ESRS S1	S1-14	Health and safety	The Group provides information about non-employees
ESRS S1	S1-15	Work-life balance	The Group provides information related to work-life balance
ESRS S2	All disclosure requirements	All disclosure requirements	31.12.2025), the information required under ESRS S2 is not disclosed for the first two years of preparation of sustainability statement
ESRS S4	All disclosure requirements	All disclosure requirements	The Group includes the information required under ESRS S4 based on the results of the Double Materiality Assessment

## Management of material sustainability topics

In 2025, within the Double Materiality Assessment, the Group has identified its material sustainability topics with existing or potential positive or negative impacts on people, society and the environment, as well as risks and opportunities that may affect the Group's financial position and values in relation to sustainability aspects and topics. The following ESRS thematic standards are presented in the Sustainability Report:

- ESRS E1 Climate change
- ESRS S1 Own workforce
- ESRS S4 Consumers and end-users
- ESRS G1 Business conduct

### Strategic approach to managing key sustainability topics

The *Sustainability Strategy* determines the Group's strategic directions, priorities and objectives for sustainable development,

including the results to be achieved, based on a Double Materiality Assessment, which includes an analysis of impacts, risks and opportunities.

### Targets for key sustainability topics and their performance indicators

In 2025, we defined quantitatively measurable sustainable development goals and their performance indicators.

The Group's overall strategic development goals, priorities, and directions are based on material aspects of sustainability and the results of Double Materiality Assessment, with a particular focus on negative impacts, financial risks and sustainability issues that could potentially have a significant impact on the green transition of the Group's business model. The sustainability goals are specific, measurable, achievable, relevant to the Group's business model and time-bound. Sustainability goals have practical and monitorable sustainability performance indicators that can be implemented and monitored at the level of subsidiaries, structural units, processes, or individual employees.

**Scope of sustainability topics of the performance indicators of the Group’s sustainability targets:**

Climate change mitigation and adaptation	Disclosed in section “Our impact on climate change   ESRS E1” of the Sustainability Report
Client management	Partly disclosed in section “Our Clients   ESRS S4” of the Sustainability Report
Loan portfolio sustainability	Disclosed in sections “Strategy, Business Model” and “Our impact on climate change   ESRS E1” of the Sustainability Report
Investment portfolio sustainability	Disclosed in sections “Strategy, Business Model” and “Our impact on climate change   ESRS E1” of the Sustainability Report
Employee management	Partly disclosed in section “Our Employees   ESRS S1” of the Sustainability Report
Good governance, corporate ethics principles, and compliance	Partly disclosed in section “Business Conduct   ESRS G1” of the Sustainability Report

Having evaluated the industry best practices and regulatory framework, the Group has defined the levels of sustainability ambition it wants to achieve in the most important identified sustainability areas, setting a timeframe for realizing the ambition.

		<b>Our ambitions</b>		
Sustainable development priorities	Sustainability area	Basic level	Medium level	High level
		Compliance with regulatory requirements	Proactive implementation of good practices	A Highest level among leading banks
Socially responsible credit institution	Management		2026	
	Creating value in society			2026
	Equality, diversity and inclusion		2026	2028
	Environmental impact	2026	2030	
Credit institution responsible towards its employees	Work culture and competences			2026
	Well-being at work			2026
Credit institution responsible towards its clients	Sustainable lending	2026	2030	
	Sustainable procurement		2026	
	Sustainable investment opportunities		2026	

## Policy level

Development of sustainability action plan is set to be our priority in 2026.

Until then, the promotion of sustainability topics relevant to the Group is carried out by including sustainability aspects when updating the internal regulatory documents.

The most significant\* current policies with a sustainability component:

### Environmental management

- *Code of Ethics*
- *Policy on Integration of Sustainability Risks into Individual Portfolio Management*

### Social responsibility management

- *Code of Ethics*
- *Corporate Governance Policy*
- *Personnel Policy*
- *Remuneration Policy*
- *Personal Data Processing Policy*
- *Public Relations Policy*

### Business management

- *Code of Ethics*
- *Outsourcing Policy*
- *Remuneration Policy*
- *Policy on Integration of Sustainability Risks into Individual Portfolio Management*
- *Policy on Conflicts of Interest*
- *Corporate Governance Policy*
- *Subsidiaries Monitoring Policy*
- *Anti-Money Laundering and Combatting Financing of Terrorism and Proliferation Policy*
- *Policy on Assessing Suitability of Council and Board Members and Key Function Holders*
- *Risk Management Policy*
- *Public Relations Policy*
- *Sanctions Policy*

\*The policies listed do not represent all policies of the Group but reflect the policy linkage to the information included in the ESRS topical standards relevant for the Group.

## Risk management in key sustainability topics

Our goal is to systematically assess, including through Double Materiality Assessment process, negative impacts on the environment, employees, and significant regulatory non-compliance throughout the value chain, as well as to implement effective mitigation measures and apply compensatory actions where possible.

By conducting a Double Materiality Assessment, we identified measures for the activities of the sustainable development action plan where possible:

1. with regard to negative impacts – their mitigation measures or measures furthering positive impact
2. with regard to sustainability risks – risk mitigation or prevention measures
3. with regard to sustainability opportunities – measures furthering the opportunities

To ensure targeted and effective implementation of the strategy, we have defined an assessment method, responsible parties, planned implementation deadlines, and expected results for each sustainability performance indicator. On a regular basis, but at least once a year, the Group reviews the compliance of its sustainability goals with sustainability principles, their link to the Group's actual and potential impacts, risks, and opportunities.

# Governance | GOV-1

## Council

The Group's corporate governance principles, the functions of the Executive Board and the Council are enshrined in the Bank's Statutes, *Regulations of the Council and the Executive Board*.

The Council is a collegial supervisory body representing the interests of the Bank and, within the framework set out in the regulatory enactments and the Statutes of JSC "Rietumu Banka", supervises the activities of the Executive Board and the development and operations of the Bank.

The members of the Council together have sufficient knowledge, skills and experience in all significant types of activities and risks of the Bank. When performing their duties, the members of the Council act independently (independence of mind) and are able to devote sufficient time to the performance of their duties.

The Bank conducts an initial assessment of the suitability of the members of the Council and the Executive Board, assessing the person's reputation, knowledge, skills and experience for the performance of the duties of the position held, the ability to act in accordance with the Bank's corporate values and standards of professional conduct and ethics, the ability to act independently and devote sufficient time to the performance of their duties. At least once a year, the individual suitability of the members of the Council and the Executive Board, as well as the collective suitability, is assessed,

assessing the level of collective knowledge, skills and experience to perform daily duties in accordance with the standards set out in the Bank's corporate values, as well as each time if doubts arise about the knowledge, experience or reputation of a member of the Council or the Executive Board.

The members of the Council are elected by the shareholders' meeting for a term of 5 (five) years.

## Structure of the Council (as of 31 December 2025)

Chairman of the Council  
**LEONIDS ESTERKINS**

Deputy Chairman of the Council  
**ARKĀDIJS SUHARENKO**

Deputy Chairman of the Councils  
**DERMOT FACHTNA DESMOND**

Member of the Council  
**CHARLES WILLIAM LARSON JR.**

Member of the Council  
**IĻJA SUHARENKO**

Member of the Council  
**VALENTĪNS BĻUGERS**



## Executive Board

The Executive Board consists of 6 (six) members of the Executive Board. The Executive Board members are elected by the Council for a term of 5 (five) years. The Council appoints the Chairman of the Executive Board from among the members of the Executive Board. The division of responsibilities and functions of the Executive Board is constantly reviewed, taking into account changes in the Bank's structure, in order to ensure more efficient and compliant operations of the Bank.

The competence of the Executive Board includes all issues related to the Bank's operations, except for those that fall solely within the competence of the Shareholders' Meeting and the Council. Each member of the Executive Board is responsible for a specific direction of activity in accordance with their professional knowledge, experience and competencies in the relevant area of responsibility, ensuring the collective competence of the Executive Board as a whole.

## Structure of the Executive Board (as of 31 December 2025)

Chairman of the Executive Board  
**JEĻENA BURAJA**

Member of the Executive Board,  
Deputy Chairman of the Executive Board  
**RUSLANS STECJUKS**

Member of the Executive Board,  
Chief Risk Officer  
**SANDRIS STRAUME**

Member of the Executive Board  
**MIHAILS BIRZGALS**

Member of the Executive Board  
**VLADLENS TOPČIJANS**

Member of the Executive Board,  
Head of the Lending Department  
**ARTŪRS JUKŠS**



## Management structure

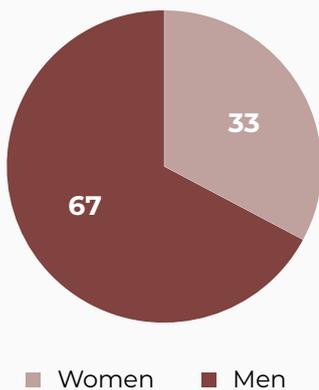
Within the Group’s management, members of the Bank’s Council or Executive Board or key function holders are considered the officials.

We have not defined membership and diversity targets for the Group’s administrative, management and supervisory structure.

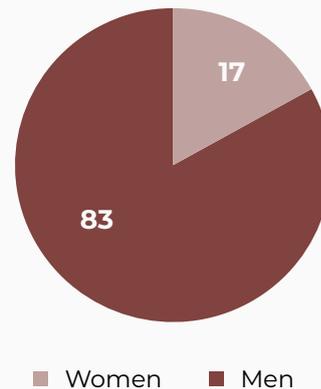
Information on the gender diversity of the Group’s management-level employees is provided in section “Diversity metrics of management-level employees | S1-9”.

The management structure of the Group and the Bank is presented including full-time and part-time employees as of 31 December 2025.

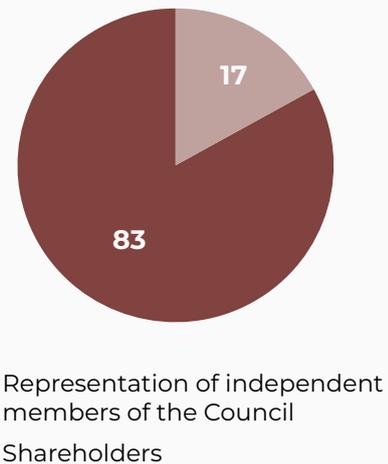
**Gender breakdown of the Group’s Executive Board, %**



**Rietumu Banka Executive Board breakdown by gender, %**



**Rietumu Banka Representation of independent members of the Council, %**



The Bank’s Council consists of 6 (six) members of the Council, one of whom is an independent member of the Council, who meets the requirements of regulatory enactments regarding the criteria for determining independence status. The members of the Council, when performing their duties, act independently (independence of mind) and are able to devote sufficient time to the performance of their duties.

The Latvijas Banka regulation No. 371 “Regulation on the System for Managing Credit Institutions” does not impose requirements on independent council members for the Group’s subsidiaries. Also, the Commercial Law, which determines the procedure and rules for the registration and operation of commercial companies, does not impose requirements on commercial companies for an independent council member. In addition, the council is not a mandatory institution in

limited-liability companies and foundations and associations. Considering that there are no clearly defined criteria confirming the independence of council members of non-financial companies, the assessment of independent council members is not applied to the Group’s subsidiaries.

Based on the Group’s definition of officials, which includes the Executive Board members, directors, vice presidents, and senior managers, at the end of the year, the Group had 57 management-level employees, representing 11.2% of the total number of employees, and 373 employees without management-level responsibilities and duties, representing 76% of the total number of employees. Additional requirements are applied to certain position categories at the Bank pursuant to Section 34.5 of the Credit Institution Law.

## Functions and responsibilities

The areas of supervision of the members of the Bank's Council are determined within the Bank and the Group. The Bank assesses the suitability of the members of the Council, the Executive Board and key function holders, i.e., officials, for the position. The assessment is carried out according to the supervisory areas of the Council members. Within the framework of the internal control system, the Bank carries out the initial and repeated assessment of officials according to the position category groups, namely, members of the Council, members of the Executive Board and key function holders.

The Bank's Executive Board performs the function of general supervision and control of the subsidiaries, assesses the activities of subsidiaries and their compliance with the goals and plans set by the Executive Board, and regularly monitors the achievement of goals. A member of the Bank's Executive Board who supervises subsidiaries coordinates the cooperation of the supervised subsidiaries with the Bank and the activities related to these subsidiaries.

The Bank has established the Risk Committee of the Council, the purpose of which is to advise the Council on the Group's risk strategy (both current and future) and to assist the Council in monitoring the implementation of the Bank's *Risk Strategy* and to ensure prompt information to the Council on the Group's risk management.

The Bank's Risk Department regularly monitors the risk profile of the Bank and the Group, including the sustainability risk profile, and compares it with the strategic objectives set out in the *Business Development Strategy* and the *Sustainability Strategy* and the risk appetite framework set out in the *Risk Management Strategy* in accordance with the requirements set out in the *Risk Management Policy* and the *Risk Profile Assessment Procedure*.

The Bank has developed the *Regulations of Structural Units*, determining the goals, main tasks, functions and general responsibilities of the Bank's structural units. The Council approves the Bank's structure, whereas the Executive Board approves the division of duties of the members of Executive Board, vice presidents and directors.

The Regulations of Structural Units stipulate that the employees of structural units comply with internal regulatory documents and the requirements of external regulations in the performance of their work duties and functions. Among other things, structural units independently initiate, as well as participate in the development and revision of internal regulatory documents, and sequentially ensure the implementation of changes in the Bank. Heads of structural units are responsible for the daily management of the structural unit, ensuring the exchange of information with supervisory authorities and regularly informing the Bank's management about the activities of the structural unit. Structural units regularly or upon request prepare reports and other informative materials on their activities and work results and provide them to the Executive Board and/or audit, and/or members of the Council.

The management of structural units determines that each employee is responsible for the timely and high-quality execution of management instructions and tasks/functions, as well as the assigned duties and functions, within the scope of their competence.



## Sustainability management structure

*“Sustainability management is no longer just about protecting the interests of future generations. It is a strategic tool to ensure our ability to operate, grow and meet the needs of today’s society in the long term. In 2025, Rietumu Banka began the development of a sustainability management model to strengthen timely and systematic risk management and foster opportunities for sustainable growth,”*

**Maija Fonteina-Kazeka, Sustainability Director**

Recognizing the importance of sustainability and the growing sustainability requirements, we established the Sustainability Committee in the beginning of 2025. The Committee is charged with interdisciplinary sustainability management and implementation of the Group's objectives, and its functioning is governed by the *Regulation on the Sustainability Committee*. The Committee reports the progress of the strategy implementation to the Executive Board.

The Sustainability Committee is a collegial body of the Bank, whose purpose is to continuously monitor the integration of sustainability principles and requirements into the Group's activities, promoting the Group's sustainable development, reviewing issues related to sustainability, and making decisions within the scope of the authority granted by the Executive Board. The Sustainability Committee monitors

sustainability risk and ensures review of related reports and limits. Among other things, the Sustainability Committee oversees the integration of a sustainable approach into the Bank's products and processes.

The Sustainability Director is responsible for implementation of the *Sustainability Strategy* within the Group, which includes the task of supervising the fulfilment of the *Sustainability Strategy* and the sustainability objectives, reviewing the *Sustainability Strategy*, and preparing the Sustainability Report.

Furthermore, independent member of the Council, Charles William Larson Jr., supervises the sustainability risk management.

The member of the Executive Board, Chief Risk Officer is in charge of the overall risk control function.

**Council:**

- approves the *Sustainability Strategy* and supervises its implementation
- monitors the Double Materiality Assessment process and approves the results
- approves the Group's Sustainability Report and policy-level documents related to sustainability
- appoints an independent member of the Council responsible for overseeing the Group's sustainability risk management, ensuring that sustainability risks are integrated into the overall risk management system of the Group
- approves the measures proposed by the Executive Board to mitigate negative impacts or promote positive impacts

**Audit Committee:**

- oversees the preparation of the annual report, which includes the Sustainability Report, and, if necessary, makes proposals to the Council to ensure integrity and completeness
- evaluates the Double Materiality Assessment process and results

**Internal Audit Service:**

- controls the Double Materiality Assessment process and results
- checks the accuracy and compliance of the Sustainability Report development and disclosed information according to the strategic and annual plan, prepared taking into account the results of risk factor assessments and external regulatory requirements

**Executive Board:**

- initiates and ensures development of the *Sustainability Strategy*, its implementation and integration into the Group's internal processes
- approves the methodology of Double Materiality Assessment
- oversees the Double Materiality Assessment process, reviews and approves the results, including the identification and management of material impacts, risks, and opportunities
- approves strategic decisions related to sustainability and monitors the implementation of sustainability goals
- reviews sustainability management reports and ensures that the Council is informed about sustainability issues
- submits proposals to the Council on

measures to mitigate negative impacts for material impacts, sustainability risks and on measures to promote positive impacts for material impacts and opportunities

**Internal Corporate Communication Committee:**

- engages in the implementation of sustainability goals and strengthening internal corporate culture, promoting employee loyalty
- makes decisions on internal communication, personnel sustainability and corporate culture development measures, monitors their implementation and compliance with the set goals and financial plan
- assesses the effectiveness of communication, identifies aspects for improvement and provides the Executive Board with proposals for process improvement

**Assets and Liabilities Committee:**

- evaluates and monitors the investment portfolio compliance with the Group's sustainable development targets

**Sustainability Committee, subordinate to the Executive Board:**

- supervises implementation of the *Sustainability Strategy* and efficiency of the sustainability management
- evaluates governance aspects, develops proposals and makes decisions on actions to be taken to implement the *Sustainability Strategy* in accordance with the Group's objectives and regulatory requirements, monitors the progress of achieving the sustainability objectives
- assesses sustainability issues affecting new initiatives and risk management
- oversees the disclosure of information and the preparation of the Sustainability Report and makes recommendations to ensure its quality and transparency
- prepares sustainability-related decisions and issues for consideration by the Executive Board
- provides recommendations on the integration of sustainability aspects into internal regulatory documents
- assigns tasks to the Bank's structural units and subsidiaries for the implementation of the Strategy, setting deadlines and dividing responsibilities
- reviews the Double Materiality Assessment, ensuring its completeness and, if necessary,

providing recommendations for clarifying or supplementing the list of impacts, sustainability risks and opportunities

- determines which stakeholders are involved in the Double Materiality Assessment, the extent of their involvement, the objectives and the form of involvement

The Sustainability Director is directly subordinate to the Chairman of the Executive Board and heads the Sustainability Committee, GHG emission workgroup, and EU Taxonomy workgroup. The main task of the Sustainability Director is to implement sustainability requirements in the Bank's and the Group's operations.

#### **The Sustainability Director:**

- ensures the daily fulfilment and review of the *Sustainability Strategy* and develops regulatory documents for the implementation of the strategy
- develops the Sustainability Report and quarterly reports on the implementation of sustainability management in the Group
- ensures the collection, reliability, comparability and compliance with regulatory requirements of sustainability-related data and its suitability for strategic decision-making and information disclosure
- monitors the Group's sustainable development progress and performance
- promotes sustainability awareness in external and internal communication
- participates in the assessment of the impact of the Group's projects and products on sustainability factors and ensures the integration of sustainability principles into business processes, supporting the green transition

#### **Bank's structural units and subsidiaries:**

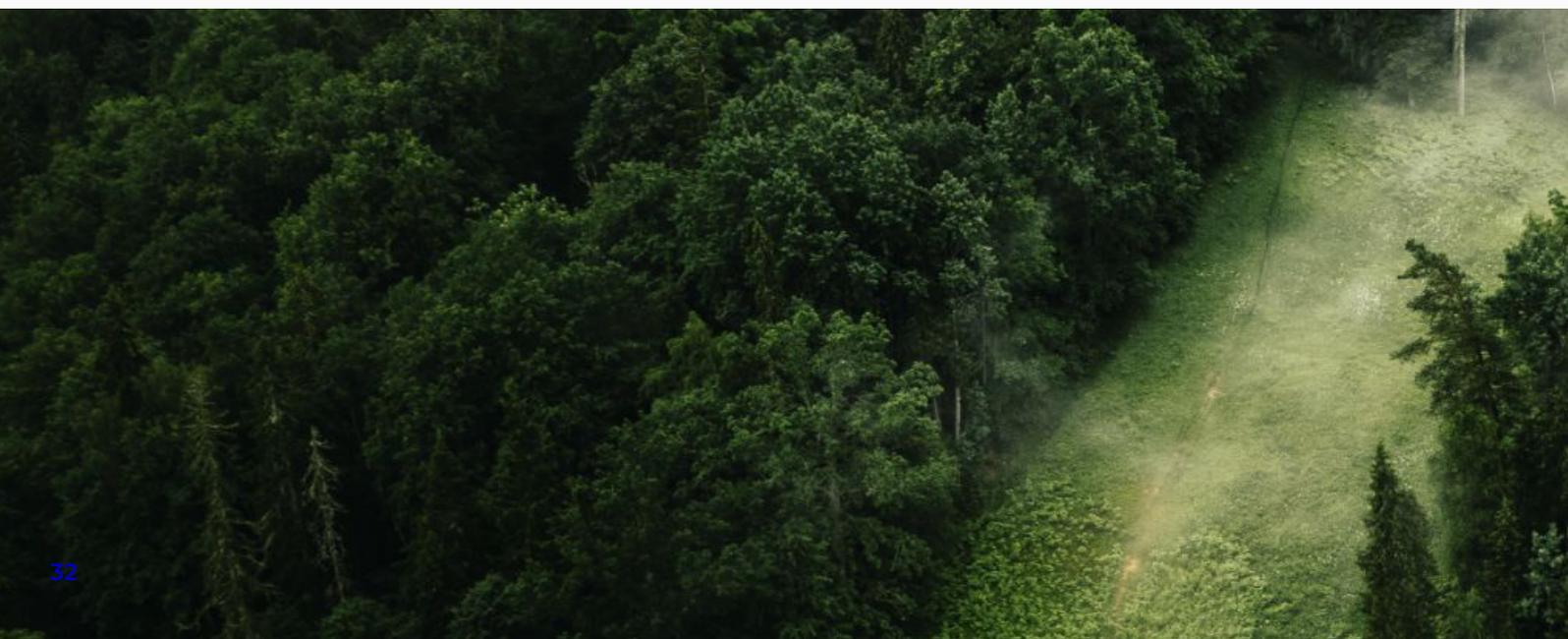
- implement the *Sustainability Strategy*, ensuring the integration and holistic application of sustainability principles in their areas of responsibility, creating cross-functional competence representation as necessary
- engage in defining and achieving the Group's sustainability goals and sustainability performance indicators
- adapt management to sustainability requirements and priorities, ensure that sustainability aspects are taken into account in decision-making, product and service development, process management and risk assessment
- regularly provide information on the fulfilment of sustainability objectives, as well as cooperate with the Sustainability Director and the Sustainability Committee to promote coordinated and effective implementation of the *Sustainability Strategy* across the Group

#### **GHG emission workgroup:**

- performs Group's GHG emissions identification, quantification, inventory, and calculations in accordance with the standards developed by the GHG Protocol

#### **EU Taxonomy workgroup:**

- ensures assessment of the Group's operations and disclosure of information on the Group's business compliance in terms of environmentally-sustainable investments



## Risk management

There is internal control system established at the Bank, which covers all areas of the Bank's operations and all structural units, including the internal control function. Risk management system is established and maintained Bank-wide and Group-wide as a part of the overall internal control system. The Executive Board is in charge of establishment and documentation of the internal control system.

Risk management at the Bank is comprehensive and is implemented at all levels of the Bank and the Group and in each structural unit. In managing risks, the Bank seeks to take into account the known origin/sources of risks and the factors influencing them, including the sustainability risk factors.

The Group applies three lines of defence risk models across all functions and defines clear roles and responsibilities, develops and continuously improves the risk management framework, organises internal and external training.

Based on the *Business Development Strategy*, *Sustainability Strategy* and *Risk Management Strategy*, a three-level internal limit system has been developed at the Bank and Group, which includes risk appetite framework, risk limits and key risk indicators. The Bank's management receives daily, weekly, monthly and quarterly risk control reports on the control of the set limits.

The *Sustainability Strategy* is an integral part of the risk management system. We recognize the growing importance of the sustainability risk and its possible impact on the risk management. To ensure implementation of the sustainability risk management, the Bank:

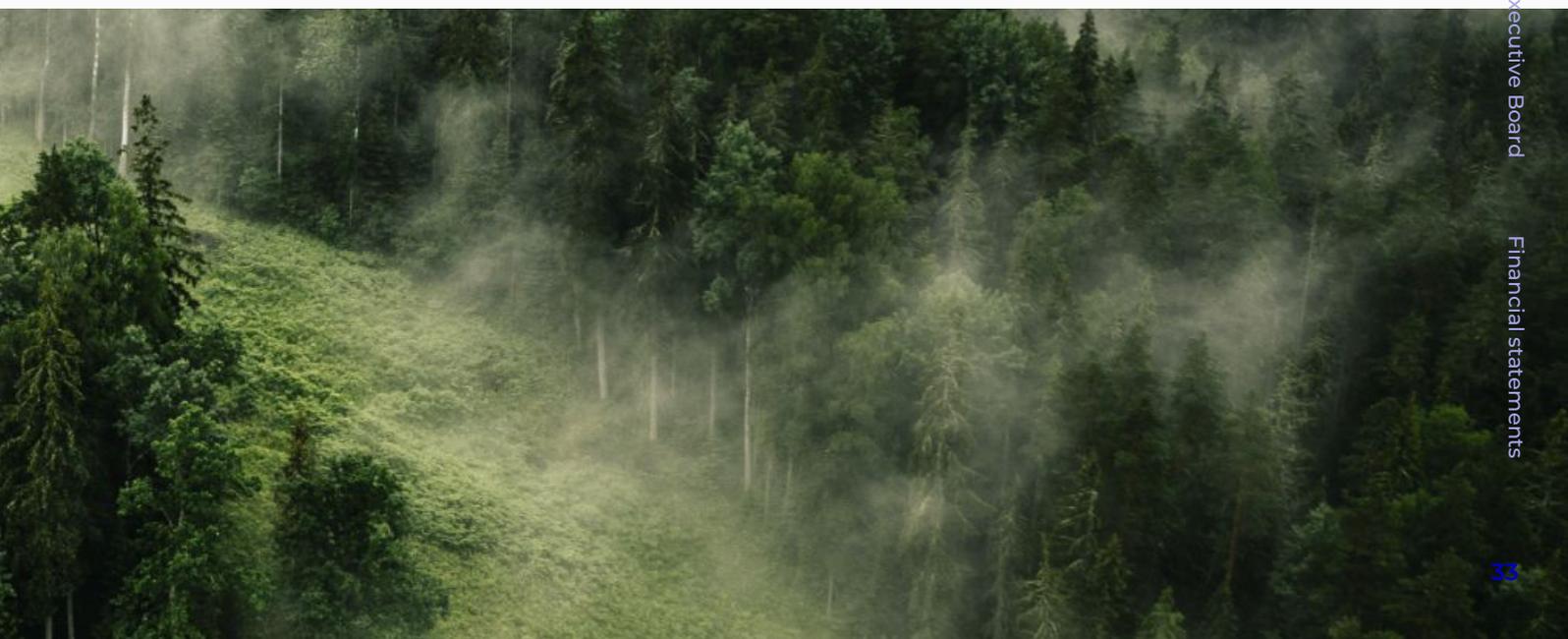
- has set the integration of the sustainability risk into the risk assessment and management process as one of the key priorities
- when making decisions related to risk taking and risk management, implements, develops and maintains the monitoring and assessment of sustainability factors in accordance with the goals set out in the *Sustainability Strategy*

The sustainability risk management strategy has been developed to facilitate the monitoring of sustainability risks, including internal and external environmental, social, economic and governance risk factors, effective decision-making and timely escalation to the Bank's management.

Sustainability risk owners are all structural units of the first line of defence, coordinated by the Sustainability Director.

Means of sustainability risk mitigation:

- continuous monitoring of the compliance of the Bank's current performance indicators with the *Business Development Strategy*, *Sustainability Strategy* and *Risk Management Strategy*, as well as making adjustments thereto
- continuous monitoring and prompt responding to changes in the internal and external environment that affect the Bank's operations
- other sustainability risk mitigation measures



## Sustainability management at the top management level

The Chairman of the Executive Board of the Bank is responsible for the sustainability management. The Chief Risk Officer of the Bank is responsible for sustainability risk issues. The Sustainability Director is directly subordinate to the Chairman of the Executive Board and coordinates the development of the *Sustainability Strategy*.

Every quarter, the Sustainability Director prepares the Group's Sustainability Management Report to indicate the progress in implementation of the *Sustainability Strategy* and the measures defined in its implementation plan. The report includes information on the Group's most important sustainability management processes, the activities of the Sustainability Committee, significant improvements and challenges related to sustainability management for the Group. The report reflects the status of implementation and execution of the *Sustainability Strategy* activity plan for the relevant period.

The Group's Sustainability Management Report is prepared by the Sustainability Director, reviewed by the Sustainability Committee and submitted to the Executive Board for consideration and approval. From 2025, the reports on the progress and challenges of implementing the sustainability strategy, the activities of the Sustainability Committee, decisions made and their implementation status are available to all employees.

The professional development of employees is a joint task of the employee and the employer. We ensure succession in management positions and expert-level positions to ensure continuity of operations and the inheritance of accumulated experience, knowledge and competencies. We constantly monitor current developments in the field of sustainability, and the employees are provided training on sustainability and importance of the same.

The heads of the Bank's structural units are responsible for promoting the professional growth of employees, supporting the employees' desire to learn.

In addition, within the Group, we regularly organize internal and external training on various topics related to the Group's operations, including sustainability topics.

The Human Resources Department provides introductory training for new employees, including within the framework of which new employees are introduced to our sustainability management and goals.

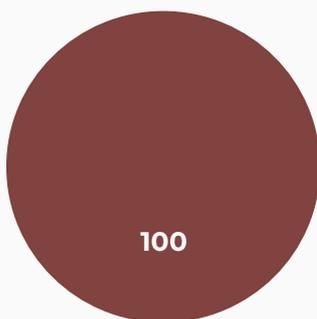
We introduce requirements for employee training in accordance with the distribution of their roles and responsibilities in achieving sustainability goals, and provide regular training that includes testing the knowledge and skills of employees whose daily work is related to identifying, assessing and managing sustainability risks. We educate and train all new employees on the sustainability goals of the Group's operations.

Mandatory sustainability trainings conducted by the Bank in the reporting period:

- Risk management for responsible and sustainable banking
- Cybersecurity
- Processing and protection of personal data (mandatory for all employees)
- Conflict of interest management, reporting of shortcomings, and whistleblowing
- Basic principles of the Group's *Code of Ethics*
- Bank's sustainability management
- Waste sorting

## Sustainability competences

Members of the Group's Executive Board having special knowledge on sustainability topics, %



- Having no special knowledge on sustainability topics
- Having special knowledge on sustainability topics

# Availability of sustainability information | GOV-2

Availability of sustainability information to internal stakeholders:

- The *Sustainability Strategy* is available to all employees.
- The *Group's Sustainability Management Report* is reviewed by the Sustainability Committee and submitted to the Executive Board for consideration and approval. From 2025, the report on the progress and challenges of implementing the sustainability strategy, the activities of the Sustainability Committee, decisions made and their implementation status is available to all employees.
- The Bank's management receives daily, weekly, monthly and quarterly risk control reports on the control of the set limits.

Availability of sustainability information to external stakeholders, society at large:

- From 2017 until 2023, the Group has published the *Sustainability Reports* in accordance with the principles of the Global Reporting Initiative (GRI) and later the GRI 2: General Disclosures 2021. The *Sustainability Reports* are published on the Bank's website and are available [here](#).
- In accordance with the requirements of Directive 2013/36/EU and Regulation (EU) No. 575/2013 of the European Parliament and of the Council, JSC "Rietumu Banka" publishes the statement on disclosure of information and additional detailed information related to risk management and capital adequacy. The statements are published on the Bank's website and are available [here](#).
- In accordance with the Credit Institution Law of the Republic of Latvia, Rietumu Banka publishes audit report on the Group's and the Bank's financial statements each year. The financial reports are published on the Bank's website and are available [here](#).

- The Bank, applying the requirements of the Law on Sustainability Disclosures, which arise from the Corporate Sustainability Reporting Directive and the European Sustainability Reporting Standards regulations, discloses its sustainability performance in the Sustainability Report, which is a part of the management report in the Financial Statements. The Group's first Sustainability Report has been published and is available on the website [here](#).
- According to Regulation 2019/2088 of the European Parliament and of the Council and Regulation 2022/1288, in relation to the individual portfolio management services provided by the Bank, the information on environmental and social characteristics and sustainable investments before concluding the contract is disclosed in the "Sustainability-related disclosure" section of the Bank's website, as well as the statement on the most significant negative impacts of investment decisions on sustainability factors is published. The statements are available on the Bank's website [here](#).
- In 2025, we developed the *Code of Ethics* for cooperation partners and published it on the Bank's website. The extract from the *Code of Ethics* for cooperation partners is published and available [here](#).

## Sustainability considerations in decision-making

When performing Double Materiality Assessment, we found that considerations related to the *Sustainability Strategy* are not sufficiently integrated into senior management decision-



making, including improvements needed in monitoring the strategy implementation and management involvement in evaluating its execution. The integrity of sustainability considerations in senior management decisions is planned to be strengthened by ensuring that sustainability management issues are not only considered by the Sustainability Committee and individually responsible members of the Executive Board but are also regularly included in the agenda of the Executive Board meetings

At the end of 2025, we completed another Double Materiality Assessment analysis to identify the Group's material impacts, risks, and opportunities. Therefore, the material impacts, risks, and opportunities identified in the Group's processes over the reporting year have not been completely integrated. At the same time, the Group's management was actively involved in identifying the impacts, risks, and opportunities material for the Group:

- Shareholders and the Bank's Council were involved in expressing their opinion and assessment on the sustainability topics, identified impacts, risks and opportunities that are material to the Group, and deciding on their inclusion in the Double Materiality Assessment.
- The Bank's Executive Board reviewed and evaluated the results of the Double Materiality Assessment, while indicating the necessary corrections in the values and conclusions of the analysis of material impacts, risks, and opportunities.

- The Sustainability Committee conducted a comprehensive Double Materiality Assessment, providing the Sustainability Director with recommendations to clarify and improve the aspects included in the assessment.
- The Sustainability Director managed and carried out the preliminary research and initial data collection on impacts, risks, and opportunities, involving the heads of relevant competence units and expert employee groups.

The Group's *Sustainability Strategy* sets out the strategic directions, priorities and objectives for sustainable development, including the results to be achieved, based on a Double Materiality Assessment, which includes the analysis of impacts, risks and opportunities. The Group's overall strategic objectives, priorities and directions for development are based on sustainability materiality aspects and the results of the Double Materiality Assessment, with a particular focus on negative impacts, financial risks and sustainability issues that could potentially have a significant impact on the green transition of the Group's business model. The Sustainability Director has been appointed as the person responsible for implementing the *Sustainability Strategy* at the Group level, whose task is to ensure the monitoring of the implementation of the strategy and sustainability goals, as well as the review of the strategy.



# Remuneration principles

## | GOV-3

The Executive Board develops and the Council approves the Group's *Remuneration Policy* in accordance with the set *Business Development Strategy* of the Group, the objectives of the conducted commercial activities, the defined values, and long-term interests. The *Remuneration Policy* supports and promotes prudent and effective risk management and the prevention of conflict of interest situations, ensures the remuneration fairness, competitiveness in the labour market, and alignment with employee performance. At the same time, the objective of the *Remuneration Policy* is to ensure adherence to the principles of gender neutrality and fairness.

The *Remuneration Policy* applies equally to all employees of the Group, including representatives of administrative, management, and supervisory bodies.

We implement the *Remuneration Policy* by introducing variable remuneration mechanisms based on performance, including those consistent with prudent risk management and the *Sustainability Strategy*. When determining the variable remuneration, the employee's performance assessment, the performance of the relevant structural unit and the overall performance results at the Bank and Group level are taken into account, following risk-based approach.

In 2025, the Group's sustainability objectives and related performance indicators were not integrated into the variable remuneration mechanisms of the supervisory, management and administration, including the administration management. In 2025, when updating the *Sustainability Strategy*, defining sustainability

objectives and their performance indicators, one of the tasks was to integrate and cascade sustainability performance indicators into the variable remuneration system, ensuring a link between management indicators and employee motivation mechanisms.

Compliance with the principles of equal remuneration is implemented by assessing the performance of all employees, including representatives of administrative, management and supervisory bodies, according to the following:

- employee self-assessment (no weighting in the assessment)
- employee's immediate supervisor's assessment (no weighting in the assessment)
- goal achievement assessment (45%)
- personal performance assessment (45%)
- performance assessment for previous periods (10%)

The variable part of the remuneration is paid when the performance results exceed the requirements set out in the employee's job description or for excellent and exemplary performance of work duties.

The Remuneration Policy does not set specific, sustainability-related quantitative indicators for the variable part of the remuneration, at the same time, the variable part of the remuneration is calculated, allocated, and paid to the employee based on a qualitative assessment of work performance, including by assessing the employee's competencies:

- methodical approach / orderliness / work planning
- perseverance / problem solving
- motivation / interest
- improvements, efficiency and innovation
- cooperation with colleagues
- management skills
- knowledge and reporting in the field of AML/CFTP
- adherence to corporate ethics and work procedures
- presentation and argumentation skills
- training / self-education

The performance evaluation of all employees is carried out once a year. The Bank's Council determines the financial and non-financial targets to be achieved by the Executive Board, their impact on the variable part of the remuneration and controls their implementation. The Remuneration Committee determines variable remuneration for the positions affecting the risk profile and for other employees, evaluating the performance of respective employees at least once a year, which includes evaluation of both quality and quantity criteria in combination with general performance results. The performance indicators of the reporting year and the previous 2 (two) years, if available, are taken into account in the assessment of the employee's performance. The Bank ensures that the remuneration to employees performing the internal control functions is not dependent on the results of the Bank's operations but is based on the targets of the internal control functions, and a variable part

of the remuneration may be granted for work performance results and excellent fulfilment of job duties.

The Remuneration Committee and/or members of the Executive Board, in accordance with the division of responsibilities in the Bank's organizational structure, determine the maximum allowable amount of the variable part of the remuneration for the reporting year, as well as the proportion between the variable part and the fixed part of the remuneration of positions affecting the risk profile. In the reporting period, the Group's Remuneration Policy and the variable part of the remuneration do not include quantitatively measurable sustainability performance targets.

The Group is committed to integrating sustainability objectives and their performance indicators into the annual performance evaluation of employees in order to improve the Group's remuneration system and ensure compliance with applicable regulatory requirements. In 2025, the goal to supplement the key performance indicators of the Bank's employees and officials with achievements in the field of sustainability was included in the updated *Sustainability Strategy*.

### Our sustainable development target:

- link the remuneration variable part to fulfilment of sustainability performance indicators, to evaluate and review achievements once a year

### Key performance indicator of our sustainable development target:

- in 2026, remuneration variable part of 7.5% employees linked to sustainability indicators



# Due diligence | GOV-4

The Sustainability Report is subject to limited assurance audit performed by independent auditor, and the opinion on the same is provided.

## Core elements of due diligence

Pienācīgas rūpības pamatelementi	Atsauce Ilgtspējas ziņojumā
Embedding due diligence in governance, strategy and business model	Sections “Due diligence   GOV-4”, “Strategy, business model   SBM-1” and “Value chain and business model”
Engaging with affected stakeholders in all key steps of the due diligence	Sections “Interests and views of stakeholders   SBM-2” and “Stakeholder engagement”
Identifying and assessing adverse impacts	Section “Material impact, sustainability risks and opportunities assessment approach”
Actions to address the adverse impacts on people and environment	Section “Material impacts, risks and opportunities   SBM-3”
Tracking the effectiveness of these efforts and communicating	Section “Material impacts, risks and opportunities   SBM-3”



# Risk management and internal controls over sustainability reporting | GOV-5

The Sustainability Report is prepared in accordance with the *External Reporting Procedure*, which stipulates the following:

- approach to information disclosure
- procedures for preparing the Sustainability Report
- information verifiability and traceability
- procedures for compiling, preparing, and calculating the included data
- roles and responsibilities of involved employees

The Sustainability Report, as part of the consolidated report, is coordinated with the external auditor for the signing of the sworn auditor's report. The Chairman of the Executive Board and a member of the Executive Board designated by the Executive Board sign the consolidated annual reports.

After the sworn auditor's report is signed, the report is forwarded for consideration and approval at the Bank's shareholders' meeting. In addition, the Audit Committee monitors the

development of the *Financial Statements and the Sustainability Report* and informs the Bank's Council about detected material deficiencies.

The Bank's Executive Board and employees are informed about the progress of the Sustainability Report development every quarter, by means of the Group's Sustainability Management Report. In communication with stakeholders, we adhere to transparency, providing objective and reliable information, conclusions, or opinions based on relevant and sufficient evidence.

We recognize that greenwashing is a violation of consumer rights and is considered a misleading form of communication, therefore, in accordance with sustainability-related disclosure requirements, we are committed to completely eliminating the risks of greenwashing.

In communication with stakeholders, we have identified a set of measures to prevent the risk of greenwashing:

- provide fair, reliable, comparable, and verifiable sustainability-related information to our clients, the public, and defined stakeholders
- in communication with stakeholders, use only sustainability-related information that can be substantiated with convincing evidence
- review and align the content used in communication with the objectives of the *Business Development Strategy*, *Sustainability Strategy*, and *Risk Management Strategy*
- provide expertise and skills on the risks of greenwashing and the potential impact on the Bank's reputation and internal control mechanisms, providing sustainability-related information

The procedure for preparing the Sustainability Report and disclosing information includes a risk management approach:

- the disclosed information is accurate, not misleading, and reflects all material facts in full; indicators are not "improved" by data selection or omissions
- when disclosing sustainability information, the principle of transparency is observed:
  1. the methodologies used, calculation approaches, data sources are clearly described

2. assumptions, limitations or significant uncertainties that may affect the reliability of the data are indicated

3. if data recalculations have been made, they are disclosed and justified

- by disclosing comparable information, consistency in data calculations is ensured, and the methodology is changed only for justified reasons or to correct significant deficiencies. Error corrections are distinguished from changes in estimates

The preparation of the Sustainability Report and the information disclosed is documented so that it can be reviewed by any of the Bank's control and supervisory units, the Audit Committee, and the external auditor. When preparing the Sustainability Report, evidence of the data sources and calculations used is retained.

In the preparation of the Sustainability Reports 2024 and 2025, the Bank's internal control and supervision units identified shortcomings related to the availability, quality, and compliance of the data required for the report with the minimum disclosure standards set out in the ESRS report. The shortcomings identified during the preparation of the Sustainability Report 2025 were assessed and remedied to the extent possible.



## Deficiencies identified during preparation of the Sustainability Reports 2024 and 2025

Identified deficiency	Measure applied to mitigate the deficiency
In 2024, while developing the Sustainability Report, there was no established procedure for developing the Sustainability Report.	The <i>External Reporting Procedure</i> has been developed in 2025 and applied to preparation of the Sustainability Report 2025.
No sustainability data collected from customers, outsourcing providers, suppliers, and service providers by sending out sustainability performance questionnaires for the Sustainability Reports 2024 and 2025.	A sustainability performance questionnaire for customers, outsourcers, suppliers and service providers has been developed and integrated into the Bank's sustainability data cloud platform. The sustainability performance questionnaire is planned to be sent to the defined target group in 2026.
In 2024, while developing the Sustainability Report, there was no established <i>Double Materiality Assessment Methodology</i> .	The <i>Double Materiality Assessment Methodology</i> has been developed in 2025 engaging external advisors and applied to preparation of the Sustainability Report 2025.
The external auditor, providing a Limited Assurance Report on the Sustainability Report 2024, found that the Double Materiality Assessment was not conducted in all material aspects according to the requirements set out in the ESRS Regulation.	In the Sustainability Report 2025, based on the initial observations of the external auditor in 2024, a Double Materiality Assessment was conducted in accordance with the requirements set out in the ESRS Regulation.
The Bank and its subsidiaries have not prepared the information to be disclosed in the EU Taxonomy Sustainability Report, as required by Article 8 of the EU Taxonomy Regulation.	The 2025 Sustainability Report does not include the EU Taxonomy Statement. In 2026, the Group, in cooperation with third parties, is implementing improvements to its IT system infrastructure to ensure the recording of the value of the Group's assets and their compliance assessment based on the sustainability criteria set out in the EU Taxonomy Regulation.
The 2024 Sustainability Report does not meet the disclosure requirement to disclose information on whether members of the administrative, management and supervisory bodies are offered incentives related to sustainability issues.	In the Sustainability Report 2025: 1. corrections have been made to the information provided in accordance with the requirements of ESRS GOV-3, specifically information on the absence of sustainability indicators in the Bank's Remuneration Policy in accordance with the structure set by ESRS, in order to meet the disclosure objective 2. achievable and realistic targets that the Bank will implement in 2026 have been disclosed

The Bank's internal control and supervisory functions:

- monitor the deficiencies identified in the Sustainability Reports 2024 and 2025, the implementation of recommendations provided to address them, by conducting follow-up audits
- will continue to regularly monitor the implementation of ESRS requirements and the tools for data collection and processing, as well as compliance with external requirements

The Sustainability Director, based on deficiencies expressed or identified by the Audit Committee, Sustainability Committee members, specialists from the Bank's structural units engaged, and

the external auditor regarding the Sustainability Report process or disclosure deficiencies, makes appropriate corrections in the report.

Each quarter, the Bank's Executive Board and employees are informed about the Bank's internal control and monitoring function in the Group's sustainability management, including the shortcomings identified in the development of the Sustainability Report and the progress of implementing recommendations to eliminate them in the *Group's Sustainability Management Report*.

The Audit Committee informs the Bank's Council about the identified shortcomings in the development of the Sustainability Report.



# Strategy, business model

## | SBM-1

We have developed the *Sustainability Strategy*, which sets the strategic directions, priorities, and objectives for the Group's sustainable development, including the results to be achieved, based on the Double Materiality Assessment that includes analysis of impacts, risks, and opportunities. The *Sustainability Strategy* is one of the cornerstones of the *Business Development Strategy* and, in line with the defined mission and vision, promotes the implementation and maintenance of sustainability principles in the Group's internal culture and operations.

### Sustainability commitment

#### “Green office”

In December 2022, the Bank received Green Office certification from the World Wide Fund for Nature. According to the elaborated environmental programme, it continues to consistently develop the environmental management system and improve the environmental awareness of the Bank's employees, following the Green Office guidelines.

#### “Mission Zero”

In 2023, the Bank signed the “Mission Zero” charter, joining the initiative aimed at creating a healthy and safe working environment. There were no work-related accidents in the Bank in 2025.

#### “Family-friendly workplaces”

In 2023, the Bank was awarded the status of a “Family-Friendly Workplace”. We implement a motivation system by providing support to employees in difficult situations and during significant individual or family-related events, as well as take care of employees' work-life balance. We are tolerant of all family forms and promote employees' work-life balance. As part of the family-friendly workplace programme, we

organize educational and entertaining events for employees' children. In the fall of 2025, we concluded participation in the "Family-Friendly Workplaces" programme upon the expiration of the status granted.

### Products and services offered by the Bank

- payments and accounts. More information is available on the Bank's website [here](#)
- payment cards and settlements. More information is available on the Bank's website [here](#)
- lending products. More information is available on the Bank's website [here](#)
- brokerage services. More information is available on the Bank's website [here](#)
- investment management. More information is available on the Bank's website [here](#)

We tailor our product and service offerings to the interests of our target customer groups. We have set a non-financial goal to promote the decarbonization of the Bank's and Group's operations and products in order to achieve carbon neutrality by 2050 at the latest.

## Bank's investment portfolio

*"Sustainable development is not just a goal, but our everyday practice. Sustainability principles are an integral part of value creation,"*

**Dmitrijs Krilovskis,**  
Head of the Treasury Department of Rietumu Banka

The Bank's assets are held in two main categories – the commercial loan portfolio and the investment portfolio, which mainly includes low-risk financial instruments for liquidity management purposes. The Bank's investment portfolio is diversified, avoiding excessive concentration in sectors, countries, regions, or individual positions.

To support the achievement of the European 'Green Deal' climate goals for 2050, the Bank is committed to managing its investment portfolio by gradually giving preference to more sustainable financial instruments and creating an investment portfolio with minimal impact on greenhouse gas emissions. The bank plans that the portion of the investment portfolio for which the amount of GHG emissions can be calculated will be at least 60%.

## Bank's loan portfolio

*"We continue to issue loans for sustainable projects that promote long-term development and sustainable use of natural resources. These range from new solar parks in Latvia, to scrupulous renovation and preservation of historic buildings, to development of energy-efficient residential and office complexes, as well as innovative industrial projects such as the new ASNS Ingredient factory in Jelgava we have financed, which will produce plant protein from peas grown in Latvia. There are many such sustainable loans in our portfolio, and we observe that our customers are also paying increasingly more attention to these important values,"*

**Artūrs Jukšs,**  
Member of the Executive Board of Rietumu Banka, Head of the Lending Department.

We focus on lending to large and medium-sized enterprises, expanding corporate lending in the Baltic States. The Bank's sustainable development is based on increasing the volume of lending to large and medium-sized enterprises.

## Real estate management

The Bank's main tasks in the field of real estate management owned by the Bank and the Group are real estate management, maintenance, leasing and sale, real estate development, renovation and construction, including investments in solar park construction projects, promoting the development of the renewable energy sector.

## Client service and banking transactions

In the area of customer service, the Bank's business model is based on attracting large or medium-sized companies with a clear legal and organizational structure that are registered in Latvia or a member state of the European Economic Area. The target customers in the private customer segment are the senior management and owners of the said corporate customers with a clear source of funds and a good reputation.

## Investment services

In the area of brokerage services and asset management, the Bank's business model is

based on private individuals with savings, as well as large or medium-sized companies with current assets that can be invested in financial instruments. The target customers in the private customer segment are the senior management and owners of the said companies with a clear source of funds and a good reputation.

## Operating markets

As the Bank is the largest local capital credit institution in Latvia, its primary market is Latvia. The Bank is expanding its activities in the Baltic States and other European Economic Area countries.

Major operating markets are the following:

- lending – Baltic States, mostly – Latvia
- real estate management – mostly Latvia
- asset and liability management – mostly European Union countries
- customer service (fintech) – Baltic States, European Union countries
- investment services – global

The Bank is proactively reducing its credit exposure in Russia and Belarus by exiting these markets. The Bank is gradually pursuing the aims to minimize or completely eliminate the relevant exposure by the end of 2028.



At the end of 2025, the number of employees in the Group was 491 and in the Bank – 383.

The Group does not carry out economic activity and does not provide services in prohibited markets in accordance with Latvian and European legislation. The Bank does not commence business relationship with persons that are residents of the countries listed by the Bank as “Countries whose residents are non-acceptable clients for the Bank”, pursuant to the following:

- sanctions set by the EU or US<sup>3</sup>
- high-risk and other monitored countries identified by the FATF<sup>4</sup>
- high-risk third countries identified by the EU Commission<sup>5</sup>
- countries listed in Section 311 of the USA Patriot Act<sup>6</sup>
- countries supporting terrorism<sup>7</sup>

Net operating income of the Group for 2025 amounted to EUR 81 077 000 million, and that of

the Bank – to EUR 65 938 000 million.

In the Sustainability Report 2025, the Group does not provide information on the total revenue breakdown by the ESRS sectors.

### Material impacts identified in our operations outside the ESRS topical standards included in the Sustainability Report

Based on the Double Materiality Assessment results, in addition to the ESRS topical standards applicable to the Group, actual and potential material impacts were also found to be present in the Group’s operations within the following ESRS topical standards:

#### ESRS S2 Workers in the value chain

The ESRS topical standard is defined as a material aspect of sustainability management based on the Group’s established values, which derive

### Material impacts, risks and opportunities ESRS S2 Workers in the value chain

Impact	Nature of impact	Impact rationale	Measures identified to mitigate negative impacts or enhance positive impacts
Well-being of employees in the value chain	Not defined	During the reporting period the Group did not have data on employees in its value chain. Although value chain employees have been identified as a material impact category, the Bank currently does not have sufficient information on the relevant data points to perform a comprehensive quantitative or qualitative assessment.	The Bank is planning to improve its data collection and management processes in the coming years.

### Material impacts, risks and opportunities ESRS S3 Affected communities

Impact	Nature of impact	Impact rationale	Measures identified to mitigate negative impacts or enhance positive impacts
Charitable activities implemented in more than 1,000 projects and donations exceeding EUR 10 million.	Positive, actual	<ul style="list-style-type: none"> <li>• External and internal stakeholders’ opinions</li> <li>• Financial contribution to the development of charities</li> </ul>	<ul style="list-style-type: none"> <li>• Continue implementing activities of the Nākotnes Atbalsta fonds, ensuring targeted and sustainable support for socially important initiatives.</li> <li>• Actively promote activities of the Nākotnes Atbalsta fonds to increase public awareness, engagement and participation in the Funds' initiatives, while building trust in and understanding of the Fund's contribution to long-term societal development.</li> </ul>

<sup>3</sup>Certain high-risk countries included in the list of countries, considering sanctions imposed by the European Union or the United States (namely, financial or trade restrictions)

<sup>4</sup>Financial Action Task Force public report on non-cooperative and high-risk countries [HYPERLINK "http://www.fatf-gafi.org/www.fatf-gafi.org"](http://www.fatf-gafi.org/www.fatf-gafi.org)

<sup>5</sup>Commission Delegated Regulation (EU) 2016/1675 of 14 July 2016 supplementing Directive (EU) 2015/849 of the European Parliament and of the Council by identifying high-risk third countries with strategic deficiencies (Text with EEA relevance). Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02016R1675-20250805>

<sup>6</sup>Section 311 of the USA Patriot Act contains the countries identified by order of the US Treasury Department ([www.fincen.gov](http://www.fincen.gov)) as posing serious money laundering concerns. Available at: [HYPERLINK "http://www.fincen.gov/resources/statutes-and-regulations/311-special-measures"](http://www.fincen.gov/resources/statutes-and-regulations/311-special-measures)

<sup>7</sup>\*\*\*\*Jurisdictions designated by the US Secretary of State's order ([www.state.gov](http://www.state.gov)) as countries supporting terrorism. Available at: [HYPERLINK "http://www.state.gov/state-sponsors-of-terrorism/"](http://www.state.gov/state-sponsors-of-terrorism/)

from the *Business Development Strategy* and the *Sustainability Strategy*. When performing a Double Materiality Assessment, it was concluded that the Group currently does not have sufficient qualitative and quantitative information to conduct a full analysis of whether the Group's activities result in positive or negative impact on employees in the value chain. Therefore, the nature of the impact cannot be defined at this stage.

The Bank's Executive Board decided to develop the Group's management approach to employees in the value chain to ensure the possibility of identifying and assessing the Group's impacts in the future. Accordingly, the requirements of the ESRS topical standard are not included in the 2025 Sustainability Report, following the principle of phased implementation.

### ESRS S3 Affected communities

Within the Double Materiality Assessment, the activities of the Group's subsidiary Nākotnes

Atbalsta fonds were evaluated as a separate impact aspect, which resulted in highlighting the Group's significant positive contribution to society. Initially, these activities were linked to the ESRS S3 Affected Communities topical standard, but it was concluded that they are not fully compatible with the data point requirements of this standard. It was also found that the activities of the Nākotnes Atbalsta fonds are not directly attributable to other social responsibility topical standards - ESRS S1 Own Workforce, ESRS S2 Workers in the Value Chain, and ESRS S4 Consumers and End-Users. The Bank's Executive Board decided not to include the ESRS S3 Affected Communities topical standard in the 2025 Sustainability Report, as the activities of the Nākotnes Atbalsta fonds are not directly related to the data point level of this standard. Instead, a separate section Nākotnes Atbalsta fonds has been created in the Sustainability Report, which reflects the positive contribution of the fund to society.

Risks	Opportunity	Financial value of risk/opportunity	Time horizon of impact	Impact in value chain	Impact on human rights protection
			Not identified	Not identified	Not identified

Risks	Opportunity	Financial value of risk/opportunity	Time horizon of impact	Impact in value chain	Impact on human rights protection
Not applicable	<ul style="list-style-type: none"> <li>Strengthening reputation</li> <li>Promotes customer loyalty and acquisition</li> <li>Contributes to implementation of the <i>Sustainability Strategy</i></li> <li>Encourages employee engagement and strengthens motivation</li> </ul>	3 739 500.00 €	<ul style="list-style-type: none"> <li>Short-term (&lt;1 year)</li> <li>Medium-term (1-5 years)</li> <li>Long-term (&gt;5 years)</li> </ul>	<ul style="list-style-type: none"> <li>Upstream</li> <li>Own operations (within the Group)</li> <li>Downstream</li> </ul>	Positive contribution

## ESRS E1 Climate change

In 2023, the Group became the owner of 28.97% of JSC "Latvijas Gāze", which is one of the leaders in the Baltic energy sector, providing wholesale and retail natural gas to business customers in Latvia, Estonia, Lithuania and Finland. Information about JSC "Latvijas Gāze" is not included in the Sustainability Report, as it is a subsidiary of another parent company, which is obliged to prepare a Sustainability Report for 2025. In August 2025, the Group sold shares of the associated company AS "Latvijas Gāze".

The Group does not carry out economic activities related to the production of coal, oil or chemicals, the production of controversial weapons, as well as tobacco growing and alcohol production.

## Long-term objectives for the Bank's major products and services

In its operations, the Group adheres to the three main objectives defined in the European Commission's communication "Action Plan: Financing Sustainable Growth":

1. reorient capital flows towards sustainable investment in order to achieve sustainable and inclusive growth
2. manage financial risks stemming from climate change, resource depletion, environmental degradation and social issues and
3. foster transparency and long-termism in financial and economic activity

The Bank assesses the materiality of sustainability factors in the lending process and, based on the assessment, plans to develop a methodology for

identifying and assessing sustainability risks for existing and new loan portfolios, including both physical environmental and climate change-related risks and significant transition risks.

The Bank aims to increase the share of sustainable products and sustainable financing. The Bank will develop a methodology that will allow measuring and assessing the level of sustainability risk of the financed project, its performance and compliance with the EU Taxonomy.

During the reporting period, the Group has not defined any sustainability-related objectives in relation to the Group's business lines and the Bank's most important products, customer categories, geographical areas and relationships with stakeholders. As part of our business development, we plan to minimize exposure to the Russian and Belarusian markets, taking into account the geopolitical situation and current sanctions risks. We also plan to continue operating and develop corporate client financing in our core markets – Latvia and the other Baltic countries, potentially seeking new markets in the European Economic Area.

In 2025, we defined sustainability-related goals and performance indicators for their achievement to promote the integrity of sustainability factors in the management of the loan portfolio and the management of the Bank's investment portfolio.

## Our sustainable development target:

- achieve Carbon Neutrality in the Group's operations by 2050, in line with the Green Deal climate goals and the transition to a low-carbon economy



**Performance indicators for achieving our sustainable development goals for the credit portfolio and investment portfolio**

Sustainability performance indicator	Indicator	Baseline year	Baseline year value	Target for 2025	Result of 2025	Target for 2028
<b>Sustainability of the loan portfolio</b>						
Appropriate sustainability information compiled about at least 60% of the outstanding loan portfolio by 2028	Loan portfolio coverage regarding the sustainability information, %	2024	0	20	Not implemented	60
Starting from 2025, calculate financed GHG emissions for the credit portfolio	-	-	-	Perform an assessment	Assessment performed. The assessment is not externally audited and is not disclosed in the Sustainability Report	Assessment performed
In 2026, set short-term and long-term targets for reducing GHG emissions for emissions financed by the loan portfolio.	-	-	-	-	-	Objectives defined, implementation underway
Starting from 2026, develop and apply a standardized method and system for assessing sustainability risks: for issued and potential loans (including collateral).	-	-	-	-	-	Method developed and assessment performed
Starting from 2026, conduct climate risk assessments and climate scenario analyses for the loan portfolio.	-	-	-	-	-	Method developed and assessment performed
In 2027, develop and implement criteria for the 'green loan' product	-	-	-	-	-	Criteria developed and implemented
The share of the loan portfolio financing sectors with lower climate impact to reach 40% of the loan portfolio balance in 2028	Sectors financed by the Bank's loan portfolio with lower potential climate impact, %	2024	37,5	32	42,3	40
<b>Sustainability in individual portfolio management</b>						
In the investment portfolio, sectors with a high climate impact do not exceed 40% of the total portfolio volume	Share of sectors with high climate impact in the investment portfolio, %	2024	38	≤40	30,63	≤40
The average sustainability risk score in the investment portfolio does not exceed 50 points out of 100*	Average ESG risk score of the investment portfolio, points	2024	46	≤50	40	≤50

Sustainability performance indicator	Indicator	Baseline year	Baseline year value	Target for 2025	Result of 2025	Target for 2028
<b>Sustainability in individual portfolio management</b>						
The amount of GHG financed by the investment portfolio does not exceed 10 thousand tCO <sub>2</sub> e	GHG emissions financed by the investment portfolio, tCO <sub>2</sub> e	2024	Assessment performed. The assessment is not externally audited and is not disclosed in the Sustainability Report	≤10 000	Assessment performed. The assessment is not externally audited and is not disclosed in the Sustainability Report	≤10 000
The average GHG intensity of investment portfolio revenue does not exceed 1.5 tCO <sub>2</sub> e per 1 EUR of revenue	Average investment portfolio income intensity per 1 EUR, tCO <sub>2</sub> e / EUR	2024	Assessment performed. The assessment is not externally audited and is not disclosed in the Sustainability Report	≤1,5	Assessment performed. The assessment is not externally audited and is not disclosed in the Sustainability Report	≤1,5

\*Sustainalytics sustainability risk assessment methodology applied to the financial instruments in the investment portfolio.

## Bank's mission, vision and values

### Mission

The Bank's mission is to create value through financial solutions – for the Bank's customers, employees, shareholders, society, and the Latvian economy.

For more than 30 years, the Bank has been an active member of Latvian society, and the social part of its mission is to support Latvian society in the development of traditional and new cultural trends, preservation of historical heritage, and the improvement of people's quality of life.

### Vision

The Bank is a leading provider of financial services and a knowledge centre that creates value and new opportunities for the growth of the entire Latvian and Baltic society through professional cooperation with large and medium-sized enterprises.

### Values

Expertise – an experienced team of professionals whose expert work focuses on solving a wide range of clients' financial issues.

Society – a socially responsible national capital bank focused on providing support for different social groups, urban environment, and the world.

Responsibility – sustainable, transparent and reliable financial solutions, with a focus on stable long-term cooperation.

### Bank's role in Latvia and globally

The Bank recognises the importance of environmental sustainability, social responsibility and governance, and its operations are intended to support and promote sustainable development of the Latvian and Baltic economies by providing support for medium-sized and large enterprises via lending and financial services.

Recognizing the seriousness of the consequences of climate change and the role of the financial sector in promoting sustainable development, we continue to implement the environmental, social responsibility and good governance principles at all levels of our operations, thereby creating a sustainable financial culture.

We recognize the importance of sustainability management as essential, and in our activities we intend to support and promote sustainable development of the Latvian and Baltic economies, providing support to medium-sized and large enterprises. We take a responsible approach to the tasks set for the financial sector: to promote sustainable finance and to create an understanding of our clients and cooperation partners about the importance of sustainable operations for the successful development of enterprises and the national economy.

## Sustainable strategy goals

Sustainability goals in area of climate and environment:

- to achieve carbon neutrality in the Group's operations by 2050, in line with the Green Deal climate targets and transition to a low-carbon economy
- to take targeted and efficient measures in daily processes in order to mitigate climate change and its impact
- to reduce the Group's exposure to climate change risks
- to support customers in the transition to low-carbon economy by providing financing for sustainable projects
- to introduce sustainable financial products that promote green transition and social inclusion
- to promote customer awareness of the importance of sustainability, to provide support for implementation of sustainable solutions, and to encourage sustainable actions
- to strengthen sustainability of the Bank's loan portfolio by limiting investment concentration in sectors with a significant negative impact on climate, thereby promoting transition to low-carbon economy and supporting adaptation to climate change
- to strengthen sustainability of the investment portfolio by limiting investment concentration in sectors with a significant negative impact on the climate
- to reduce the impact of the investment portfolio on climate change by promoting the transition to a low-carbon economy and ensuring that financed GHG emissions are limited in accordance with the Green Deal
- to ensure sustainable and responsible management of the Bank's investment portfolio by gradually reducing the level of sustainability risks
- to promote availability of renewable energy by investing in and lending to renewable energy projects
- to systematically include sustainability criteria in the Group's investment considerations and decisions
- to adhere to sustainability principles when selecting partners and suppliers
- to promote environmentally friendly technologies and energy for sustainable development of the city and the surrounding environment
- to implement a paperless office strategy and automate internal processes
- to promote customer awareness and understanding of the importance of

sustainable financial practices, to provide targeted and regular educational content in order to support responsible decision-making and the integration of sustainable development principles into business

## Sustainability goals in area of social responsibility:

- to promote employee awareness and ability to actively engage in sustainable development processes by applying knowledge in daily work and decision-making
- to encourage employee desire to develop, to support and inspire them to engage in lifelong learning, especially in areas related to the financial sector
- to promote the development of management competence in all Group units, ensuring systematic and targeted professional growth for managers
- to support development of young professionals and to promote inclusive work environment, providing opportunities for starting a career and professional growth
- to ensure effective mechanisms for active employee engagement and strengthening feedback, promoting continuous improvement of the work environment
- to promote representation and cooperation of different generations in the work environment, strengthening the Group's flexibility and knowledge transfer between generations
- to join the employer movement "Diversity is Strength"
- to implement a non-discriminatory, inclusive, and fair employment policy
- to promote balanced gender representation at all levels of the Group's structure, ensuring equal professional development opportunities for women and men
- to prevent accidents and occupational injuries by ensuring a safe and healthy working environment
- to promote healthy and responsible lifestyle, support sports activities, good nutrition choices, and activities that strengthen physical and mental health among employees
- to promote employee well-being, improve satisfaction and work performance indicators
- to ensure harmonized workload and opportunities to renew personal work resources, while supporting a balance between professional and personal life
- to encourage employee participation in development of the Group's business model and adaptation of products, services, and processes in order to ensure the effective integration of sustainability principles

- to develop remote, digitally accessible, and inclusive provision of the Group's services, promoting the sustainable use of resources to implement corporate social responsibility activities, with a particular focus on the following areas: healthcare, including medical services for children; social projects for the most vulnerable groups of the population; restoration of historic buildings and artifacts; urban development; Latvian and European art and culture; sports activities for children and young people
  - to strengthen close and sustainable cooperation with Customers, to promote a regular dialogue and an individually tailored approach
  - to improve and maintain high customer satisfaction by strengthening customer loyalty, trust and long-term relationships
  - to promote customer awareness of sustainable business by organizing educational and networking events that strengthen cooperation and create added value in customer relationships
  - to systematically reduce the number of justified complaints by ensuring their timely and high-quality review and eliminating deficiencies in internal processes
  - to improve the quality and accessibility of customer service by promoting fast, accurate communication that meets Customer needs
  - to promote long-term cooperation with customers, increase the share of long-term customers in the Bank's Customer portfolio
  - to promote growth of the share of active customers by improving engagement mechanisms
  - to strengthen attraction and retention of new customers by ensuring high-quality service and support
  - to improve access to financial products and services, as well as to strengthen the depth of relationships with each customer based on individual needs, financial profile, and cooperation potential
  - to ensure personal data protection, privacy, risk control, and transparent communication with customers about data processing principles
- and opportunities
  - to systematically assess, including in the Double Materiality Assessment process, negative impacts on the environment, employees and significant regulatory non-compliance throughout the Value Chain, as well as to implement efficient mitigation measures and, where possible, apply compensatory measures
  - to move towards achieving the selected UN Sustainable Development Goals
  - to strengthen the Risk Culture in the area of sustainability
  - to strengthen high-quality corporate governance in line with the OECD best practices by reviewing and improving governance processes, operational transparency, and accountability at all levels of the Group
  - to strengthen the Group's reputation and promote the quality of external and internal communication
  - to ensure sustainability analysis of the Bank's loan portfolio by strengthening responsible lending, risk management, decision-making, and transparency
  - to assess the compliance of products and services under development with the sustainability goals
  - to link the variable part of remuneration to the achievement of Sustainability KPIs, to evaluate and review the performance once a year
  - to gradually implement the ISO 32210:2022 standard "Sustainability and Governance – Principles and guidance"
  - to strengthen participation in international organizations and associations
  - to adhere to the zero commitment: "0" cases of corruption and bribery
  - to adhere to the zero commitment: "0" unmanaged conflicts of interest
  - to ensure regular and timely updating of strategic and policy-level documents, especially in high-risk areas
  - to simplify internal regulatory documents by applying the principles of understandable language, reduce the volume of documents if this does not restrict compliance with regulatory requirements
  - to promote honest and responsible business practices by ensuring the timely fulfilment of financial obligations and payment of invoices at all levels of the Bank and Group's operations, thereby strengthening trust among partners and adhering to high standards of business ethics

### **Sustainability goals in area of good governance:**

- to integrate sustainability aspects into all Group processes and internal regulatory framework
- to conduct regular Double Materiality Assessments to identify and analyse the Group's actual and potential impact on the environment and society, sustainability risks

# Corner stones of sustainable development

## UN Sustainable Development Goals

In order to strengthen unified transition to sustainable development, the Group purposefully uses the 17 Sustainable Development Goals set out in the 2015 UN General Assembly resolution "Transforming our world: Agenda for Sustainable Development". The Group has evaluated and identified nine priority sustainable development goals, the implementation of which the Group can contribute to most significantly through its activities and which may affect the Group's operations.



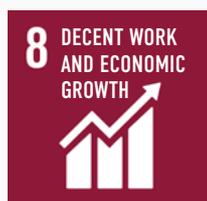
### Good health and well-being

By supporting a healthy and safe lifestyle, the Group promotes physical, psychological, and social well-being of its employees, their active participation in sports, wellness, and healthy lifestyle initiatives that strengthen the balance between work and personal life, enhance cohesion, and improve health literacy. In its internal communications, the Group promotes a responsible attitude towards health. The Group cares about health of its employees and their loved ones, paying particular attention to psychological resilience and emotional health, including post-crisis situations, and provides accessible resources and support mechanisms. As a responsible employer in the financial sector, the Group creates a working environment based on respect, inclusion and support, while promoting sustainable employment and the overall well-being of the society.



### Affordable and clean energy

In its activities, the Group supports transition to clean, renewable and affordable energy. At the same time, the Group promotes availability of environmentally friendly and sustainable energy by actively participating in development of relevant projects both as a financier and as a participant. The Group's central office building, Rietumu Capital Centre, is equipped with 228 solar panels, and the electricity generated is used for the Group's own consumption, thereby reducing its environmental impact and optimizing energy consumption. The Group implements the national energy policy and strengthens energy independence by financing projects for construction and modernization of solar power plants and development of their connection infrastructure. At the same time, the Group encourages sustainable changes in the daily habits of its employees, promoting conscious and responsible energy consumption both at work and outside of work, as well as updating knowledge about energy efficiency in internal communications.



### Decent work and economic growth

The Group promotes sustainable finances and sustainable economic growth by providing decent job opportunities. By financing medium-sized and large companies, the Group contributes to the development of the Baltic region's economy and job creation. By forming strategic financial partnerships and conducting economic activities in various sectors of the economy, the Group supports availability of capital. When providing financing to customers, the Bank also assesses the sustainability practices of companies and their potential positive or negative long-term impact on the environment, society and the economy. This approach strengthens economic resilience and promotes sustainable business development. The Group is aware of the Green Transition goals of the labour market and therefore supports initiatives that promote creation of new, sustainable jobs and the retraining of employees. The Group's long-term growth is based on a professional, ethically managed and inclusive working environment that provides safe, fair and development-promoting working conditions.



### Industry, innovation and infrastructure

In its activities, the Group promotes innovation, modern and sustainable infrastructure and manufacturing development, strengthening the competitiveness, energy efficiency and sustainability of companies. Financial support is provided in a targeted manner to companies with high added value and innovation potential. By developing flexible and environmentally friendly infrastructure, the Group promotes

economic growth, regional development and long-term social welfare. Support is also provided to companies that introduce technological innovations and transform traditional production models to meet the requirements of a sustainable economy. The Group's strategic approach is based on cooperation with partners from various sectors, creating a solid foundation for sustainable economic development.



### Reduced inequalities

The Group creates a working environment that respects diversity and ensures equal opportunities for all employees regardless of gender, age, ethnicity, health status, or other characteristics. Equality, inclusion, and respectful treatment are an integral part of the Group's internal and external culture, including ensuring equal and non-discriminatory treatment in customer service and product availability. In addition, the Group supports initiatives that promote fair employment, talent development, social cohesion, and reduce inequality both within the organization and in society as a whole. A practical contribution to strengthening social responsibility, reducing inequality, and building a more sustainable and inclusive society is made by the Nākotnes Atbalsta fonds, which implements various educational, cultural, social integration, and support initiatives, with a particular focus on supporting children, young people, and socially vulnerable groups.



### Sustainable cities and communities

The Group is actively involved in the development of sustainable urban environments and communities by providing financing for socially significant infrastructure and real estate projects that promote urban functionality and ecological sustainability. In cooperation with its clients and partners, the Group makes investments aimed at creating a smart, environmentally friendly, and socially inclusive urban environment. Subsidiaries, including Apella, develop both residential and commercial real estate in accordance with the principles of sustainable construction, ensuring integration of the area into the urban environment and taking care of its aesthetic quality. The projects implement solutions that reduce the impact on the environment, such as the use of solar energy, rainwater management, energy-efficient infrastructure, and the preservation of natural values. The Group implements projects for the preservation and development of cultural and historical heritage, respecting historical identity while creating added value for the modern urban environment. By engaging in neighbourhood community initiatives and urban dialogue, the Group strengthens community resilience and the well-being of local residents, creating a closer link between business, the environment, and society.



### Climate action

The Group is committed to actively engaging in climate change mitigation and limiting its consequences. By 2050, the Group aims to reduce GHG emissions to net-zero by creating a carbon-neutral operating model. This commitment covers both internal operations and cooperation with customers and the supply chain. The Group is currently in a phase of change, purposefully identifying climate impacts throughout its Value Chain – from internal processes and services to the activities of its customers and partners. The plan is to integrate climate risk into strategic management and develop a comprehensive action plan to achieve climate goals, including a decarbonization roadmap that will outline steps for gradually reducing emissions in the short and medium term. The plan will be closely linked to climate assessment and scenario analysis, strengthening sustainability management, and adhering to sustainable financing principles. The Group is already engaged in targeted dialogue with stakeholders, particularly in high-emission sectors such as construction, real estate, information and communication technologies, transport, and energy, to promote the transition to a low-carbon economy. This dialogue helps to identify the most significant sources of impact and sustainable solutions in financing and investment policy, as well as in operational activities.

Based on the results of the 2025 Double Materiality Assessment, the following ESRS thematic standards were identified, having impact as a result of the Group's economic activities:

- ESRS E1 Climate change
- ESRS S1 Own workforce
- ESRS S4 Consumers and end-users
- ESRS G1 Business conduct

## Value chain and business model

By value chain, we mean all activities, resources, and relationships related to the Group's business model and the external environment in which it operates.

## Stakeholders

The Group has identified stakeholders – individuals or groups that can influence the Group, or individuals who can be influenced by the Group and who have an interest in the company's decisions, activities and results. The identification of stakeholders and affected parties has been carried out in order to facilitate mitigation of risks and impacts associated with them.

### The Group's stakeholders

- Shareholders
- Supervisory Board, Supervisory Board's committees, Audit Committee
- Management Board
- Employees
- Customers
- Cooperation partners (suppliers and service providers)
- State institutions
- Community
- Environment

When defining sustainable development goals and performance indicators, the affected stakeholders or groups whose interests, including human rights and well-being, may be positively or negatively affected by the implementation of these goals were identified.

When performing the Double Materiality Assessment, the value chain was analysed:

- general analysis of the value chain from the perspective of stakeholders
- analysis of the value chain at the level of the

Group's products and services

- analysis of key resources related to the value chain (human resources, technology, raw materials, infrastructure) at the level of the Group's products and services

The value chain is analysed with the aim of identifying participants in the value chain with increased environmental or social risk, especially in direct business relationships, and integrating the results into the improvement of business relationships and reduction of the Group's risks. We are committed to improving our value chain analysis – identifying its participants and their areas of activity. As a part of this, in 2025, we included the sustainability assessment criterion "Stakeholders and value chain" in the Group's subsidiary monitoring procedure.

Both in the Double Materiality Assessment and in the Business Development Strategy, we analysed and defined the resources needed to achieve the Group's goals:

- financial resources
- human resources
- partnerships
- technologies

As a professional strategic partner, we create added value for our clients by using our resources, range of services, and experience.

Our *Business Support Strategy* provides for the sustainable and secure development of information and communication technologies, including managing information and communication technology risks, promoting secure and uninterrupted access to information resources and effective digital business continuity, ensuring digitization of business processes and customer service channels, improving efficiency and security of the technological solutions used, creating a technological environment based on customer experience, and providing staff management and training to strengthen technological and cyber security practices.

We believe that it is almost impossible to be a leader in every market segment, so we have selected a niche and areas of the economy where the Bank can use the available resources to its advantage with the highest return. Given the size of its capital, the Bank has the opportunity to engage in large-scale financing transactions. By cooperating with and providing support to corporate clients, the Bank is ready to engage in higher-risk and higher-yield projects, mainly in

the Baltic states. The Bank sees further growth and development opportunities by undertaking medium- and high-risk transactions and potentially acquiring a stake in the businesses it finances. However, no significant number of such projects is planned, and the Bank will evaluate each project individually at several management levels before making the decision, determining the direction, cooperation partners, geographical scope, etc., as well as analysing the project's compliance with the Bank's risk appetite and project return.

### Upstream value chain

By upstream value chain, we mean all cooperation partners, service providers, and suppliers who directly (first-tier suppliers) and indirectly (second-tier and higher suppliers) ensure and support the Group's processes and activities in the development of its products and services.

The Group identifies key partnerships in the upstream value chain for each business line:

- Lending – law firms, property appraisers, architects, insurance companies, state registries, credit information bureaus, audit companies
- Real estate management – architects, construction companies, external licensed real estate brokers, property appraisers, IT system providers
- Customer service and banking operations – cooperation partners in providing card acceptance services, cooperation partner in the development and after-sales service of open banking services; cooperation partner in providing processing services for card acceptance and open banking services; e-commerce portal service providers; cooperation partners in providing remote customer identification; Clearing services for payment acceptance, processing and settlement; Correspondent banks; State register; insurers (for cards)
- Brokerage services and asset management – trading platforms, financial information and data providers
- Asset and liability management – custody and securities settlement service providers; financial information and data providers; currency risk hedging transaction counterparties
- Support for economic processes – utilities providers; technology solution developers; economic service providers and goods suppliers; audit companies

In 2025, we developed a Code of Ethics for our cooperation partners to ensure that, within the limits of our influence, the principles of ethics, good governance, human rights, labour, rule of law, and the environment are followed, and we expect both direct and indirect cooperation partners to comply with them. The Code of Ethics is available for cooperation partners [here](#).

### Downstream value chain

By downstream value chain, we mean the part of the value chain that covers all processes, activities, and relationships related to the Group's products and services after they have been sold or transferred to the customer, including distribution, transport, storage, use, service provision, waste management and recycling, as well as any other activities related to the life cycle of a product or service.

### Bank

The Bank highlights the following corporate clients in these sectors as the most significant – real estate developers, manufacturing companies, distribution and retail chains, transport, construction, import and export companies, as well as clients with cross-border business requirements, trade finance, shipping and green energy projects. The Bank plans to focus on serving large and medium-sized corporate clients in various industries.

The Bank will focus on serving corporate clients with a transparent legal structure, while maintaining relationships with wealthy individuals.

### Rest of the Group

- SIA RB Investments – main customer group, receiving services in the areas of real estate leasing, sales, as well as lending and investment
- Rietumu Leasing OOO – main customer group, receiving leasing services in Belarus
- SIA InCREDIT GROUP – main customer group, receiving consumer lending services
- SIA Second Sky Management, Ulmaria Limited – main customer group receiving aviation services
- SIA Vesetas 7, SIA KI Nekustamie Ipasumi, SIA KI FUND, SIA Euro Textile Group, KI Invest OOO, SIA Apella, SIA KI Zeme – the main customer group, receiving real estate brokerage, rental and sales services
- SIA RB Drosiba – the main customer group, receiving security services

- RB Securities Limited – main customer group, receiving asset management services
- Foundation Nakotnes Atbalsta Fonds – beneficiaries who meet the fund's defined

mission and objectives. An overview of the Nakotnes Atbalsta fonds can be found in the section Nakotnes Atbalsta Fonds



## Interests and opinions of stakeholders | SBM-2

In a dialogue and cooperation with stakeholders, the Group focuses on transparency, building a common understanding of sustainability risk mitigation and good governance. Cooperation is also developed at the cross-sectoral level by participating in industry associations.

Priority is given to developing dialogue with stakeholders whose activities have a significant impact on the climate:

- real estate management
- construction
- information and communication technologies
- agriculture
- transport and transportation services
- waste management
- energy

In accordance with the requirements of the Corporate Sustainability Reporting Directive and the European Sustainability Reporting Standards, as well as other binding standards and recommendations in the field of sustainability, we disclose information about the sustainability of our operations to interested parties and affected parties. Disclosing sustainability-related information strengthens our reputation, mitigates operational compliance risk, and promotes sustainable relationships with stakeholders.

## Key stakeholders

*“The Bank implements a customer-oriented approach in its operations, based on mutual benefits and responsible risk management. The needs of the target customer group, development dynamics, and sustainability readiness significantly influence the Bank's strategic decisions and business model development. Based on these aspects, the Bank adapts its range of products and services, providing sustainable financial solutions that meet customer needs,”*

**Jānis Plikšs,**  
Head of Customer Service Management at Rietumu Banka.

## Stakeholder engagement

In 2025, we developed a stakeholder engagement plan, setting out:

- sustainability priorities for engagement
- impact management tools and mechanisms
- cooperation and communication forms, regularity, and goals
- initial and ongoing integration of opinions into strategic and operational decision-making
- informing the Group's management structure about opinions and expected procedures

The stakeholder engagement plan has been developed based on the results of the Double Materiality Assessment, with the aim of taking into account interests and opinions of stakeholders and affected parties in the Bank's activities, ensuring responsible business practices aimed at creating a positive impact and strengthening mutual trust in long-term relationships.

The Bank strives to provide the highest quality service, listen to the needs of each customer and understand their specific circumstances, and provide individually tailored and effective financial solutions.

The bank implements a customer-oriented development strategy by introducing the principle of corporate social responsibility – patronage and sponsorship, provision of assistance and support, including within the framework of the Nākotnes Atbalsta fonds, as well as the voluntary involvement of customers' opportunities and competencies in implementation of sustainability projects is one of the implementation tools.

In 2025, we developed a sustainability performance questionnaire for customers, outsourced service providers, suppliers, and service providers to summarize and analyse sustainability risks in our value chain.

The sustainability performance questionnaire is planned to be sent to the defined target group in 2026.

We consider the summary assessment of the Group's economic impact, risks, and opportunities obtained during Double Materiality Assessment, stakeholder engagement in 2025 to be a significant opinion of stakeholders. The Bank's Management Board decided to integrate the assessment obtained through stakeholder engagement, particularly expectations regarding cooperation with the Bank, into the *Sustainability Strategy*.

### Our sustainable development goal:

- to strengthen close and sustainable cooperation with customers, to promote a regular dialogue and an individually tailored approach
- to improve and maintain high customer satisfaction by strengthening customer loyalty, trust and long-term relationships

### Our performance indicator for achieving our sustainable development goal:

- in 2028, loyalty and/or product-oriented meetings conducted with 70% of customers who qualify for individual service
- by 2028, to achieve 100% satisfaction among customers with whom loyalty meetings have been held



# Material impacts, risks and opportunities| SBM-3

We have carried out a Double Materiality Assessment to identify cross-implications:

1. what the Group's activities generate on environmental, social and governance aspects and sustainability aspects and topics
2. how sustainability aspects and topics affect the Group's performance and financial position

As part of the Double Materiality Assessment, we identified material impacts, opportunities, risks in the following ESRS Thematic Standards:

- ESRS E1 Climate Change
- ESRS S1 Own workforce
- ESRS S4 Consumers and End-Users
- ESRS G1 Business Conduct

Assessing the Group's impacts on climate change, it was concluded that due to the current lack of data on the Group's climate impacts, adaptive capacity and asset exposure to sustainability risks

(as defined in the EU Taxonomy), it is not possible to draw sufficiently data-driven conclusions on the severity of impacts and the magnitude of the opportunity or risk. However, taking into consideration all sustainability requirements applicable to the Group, including the obligation of credit institutions to contribute to climate change mitigation and adaptation, the Bank's Management Board decided to identify ESRS Thematic Standard E1 Climate Change as relevant to the Group.

### Material impacts, risks and opportunities ESRS E1 Climate Change

Impact	Nature of impact	Impact rationale	Measures identified to mitigate negative impacts or enhance positive impacts
Impact of asset and liability management on climate change	Negative, actual impact	<ul style="list-style-type: none"> <li>Analysis of internal regulatory documents and processes</li> <li>Internal and external risk registers</li> <li>Industry practices</li> <li>Views of external and internal stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>Conduct an assessment of asset exposure to transitional and physical sustainability risks</li> <li>Launch sustainability performance surveys for customers</li> <li>Support the <i>Sustainability Strategy</i> goal - prioritising dialogue with stakeholders operating in sectors with significant climate impacts</li> </ul>
Sustainable urban environment for climate change mitigation	Positive, actual impact	<ul style="list-style-type: none"> <li>Analysis of internal regulatory documents and processes</li> <li>Analysis of objectives of issued loan commitments</li> <li>Views of external and internal stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>Assessment of projects according to EU Taxonomy criteria</li> <li>Implement BREEAM and energy efficiency standards</li> <li>Develop action plan/sustainable real estate development policy</li> </ul>

### Material impacts, risks and opportunities ESRS S1 Own workforce

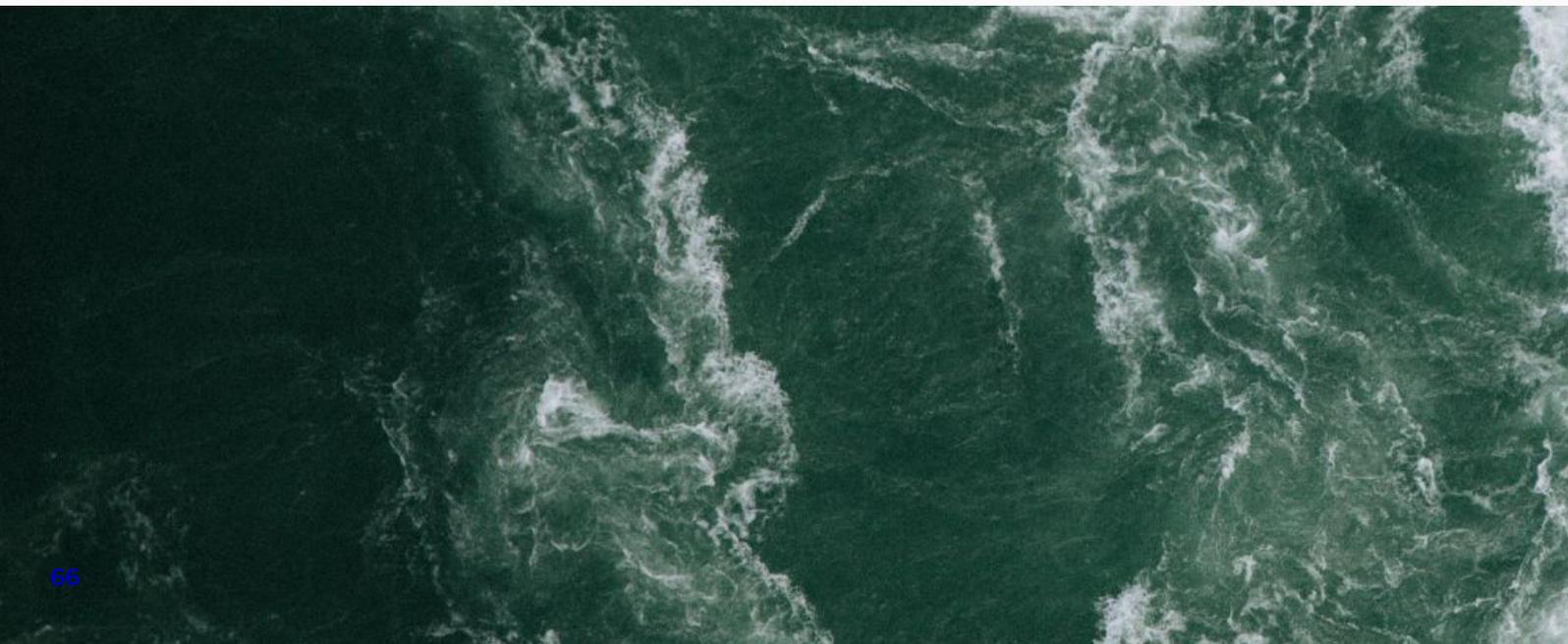
Impact	Nature of impact	Impact rationale	Measures identified to mitigate negative impacts or enhance positive impacts
High staff turnover creates additional workload, stress and insecurity for remaining employees, affecting their well-being and motivation	Negative, potential	<ul style="list-style-type: none"> <li>Analysis of staff turnover rates</li> <li>Employee satisfaction survey results</li> <li>Employee survey as part of Double Materiality Assessment</li> <li>Rietumu Banka brand research study</li> <li>Expert task force assessment</li> </ul>	<ul style="list-style-type: none"> <li>Assess, record and analyse reasons for employee turnover</li> <li>Identify employee needs and expectations from the employer to proactively prevent decisions to terminate employment</li> <li>Ensure competitive pay and benefits for existing staff</li> <li>Organise employee team-building events</li> <li>Introduce employee surveys and feedback mechanisms</li> <li>Regular 1:1 discussions with employees to identify problems early</li> <li>Implement objectives of the <i>Sustainability Strategy</i></li> <li>Ensure an inclusive working environment by promoting intergenerational representation and cooperation, strengthening the Group's flexibility and transfer of knowledge between generations</li> <li>Implement a non-discriminatory, inclusive, fair employment policy</li> </ul>
Measures promoting physical and mental health of employees	Positive, actual	<ul style="list-style-type: none"> <li>The Bank's financial investment in promoting employees' mental and physical health</li> <li>External and internal stakeholders' opinions</li> <li>Initiatives, events organised by the Bank</li> </ul>	Continue to positively influence and promote physical and mental health, safety and well-being of employees
Development of employee competences	Positive, potential	<ul style="list-style-type: none"> <li>The Bank's financial investment in development of employee competences</li> <li>The Bank's internal training programme</li> <li>Employee satisfaction survey results</li> <li>Employee survey as part of Double Materiality Assessment</li> </ul>	Continue to positively influence and promote employee competence development and career opportunities at Group level
Availability and transparency of information in sustainability management	Positive, actual	<ul style="list-style-type: none"> <li>In 2025, the Bank ensures 100% availability of sustainability-related information to employees, particularly those involved in addressing relevant issues</li> <li>Employee satisfaction survey results</li> <li>Employee survey as part of Double Materiality Assessment</li> </ul>	Publish on the Bank's website: <ul style="list-style-type: none"> <li>Sustainability management structure</li> <li>Extract from the <i>Sustainability Strategy</i></li> <li>Progress in <i>Sustainability Strategy</i> implementation</li> <li>Develop and partly publish the <i>Sustainability Strategy Implementation Action Plan</i></li> </ul>

Risk	Opportunity	Financial value of risk/opportunity	Time horizon of impact	Impact in value chain	Impact on human rights protection
Exposure of assets and operations to transitional and physical climate risks	Not applicable	29 916 000.00 €	<ul style="list-style-type: none"> <li>Short-term (&lt;1 year)</li> <li>Medium-term (1-5 years)</li> <li>Long-term (&gt;5 years)</li> </ul>	<ul style="list-style-type: none"> <li>Upstream</li> <li>Own operations (within the Group)</li> <li>Downstream</li> </ul>	None
Not applicable	Sustainable urban environment and investments in solar park construction projects, promoting renewable energy development	29 916 000.00 €	<ul style="list-style-type: none"> <li>Short-term (&lt;1 year)</li> <li>Medium-term (1-5 years)</li> <li>Long-term (&gt;5 years)</li> </ul>	<ul style="list-style-type: none"> <li>Upstream</li> <li>Own operations (within the Group)</li> <li>Downstream</li> </ul>	None

Risk	Opportunity	Financial value of risk/opportunity	Time horizon of impact	Impact in value chain	Impact on human rights protection
Implement a non-discriminatory, inclusive, fair employment policy High staff turnover generates costs, increases risks in control processes, hinders achievement of strategic objectives, and affects reputation with customers, regulators and employees	Not applicable	37 395 000.00 €	<ul style="list-style-type: none"> <li>Short-term (&lt;1 year)</li> <li>Medium-term (1-5 years)</li> </ul>	Own operations (within the Group)	None
Not applicable	Healthy, motivated employees lead to better work performance	11 218 500.00 €	<ul style="list-style-type: none"> <li>Short-term (&lt;1 year)</li> <li>Medium-term (1-5 years)</li> </ul>	Own operations (within the Group)	None
Not applicable		37 395 000.00 €	<ul style="list-style-type: none"> <li>Short-term (&lt;1 year)</li> <li>Medium-term (1-5 years)</li> <li>Long-term (&gt;5 years)</li> </ul>	Own operations (within the Group)	None
Not applicable	Contribution to achieving sustainability objectives	8 974 800.00 €	<ul style="list-style-type: none"> <li>Short-term (&lt;1 year)</li> <li>Medium-term (1-5 years)</li> <li>Long-term (&gt;5 years)</li> </ul>	Own operations (within the Group)	None

### Material impacts, risks and opportunities ESRS S4 Consumers and End-Users

Impact	Nature of impact	Impact rationale	Measures identified to mitigate negative impacts or enhance positive impacts
Customer satisfaction indicators	Positive, potential	<ul style="list-style-type: none"> <li>Bank's customer complaints register</li> <li>Bank's procedure for handling customer complaints</li> <li>External and internal stakeholders' opinions</li> <li>Customer feedback in Double Materiality Assessment</li> </ul>	<ul style="list-style-type: none"> <li>Introduce proactive customer communication, providing preventive information to customers on common mistakes or misconceptions</li> <li>Conduct staff training to develop empathy and communication skills in customer interactions</li> </ul>
Responsible marketing practices with sustainable development opportunities	Positive, potential	<ul style="list-style-type: none"> <li>Bank's customer complaints register</li> <li>External and internal stakeholders' opinions</li> <li>Customer feedback in Double Materiality Assessment</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen the integrity, implementation and monitoring of the Business and Sustainable Development Strategy</li> <li>Strengthen customer engagement in defining the business model and strategic directions, adapting them to customer needs</li> </ul>
Promotes financial inclusion	Positive, actual	<ul style="list-style-type: none"> <li><i>Business Development Strategy</i>, serve high-risk customers</li> <li>Bank of Latvia guidelines for ensuring effective financial inclusion</li> <li>External and internal stakeholders' opinions</li> <li>Customer feedback in Double Materiality Assessment</li> </ul>	<ul style="list-style-type: none"> <li>Develop an action plan to achieve objectives of the <i>Business Development Strategy</i></li> </ul>
Operational risk management	Negative, potential	<ul style="list-style-type: none"> <li>Review of major operational risk incidents</li> </ul>	<ul style="list-style-type: none"> <li>Improvement of internal regulatory documents and procedures</li> <li>Modernisation of IT systems and digitisation of processes</li> <li>Improving cooperation between structural units</li> <li>Integration of sustainability risks into operational risk management</li> <li>Strengthening business continuity planning and resilience</li> </ul>



Risk	Opportunity	Financial value of risk/opportunity	Time horizon of impact	Impact in value chain	Impact on human rights protection
Not applicable	Contribution to achieving business objectives	29 916 000.00 €	<ul style="list-style-type: none"> <li>Short-term (&lt;1 year)</li> <li>Medium-term (1-5 years)</li> <li>Long-term (&gt;5 years)</li> </ul>	<ul style="list-style-type: none"> <li>Upstream</li> <li>Own operations (within the Group)</li> </ul>	None
Not applicable	Contribution to achieving business objectives	8 974 800.00 €	<ul style="list-style-type: none"> <li>Short-term (&lt;1 year)</li> <li>Medium-term (1-5 years)</li> <li>Long-term (&gt;5 years)</li> </ul>	<ul style="list-style-type: none"> <li>Upstream</li> <li>Own operations (within the Group)</li> <li>Downstream</li> </ul>	None
Not applicable	<ul style="list-style-type: none"> <li>Contribution to achieving business objectives</li> <li>Expansion into new market segments</li> </ul>	37 395 000.00 €	<ul style="list-style-type: none"> <li>Short-term (&lt;1 year)</li> <li>Medium-term (1-5 years)</li> <li>Long-term (&gt;5 years)</li> </ul>	<ul style="list-style-type: none"> <li>Upstream</li> <li>Own operations (within the Group)</li> </ul>	None
<ul style="list-style-type: none"> <li>Reputational risk</li> <li>Compliance risk</li> <li>Financial risk</li> <li>Reduced productivity and efficiency</li> <li>Impact on sustainability objectives</li> <li>Delayed implementation of strategic development</li> <li>Allocating resources to incident response reduces development opportunities</li> </ul>	Not applicable	29 916 000.00 €	<ul style="list-style-type: none"> <li>Short-term (&lt;1 year)</li> <li>Medium-term (1-5 years)</li> <li>Long-term (&gt;5 years)</li> </ul>	<ul style="list-style-type: none"> <li>Upstream</li> <li>Own operations (within the Group)</li> <li>Downstream</li> </ul>	None

### Material impacts, risks and opportunities ESRS G1 Business Conduct

Impact	Nature of impact	Impact rationale	Measures identified to mitigate negative impacts or enhance positive impacts
Conditions for ethical and professional conduct	Positive, potential	<ul style="list-style-type: none"> <li>Code of Ethics</li> <li>External and internal stakeholders' opinions</li> </ul>	Include the Code of Ethics commitments as an annex to agreements with cooperation partners
Strengthened sustainability management	Positive, potential	<ul style="list-style-type: none"> <li>Sustainability Strategy</li> <li>Sustainability management structure</li> <li>Assessment of internal control and monitoring</li> <li>External and internal stakeholders' opinions</li> </ul>	<ul style="list-style-type: none"> <li>Develop an action plan for implementation of the Sustainability Strategy and align it with the financial plan</li> <li>Clearly define involvement and responsibilities in sustainability management at structural units level</li> </ul>
Contribution to the development of arts and sport	Positive, actual	<ul style="list-style-type: none"> <li>External and internal stakeholders' opinions</li> <li>Bank's financial contribution to the development of arts and sport</li> </ul>	<ul style="list-style-type: none"> <li>Continue developing the contribution to arts, sport and cultural projects, involving cooperation partners such as key customers in public campaigns</li> <li>Establish links with the main principles of the Code of Ethics</li> </ul>
Historical impact of non-compliance with external and internal regulations in AML/CFTP and sanctions areas	Negative, actual	<ul style="list-style-type: none"> <li>Financial and Capital Market Commission assessments</li> <li>Supervisory assessments</li> <li>Internal control and monitoring assessments</li> </ul>	<p>Regular improvements of the Bank's internal control system, which includes:</p> <ol style="list-style-type: none"> <li>Strengthening the 2nd and 3rd lines of defence in AML/CFTP/sanctions risk management and supervision</li> <li>Enhancing competence and knowledge of all Bank and consolidated group employees through regular external and internal training on AML/CFTP and sanctions compliance</li> <li>Improvement of internal regulatory documents and the Bank's internal processes in AML/CFTP/sanctions areas, including regular updates and revisions of internal regulatory documents in accordance with external and internal regulations and decisions made</li> <li>Implementation of remediation plans and recommendations issued by external and internal auditors</li> </ol>
ICT systems are not aligned with the Bank's business development strategy	Negative, potential	<ul style="list-style-type: none"> <li>Operational risk database applications</li> <li>External audit recommendations</li> <li>Supervisory recommendations</li> </ul>	Targeted, operational improvement of internal communication technology system
Compliance with the principle of proportionality in cooperation with customers in AML/CFTP and sanctions due diligence process	Positive, actual	<ul style="list-style-type: none"> <li>Supervisory assessment</li> <li>The Bank's implementation of the proportionality principle and risk-based approach in cooperation with customers in AML/CFTP/sanctions</li> </ul>	Improvement and alignment of internal regulatory documents

Risk	Opportunity	Financial value of risk/opportunity	Time horizon of impact	Impact in value chain	Impact on human rights protection
Not applicable	Code of Ethics improves the Group's reputation, reduces financial risks and lowers costs in the long term	22 437 000.00 €	<ul style="list-style-type: none"> <li>Short-term (&lt;1 year)</li> <li>Medium-term (1-5 years)</li> <li>Long-term (&gt;5 years)</li> </ul>	<ul style="list-style-type: none"> <li>Upstream</li> <li>Own operations (within the Group)</li> <li>Downstream</li> </ul>	Positive contribution
Not applicable	<ul style="list-style-type: none"> <li>Long-term vision and development prospects defined</li> <li>Consistency in achieving objectives ensured</li> </ul>	29 916 000.00 €	<ul style="list-style-type: none"> <li>Short-term (&lt;1 year)</li> <li>Medium-term (1-5 years)</li> <li>Long-term (&gt;5 years)</li> </ul>	<ul style="list-style-type: none"> <li>Own operations (within the Group)</li> </ul>	None
Not applicable	Improved reputation, increased brand value	37 395 000.00 €	<ul style="list-style-type: none"> <li>Short-term (&lt;1 year)</li> <li>Medium-term (1-5 years)</li> <li>Long-term (&gt;5 years)</li> </ul>	<ul style="list-style-type: none"> <li>Upstream</li> <li>Own operations (within the Group)</li> <li>Downstream</li> </ul>	Positive contribution
<ul style="list-style-type: none"> <li>Potentially insufficient corporate culture may entail risks leading to sanctions/penalties and therefore negative financial risk</li> <li>Financial crimes may jeopardise financial stability and spread to other state institutions</li> </ul>	Not applicable	7 479 000.00 €	<ul style="list-style-type: none"> <li>Medium-term (1-5 years)</li> </ul>	<ul style="list-style-type: none"> <li>Upstream</li> <li>Own operations (within the Group)</li> <li>Downstream</li> </ul>	None
Business development risk	Not applicable	29 916 000.00 €	<ul style="list-style-type: none"> <li>Short-term (&lt;1 year)</li> <li>Medium-term (1-5 years)</li> <li>Long-term (&gt;5 years)</li> </ul>	<ul style="list-style-type: none"> <li>Upstream</li> <li>Own operations (within the Group)</li> <li>Downstream</li> </ul>	None
Not applicable	Compliance with the proportionality principle in cooperation with customers in AML/CFTP and sanctions due diligence process	37 395 000.00 €	<ul style="list-style-type: none"> <li>Medium-term (1-5 years)</li> </ul>	<ul style="list-style-type: none"> <li>Upstream</li> <li>Own operations (within the Group)</li> <li>Downstream</li> </ul>	None

Based on the outcome of the Double Materiality Assessment, the Management Board of the Bank decided that:

- the assessment of the stakeholder involvement, particularly their expectations for engagement with the Bank, shall be integrated into the *Sustainability Strategy*
- the Sustainability Committee shall evaluate the mitigating actions and positive actions identified under the Double Materiality framework and to present the evaluation for consideration at the Management Board meeting on the *Sustainability Action Plan* activities, prior to the update of the *Sustainability Strategy*

The impacts identified by the Group result from actual or potential impacts of the Group's business activities on the environment and people, on human rights associated with the value chain, inter alia products, services and business relationships. Impacts may be actual or potential, negative or positive, planned or unplanned and reversible or irreversible. They may occur in the short, medium or long term. Impacts represent the Group's negative or positive contribution to sustainable development.

We have stipulated that mitigating actions or positive actions to address identified material impacts, risks and opportunities shall be integrated into the *Business Development Strategy*, *Sustainability Strategy* and applicable internal regulatory documents.

Timeframes used in the Dual Materiality Assessment:

- short term (<1 year)
- medium term (1-5 years)
- long term (>5 years)

The Double Materiality Assessment evaluated which impacts, risks and sustainability issues are material, including for the value chain. In terms of financial impact assessment, it was assessed whether and how the Group can bring about a change in a wrongdoing by another party that has a negative impact on sustainability.

The assessment also identified the sources of impacts within the scope of consolidation of the Group, based on the consolidation composition as set out in the financial statements included in the assessment. We consider negative impacts on human rights to be those that the Group has caused, contributed to or is directly linked to within the value chain.

The *Sustainability Strategy* sets out the Group's strategic directions, priorities and objectives for sustainable development, including deliverables, based on a Double Materiality Assessment that includes an analysis of impacts, risks and opportunities. The Group's overall strategic development objectives, priorities and directions are based on the sustainability materiality aspects and the results of the Double Materiality Assessment, with a particular focus on negative impacts, financial risks and sustainability issues that could potentially have a material impact on the green transformation of the Group's business model.

Given that the external auditor identified non-compliance with the ESRS Regulation criteria during the development of the 2024 Sustainability Report, including the Double Materiality Assessment, the Bank's Supervisory Board decided to cancel the results of the 2024 Double Materiality Assessment and instructed the Bank's Management Board and Sustainability Director to conduct a full reassessment in 2025. Consequently, no comparison is made between the material impacts, risks and opportunities identified in 2024 and 2025.



# Approach to assessing material impacts, sustainability risks and opportunities | IRO-1

Dual materiality requires the Group to assess information about the Group's current or potential positive or negative impacts on people, society and the environment, as well as risks and opportunities that may affect the Group's financial position and value in relation to sustainability aspects and topics.

Dual materiality is assessed from two perspectives:

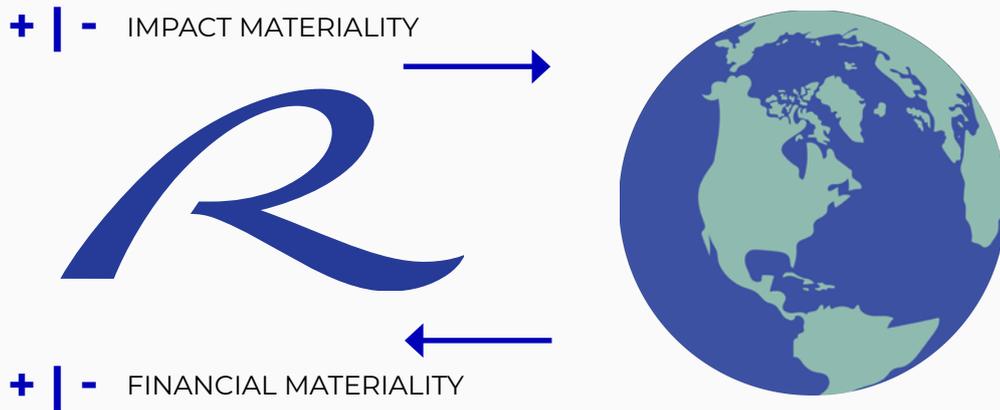
1. Impact Materiality – The environmental, social and human rights impacts of the Group's activities and decisions along the value chain
2. Financial Materiality – the impact of environmental, social and governance factors on the Group's financial performance and long-term value

A sustainability aspect and topic is material if it is consistent with the perspectives of impact materiality, financial materiality or both, based on the materiality thresholds set by the Group.

A sustainability aspect and topic is material from an impact perspective if it relates to the Group's actual or potential positive or negative material impacts on people or the environment in the short, medium and long term, for example if the impacts relate to the value chain, including the Group's products, services, business relationships.

A sustainability aspect or topic is material from a financial perspective if it presents risks or opportunities that affect, or could affect, the Group's financial position, financial performance, cash flows, access to finance or cost of capital in the short, medium or long term.

# DOUBLE MATERIALITY ASSESSMENT



The Group's *Double Materiality Assessment methodology* assigns negative impacts on human rights a higher weight than impacts without human rights, increasing the severity value by a threshold of 1.

The Double Materiality Assessment included a contextual assessment, analysing:

- the structure of the Group within the scope of consolidation for the financial reporting year
- the Group's business plans, strategies, financial statements and other information provided to investors
- a mapping of the Group's activities, products and services and the geographical locations of those activities
- a mapping of the Group's business relationships and value chain, including the type and nature of the business relationships
- the Group's legal and regulatory environment
- published documents, such as media reports, peer (competitor) performance, industry benchmarks and other publications on general sustainability trends, as well as scientific articles relevant to the Group's business activities

- current market and industry trends in sustainability and good governance
- existing stakeholder involvement initiatives and forms
- the affected parties and mapping of them in the Group's activities and business relationships

We ensured that stakeholders, including affected parties, were involved throughout the Double Materiality Assessment process, in line with the Sustainability Committee's stakeholder mapping and the chosen form of engagement. We believe that ongoing interaction and dialogue between the Group and its stakeholders enables their interests and concerns to be heard and understood, as well as providing them with the opportunity to respond.

Engagement with stakeholders has helped the Group to understand which aspects or topics of sustainability are of concern to relevant stakeholders and how they are affected. Engagement with stakeholders is an essential element of due diligence and impact assessment, not only in identifying impacts, risks and opportunities, but also in assessing them.

## Stakeholder involvement in the Dual Materiality Assessment

Stakeholder	Purpose of involvement	Form of involvement	Amount of involvement
<b>Shareholders</b>	Ensure an understanding of shareholders' strategic expectations, risk appetite and long-term value creation priorities, including sustainability, to assess the relevance of sustainability topics in the context of the Group's strategy and financial objectives.	Meeting of the Supervisory Board	In terms of shareholder engagement, 50.46% of the total shareholding was represented - the Bank's largest shareholders are SIA Esterkin Family Investments (33.12%), whose sole owner is Supervisory Board member Leonids Esterkins, and SIA Suharenko Family Investments (17.34%), whose sole owner is Supervisory Board member Arkādijs Suharenko.
<b>Supervisory Board, Committees of the Supervisory Board, Audit Committee</b>	Identify the perspectives of governance, risk management and control functions on material sustainability impacts, risks and opportunities, and ensure that the Double Materiality Assessment is consistent with supervisory expectations, good governance principles and regulatory requirements.	Meeting of the Supervisory Board	<p>The Supervisory Board is the first stakeholder to be consulted and its views, points of emphasis have been integrated into the involvement of other stakeholders, for example in defining the issues to be assessed.</p> <p>The Supervisory Board oversees and approves the outcome of the Double Materiality Assessment.</p>
<b>Management Board</b>	Identify sustainability impacts, risks and opportunities that could have a material impact on the implementation of the Group's strategy, business model and financial performance and ensure that the results of the Double Materiality Assessment are integrated into decision-making processes.	Meeting of the Management Board	The Management Board is the final stakeholder involved in assessing the long list of impacts, risks and opportunities prepared by the Sustainability Committee, including identified material impacts and financial impacts.
<b>Employees</b>	Identify employee experiences, perceptions and potential risks in social and governance areas (e.g. working environment, equality, human rights, well-being) to assess the Group's actual impact on employees and identify opportunities for improvement.	Anonymous staff self-assessment questionnaire	<p>Employees were involved through an anonymous sustainability self-assessment questionnaire using Google Forms. 34.4% of Group employees and 44.4% of Bank employees completed the questionnaire (vs. number of employees as at 31.12.2024).</p> <p>The results of the 2024 Employee Satisfaction Survey were also used to include employee views, with 76% of employees participating.</p>

### Stakeholder involvement in the Dual Materiality Assessment

Stakeholder	Purpose of involvement	Form of involvement	Amount of involvement
<b>Employees /expert working groups/</b>	Provide in-depth and professional assessments on specific sustainability topics (e.g. climate, AML/CFT/CPF, ICT, people management, GDPR) based on operational practices, data and process understanding.	<ul style="list-style-type: none"> <li>• AML Expert Working Group</li> <li>• GDPR Expert Working Group</li> <li>• HR Expert Working Group</li> <li>• IT/Cyber-security Expert Working Group</li> <li>• Sustainability Committee</li> </ul>	<p>The working groups, within their respective competences, analysed the relevant sustainability factors in a double materiality matrix, describing the analysis, indicating the sources of information used and assigning appropriate values to the criteria.</p> <p>The involvement of the Sustainability Committee was ensured as the penultimate stakeholder involved before the final stage, the involvement of the Management Board, in the final decision. The Sustainability Committee was involved in several stages:</p> <ul style="list-style-type: none"> <li>• The Sustainability Committee defined which stakeholders are involved in the Double Materiality Assessment, the extent, purpose and form of their involvement.</li> <li>• The Sustainability Committee approved the initial long list prepared by the Sustainability Director, verifying its completeness and making recommendations to refine or add to the list of impacts, risks and opportunities where necessary.</li> <li>• The Sustainability Committee carried out an initial review of the assessment of the significance and financial materiality of impacts, applying the scales set out in the methodology.</li> </ul>
<b>Customers</b>	Identify customer expectations, needs and perceptions of the Bank's impact, products and services in the context of sustainability, and assess potential risks and opportunities related to customer satisfaction, loyalty and long-term engagement.	The Bank's Sustainability Performance Questionnaire	<p>14 clients were surveyed, 11 questionnaires were received - not only the largest ones, but those with whom the Bank has good cooperation and communication, as well as a high awareness of the importance of sustainability management, to obtain strategically valuable answers.</p> <p>The second important form of customer engagement is the evaluated "Customer Complaints Register".</p>
<b>Business partners (suppliers and service providers)</b>	Assess supply chain impacts, risks and opportunities, including in relation to working practices, compliance, reputational risk and data quality, and identify the ability of the business partners to support the Group's sustainability objectives.	The Bank's Sustainability Performance Questionnaire	Four of the largest (in terms of expenditure) outsourcing providers were asked to complete the Bank's Sustainability Performance Questionnaire. The questionnaire partly overlaps with the customer questionnaire, but also includes questions specifically designed for business partners on sustainability aspects of suppliers and service providers. The total amount of expenditure of the surveyed business partners in 2024 was EUR 3 298 953.
<b>State authorities</b>	To identify the expectations of supervisory and regulatory authorities regarding regulatory compliance, risk management and sustainability practices, as well as to identify potential regulatory risks and requirements that may affect the Group's operations.	Free-form evaluation by the supervisor	<p>The supervisory authority expressed its views on the Group's sustainability strategy and governance in a free form (formal letter), which is taken into consideration in the Double Materiality Assessment.</p> <p>The other relevant form of involvement of the supervisor is the assessed "SREP Supervisory Dialogue".</p>

## Stakeholder involvement in the Dual Materiality Assessment

Stakeholder	Purpose of involvement	Form of involvement	Amount of involvement
<b>Society</b>	Assess the Bank's social impact, reputation and credibility in society, including its role in local community development, promoting well-being and ensuring transparent business.	Rietumu Banka brand research study	The Sustainability Director analysed the results of the Rietumu Banka brand research study on changes in 2022 and 2024 trends.  The results have been integrated both as a stand-alone assessment of impacts, risks and opportunities and as a complementary assessment to other aspects of the evaluation.
<b>Nature</b>	Identify and assess the Bank's direct and indirect impacts on the environment, climate and biodiversity, using data, methodologies and expert judgement.	WWF expert assessment	The WWF Nature Double Materiality Assessment represents nature interests by completing the Bank's Sustainability Performance Assessment Questionnaire, which overlaps with the customer and partner questionnaire but includes questions specifically designed for WWF environmental experts on the Group's impacts on environmental management, particularly GHG emissions, including the Group's capacity to develop targeted environmentally friendly projects and services.

The impact materiality and financial materiality criteria were applied to identify and assess the significance of the impacts, risks and opportunities identified.

Criteria for identifying and assessing impacts:

- whether the impact is positive or negative
- whether the impact is actual or likely
- the time-period over which the impact is manifested
- the impact's manifestation along the value chain
- whether the affected parties can be identified
- whether there is a negative impact on human rights
- scale of the impact
- scope of the impact
- irreversibility of the impacts (only for negative impacts)
- probability of occurrence (applicable only to potential impacts)

The severity of the impact is based on the scale, scope, and irreversibility.

Criteria for determining and assessing financial materiality:

- whether there are sustainability risks or opportunities

- time-period of the manifestation of sustainability risks or opportunities
- the extent of the financial impact on equity
- the financial impact on the Group's operating results, financial position, cash flows, availability of capital and costs
- the likelihood of sustainability risks or opportunities occurring

Quantitative thresholds based on the approach described in the Group's Risk Management Policy are used to assess financial materiality and take into consideration the financial impact on the Group's operating results, financial position, cash flows, availability of capital and costs.

Identified sustainability risks and opportunities are assessed based on their probability of occurrence and the extent of their potential financial impact in the short, medium and long term by applying a set of objective probability and magnitude thresholds.

Where a sustainability aspect or topic is material from the perspective of impact materiality, it shall be taken into consideration that the same sustainability aspect or topic may or may not give rise to significant sustainability-related risks and/or opportunities, which shall be assessed from the perspective of financial materiality.

# Impact materiality assessment

## Criteria for the scale of negative impacts

Scale	How big is the impact on the environment or people	Explanation of the scale
0	No impact	The company's activities have no identifiable or foreseeable impact on the environment, society or human rights
1	Minimal	Minor or easily avoidable effects that do not significantly affect the environment, human welfare or human rights
2	Low	Impacts are indirect or have low impacts on people and the environment
3	Medium	The impact is direct and tangible in a specific area and affects specific stakeholder groups or aspects of the environment
4	High	The impact is direct and extensive and has significant environmental, human and human rights implications
5	Critical	The impact is direct, extensive and has a critical (severe) impact on the environment, people and/or human rights

## Criteria for the scale of positive impacts

Scale	How big is the impact on the environment or people	Explanation of the scale
0	No impact	The company's activities do not make a tangible positive contribution to the environment, society or human rights
1	Minimal	Small or local contribution that benefits a specific group or aspect of the environment but is not significant on a wider scale
2	Low	Positive impacts are indirect or limited, but provide measurable benefits to a specific section of society or the environment
3	Medium	Direct and tangible positive impacts that improve the well-being of specific stakeholders or improve a specific aspect of the environment
4	High	Wides-ranging and significant positive impact on society, the environment or human rights, leading to substantial improvements
5	Critical	Very strong, direct and wide-ranging impact, bringing systemic change, significantly improving the environment, public well-being and respect for human rights

### Criteria for the scope of negative and positive impacts

Tvērums	How wide is the impact	Explanation of the impact
0	No impact	No identifiable impact on the environment, society or business value at any geographical or organisational scale
1	Limited, local	The impact is local, affecting only a very small area or group of people, limited to a specific location, department or single site
2	Concentrated	The impact is pronounced in a specific location, region or business unit, with visible effects concentrated there
3	Medium	The impact is spread over several regions, departments or stakeholder groups; it is felt at more than one point but does not yet reach national or international level
4	Widespread	The impact is national in scope or over a wide geographical area, affecting a significant proportion of society, markets or ecosystems
5	Global	The impact is international or global, with effects on several continents or worldwide

### Criteria for assessing the irreversibility of impacts for negative impacts only

Irreversibility of the impact	How difficult it is to prevent damage in terms of cost and time	Explanation of the irreversibility of the impact
0	Easy to remedy, instantaneous	The impact can be fully fixed immediately, with minimal resources, without lasting consequences
1	Easy to remedy, short-term	The impact can be remedied in a short time (days or weeks), at low cost and without significant permanent damage
2	Remediable with effort and (time and cost)	Additional resources, time and costs (in months) are required to remedy the impacts, but restoration is fully feasible
3	Difficult to remedy or medium-term	Remediation of the impact requires significant time (years) and resources; only partial restoration possible
4	Very difficult to remedy/restore or long-term	Remediation is complex, costly, takes many years and may only have partial or incomplete results
5	Non-renewable/irreversible	The impact cannot be prevented or compensated for; the effects are permanent and irreversible

**Criteria for assessing the probability of occurrence for potential impacts only**

Probability of occurrence	Probability of the impact's occurrence	Explanation of the probability of occurrence
1	Rare (up to 20%)	The event is unlikely and can only be expected in special circumstances
2	Unlikely (20% to 40%)	The event is not frequent, but may occur under certain circumstances or once over a long period of time
3	Possible (40% to 60%)	The occurrence of the event is a real possibility and may happen with moderate frequency
4	Likely (60% to 80%)	The event is likely to happen if no preventive action is taken
5	Almost certain (over 80%)	The event is practically certain to occur if conditions remain unchanged

**Impact materiality value based on the severity of the impact**

Impact materiality value	Overall Impact assessment: significant or not significant	From the Risk Management Policy
None	No (0)	No impact
Low/minimal	No (1)	Minimal environmental damage, minimal negative impacts on individual residents or employees and minimal corporate governance failures without long-term consequences
Moderate low/informative	No (2)	Minor environmental damage, minor negative impacts on individual and small sections of society or employees and minor corporate governance weaknesses
Moderate/important	No (3)	Moderate environmental damage, moderate negative impacts on wider society and significant corporate governance weaknesses
High/substantial	Yes (4)	Serious environmental damage, long-term ecological impacts, significant social impacts and corporate governance failures
Very high/critical	Yes (5)	Severe environmental damage, widespread adverse social impacts and corporate governance failures that threaten viability

**Financial materiality assessment**

**Criteria for the financial impact of risk and opportunity on equity**

Amount of financial impact from the Risk Management Policy		
0	No impact	No impact on equity
1	Insignificant	Up to 0.1% of equity
2	Low	0.1% to 1% of equity
3	Moderate	1% to 3% of equity
4	High	3% to 10% of equity
5	Critical	Over 10% of equity

**Criteria for assessing the probability of occurrence of risk and opportunity**

Probability of occurrence	Probability of sustainability related risk	Explanation of the probability of occurrence
<b>1</b>	Rare (up to 20%)	The event is unlikely and can only be expected in special circumstances
<b>2</b>	Unlikely (20% to 40%)	The event is not frequent, but may occur under certain circumstances or once over a long period of time
<b>3</b>	Possible (40% to 60%)	The occurrence of the event is a real possibility and may happen with moderate frequency
<b>4</b>	Likely (60% to 80%)	The event is likely to happen if no preventive action is taken
<b>5</b>	Almost certain (over 80%)	The event is practically certain to occur if conditions remain unchanged

**Financial materiality based on an assessment of the financial materiality of the risk**

Financial materiality of sustainability-related risks	Overall Impact assessment: significant or not significant	From the <i>Risk Management Policy</i>
<b>None</b>	No (0)	Strategic objectives are achieved as planned, no additional benefits are created
<b>Low/minimal</b>	No (1)	Up to 0.1% of equity. The deviation is minimal, there is virtually no impact on the achievement of the targets, no adjustment is required
<b>Moderate low/informative</b>	No (2)	0.1% to 1% of equity. Slight deviation from plan affecting some indicators, but overall achievement of strategic objectives
<b>Moderate/important</b>	No (3)	1% to 3% of equity. Significant impact on strategic objectives, corrective action required to achieve the objective
<b>High/substantial</b>	Yes (4)	3% to 10% of equity. Significant impact on strategic objectives, some objectives may not be achieved without significant change
<b>Very high/critical</b>	Yes (5)	More than 10% of equity. Achievement of strategic objectives is seriously threatened, there is a risk that the objectives will not be achieved without fundamental changes in strategy

**Financial materiality based on an assessment of the extent of financial materiality of opportunities**

Financial materiality value of opportunities	Overall Financial materiality assessment: significant or not significant	From the <i>Risk Management Policy</i>
None	No (0)	Strategic objectives are achieved as planned, no additional benefits are created
Low/minimal	No (1)	Up to 0.1% of equity. Minimal incremental benefit that marginally improves processes or efficiency without requiring a significant change in approach
Moderate low/informative	No (2)	0.1% to 1% of equity. Additional improvements are achieved in selected indicators that reinforce the strategic objectives as a whole
Moderate/important	No (3)	1% to 3% of equity. Tangible contribution to strategic objectives - improvements contribute to significant progress and lay the foundations for further development
High/substantial	Yes (4)	3% to 10% of equity. Significant improvements in strategic objectives - some objectives can be achieved faster or more efficiently by delivering significant change
Very high/critical	Yes (5)	More than 10% of equity. Achievement of strategic objectives is significantly accelerated or substantially strengthened, creating fundamental value added and new growth opportunities

In the Double Materiality Assessment, all identified risk values were considered equally significant. No sustainability-related risks were assigned a priority.

**Bank Supervisory Board:**

- oversees the Double Materiality Assessment process
- approves the outcome of the Double Materiality Assessment, the ESRS Thematic Standards applicable to the Group and the mitigating or positive impact measures proposed by the Management Board
- assesses the relevance of the outcome of the Double Materiality Assessment to the Group's governance and current situation and decides on the application of the previous Double Materiality Assessment to the current financial reporting year or on a repeat Double Materiality Assessment each year before the Sustainability Report.

**Bank Management Board:**

- provides the necessary resources for the Double Materiality Assessment
- approves the methodology for the Double Materiality Assessment
- oversees the Double Materiality Assessment
- reviews the outcome of the Double Materiality Assessment and refers it to the

Supervisory Board for approval

- makes proposals to the Supervisory Board on measures to mitigate significant negative impacts and risks and measures to promote significant positive impacts and opportunities

The Internal Audit Service monitors the process and results of the Double Materiality Assessment. The Audit Committee examines the process and outcome of the Double Materiality Assessment. The External Auditor audits the application of the Double Materiality Assessment, the process and the results of the Double Materiality Assessment, making observations on weaknesses and recommendations for their remediation.

We have stipulated that any involvement of affected and interested parties in the Double Materiality Assessment shall be traceable, transparent and documented by the Sustainability Director.

By approving the results of the Double Materiality Assessment, the Supervisory Board sets an objective to take the results into account in the process of updating the *Risk Management Strategy*.

Based on the outcome of the Double Materiality Assessments, the Group develops a Sustainability Report and sets priorities for sustainable development.

The assessment of materiality of impacts, risks and opportunities is based on sound evidence, assurances and objective information, while applying the criteria of the European Sustainability Reporting Standards. The assessment takes into consideration data and facts about the Group's processes, due diligence approach, risk management or grievance mechanisms, information gathered in internal reports or external sources, etc.

The materiality of the impact shall be determined and assessed by including:

- an in-depth empirical assessment, based on specific facts and circumstances

characterising the impact in the context of the ESRS Thematic Standards and the Group's sector-specific standards

- an in-depth theoretical assessment based on potential impacts in the context of the ESRS Thematic Standards and the Group's sector-specific standards

Depending on the type of impact, the empirical assessment has not always been subject to in-depth assessment where there is a well-established scientific consensus on the severity of a particular global or local impact, and it can be concluded that the impact is indeed significant without analysis of its scale, scope and irreversibility. The level of assessment of the appropriate severity criteria shall be assessed based on available scientific or industry-practice evidence.

# Information included in the Sustainability Report in accordance with ESRS disclosure requirements | IRO-2

## References in the Sustainability Report

	Topic	Sub-topic	Page	
<b>ESRS Thematic Standards</b>	<b>E1</b>	Climate change	<ul style="list-style-type: none"> <li>• Adapting to climate change</li> <li>• Climate change mitigation</li> <li>• Energy</li> </ul>	85-91 91-95 96-98
	<b>S1</b>	Own workforce	<ul style="list-style-type: none"> <li>• Working conditions</li> <li>• Equal treatment and opportunities</li> <li>• Other work-related rights</li> </ul>	106-113 113-115 115-117
	<b>S4</b>	Consumers and end-users	<ul style="list-style-type: none"> <li>• Information-related impacts on consumers and/or end-users</li> <li>• Personal security of consumers and/or end-users</li> <li>• Social inclusion of consumers and/or end-users</li> </ul>	137-138 142-145 141
	<b>G1</b>	Business conduct	<ul style="list-style-type: none"> <li>• Corporate culture</li> <li>• Whistleblower protection</li> <li>• Political involvement and lobbying activities</li> <li>• Supplier relationship management, including in relation to payment practices</li> <li>• Corruption and bribery</li> </ul>	149-154 152-153 159 159 158

### Data points deriving from other European Union legislation

Disclosure requirement and associated data point	SFDR reference	Pillar 3 reference	Reference to the Benchmarks Regulation	Reference to the EU Climate Act	Reference
ESRS 2 GOV-1 Board's gender diversity paragraph 21(d)	Indicator number 13 of Table #1 of Annex 1		Commission Delegated Regulation (EU) 2020/1816(5), Annex II		ESRS 2 GOV-1, p. 28
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21(e)			Delegated Regulation (EU) 2020/1816, Annex II		Not relevant
ESRS 2 GOV-4 Statement of due diligence, paragraph 30	Indicator number 10 Table #3 of Annex 1				ESRS 2 GOV-4, p. 40
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40(d)(i)	Indicators number 4 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453(6) Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II		ESRS SBM-1, p. 50, ESRS EI-5, p. 100
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40(d)(ii)	Indicator number 9 Table #2 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		ESRS SBM-1, p. 50
ESRS 2 SBM-1 Involvement in activities related to controversial weapons, paragraph 40(d)(iii)	Indicator number 14 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1818(7), Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		ESRS 2 SBM-1, p. 54
ESRS 2 SBM-1 Involvement in activities related to the cultivation and production of tobacco, paragraph 40(d)(iv)			Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		ESRS 2 SBM-1 p. 50
ESRS EI-1 Transition plan to reach climate neutrality by 2050 paragraph 14				Regulation (EU) 2021/1119, Article 2(1)	ESRS EI-1, p. 85
ESRS EI-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16(g)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book-Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 12(1) (d) to (g), and Article 12.2		Not relevant
ESRS EI-4 GHG emission reduction targets paragraph 34	Indicator number 4 Table #2 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		ESRS EI-4, pp. 93-95
ESRS EI-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator number 5 Table #1 and Indicator n. 5 Table #2 of Annex 1				ESRS EI-5, p. 96
ESRS EI-5, Energy consumption and mix paragraph 37	Indicator number 5 Table #1 of Annex 1				ESRS EI-5, p. 96
ESRS EI-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Indicator number 6 Table #1 of Annex 1				ESRS EI-5, p. 98
ESRS EI-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Indicators number 1 and 2 Table #1 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		ESRS EI-6, p. 99
ESRS EI-6 Gross GHG intensity paragraphs 53 to 55	Indicators number 3 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		ESRS EI-6, p. 104
ESRS EI-7 GHG removals and carbon credits paragraph 56				Regulation (EU) 2021/1119, Article 2(1)	ESRS EI-7, p. 105
ESRS EI-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		ESRS EI-9, p. 105
ESRS EI-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) ESRS EI-9 Location of significant assets at material physical risk paragraph 66 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk Exposures subject to physical risk.			Not relevant
ESRS EI-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34; Template 2: Banking book -Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral			ESRS EI-9, p. 105
ESRS EI-9 Degree of exposure of the portfolio to climate-related opportunities paragraph 69			Delegated Regulation (EU) 2020/1818, Annex II		Not relevant
ESRS 2- SBM3 - S1 Risk of incidents of forced labour paragraph 14 (f)	Indicator number 13 Table #3 of Annex I				Not relevant
ESRS 2—SBM-3 —S1 Risk of incidents of child labour paragraph 14 (g)	Indicator number 12 Table #3 of Annex I				Not relevant
ESRS SI-1 Human rights policy commitments paragraph 20	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I				ESRS SI-1, p. 110
ESRS SI-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21			Delegated Regulation (EU) 2020/1816, Annex II		ESRS SI-1, p. 110
ESRS SI-1 Processes and measures for preventing trafficking in human beings paragraph 22	Indicator number 11 Table #3 of Annex I				ESRS SI-1, p. 112
ESRS SI-1 Workplace accident prevention policy or management system paragraph 23	Indicator number 1 Table #3 of Annex I				ESRS SI-1, p. 112

## Data points deriving from other European Union legislation

Disclosure requirement and associated data point	SFDR reference	Pillar 3 reference	Reference to the Benchmarks Regulation	Reference to the EU Climate Act	Reference
ESRS S1-3 Grievance/complaints handling mechanisms paragraph 32 (c)	Indicator number 5 Table #3 of Annex I				ESRS S1-3, pp 117-118
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	Indicator number 2 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		ESRS S1-14, p. 131
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Indicator number 3 Table #3 of Annex I				ESRS S1-14, p. 131
ESRS S1-16 Unadjusted gender pay gap 97(a)	Indicator number 12 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex I		ESRS S1-16, p. 132
ESRS S1-16 Excessive CEO pay ratio, paragraph 97(b)	Indicator number 8 Table #3 of Annex I				ESRS S1-16, p. 132
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Indicator number 7 Table #3 of Annex I				ESRS S1-17, p. 132
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD paragraph 104 (a)	Indicator number 10 Table #1 and Indicator n. 14 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		ESRS S1-17, p. 132
ESRS S4-1 Policies related to consumers and end-users paragraph 16	Indicator number 9 Table #3 and Indica- tor number 11 Table #1 of Annex I				ESRS S4-1, pp. 139-141
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Indicator number 10 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		ESRS S4-1, pp. 139-141
ESRS S4-4 Human rights issues and incidents paragraph 35	Indicator number 14 Table #3 of Annex I				ESRS S4-4, pp. 143-144
ESRS G1-1 United Nations Convention against Corruption, paragraph 10(b)	Indicator number 15 Table #3 of Annex I				ESRS G1-1, pp. 152-153
ESRS G1-1 Protection of whistle-blowers paragraph 10 (d)	Indicator number 6 Table #3 of Annex I				ESRS G1-1, p. 153
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Indicator number 17 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II)		ESRS G1-4, p. 158
ESRS G1-4 Standards of anti-corruption and anti-bribery paragraph 24 (b)					ESRS G1-4, p. 158

# Our impact on climate change | ESRS E1

We recognise that sustainable finance is the cornerstone of business development and green transition. We make a positive impact not only by doing what we do best – providing lending and investment services – but also by learning from best practices and sharing our experiences of success and challenges.

With greenhouse gases (hereinafter: GHG), the Group understands that atmospheric gases of natural and anthropogenic origin (CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, SF<sub>6</sub>, HFC, PFC) absorb and re-emit infrared radiation and are the primary cause of global warming and climate change.

## Sustainability performance in remuneration policy | GOV-3

During the reporting period, the Group did not set sustainability-related performance targets for management and supervisory staff.

In its 2024 Sustainability Report, the Group informed stakeholders of its intention to update its *Remuneration Policy* in 2025, integrating sustainability-related performance indicators, including GHG emission reduction, into employee performance assessments. However, it was not possible to fully implement this

task in 2025, given the methodological and practical complexity of introducing sustainability performance indicators and the need to ensure their compliance with SMART principles. In the *Sustainability Strategy*, we determined that they must be specific, measurable, achievable, relevant to the Group's business model, and time-bound. At the same time, in 2025, significant work was done to define sustainability performance indicators within the framework of the *Sustainability Strategy*, setting clear goals, indicators, and levels of responsibility. This work forms the basis for the gradual integration of sustainability goals into the variable part of the *Remuneration Policy*. The Group is committed to integrating sustainability goals in 2026, including the inclusion of climate-related target indicators in employee performance assessments, while improving the Group's remuneration system and promoting the achievement of targets related to climate change mitigation and adaptation.

During the reporting period, the Group's *Remuneration Policy* and variable remuneration did not include quantitatively measurable climate-related considerations, including GHG emission reduction performance targets.

# Climate change mitigation transition plan | E1-1

Our *Sustainability Strategy* has been developed in line with the European Green Deal's 2050 climate goals, which aim to increase countries' ability to adapt to the adverse effects of climate change by redirecting financial and capital flows towards environmentally friendly investments and prioritising the transition to low greenhouse gas emissions and climate-resilient development.

The Group has not developed a climate change and mitigation transition plan. The development of such a plan is on the Group's agenda.

## Our sustainable development objective:

- Achieve carbon neutrality in the Group's operations by 2050, in line with the European Green Deal climate targets and the transition to a low-carbon economy

## Our sustainability objective performance indicator:

- By 2028 (inclusive), develop a structured action plan in the field of climate policy to achieve carbon neutrality in the Group's own operations by 2050, setting out GHG emission reduction measures and possible compensation mechanisms
- By 2028 (inclusive), develop and implement a climate change adaptation policy and action plan to promote the Group's climate resilience

In 2024, we calculated our GHG emissions resulting from our operations (Scope 1 and Scope 2 GHG emissions) for the first time. Although we began calculating GHG emissions for the value chain and financed emissions in 2025, Scope 3 GHG emissions are not disclosed in this Sustainability Report. Given that the Group is still in the process of identifying GHG emissions and refining its methodology, no comprehensive

GHG emission reduction targets were set during the reporting period. At the same time, the 2025 *Sustainability Strategy* includes initial performance indicators related to GHG emissions management, which will serve as a basis for setting future targets. The Group's 2025 GHG emissions are disclosed in the Sustainability Report section "Greenhouse gas emissions | E1-6".

## Action to mitigate climate change

One of the Group's priority UN Sustainable Development Goals is affordable and renewable energy. As part of this, the Business Development Strategy provides for the development, renovation and construction of real estate, including investments in solar park construction projects, promoting the development of the renewable energy sector.

## Investments in solar panels

The Group is implementing investment projects for the development of solar panel parks:

- By participating as a co-owner in the creation of solar parks on the Group's properties
- By issuing loans for renewable energy production projects

During the reporting period, the Group manages one solar panel park:

- In Mārupe County, the Remmes-Lāči solar panel park with a capacity of 10 MW is under development, with an estimated investment of EUR 6 million to EUR 7 million (project budget EUR 6.8 million), owned by the Group

The Bank has also issued financing for the construction of several significant solar panel parks for companies that will use part of the electricity generated for their own consumption, while the rest will be fed into the grid. At the end of the reporting year, the loan balance was EUR 9.8 million.

The planned locations of the solar parks and their potential capacity:

- Valdemārpils, Talsi Municipality 5.316 MW
- Auce, Dobeles Municipality 3.963 MW
- Valka, Valka Municipality 2.67 MW
- Alojās County, Limbaži Municipality 3.474 MW
- Aizkraukle County, Aizkraukle Municipality 1.2 MW
- Beļava County, Gulbene Municipality 15.1 MW

## Energy efficiency of RCC office building

Electricity is one of the most important resources where we strive to increase the efficiency of energy use:

- In 2022, 228 solar panels were installed on the RCC office building, and the energy they generate is used for the office building's own consumption.
- Since 2023, we have been optimising the lighting regime in the RCC office building

to reduce electricity consumption outside office hours. A centralised and gradual automatic lighting switch-off time between 6:00 p.m. and 7:55 a.m. has been introduced in the RCC office building, adapted to each office block.

- In addition, in 2025, we continued to replace light bulbs in the RCC office building with more energy-efficient ones – a total of 3 063 light bulbs were replaced in 2024 and 2025.

### Energy generated by RCC solar panels

Energy generated by RCC solar panels	2022	2023	2024	2025
MWh	32,027	86,038	84,683	79,428

## Energy efficiency of office equipment

When purchasing office equipment, we follow internationally recognised energy labels such as *Energy Star*.

### Compliance of purchased equipment with energy labels in the total procurement position, %

Office equipment	2024	2025
Smartphones	100	100
Copy equipment	100	100
Printing equipment	100	100
Computers	100	99
Monitors	50	100
Servers and data storage equipment	82	55,6*
Other IT equipment	-	3,6*
<b>Total:</b>	-	<b>72,1</b>

\*When upgrading the information technology network infrastructure, consumer-level energy efficiency certificates (e.g., *Energy Star*) are not applied to professional servers and data storage equipment purchased during the reporting period. The energy efficiency of the professional equipment purchased complies with industry and telecommunications energy efficiency standards, which are not taken into account in these statistics.

## Electric vehicle charging stations

The Bank's parking lot is equipped with two electric vehicle charging stations with a capacity of 150 kW and 22 kW (the charging station can charge one car with a capacity of up to 22 kW or two cars with a capacity of up to 11 kW).

Electric vehicle charging station consumption	2024	2025
kWh	839,16	29 816,21

## Employee involvement

The energy efficiency of the Bank's office building is promoted by our employees. In 2025, we integrated the World Wildlife Fund's Green Office program goals into our *Work Rules*, including a call for smart resource consumption – avoiding unnecessary electricity consumption. Employees are regularly instructed to be responsible in their electricity consumption habits. Informative signs reminding people to turn off the lights after use are integrated into the interior of the RCC

office building. For the third year in a row, the Bank joined one of the world's most ambitious environmental campaigns, Earth Hour, turning off the lighting in its office buildings to the absolute minimum, symbolizing the Bank's concern for the environment and sustainability principles.

### Climate action plan

The Group has not currently compiled information on significant operating expenses and capital investments related to the implementation of climate action.

Furthermore, no financial resources have been defined for climate action in the Group's budget.

### Potential locked-in GHG emissions from the group

There are significant potential locked-in GHG emissions in the Group's asset management and economic activities:

- Aircraft (airplane) managed by subsidiary Ulmaria Limited
- Motor vehicles managed at Group level
- The Group's real estate portfolio
- GHG emissions financed by the Bank, including both the Bank's investment portfolio and loan portfolio

Potentially locked-in GHG emissions that are less significant to the Bank are related to real estate mortgages, given that the Bank's strategic business direction does not include issuing mortgage loans to private individuals.

The Bank has identified sectors with a significant impact on the climate in its loan portfolio, which are listed in sections A-H and L of the NACE classification (as defined in Directive (EU) 2022/1288 of the European Parliament and of the Council). The Bank's climate-impacting sectors financed in 2025 have decreased by 4.6% compared to 2024. In 2025, financing in climate-intensive sectors decreased – “Real estate activities” (-6%) and “Electricity, gas, steam and air conditioning supply” (-3%), while financing in the sector “Water supply; sewage, waste management and remediation” (+4%) increased. At the same time, there has been a significant increase in financing in a sector with a relatively smaller potential impact on the climate – “Administrative and support service activities” (+6%), while there has been a slight decrease in the sector “Financial and insurance activities” (-3%).

Bank's loan portfolio*, %	2023	2024	2025
Financing of sectors with high climate impact	69,8	62,5	57,7
Financing of sectors with lower potential climate impact	30,2	37,5	42,3
Total:	100	100	100

\* The information is provided for legal entities and reflects the situation at the end of the reporting year - 31.12.2025. The information is prepared based on NACE 2nd revision codes in December.



## Group objectives related to the EU Taxonomy

The Group has not yet assessed the compliance of its assets with the requirements of the EU Taxonomy Regulation in order to determine its Green Asset indicators. As a result, the Group has not defined any targets for 2025 to achieve specific objectives within the scope of its economic activities in accordance with the technical screening criteria set out in the EU Taxonomy, which determine under what conditions a specific economic activity is considered to contribute significantly to climate change mitigation or adaptation, and which determine whether a specific economic activity does not cause significant harm to other environmental objectives.

## Transition plan for achieving climate neutrality

The Group has not yet developed a transition plan for achieving climate neutrality, and therefore it has not been integrated into the *Business Development Strategy* and financial budget.

Within this framework, the Group recognises the importance of developing a climate transition plan and the urgency of targeted sustainability development. In its 2024 Sustainability Report, the Group expressed its commitment to develop a climate transition plan in 2025 and link it to the business directions and defined goals set out in the *Business Development Strategy*. However, after assessing the Group's maturity in climate risk management in 2025, the *2025 Sustainability Strategy* defined a strategic goal to be achieved by 2028 (inclusive) to develop a structured action plan in the field of climate policy to achieve carbon neutrality in the Group's own operations by 2050, setting out GHG emission reduction measures and possible compensation mechanisms. To promote the achievement of the Group's sustainability goals, in 2025 the Group improved its sustainability management, which was implemented by the Sustainability Committee established at the end of 2024. The Sustainability Committee is responsible for developing strategic sustainability documents.

# Significant impacts, risks and opportunities interaction with the Group's strategy | SBM-3

## Impacts, risks, and opportunities

*"Sustainability is a broad trend in the development of modern society, and it is also highly important from a risk monitoring perspective. Ensuring transparent governance, balanced societal growth, people- and environment-friendly business practices – all these sustainability factors have a direct impact on the level of risk, helping to reduce it and manage it more efficiently. This in turn creates a more predictable business environment, which is essential for the long-term success of every company and society as a whole,"*

**Sandris Straume,**  
Member of the Board, Risk Director

To date, no climate scenario analysis or climate risk resilience analysis has been performed in the Group's risk management. Improving sustainability risk management is one of our priorities and is included in the Group's agenda.

## Our sustainable development objectives:

- Reduce the Group's exposure to climate change risks
- Strengthen the risk culture in the area of sustainability

## Our performance indicator for achieving our sustainable development objectives:

- By 2026 (inclusive), develop a method for assessing climate threats and sustainability risks for the Group's assets and processes
- By 2026 (inclusive), conduct a climate threat and sustainability risk assessment for the Group's assets and processes, and perform a climate scenario analysis
- By 2028 (inclusive), develop a methodology for assessing climate and sustainability risks for the Group's value chain
- By 2028 (inclusive), conduct a climate and sustainability risk assessment for the Group's value chain
- Starting in 2026, develop and apply a standardised method and system for assessing sustainability risks: for issued and potential loans, collateral
- Starting in 2026, perform climate risk assessments and climate scenario analyses for the loan portfolio

The Group's *Business Development Strategy* and its related development strategies are updated annually, involving all business development lines, thus ensuring regular opportunities to integrate the most relevant aspects and events related to sustainability.

## Climate risks and opportunities | IRO-1

The Group acknowledges that there is currently insufficient data-based information available on its impact on the climate, its ability to adapt to climate change, and its exposure to sustainability risks. Significant risks, impacts, and opportunities are

listed in the section "Significant impacts, risks, and opportunities | SBM-3."

To date, the Group has not conducted a climate-related physical risk assessment of its operations and value chain.

To date, the Group has developed and published Risk Management and Capital Adequacy Reports (Pillar 3), in accordance with Regulation No. 575/2013 (Part 8) of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms and amending Regulation No. 648/2012. The Group's Risk Management and Capital Adequacy Reports (not externally audited) are available [here](#). Starting in 2026, the Group will be required to disclose information on the exposure of its assets to environmental, social and governance risks in its Risk Management and Capital Adequacy Report (Pillar 3).

By performing a Double Materiality Assessment, climate-related threats, risks, opportunities, and impacts in the short, medium, and long term were identified in the Group's operations and value chain. At the same time, the Group acknowledges that there is currently insufficient data-based information available on its impact on the climate, its ability to adapt to climate change, and its exposure to sustainability risks. Consequently, it is not possible to draw fully data-based conclusions about the severity of the impact or the extent of the identified risks or opportunities. Significant risks, impacts and opportunities are listed in the section "Significant impacts, risks and opportunities | SBM-3".

In 2026, it is planned to start assessing whether and to what extent assets and economic activities are exposed to climate-related risks.

The assessment of the Group's economic activities and value chain exposure to climate-related risks was carried out in accordance with the deadlines defined in the Group's *Double Materiality Assessment Methodology*, described in the section "Significant impacts, risks and opportunities | SBM-3."

To date, the Group has not assessed the extent to which its assets and economic activities are exposed to climate-related risks.

The Group has not performed a climate-related scenario analysis to identify and assess physical risks within the time frame defined in risk management. Outside the scope of the Double Materiality Assessment, the Group has not yet conducted a

detailed assessment of climate-related transition risks and opportunities in its economic activities and value chain. At the same time, the Group conducts an annual assessment of the Bank's and the Group's risk profile and sustainability risk profile. Sustainability risk is understood as a risk factor related to the existing or anticipated negative environmental, social or governance impact on the Bank and the Group. It is assessed as a risk driver affecting other financial and non-financial risks, rather than as a separate type/sub-type of risk. Based on the sustainability risk profile assessment and risk tolerance level, the Bank and Group's acceptable sustainability risk level is medium.

Types of Group risks with an impact on material and more significant sustainability risk factors:

- Credit risk
- Business model risk
- Operational risk

## Sustainability policy

### | E1-2 | MDR-P

Based on the results of the Double Materiality Assessment regarding the impacts, risks and opportunities of the Group's economic activities and value chain in the field of climate, including climate change mitigation and adaptation measures, the Group has developed no policies. At the same time, the Group has established a number of policies that reinforce sustainability principles to ensure that its business development not only complies with external sustainability requirements but also promotes the targeted implementation of its *Sustainability Strategy*. The policies have been developed in accordance with the regulatory acts of the European Union and the Republic of Latvia, the European Banking Authority (EBA), the Bank of Latvia regulations and regulatory requirements.

### Business sustainability

- *Policy on integrating sustainability risks into individual portfolio management* – The Bank's approach to assessing sustainability risks in the individual portfolio management process, its monitoring and control, and the responsibilities of the structural units involved. Significantly contributes to climate change mitigation: The Bank has defined that an environmentally sustainable investment is an investment in an economic activity that significantly contributes to the climate change mitigation objective defined in the EU Taxonomy Regulation without causing

significant harm to the other 5 environmental objectives. The Bank offers its customers the opportunity to express their sustainability preferences in the areas of sustainability that are important to the Bank, such as limiting investments in companies that generate significant GHG emissions.

Stakeholders taken into account in policy development – stakeholders defined by the Group.

Stakeholders to whom the policy is available – all internal and external stakeholders.

- *New product assessment procedure* – to assess and provide an opinion on the potential impact of a new or modified product on the environment, social responsibility and good governance aspects, as well as whether and to what extent the introduction of the product is consistent with the *Sustainability Strategy* and the sustainable development goals set out therein. An analysis of the product's compliance with regulations on sustainable products and services is also carried out.

Significantly contributes to climate change mitigation and adaptation to climate change: assessment of new products against the Group's sustainability goals and their performance indicators.

Stakeholders taken into account in policy development – stakeholder opinions have not been taken into account.

Stakeholders to whom the policy is available – all internal stakeholders

- *Subsidiary monitoring procedure* – assessment of the implementation of sustainability goals.

Significantly contributes to climate change mitigation and adaptation to climate change: an assessment of stakeholders and the value chain is obtained, including a review of progress in implementing sustainability goals. Stakeholders taken into account in policy development – shareholders, Council, Council committees, Executive Board, employees.

Stakeholders to whom the policy is available – shareholders, Council, Executive Board committees, executive board, employees, state institutions.

- *Personnel policy* – strengthening sustainability principles to support the Group's operations and personnel management focused on environment preservation, social responsibility, and good governance.

Significantly contributes to climate change mitigation and energy efficiency: the policy emphasises employee involvement in promoting energy efficiency, reducing waste,

and encourages environmentally friendly everyday practices:

- implementing resource economy and reuse
- ensuring electronic document circulation
- participating in nature conservation and restoration activities, drawing public attention to nature conservation issues

Stakeholders taken into account in policy development – Council, Executive Board, employees.

Stakeholders to whom the policy is available – Council, Council committees, Executive Board, employees, state institutions.

### Risk management:

- *Risk management policy* – with the aim of defining the main principles and elements that ensure the management of the Bank's and the Group's daily risks and sustainability risks, and the application of specific stress scenarios, implementing an effective and appropriate risk management process.

Significantly contributes to climate change mitigation and adaptation to climate change:

In conducting risk management, the Bank and its subsidiaries strive to take into account the known types of risk origins, sources, and the influencing risk factors, including sustainability risk factors. The Group ensures sustainability risk management in accordance with the developed *Risk Management Strategy* and *Risk Management Policy*. In addition, the Group defines, assesses, and documents its sustainability risk profile and performs a sustainability materiality assessment. The assessment of the impact of sustainability factors takes into account the increasing frequency and magnitude of climate-related events.

Stakeholders taken into account in the development of the policy – shareholders, Council, Executive Board, employees, customers, state institutions, customers, cooperation partners, society.

Stakeholders to whom the policy is available\*\* – all internal stakeholders.

The Group has not developed a policy on the use of renewable energy resources to ensure its economic activities.

The Group's strategic climate goals are set out in its *Sustainability Strategy*. Among other things, it defines the strategic goal of developing a structured action plan in the field of climate policy by 2028 (including), achieving carbon neutrality in

the Group's own operations by 2050, setting out GHG emission reduction measures and possible compensation mechanisms.

During the reporting period, the Group's existing policies do not directly provide for measures to manage or mitigate GHG emissions and climate change-related risks in the Group's operations and value chain.

## Climate action

### | E1-3 | MDR-A

For real estate management, we have set a goal to invest in solar park construction projects, promoting development of renewable energy. In the first half of 2025, solar parks accounted for 8% of the total balance sheet value of the Group's real estate portfolio. The Group's long-standing experience in solar panel construction is significant and, in accordance with the EU Taxonomy Regulation, is considered an economic activity that contributes to climate change mitigation. At the same time, taking into account climate risk mitigation factors, this activity also contributes to adaptation to climate changes.

Key climate neutrality actions in our own operations (decarbonisation levers):

- 228 solar panels installed on the RCC office building in 2022
- The RCC office building parking lot was equipped with two electric vehicle charging stations (150 kW and 22 kW).
- Nature-based solutions were integrated into the RCC office building – roof and vertical gardens.
- In 2023, two boilers in the RCC office building were replaced with eight smaller gas boilers with the aim of improving energy efficiency
- Since 2022, a centralised and gradual automatic switching off of lighting in the RCC office building has been introduced between 6:00 p.m. and 7:55 a.m.
- The light bulbs in the RCC office building have been replaced with more energy-efficient light bulbs
- The number of office supply deliveries is planned, reducing the amount of emissions caused by delivery transport
- Office supplies are purchased with the manufacturer's eco-label and/or a note that they are made from recycled materials
- Purchase of equipment with an eco-label (*Energy Star*)

*“When managing real estate development projects, we pay particular attention to integrating sustainable solutions at every stage of the project. This covers a wide range of areas and nuances – from the choice of an environmentally suitable location to the furnishing of the home. We also pay attention to the external and internal finishing, so that the solutions used are safe for people and environmentally friendly. We prefer furniture and fittings made from natural and environmentally friendly materials as much as possible. The combination of these principles forms the foundation of sustainability in real estate development.”*

**Andrejs Ščerbakovs,**  
**member of the board of Apella, a subsidiary of Rietumu Banka**

During the reporting period, no specific climate adaptation solutions were implemented within the Group.

No specific measures to reduce GHG emissions were defined during the reporting period.

**Resources consumed for implementation of the Group’s activities (GHG emissions in scope 1 and 2), %**

Type of resource in line with GHG protocol	2025
Heating energy (central heating systems)	3,1
Natural gas	48,8
Electricity	19
Car fuel consumption	11,8
Aviation turbine fuel consumption	13,4
Generator	0,5
Cooler agents	3,4
Fire extinguishing equipment	0
<b>Total:</b>	<b>100</b>

**EU Taxonomy assessment**

To date, the Group has not assessed the compliance of its assets with the EU Taxonomy requirements.

As a public interest entity and financial market participant, the Group is subject to the requirements of the EU Taxonomy Regulation. Starting in 2024, the Group must assess and

disclose information on the extent to which its economic activities comply with the environmental sustainability criteria set out in the regulation for the previous period. The Group also includes non-financial companies, however, given that they are not material to the Group’s overall operations, the Group is considered a financial institution within the meaning of the EU Taxonomy Regulation.

However, based on the changes introduced by the European Commission in the Omnibus I package of measures to simplify sustainability legislation, the EU Taxonomy requirements will no longer apply to the Group from 2026. During the reporting period, the Group began preparations for the EU Taxonomy assessment by improving its expertise and deepening its understanding of the requirements of the regulation. During the preparation of the 2025 Sustainability Report, the Group assessed the possibilities of engaging third parties to carry out an assessment of the EU Taxonomy requirements in relation to the Group's assets in order to ensure a methodologically sound assessment that complies with regulatory requirements. Given the complexity of implementing the EU Taxonomy and the limitations identified in the Group's management, the EU Taxonomy compliance assessment and, accordingly, the EU Taxonomy templates are not included in this Sustainability Report for 2025 (the Group does not comply with the requirements of Article 8 of EU Regulation 2020/852).

No activities are claimed as being associated with economic activities that qualify as environmentally sustainable under Articles 3 and 9 of Regulation (EU) 2020/852 (the Taxonomy Regulation). The Group has exercised an opt-out option as defined in Taxonomy Regulation which is available to financial undertakings with respect to non-disclosure of detailed EU Taxonomy disclosures in financial year 2025.

## Climate goals | E1-4

The Group fully supports the goal of the Paris Agreement to limit the increase in the global average temperature to well below 2°C above pre-industrial levels and achieving climate neutrality by 2050. In 2025, the *Sustainability Strategy* included general performance indicators related to GHG emissions management, which will serve as a basis for setting future targets:

### Our performance indicator for achieving our sustainable development goal

Sustainability performance indicator	Indicator	Relevance to Group's structure	Affected stakeholder	Base year	Base year value	Goal for 2025	Results in 2025	Goal for 2028
Climate change mitigation and adaptation to climate change								
By 2028 (including), define qualitative and quantitative emission reduction targets for the Group's operations and decarbonisation of its products in order to achieve carbon neutrality	-	Group	<ul style="list-style-type: none"> <li>Shareholders</li> <li>Council, Council committees, audit committee</li> <li>Executive Board</li> </ul>	-	-	-	-	Decarbonisation goal indicators approved
In 2028, share of loan portfolio financing sectors with lower climate impact will reach 40% of loan portfolio balance	Sectors financed by Bank's loan portfolio with less potential impact on climate, %	Bank	<ul style="list-style-type: none"> <li>Shareholders</li> <li>Council, Council committees, audit committee</li> <li>Executive Board</li> </ul>	2024	37,5	32	42,3	40
Starting in 2025, to calculate GHG emissions financed by the credit portfolio	-	Bank	<ul style="list-style-type: none"> <li>employees</li> <li>customers</li> <li>community</li> <li>environment</li> </ul>	-	-	Assessment conducted	Assessment conducted. The assessment has not been externally audited and is not disclosed in the Sustainability Report	Assessment conducted
In 2026, short-term and long-term goals for reducing GHG emissions from emissions financed by credit portfolio will be set	-	Bank		-	-	-	-	Goals set, implementation of goals underway

### Our performance indicator for achieving our sustainable development goal

Sustainability performance indicator	Indicator	Relevance to Group's structure	Affected stakeholder	Base year	Base year value	Goal for 2025	Results in 2025	Goal for 2028
<b>Sustainability of investment portfolio</b>								
Sectors with significant impact on climate do not exceed 40% of total portfolio volume in investment portfolio	Share of sectors with high climate impact in investment portfolio, %	Bank	<ul style="list-style-type: none"> <li>Shareholders</li> <li>Council, Council committees, audit committee</li> <li>Executive Board</li> <li>community</li> <li>environment</li> </ul>	2024	38	≤40	30,63	≤40
Average sustainability risk rating in investment portfolio does not exceed 50 points out of 100*	Average GHG risk rating of investment portfolio, points	Bank		2024	46	≤50	40	≤50
Amount of GHG financed by investment portfolio does not exceed 10,000 tCO <sub>2</sub> e	GHG emissions financed by investment portfolio. tCO <sub>2</sub> e	Bank		2024	Assessment conducted. The assessment has not been externally audited and is not disclosed in the Sustainability Report.	≤10 000	Assessment conducted. The assessment has not been externally audited and is not disclosed in the Sustainability Report.	≤10 000
Average GHG intensity of investment portfolio income does not exceed 1.5 tCO <sub>2</sub> e per EUR 1 of income	Average intensity of investment portfolio income per EUR 1, tCO <sub>2</sub> e /EUR	Bank		2024	Assessment conducted. The assessment has not been externally audited and is not disclosed in the Sustainability Report.	≤1,5	Assessment conducted. The assessment has not been externally audited and is not disclosed in the Sustainability Report.	≤1,5

\* Sustainability sustainability risk assessment methodology has been applied to financial instruments in the investment portfolio.

Assessment of the maturity of the Group's *Sustainability Strategy* in terms of setting results-based goals and using them to measure progress on key sustainability issues:

- Target indicators: Taking into account its operating environment, mission, vision, key business objectives and opportunities, the Group defines sustainable development goals in its *Sustainability Strategy* and sets performance indicators for the most important goals.
- Link between targets and policy objectives: no link (the Group has not developed a sustainability and/or climate policy for 2025).
- Achievable level of the target indicator: the performance indicators for sustainability goals are both qualitative and quantitative.
- Scope of the target indicators: applicable to the Bank and the Group.
- Base value and base year: for some indicators, the base year is 2024, for others it is 2025, while in some cases no base values have been set.
- Target period: each indicator has an annual achievement status for the period from 2024 to 2028.

- Target setting methodology: performance indicators are specific and measurable. To ensure the targeted and effective implementation of the *Sustainability Strategy*, each performance indicator has a defined assessment method, a person responsible for implementation, a planned implementation deadline, and an expected outcome.
- Scientific validity of target indicators: the implementation plan includes targets that are set using scientifically valid methods and appropriate measurement units.
- Involvement of stakeholders in defining target indicators: the Bank's internal expert working groups were involved in the process of defining performance indicators, and employees were invited to submit their proposals.
- Changes to targets: The Group's *Sustainability Strategy* was updated and approved by the Council on August 26, 2025. The targets and methodology are scheduled to be updated as part of the 2026 update of the *Sustainability Strategy*.
- Monitoring of targets: The Sustainability Director has been appointed as the person

responsible for the implementation of the *Sustainability Strategy* at Group level, whose task is to ensure monitoring of implementation of the strategy and sustainability targets, as well as the review of the strategy. The sustainability targets will be compiled and monitored for the first time for the year 2025, and the results will be compiled by the end of the first quarter of 2026.

In 2025, the Group set strategic directions, priorities, and goals for sustainable development, including achievable results, based on the Double Materiality Assessment that includes an analysis of impacts, risks, and opportunities.

The base year for the Group's scope 1 and 2 emissions is 2024. The Group has not defined goals for GHG emission reduction. Given that the Group is still refining its GHG emissions calculations and will assess its assets' exposure to sustainability risks in 2026, the Group plans to define qualitative and quantitative emission reduction targets for the decarbonisation of the Group's operations and products by 2028 (including) in order to achieve carbon neutrality by 2050 at the latest.

We believe that the Group has several advantages in sustainable development, while at the same time facing a number of challenges on the path to climate neutrality and climate resilience. The Group has not set any quantitative GHG emission reduction targets.

In 2025, when updating the *Sustainability Strategy*, several decarbonisation development directions were reinforced:

- to define and implement the decarbonisation of individual products
- to define decarbonisation targets for credit portfolios
- to develop a standardised system for assessing and incorporating climate and environmental risks
- to develop and implement a method for assessing the Bank's operations and its products' decarbonisation qualitative and quantitative emission reduction targets

Quantitative GHG emission reduction goals for decarbonisation development directions have not been defined.

To date, the Group has not included climate scenario modelling in its sustainability management.

The Group's agenda for developing a climate action plan:

- Reasons why a climate action policy has not yet been adopted and GHG emission targets set: The Group is in the process of strengthening sustainability management and data quality. The priority for 2025 has been to improve the emissions calculation methodology and obtain reliable data to ensure that future targets are well-founded and measurable.
- Deadline for developing and approving a climate action policy: The Group has set a deadline of 2028 (including) for developing a structured action plan in the area of climate policy.
- Reasons why climate action has not been implemented to date: To date, the Group has not conducted a systematic assessment of the sustainability risks to which its assets are exposed. Accordingly, no specific climate change mitigation and adaptation targets have been set.
- Timeframe for initiating and implementing climate action: A structured action plan for climate policy will be developed by 2028 (including).
- Deadline for setting measurable, results-oriented targets: the definition of quantitatively measurable climate targets is on the Group's agenda for 2026.
- Monitoring the effectiveness of climate action policies and actions taken in relation to material sustainability impacts, risks, and opportunities: The Council monitors sustainability risk management and ensures that sustainability risks are integrated into the Group's overall risk management system.
- Description of the level of ambition to be achieved, including qualitative and/or quantitative indicators used to measure progress: sustainability performance indicators are both qualitative and quantitative.
- Determination of the base year from which progress in achieving climate targets is measured: for some of the indicators defined for 2025, the base year is 2024, for others it is 2025, while in some cases no base values have been set.

## Resource consumption | E1-5

The Group's resource consumption accounting corresponds to the amount and final consumption of resources included in the Group's Scope 1 and Scope 2 GHG emissions calculations. Calculation method, data collection process for energy consumption is presented in section Greenhouse Gas Emissions.

### The Group's resource consumption, kWh

	2024	2025	Change 2025 vs 2024
Electricity	3 993 849,01	3 947 129,88	- 46 719,1
Energy generated by RCC solar panels*	84 683	79 428,4	- 5 254,6
District heating	122 746,45	510 755,77	+ 388 009,3
Natural gas	2 788 642,18	3 007 548,67	+ 218 905,5

\*228 solar panels installed on RCC office building are used to generate energy for the office building's own consumption. Within the Group, this is the only source of renewable energy used for own electricity consumption.

Energy resources consumed by the Group are used for electricity and heating purposes only, and fuel is not used as a raw material or for other purposes not related to energy generation.

During the reporting period, the Group has 46 vehicles, compared to 34 vehicles in 2024.

### Fuel consumption, l

	2024	2025	Change 2025 vs 2024
Biofuels consumed by vehicles	34 206,07	37 365,95	+ 3 159,88
Petrol consumed by vehicles	2 092,76	6 586,59	+ 4 493,83
Diesel consumed by vehicles	13 183,19	16 314,75	+ 3 131,56
Diesel consumed in operation of generators *	1014,04	1942,68	+ 928,64
Aviation turbine fuel	88 380	60 009	- 28 371

\*Electricity produced and consumed by generators is not duplicated in the electricity consumption item to avoid double counting.

### Energy managed by the Group by source, MWh

	2025	
	MWh	%
Total fossil energy consumption*	6 517,35	86,4
Total nuclear energy consumption	572,39	7,6
Total renewable energy consumption	455,12	6,0
<b>Total:</b>	<b>7 544,86</b>	<b>100</b>

\*Total fossil energy consumption does not include fuel consumed. Information on fuel consumption is provided in table Fuel consumption, l.

The proportion of managed energy is allocated based on the Residual Mix for 2024 published by AS Augstsprieguma Tīkls, proportionally applied to the Group's electricity consumption.

### Self-consumption of energy generated by solar parks, MWh

Solar park	2024. g.	2025. g.
"Aleksandriņi"	32,172	Sold in early 2025
"Citroniņi"	23,130	Sold in early 2025
"Aleksandra muiža"	10,912	Sold in early 2025
"Remmes-Lāči"	0	Under construction
Office building RCC	0*	0*
<b>Total:</b>	<b>66,214</b>	<b>0</b>

\*All energy produced by 228 solar panels installed on the RCC office building is used for the office building's self-consumption and no additional energy is used in the operation of the solar panels.

The share of renewable electricity in the total electricity consumption by RCC office building was 2.01%, which is used for own electricity supply.

Within the Group, 85,48% of heating was provided by natural gas and 14,52% by district heating networks.

No other alternatives for heat supply are provided.

Energy sources used for the Group's heat supply

are by 100% fossil fuels, sourced from external suppliers.

The share of fossil energy in the total thermal energy consumption by the Group was 100%.

The Group does not produce non-renewable energy.

### Renewable energy

#### Renewable energy generated by the Group's solar parks, MWh

Solar park	2024	2025
"Aleksandriņi"*	9 660,798	Sold in early 2025
"Citroniņi"*	10 224,4	Sold in early 2025
"Aleksandra muiža"*	2 953,008	Sold in early 2025
"Remmes-Lāči"**	0	Under construction
Office building RCC	84,683	79,428
<b>Total:</b>	<b>22 922,889</b>	<b>79,428</b>

\*Renewable energy generated by the solar parks is fed into the common grid and is not used for self-consumption, except for self-consumption of the solar parks.

\*\*The solar park is under construction or has not yet been put into operation.

## Economic activities of the Group's subsidiaries in high climate impact sectors

The Group carries out economic activities in sectors classified as high climate impact industries:

- Real estate management - SIA KI Nekustamie Īpašumi, SIA KI Zeme, KI Invest OOO, SIA KI FUND, SIA Euro Textile Group, SIA APELLA
- Air carriage and transport - SIA Second Sky Management, Ulmaria Limited

During the reporting period, SIA Second Sky Management disposed of an aircraft under its management, while an aircraft that forms part of the share capital of Ulmaria Limited was included in the Group structure through acquisition of the company by the Group. The aircraft owned by Ulmaria Limited has been fully transferred to a third party and the Group has no influence over any operational decisions regarding its use, accordingly, the resulting GHG emissions are fully attributed to Scope 3.

The Group's energy intensity for 2025 is 93,06 MWh/million EUR. The energy intensity for 2024 has not been calculated. Energy intensity calculations are not performed at an individual level for subsidiaries with a high climate impact, included in the consolidated Group.

## Greenhouse gas emissions | E1-6

During the reporting period, the Group calculated its Scope 1 and Scope 2 GHG emissions:

- Scope 1 emissions - direct GHG emissions arising from activities under the Group's direct control:
  - Stationary combustion - natural gas (boilers, heat production), diesel fuel (generators)
  - Mobile combustion - diesel fuel, petrol, aviation turbine fuel (until the disposal of the aircraft)
  - Fugitive emissions - emissions from fire extinguishers, refrigerant refilling
- Scope 2 emissions - indirect GHG emissions not under the Group's direct operational control, arising from:
  - Purchased electricity
  - Thermal power purchased from district heating networks

The Group has not defined GHG emission reduction targets.

In 2025, improvements were made to the GHG emissions calculation methodology by applying the main principles of the GHG Protocol. The improvements include:

- Improved inventory of GHG emission sources
- Improved approach to collecting resource consumption data
- Replacement of part of estimated data with actual data in GHG emission calculations
- Updated GHG emission factors

In 2025, following improvements to the GHG emissions calculation methodology and data collection approach, the results obtained are considered more accurate compared to the results for 2024. The 2025 data are comparable with the 2024 data.

## The Group's GHG emissions and GHG reduction targets

t CO <sub>2</sub> e	In retrospect				Reference points and target years			
	Baseline year (2024)	Compared to	2025	Change, %	2025	2030	2025	Annual target (%) / baseline year
<b>Scope 1 GHG emissions</b>								
Scope 1 gross GHG emissions (t CO <sub>2</sub> eq.)	898,41*	- 11,51	886,90**	- 1,28	Not defined	Not defined	Not defined	-
Share of scope 1 GHG emissions under regulated emission trading schemes (%)	Not binding							
<b>Scope 2 GHG emissions</b>								
Location-based gross scope 2 GHG emissions (t CO <sub>2</sub> eq.)	240,61	10,27	250,88	4,27	Not defined	Not defined	Not defined	-
Market-based gross scope 2 GHG emissions (t CO <sub>2</sub> eq.)	240,61	1661,41	1902,02	690,50	Not defined	Not defined	Not defined	-
<b>Total GHG emissions</b>								
Total GHG emissions (location based) (t CO <sub>2</sub> eq.)	1 139,02*	-1,24	1 137,78**	- 0,11	Not defined	Not defined	Not defined	-
Total GHG emissions (market based) (t CO <sub>2</sub> eq.)	1 139,02*	1 649,90	2 788,92**	+ 144,85	Not defined	Not defined	Not defined	-

\*Of which 224.72 tCO<sub>2</sub>e are generated by a single economic activity, emissions from aviation turbine fuel.

\*\* Of which 152.58 t CO<sub>2</sub>e are generated by a single economic activity, emissions from aviation turbine fuel.

The changes in the Group's GHG emissions compared to 2024 is due to:

- In 2025, the market-based calculation was refined by applying supplier, country-average residual network coefficients and district heating emission factors.
- In 2025, Scope 1 aviation turbine fuel consumption was reduced by 32%.
- In 2025, Scope 1 diesel fuel consumption increased by 23%.
- In 2024, estimated calculations were applied to 6% of the square meters of real estate attributable to Scope 1 and Scope 2 emissions, representing slightly over 8% of the total energy consumption. The 2024 GHG emissions data inventory did not include emissions generated in common areas from district heating systems, gas, and electricity. Following improvements to the GHG emissions calculation methodology, the 2025 calculation included emissions generated in common areas. Of these, less than 1% of electricity consumption and natural gas and nearly 53% of energy procured from district heating systems (kWh) were expressed in monetary terms (EUR), to which estimation methods for GHG emissions were applied.
- In 2025, estimation methods for GHG emissions were applied to less than 1% of electricity consumption and natural gas and nearly 83% of GHG emissions generated from district heating systems.
- In 2025, natural gas consumption in the Group's Scope 1 RCC office building increased by 14%.
- In 2025, the actual supplier's emission factor was used for 89% of electricity consumption market-based calculation.
- An aircraft was divested during the reporting period.
- In 2025, the volume of real estate with GHG emission sources decreased by nearly 45% due to divestment of real estate.

## GHG emissions calculation method

The Group identifies, quantifies, inventories and calculates GHG emissions in accordance with the Greenhouse Gas Protocol, an internationally recognised standard for accounting and reporting GHG emissions by companies, municipalities and organisations (hereinafter - GHG Protocol).

By greenhouse gases (hereinafter referred to as GHG) the Group means gaseous components of

the atmosphere of natural and anthropogenic origin (CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, SF<sub>6</sub>, HFC, PFC, NF<sub>3</sub>) that absorb and re-emit infrared radiation and are the primary cause of global warming and climate change.

During the reporting period, the Group calculated its Scope 1 and Scope 2 GHG emissions expressed in tonnes of CO<sub>2</sub>e equivalent.

## Defining the Group's organisational boundaries

The Group assesses GHG emissions within its organisational boundaries based on the financial control principle, accounting for GHG emissions of those consolidated subsidiaries and their activities that are under the Group's effective control and are consolidated in the Group's financial statements, and where the Group has the ability to determine financial and operating policies with a view to obtaining economic benefit from their activities. For example, the Group has 100% financial control over subsidiary AS InCredit, although it owns 51% of the company's shares. In this case, no proportionate share of GHG emissions is allocated in the calculation of GHG emissions and all emissions from InCredit operations are attributed to the Group.

In 2025, the following subsidiaries of the Group are included in the calculation of GHG emissions: SIA KI Zeme, SIA RB Investments, SIA KI Nekustamie Īpašumi, SIA KI FUND, SIA Apella, SIA Second Sky Management, SIA Vesetas 7, Rietumu Leasing OOO, SIA InCREDIT GROUP, KI Invest OOO, SIA Euro Textile Group, SIA RB Drošība, foundation Nākotnes Atbalsta Fonds, RB Securities Limited, and Ulmaria Limited.

The information on the Group's GHG emissions has not been subject to an independent verification of data accuracy or reliability besides the Sustainability Reporting limited verification process. During the reporting period, the Group was not engaged in GHG emission offsetting and was not a participant in the European Union Emissions Trading System (ETS).

## Thresholds used in the GHG emissions calculation

The Group's policy is to assume GHG emissions from third parties in situations where it is not possible to accurately allocate resource consumption between the Group and third parties. This also applies in cases where emissions

are associated with the Group's core business, including rental of premises, where utility bills are paid by the Group and these costs are included in rental fees paid by third parties.

In situations where resource consumption in GHG emission sources cannot be separated and at least 70% of real estate owned by the Group is rented to third parties, the resource consumption is attributed to Scope 3 emissions.

Real estate owned by the Group that is rented to third parties under rent agreements is attributed to Scope 3 GHG emissions, based on the fact that the Group does not have operational control or influence over the GHG emissions generated at these properties.

Real estate that is partly rented to 3rd parties but at the same time used for the Group's purposes is attributed to Scope 1 and Scope 2 emissions. For example, premises rented to third parties in central office building Rietumu Capital Centre are attributed to GHG emissions of subsidiary SIA Vesetas 7.

## GHG emission sources and data inventory

The GHG emissions inventory based on the financial control principle identified subsidiaries with different availability of data for calculations of GHG emissions, which led to some uncertainties in the calculations:

- Subsidiaries to which scope 1 and scope 2 emissions are attributable and for which actual data are available for GHG emission calculations
- Subsidiaries to which scope 1 and scope 2 emissions are attributable and for which some data necessary for GHG emission calculations are based on estimates
- Subsidiaries where the inventory identified GHG emission sources attributable to Scope 3 emissions

Some of the subsidiaries conduct their business activities in the RCC office building at 7 Vesetas Street, and their GHG emissions are attributed to SIA Vesetas 7.

As part of the calculation of the Group's GHG emissions, an inventory of GHG emission sources was carried out covering all Group subsidiaries: AS Rietumu Banka, SIA RB Investments, SIA Vesetas 7, SIA KI FUND, SIA KI Zeme, SIA KI Nekustamie Īpašumi, Rietumu Leasing OOO,

SIA InCREDIT GROUP, KI Invest OOO, SIA Euro Textile Group, SIA RB Drošība, SIA Second Sky Management, foundation Nākotnes Atbalsta Fonds, RB Securities Limited, SIA Apella, Ulamria Limited.

The calculation of total Scope 1 and Scope 2 GHG emissions identified resource consumption in the following categories:

- Stationary combustion (boilers)
- Stationary combustion (generators)
- Mobile combustion (vehicles)
- Refilling of refrigerants
- Electricity consumption
- Heating energy consumption

No GHG emissions from the purchase or refilling of new fire extinguishers were identified in 2025.

GHG emissions from chemical reactions in production process, based on the Group's economic activity, do not apply to the Group.

## Data compilation, adjustment for GHG emission calculations

1. The input data are collected by the original data holders, such as the Maintenance Department, the Accounting Department, managers of the subsidiaries, the Real Estate Sales Department.
2. The data are processed and adjusted by the Sustainability Projects Manager and checked for compliance by the Sustainability Director.
3. GHG emissions calculation data are compiled in a Group-wide GHG emissions data aggregation template structured on the basis of scope 1 and scope 2 GHG emission calculation categories.
4. Data holders aggregate data from the accounting system for resources consumed in real estate properties.
5. In situations where resource consumption is expressed in currencies other than EUR, a currency conversion is performed equivalent to that used in financial statements. For currencies not published by the European Central Bank, the current market exchange rate is applied.
6. Data are collated on the amounts of resources consumed in real estate properties for 2025 (broken down by month) and on the amounts of fuel consumed by vehicles, aircraft and

generators.

7. Sustainability Projects Manager examines the data collected, both for relevance to scope 1 and 2 emissions and for accuracy.
8. Where necessary, data compiler extracts aggregated data for scope 1, 2 and, in some cases, scope 3 emissions.
9. Where necessary, the aggregated data units are converted to the units of measurement used in GHG emission calculations.
10. The input data for scope 1 and 2 calculations are aggregated into the Group's single GHG emissions datasheet:
  - Category data for scope 1 GHG emission calculations were aggregated/summarised by type of technical equipment.
  - Category data for scope 2 GHG emission calculations were aggregated/summarised by type of resource used.

### Data verification and quality control

The Group has defined clear responsibilities for collecting, processing and calculating data used in the GHG emissions calculation, ensuring

compliance with the "four-eyes principle". In 2025, we implemented a GHG emissions data management and quality control process in the following stages:

- Identification of GHG emission sources and resource consumption
- Definition of the initial data compiler
- Definition of input data source
- Designation of the person responsible for data processing and adjustment
- Verification of data compliance and quality

### GHG emission factors

For the calculation of GHG emissions, a GHG emission factor is applied to determine the amount of emissions generated, expressed in tonnes of CO<sub>2</sub>e equivalent.

The Group does not have an agreement with its utilities providers regarding the attribution of resources of known origin, nor has it entered into contracts for the purchase of green energy.

A GHG emission factor with a higher level of detail derived from scientifically based calculations is assigned to each GHG emission calculation item as a priority.



## Sources of GHG emission factors used

Applicability of GHG emission source	Emission factor developer / maintainer	Source of emission factor	Year of emission factor calculation	Level of detail*
Scope 1 categories (Latvia)	Department for Environment, Food & Rural Affairs	<i>Greenhouse gas reporting: conversion factors</i>	2025	Estimates
Scope 2 location-based calculation for electricity and heating (Latvia)	Ministry of Climate and Energy	Greenhouse Gas Emissions Calculation Methodology	2024	Actual data
Scope 2 location-based and market-based electricity calculation (Russia)	United Nations Framework Convention on Climate Change	<i>Harmonized IFI Default Grid Factors</i>	2021	Estimates
Scope 2 market-based electricity calculation (Latvia)	Association of Issuing Bodies	European Residual Mixes	2024	Estimates
Scope 2 market-based electricity calculation (Latvia)	Utilities (89% of total electricity)	Emission factor provided by service provider upon request	2025	Actual data
Scope 2 market-based thermal energy calculation (Latvia)	Utilities	Publicly available information	2025	Estimates

\*Actual data – data provided by suppliers or other value chain actors. Examples of primary data are utility bills, fuel purchase receipts, emission factors provided by suppliers.

\*Secondary data – data obtained from external sources that represent values where primary data are not available. Examples of secondary data are industry averages, emission factors published in databases.

## Scope 1 and 2 GHG emissions calculation

The Group's direct emissions (Scope 1) are those arising from sources under the Group's direct financial and operational control:

- Stationary combustion – natural gas (boilers), diesel fuel (generators)
- Mobile combustion – diesel fuel, petrol,

aviation turbine fuel

- Fugitive emissions – fire extinguisher emissions, refrigerant refilling

The Group's indirect emissions (Scope 2) are emissions from:

- Purchased electricity
- Heat purchased from district heating networks.

For calculating Scope 1 GHG emissions, the formula defined in the GHG Protocol is applied:

**Activity data x emission factor (t CO<sub>2</sub>/ kWh) = GHG emissions t CO<sub>2</sub>e** where:

activity data – actual operational data, for example, fuel consumption

emission factor – a coefficient indicating the amount of GHG emissions per unit of activity, expressed in units of CO<sub>2</sub> equivalent (CO<sub>2</sub>e)

For calculating Scope 2 GHG emissions, the formula defined in the GHG Protocol is applied:

1. Location-based Scope 2 gross GHG emissions based on local grid or network emission factors:

**Electricity activity data x primary or secondary emission factor = GHG emissions t CO<sub>2</sub>e (location-based GHG emissions)**

and

**Thermal energy activity data x primary or secondary emission factor = GHG emissions t CO<sub>2</sub>e (location-based GHG emissions)**

2. Market-based Scope 2 gross GHG emissions based on electricity supplier's emission factor, heat supplier's emission factor or national average residual grid factor:

**Electricity activity data x primary or secondary emission factor = GHG emissions t CO<sub>2</sub>e (market-based GHG emissions)**

and

**Thermal energy activity data x primary or secondary emission factor = GHG emissions t CO<sub>2</sub>e (market-based GHG emissions)**

### Identified data shortages and estimates applied for scope 1 and scope 2 GHG emission calculations:

- In some cases, there may be information gaps on GHG emission sources for refrigerants and fire extinguishers. Such information gaps may arise where the Group does not have sufficient information or supporting evidence on the existence of such equipment or consumption of resources associated with it. In such cases, based on information available, it is assumed that the Group has no data on the relevant emission sources and they are not included in GHG emission calculations.
- Consumption of electricity and heat in the Group's properties is aggregated in the unit kWh. In situations where resource consumption is not expressed in kWh but in EUR, an estimate of resource consumption is made individually for each property, based on the property-specific cost per 1 kWh. If the consumption price is not available, the average monthly value is used, calculated from the aggregated resource consumption prices of all real estate properties.
- In the case of rented premises, if consumption information is not available, the average monthly resource consumption volume is applied, calculated based on aggregated data from rented real estate properties.
- In situations where actual data for electricity and heat consumption are not available for a given month, an estimated calculation is applied based on the highest monthly consumption during the reporting year.
- In situations where a property rent agreement comes into effect mid-month, the GHG emissions attribution is determined based on the proportion of the month during which the property is under the Group's control. If the property is under the Group's control for more than half of the month, the relevant GHG emissions are classified as Scope 1 and Scope 2 GHG emissions. On the other hand, if the property is transferred to a third party for more than half of the month, the GHG emissions are accounted for under Scope 3.
- For resource consumption in real estate located in Russia, the location-based GHG emission factor is applied for both location-based and market-based emissions calculations, based on the approach set out in the GHG Protocol (p. 45), available [here](#).

### Disclaimer about GHG emission calculations

- In cases where energy generated by solar panels is fed into the common electricity grid, self-consumption of electricity by these solar panels was not considered renewable energy that does not generate GHG emissions.

- In cases where energy generated by solar panels is used for self-consumption, self-consumption of electricity by these solar panels is considered renewable energy that does not generate GHG emissions.

In the second year of preparing the Sustainability Report, the Group applies phased implementation of disclosure requirements under ESRS E1-6 and therefore omits Scope 3 gross GHG emissions based on the average number of employees of the Group at the balance sheet date, which does not exceed 750 employees.

### Group's GHG intensity per operating income

GHG intensity per net revenue	2024	Compared to	2025	Change, %
Total GHG emissions (location-based method) per unit of net revenue (tCO <sub>2</sub> eq. / EURm)	17,1	-3,07	14,03	-17,93
Total GHG emissions (market-based method) per unit of net revenue (tCO <sub>2</sub> eq. / EURm)	17,1	17,30	34,40	-50,29

The Group calculates the GHG emissions intensity as the ratio of total GHG emissions (Scope 1 and Scope 2) to the Group's operating income (revenue reported in the financial statements), expressed as metric tonnes of CO<sub>2</sub> equivalent per million euros of revenue, tCO<sub>2</sub>e/EURm.

## Greenhouse gas emission sequestration | E1-7

During the reporting period, no actions were taken to apply GHG emission sequestration or offsetting mechanisms. In the *Sustainability Strategy* we have defined an ambition to develop and establish GHG offsetting mechanisms and integrate them into investment plans and the loan portfolio, respecting the principle of GHG emissions hierarchy and offsetting those impacts that cannot be prevented or mitigated.

The Group is not a member of the European Union Emissions Trading System (ETS) and does not use carbon pricing schemes.

## Climate risks | E1-9

The Group uses phase-in relief for climate risk assessments for the Group's assets. To date, the Group has not carried out an assessment of climate-related physical risks in its operations and value chain.

From 2026, the Group is required to disclose information in the Risk Management and Capital Adequacy Report (Pillar 3) regarding the exposure of its assets to environmental, social and governance risks.

At the end of the reporting period, the Group has 1 property under management with Class A Energy Performance Certificate with a carrying value of EUR 4 898 000.

During the reporting period, the Group has not identified:

- The expected financial impact of physical risks
- The exposure of assets under its management and the Bank's loan portfolio to significant physical and transition risks
- Net revenues from operations that are exposed to significant transition risk
- Net revenues from customers engaged in coal, oil or gas-related activities
- The expected cost savings from climate change mitigation and adaptation activities

In 2025, the Group has not assessed the potential impact on future financial performance and the situation with assets and business activities exposed to significant transition risk.



## Our employees | ESRS S1

Our main strategic directions for human resources management are based on 3 pillars: **excellence, engagement, efficiency.**

### **We have defined strategic directions for human resources management:**

- targeted professional development and advancement of personnel, career growth within the company
- employee involvement in strengthening our values and creating an inclusive culture
- promotion and implementation of employee well-being principles and approaches
- implementation of digital personnel management solutions in everyday work

The information disclosed in the Sustainability Report regarding own workforce has been prepared taking into account all 491 employees of the Group for 2025, including all employees, regardless the held position and type of workload. The personnel-related indicators, which also include those employed under contractor agreements, are provided separately for each disclosure.

Information disclosed in section "Our employees | S1" of the Sustainability Report is not subject to further independent validation beyond the limited verification.

*"Sustainability plays a significant role in corporate culture and in creating a productive work environment. Care for employee health and well-being, gender equality, opportunities for growth and development, as well as safe working conditions – all of this is essential both in daily operations and in achieving the company's strategic goals. I am convinced that HR policy should be based on sustainable values, and we put these principles into practice,"*

**Nadežda Maļinovska,**  
**Head of Human Resources of Rietumu Banka**

## Impacts, risks, and opportunities

Within the Double Materiality Assessment, we have identified the impacts, risks, and opportunities associated with our employees. Having measured the impact of our operations on the employees and, conversely, how employees can influence the business processes, especially achievement of strategic objectives, a positive impact on current processes (in the short term) was identified. However, when assessing the role of employees in the perspective (in the medium and long term), it was recognized that higher financial risks may be associated with employees.

Material impacts, opportunities and risks related to employees identified within the Double Materiality Assessment are listed in section “Material impacts, risks and opportunities | SBM-3” of the Sustainability Report.

Each employee and business partner are encouraged to report violations of the *Code of Ethics* in good faith if there is mobbing, abusive behaviour, including harassment, humiliation, violence, psychological abuse, socially hostile behaviour, cynical attitudes and other harassment, including offensive communication – hostile or unethical comments. We consider failure to report such violations equivalent to participation. Employees can report to the head of their structural unit or to the Human Resources Department or via any other reporting channel specified in the *Whistleblowing Procedure* where there are grounds for believing that the conduct of an employee does not comply with the basic principles of professional conduct and ethics, including incidents of mobbing known to the employee. We have collected and assessed the risks and incidents recorded in the Group's operational risk database. The risks and incidents recorded in the database are not attributable to existing and potential impacts on employees or employees in our value chain. Anonymous employee survey conducted within the framework of the Double Materiality Assessment revealed that respondents sometimes do not report potential violations of the core principles of the *Code of Ethics*. This result indicates that there is a risk that some negative impacts on employees may remain undiscovered. Based on the survey results, we have set tasks to strengthen employee awareness of the possibilities to safely report negative impacts affecting them or colleagues as a result of our operations, as well as to continue explaining the reliability of reporting

channels and ensure that no reprisals are taken against reporters.

## Our efforts for positive impact on employees

We engage the Bank's employees in healthier lifestyle activities, encouraging them to take responsibility for their mental and physical health. We offer the opportunities of corporate participation in a running marathon and cycling events, exercising in the office under the guidance of a physiotherapist. The Bank has joined the "Mission 0" community of labour safety enthusiasts, caring for and providing trainings on safety, health and well-being of employees, which brings to life its motto "May everyone return home safe and healthy".

In 2025, various employee engagement and bonding events were organised to promote Latvian traditions and culture, including encouraging employees to become active and involved in socially important projects.

We have introduced various intangible benefits for the Bank's employees: professional development opportunities, invitations to VEF Riga basketball matches and final rehearsals at the Dailes Theatre, visiting museums, events for employees' children, health and well-being promotion activities, educational events.

We provide the Bank's employees with financial support for the birth of a child, support them on important events in their lives by giving them the opportunity to take paid holidays: up to 3 days loyalty holidays, employee weddings, the first day of school in September for parents of children in grades 1-4, and for other personal reasons. In addition to the provisions of the Labour Law, up to five working days of paid leave per year is granted to an employee who participates in Home Guard training, as well as to an employee who is a reserve soldier if the employee participates in military training.

As part of the Double Materiality Assessment, material risks and opportunities arising from the impact and dependence on the own workforce have been identified. Material impacts, opportunities and risks related to employees identified within the Double Materiality Assessment are listed in section “Material impacts, risks and opportunities | SBM-3” of the Sustainability Report.

## The role of employees in achieving sustainability objectives

So far, we have not conducted a comprehensive assessment of whether and how our employees might be affected by the Group's sustainability development, the implementation of environmental goals, including whether our employees could be negatively or positively affected by planned climate neutrality measures.

Motivated and interested employees are a substantial factor of achieving the Group's sustainability objectives and identifying opportunities related to sustainability, therefore we ensure employee training and inform them about the Group's *Sustainability Strategy* and implementation of the same:

- We consider the employees to be promoting the implementation of our sustainability objectives, and therefore we educate and train the employees on the sustainability objectives of the Group's operations.
- We evaluate corporate governance in the area of social responsibility, including employee well-being, with the aim of achieving a higher level of employee satisfaction and engagement.
- For employees whose daily work involves identifying, assessing, and managing sustainability risks, we provide training on sustainability objectives according to their roles and responsibilities and include knowledge and skills testing. Informative training for employees is organized with the aim of reinforcing our commitment to avoid financing business activities involved in greenwashing or supporting any form of greenwashing.
- In accordance with the set strategic objectives, to facilitate their efficient implementation, we plan to link the variable part of remuneration to the achievement of key performance indicators in the sustainability area. In 2026, we plan to supplement the key performance indicators of employees and officers with achievements in the area of sustainability, as well as assess and review them once a year. Further information on linking remuneration to sustainability objectives is provided in section "Remuneration principles | GOV-3".

### Moral principles and norms

Our operations do not involve employment risks that would indicate signs or potential risks of any form of forced or compulsory labour. The Group

does not operate in countries where activities that are considered risky in terms of employment are carried out.

We do not tolerate violation of human dignity. We have a zero tolerance policy towards human rights abuses, and it is essential for us to prevent such abuses both in our own operations and throughout our value chain. The Group strives to identify and mitigate the related risks and to encourage its customers and partners to have appropriate employment policies and sufficiently high-quality monitoring systems in place.

According to the Group's operational risk database and whistleblower register, there were no violations or reports of human rights abuses in the Group's history.

### Vulnerable groups

The Double Materiality Assessment did not reveal actual negative impacts on own workforce that would be attributable to workers with particular characteristics or working in particular contexts.

In subsidiaries and among the actors in the Group's value chain whose business activities are related to the management and development of real estate, in particular construction, potential impacts through workplace risk factors were defined, taking into account the industry-specific risks, including work safety and health protection, increased physical load, working at height or construction sites, as well as higher risks of accidents and occupational diseases.

Under the Double Materiality Assessment, no specific groups of persons with which negative or positive impacts and risks could be associated and significantly highlighted were identified with regard to the own workforce.

## Policies related to own workforce | S1-1

We have developed the *Personnel Policy* with the aim of implementing effective personnel management to promote employee well-being, loyalty, growth, and motivation, thereby contributing to the Bank's development and the achievement of its financial goals.

The Policy has been developed in accordance with the best personnel management practices, in accordance with the values and operating principles set by the Group.

The *Personnel Policy* is applied Bank-wide. The subsidiaries have to follow the *Personnel Policy* when determining their principles for personnel management. The implementation of the principles of the *Personnel Policy* is the task of managers at all levels of the Group. The Executive Board ensures the development and implementation of the *Personnel Policy* in accordance with the *Business Development Strategy* approved by the Council. The managers of all levels are responsible for adherence to the defined guidelines in practice, managing the

daily work of the structural unit and building relationships with other structural units. The *Personnel Policy* does not directly comprise the international standards. Although the employees not involved in personnel management do not participate directly in the development of the *Personnel Policy*, we regularly invite the employees to express their opinions and suggestions to better align our practice with the needs and expectations of employees. Our *Personnel Policy* is available to all the Group's employees.

### Internal reporting plan for monitoring of personnel management matters

Report scope	Frequency	Report recipient
Personnel Management Updates	Monthly	Member of the Bank's Board, Chief Risk Officer
Fulfilment of the employee training plan	Annually	Bank's Board
Employee turnover indicators	Monthly	Data Analytics Division of the Accounting Department
Results of the evaluation of officials	Annually (before 30 April next year)	Bank's Council, Nomination Committee, Bank's Board
Report on implementation of sustainability principles at the Bank	Quarterly	Bank's Board

#### The *Personnel Policy* stipulates:

- requirements for personnel
- professional, competency and ethical requirements for personnel
- guidelines for personnel planning, selection and management
- sustainability in personnel management
- principles of employee training and professional development
- personnel remuneration and motivation system
- roles and responsibilities

focuses on the achievement of common goals and on the perception among employees that their work is meaningful and contributes to the overall performance of the Bank

- fair pay and competitiveness in the labour market
- gender neutrality

#### The *Remuneration Policy* stipulates:

- compliance with the principle of gender equality, offering equal pay for equal work
- the principle of fairness by offering pay in accordance with the employee's experience and competencies

Employee-related impacts, risks, and opportunities identified within the Double Materiality Assessment have been integrated into the *Sustainability Strategy*, and appropriate targets and performance indicators have been set for those for monitoring purposes.

The Group has developed other key policies for managing its own workforce and managing the impacts, risks and opportunities associated with its own workforce:

#### The Group supports and ensures:

- remuneration corresponding to the held position and performance of the employee
- the Group's ability to attract, develop and retain highly motivated, competent employees
- performance management system that

- *Code of Ethics*
- *Working Procedure Regulations*
- *Personal Data Processing Policy*
- *Corporate Governance Policy*
- *Conflict of Interest Management Policy*
- *Risk Management Policy*
- *Non-Financial Risk Management Policy*

Annual mandatory training is organized for employees on policies that are important to the Group.

The *Personnel Policy* is updated once a year. The following updates were made in 2025:

- clarified principles of sustainable personnel management
- clarified performance management requirements
- clarified roles and responsibilities for policy implementation
- updated employee benefits package

## Human rights

The *Personnel Policy* sets the social responsibility principles: occupational safety, improvement of the working environment, prevention of discrimination, involvement of the local community.

Although we have clear conditions to prevent and address human rights violations in our operations and to manage our value chain as much as possible, we do not have a separate human rights policy that directly applies to our employees.

In 2025, we developed the *Code of Ethics*, in which we committed to complying with international principles of the following:

- the UN Global Compact
- the Universal Declaration of Human Rights
- the UN Sustainable Development Goals
- the UN Guiding Principles on Business and Human Rights
- the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises

It is important for us to select the business partners who understand and adhere to the principles of our Code of Ethics. In case of failure to comply with these principles, we can refrain from commencing cooperation or terminate the existing cooperation.

The Bank applies investment restrictions to the financial instruments if issuers of those are reasonably suspected of serious violations of human rights, such as human trafficking.

Our care for employees:

- we take care of the employees' working environment and assess the risks of the working environment
- we provide all social guarantees to employees

- we are socially responsible, respect the interests of society and ensure effective management of personnel safety and health issues
- we take care of the professional development of employees and organize additional education
- we organize employee cohesion events
- we ensure the principles of environmental accessibility for employees with functional disorders in office premises
- we engage in and organize social, cultural and charitable events, support projects that are important to society and comply with the principles of sustainability
- we ensure annual work performance assessment process in the Bank
- we purchase health insurance policies for employees, which include outpatient rehabilitation and mental health specialist services
- we cover the costs of mandatory health checks, which are arranged at the Bank's premises
- we compensate the expenses of vision correction required for work

The employment contract stipulates:

- the employer respects the employee's rights as set out in the Republic of Latvia laws and regulations governing employment relations and in the employment contract
- the employer undertakes to organise the employee's work, to ensure health-safe and safe working conditions, in compliance with the laws and regulations governing employment relations and the regulations on occupational safety and protection
- the employer furthers the employee professional training and qualification improvement by carrying out trainings and covering the related costs

## Employee involvement in promoting human rights

Our goal is to ensure effective mechanisms for active employee involvement and strengthening feedback, promoting continuous improvement of the work environment. In 2025, when updating our *Sustainability Strategy*, we developed a stakeholder engagement plan is included in the Sustainability Report section "Interests and views of stakeholders | SBM-2".

Employee involvement in all Group processes and initiatives is a key factor in achieving our goals, development, and improvement. In

our personnel management, we focus on the targeted professional development, growth and career advancement of our employees within the company, encouraging their involvement in strengthening the Group's values and creating an inclusive culture. We care about the well-being of our employees by planning and implementing comprehensive events and activities. In order to improve the efficiency of the personnel management process, we plan to introduce digital personnel management tools and solutions.

A significant improvement in personnel management in 2025 are the measures introduced to inform employees and promote their involvement, inviting them to express their opinions and suggestions for improvements in management practices that meet the needs and expectations of employees.

According to our *Code of Ethics*, each employee and business partner are encouraged to report violations of the *Code of Ethics*, including violation of human rights both in our own operations and in our value chain, in good faith, and anyone may submit their proposals and suggestions for the improvement of the *Code of Ethics*. We listen to our employees and develop personnel management processes and solutions that promote not only collective but also individual employee needs, productivity, and motivation.

Our work regulations stipulate that all employees are obliged to report cases of discrimination and inequality, mobbing situations, violations of ethical standards and personal data protection during the performance of their duties.

If negative impacts on employees are detected, we apply measures to prevent, mitigate, or compensate for these impacts. We consider failure to report cases of mobbing as inaction, which encourages the development of mobbing and is equivalent to participating in it. It is the duty of the Bank's unit managers to respond if an employee is engaging in or suffering from mobbing, and to address the causes of mobbing.

In 2025, we set forth in the *Sustainability Strategy* that due diligence approach is to be applied to the following in cooperation with the stakeholders and affected parties:

1. integration of due diligence approach into processes, risk management, and management systems
2. identification and assessment of adverse impacts

3. prevention or minimization of actual and potential adverse impacts
4. monitoring and evaluation of the effectiveness of measures
5. ensuring that information is accessible to stakeholders
6. ensuring remediation

## Sustainability commitment

We adhere to internationally recognized human rights and humanitarian law standards. In "Human rights" section, you can find the international human rights principles that we are committed to complying with and that we encourage our partners to comply with.

We participate in corporate sustainability and corporate responsibility assessment programs, demonstrating our commitment to continuing sustainable and responsible business practices.

### "Green office"

In December 2022, the Bank received "Green Office" certification from the World Wide Fund for Nature and, in accordance with the developed environmental program, continues to consistently develop the environmental management system and improve the environmental awareness of the Bank's employees, following the "Green Office" programme guidelines. As part of the programme, the Bank has set specific sustainability objectives and implements incentive measures to further improve the environmental management of the office. The "Green Office" helps to create environmental awareness in areas that are essential to everyday life – resource consumption, communication, and waste management. Our "Green Office" activities are mostly focused on employee engagement or environmental education.

### "Mission Zero"

In 2023, the Bank signed the "Mission Zero" charter, joining the initiative aimed at creating a healthy and safe working environment. There were no work-related accidents registered in the Bank in 2025.

### "Family-friendly workplaces"

In 2023, the Bank was awarded the status of a "Family-Friendly Workplace". In autumn 2025, the participation in the "Family-Friendly Workplace" programme was unexpectedly discontinued upon expiry of the status granted. We are planning to reapply for the "Family-Friendly Workplace" status in 2026.

Within the programme, our focus is on involving employees' family members in team-building events, and we encourage employees to spend quality time with their loved ones on weekends, publishing a weekly series of Intranet articles "What to do on holidays?".

We support employees in important moments in their lives by granting paid holidays both in certain cases and when they need time off for personal reasons. We regularly make employees' children happy at Christmas. The Bank provides employees with support as needed if they encounter favourable or unfavourable family circumstances, for example, in emergency cases. At the same time, implementing a face-to-face form of work, we are aware that our approach may create certain challenges for employees in ensuring work-life balance, planning daily work and personal responsibilities.

### Action in the field of human rights

The Group has not identified any risks in its operations that would be associated with human trafficking, forced labour, or illegal child labour. To the best of our knowledge, no human rights violations have been identified in the Group's value chain to date. In 2025, we improved our human rights management by developing the *Code of Ethics* for employees and cooperation partners. In order to systematize human rights compliance and, as far as possible, identify and prevent potential violations in our operations and value chain, we defined actions for human rights compliance by maintaining responsible and fair employment relationships:

- promote an inclusive and accessible working environment
- provide opportunities for all employees to express their views, concerns, objections and claims
- respect opportunities for employees' informal association
- pay a salary to all employees in line with labour market trends, without breaching minimum wage criteria
- set working hours to employees, ensure remuneration, social guarantees and appropriate working conditions in accordance with the requirements of the laws and regulations and the principles of good practice
- strictly respect the principle of gender neutrality in the remuneration policy as well as the principle of fairness, offering

remuneration in accordance with the duties, competencies and responsibilities of the employees

- have zero tolerance to the use of controversial weapons that cause indiscriminate and disproportionate harm to the human population, often with long-lasting consequences, such as cluster munitions, chemical weapons and biological weapons
- where adverse effects on employees are identified, apply impact elimination or mitigation and compensatory measures

We inform our cooperation partners about the basic principles of the *Code of Ethics* and promote understanding of the importance of ethical principles for successful cooperation both by publishing them on the Bank's website and through personal appeals for human rights action.

In addition, the Group's operations comply with the regulations on preventing money laundering and the financing of terrorism and proliferation, which aim to prevent the legalization of proceeds from criminal activities, including proceeds obtained as a result of human trafficking.

### Safe and predictable workplace that furthers well-being

We are committed to providing safe, healthy, inclusive and wellness-promoting physical conditions in the workplace. Upon employee request, an individual workstation is equipped with ergonomic working conditions for the employee.

As part of this, a management system has been established implementing policies:

- *Labour Safety Procedure* (applicable to the Bank)
- *Working Procedure Regulations* (applicable to the Bank)
- *Fire Safety Instruction* (applicable to Rietumu Capital Centre office building at 7 Vesetas Street in Riga)
- *Internal Rules of Conduct* (applicable to the Bank)
- *Operational Risk Management Policy* (applicable to the Group)
- *Work Environment Risk Assessment* (applicable to the Bank)

All employees are provided with relevant introductory training, regular training and

guidance on occupational safety in accordance with the requirements of regulations and the nature of the work.

In case of specific work environment risk factors, their impact on safety and health is discussed in more detail for each particular employee during work safety training. Employees are introduced not only to the relevant work environment risk factor, but also provided with important information on the measures to be taken to prevent or reduce the risk conditioned by these factors to an acceptable level.

The Bank identifies, assesses and manages work-related health and safety risks by conducting an annual work environment risk assessment.

### Our sustainable development target:

- ensure a safe and healthy working environment by preventing accidents and work injuries

### Performance indicator of our sustainable development target:

- "0" accidents and injuries at work

### Equal opportunities for everyone

Our goal is to implement a non-discriminatory, inclusive, and fair employment policy.

We ensure an inclusive work environment and a work culture open to diversity, equal treatment of all employees, including vulnerable groups such as people with individuality, women, the elderly, refugees and other minorities.

The *Code of Ethics* sets out basic principles for professional and ethical conduct, including the promotion of equality and respectful treatment:

- treat all members of society (colleagues, clients, partners) equally
- respect diversity
- stand up against intolerance and attacks on human dignity and honour, against discrimination related to a person's social origin, socio-economic status, age, gender, sexual orientation, ethnicity, culture, race, political, religious or ideological beliefs and other characteristics

We also apply non-discriminatory policy to our potential employees:

- during job interviews, candidates are not asked questions that are not related to the performance of the intended job, or questions that are directly or indirectly discriminatory
- the employee selection process is objective, systematic, and fair, providing equal opportunities to all candidates without restrictions or discrimination, observing the principles of gender equality and non-discrimination

Our *Remuneration Policy* establishes equal pay for equal work, based on ability, qualifications, confidence, and life experience, regardless of gender, ethnicity, religion, age, sexual orientation or other circumstances. At the same time, when developing the 2024 Sustainability Report, we identified a trend of unequal pay between women and men. We recognize the need to conduct a thorough analysis of unequal pay among our employees. The numerical indicators of the pay gap are listed in section "Gap in pay between female and male employees S1 -16".

The premises of the "Rietumu Capital Centre" office building have integrated environmental accessibility principles for employees and visitors with functional disabilities.

In 2025, the *Code of Ethics* was developed, which defines our policy for preventing and reducing discrimination and systematically detecting such cases. Given that no employee complaints about possible cases of discrimination have been received through our reporting channels to date, we believe that we are currently in the policy implementation phase. The principles of preventing discrimination set out in the *Code of Ethics* and the strengthened position on reporting opportunities will enable us to identify such cases more effectively in the future and implement measures that promote diversity and inclusion. This approach also includes applying the principle of due diligence to mitigate potential negative impacts, which we have established in our 2025 *Sustainability Strategy*.

### Information availability

When starting an employment relationship, an employee must get familiarized with the internal regulatory documents binding to the employee's position, which are listed in the acknowledgement form. To ensure that employees are provided with

up-to-date information on changes in internal regulatory documents, a report on the updates made is prepared and sent to them every month. In 2025, we improved the availability of information by providing employees with full access to sustainability management and the progress of the *Sustainability Strategy* implementation.

## Recruitment

The employee selection process is objective, systematic, and fair, providing equal opportunities to all candidates without restrictions or discrimination, observing the principle of gender equality and the principle of non-discrimination.

In accordance with the *Employment Relations Procedure*, the initial selection of applicants is carried out in the personnel selection process, evaluating qualifications: education, previous work experience, language skills and other professional knowledge necessary for the position.

Any of our employees can apply for the Bank's announced vacant positions.

A representative of the relevant field participates in the candidate's job interview and asks professional questions with the aim of conducting additional research and evaluation of the candidate's previous work experience, competencies and special knowledge. The board member or vice president supervising the structural unit also participates in the job interview of the candidate for the vacant position of the head of structural unit. If necessary, tests and exercises are used to assess the candidate's competencies, skills and knowledge.

In order to avoid establishing employment relationships with persons involved in violations of the AML/CFTP or sanctions regime or attempts to do so or the persons not meeting the requirements of Section 34.5 of the Credit Institution Law, relevant checks are carried out on all candidates, as well as at least once a year – on the employees holding the positions included in the set list.

All employees have the right to receive professional training and improve their qualifications, which the Group promotes and organizes according to the training plan. The head of each structural unit is responsible for promoting the professional development of employees, supporting employees' willingness

to learn, as well as promoting loyalty to the Bank and its customers.

We build and promote long-term employment relationships with all employees, striving to ensure sufficient competence and continuity. At the same time, when preparing the 2024 Sustainability Report, we found that the employee turnover rate is relatively high. For more information on employee turnover rates, see section "Total number of employees | S1-6" of the Sustainability Report.

Management responsibilities in implementing the *Personnel Policy*:

- the Bank's Council considers and approves the Policy
- the Bank's Executive Board ensures the development and implementation of the Policy
- the Bank's Executive Board ensures that the corporate culture is respected, and high ethical standards are maintained at all times
- heads at all levels are responsible for ensuring that the guidelines defined in the Policy are followed in practice in managing the day-to-day work of the structural unit and in relations with other structural units

## Employee training on our values

In order to strengthen the implementation of the basic principles of the Code of Ethics developed in 2025 in our daily work and to promote a common understanding of our values among employees, mandatory internal training was organized. 93% of employees (of the 265 employees who chose to take the tests) successfully passed the test related to the training content.

## Employee competence improvement

In order to achieve strategic goals in the field of personnel management, we plan to introduce a new personnel management process and program – a competency module, which will identify our most important set of competencies for achieving excellent results and implement them in personnel management processes.

Improving the knowledge, skills and competencies of our employees is our priority and a key factor for long-term success. Our goal is to promote the development of management competencies in all structural units of the Group, ensuring systematic and targeted professional growth of managers.

## Our sustainable development target:

- promote employees' desire to develop, support and inspire them to engage in lifelong learning, especially in educational areas related to the financial sector
- promote the development of management competencies in all structural units of the Group, ensuring systematic and targeted professional growth of managers
- support the development of young professionals and promote an inclusive work environment, providing opportunities for career start and professional growth

## Performance indicator of our sustainable development target:

- 100% of focus group employees trained on topics: AML; corruption and bribery prevention, and management of conflict of interest situations
- by 2028, 100% of structural unit managers participate in at least one competency development training

We organise regular staff training on various topics, including anti-corruption and AML/CFTP issues, to make sure of what has been learned. We have developed a training programme on sustainability-related topics, covering the Group's sustainability scope. The Group invests in the development and growth of its employees, and the heads of structural units actively promote the professional development of their team members and support their commitment to learning.

Employees have access to the following:

- introductory training for new employees on the Bank's policy for preventing the risks of violating AML/CFTP and sanctions requirements
- new employee onboarding, helping them to understand the organisation as a whole and to get involved in the work

- regular internal training conducted by qualified and competent specialists of the Bank in the relevant field
- remote or e-learning – learning the topic in the workplace and conducting a test online using the electronic content management system for testing employees within the framework of the approved annual plan
- external training – courses, lectures and conferences in Latvia and abroad

## Employee engagement | S1-2

We value the opinion of each of our employees and stakeholders. We regularly invite employees to express their opinions and suggestions to align our practices with the employee needs and expectations.

We take a number of actions to prevent, mitigate and manage negative impacts on our employees in a timely manner:

- Each employee is provided the opportunity to report workplace issues related to discrimination and inequality, and can communicate their objections and claims if the employee believes that their rights have not been respected. Employees are also given the opportunity to register impacts and risks related to personnel management in the IT systems used for operational risk management.
- As part of this, access to the operational risk database has been ensured to all employees. Each risk or incident reporter can view and follow the progress of handling their registered incident – who reviewed the document and when, and what decision was made regarding the incident.
- An anonymous employee survey was conducted during the Double Materiality Assessment process to identify potential negative impacts on employees. In the survey, employees also conducted a self-assessment, assessing whether their actions or working conditions could have a negative impact on colleagues.
- Employees have the opportunity to express their opinions to their direct managers during employee performance evaluation discussions, which are organized once a year. During discussions with the employee, the manager must explore and assess whether there are actual or potential

negative impacts on employees as a result of the Bank's operations. Upon identifying direct human rights violations or suspicions of potential or actual negative impacts on employees, the manager proposes and takes all possible measures to mitigate the impact and improve the situation.

- We inform employees about the possibilities to report if they experience any negative impact resulting from our operations.
- We encourage heads of the structural units to be attentive and to promptly identify situations where employees under their direct supervision may be subjected to negative impacts.

The Group has not established cooperation with trade unions related to employee representation and rights protection.

Managers at all levels are responsible for any kind of staff involvement in the Group's processes and activities, and this is their direct job assignment.

Every year in spring, we conduct an evaluation of all Bank employees' work performance in accordance with the set individual and collective goals of the structural unit. As part of the evaluation, we assess the employee's competence and define the employee's development plan, including the need for training. We have developed a work performance evaluation procedure, ensuring a consistent, fair, and transparent approach to the work performance evaluation process, which is available to all employees. In 2025, we did not conduct a survey on employee satisfaction and engagement results by engaging an external service provider.

### Our sustainable development target:

- provide effective mechanisms for active employee engagement and feedback, promoting continuous improvement of the work environment
- promote employee well-being, improve satisfaction and performance indicators

### Performance indicator of our sustainable development target:

- by 2028, ensure that 100% of employees have an annual performance evaluation conducted
- in 2025, 55.5% of employees had performance evaluation conducted for 2024

We provide all employees with an equal opportunity to freely express their opinions regarding violations of employee rights, and we maintain confidentiality, privacy rights, and data protection with respect to any employee complaints or expressed concerns, preventing any retaliation, suppression, or control against the complainant.

So far, we have not conducted a targeted analysis to identify potentially vulnerable individuals or those exposed to adverse impacts within our workforce and value chain. Consequently, no specific engagement and communication forms have been developed for such groups.

In personnel management, we have not yet systematically assessed the potential obstacles to employee engagement.

### Internal communication

We use various information channels to engage employees and inform them about developments in the Bank and the Group:

- internal information channel "Intranet"
- official documents
- social platforms
- thematic e-mails for addressing dedicated employee groups

All information channels are equally important for informing employees and communication management. In the "Intranet", employees have access to current and historical documents necessary for the work process, the Group's structure and process map, application forms, employee contact directory, document management system, reporting channels, etc.

The "Intranet" information channel is very actively used in everyday communication, in the performance of work duties, provides an opportunity to follow changes in laws and regulations, and is also considered important in the dissemination of information about current developments outside of work.

For the simultaneous information of employees, an e-mail has been created for the transfer of information to all employees. Among other things, thematic e-mail groups have been created, for example, for structural units, members of the Board.

In 2025, no incidents related to conflicts between employees and/or employees and the employer were recorded in the operational risk database.

We have not yet conducted a focused analysis of the effectiveness of our efforts to promote employee engagement.

## Processes for mitigating negative impacts on employees | S1-3

All our employees have equal rights and opportunities to express their opinions or concerns, make known their objections and claims.

In 2025, we defined in the *Sustainability Strategy* that we will implement a due diligence approach in cooperation with stakeholders and affected parties, which also includes ensuring remediation. When conducting a double materiality analysis, we concluded that no reports of existing or potential negative impacts on employees were received through the reporting channels managed by the Group. At the same time, the results of an anonymous employee survey show that there are employees who notice violations of the *Code of Ethics*, but do not report them in accordance with the procedure established by the Bank. The survey results also indicated that in some cases negative impacts may exist in the work environment, such as restrictions on free expression of opinion, discrimination or mobbing. To mitigate these risks, the Bank plans to strengthen employee awareness of reporting channels and create a culture of trust in which

employees are encouraged and motivated to report observed violations or adverse situations.

### Reporting channels

At the Group level, there is a system that has been developed over several years to provide employees with the opportunity to report any type of violation and existing or potential impact, including on the own workforce, through several channels. All employees have the obligation to report any non-compliance or violation detected in our operations.

The Group has ensured several reporting channels, providing employees with the opportunity to report any type of suspicion regarding corruption, fraud, conflict of interest, or other illegal activity involving the Group, its subsidiaries and their employees. An employee can submit an anonymous report by filling out the anonymous reporting form on the *Intranet* system.

The Group has developed a reporting procedure within the framework of operational risk management regarding risks, violations and shortcomings discovered in the Group's operations:

- compliance risk events
- conflict of interest situations
- AML/CFTP and sanctions
- unethical situations
- violations within the meaning of the Whistleblowing Law of the Republic of Latvia
- possible risk
- personal data protection violations
- illegal or unethical transactions
- violations of the *Code of Ethics*, including discrimination, mobbing, and human rights abuse

Employees have the right to receive advice and to communicate about any risks and violations related to the Group's operations.

Reporting channels:

- Employees may raise an alarm about potential or actual violations that may harm the public interest within the meaning of the Whistleblowing Law, the Financial Instruments Market Law, the Credit Institutions Law via e-mail: [trauksme\\_RB@rietumu.lv](mailto:trauksme_RB@rietumu.lv).
- To the Ombudsman of the Latvian Financial Sector Association, which examines customer complaints about the

actions and services provided by credit institutions registered in the Republic of Latvia: by phone +371 28718175, by e-mail [ombuds@financelatvia.eu](mailto:ombuds@financelatvia.eu) or [here](#)

- Whistleblowing channel at Rietumu Banka website [here](#)
- In the Complaints and Suggestions section of the Bank's website [here](#)
- By phone +371 28718175 or to e-mail [complaint@rietumu.lv](mailto:complaint@rietumu.lv).

To identify the needs of our employees for the work process, we have created e-mails for quick and efficient processing of applications:

- risk management
- IT support
- maintenance department support
- internal document management system support
- labour relations issues
- cyber incident resolution
- whistleblowing

For a unified and quick exchange of information, e-mail groups are created, for example, combining all employees, various management representatives and working group members.

## Complaint processing

- Reports on violations of the *Code of Ethics* – assessed in accordance with the established procedure for deficiencies and violations and the complaint and suggestion management procedure.
- Cases of operational risk registration – risk management and review mechanism is specified in the operational risk management procedure. Employees can track the processing status of their submitted applications in the operational risk database.
- Anonymous reports on deficiencies, reports on conflict of interest situations and whistleblower reports – evaluated in accordance with the established procedure for deficiencies and violations.

## Informing the employees about the reporting channels

- Upon starting employment, a new employee is given a statement of obligations, which lists policies and procedures, including the risk management process, and information about the availability of reporting channels.
- In 2025, we organized internal training on the *Code of Ethics*, including opportunities for reporting potential violations.

- We conduct regular internal training on the procedure for reporting violations and deficiencies.
- As part of sustainability training, employees are informed about the possibilities of reporting any deficiencies or non-compliance in the sustainability management process, in accordance with the Bank's established procedure for reporting deficiencies and violations.
- Employees have access to reporting channels via the internal communication channel *Intranet*.

## Report monitoring and appropriate actions

- Once a day, a daily risk control report on significant operational risk incidents is submitted to the incident owner and the Chief Risk Officer
- Once a week, a weekly risk control report on operational risk incidents is submitted to the incident owner, the Executive Board and the Chief Risk Officer
- Once a month, a monthly risk control report on operational risk incidents is submitted to the Chairman of the Executive Board, the supervising member of the Executive Board and the Chief Risk Officer
- Once a quarter, quarterly risk control reports are submitted to the Executive Board, the Risk Committee of the Council and the Council
- The Executive Board and Council of the Bank, upon receiving information on actual or potential deficiencies in the internal control system, expressed proposals for their elimination, as well as on illegal or unethical transactions, if the relevant event has been assessed as a significant risk event in accordance with the internal regulatory documents of the Bank, decide on the need to take corrective measures.

By conducting internal training on reporting violations and deficiencies, as well as on the *Code of Ethics*, the Bank ensures that all employees are informed about the reporting procedures and the reliability of the channels. However, so far, no evaluation has been conducted to determine whether employees perceive these channels as safe and free from potential negative attitudes. The results of anonymous employee surveys conducted within the framework of double materiality indicate that some employees still do not report violations using the procedures established by the Bank.

## Reporter protection

The Group has not developed a separate policy defining the procedure for protecting a reporter who uses the Group's reporting channels against reprisals. At the same time, the *Personnel Policy* stipulates that reprisals, oppression and control against complainants are not allowed. Protection against possible discriminatory or disciplinary measures against both the employee who reported and the employee who was reported is observed in accordance with the Whistleblowing Act.

Upon receipt of a whistleblower's report, the whistleblower's personal data is pseudonymized, the information received is strictly confidential and has the status of restricted information.

## Actions for mitigating negative impact on employees | S1-4

Personnel management is ensured in accordance with the Group's strategies, values, and corporate governance principles.

With regard to employees, we have defined objectives and performance indicators to mitigate negative impacts and enhance positive impacts, but in 2025 we defined no actions or measures. We have set as an objective to systematically assess, including through the Double Materiality Assessment process, negative impacts on employees, to implement effective mitigation measures and to apply compensatory actions where possible.

We have prioritised the development of a Sustainability Action Plan in 2026.

Through the Double Materiality Assessment, we identified, where possible, potential measures for inclusion in the Sustainability Action Plan activities:

1. Measures to mitigate negative impacts and promote positive impacts
2. Measures to reduce or prevent sustainability risks
3. Measures to enhance sustainability opportunities

## Our actions to prevent and mitigate negative impacts on employees

We have implemented measures that promote a positive impact on employees by providing equal access to available material and intangible benefits for everyone. However, so far we have not introduced specific measures that would directly or indirectly reduce potential negative impacts on employees.

The year 2025 has been significant in the field of personnel management, as during this period we have strengthened processes to systematically identify potential negative impacts on employees. Upon discovering such impacts, we have established measures for their assessment, prevention, or mitigation, as well as ensuring appropriate compensatory actions.

Our actions to promote positive impact on employees:

- health insurance policy (including consultations with a psychologist and psychotherapist to reduce and prevent anxiety, depression)
- mandatory health check-up every 3 years
- compensation for the purchase of a vision correction device
- weekly group exercises in the office under the guidance of a physiotherapist
- regular provision of fruits and natural sources of vitamins
- seminars on mental health, how to recognize professional burnout for all employees; seminars for managers on emotional intelligence at work, which inspires to become better
- joining in active leisure activities (Rimi Riga Marathon, Unity bike ride)
- guarded bike parking
- voluntary vaccinations with various types of vaccines

## Monitoring of positive impact

- The Group evaluates efforts and success in improving employee well-being and welfare through the annual performance appraisal process.
- As part of the Double Materiality Assessment, analyzing the results of the anonymous employee self-assessment survey, we concluded that our employees may be negatively impacted. Individual employees assessed that their actions may have negative effects on their colleagues. At the same time, the survey also revealed positive trends – 90% of respondents

indicated that they are aware of and use the tangible and intangible benefits offered by the Bank, while 91% admitted that they are actively improving their knowledge and using opportunities to acquire new competencies.

As part of the performance appraisal process, the manager, through discussions with the employee, identifies and assesses whether there are actual or potential negative impacts on employees as a result of the Bank's activities. When identifying direct human rights violations or suspicions of potential or actual negative impacts on employees, the manager proposes and takes all possible measures to prevent the impact and improve the situation. An employee or manager can report violations or suspicions in accordance with the Whistleblowing Procedure. Since the collection of performance appraisal data was not yet completed at the time of the development of the 2025 Sustainability Report, the concerns expressed by employees about possible negative impacts were not collected during this period.

Based on the results of the Double Materiality Assessment of potential and actual negative impacts on employees, actions to prevent them will be assessed in 2026.

Based on the results of the Double Materiality Assessment of opportunities for employees, actions to promote them will be assessed in 2026.

Our internal policies and procedures are considered major instruments to minimize and avoid significant negative impacts on employees as much as possible – the *Sustainability Strategy*, *Personnel Policy*, *Code of Ethics*, *Corporate Governance Policy*, *Whistleblowing Procedure*, and working procedure regulations, work performance assessment procedure, functioning of the Sustainability Committee and Internal Corporate Communication Committee.

## Resources for material impact management

The resources necessary to achieve our goals in the areas of personnel management, training, and professional development: financial resources, human resources, established partnerships, and implemented technologies.

Our cooperation partners are asked to report identified violations or unethical behaviour in the Group's economic activities or in the activities of its direct and indirect cooperation partners, and we stated the reporting channels for doing so.

## Impact on employees in achieving climate neutrality goals

The Group has not conducted a full assessment of climate-related risks, and therefore we have not defined measures to mitigate the negative impact of these risks on our personnel management. The Group has set the task of developing a sustainability and climate policy and action plan by 2028.

## Our personnel management drivers

- The main task of the Human Resources Department is to organize work related to personnel and ensure a safe working environment.
- Adviser to Executive Board Member on Social Responsibility Issues provides advice concerning corporate social responsibility.
- Data Protection Officer initiates assessment of the impact on data protection and provides recommendation on the assessment process.
- Sustainability Director coordinates internal processes and manages development projects in the field of sustainability in accordance with the objectives and tasks of the *Sustainability Strategy*.
- Internal Corporate Communication Committee is involved in organizing personnel sustainability activities, promoting internal corporate culture and employee loyalty, improving and evaluating communication channels development and maintenance.
- Sustainability Committee ensures the assessment of governance aspects related to sustainability, decision-making regarding actions and measures to be taken to implement the *Sustainability Strategy*.

# Targets related to managing impacts, risks and opportunities in relation to employees | S1-5

The *Sustainability Strategy* sets out the Group's strategic directions, priorities, and objectives of sustainable development, including results to be achieved, based on a Double Materiality Assessment that includes the analysis of impacts, risks, and opportunities.

## Our sustainable development target:

- systematically assess, including through a Double Materiality Assessment process, negative impacts on the environment, employees and significant regulatory non-compliance throughout the value chain, as well as implement effective mitigation measures and apply compensatory actions to the extent possible

### Performance indicators of our sustainable development target

Sustainability performance indicator	Indicator	Attributable to the Group's unit	Stakeholder affected by implementation	Base year	Base year value	Target for 2025	Result of 2025	Target for 2028
Stronger balance between generations and knowledge succession, achieving the average age of employees lower by 3 years compared to the base year <sup>1</sup>	Average age of the Bank's employees, %	Bank	<ul style="list-style-type: none"> <li>• Executive Board</li> <li>• Employees</li> </ul>	2024	43	43	44	40
"0" accidents and injuries at work <sup>2</sup>	Accidents and injuries at work, %	Group	<ul style="list-style-type: none"> <li>• Executive Board</li> <li>• Employees</li> </ul>	2024	0	0	0	0
By 2028, annual work performance assessment is carried out on 100% of the employees <sup>3</sup>	Work performance assessment done, %	Bank	<ul style="list-style-type: none"> <li>• Council, Council committees, Audit Committee</li> <li>• Executive Board</li> <li>• Employees</li> </ul>	2024	65	70	55,5	100
In 2028, provide internships for students amounting to 1.7% of the total number of employees <sup>4</sup>	Internship positions for students, %	Bank	<ul style="list-style-type: none"> <li>• Executive Board</li> <li>• Employees</li> </ul>	2024	1,3	1,4	1,8	1,7
Ensure balanced employee gender representation <sup>5</sup>	Women to men ratio 40/60, %	Group	<ul style="list-style-type: none"> <li>• Council, Council committees, Audit Committee</li> <li>• Executive Board</li> <li>• Employees</li> <li>• Society</li> </ul>	2024	57%	40/60	54/46	40/60
By 2028, reduce the average number of unused vacation days of employees from >20 days to ≤20 days <sup>6</sup>	The average remaining unused vacation days of >20 days, number	Bank	<ul style="list-style-type: none"> <li>• Executive Board</li> <li>• Employees</li> </ul>	2024	38,32	35	34	20

Sustainability performance indicator	Indicator	Attributable to the Group's unit	Stakeholder affected by implementation	Base year	Base year value	Target for 2025	Result of 2025	Target for 2028
<b>100% of focus group employees trained on: AML; corruption and bribery prevention, and management of conflict of interest situations<sup>7</sup></b>	AML and sanctions risk prevention, %	Group	<ul style="list-style-type: none"> <li>Shareholders</li> <li>Council, Council committees, Audit Committee</li> <li>Executive Board</li> <li>Employees</li> <li>Customers</li> <li>Cooperation partners (suppliers and service providers)</li> <li>State institutions</li> <li>Society</li> <li>Nature</li> </ul>	2024	65	100	Training postponed to early 2026	100
	Corruption, bribery and conflict of interest, %	Bank		2024	63	100	91	100
	Occupational safety and health,%	Bank		2024	76	100	Training postponed to early 2026	100
	Cybersecurity, %	Bank		2024	83	100	98	100
	Sustainability management, %	Group		2024	-	100	95	100
	Fire safety, %	Bank		2024	53	100	67	100

Methodology for Assessing Sustainable Development Goals:

<sup>1</sup>The average age of employees is calculated by determining employees' age as of December 31, 2025 and dividing the total sum of ages by the total number of employees.

<sup>2</sup>Number of registered workplace accidents and injuries.

<sup>3</sup>Proportion of employees who have undergone performance evaluations relative to the total number of employees subject to evaluation in accordance with the Remuneration Policy.

<sup>4</sup>Ratio of the number of internship agreements concluded during the reporting period to the number of employees as of December 31, 2025.

<sup>5</sup>Ratio of men to women as of December 31, 2025.

<sup>6</sup>Average number of unused vacation days among employees with more than 20 unused days as of December 31, 2025.

<sup>7</sup>Proportion of trained employees relative to the total number of employees to whom the training applies.

Assessment of the maturity of the Group's *Sustainability Strategy* in relation to setting outcome-based targets and using them to measure progress on material sustainability topics:

- Stakeholder involvement in defining targets: internal expert task forces of the Bank were involved in the process of defining performance indicators, and employees were invited to submit their proposals.
- Scientific basis of targets: the implementation plan includes targets that are defined using scientifically valid methods and appropriate measurement units.
- Changes to targets: the Group's *Sustainability Strategy* was updated and approved by the Council on August 26, 2025. Updates to

targets and methodology are planned as part of the 2026 update of the *Sustainability Strategy*.

- Monitoring of targets: Sustainability Director has been appointed at the Group level as a person responsible for implementation of the *Sustainability Strategy*. Their role is to ensure monitoring of the strategy and sustainability targets, as well as to oversee review of the strategy.

Our employees are actively involved in defining the sustainability goals.

The *Sustainability Strategy* and sustainability goals set in the same, as well as performance indicators of their achievement, are available to all employees. Starting from 2025, we ensure access to quarterly reports on the progress of implementing the sustainability strategy to all employees.

We expect employees to be actively involved in making suggestions for eliminating any violations and shortcomings. Every quarter, by publishing a report on the progress of the implementation of the *Sustainability Strategy*, the opportunity to submit current issues and proposals in the field of sustainability to the Sustainability Committee for consideration is ensured for the employees.

The heads of the relevant structural units ensure implementation of the performance indicators set for achievement of the sustainability goals and are responsible for those.

External standards are not applied in defining the performance indicators for achieving sustainability goals.

# Employment social indicators

## Total number of employees | S1-6

As of the end of the reporting period, the number of the Bank's employees was 383, and 206 of them were women (54%), 177 were men (46%). The total number of the Group's employees was 491, of whom 277 were women (56%) and 214 were men (44%). The aggregated information on employment indicators covers all our employees, except those employed under contractor agreements.

### Breakdown by gender and age group at the Bank

Age	2024				2025			
	Number		Percent		Number		Percent	
	Women	Men	Women	Men	Women	Men	Women	Men
Below 30	28	34	7	8	23	29	6	8
30-49	157	102	39	25	132	91	34	24
50-59	33	33	8	8	39	42	10	11
60+	6	8	1	2	12	15	3	4
<b>Total:</b>	<b>224</b>	<b>177</b>	<b>56</b>	<b>44</b>	<b>206</b>	<b>177</b>	<b>54</b>	<b>46</b>
<b>Total:</b>	<b>401</b>		<b>100</b>		<b>383</b>		<b>100</b>	

### Breakdown by gender and age group at the Group

Age	2024				2025			
	Number		Percent		Number		Percent	
	Women	Men	Women	Men	Women	Men	Women	Men
Below 30	34	34	7	7	27	29	5	6
30-49	199	131	38	25	175	114	36	23
50-59	54	42	10	8	59	52	12	11
60+	10	13	2	3	16	19	3	4
<b>Total:</b>	<b>297</b>	<b>220</b>	<b>57</b>	<b>43</b>	<b>277</b>	<b>214</b>	<b>56</b>	<b>44</b>
<b>Total:</b>	<b>517</b>		<b>100</b>		<b>491</b>		<b>100</b>	

**Group's employee turnover by age group and gender**

Age range	2024				2025			
	Total number of new employees		Total number of employees whose employment relationships have been terminated		Total number of new employees		Total number of employees whose employment relationships have been terminated	
	Women	Men	Women	Men	Women	Men	Women	Men
Below 30	13	14	15	8	13	10	8	8
30-49	34	26	43	11	26	14	43	20
50-59	3	3	5	1	8	3	13	2
60+	1	2	4	2	2	1	5	3
<b>Total:</b>	<b>51</b>	<b>45</b>	<b>67</b>	<b>22</b>	<b>49</b>	<b>28</b>	<b>69</b>	<b>33</b>

The Group's employee turnover is 20.24% in 2025. In the Bank, 64 employees were recruited and 82 were dismissed. In the Group, 77 employees were recruited and 102 were dismissed. Employee turnover (%) reflects the number of dismissed employees (voluntary termination of employment, dismissal by employer or retirement) against the annual average number of employees for the period.

**Group's employee turnover rate**

	2024*	2024**	2025
New employees recruited by the Bank, number	93	93	64
Employees dismissed by the Bank, number	80	80	82
New employees recruited by the Group, number	96	96	77
Employees dismissed by the Group, number	89	89	102
Bank's employee turnover, %	43	20,05	20,92
Group's employee turnover, %	36	17,25	20,24

\*Figures published in the 2024 Sustainability Report.

\*\*Adjusted to the figures published in the 2024 Sustainability Report.

**Breakdown of the Group's employees by length of service and gender**

Length of service, years	2024					2025				
	Breakdown of the number of employees by length of service and gender		Proportion of employees by length of service, %			Breakdown of the number of employees by length of service and gender		Proportion of employees by length of service, %		
	Women	Men	Women	Men	Employees	Women	Men	Women	Men	Employees
>4	151	107	29	21	50	139	106	50	50	50
5-9	40	31	8	6	14	43	28	16	13	14
10-19	72	60	14	27	41	65	56	23	26	25
20-30	29	17	6	3	9	26	19	9	9	9
>30	5	5	1	1	2	4	5	2	2	2
<b>Total:</b>	<b>297</b>	<b>220</b>	<b>57</b>	<b>43</b>	<b>100</b>	<b>277</b>	<b>214</b>	<b>100</b>	<b>100</b>	<b>100</b>

To support and appreciate long-term employment relationships, the Bank has established a “Golden Club”, whose members are employees who have worked at the Bank for 10 (ten) years or more.

In 2025, 10 members joined the “Golden Club”, increasing the club to 157 employees.

Information on the number of employees is provided as the number of persons as of the end of the reporting period (31 December 2025). At the end of the reporting period, the number of the Group’s employees was 491.

Personnel data is prepared by the Bank’s Human Resources Department in cooperation with the curators and heads of the subsidiaries. The information on personnel included in the Sustainability Report, including the related quantitative indicators, is reviewed by the Bank’s Accounting Department and Legal Department.

### Breakdown of the Group’s employees by contract type and gender

	2024					2025				
	Women	Man	Other*	Not stated	Total	Women	Man	Other*	Not stated	Total
Number of employees (total)*	297	220	0	0	517	284	219	0	0	503
Number of permanent employees (number of employees / FTE)	297	220	0	0	517	277	214	0	0	491
Number of temporary employees (number of employees / FTE)	7 (contractor agreements)	0	0	0	7 (contractor agreements)	7 (contractor agreements)	5 (contractor agreements)	0	0	12 (contractor agreements)
Number of non-guaranteed hours employees (number of employees / FTE)	0	0	0	0	0	0	0	0	0	0
Number of full-time employees (number of employees / FTE)	Information not available	Information not available	0	0	Information not available	260	156	0	0	416
Number of part-time employees (number of employees / FTE)	Information not available	Information not available		0	Information not available	17	58	0	0	75

\*Including contractor agreements.

\*\*Self-reported gender.

96.1%, i.e., 491 employees of the Group are employees of the companies registered in Latvia; 3.9%, i.e., 20, are employees working in other countries.

**Breakdown of the Group's employees by contract type, region, and number**

	2024					2025				
	Latvia	Belarus	Russia	Cyprus	Total	Latvia	Belarus	Russia	Cyprus	Total
Number of employees (total)*	495	16	5	1	517	483	15	5	0	503
Number of permanent employees (number of employees / FTE)	495	16	5	1	517	471	15	5	0	491
Number of temporary employees (number of employees / FTE)	7 (contractor agreements)	0	0	0	7 (contractor agreements)	12 (contractor agreements)	0	0	0	12 (contractor agreements)
Number of non-guaranteed hours employees (number of employees / FTE)	0	0	0	0	0	0	0	0	0	0
Number of full-time employees (number of employees / FTE)	0	0	0	0	0	404	8	4	0	416
Number of part-time employees (number of employees / FTE)	0	0	0	0	0	67	7	1	0	75

\* Including contractor agreements.

Employment guarantees for our employees in Belarus and Russia are equivalent to the Latvian Labour Law. All our employees are guaranteed the working hours stipulated in their employment contract.

## Employment practices | S1-7

**Group employment practices**

	2024		2025	
	Number	Percentage	Number	Percentage
Employees under employment contracts	510	98,6	491	97,6
Persons hired under contractor agreements	7	1,4	12	2,4
Self-employed	0	0	0	0
Non-employees provided by HR service companies	0	0	0	0
<b>Total:</b>	<b>507</b>	<b>100</b>	<b>503</b>	<b>100</b>

The data on non-employees is provided by head count. The data on the number of non-employees is provided as of the end of the reporting period (31 December 2025).

## Collective bargaining and social dialogue | S1-8

	Collective bargaining and social dialogue	
	2024	2025
Employees covered by collective bargaining agreements, %	0	0
Employees covered by collective bargaining agreements outside the EEA, %	0	0
Unionised employees, %	0	0
Employees having made the agreements for representation by a European Works Council, a Societas Europaea Works Council, or a Societas Cooperativa Europaea Works Council, %	0	0

## Diversity metrics of management-level employees | S1-9

	Gender diversity of the Bank's employees, number of employees							
	2024				2025			
	Number		Percentage		Number		Percentage	
	Women	Men	Women	Men	Women	Men	Women	Men
Members of the Board	1	4	20	80	1	5	17	83
Directors, vice-presidents	2	2	50	50	1	2	33	67
Top managers	7	14	33	67	7	19	27	73
Middle managers*	31	16	66	34	43	17	72	28
Other employees	183	141	56	44	154	134	53	47
<b>Total:</b>	<b>224</b>	<b>177</b>	<b>56</b>	<b>44</b>	<b>206</b>	<b>177</b>	<b>54</b>	<b>46</b>
<b>Total:</b>	<b>401</b>		<b>100</b>		<b>383</b>		<b>100</b>	

\*Heads of departments and groups.

**Gender diversity of the Group's  
management-level employees, number of employees**

	2024				2025			
	Number		Percentage		Number		Percentage	
	Women	Men	Women	Men	Women	Men	Women	Men
Members of the Board	3	7	30	70	3	6	33	67
Directors, vice-presidents	2	7	25	75	1	6	14	86
Top managers	8	15	35	65	20	21	49	51
Middle managers*	36	21	63	37	43	18	70	30
Other employees	248	171	59	41	210	163	56	44
<b>Total:</b>	<b>297</b>	<b>220</b>	<b>57</b>	<b>43</b>	<b>277</b>	<b>214</b>	<b>56</b>	<b>44</b>
<b>Total:</b>	<b>517</b>		<b>100</b>		<b>491</b>		<b>100</b>	

\*Heads of departments and groups.

**Breakdown of the Group's employees by management level, %**

	2024	2025
Members of the Board	2	1,8
Directors, vice-presidents	2	1,4
Top managers	4	8,4
Middle managers*	11	12,4
Other employees	81	76,0
<b>Total:</b>	<b>100</b>	<b>100</b>

\*Heads of departments and groups.

Information on employee diversity and number is provided as of the end of the reporting period (31 December 2025) in terms of full-time employees. The Group had 491 employees at the end of the reporting period.

The Group's top management are the Executive Board, directors, and vice-presidents.

## Equal pay | S1-10

The Group offers equal pay for equal work, based on the principle of fairness, offering remuneration in accordance with the employee's duties, competence and responsibility. Our remuneration policy ensures that remuneration is commensurate with the employee's position and performance.

When determining our remuneration policy, we do not tolerate discriminatory treatment based on gender, racial or ethnic origin, religion or belief, disability, age or sexual orientation.

The basic principles and elements of remuneration are regulated by the Labour Law of the Republic of Latvia and are set in the employment contract.

## Social protection | S1-11

All our employees have social protection in accordance with the law. Our Personnel Policy stipulates that allowances can be paid to employees in case of important circumstances, including emergency situation.

Our employees are paid a one-time allowance due to the birth of a child. For parental leave, employees use the state programme.

During the reporting period, the Group employed 16 employees of retirement age. The state social guarantees used for any employee of retirement age have not reduced the remuneration paid by the employer in connection with retirement.

## Employee diversity and inclusion | S1-12

At the end of 2025, 1.4% of employees had informed the employer about the need to apply tax benefits related to disability.

Information on employees with disabilities is provided based on the submitted payroll tax book data.

## Training and skills development metrics | S1 -13

So far, we have not compiled information on the competence and development training received by employees, breaking down the trained employees by gender, including the total number of training hours.

**Structure of the Bank's training**

	2024		2025	
	Number	Percentage	Number	Percentage
AML and CFTP training*	36	-	Training postponed to early 2026	
Corruption, bribery, and conflicts of interest**	-	-	374	91
Cybersecurity**	-	-	340	98
Sustainability management**	-	-	320	95

\*The ratio of trained employees has been calculated to the number of employees for whom the particular training was set to be mandatory.

\*\*The ratio of trained employees has been calculated for unique external and internal training attendances to the number of the Bank's employees when the training was organised.

The Bank's investments in improving the competence of its employees:

- In 2025, the investments in external training of employees to improve their competence were 35% lower than in 2024.

**Performance evaluation**

Evaluation of performance results is carried out according to the *Performance Assessment Procedure*. Performance evaluation is an assessment system developed by the Group that determines the variable part of an employee's remuneration, taking into account the results of their performance evaluation, the performance evaluation of the respective department, and the overall performance results at the Bank and Group level.

The performance evaluation for 2024 was applied to 55.5% of the total number of employees as of 31.05.2024 – 400 employees.

The performance evaluation was not applied to:

- the employees recruited at the end of 2024;
- the employees whose employment had been agreed to be terminated;
- the employees who have been on long-term absence, for example, on parental leave;
- certain employee groups such as the Council, housekeeping and security employees.

**Performance evaluation**

	2024		2025	
	Number	Percentage	Number	Percentage
Number of employees at the beginning of the performance evaluation	395*	100	400**	-
Employees to which performance evaluation was applied	290	73	Information not available	Information not available
Men to which performance evaluation was applied	111	38	Information not available	Information not available
Women to which performance evaluation was applied	179	62	Information not available	Information not available
Total performance evaluations	268	92	222	55,5
Men whose performance was evaluated	98	37	77	34,68
Women whose performance was evaluated	170	63	145	65,32

\*Number of employees as of 31.05.2023.

\*\*Number of employees as of 31.05.2024.

## Health and safety metrics | S1-14

All employees have to undergo introductory training, training and instructing on labour safety according to the laws and regulations and the Bank's requirements.

We comply with the general principles of occupational health and safety as set out in the Labour Protection Law, and these apply to all employees of the Bank.

We have developed the *Labour Safety Procedure*, which informs the employees on their rights and obligations in relation to labour safety, the risks in the working environment that may affect their safety and health and that of other employees, and the most important work protection requirements at work and in emergency situations. Our employees must familiarise themselves with the occupational health and safety instructions appropriate to the type of work to be performed.

According to the information available to the Group, there were no accidents, injuries or fatalities that occurred during the performance of work-related processes in the reporting year.

	Health and safety metrics	
	2024	2025
Accidents and injuries at the workplace	0	0
Number of cases of recordable work-related ill health	0	0
Occupational fatalities	0	0
Number of fatalities as a result of work-related injuries and work-related ill health	0	0
Number of days lost to work-related injuries and fatalities from work-related accidents	0	0

There is no accident register in the Group. Data on accidents are compiled on the basis of the register of operational risks, the acts drawn up and provided explanations, which are compiled by the Human Resources Department.

## Work-life balance | S1-15

In 2025, 28 employees of the Group (21 women and 7 man) took parental leave.

### Group's work-life balance

	2024		2025	
	Women	Men	Women	Men
Employees entitled to take family-related leave, %	100%		100%	
Employees that took family-related leave, number	10	1	21	7
<b>Total:</b>	<b>11</b>		<b>28</b>	
Employees that took family-related leave, %	1,9	0,2	4,3	1,4
<b>Total:</b>	<b>2,1</b>		<b>5,7</b>	

## Gap in pay between female and male employees | S1-16

### Gap in pay between female and male employees of the Group, %

	2025
Gender pay gap, Bank	- 5,93
Gender pay gap, Group	Information not available
Annual total remuneration ratio, Bank	22,95
Annual total remuneration ratio, Group	Information not available

During the reporting period, the Group identified significant limitations in the calculation methodology used in 2024 and in the data quality related to the indicator on the gender pay gap among Group employees. The 2025 Sustainability Report does not provide comparative information for this figure for 2024. The Bank and its subsidiaries do not have a unified remuneration management system, which limits the ability to calculate the gender pay gap for employees of the subsidiaries.

The gender pay gap is calculated based on all employees with employment contracts employed during the reporting year. The metric is determined as the difference between the average gross hourly earnings of men and women, expressed as a percentage of the average gross hourly earnings of men. The calculation includes remuneration and compensation components attributable to employees and paid during the

reporting year, expressed in monetary terms. Employees with no recorded working hours during the reporting period (e.g. employees on parental leave or long-term absence) are excluded from the calculation.

## Elimination of discrimination | S1-17

According to the information available to the Group, no complaints related to discrimination and human rights violations were registered during the reporting year. To date, the Group has not systematically compiled the number of complaints submitted through the reporting channels available to its employees.

RIETUMU





# Our role in society

**NĀKOTNES  
ATBALSTA FONDS**

In 2007, JSC “Rietumu Banka” established “Nākotnes Atbalsta fonds” foundation to promote charity and support socially important initiatives. In 2025, Nākotnes Atbalsta fonds continued the traditions of patronage and philanthropy. Over the years, the foundation has implemented more than 1000 projects with total funding exceeding 10 million euros, becoming one of the most significant charitable support centres in Latvia. In 2025, the foundation's activities focused on implementing a long-term strategy, ensuring a stable investment in the education, culture, sports, healthcare, and social welfare of Latvian society.

In 2025, Nākotnes Atbalsta fonds expanded its scope of charitable activities – support for science, education and sports, healthcare, as well as assistance to those affected by emergencies and disasters.

In 2025, projects totalling 705 580.60 euros were evaluated and approved through the foundation, supporting initiatives that promote sustainable development of society, as well as the preservation of cultural, educational, and sports values.

	2024	2025
Projects evaluated and approved for support by Nākotnes Atbalsta fonds, EUR	382 377,60	705 580,60

## Culture and arts

Cultural support formed a significant part of the foundation's activities in 2025, providing funding for several high-value projects aimed at strengthening Latvia's cultural environment and promoting the development of artistic education:

- We provided support of 200 000 euros to the Dailes Theatre to promote the professional education of young actors at the Jāzeps Vītols Latvian Academy of Music, as well as to attract international directing professionals to theatre productions, thereby enhancing the quality of theatrical art and preserving the national cultural heritage.



- Funding of 45 000 euros was granted to Inessa Galante Foundation for holding the competition "Ineses Galantes Talanti", providing young musicians and performers with the opportunity to start a professional career.
- The Latvian National Museum of Art received 30 000 euros for the organization of the internationally significant exhibition "Light from Italy: From Fattori to Morandi", which took place from July to November 2025.
- We provided 5 000 euros in support to the Latvian Children's Foundation, ensuring the "Talent for Latvia" competition for young music school students, promoting the development of young talents in the regions.

## Sports and youth development

In 2025, sport support reached an unprecedented level, providing funding for both team sports and individual athletes.

- Funding of 120 000 euros was provided to the Latvian Hockey Federation for the development of children's and youth hockey, the purchase of equipment and the participation of the junior team in international competitions in Finland.
- VEF Riga basketball club received 100 000 euros for the promotion of basketball and the provision of support for coaches, as well as for the financing of medical services for athletes.
- We provided support of 20 000 euros to the Latvian Basketball Association for preparation of Latvia's 3x3 youth teams for FIBA U-21 and U-23 competitions, including the organization of tournaments in Riga, Kandava, and Ventspils.
- Beach volleyball players Līva Ēbere and Deniela Konstantinova were granted 20 000 euros for participation in European and World Championships, as well as training camps in Latvia.
- We provided BMX Riga with 4 000 euros in support for the purchase of a track timing system.
- The Latvian Swimming Federation received 15 000 euros to facilitate the preparation of young people for swimming competitions and finance Ronen Kerman's participation in the European Championships.



## Health and medical education

In 2025, special attention was paid to healthcare and the education of medical professionals:

- The Latvian Innovative Medicine Foundation and the Latvian Invasive Cardiology Development Association together received support amounting to 35 000 euros for the organization of the international congress "Baltic Summer 2025." The congress gathered cardiologists, cardiac surgeons, and medical students from Latvia and abroad, offering lectures and online demonstration surgeries from four operating rooms. In addition, 15 000 euros were provided to support further cardiology education for doctors and nurses abroad in 2025 and 2026.
- The Children's Hospital Foundation received support of 23 606 euros for granting monthly scholarships to future pediatric nurses within the Children's Clinical University Hospital Nursing Student Scholarship Program, as well as for ensuring the organization of the scholarship competition.
- In addition, we provided the Latvian Children's Fund with support of 10 000 euros to improve the quality of rehabilitation for children affected by violence, and 10 000 euros were allocated for free summer camps for children with special needs.

For Nākotnes Atbalsta fonds, 2025 has been a year of growth and development. The allocated funding allowed for the implementation of a wide range of cultural, sports, health, and educational projects, providing a long-term contribution to the welfare and development of Latvian society. The fund's operational strategy is increasingly based on sustainable and socially significant projects, which lay the foundation for the future of a strong, educated, and healthy society.



# Our Customers | ESRS S4

## Strategy

We take objectives assigned to the financial sector responsibly to promote sustainable finance and to build our customers and cooperation partners' understanding of the importance of sustainable operations for successful development of businesses and the national economy.

The Bank ensures a customer-centric approach in its operations, focusing on mutual benefits and taking a risk-based approach. The range of products and services is developed in line with the interests of target customer groups.

As a professional strategic partner, we create added value for customers through our resources, range of services and expertise.

At the same time, we adhere to strict data protection, privacy and compliance requirements, ensuring security of customer information and transparent management of customer data.

Sustainability objectives of the Bank:

- To foster long-term cooperation with our customers, to increase the share of

long-standing customers in the Bank's customer portfolio

- To stimulate the increase in the share of active clients by improving engagement mechanisms

Customer-related sustainability performance indicators, defined on the basis of impacts, risks and opportunities identified through the Double Materiality Assessment, are listed in section Targets Related to Managing Impacts, Risks and Opportunities in Relation to Customers | S4-5.

### Number of InCredit customers

	2024	2025
Customers	41 380	41 221

### Number of the Bank's customers and duration of cooperation

	Number of customers		Over 20 years		10 years to 20 years		Less than 10 years	
	2024	2025	2024	2025	2024	2025	2024	2025
Customers – Loro banks	13	19	0	0	5	5	8	14
Corporate customers	1 428	1 613	75	90	285	276	1 068	1 247
Private individuals	4 203	4 340	727	811	1 469	1 441	2 007	2 088
<b>Total:</b>	<b>5 644</b>	<b>5 972</b>	<b>802</b>	<b>901</b>	<b>1 759</b>	<b>1 722</b>	<b>3 083</b>	<b>3 349</b>

*“Interests and opinions of our customers are an essential part of our strategy and business model. The Bank’s approach is based on regular, structured and transparent dialogue with customers, ensuring that their views are duly taken into account in the decision-making processes. The Bank is committed to maintaining an open and professional dialogue with customers, ensuring that their interests and opinions are consistently taken into consideration when introducing new or modified products to the market, thereby preventing potential harm to customers.”*

**Jānis Plikšs,**  
Head of the Customer Service Department of Rietumu Banka

## Customer Interests and Opinions | SBM-2

The Bank pursues a customer-oriented development strategy, using exclusive relationships as a tool to provide solutions tailored to customers' interests and needs.

The Bank strives to provide the highest quality of service, to listen to the needs and understand the specificities of each customer, and to provide tailor-made and efficient financial solutions.

When introducing a new or modified product to the market, the Bank ensures that interests, objectives and characteristics of consumers are taken into account, thereby preventing potential harm to consumers.

When updating the *Sustainability Strategy* in 2025, the Group's stakeholders were identified and a stakeholder engagement plan was developed, including customer engagement. The Group's customer engagement plan is presented in sections Stakeholder Interests and Opinions | SBM-2 and Stakeholder Engagement.

## Material Impacts, Risks and Opportunities Related to Customers | SBM-3

Effective risk management and risk culture are one of the key elements of our operations and are

essential for achieving our strategic objectives. By managing and controlling risks, the Group aims to minimise the impact of adverse changes in profit, capital and liquid reserves. During the reporting period, we defined stakeholders and parties affected within our business activities to deepen our understanding of customer needs and facilitate mitigation of associated risks and impacts.

Material impacts, opportunities and risks in relation to customers were identified as part of the Double Materiality Assessment and are listed in the Sustainability Report's section Material Impacts, Risks and Opportunities | SBM-3.

In the Double Materiality Assessment, we assessed in depth the impacts and risks in relation to customer groups of AS Rietumu Banka and SIA InCREDIT GROUP. The Group does not systematically collect information on customers of other subsidiaries within the scope of consolidation, which would allow to assess the extent of impacts and risks. Consequently, the Sustainability Report does not contain extensive information on impacts and risks in relation to the Group's entire customer base.

### Material negative impacts and mitigation approach

The following customer-related aspects of impacts, risks and opportunities were assessed as part of the Double Materiality Assessment:

- Protection of personal data and ensuring privacy
- Quality and accuracy of customer data processed
- Availability of secure, reliable and anonymous reporting channels for

customers to express their opinions, complaints and concerns

- Quality of customer service and customer satisfaction indicators
- Respect for consumer rights and responsible marketing practices
- Impact on vulnerable and disadvantaged customer groups
- Promoting financial literacy of customers
- Promoting an inclusive and accessible financial culture
- Managing operational risks related to customer service and service delivery

The assessment of the actual and potential impacts of the Group's business model on end users did not identify any material impacts related to the impact of products or services on human health or physical safety.

With regard to stakeholder group "customers", no actual material negative impacts were identified in the Group's operations in 2025.

The only commercial company involved in the Group's independent business is SIA InCREDIT GROUP, which provides financial services to private and corporate clients. As part of the Double Materiality Assessment, the company's operations were assessed for potential historical negative and actual impacts on consumers, as well as measures taken to prevent and mitigate these impacts. No negative impacts on consumers related to historical events were identified in 2025.

### Material positive impacts and the approach to facilitating such impacts

The Double Materiality Assessment identified material positive and actual impacts on customers as a result of the Bank's economic activities:

- Impact – the Bank does not unduly exclude specific groups of customers, but applies an individual assessment process to each customer, thereby fostering financial inclusion. The Bank uses its wide range of services, resources and expertise to tailor solutions to the individual needs of its customers, supporting their sustainable development.
- Nature of the impact – positive actual impact on consumers.
- Impact scale – broad and material positive impact on customers and society, driving significant improvements.

- Source of the impact – as a result of own actions and down the value chain.
- Impact on human rights – not directly attributable to the promotion of human rights.
- Is the impact linked to a specific incident or event – not linked to a specific incident or event.
- Does the impact arise from the business model – the impact arises from the Bank's business model.
- Whether and how the impact is facilitated – the Bank continues to offer its customers an individual approach and non-standard lending solutions.
- Opportunities identified – an individual approach to customer assessment improves the Bank's financial performance by reducing credit risk, increasing customer loyalty and encouraging the use of complementary products. Individual risk assessment reduces the non-performing loan portfolio, while increased customer retention and positive recommendations strengthen the Bank's market position and reputation as a flexible, partnership-oriented provider of financial services.

The Double Materiality Assessment identified significant positive and potential impacts on customers resulting from the Bank's economic activities:

- Customer service and management of customer complaints – positive potential impact
- Responsible marketing practices with sustainable development opportunities – positive potential impact

### Identified affected persons

#### The Bank

Double Materiality Assessment at the Bank level did not identify specific customer groups affected by the impacts, risks and opportunities identified, which is largely due to the Bank's strategic focus on lending to large and medium-sized enterprises and serving affluent private individuals.

The Bank identifies the following corporate clients as the most important: real estate developers, manufacturing companies, distribution and retail networks, transport, construction, import and export companies, as well as customers with cross-border business requirements, trade finance, shipping, green energy projects. In implementing the Group's Sustainability

Strategy, priority is given to developing dialogue with stakeholders whose operations correspond to sectors with significant climate impact – real estate development and management, construction, information and communication technology, agriculture, transport and transport services, waste management, energy.

### The Group

At the same time, potential impacts on vulnerable customer groups related to specific customer groups, including groups related to non-bank loans provided by the Group's subsidiary SIA InCREDIT GROUP, were analysed as part of the Double Materiality Assessment. Given that financial education promotes responsible borrowing and helps reduce the risk of using inappropriate financial products, SIA InCREDIT GROUP maintains an informational blog aimed at informing end users about financial literacy and the risks associated with borrowing. SIA InCREDIT GROUP's informational blog is available [here](#).

As regards the assessment of potential impacts, risks and opportunities related to non-bank loans, no specific affected customer groups were identified, which is largely due to the level of detail applied in the assessment, generally applicable to a wide range of customers.

## Policies for Managing Impacts, Risks and Opportunities Related to Customers | S4-1

Many of the Group's activities involve taking risks. The objective of our operations is to create value for the Bank and the Group's customers and shareholders in line with the defined risk appetite. One of the Group's key risk management objectives is to maximise protection and confidence of stakeholders, including the Group's customers, and to develop a risk culture that encourages identification, management of and timely and effective response to risks and related opportunities.

At the Group level, no single policy for management of impacts and risks in relation to customers has been developed that would apply to all customer groups of the Group.

The Group has developed other, more significant policies for management of customer-related

impacts, risks and opportunities:

- *Procedure for Management of Complaints and Suggestions*

Objective – to establish a procedure for submitting and reviewing customers or other persons' complaints and suggestions about the Bank's products and services and/or the quality of service.

Scope – Bank level.

Standard, initiative or requirement taken into account in the development and implementation of the policy – General Data Protection Regulation, Personal Data Processing Law, Credit Institution Law, Law on Payment Services and Electronic Money, Consumer Rights Protection Law, Financial Instrument Market Law, guidelines of the European Banking Authority and the European Securities and Markets Authority on complaint handling in the securities and banking sectors, etc.

Stakeholders affected by the policy – persons submitting complaints or suggestions.

Stakeholders taken into account in the development of the policy – customers.

Stakeholders to whom the policy is available – posted in the About Bank section of the Bank's website, available [here](#).

The Policy governs the conduct, duties and responsibilities of the following employees and collegial bodies – the Bank's Board, customer service units, internal monitoring and control functions, Legal Department.

- *Personal Data Processing Policy*

Objective – to define the basic principles, requirements and rules for ensuring lawful data processing and data protection in the Bank and the Group's operations.

Scope – Group level.

Standard, initiative or requirement taken into account in the development and implementation of the policy – General Data Protection Regulation, Personal Data Processing Law.

Stakeholders affected by the policy – applies to all types of data processing, regardless of whether the Group acts as a data controller or data processor.

Stakeholders taken into account in the development of the policy – applies to all types of data processing, regardless of whether the Group acts as a data controller or data processor.

Stakeholders to whom the policy is available – in the Client Personal Data Processing Notice section of the Bank's website,

available [here](#). In the Privacy Policy section of SIA InCREDIT GROUP website, available [here](#).

The Policy governs the conduct, duties and responsibilities of the following employees and collegial bodies – daily work and processes of all structural units and employees.

- *Code of Ethics*  
More information is available in section Business conduct policies and corporate culture | G1-1.
- *Policy for integrating sustainability risks into individual portfolio management*  
More information is available in section Sustainability policy | E1-2 | MDR-P.
- *Conflict of Interest Management Policy*  
More information is available in section Business conduct policies and corporate culture | G1-1.

In the reporting year, we committed to implementing a due diligence approach that involves working with stakeholders and affected parties for the following:

1. Integrating the due diligence approach into processes, risk management, and management systems
2. Identifying and assessing negative impacts
3. Avoiding or minimising actual and potential negative impacts
4. Monitoring and assessing the effectiveness of measures
5. Ensuring availability of information to stakeholders
6. Ensuring remediation

## Human rights

Given the Bank's focus on serving large and medium-sized corporate customers across different industries, the Group's *Code of Ethics* not only sets out the Group's commitment to internationally recognised human rights principles, but also calls on its customers to respect the principles enshrined in the Universal Declaration of Human Rights and UN Guiding Principles on Business and Human Rights. The Group's *Code of Ethics* is available [here](#).

Among other things, when providing investment management services, the Bank offers customers the opportunity to integrate mitigating factors into their investment considerations at an international level. The Bank ensures that

customers have the opportunity to express their preferences regarding investments that support areas of sustainability important to the Bank, including limiting investments in companies that have negative human rights, ethical and corruption impacts and/or whose business activities are associated with controversial weapons. The Bank's Sustainability Policy for Individual Portfolio Management is available [here](#).

The Group's *Code of Ethics* does not directly regulate human rights compliance issues in relation to the Group's customers.

At present, customer engagement is not directly linked to human rights compliance or promotion measures.

Similarly, the Group's activities in relation to customers have not to date identified any incidents involving human rights violations that would require the application of impact or risk mitigation measures.

Within its sphere of influence, the Group adheres to the principles of ethics, corporate governance, human rights, labour rights, legality, and environmental protection set out in the Group's *Code of Ethics*, and expects both direct and indirect cooperation partners to adhere to these principles.

During the reporting period, no incidents were recorded in the Bank's reporting channels that would suggest any negative impact on compliance with human rights in relation to customers.

## Code of Ethics to identify and mitigate negative impacts

We acknowledge that the absence of reports on possible negative impacts on customers in the Group's reporting channels does not in and of itself exclude the possibility of concerns among customers or cooperation partners. In order to promote good governance practices, the *Code of Ethics* was developed during the reporting period, and its main principles were made available to stakeholders by publishing the *Code of Ethics* on the Bank's website. In addition, we are planning to communicate the main principles of the Code of Ethics to all cooperation partners in 2026, encouraging them to adhere to the principles of ethical business conduct and responsible practices, and to report potential violations in the Group's operations or its value chain.

The Group's *Code of Ethics* and information on reporting channels are available [here](#).

## Sustainability risk profile assessment for identifying and mitigating negative impacts

As part of the sustainability risk profile assessment, the Group identifies the key sustainability risk factors, their triggers and transmission channels, assessing the likelihood and consequences of negative sustainability-related developments for each type of risk. In the 2024 and 2025 sustainability risk profile assessments, sustainability factors that could be associated with negative impacts on customers as a result of the Group's economic activities, including human rights issues, were not identified as material sustainability risk drivers or transmission channels. Consequently, the Group has not developed a policy on management of negative impacts and risks in relation to customers.

## Customer Engagement and Opinions in Managing Material Impacts | S4-2

The Bank is committed to making targeted efforts to improve the quality and activity of its existing customer base in order to increase the scope and intensity of cooperation with the existing customers, while also identifying opportunities for the Bank's business development. While developing the stakeholder engagement plan during the reporting period, customer engagement tools and mechanisms were summarised, including the ways in which customer opinions and engagement are taken into consideration and what changes have been made to the Group's management and operational processes:

- Improving customer experience
- Developing and improving product and service delivery
- Prioritising material topics
- Introducing a new customer engagement model
- Expansion of digital solutions and operations
- Implementing transition towards more

sustainable business practices

- Ensuring a process for reviewing recommendations, objections and suggestions
- Defining business development and sustainability objectives
- Prompt execution of customer orders
- Inclusion of customer reports in in Double Materiality Assessment
- Making changes to work processes
- Mitigating or preventing negative impacts
- Maintaining open discussions

The stakeholder engagement plan has been developed based on the results of the in Double Materiality Assessment, with the aim of taking into account the interests and opinions of stakeholders and affected parties in the Group's operations, ensuring responsible business conduct aimed at building positive impact and strengthening mutual trust in long-term relationships. The Bank's Board and Council, having considered the views of external stakeholders gathered as part of the in Double Materiality Assessment, decided to integrate these opinions, and in particular expectations regarding cooperation with the Bank, into the *Business Development Strategy*, the *Sustainability Strategy* and the *Risk Management Strategy*.

The Group ensures that complaints and proposals are managed as promptly, fairly and efficiently as possible. The Group ensures that customer complaints are reviewed on their merits and responses are prepared in a timely manner in accordance with the established *Procedure for Management of Complaints and Suggestions* and within the time limits set out in external laws and regulations, including within 30 days from the date of receipt of a complaint or within 15 days if the complainant is a consumer.

The Group's stakeholder engagement plan is included in the Stakeholder Interests and Opinions | SBM-2 section of the Sustainability Report.

In performing their duties and interacting with customers, visitors and cooperation partners, each employee follows with the basic principles of professional conduct and ethics set out in the *Code of Ethics* and requirements of the *Corporate Governance Policy*.

The Group has not established cooperation with third parties to ensure customer engagement and customer feedback.

## Reporting Channels and Processes for Preventing and Mitigating Negative Impacts | S4-3

We analyse complaints we receive to identify their causes and their impact on operational processes with the aim of addressing the causes of the complaints.

Our customers can submit complaints and suggestions through several reporting channels:

- In writing to the Bank's head office at Rietumu Capital Centre or its representative office
- By email: [complaint@rietumu.lv](mailto:complaint@rietumu.lv) or [info@rietumu.lv](mailto:info@rietumu.lv)
- Via Internet Banking
- On the website [here](#)
- By post: Latvia, Riga, 7 Vesetas Street, LV-1013
- Ombudsman of the Finance Latvia Association, which handles customer complaints about the conduct and services provided by credit institutions registered in the Republic of Latvia: by phone +371 28718175, by email [ombuds@financelatvia.eu](mailto:ombuds@financelatvia.eu), or [here](#)
- Whistleblowing channel on Rietumu Banka's website: [here](#)
- Communication section on the website of SIA InCREDIT GROUP: [here](#)

Information on the possibility to submit a complaint, including the complaint handling process, is publicly available in the About the Bank section of the Bank's website, available [here](#).

Furthermore, the Bank's customers are also informed about the complaints and complaints handling procedure upon entering into an agreement and by consulting the section Procedure for Reviewing Complaints and Disputes in the terms and conditions of the agreement.

The Group ensures quality control with respect to the process of review of and decision-making for each complaint. The four-eyes principle is observed during the complaint handling process, and all actions are documented.

## The Bank

On a monthly basis, a summary report is prepared on complaint review results and quality control findings, and information is provided on measures taken to address the root causes of the complaints. Reports on the customer complaints received and the results of their review are submitted to the relevant structural units responsible for the management and monitoring of the risks concerned, including the Risk Department, the Legal Department, the Customer Service Department, the Internal Audit Service, and the Compliance Department.

If the quality control of the complaint handling process identifies deficiencies in the complaint handling process, its documentation or non-compliance with the decision-making procedure, the staff involved are informed of the shortcomings identified with a view to making the necessary corrections or, if that is not possible, initiating an appropriate process in accordance with the *Operational Risk Management Procedure*.

In addition, on a monthly basis information on substantiated complaints is provided to the structural units whose performance was the subject of a substantiated complaint, as well as to the relevant Vice President and members of the Bank's Board.

Heads of structural units involved in customer service monitor and are responsible for the day-to-day compliance with the requirements of the *Complaints and Suggestions Management Procedure* within their respective units. The Bank's Board and Audit Committee oversee compliance with the complaints management procedure at the Group level, based on information provided in regular reports.

Since the Bank's customers are informed about complaint submission and review procedure at the time of entering into an agreement, no separate assessment has been made to date regarding customer awareness of reporting channels or of their perceived reliability.

If a complainant is not satisfied with the Bank's response and/or solution proposed, or wishes to obtain an independent assessment, they have the right to apply to the following independent institutions:

- Ombudsman of the Finance Latvia Association [here](#)
- The Consumer Rights Protection Centre [here](#)

- A judicial court of the Republic of Latvia [here](#)
- The Bank of Latvia [here](#)
- The Consumer Dispute Resolution Commission [here](#)

The Group has not developed a separate policy defining procedures for the protection against retaliation of complainants using the Group's reporting channels.

In order to ensure a high level of protection of customers' personal data, we have developed the *Personal Data Processing Policy*. The data protection officer is duly and timely involved in all data protection related matters, including the assessment of breaches and data subjects' complaints, as well as identification and management of data protection risks.

We are committed to a zero tolerance approach regarding customers' personal data breaches that qualify under the General Data Protection Regulation.

### Anonymous reporting channels

The Group has not developed anonymous reporting channels specifically for customers. However, any external stakeholder who has become aware of violations or unethical conduct in the Group's operations or in activities of its direct and indirect cooperation partners may submit a complaint, concern or whistleblower report through the Group's reporting channels.

In accordance with the requirements of the Whistleblowing Law, the Credit Institution Law and the Financial Instrument Market Law of the Republic of Latvia, an anonymous report submitted through the Group's whistleblowing channel is not considered a whistleblowing report and therefore does not provide whistleblower protection.

Anonymous reports submitted through the complaints and suggestions channel are not reviewed if the customer cannot be identified.

### Ratio of substantiated complaints

The Bank has set a maximum threshold for the ratio of substantiated customer complaints at 0.030%, which represents the proportion of substantiated customer complaints relative to the number of customers at the end of the reporting year. A target has been defined not to exceed this ratio of substantiated customer complaints. The performance indicator for this

target is presented in section Targets Related to Managing Impacts, Risks and Opportunities in Relation to Customers | S4-5.

## Actions for Mitigating Negative Impacts on Customers | S4-4

The Bank strives to provide the highest quality of service, to listen to each customer's needs, understand their specific circumstances, and provide tailored and efficient financial solutions. The Bank offers quality and professional financial services to dynamically growing companies and affluent private individuals.

Customer service is regularly monitored, providing feedback opportunities and assessment of customer service quality, communication intensity, customer loyalty, customer awareness of the Bank's products and services, and the professional conduct of the Bank's employees.

The Bank follows a "Know Your Customer" policy in its operations in order to understand who its customers are, for what purposes they use the Bank's services, the economic substance of their transactions, and to ensure that the origin of customers' funds or other assets is legal.

### Ensuring financial inclusion

In order to provide a sustainable and inclusive financial services environment, the Bank is committed to ensuring access to essential financial services for all social groups, in compliance with proportionate risk management requirements.

The Bank ensures that information about the financial services offered and the terms of their use is accessible, clear and understandable to customers in accordance with accessibility requirements.

The Bank carries out an individual risk assessment of each customer based on specific facts and not on general assumptions about particular industries or social groups. The Bank applies proportionate customer due diligence measures that allow low-risk customers to receive financial services without being subject to excessive due diligence measures that are disproportionate to their risk level.

The Bank considers applying risk mitigation mechanisms, including providing access to basic services even in cases where other financial services are restricted due to the risks identified, provided that this is proportionate and consistent with the Bank's risk management requirements, for example, by offering the Basic Account of Consumer service to a private individual.

When the bank refuses to commence cooperation with a customer or cooperation is terminated in the course of a business relationship, the Bank informs the customer of the reasons for refusing an account application/account closure to the extent possible to ensure that the requirements of laws and regulations on disclosure of information not to be disclosed are not breached.

The Bank has appointed a financial inclusion officer to ensure implementation, development and control of financial inclusion processes in accordance with the guidelines of the Bank of Latvia, internal and external regulatory requirements, and best practices.

The Bank's internal training plan includes employee training on the principles of proportionality and implementation of financial inclusion measures in the customer due diligence process, including examples of good and undesirable practices.

### **Main principles of the Code of Ethics in relation to customers**

The *Code of Ethics* establishes the basic principles of employees' professional conduct and ethics in relation to customers, where employees:

- Act in a manner to maintain and strengthen customer trust in the Group
- Do not accept gifts from customers that may be offered in connection with performance of the employee's professional duties, except in cases set out in the Corporate Governance Policy
- Serve customers taking into account the legitimate interests of the Group and the interests of the customers, providing quality assistance within their competence
- May not refuse to serve a customer on the basis of personal interests or relationships, except in the event of a conflict of interest
- Respond to verbal and email inquiries comprehensively and within their competence

### **Action to mitigate negative impacts**

If a negative impact on a customer is identified through the customer complaint mechanism, the Bank, after reviewing the complaint on its merits, prepares a reasoned response and, if appropriate, includes a proposal for a possible solution to the problem in question. The response is provided to the complainant in a manner specified by the complainant.

Complaints are analysed to identify their causes and to assess their impact on the Bank's processes, with the aim of eliminating the causes of complaints within the Bank's operations. Quality control is carried out for each complaint handling process and decision-making procedures. A monthly summary report is prepared on complaint handling results, quality control findings, and measures taken to address the causes of the complaints, which is submitted to the relevant officials and structural units.

If a complaint concerns a request for reimbursement of a commission fee withheld by the Bank, and it is established during the review of the complaint that the commission fee was charged erroneously or that a full refund is in the interest of the Bank, a decision is taken to refund the commission fee in accordance with the established procedure.

During the reporting period, sustainability objectives and performance indicators related to customer management were established to mitigate negative impacts and associated risks and to promote positive impacts on customers, which include raising customer awareness of sustainable business practices and promoting financial literacy education.

The relevance of our sustainability objectives to the sustainability principles, their alignment with the Group's actual and potential impacts, risks and opportunities are reviewed at least annually. Implementation of the sustainability objectives is carried out in a manner that avoids greenwashing and strengthens understanding of sustainability principles and associated risks.

Sustainability objectives related to customer management and performance indicators for their achievement are presented in section Targets Related to Managing Impacts, Risks and Opportunities in Relation to Customers | S4-5.

The Group does not have a separate formalised policy for responding to specific actual or potential negative material impacts on consumers and end users.

Situations involving actual or potential negative impacts on consumers and end users are managed in accordance with the *Operational Risk Management Procedure*, using general risk management, complaint handling, internal control mechanisms, which ensure that potential negative impacts can be identified, assessed, and mitigated.

We believe that disclosure of sustainability-related information strengthens the Group's reputation, mitigates compliance risk and fosters development of sustainable relationships with stakeholders.

## Sustainability communication

During the reporting period, management processes were enhanced to improve identification of negative impacts on customers, while the definition of mitigating actions is planned for 2026.

The Group is open to dialogue with stakeholders through all communication channels, it is also subject to sustainability-related disclosure requirements. Accordingly, during the reporting period the main principles of sustainability communication were formalised.

The Group is aware that greenwashing constitutes a violation of consumer rights and a form of misleading communication, and is therefore committed to preventing greenwashing risks in its communication in line with the sustainability-related disclosure requirements.

Therefore transparency is ensured in communication with stakeholders by providing objective, reliable and verifiable information, conclusions and opinions based on relevant and sufficient evidence.

## Human rights aspects in our value chain

Currently, the Group has no information about any incidents of non-compliance with human rights or significant potential risks of non-compliance with human rights in its upstream and downstream value chain.

During the reporting year, the *Code of Ethics* was supplemented to formalise the approach under which an employee who suspects that the Group's direct or indirect cooperation partners, including customers, are involved in unlawful or unethical activities, or are acting contrary to the principles of the *Code of Ethics*, is obliged to report such suspicions in accordance with the

reporting channels and procedures set out in the *Procedure for Reporting Deficiencies and Violations*.

The sustainability risk profile assessment analyses the key sustainability risk factors, their triggers and transmission channels, including human rights violations, for each type of Group risk, including customer-related risks such as credit risk (which includes the risk that a borrower, issuer and/or business partner fails or refuses to fulfil contractual obligations to the Group). In the 2024 and 2025 sustainability risk profile assessments, human rights violations, social inequality and discrimination were not identified as influencing risk factors for any of the Group's risk categories.

At the same time, in 2026 the Group is planning to start surveying sustainability performance of its largest customers and cooperation partners, including with the aim of identifying potential risks of human rights violations in their business operations.

## Resources for management of negative and material impacts

We regularly assess the need for financial and human resources, as well as partnerships and technological solutions to serve the existing customers and attract new customers.

## Impact, risks and opportunities assessment approach in relation to customers

The *Double Materiality Assessment Methodology* for identifying material impacts, risks and opportunities was applied equally to all aspects of sustainability, including the assessment of customer management. The Group's methodology is presented in section Material Impacts, Risks and Opportunities | SBM-3 of the Sustainability Report.

## Measures mitigating negative impacts and promoting positive impacts in relation to customers

In the Double Materiality Assessment, we identified, where possible, measures that mitigate negative impacts and enhance positive impacts. These potential actions are listed in section Material Impacts, Risks and Opportunities | SBM-3 of the Sustainability Report. Integration of measures mitigating negative impacts and enhancing positive impacts into the sustainability action plan is on the Group's agenda for 2026.

In the *Sustainability Strategy* we have committed to:

- Supporting customers in their transition to a low-carbon economy by providing financing for sustainable projects
- Raising customer awareness of the importance of sustainability, supporting implementation of sustainable solutions, and encouraging sustainable practices
- Raising customer awareness and understanding of the importance of sustainable financial practices

To date, the Group has not carried out a separate assessment of the effectiveness of its efforts to mitigate negative impacts and promote positive impacts on customers, except within the scope of the Double Materiality Assessment.

Similarly, the Group has not yet assessed how its commitment to achieving carbon neutrality in the Group's operations, meeting the Green Deal climate targets and transition to a low-carbon economy could impact value chain actors, including employees and customers.

Dependencies identified as part of the Double Materiality Assessment between material impacts, risks and opportunities for customers are presented in the Material impact, risks and opportunities | SBM-3 section of the Sustainability Report.

By approving the results of the Double Materiality Assessment, the Council sets the objective to take the results into account in the process of updating the Risk Management Strategy.

## Targets Related to Managing Impacts, Risks and Opportunities in Relation to Customers | S4-5

**Performance indicators\* for achieving our sustainable development goal:**

Sustainability performance indicator	Metric	Relevance to Group structure	Stakeholder affected by implementation	Base year	Base year value	2025 target	2025 result	2028 target
By 2028, ensure that the ratio of substantiated customer complaints does not exceed the acceptable level defined by the Bank <sup>1</sup>	Ratio of substantiated customer complaints, %	Bank	<ul style="list-style-type: none"> <li>• Executive Board</li> <li>• Employees</li> <li>• Customers</li> </ul>	2024	0.008	≤0.030	0.019	≤0.030
In all cases, the Bank's response to customer complaints meets the quality control criteria for complaint handling <sup>2</sup>	Appropriate response to customer complaints, %	Bank	<ul style="list-style-type: none"> <li>• Board</li> <li>• Employees</li> <li>• Customers</li> </ul>	2024	88	100	100	100
By 2028, increase the number of long-term customers by 20% relative to the base year <sup>3</sup>	Increase in the number of long-term customers, %	Bank	<ul style="list-style-type: none"> <li>• Shareholders</li> <li>• Council</li> <li>• Board</li> <li>• Employees</li> <li>• Customers</li> </ul>	2024	1,91	4	3,9	20
Achieve 97% customer retention rate by 2028 <sup>4</sup>	Customer retention rate, %	Bank	<ul style="list-style-type: none"> <li>• Shareholders</li> <li>• Council</li> <li>• Board</li> <li>• Employees</li> <li>• Customers</li> </ul>	2024	94	94,5	94	97

\*The *Sustainability Strategy* defines 14 sustainability performance indicators related to customer management. The Sustainability Report lists those sustainability performance indicators for which targets were set for 2025.

Methodology for assessing the sustainable development goals:

<sup>1</sup>Number of substantiated customer complaints relative to the number of customers at the end of the reporting year, expressed as a %.

<sup>2</sup>Compliance of the Bank's actions with the quality control criteria, expressed as a percentage of the maximum possible score.

<sup>3</sup>Long-term customers of the Bank are customers who have an active status and have been using the Bank's services for more than five years.

<sup>4</sup>The Customer has not terminated business relationship with the Bank on his/her own initiative within one year after the commencement of cooperation (opening an account). In this case, the assessment may be made on 31 December of the current year for the previous reporting year.

Assessment of the maturity of the Group's *Sustainability Strategy* in terms of setting performance-based targets and using them to measure progress on material sustainability issues:

- Stakeholder involvement in defining targets: the Bank's internal expert taskforces were involved in the process of defining performance targets and employees were invited to submit their proposals.
- Changes to the targets: the Group's *Sustainability Strategy* was updated and approved by the Council on 26 August 2025. The targets and methodology will be further updated as part of the 2026 update of the *Sustainability Strategy*.
- Monitoring of the targets: the Sustainability Director has been appointed as the person responsible for implementation of the *Sustainability Strategy* at the Group level, who has been tasked with monitoring implementation of the strategy and the sustainability targets and revising the strategy.

To date, customers have not been directly involved in defining the Group's sustainability targets. However, during the Double Materiality Assessment in the reporting period customer engagement was used to gather opinions of the Group's sustainable development opportunities and business model alignment in relation to customers, including in the following areas:

- Supporting improvements in sustainability performance of customers' business processes
- Supporting customers in management of sustainability risks
- Promoting customers' awareness and understanding of the importance of sustainability in business

The Bank's Board and Council decided to integrate customer opinions, particularly expectations regarding cooperation with the Bank, into the *Business Development Strategy* and the *Sustainability Strategy*.

## Disclosure of sustainability performance

In line with the requirements of the Corporate Sustainability Reporting Directive, the European Sustainability Reporting Standards and other relevant sustainability standards and recommendations, the Group discloses information on sustainability of its operations to stakeholders and affected parties.

In compliance with the requirements of the Sustainable Finance Disclosure Regulation in relation to the individual portfolio management services provided by the Bank, information on environmental and social characteristics and sustainable investments before concluding the contract is disclosed in the Sustainability section of the Bank's website, as well as the statement on the most significant negative impacts of investment decisions on sustainability factors is published.

We believe that disclosure of sustainability-related information strengthens the Group's reputation and contributes to building sustainable relationships with customers. The Group communicates its sustainability impacts, targets, and performance in accordance with the *Marketing Strategy*.

Up until now, customers have not been directly involved in evaluating the results of the Group's business and sustainability strategies, as well as the effectiveness of the processes and improvements implemented.



# Business Conduct | ESRS G1

## Business ethics

In the Group's business practices, we implement common principles for applying responsible and transparent corporate governance practices, promoting operational efficiency and our long-term value growth

Within business practices, we adhere to the corporate values set forth in the *Corporate Governance Policy* and the *Code of Ethics*, including high standards of professional conduct and ethics, to ensure that employees perform their duties with the utmost integrity, are impartial in the performance of their duties and decision-making, comply with laws and regulations, and their actions and behaviour meet high ethical standards. The Group's *Code of Ethics* establishes the basic principles of professional conduct and ethics that are binding on operations of the Group, its employees, and cooperation partners

with whom the Group maintains direct and indirect business relationships.

The Bank organises internal training sessions to ensure that our employees are familiar with the basic principles of professional conduct and ethics set out in the *Code of Ethics* and are aware that they shape the Bank's reputation in their daily communications both at work and outside the workplace.

Our basic principles of professional conduct and ethics:

- loyalty
- responsibility
- professionalism
- development
- integrity
- equality
- respect and collegiality
- respect for confidentiality

*"As the head of the compliance control function, I emphasise that high standards of professional conduct and ethics are not a one-time achievement, but an ongoing effort that requires all employees' commitment and responsibility. Adherence to common principles and strengthening our ethical culture are essential for our reputation, sustainability and trust that we offer to our customers and society. Only by consistently working on implementing these fundamental principles on a daily basis can we ensure transparent, secure and ethical operations at all levels,"*

**Natalija Boļšakova,**  
"Rietumu Bankas" Head of the Compliance Department of Rietumu Banka

## The role of the administrative, management and supervisory bodies | GOV-1

The Bank's Executive Board defines and the Council approves the allocation of duties of the members of the Executive Board, vice presidents, and directors, in accordance with the distribution of functions and areas of responsibility.

The Bank's Council has established that the officials mentioned in the division of duties of the Bank's Executive Board members, vice presidents, and directors are responsible for compliance with the basic principles of work order, ethics, corporate governance and conduct in the structural units subordinate to them. The supervisory process carried out by the Council is implemented by the Council member responsible for the internal control system.

In accordance with our *Working Procedure Regulations*, each employee is responsible for compliance with the principles of work ethics in their daily activities. Daily operational control over this is implemented by the heads of the structural units, whereas the Human Resources Department and the supervising member of the Executive Board ensure overall control.

We assess the reputation of the officials, the necessary competencies, and whether they have sufficient knowledge, skills, and experience to honestly perform their duties in accordance with our corporate values.

We have established the procedure for evaluating the reputation, knowledge, competence, corporate governance, and professional work ethics of officials in the *Procedure on Assessing Suitability of Council and Board Members and Key Function Holders*.

## Business conduct policies and corporate culture | G1-1

Business ethics policies\*:

### Corporate Governance Policy

**Objective** – to define uniform principles according to which the Bank implements ethical, responsible and transparent corporate governance practices, promoting operational efficiency and long-term value growth. The policy also covers the Group's anti-corruption and conflict of interest management to prevent the Group's involvement in corruption.

**Scope** – requirements of the policy are binding on the Bank and the Group.

**Standard, initiative or requirement taken into account in the development and implementation of the policy** – Corporate Governance Code approved by the Corporate Governance Advisory Council of the Ministry of Justice, the Regulation No. 371 of Latvijas Banka "Regulation on the System for Managing Credit Institutions", the Group's internal regulatory documents, which stipulate business and sustainability development and ensuring business continuity.

**Stakeholders affected by the policy** – shareholders, Council, Council committees, Executive Board, employees, customers, cooperation partners, state institutions, society.

**Stakeholders taken into account in the development of the policy** – shareholders, Council, Council committees, Executive Board, employees, customers, state institutions.

**Stakeholders to whom the policy is available\*\*** – shareholders, Council, Council committees, Executive Board, employees, state institutions.

**The policy governs the conduct, duties and responsibilities of the following employees and collegial bodies** – all employees of the Group.

## Code of Ethics

**Objective** – to set out the basic principles of professional conduct and ethics to be observed by the Group and its employees in their activities and in their cooperation with partners, counterparties, suppliers, service providers, intermediaries, agents and other persons with whom the Bank and subsidiary has concluded agreements.

**Scope** – the employee *Code of Ethics* is applicable to the employees of the Group. The *Code of Ethics* of cooperation partners applies to cooperation partners in the Group's supply chain with whom the Group has direct (first-tier contract) and indirect (second-tier and higher-tier contract) relationships.

**Standard, initiative or requirement taken into account in the development and implementation of the Code of Ethics** – international principles set in:

[UN \(Global Compact\)](#)

[The Universal Declaration of Human Rights](#)

[The UN Sustainable Development Goals](#)

[The UN Guiding Principles on Business and Human Rights](#)

[The Organisation for Economic Co-operation and Development \(OECD\) Guidelines for Multinational Enterprises](#)

**Stakeholders affected by the Code of Ethics** – shareholders, Council, Council committees, Executive Board, employees, customers, cooperation partners, state institutions, society, nature.

**Stakeholders taken into account in the development of the Code of Ethics** – shareholders, Council, Council committees, Executive Board, employees, customers, state institutions, society, nature.

**Stakeholders to whom the Code of Ethics is available** – to all stakeholders on the Bank's website [here](#).

**The Code of Ethics governs the conduct, duties and responsibilities of the following employees and collegial bodies** – applies to all employees of the Group, the Group's cooperation partners in the Group's supply chain with whom the Group has direct (first-tier contract) and indirect (second-tier and higher-tier contract) relationships.

## Subsidiaries Monitoring Policy

**Objective** – to ensure the compliance of subsidiary operations with external regulatory requirements, manage the risks inherent in subsidiary operations, including establishing the supervision procedure for the Bank's subsidiaries.

**Scope** – the extent of monitoring of subsidiaries depends on whether the Bank has signed a service contract with the subsidiary.

**Standard, initiative or requirement taken into account in the development and implementation of the policy** – the Latvijas Banka regulation No. 371 "Regulation on the System for Managing Credit Institutions".

**Stakeholders affected by the policy** – shareholders, Council, Council committees, Executive Board, employees, customers, cooperation partners, state institutions, society.

**Stakeholders taken into account in the development of the policy** – shareholders, Council, Council committees, Executive Board, employees.

**Stakeholders to whom the policy is available\*\*** – shareholders, Council, Council committees, Executive Board, employees, state institutions.

**The policy governs the conduct, duties and responsibilities of the following employees and collegial bodies** – the Bank's Executive Board, member of the Executive Board supervising the subsidiaries, the Sustainability Director, Corporate Finance Division, Real Estate Sale Division, Debt Recovery Division, Debt Restructuring Division of the Corporate Finance and Investment Department, Lending Division of the Lending Department, Corporate and Administrative Legal Division and Corporate Finance Legal Division of the Legal Department, Data Analytics Division and Accounting Operations Division of the Accounting Department, Human Resources Department, Marketing Department, Records Management Department, Risk Department, Cybersecurity Risk Management Division, Compliance Department, Anti-Financial Crime Department, Data Protection Officer, curators of subsidiaries.

## Conflict of Interest Management Policy

**Objective** – to determine the nature of a conflict of interest, the procedure for timely identification and management of potential conflict of interest

situations, measures and control to limit and mitigate conflict of interest situations, as well as determine responsibility in the field of management of conflict of interest situations.

**Scope** – applies to the officials of all levels, persons related to management, and the subsidiaries, including all employees of the Bank who are not officials.

**Standard, initiative or requirement taken into account in the development and implementation of the policy** – Credit Institution Law of the Republic of Latvia, Financial Instrument Market Law of the Republic of Latvia; the Latvijas Banka regulation No. 371 "Regulation on the System for Managing Credit Institutions". Market Abuse Regulation.

**Stakeholders affected by the policy** – shareholders, Council, Council committees, Executive Board, employees, customers, cooperation partners (suppliers and service providers), state institutions.

**Stakeholders taken into account in the development of the policy** – common interests of the Bank and the Group.

**Stakeholders to whom the policy is available** – available on the Bank's website [here](#).

**The policy governs the conduct, duties and responsibilities of the following employees and collegial bodies** – applies to the officials of all levels, persons related to management, and the subsidiaries, including all employees of the Bank who are not officials. For the purposes of this policy, interns, persons cooperating with the Bank on the basis of a contractor agreement and employees of the subsidiaries are also viewed as employees.

## Personnel Policy

**Objective** – to implement effective personnel management to promote well-being, loyalty, growth and motivation of employees, contributing to the development of the Bank and achievement of financial objectives.

**Scope** – the policy is applied Bank-wide. The subsidiaries have to determine their personnel management principles in accordance with the Bank's *Personnel Policy*.

**Standard, initiative or requirement taken into account in the development and**

**implementation of the policy** – the policy is developed following the best personnel management practices, in accordance with the values and operating principles set by the Bank.

**Stakeholders affected by the policy** – Council, Council committees, Executive Board, employees.

**Stakeholders taken into account in the development of the policy** – Council, Executive Board, employees.

**Stakeholders to whom the policy is available\*\*** – Council, Council committees, Executive Board, employees, state institutions.

**The policy governs the conduct, duties and responsibilities of the following employees and collegial bodies** – applies to all employees, heads, and officials.

## Remuneration Policy

**Objective** – to determine the basic principles and components of the remuneration system, as well as the responsibilities and duties of the Remuneration Committee, the Council and the Executive Board in implementing the Remuneration Policy.

**Scope** – the policy applies to the Bank, and subsidiaries follow the basic principles of the *Remuneration Policy* in their operations.

**Standard, initiative or requirement taken into account in the development and implementation of the policy** – Labour Law of the Republic of Latvia, Personal Data Processing Law of the Republic of Latvia, the Latvijas Banka regulation No. 322 "Regulation on the Remuneration Policy and Practice", and other regulations and external binding documents of the European Union and the Republic of Latvia, as well as internal regulatory documents, including the compliance with best practices and conduct of a prudent and careful manager.

**Stakeholders affected by the policy** – shareholders, Council, Remuneration Committee, Executive Board, employees.

**Stakeholders taken into account in the development of the policy** – Council, Executive Board, employees.

**Stakeholders to whom the policy is available\*\*** – Council, Council committees, Executive Board, employees, state institutions.

**The policy governs the conduct, duties and responsibilities of the following employees and collegial bodies** – applies to all employees of the Group, including members of the Executive Board, positions performing internal control functions, other positions affecting the risk profile, and members of the Council.

\*The listed policies are essential to the Group and determine our business operations and corporate culture. All listed policies are applicable to the Group, and the Bank's Executive Board is responsible for their implementation.

\*\*The policy is available to internal stakeholders in the Bank's internal document management system, whereas to external stakeholders the policy is provided as part of the supervisory review and evaluation process of credit institutions or upon request from the state institutions.

## Corporate culture governance

Our corporate culture governance is regulated by the *Corporate Governance Policy*, the purpose of which is to establish common principles according to which we implement ethical, responsible and transparent corporate governance practices, promoting operational efficiency and long-term value growth.

We recognise that sound corporate governance enhances our operational efficiency, facilitates access to capital markets, increases the value of the Group's assets, improves our reputation and provides a range of other valuable benefits.

In order to ensure the Group's sustainable strategic direction, accountability and the prerequisites for achieving our stated objectives, as well as the preservation and enhancement of our value, in our activities we adhere to the agreed principles of corporate governance set out in the *Corporate Governance Policy*, insofar as those can be integrated in the light of the specific nature of the Group's operations.

The Group promotes and monitors the implementation of and compliance with the principles set out in the policy throughout the Group, ensuring the flow of information related to corporate governance and the opportunity to participate in the creation of a common corporate environment.

The policy is reviewed at least annually, taking into

account the changing business environment, assessing existing achievements and setting new targets for incorporating best practices into the Group's operations. When reviewing this policy, we adhere to the principle of sustainable development and the integrity of our core values.

We have developed internal regulatory documents within the Group, setting common corporate culture values and principles, including the *Code of Ethics*, *Conflict of Interest Management Policy*, *Personal Data Processing Policy*. We have zero tolerance for bribery, corruption and money laundering.

Violations of any principles of the policies or requirements of internal regulatory documents may be reported by any employee, customer, cooperation partner or person who becomes aware of a deviation from the zero tolerance level. We apply "See it – report it!" approach, encouraging the employees to report discovered deficiencies and identified risks, including corruption instances, in the Bank's operations and internal control system. We ensure that every employee has the right to act as whistleblower or report (also anonymously) any person's actions that do not comply with the requirements of internal and external regulations, identified corrupt or unethical activities, illegal transactions or attempts thereof. According to the Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing of the Republic of Latvia, any employee of the Bank also has the right to anonymously report a violation of the Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing and the Law on International Sanctions and National Sanctions of the Republic of Latvia requirements in the Bank.

Every employee and business partner is encouraged to report in good faith any violations of our *Code of Ethics* principles, and is entitled to provide suggestions and recommendations for improving the *Code of Ethics*. Various reporting channels are available to external and internal stakeholders for reporting electronically, in person, and anonymously in writing.

In 2025, we strengthened our stance that employees must report not only deficiencies in the Bank's operations and identified risks, but also instances of discrimination and inequality, mobbing situations, violations of ethical standards and personal data protection.

Our clients and cooperation partners have the opportunity to make suggestions and complaints, express their opinion on the work of the Bank and its subsidiaries, the quality of service and services provided, as well as submit proposals for improving the operations of the Bank's and its subsidiaries' structural units on the Bank's website [here](#). Anonymous reports via the suggestions and complaints reporting channel are not considered.

Anonymous reports on a possible criminal offense, administrative violation or other violation of legal norms (action or inaction), including actions that are contrary to the a law or regulation, as well as a violation of binding ethical or professional norms that may harm the interests of society, can be submitted with a whistleblower report on the Bank's website [here](#).

The investigation of such reports is performed by a group of responsible employees set up by the Bank, having the highest level of expertise and maximum independence.

We review the *Corporate Governance Policy* once a year, taking into account the changing business environment, assessing achievements and setting new goals for implementing best practices. When reviewing the policy, we adhere to the principle of sustainable development and the unchanging nature of our core values.

Our internal regulatory documents include the procedures for ensuring protection against potential discriminatory or disciplinary actions both towards the employee who reported and the employee who was reported about, until clarification of all circumstances, while ensuring that the reporting employee maintains anonymity and inviolability to the extent provided by regulatory acts or the procedural order of competent authorities' investigations, if applicable to the respective reporting case.

We ensure protection against potential discriminatory or disciplinary actions both towards the employee who reported and the employee who was reported about, until clarification of all circumstances, while ensuring that the reporting employee maintains anonymity and inviolability to the extent provided by regulatory acts or the procedural order of competent authorities' investigations, if applicable to the respective reporting case.

We ensure that the rights to personal data

protection and confidentiality of individuals involved in the reporting process are guaranteed in accordance with the applicable external and internal regulatory acts governing the field of personal data processing and protection. Our whistleblowing system is designed to promote adequate protection for the whistleblower.

Before involving other employees in the examination of an alert report, the responsible person pseudonymizes the reporter's personal data so that neither through the pseudonym (another/fictional/fake name, number, or other identifier assigned to the person) nor through the case description it is possible to identify the reporter's identity.

So far, the Group has not needed to develop a policy regulating the procedure for whistleblower protection.

Our whistleblowing regulation was introduced together with the approval of the Whistleblowing Law, namely, from 2018.

Our internal regulatory documents include the procedure for identifying, reporting and investigating incidents.

With regard to the whistleblowing reports, the responsible person shall immediately, but no later than within 7 days from the receipt of the whistleblowing report, send the whistleblower confirmation of receipt of the report and evaluate the report for apparent compliance with the characteristics of whistleblowing. The responsible person shall decide whether to recognize or not recognize the report as a whistleblowing report and inform the whistleblower within 3 working days from the date of the decision if the report is not anonymous.

We have determined that if the violation mentioned in the whistleblowing report cannot be remedied with our internal resources – within 10 working days from the date of receipt of the whistleblowing report, the responsible person shall make a decision to forward the whistleblowing report for consideration to the competent authority or the State Chancellery, informing the whistleblower thereof. No later than within 2 months from the date when the report is recognized as a whistleblowing report, the responsible person shall inform the whistleblower about the further progress of the whistleblowing report and the progress of the consideration of the whistleblowing report.

When the consideration of the whistleblowing report is completed, the responsible person shall inform the whistleblower about the further progress of the whistleblowing report and the facts established and the decision made or the actions taken.

Our business management framework does not have policies that directly regulate the protection and welfare of animals. We have applied the importance of animal protection to the Bank's investment restrictions in relation to financial instruments whose issuers engage in unauthorized or threatening trade in wild animals or products thereof, as regulated by the CITES Convention.

Developing the annual training plan, we determine the priorities for improving the competence of our employees. Internal training on managing conflict of interest situations, reporting channels and whistleblowing, and anti-corruption measures are organized on an annual basis for all employees of the Bank, including curators of subsidiaries.

Given our zero-tolerance approach to corruption, we expect our cooperation partners to preclude any corruption (offering bribes, accepting bribes, and commercial bribery).

Gifts and representation expenses (including hospitality expenses) that employees or other persons acting on behalf or in the interests of the Group in the course of their duties are entitled to give to, pay for or receive from other persons or organisations are based on principles of integrity and meet a number of anti-corruption criteria.

The Executive Board of the Bank, as a decision-making body, is responsible for conducting periodic checks, implementing policies, determining awareness-raising measures, and informing the Latvijas Banka of all circumstances, including suspicious and fraudulent transactions, that may significantly affect the stable and regulatory enactments-compliant future management and operations of the Bank or that may significantly threaten the reputation of the Bank and the Group.

The whistleblowing system has been established taking into account the provisions of the Republic of Latvia Whistleblowing Law.

The purpose of the whistleblowing system established in the Group is to promote whistleblowing in the public interest, to ensure that anyone has the opportunity to safely report violations and to guarantee them appropriate protection.

### Our sustainable development target:

- promote employees' desire to develop, support and inspire them to engage in lifelong learning, especially in educational areas related to the financial sector
- promote the development of management competencies in all structural units of the Group, ensuring systematic and targeted professional growth of managers

### Performance indicator of our sustainable development target:

- 100% of focus group employees trained on topics: Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing; corruption and bribery prevention, and management of conflict of interest situations

More information on the achievement of the target is presented in section Targets related to managing impacts, risks and opportunities in relation to employees | S1-5.

## Management of relationships with suppliers and service providers | G1-2

To ensure the continuity of our operations, great importance is attached to cooperation with suppliers and service providers in the upstream value chain. We have developed the *Outsourcing Policy*, stipulating that only an outsourcer who has the necessary qualifications and experience in performing the delegated duties is entitled to provide outsourcing services. We cooperate only with professional outsourcers who are able to ensure the provision of high-quality services and outsourcing appropriateness to strategic

and sustainability objectives of our business development.

Before concluding an outsourcing agreement, we define and make sure that the function that is planned to be delegated to an outsourcer is considered critical or important. When conducting an assessment, we identify and evaluate all significant risks associated with outsourcing, conduct a due diligence check of the service provider, identify and assess possible conflicts of interest. Before concluding the agreement, we make sure that the conditions for monitoring the outsourcing will be met.

The decision on the use of outsourcing is made by the Executive Board.

Using a risk-based approach, we continuously monitor the performance of service providers in relation to any outsourcing agreement, paying particular attention to critical or important functions delegated to outsourced service providers, and ensure the availability, integrity and security of data and information in accordance with external and internal regulatory enactments.

We review and update the risk assessment for the outsourcing agreement at least once a year, based on monitoring results.

It is important for us to select the business partners who understand and adhere to the principles of the *Code of Ethics* for Business Partners as set out by the Bank. Failure to comply with these principles may result in the Bank or its subsidiary refraining from entering into cooperation or terminating cooperation already entered into. The Bank invites its cooperation partners and the Bank's subsidiaries to comply with laws and regulations and ethical principles. The Bank is aware that its activities can also be affected by the behaviour and attitude of cooperation partners.

Our *Code of Ethics* for Business Partners is available [here](#).

The policies and procedures for our cooperation with suppliers and service providers:

- *Outsourcing Procedure*
- *Outsourcing Policy*
- *Procedure for Cooperation with Loro, Nostro Banks and Other Financial Market Counterparties*
- *Procedure for the Recognition of Valuations Provided by Independent Valuers*

- *Procedure for Cooperation with Financial Institutions*
- *Procedure for Cooperation with Partners*
- *Procedure for Cooperation with E-Merchants/Sub-E-Merchants*
- *Procedure for the Conclusion of Contractor Agreements*

Payment of the Group's invoices is governed by the Bank's *Administrative Expenses, Stamp Duty and Advance Settlement Processing Procedure*.

The procedure provides for the standardised recording, reconciliation and payment of incoming invoices, defining responsibilities and roles. In the event of a late payment of an invoice or accompanying document, a procedure is foreseen for the invoice or accompanying document to be immediately registered with the Bank's Office and immediately forwarded for payment. There are no specific procedures or reservations in the invoice payment process depending on the size of the supplier.

During the reporting period, within the framework of the Double Materiality Assessment, potentially negative impacts on our service providers and suppliers were identified. The potentially negative impact is related to our payment discipline and invoice reconciliation procedures. More details about our payment discipline can be found in the Payment Practices | G1-6 section.

To mitigate potential impacts, we have defined a goal in the *Sustainability Strategy* to promote honest and responsible business practices by ensuring timely fulfilment of financial obligations and payment of invoices at all levels of the Bank's and Group's operations, thereby strengthening trust among partners and adhering to high business ethics standards.

More information on the achievement of the target is presented in section Payment Practices | G1-6.

When deciding to delegate functions or services to an outsourcing service provider, as well as making other decisions in connection with the receipt of an outsourced service, we assess whether the stable and sustainable operation of the Bank will be ensured and evaluate the outsourcing compliance with our sustainability objectives before receipt of an outsourced service.

We have set in the *Code of Ethics* that employees have to select the business partners through fair price surveys, taking into account the needs of the Group and a set of objective criteria, e.g., competitive prices, quality, experience, adherence to sustainable business practices.

## Prevention and detection of corruption and bribery | G1-3

The Group has developed internal regulatory documents that are applicable to structural units of all levels and their managers and employees, which include descriptions of the processes for preventing, detecting and managing corrupt activities:

- *Code of Ethics*
- *Corporate Governance Policy*
- *Employment Relations Procedure*
- *Working Procedure Regulations*
- *Whistleblowing Procedure*

The *Corporate Governance Policy* covers our anti-corruption measures and their governance. The policy is the Bank's tool for implementing the sustainability strategy, which is implemented in accordance with the principles of business ethics and professional conduct set out in the *Code of Ethics*. Anti-corruption measures and governance are integrated with fair and honest *Remuneration Policy*, as well as strictly observing the basic principles of environmental protection, social responsibility and good corporate governance set out in other internal regulatory documents of the Group, on which decisions necessary for sustainable operations are based, contributing to preventing and reducing the likelihood of corruption.

The *Whistleblowing Procedure* stipulates the provisions on processing the incident reports, including the determination of a group of responsible employees, which excludes the individual actions of one person, determines measures to prevent the conflict of interest situations, also taking into account the high level of confidentiality of the information being processed. Where a received anonymous report contains information on some of the responsible persons, that person is excluded from the list of recipients and the report review.

Information on the nature of the received

reports, the processing process and planned measures is provided to the Bank's Executive Board and Council in quarterly reports, taking into account the principles of anonymization and pseudonymization, as well as the requirements for the protection of the whistleblower.

Our strategic documents, including the *Corporate Governance Policy*, as well as other policy-level documents, are reviewed by the Executive Board annually and then submitted for review and approval to the Council. Approved documents are announced on the Bank's intranet, as well as made available in monthly news reports, both by individually informing the heads of structural units and by offering all employees to familiarize themselves with the policy amendments in face-to-face and e-training courses organized by the Bank.

During the anti-corruption training, conflict of interest situations and their place/parties that may contribute to receiving/requesting bribes are analysed, the definition of personal interest is explained, and the responsibilities of employees and officials for managing situations are examined. Requirements against giving/receiving gifts are examined, and reporting channels are characterized by the nature of the risk and violation. The operating mechanism of the whistleblowing system and the basic principles of their processing are examined, taking into account the requirements for the protection of the whistleblower. Training participants are offered an overview of the internal regulatory documents that regulate the Group's requirements and actions and are available in our internal document management system.

The Group has developed training on anti-corruption, bribery and conflict of interest situations, in which all employees are involved, including the Executive Board and administration levels.

We have set a goal for 2025 to achieve 100% of training undergone by focus group employees on corruption, bribery and conflict of interests. In 2025, this training target category was achieved by 91.2%. More information on the achievement of the target is presented in section Targets related to managing impacts, risks and opportunities in relation to employees | S1-5.

To ensure our professional activities, it is very important for us that all focus group employees complete anti-corruption, bribery and conflict of interest situations training.

If an employee has not completed the training or passed the test after being invited and reminded, the training specialist registers an operational risk.

### Group's employees who underwent training on anti-corruption, bribery and conflict situations in 2025

	At-risk functions	Managers	AMSB*	Other employees
<b>Training coverage</b>				
Total number	80	58	22	214
Total receiving training	77	49	21	194
Trained employees, % of the total employees**	20.6	13.1	5.6	51.9
<b>Delivery method and duration</b>				
Classroom training	0	0	0	0
Computer-based training	80	58	22	214
Voluntary computer-based training	-	-	-	-
<b>Frequency</b>				
How often training is required	Annually	Annually	Annually	Annually
<b>Topics covered</b>				
Definition of corruption	X	X	X	X
Policy	X	X	X	X
<i>Procedures on suspicion/detection</i>	X	X	X	X
<i>Reporting procedure</i>	X	X	X	X

\*Administrative, management and supervisory bodies

\*\*Calculated according to the number of the Group's employees at the start of the training (as of 15.10.2025, the number of the Group's employees was 374)

Our goals of implementing the *Corporate Governance Policy*:

- to assess risks in accordance with the Risk Management Policy, evaluating potential corruption-related risks and their probability;
- to determine reasonable measures for preventing, mitigating, and precluding corruption risks in business relationships

where the Bank might be involved in corrupt activities;

- given our zero tolerance for corruption, when reviewing available information about a potential partner, agent, counterparty, or their employees, we expect the same attitude from potential partners, agents, and counterparties;

- expanding business activities or providing services and registering the Bank's presence outside the Republic of Latvia (opening representative offices, exercising freedom to provide services), the Bank, to the extent possible, obtains information from publicly available sources on the prevalence of corruption and on anti-corruption policies in the specific country. We do this to avoid engaging in dishonest practices and to minimize the possibility of legal and reputational risks, including situations where foreign officials demand or extort bribes;
- complying with the charity and sponsorship provisions of the policy;
- together with the "Nākotnes Atbalsta fonds" foundation, disclose the charitable and sponsorship donations made by both;
- as part of the internal control process, checking the Bank's main areas of activity, including random checks on the legality and economic justification of payments made by the Bank, the justification of expenses, including compliance with the original accounting documents, and compliance with the policy requirements;
- reasonable measures determined to consider that an employee's involvement in corrupt activities or conflicts of interest constitutes a breach of contractual obligations, which may be grounds for termination of employment or cooperation;
- promote higher anti-corruption levels by informing and training employees on anti-corruption issues and policy implementation.

Specific investments and expenses for the implementation and maintenance of anti-corruption tasks are not allocated in the Group's use of funds and budget planning.

If actions that contradict the *Corporate Governance Policy* are identified, an internal investigation will be initiated into corrupt activities. Disciplinary, administrative or criminal investigations may be initiated against the guilty parties in accordance with the procedure established by regulatory enactments.

Anti-corruption activity assessments are conducted continuously and on an ongoing basis. The policy does not set deadlines for compliance with the principles and policy.

## Incidents of corruption or bribery | G1-4

### Our sustainable development target:

- adhere to the zero commitment: "0" cases of corruption and bribery
- adhere to the zero commitment: "0" situations of unmanaged conflicts of interest

### Performance indicator of our sustainable development target:

- ensuring 100% transparency, efficiency, compliance, and timely management, promoting ethical conduct and achieving zero tolerance for corruption and bribery
- ensuring 100% transparency, efficiency, compliance, and timely management, promoting ethical conduct and achieving zero tolerance for unmanaged conflict of interest situations

During the reporting period, no corruption or bribery incidents were registered at the Group level, and there were no convictions.

We apply all adopted policies, including the *Anti-Corruption Policy*, to our subsidiaries, and therefore the role of the subsidiaries' curators is to facilitate the explanation of the basic principles of the policies and promote their implementation at the Group level.

In 2025, we developed the *Code of Ethics* for employees and business partners, which includes our zero-tolerance approach to corrupt practices. The Code stipulates the duty of every employee to avoid conflicts of interest and any corrupt practices, to adhere to the principles of integrity, and to report any identified or potential corrupt, illegal, or unethical conduct.

During the reporting period, no corruption or bribery incidents were registered at any stage of the Group's value chain, in which the Group's employees would be involved.

Representatives of the Bank's independent structural units analyse the obtained statistical indicators, observing a high level of confidentiality of information and data, using the principle of multiple review in accordance with the established procedure.

## Political influence and lobbying activities | G1-5

We do not engage in political influence activities or lobbying. Consequently, the Group is strictly prohibited from making any direct or indirect donations to political parties, organizations, movements, or politically exposed persons. Our employees may not conduct campaigning or advertising for political parties, organizations or persons involved in politics using the Bank's funds, as well as accept any material or intangible funds for carrying out these activities. Although no liability is set for the conduct and monitoring of political influence and lobbying activities, the employees must report such violations according to the *Operational Risk Management Procedure* and the *Whistleblowing Procedure*.

No financial political contributions were made within the Group during the reporting period.

### JSC "Rietumu Banka" funding\*

	2024	2025
JSC "Rietumu Banka" funding	0,00 EUR	0,00 EUR

\*Completed in accordance with the information available in the political parties database Gifts, Donations, Membership Fees of the *Corruption Prevention and Combating Bureau*.

Within the Group, no member of the administrative, management and supervisory bodies has held a similar position in the public administration in the two years preceding their appointment.

## Membership in industry-relevant international organizations and associations

We are members of various organisations:

- Institute of Internal Auditors – from 2019
- Latvian Chamber of Commerce and Industry – from 2019
- Association of Accountants of the Republic of Latvia – from 2021
- Association "Real Estate Developers Alliance" – from 2024
- The British Chamber of Commerce in Latvia (BritCham) – from 2024, PLATINUM member status
- American Chamber of Commerce in Latvia – from 2025

## Payment practices | G1-6

Payment of invoices is governed by the Bank's *Administrative Expenses, State Fees and Advance Settlement Processing Procedure*. Payment terms are determined by: the terms of the contract or agreement, the act, the payment date specified in the invoice or accompanying document.

After the reconciliation stage, the accountant makes the payment of invoices or accompanying documents or state fees within 2 days in the order of receipt of invoices, paying those invoices or accompanying documents for which the payment term specified is shorter as a priority. If the payment term specified in the invoice is overdue, the accountant makes the payment of the received invoices or accompanying documents immediately.

After payment confirmation, the accountant pays the invoice as quickly as possible.

**The Group's payment practices\***

	2024	2025
Number of invoices overdue by the Bank per year, %	23	18
Number of invoices overdue by the Group per year, %	39	43
Bank's average number of days past due on payments, days	3	3
Group's average number of days past due on payments, days	4,4	21
Average number of days in which the Bank pays invoices	No information available	4
Average number of days in which the Group pays invoices	No information available	No information available

\*Provided information on the Group's payment practices outside of the Sustainability Reporting audit process has not been subject to independent assessment of the accuracy or reliability of the data.

**Our sustainable development goal:**

- To promote fair and responsible business practices by ensuring timely fulfilment of financial obligations and payment of invoices at all levels of the Bank's and the Group's operations, thereby strengthening trust among cooperation partners and adhering to high standards of business ethics.

**Performance indicator for achieving our sustainable development goal**

Sustainability performance indicator	Metric	Relevance to Group structure	Stakeholder affected by implementation	Base year	Base year value	2025 target	2025 result	2028 target
By 2028, a 15% reduction in the Bank's overdue invoices compared to the base year	Invoices overdue by the Bank, %	Bank	<ul style="list-style-type: none"> <li>Board</li> <li>Employees</li> <li>Customers</li> <li>Cooperation partners (suppliers and service providers)</li> <li>Company</li> </ul>	2024	23	20	18	8
By 2028, a 15% reduction in the Group's overdue invoices compared to the base year	Invoices overdue by the Group, %	Group	<ul style="list-style-type: none"> <li>Board</li> <li>Employees</li> <li>Customers</li> <li>Cooperation partners (suppliers and service providers)</li> <li>Company</li> </ul>	2024	39	36	43	24

**Bank and Group**

Payment of invoices does not depend on the size of the company and is based on the principle of equality.

**Bank**

The information on payment practices is obtained from the Bank's internal electronic document management system, which ensures the monitoring of the Bank's business processes. The data reflects the number of days the Bank needs to pay an invoice, broken down by company

size (microenterprise, small enterprise, medium-sized enterprise, large enterprise).

**Group**

The information on payment practices is obtained from the Bank's centralized document management system and the internal accounting system of subsidiaries, which ensures monitoring and implementation of the payment process.

The Bank and subsidiaries have no pending legal proceedings related to late payments.



A photograph of a modern building interior, featuring a glass and concrete structure with a staircase and a large blue graphic overlay. The blue overlay is a large, abstract shape that covers the middle and bottom portions of the image. The text is white and centered within this blue area.

# Council and Executive Board

Our management team consists of highly skilled professionals with many years of experience in the financial sector.

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164 Statement of management responsibility

# Composition of the Council and the Executive Board

During the financial year and at the time of signing these financial statements:

## The Council of the Bank

13 June 2024 – 31 December 2025

Name, surname	Position	Date of appointment, term of office
Leonids Esterkins	Chairman of the Council	13.06.2024 - 12.06.2029
Arkādijs Suharenko	Deputy Chairman of the Council	13.06.2024 - 12.06.2029
Dermot Fachtna Desmond	Deputy Chairman of the Council	13.06.2024 - 12.06.2029
Valentīns Bļugers	Member of the Council	13.06.2024 - 12.06.2029
Ilja Suharenko	Member of the Council	13.06.2024 - 12.06.2029
Charles William Larson Jr.	Member of the Council	13.06.2024 - 12.06.2029

## The Executive Board of the Bank

1 January 2025 to 27 January 2025

Name, surname	Position	Date of appointment, term of office
Jeļena Buraja	Chairman of the Executive Board	21.08.2024 - 20.08.2029
Ruslans Stecjuks	Member of the Executive Board, Deputy Chairman of the Executive Board	21.08.2024 - 20.08.2029
Mihails Birzgals	Member of the Executive Board	21.08.2024 - 20.08.2029
Vladlens Topčijans	Member of the Executive Board	21.08.2024 - 20.08.2029
Sandris Straume	Member of the Executive Board, Chief Risk Officer	21.08.2024 - 20.08.2029

27 January 2025 to 31 December 2025

Name, surname	Position	Date of appointment, term of office
Jeļena Buraja	Chairman of the Executive Board	21.08.2024 - 20.08.2029
Ruslans Stecjuks	Member of the Executive Board, Deputy Chairman of the Executive Board	21.08.2024 - 20.08.2029
Mihails Birzgals	Member of the Executive Board	21.08.2024 - 20.08.2029
Vladlens Topčijans	Member of the Executive Board	21.08.2024 - 20.08.2029
Sandris Straume	Member of the Executive Board, Chief Risk Officer	21.08.2024 - 20.08.2029
Artūrs Jukšs	Member of the Executive Board	27.01.2025 – 25.01.2030

## Statement of management responsibility

The Management of AS Rietumu Banka is responsible for the preparation of the consolidated financial statements of the Bank and its subsidiaries as well as for the preparation of the Bank's separate financial statements and the Groups sustainability report.

Separate and consolidated financial statements provided in pages from 179 to 292 are based on supporting documents and provide a true and fair view of the financial position of the Bank and the Group as at 31 December 2025 and their performance and cash flows for the year ended 31 December 2025.

The separate and consolidated financial statements are prepared in accordance with IFRS Accounting Standards as adopted by the European Union on a going concern basis. Appropriate accounting policies have been applied on a consistent basis. In the preparation of the financial statements the Management has made prudent and reasonable judgements and estimates.

The Management of AS Rietumu Banka is responsible for the maintenance of proper accounting records, the safeguarding of the assets of the Bank and the Group and the prevention and detection of fraud and other irregularities in the Bank and the Group. The management is also responsible for the compliance with the requirements of the Credit Institution Law, Bank of Latvia guidelines and other statutory regulations of the Republic of Latvia and the European Union.

On behalf of the Management of AS Rietumu Banka:

Chairman of the  
Executive Board  
Member of the  
Executive Board,  
**Jeļena Buraja**

Deputy Chairman of the  
Executive Board  
**Ruslans Stecjuks**

Member of the  
Executive Board  
**Mihails Birzgals**

27 March 2026

THE DOCUMENT IS SIGNED USING A QUALIFIED ELECTRONIC SIGNATURE AND CONTAINS A TIMESTAMP

# Independent Auditors' Report

The independent auditors' report is an essential component of transparent corporate governance and reflects one of our key priorities.

166 Limited Assurance Report on AS Rietumu Banka's Consolidated Sustainability Statement

170 Independent Auditors' Report



KPMG Baltics SIA  
 Roberta Hirša iela 1  
 Rīga, LV-1045

Latvija T: + 371 67038000  
 kpmg.com/lv  
 kpmg@kpmg.lv

# Limited Assurance Report on AS Rietumu Banka's Consolidated Sustainability Statement

To the shareholders of AS Rietumu Banka

## Limited assurance conclusion

We have performed a limited assurance engagement on whether the consolidated Sustainability Statement, of AS Rietumu Banka and its scoped in subsidiaries (the "Group") included in section Sustainability Statement (pages 16 to 160) of the accompanying management report (the "Sustainability Statement") as of and for the year ended 31 December 2025 has been prepared in accordance with the Article 7 of the Sustainability Disclosure Law of the Republic of Latvia implementing Article 29(a) of EU Directive 2013/34/EU.

Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that the Sustainability Statement of the Group as of and for the year ended 31 December 2025 is not prepared, in all material respects, in accordance with the Article 7 of the Sustainability Disclosure Law of the Republic of Latvia implementing Article 29(a) of EU Directive 2013/34/EU, including:

- compliance with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the Group to identify the information reported in the Sustainability Statement (the "Process") is in accordance with the description set out in section *Approach to assessing material impacts, sustainability risks and opportunities* of the Sustainability Statement; and
- compliance of the disclosures in the section *EU Taxonomy assessment* of the Sustainability Statement with Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation").

Our conclusion on the Sustainability Statement does not extend to any other information that accompanies or contains the Sustainability Statement and our report.

## Basis for Conclusion

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board (IAASB). Our responsibilities under this standard are further described in the "Our responsibilities" section of our report.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA), together with the ethical requirements that are relevant to our assurance engagement on the Sustainability Statement in Latvia.

Our firm applies International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, issued by the IAASB. This standard requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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

### **Other matter**

The comparative information included in the Sustainability Statement of the Group for periods prior to the year ended 31 December 2024 was not subject to limited assurance. Our conclusion is not modified in respect of this matter.

### **Responsibilities for the Sustainability Statement**

Management of the Group is responsible for designing and implementing and maintaining a process to identify the information reported in the Sustainability Statement in accordance with the ESRS and for disclosing this process in section *Approach to assessing material impacts, sustainability risks and opportunities* of the Sustainability Statement. This responsibility includes:

- understanding the context in which the Group's activities and business relationships take place and developing an understanding of its affected stakeholders;
- identifying the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the Group's financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium-, or long-term;
- assessing the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- developing methodologies and making assumptions that are reasonable in the circumstances.

Management of the Group is further responsible for the preparation of the Sustainability Statement, in accordance with the Article 7 of the Sustainability Disclosure Law of the Republic of Latvia implementing Article 29(a) of EU Directive 2013/34/EU, including:

- compliance with the ESRS;
- preparing the disclosures in section *EU Taxonomy assessment* of the Sustainability Statement, in compliance with Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation");
- designing, implementing and maintaining such internal controls that management determines are necessary to enable the preparation of the Sustainability Statement such that it is free from material misstatement, whether due to fraud or error; and
- selecting and applying appropriate sustainability reporting methods and making assumptions and estimates about individual sustainability disclosures that are reasonable in the circumstances.

Those charged with governance are responsible for overseeing the reporting process for the Group's Sustainability Statement.

### **Inherent limitations in preparing the Sustainability Statement**

In reporting forward-looking information in accordance with ESRS, management of the Group is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Group. The actual outcome is likely to be different since anticipated events frequently do not occur as expected.

In determining the disclosures in the Sustainability Statement, management of the Group interprets undefined legal and other terms. Undefined legal and other terms may be interpreted differently, including the legal conformity of their interpretation and, accordingly, are subject to uncertainties.



### Our responsibilities

Our objectives are to plan and perform the assurance engagement to obtain limited assurance about whether the Sustainability Statement is free from material misstatement, whether due to fraud or error, and reporting our limited assurance conclusion to the shareholders of AS Rietumu Banka. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Sustainability Statement as a whole.

Our responsibilities in relation to the Process for reporting the Sustainability Statement, include:

- Obtaining an understanding of the Process but not for the purpose of providing a conclusion on the effectiveness of the Process, including the outcome of the Process; and
- Designing and performing procedures to evaluate whether the Process is consistent with the Group's description of its Process, as disclosed in section *Material impact, sustainability risks and opportunities assessment approach* of the Sustainability Statement.

Our other responsibilities in respect of the Sustainability Statement include:

- Obtaining an understanding of the Group's control environment, processes and information systems relevant to the preparation of the Sustainability Statement but not evaluating the design of particular control activities, obtaining evidence about their implementation or testing their operating effectiveness;
- Identifying disclosures where material misstatements are likely to arise, whether due to fraud or error; and
- Designing and performing procedures focused on disclosures in the Sustainability Statement where material misstatements are likely to arise. 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.

### *Summary of the work we performed as the basis for our conclusion*

A limited assurance engagement involves performing procedures to obtain evidence about the Sustainability Statement. We designed and performed our procedures to obtain evidence about the Sustainability Statement that is sufficient and appropriate to provide a basis for our conclusion. The nature, timing and extent of our procedures depended on our understanding of the Sustainability Statement and other engagement circumstances, including the identification of disclosures where material misstatements are likely to arise, whether due to fraud or error, in the Sustainability Statement. We exercised professional judgment and maintained professional scepticism throughout the engagement.

In conducting our limited assurance engagement, with respect to the Process, the procedures we performed included:

- Obtaining an understanding of the Process by:
  - performing inquiries to understand the sources of the information used by management (e.g., stakeholder engagement, business plans and strategy documents); and
  - reviewing the Group's internal documentation of its Process; and



- Evaluating whether the evidence obtained from our procedures about the Process was consistent with the description of the Process set out in section *Material impact, sustainability risks and opportunities assessment approach* of the Sustainability Statement.

In conducting our limited assurance engagement with respect to the Sustainability Statement, the procedures we performed included:

- Obtaining an understanding of the Group's reporting processes relevant to the preparation of its Sustainability Statement by:
  - performing inquiries to understand the sources of the information used by management;
  - reviewing the relevant Group's internal documentation.
- Evaluating whether material information identified by the Process is included in the Sustainability Statement;
- Evaluating whether the structure and the presentation of the Sustainability Statement is in accordance with the ESRs;
- Performing inquiries of relevant personnel and analytical procedures on selected disclosures in the Sustainability Statement;
- Performing substantive limited assurance procedures on a sample basis on selected disclosures in the Sustainability Statement;
- Obtaining evidence on the methods, assumptions and data for developing material estimates and forward-looking information and on how these methods were applied; and
- Evaluating whether Group's statement in the section *EU Taxonomy assessment* of Sustainability Statement that no activities are claimed by the Group as being associated with economic activities that qualify as environmentally sustainable under the Taxonomy Regulation and that the Group has exercised an opt-out option as defined in Taxonomy Regulation with respect to non-disclosure of detailed EU Taxonomy disclosures in financial year 2025, is in accordance with Taxonomy Regulation.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

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Licence No. 55

Rainers Vilāns  
Member of the Board  
Latvian Sworn Auditor  
Certificate No. 200  
Riga, Latvia  
27 March 2026

The Limited Assurance report is signed with a secure electronic signature, which contains a timestamp. The date of the Limited Assurance report is the date of the last attached secure electronic signature timestamp.



KPMG Baltics SIA  
Roberta Hirša iela 1  
Rīga, LV-1045

Latvija T: + 371 67038000  
kpmg.com/lv  
kpmg@kpmg.lv

# Independent Auditors' Report

## To the shareholders of Rietumu Banka AS

### Report on the Audit of the Separate and Consolidated Financial Statements

#### Our Opinion on the Separate and Consolidated Financial Statements

We have audited the accompanying separate financial statements of Rietumu Banka AS ("the Bank") and accompanying consolidated financial statements of the Bank and its subsidiaries ("the Group") set out on pages 178 to 292 of the accompanying separate and consolidated Annual Report, which comprise:

- the separate and consolidated statements of financial position as at 31 December 2025,
- the separate and consolidated statements of profit or loss and other comprehensive income for the year then ended,
- the separate and consolidated statement of changes in the shareholders' equity for the year then ended,
- the separate and consolidated statement of cash flows for the year then ended, and
- the notes to financial statements, which include a summary of material accounting policies and other explanatory notes.

In our opinion, the accompanying separate and consolidated financial statements give a true and fair view of the separate and consolidated financial position of the Bank and the Group, respectively, as at 31 December 2025, and of their separate and consolidated financial performance and their separate and consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

#### Basis for Opinion

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

We are independent of the Bank and the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) developed by the International Ethics Standards Board for Accountants (IESBA Code), as applicable to audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in the Republic of Latvia. We have also fulfilled our other professional ethics responsibilities and objectivity requirements in accordance with the IESBA Code and the 'Law on Audit Services' of the Republic of Latvia.

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



## Key Audit Matters

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

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

### Impairment allowances for Loans and receivables due from customers (separate and consolidated financial statements)

Group's consolidated financial statements

The gross amount of Loans and receivables due from customers as at 31 December 2025: EUR 729 893; total impairment allowance as at 31 December 2025: EUR 101 685 thousand.

Bank's separate financial statements

The gross amount of Loans and receivables due from customers as at 31 December 2025: EUR 749 181 thousand; total impairment allowance as at 31 December 2025: EUR 96 722 thousand.

We refer to the separate and consolidated financial statements: Note 3 (Material accounting policies), Note 4 b) and i) (Risk management), Note 5 i) (Use of Estimates and judgements), Notes 13 and 19 b. (financial disclosures) and Note 36 b) (litigation in Russian Federation).

Key audit matters	How we addressed the key audit matter
<p>Loans and receivables due from customers, collectively represent approximately 46% of the Group's assets as at 31 December 2025 (31 December 2024: approximately 48%) and approximately 48% of the Bank's assets as at 31 December 2025 (31 December 2024: approximately 50%). The Bank and other entities within the Group offer a variety of loan products issued to corporate clients and individuals. The Bank and the Group have a significant exposure to borrowers in foreign jurisdictions, including those in Russia and Belarus.</p> <p>Impairment allowance represents the Management's best estimate of the expected credit losses within the Loans and receivables due from customers at the reporting date. We focused on this area as the determination of impairment loss allowances requires significant judgments from the Management over both the</p>	<p>Our procedures in the area included, among others:</p> <ul style="list-style-type: none"> <li>• inspecting the Group's expected credit losses ("ECL"), expected credit loss methodology and assessing its compliance with the relevant requirements of IFRS 9;</li> <li>• assessing and testing the design and implementation of a control over monitoring of loans and testing the design and implementation and operating effectiveness of selected key controls over the approval and recording of loans;</li> <li>• assisted by our own information technology (IT) specialists, testing the design, implementation and operating effectiveness of application and general IT controls related to the calculation of days past due;</li> <li>• assessing whether the definition of</li> </ul>



timing of recognition and the specific amounts, especially considering the current geopolitical environment and the Bank's and the Group's exposure towards Russia and Belarus as described in note 4 i) of the separate and consolidated financial statements. Furthermore, the 2025 decision by the Moscow Arbitration Court referred to in Annex 36, point (b) had a negative impact on the recoverability of certain Group's and Bank's Russian exposures.

In accordance with IFRS 9, the Bank and the Group calculate impairment allowance based on expected credit losses ("ECLs"). ECLs are estimated mainly based on the historical pattern of losses and changes in loan risk characteristics based on qualitative and quantitative indicators such as the probability of default ("PD") and loss given default ("LGD"). The Bank and the Group incorporate forward looking information into modelling techniques applied and as well as recognizes overlays, where it is deemed appropriate.

Individual impairment allowances recognized by the Bank and the Group often relate to large, individually monitored, corporate exposures, where the Bank and the Group are assessing ECLs on an individual basis. The assessment is therefore based on the knowledge about each individual borrower and often on estimation of the fair value of the related collateral.

Due to the above factors, we consider the area to be associated with a significant risk of material misstatement, which requires our increased attention in the audit. As such, we determined it to be a key audit matter.

default and the staging criteria were consistently applied and in line with the requirements of IFRS 9;

- assessing and challenging the forward-looking information used in the ECL model, by means of corroborating inquiries of the Management with the assistance of our own financial risk management specialists and inspection of publicly available information;
- challenging LGD and PD parameters, by assessing historical default levels and by reference to historical realized losses on defaults as well as challenging collateral valuation inputs and, where deemed necessary, consulting with our own valuation specialists;
- assessing the appropriateness of the Bank's and the Group's staging of exposures, including identification of exposures with significant increase in the credit risk;
- selecting and testing a sample of individual exposures, with focus on those with high magnitude and risk characteristics, as well as lower value items which we independently assessed as high-risk;
- for stage 3 (credit impaired) exposures in our sample, challenging key assumptions applied in the Bank's and the Group's estimates of future cash flows. Court decisions and their impact on the Group's and the Bank's exposures have also been taken into account. We sought the Executive Board's and credit risk personnel's explanations for any material discrepancies identified as a result of the above procedures;
- assessing the adequacy of the Bank's and the Group's disclosures on the loss allowances and credit risk management in the notes to the separate and consolidated financial statements.



### Valuation of investment properties (separate and consolidated financial statements)

Group's consolidated financial statements

The carrying amount of Investment properties as at 31 December 2025: EUR 69 137 thousand.

Bank's separate financial statements

The carrying amount of Investment properties as at 31 December 2025: EUR 40 835 thousand.

We refer to the separate and consolidated financial statements: Note 3 d) ii) (Material accounting policies), Note 5 iii) (Use of Estimates and judgements), Notes 12 and 26 (financial disclosures).

Key audit matters	How we addressed the key audit matter
<p>The Bank and the Group have a significant balance of investment properties. Investment properties are held either to earn rental income or for capital appreciation or for both. The Bank and the Group measure investment properties at fair value, with all changes therein recorded in profit or loss.</p> <p>The valuation of the Group's investment properties involves significant judgements and estimates made by the Management using the input from the external valuation specialists, particularly in relation to sensitivity of assumptions regarding discount rates, cash flow projections and comparable market transactions.</p> <p>Due to the above factors, we consider the area to be associated with a significant risk of material misstatement, which requires our increased attention in the audit. As such, we determined it to be a key audit matter.</p>	<p>Our procedures included, among others:</p> <ul style="list-style-type: none"> <li>• based on our understanding of the Bank's and Group's approach to valuation of investment properties, assessing the applied valuation methodology against relevant financial reporting standards;</li> <li>• agreeing the fair values determined by the Bank's and Group's external valuation experts to the Bank's and Group's accounting records;</li> <li>• using our own internal valuation specialists, challenging, on a sample basis, the valuation methods and key assumptions applied by the Bank's and Group's external experts, including those in respect of discount rates, capitalisation rates, cash flow projections and comparable market transactions and performing a sensitivity analysis in respect of the above key assumptions to evaluate the effects of their potential changes on the fair values;</li> <li>• assessing the adequacy of the Bank's and the Group's disclosures on investment properties and the valuation techniques and significant unobservable inputs disclosed in the notes to the separate and consolidated financial statements.</li> </ul>



### *Reporting on Other Information*

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

- Address by Jeļena Buraja, Chairman of the Board of Rietumu Banka as set out on pages 4 to 5 of the accompanying Group's Consolidated and Bank's separate Annual Report,
- Lending to the Baltic economy as set out on pages 6 to 7 of the accompanying Group's Consolidated and Bank's separate Annual Report,
- Report from the Council and Executive Board, as set out on pages 8 to 15 of the accompanying Group's Consolidated and Bank's separate Annual Report,
- the Sustainability Report, as set out on pages 16 to 160 of the accompanying Group's Consolidated and Bank's separate Annual Report,
- the Composition of the Council and the Executive Board, as set out on page 163 of the accompanying Group's Consolidated and Bank's separate Annual Report,
- the Statement on Management Responsibility, as set out on page 164 of the accompanying Group's Consolidated and Bank's separate Annual Report,

Our opinion on the separate and consolidated financial statements does not cover the other information included in the separate and consolidated Annual Report, and we do not express any form of assurance conclusion thereon, except as described in the *Other Reporting Responsibilities in Accordance with the Legislation of the Republic of Latvia Related to Other Information* section of our report. We have performed a limited assurance engagement on the Sustainability Report that forms part of the other information, as set out on pages 16 to 160 and provided a separate limited assurance report thereon that is included within the other information, as set out on pages 166 to 169.

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

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

### *Other Reporting Responsibilities in Accordance with the Legislation of the Republic of Latvia Related to Other Information*

In addition, in accordance with the 'Law on Audit Services' of the Republic of Latvia with respect to the Report of Council and Executive Board ("Management Report"), our responsibility is to consider whether the Management Report is prepared in accordance with the requirements of the Bank of Latvia No. 326 "Regulations on the Preparation of Annual Reports and Annual Consolidated Accounts for Banks, Investment Brokerage Firms and Investment Management Companies" ("Regulation No. 326").



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

- the information given in the Management Report for the financial year for which the separate and consolidated financial statements are prepared is consistent with the separate and consolidated financial statements; and
- the Management Report has been prepared in accordance with the requirements of the Bank of Latvia No. 326 “Regulations on the Preparation of Annual Reports and Annual Consolidated Accounts for Banks, Investment Brokerage Firms and Investment Management Companies”.

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

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

In preparing the separate and consolidated financial statements, Management is responsible for assessing the Bank’s and 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 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 Group’s financial reporting process.

#### *Auditors’ Responsibility for the Audit of the Separate and Consolidated Financial Statements*

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

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

- Identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank’s and 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 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 auditors' report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank and Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.
- 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 group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate and consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that



a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

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

We were appointed by those charged with governance on 29 April 2025 to audit the separate and consolidated financial statements of Rietumu Banka AS for the year ended

31 December 2025. Our total uninterrupted period of engagement is 4 years, covering the periods ending 31 December 2022 to 31 December 2025.

We confirm that:

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

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

The responsible certified auditor on the audit resulting in this independent auditors' report is Rainers Vilāns.

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Rainers Vilāns  
Member of the Board  
Latvian Sworn Auditor  
Certificate No. 200  
Riga, Latvia  
27 March 2026



# Financial Statements

The financial statements provide a complete and comprehensive overview of the Bank's operating results.

- 179 Separate and Consolidated Statements of Profit or Loss and Other Comprehensive Income
- 181 Separate and Consolidated Statements of Financial Position
- 183 Separate and Consolidated Statements of Cash Flows
- 185 Consolidated statement of changes in equity and reserves
- 188 Notes to the Financial Statement

# Financial Statements

## Separate and Consolidated Statements of Profit or Loss and Other Comprehensive Income

	Note	2025. '000 EUR Group	2025. '000 EUR Bank	2024. '000 EUR Group	2024. '000 EUR Bank
Interest income	6	66 018	55 982	73 446	64 788
Interest expense	6	(18 200)	(17 941)	(24 911)	(25 210)
<b>Net interest income</b>		<b>47 818</b>	<b>38 041</b>	<b>48 535</b>	<b>39 578</b>
Fee and commission income	7	13 138	12 235	10 550	10 480
Fee and commission expense	8	(2 968)	(2 388)	(2 325)	(1 838)
<b>Net fee and commission income</b>		<b>10 170</b>	<b>9 847</b>	<b>8 225</b>	<b>8 642</b>
Net gain on financial assets at fair value through profit or loss	9	2 022	2 119	3 140	3 140
Net foreign exchange gain/(loss)	10	9 263	5 754	(29)	1 381
Net realised gain/(loss) on financial assets at fair value through other comprehensive income	11	(66)	(66)	(603)	(603)
Share of profit/(loss) of associates	22	4 666	5 666	773	-
Other income/(expense)	12	7 204	4 577	6 506	2 369
<b>Operating income</b>		<b>81 077</b>	<b>65 938</b>	<b>66 547</b>	<b>54 507</b>
Impairment losses	13	(61 129)	(62 132)	(5 623)	(5 814)
Provisions	34,35	92	103	902	836
General and administrative expenses	14	(45 573)	(35 953)	(44 535)	(33 492)
<b>(Loss)/Profit before income tax</b>		<b>(25 533)</b>	<b>(32 044)</b>	<b>17 291</b>	<b>16 037</b>
Income tax	15	(1 206)	(536)	(4 141)	(3 155)
<b>(Loss)/Profit for the period</b>		<b>(26 739)</b>	<b>(32 580)</b>	<b>13 150</b>	<b>12 882</b>
<b>Attributable to:</b>					
<b>Equity holders of the Bank</b>		<b>(28 672)</b>		<b>11 586</b>	
<b>Non-controlling interest</b>		<b>1 933</b>		<b>1 564</b>	

The Consolidated and the Bank's Statements of Profit or Loss and Statement of Other Comprehensive Income should be viewed in conjunction with the Notes to the Consolidated and Bank's Financial Statements which are included in the financial statements on pages 188 to 292.

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Executive Board  
Mihails Birzgals

27 March 2026

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**Separate and Consolidated Statements of Profit or Loss and Other Comprehensive Income**

	Note	2025 '000 EUR Group	2025 '000 EUR Bank	2024 '000 EUR Group	2024 '000 EUR Bank
<b>(Loss)/Profit for the period</b>		<b>(26 739)</b>	<b>(32 580)</b>	<b>13 150</b>	<b>12 882</b>
<b>Other comprehensive gain/(loss)</b>					
<b>Items that will not to be reclassified to profit or loss</b>					
Fair value changes of equity instruments measured at fair value through other comprehensive income	32	10	10	18	18
Revaluation of property and equipment	32	-	-	956	-
<b>Items that are or may be reclassified to profit or loss</b>					
Foreign currency translation differences for foreign operations		745	-	347	-
Foreign currency translation due to deconsolidation of a subsidiary (note 42(b))		(2 008)	-	-	-
Net change in fair value of debt instruments at fair value through other comprehensive income	32	3 805	3 805	9 798	9 798
<i>Net change in fair value</i>		3 739	3 739	9 195	9 195
<i>Reclassified to profit or loss</i>		66	66	603	603
Income tax related to components of other comprehensive income	31	(763)	(763)	1 036	1 036
<b>Other comprehensive income/(loss) for the period</b>		<b>1 789</b>	<b>3 052</b>	<b>12 155</b>	<b>10 852</b>
<b>Total comprehensive income/(loss) for the period</b>		<b>(24 950)</b>	<b>(29 528)</b>	<b>25 305</b>	<b>23 734</b>
<b>Attributable to:</b>					
<b>Equity holders of the Group</b>		<b>(26 883)</b>		<b>23 741</b>	
<b>Non-controlling interest</b>		<b>1 933</b>		<b>1 564</b>	

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**Separate and Consolidated Statements of Financial Position**

	Note	31 Dec 2025 '000 EUR Group	31 Dec 2025 '000 EUR Banka	31 Dec 2024 '000 EUR Group	31 Dec 2024 '000 EUR Banka
<b>Assets</b>					
Cash and balances due from the Bank of Latvia	16	349 475	349 444	248 161	248 143
Deposits and balances due from banks	17	22 384	20 432	17 581	16 046
Financial assets at fair value through profit or loss	18	9 347	8 914	8 515	8 022
Financial assets at amortised cost					
Debt securities	19	36 183	36 183	44 778	44 778
Loans and receivables due from customers	19	628 208	652 459	657 062	688 443
Financial assets at fair value through other comprehensive income	20	175 138	175 138	213 324	213 324
Non-current assets held for sale	26	40	-	5 991	1 126
Investments in subsidiaries	21	-	33 859	-	37 825
Investments in associates	22	-	-	37 955	36 955
Property and equipment	23	68 593	27 514	43 928	27 882
Intangible assets	24	2 018	2 014	1 812	1 802
Investment property	26	69 137	40 835	80 039	33 420
Current tax asset		13	-	17	-
Deferred tax asset	31	280	273	1 049	1 036
Other assets	27	19 063	15 831	15 842	13 131
<b>Total Assets</b>		<b>1 379 879</b>	<b>1 362 896</b>	<b>1 376 054</b>	<b>1 371 933</b>

The Consolidated and the Bank's Statements of Profit or Loss and Statement of Other Comprehensive Income should be viewed in conjunction with the Notes to the Consolidated and Bank's Financial Statements which are included in the financial statements on pages 188 to 292.

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## Separate and Consolidated Statements of Financial Position

	Note	31 Dec 2025 '000 EUR Group	31 Dec 2025 '000 EUR Bank	31 Dec 2024 '000 EUR Group	31 Dec 2024 '000 EUR Bank
<b>Liabilities and Shareholders' Equity</b>					
Financial instruments at fair value through profit or loss	18	-	-	2 534	2 534
Deposits and balances due to banks	28	14 518	14 518	10 543	10 543
Current accounts and deposits due to customers	29	964 405	986 649	919 037	930 077
Provisions	35	30 542	30 606	30 634	30 709
Current tax liability		885	20	2 853	2 793
Deferred tax liability	31	-	-	750	-
Other liabilities and accruals	30	41 803	18 888	35 753	41 075
<b>Total Liabilities</b>		<b>1 052 153</b>	<b>1 050 681</b>	<b>1 002 104</b>	<b>1 017 731</b>
Share capital	32	168 916	168 916	168 916	168 916
Share premium	32	52 543	52 543	52 543	52 543
Revaluation reserve	32	7 381	-	7 506	-
Fair value reserve	32	(1 091)	(1 091)	(4 143)	(4 143)
Currency translation reserve		(5 019)	-	(3 756)	-
Other reserves	32	40	23	40	23
Retained earnings		99 637	91 824	148 184	136 863
<b>Total Equity Attributable to Equity Holders of the Bank</b>		<b>322 407</b>	<b>312 215</b>	<b>369 290</b>	<b>354 202</b>
<b>Non-controlling Interest</b>	41	<b>5 319</b>	<b>-</b>	<b>4 660</b>	<b>-</b>
<b>Total Shareholders' Equity</b>		<b>327 726</b>	<b>312 215</b>	<b>373 950</b>	<b>354 202</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>1 379 879</b>	<b>1 362 896</b>	<b>1 376 054</b>	<b>1 371 933</b>

The Consolidated and the Bank's Statements of Profit or Loss and Statement of Other Comprehensive Income should be viewed in conjunction with the Notes to the Consolidated and Bank's Financial Statements which are included in the financial statements on pages 188 to 292.

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**Separate and Consolidated Statements of Cash Flows**

	Note	31 Dec 2025 '000 EUR Group	31 Dec 2025 '000 EUR Banka	31 Dec 2024 '000 EUR Group	31 Dec 2024 '000 EUR Banka
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit before income tax		(25 533)	(32 044)	17 291	16 037
<b>Adjustments for non-cash items</b>					
Interest income		(66 018)	(55 982)	(73 446)	(64 788)
Interest expense		18 200	17 941	24 911	25 210
Dividends		(140)	(2 392)	(117)	(2 428)
Amortisation and depreciation	23, 24	3 064	1 671	2 312	2 238
Revaluation of investment property	26	(478)	96	270	329
Share of (income)/loss of equity accounted investees		(4 666)	(5 666)	(773)	-
Increase/(decrease) of provisions		(92)	(103)	(2 774)	(2 709)
Revaluation of currencies		(1 263)	-	347	-
Gain/(loss) from sale of property and equipment		(2 345)	-	179	-
Gain/(loss) from sale of investment properties	12	(1 818)	(369)	1 043	1 233
Gain/(loss) on sale of subsidiaries		5 974	-	64	(630)
Impairment losses	13	61 129	62 132	5 612	6 433
<b>Increase in cash and cash equivalents before changes in assets and liabilities as a result of ordinary operations</b>		<b>(13 986)</b>	<b>(14 716)</b>	<b>(25 081)</b>	<b>(19 075)</b>
(Increase)/decrease in financial assets at fair value through profit or loss		(832)	(892)	(1 796)	(1 797)
(Increase)/decrease in loans and receivables from customers		(12 364)	(42 168)	(37 815)	(37 028)
Increase in financial assets at fair value through other comprehensive income		42 106	42 106	65 476	65 476
Increase/(decrease) in other assets		(6 372)	(9 927)	(4 690)	(1 425)
Increase/(decrease) in derivative liabilities		(529)	(529)	510	510
Increase/(decrease) in current accounts and deposits due to customers		50 874	62 046	(83 238)	(79 492)
Increase/(decrease) in amounts due to Bank of Latvia		-	-	(51 479)	(51 479)
(Decrease)/increase in other liabilities and accruals		(8 919)	1 756	3 201	227
Increase/(decrease) in debt securities at amortised costs		8 459	8 459	11 567	11 567
<b>Increase/(decrease) in cash and cash equivalents from operating activities before corporate income tax</b>		<b>58 437</b>	<b>46 135</b>	<b>(123 345)</b>	<b>(112 516)</b>
Interest received		57 285	51 503	75 319	65 422
Interest paid		(20 171)	(19 880)	(22 082)	(23 894)
Corporate income tax paid		(3 931)	(3 326)	(4 331)	(3 470)
<b>Net cash and cash equivalents from operating activities</b>		<b>91 620</b>	<b>74 432</b>	<b>(74 439)</b>	<b>(74 458)</b>

The Consolidated and the Bank's Statements of Profit or Loss and Statement of Other Comprehensive Income should be viewed in conjunction with the Notes to the Consolidated and Bank's Financial Statements which are included in the financial statements on pages 188 to 292.

## Separate and Consolidated Statements of Cash Flows

	Note	31 Dec 2025 '000 EUR Group	31 Dec 2025 '000 EUR Bank	31 Dec 2024 '000 EUR Group	31 Dec 2024 '000 EUR Bank
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of property and equipment and intangible assets	23, 24	(5 075)	(2 069)	(1 403)	(1 266)
Proceeds from sale of property, plant and equipment and other assets		10 274	9	48	4
(Increase)/decrease in equity investments in other entities and acquisition of subsidiaries		40 616	40 616	(226)	-
Increase in investment property	26	(3 129)	(1)	(5 170)	(36)
Sale of investment property		10 942	8 648	6 384	5 145
Net cash from sale of subsidiary		-	-	4 091	4 217
Reduction of subsidiary share capital and liquidation quota		-	-	-	(6 800)
Sale of Non-current assets held for sale		5 991	1 126	303	300
Dividends received		140	2 392	117	2 428
Cash and cash equivalent change as a result of subsidiary acquisition and disposal		(114)	-	-	-
<b>Cash and cash equivalents used in / from investing activities</b>		<b>59 645</b>	<b>50 721</b>	<b>4 144</b>	<b>3 992</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Dividends paid	32	(20 724)	(19 450)	(30 946)	(29 819)
Repayment of lease liability	25	(30)	(456)	(266)	(2 207)
Repayment of subordinated deposits	29	(3 535)	(3 535)	(2 892)	(2 892)
Repayment of other borrowings		(24 834)	-	-	-
<b>Cash and cash equivalents used in/from financing activities</b>		<b>(49 123)</b>	<b>(23 441)</b>	<b>(34 104)</b>	<b>(34 918)</b>
<b>Net cash flow for the period</b>		<b>102 142</b>	<b>101 712</b>	<b>(104 399)</b>	<b>(105 384)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>255 199</b>	<b>253 646</b>	<b>359 598</b>	<b>359 030</b>
<b>Cash and cash equivalents at the end of the year</b>	33	<b>357 341</b>	<b>355 358</b>	<b>255 199</b>	<b>253 646</b>

The Consolidated and the Bank's Statements of Profit or Loss and Statement of Other Comprehensive Income should be viewed in conjunction with the Notes to the Consolidated and Bank's Financial Statements which are included in the financial statements on pages 188 to 292.

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## Consolidated statement of changes in equity and reserves

For the year ended 31 December 2025

Attributable to Equity Holders of the Bank

The Group	Share capital '000 EUR	Share premium '000 EUR	Revaluation reserve '000 EUR	Fair value reserve '000 EUR	Foreign currency translation reserve '000 EUR	Other reserves '000 EUR	Retained earning '000 EUR	Total '000 EUR	Noncon- trolling interest '000 EUR	Total Equity '000 EUR
<b>Balance at 1 January 2025</b>	<b>168 916</b>	<b>52 543</b>	<b>7 506</b>	<b>(4 143)</b>	<b>(3 756)</b>	<b>40</b>	<b>148 184</b>	<b>369 290</b>	<b>4 660</b>	<b>373 950</b>
<b>Transactions with shareholders recorded directly in equity</b>										
Dividends paid	-	-	-	-	-	-	(20 000)	(20 000)	-	(20 000)
<b>Total transactions with shareholders recorded directly in equity</b>										
	-	-	-	-	-	-	(20 000)	(20 000)	-	(20 000)
<b>Transactions with non-controlling interest</b>										
Dividends paid to non- controlling interest shareholders	-	-	-	-	-	-	-	-	(1 274)	(1 274)
<b>Total transactions with noncontrolling interest</b>										
	-	-	-	-	-	-	-	-	(1 274)	(1 274)
<b>Total comprehensive income</b>										
Profit of the current year	-	-	-	-	-	-	(28 672)	(28 672)	1 933	(26 739)
<b>Other comprehensive income/(loss)</b>										
Net change in fair value of financial instruments at fair value through other comprehensive income	-	-	-	3 815	-	-	-	3 815	-	3 815
Foreign currency translation differ- ences for foreign operations	-	-	-	-	745	-	-	745	-	745
Foreign currency translation due to deconsolidation of a subsidiary (note 42(b))	-	-	-	-	(2 008)	-	-	(2 008)	-	(2 008)
Revaluation of property and equipment	-	-	(125)	-	-	-	125	-	-	-
Tax on other comprehensive income	-	-	-	(763)	-	-	-	(763)	-	(763)
<b>Total other compre- hensive income/ (loss)</b>										
	-	-	(125)	3 052	(1 263)	-	125	1 789	-	1 789
<b>Total comprehen- sive income/(loss)</b>										
	-	-	(125)	3 052	(1 263)	-	(28 547)	(26 883)	1 933	(24 950)
<b>Balance at 31 december 2025</b>	<b>168 916</b>	<b>52 543</b>	<b>7 381</b>	<b>(1 091)</b>	<b>(5 019)</b>	<b>40</b>	<b>99 637</b>	<b>322 407</b>	<b>5 319</b>	<b>327 726</b>

The Consolidated and the Bank's Statements of Profit or Loss and Statement of Other Comprehensive Income should be viewed in conjunction with the Notes to the Consolidated and Bank's Financial Statements which are included in the financial statements on pages 188 to 292.

**Consolidated statement of changes in equity and reserves**

For the year ended 31 December 2024

Attributable to Equity Holders of the Bank

	Share capital '000 EUR	Share premium '000 EUR	Revaluation reserve '000 EUR	Fair value reserve '000 EUR	Foreign currency translation reserve '000 EUR	Other reserves '000 EUR	Retained earning '000 EUR	Total '000 EUR	Noncontrolling interest '000 EUR	Total Equity '000 EUR
<b>Balance at 1 January 2024</b>	<b>168 916</b>	<b>52 543</b>	<b>6 670</b>	<b>(14 995)</b>	<b>(4 103)</b>	<b>40</b>	<b>166 477</b>	<b>375 548</b>	<b>4 223</b>	<b>379 771</b>
<b>Transactions with shareholders recorded directly in equity</b>										
Dividends paid	-	-	-	-	-	-	(29 999)	<b>(29 999)</b>	-	<b>(29 999)</b>
<b>Total transactions with shareholders recorded directly in equity</b>										
Dividends paid to non-controlling interest shareholders	-	-	-	-	-	-	-	-	(1 127)	<b>(1 127)</b>
<b>Total comprehensive income</b>										
Profit for the current year	-	-	-	-	-	-	11 586	<b>11 586</b>	1 564	<b>13 150</b>
<b>Other comprehensive income/(loss)</b>										
Net change in fair value of financial instruments at fair value through other comprehensive income	-	-	-	9 816	-	-	-	<b>9 816</b>	-	<b>9 816</b>
Foreign currency translation differences for foreign operations	-	-	-	-	347	-	-	<b>347</b>	-	<b>347</b>
Depreciation of revalued property	-	-	(120)	-	-	-	120	-	-	-
Revaluation of property and equipment	-	-	956	-	-	-	-	<b>956</b>	-	<b>956</b>
Tax on other comprehensive income	-	-	-	1 036	-	-	-	<b>1 036</b>	-	<b>1 036</b>
<b>Total other comprehensive income/(loss)</b>	<b>-</b>	<b>-</b>	<b>836</b>	<b>10 852</b>	<b>347</b>	<b>-</b>	<b>120</b>	<b>12 155</b>	<b>-</b>	<b>12 155</b>
<b>Total comprehensive income/ (loss)</b>	<b>-</b>	<b>-</b>	<b>836</b>	<b>10 852</b>	<b>347</b>	<b>-</b>	<b>11 706</b>	<b>23 741</b>	<b>1 564</b>	<b>25 305</b>
<b>balance at 31 december 2024</b>	<b>168 916</b>	<b>52 543</b>	<b>7 506</b>	<b>(4 143)</b>	<b>(3 756)</b>	<b>40</b>	<b>148 184</b>	<b>369 290</b>	<b>4 660</b>	<b>373 950</b>

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**Statement of changes in equity and reserves of the Bank**

For the year ended 31 December 2025

	Share capital '000 EUR	Share premium '000 EUR	Fair value reserve '000 EUR	Other reserves '000 EUR	Retained earnings '000 EUR	Total equity '000 EUR
<b>Balance at 1 January 2024</b>	<b>168 916</b>	<b>52 543</b>	<b>(14 995)</b>	<b>23</b>	<b>153 980</b>	<b>360 467</b>
<b>Transactions with shareholders recorded directly in equity</b>						
Dividends paid	-	-	-	-	(29 999)	<b>(29 999)</b>
<b>Total comprehensive income</b>						
Profit for the period	-	-	-	-	12 882	<b>12 882</b>
<b>Other comprehensive income/(loss)</b>						
Net change in fair value of financial instruments at fair value through other comprehensive income	-	-	9 816	-	-	<b>9 816</b>
Tax on other comprehensive income	-	-	1 036	-	-	<b>1 036</b>
Total other comprehensive income	-	-	10 852	-	-	<b>10 852</b>
Total comprehensive income	-	-	10 852	-	12 882	<b>23 734</b>
<b>Balance at 31 December 2024</b>	<b>168 916</b>	<b>52 543</b>	<b>(4 143)</b>	<b>23</b>	<b>136 863</b>	<b>354 202</b>
<b>Transactions with shareholders recorded directly in equity</b>						
Dividends paid	-	-	-	-	(20 000)	<b>(20 000)</b>
Merging a subsidiary to the Bank (note 1)	-	-	-	-	7 541	<b>7 541</b>
<b>Total comprehensive income</b>						
(Loss) for the period	-	-	-	-	(32 580)	<b>(32 580)</b>
<b>Other comprehensive income/(loss)</b>						
Net change in fair value of financial instruments at fair value through other comprehensive income	-	-	3 815	-	-	<b>3 815</b>
Tax on other comprehensive income	-	-	(763)	-	-	<b>(763)</b>
Total other comprehensive income	-	-	3 052	-	-	<b>3 052</b>
Total comprehensive income	-	-	3 052	-	(32 580)	<b>(29 528)</b>
<b>Balance at 31 December 2025</b>	<b>168 916</b>	<b>52 543</b>	<b>(1 091)</b>	<b>23</b>	<b>91 824</b>	<b>312 215</b>

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# Notes to the Financial Statements

## 1. Background

### Principal activities

These financial statements include the separate financial statements of AS Rietumu Banka (the Bank) and the consolidated financial statements of the Bank and its subsidiaries (the Group).

The main areas of activity of the Bank are acceptance of deposits, servicing of customer accounts, lending and provision of guarantees, cash and settlement operations, as well as transactions with securities and foreign currency exchange. The activities of the Bank are regulated by the Bank of Latvia. The average number of employees in the reporting year was 510 (2024: 519) in the Group and 404 (2024: 408) in the Bank.

### Major subsidiaries of the Group (total assets exceed EUR 5 000 thousand)

Name	Country of incorporation	Principal activities	Ownership	
			31 Dec 2025	31 Dec 2024
SIA "RB Investments"	Vesetas Str 7, Riga, Latvia	Investments	100%	100%
SIA "InCREDIT GROUP"	Krisjana Barona Str.130, Riga, Latvia	Customer lending	51%	51%
SIA "KI Nekustamie ipasumi"	Vesetas Str 7, Riga, Latvia	Real estate operating	100%	100%
SIA "KI Fund"	Vesetas Str 7, Riga, Latvia	Real estate operating	100%	100%
SIA "Euro Textile Group"	Vesetas Str 7, Riga, Latvia	Real estate operating	100%	100%
SIA "Second Sky Management"	Vesetas Str 7, Riga, Latvia	Other reservation service and related activities	100%	100%
Ulmaria Limited	Castletown IM9 1LG, The Red House One The Parade, Isle of Man	Other reservation service and related activities	100%	0%

In December 2025, control over KI Invest OOO was lost as a result of a decision by the Moscow Arbitration Court. For more information, see Note 36.

### Merging of SIA Vesetas 7

In June 2025, the subsidiary's assets, liabilities, and equity were transferred to the Bank's balance sheet. In accordance with the Group's accounting policies, the impact on equity from the consolidation of the subsidiary into the Bank, amounting to EUR 7.541 million, was recognized directly in the Bank's retained earnings (see Statement of Changes in Equity). This transaction has no impact on the Bank's on the Bank's profit or loss calculation. Since the transaction was concluded within the Group, it also has no impact on the Group's financials.

	Bank before the integration ('000 EUR)	Vesetas 7 SIA standalone ('000 EUR)	Eliminations and intra group amounts ('000 EUR)	Reclassifications ('000 EUR)	Bank after the integration ('000 EUR)
Cash and balances due from the Bank of Latvia	275 934	-	-	-	275 934
Deposits and balances due from banks	22 145	897	(897)	-	22 145
Financial assets at fair value through profit or loss	7 417	-	-	-	7 417
Financial assets at amortised cost					
Debt securities	44 889	-	-	-	44 889
Loans and receivables due from customers	674 840	-	-	-	674 840
Financial assets at fair value through other comprehensive income	212 093	-	-	-	212 093
Investments in subsidiaries	60 264	-	(25 702)	-	34 562
Investments in associates	36 955	-	-	-	36 955
Property and equipment	27 577	206	(21 188)	25 620	32 214
Land and buildings	-	-	-	25 620	25 620
Right of use assets	21 440	-	(21 188)	-	252
Other fixed assets	6 136	206	-	-	6 342
Intangible assets	2 067	5	-	-	2 072
Investment property	31 658	36 600	-	(25 620)	42 638
Accrued income and deferred expenses	2 674	-	-	-	2 674
Other assets	14 550	140	(6 511)	-	8 179
<b>Total assets</b>	<b>1 413 062</b>	<b>37 847</b>	<b>(54 297)</b>	<b>-</b>	<b>1 396 612</b>
Deposits and balances due to banks	18 149	-	-	-	18 149
Current accounts and deposits due to customers	969 692	-	(896)	-	968 796
Provisions	30 000	-	-	-	30 000
Current tax liability	194	147	-	-	341
Unpaid dividends	-	6 332	(6 332)	-	-
Other liabilities and accruals	53 645	388	(23 629)	-	30 404
Total equity	341 382	30 981	(23 440)	-	348 922
Share capital	168 916	22 581	(22 581)	-	168 916
Share premium	52 543	-	-	-	52 543
Fair value reserve	(2 396)	-	-	-	(2 396)
Other reserves	23	-	-	-	23
Retained earnings	116 863	7 728	(859)	672	124 404
Profit for the period	5 433	672	-	(672)	5 432
<b>Total Liabilities and Shareholders' Equity</b>	<b>1 413 062</b>	<b>37 847</b>	<b>(54 297)</b>	<b>-</b>	<b>1 396 612</b>

## 2. Basis of the financial statements

These consolidated and separate financial statements have been prepared in accordance with IFRS Accounting Standards adopted by the European Union (EU IFRS), and regulations of the Bank of Latvia in force as at the reporting date.

The Executive Board approved these separate and consolidated financial statements for issue on 27 March 2026. Shareholders of the Bank have the power to amend the financial statements after their issue, if necessary.

The consolidated and separate financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below. For example, FVTPL (financial assets at fair value through profit or loss) and FVOCI (financial assets at fair value through other comprehensive income) securities, derivative financial instruments, investment property, land and buildings have been measured at fair value.

The financial statement is in euro which is the functional currency of the Bank. All amounts have been rounded to the thousands of euros (EUR 000's), except when otherwise indicated.

The functional currencies of the Bank and principal subsidiaries of the Bank are EUR, except for the principal subsidiaries listed below:

Rietumu Lizing OOO	BYN (Belarussian Ruble)
KI Invest OOO*	RUB (Russian Ruble)

\*Until KI Invest OOO was excluded from consolidation

## 3. Material accounting policies

The following material accounting policies have been applied in the preparation of these separate and consolidated financial statements. The accounting policies have been consistently applied to all periods presented in these financial statements, except for the change in accounting policies described in Note 3(u).

### (a) Foreign currency

#### (i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Bank and its subsidiary companies at the spot exchange rates on the date of the transactions set by the European Central Bank.

Monetary assets and liabilities denominated

in foreign currencies at the reporting date are retranslated into the functional currency at the spot exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into the functional currency at the spot exchange rate at the date that the fair value was determined. Non-monetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated into the functional currency at the spot exchange rate at the date of transaction. Loss or profit from foreign currency fluctuations is recognised in profit or loss as profit or loss from foreign currency item revaluation.

#### (ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency of the Group at exchange rates set by the European Central Bank at the reporting date. For currencies not published by European Central Bank, the spot rate observed in the market is applied.

Income and expenses from foreign transactions have been translated to the Group's presentation currency at the average exchange rate in the reporting period. Foreign currency differences are recognised in other comprehensive income and accumulated in a currency translation reserve, except that the translation difference is allocated to non-controlling interest. Upon disposal of subsidiary, the balance of currency translation reserve is reclassified to profit or loss.

#### (iii) Foreign exchange rates

	31 Dec 2025	Average 2025	31 Dec 2024	Average 2024
USD	1,1750	1,1300	1,0389	1,0823
BYN	3,4059	3,4622	3,5732	3,5134
RUB	91,4775	94,3925	106,1028	100,2534

**(b) Basis of consolidation****(i) Business combinations**

The Group accounts for business combinations under the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group.

When determining whether a particular set of activities and assets is a business, the Group assesses whether an integrated set of activities and assets includes, at a minimum, an input and a substantive process that together have the ability to create output.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transactions costs are expensed as incurred, except if related to the issue of debt or equity securities.

The transferred consideration does not include amounts related to settlements of pre-existing relationships. Such amounts are usually recognised in the statement of profit or loss.

**(ii) Subsidiaries**

Subsidiaries of the Group are companies controlled by it directly or indirectly. Control over an entity is evidenced by the ability of the Group to exercise its power in order to influence any variable returns that the Group is exposed to through its involvement with the entity. When assessing whether to consolidate an entity, the Group evaluates a range of control factors, namely: – the purpose and design of the entity; – the relevant activities and how these are determined; – whether the Group's rights result in the ability to direct the relevant activities; – whether the Group has exposure or rights to variable returns; – whether the Group has the ability to use its power to affect the amount of its returns. Where voting rights are material, the Group is deemed to control its investment if it holds, directly or indirectly, more than half of the actual rights, unless there is evidence that another investor has a practical ability to manage the relevant activities unilaterally.

The Group also assesses existence of control where it does not control the majority of the voting power but has the practical ability to direct the relevant activities unilaterally. This may arise in circumstances where the size and dispersion of holdings of the shareholders give the Group

the power to direct the activities of the investee. The Group reassesses the consolidation status at least at every quarterly reporting date. Therefore, any changes in the structure leading to a change in one or more of the control factors, require reassessment when they occur. This includes changes in decision making rights, changes in contractual arrangements, changes in the financing, ownership or capital structure as well as changes following a trigger event which was anticipated in the original documentation. All mutual transactions, balances and unrealised gains on transactions between the Group companies are derecognised on consolidation. For the consolidation purposes, a consistent accounting policy is applied throughout the Group. As soon as control over a subsidiary is lost, the Group: a) derecognises the assets (including attributable goodwill) and liabilities of the subsidiary at their carrying amounts, b) derecognises the carrying amount of any noncontrolling interests in the former subsidiary, c) recognises the fair value of the consideration received and any distribution of the shares of the subsidiary, d) recognises any investment retained in the former subsidiary at its fair value and e) recognises any resulting difference of the above items as a gain or loss in the statement of loss or profit.

Any amounts recognised in prior periods in other comprehensive income in relation to that subsidiary would be reclassified to the Consolidated Statement of Income or transferred directly to retained earnings if required by other IFRS Accounting Standards.

**(iii) Equity accounted investees**

Associates are those enterprises in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50% of the voting power of associated entity. The consolidated financial statements include the Group's share of the total recognised gains or losses of associates on an equity accounted basis, from the date that significant influence effectively commences until the date that significant influence effectively ceases. When the Group's share of losses exceeds the Group's interest in the associate, that interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associate.

**(iv) Transactions eliminated on consolidation**

When preparing the consolidated financial statement, balances and transactions between the companies of the Group and any unrealised profits are eliminated. Unrealised gains arising from transactions with associates are eliminated to the extent of the interest of the Group in the associate. Unrealised losses are excluded in a similar way to unrealised gains in the absence of evidence of impairment.

**(v) Non-controlling Interest**

The Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

**(vi) Investment in subsidiaries and associates in Bank's separate financial statements**

Investments in subsidiaries and associates are measured in the Bank's separate financial statements at cost less impairment allowance, if any.

**(vii) Asset management**

The Bank and the Group hold assets which are purchased on behalf of investors (securities and other assets managed). The assets held on behalf of investors are accounted off-balance sheet and are not included in the separate and consolidated financial statements.

**(c) Goodwill**

Goodwill represents the excess of the cost of a business combination over the interest of the Bank or the Group in the fair value of the net identifiable assets and contingent liabilities of the acquiree at the date of acquisition.

The Bank and the Group measure goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally at fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Goodwill is included in intangible assets.

Goodwill is allocated to cash-generating units and is stated at cost less impairment losses, if any. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that goodwill might be impaired and is measured at cost less any accumulated impairment losses. Cash generating units for goodwill impairment testing are payment card business.

Negative goodwill (gain on a bargain purchase)

resulting from a business combination is recognised in the consolidated statement of profit or loss at the time of its occurrence.

**(d) Fair value measurement principles**

Pursuant to the accounting policies of the Bank and the Group and disclosure requirements, fair value should be determined for both financial and non-financial assets and liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Bank or the Group has access at that date. The fair value of liabilities reflects its non-performance risk.

When measuring the fair value of an asset or a liability, the Bank and the Group use available market data insofar it is possible. Fair value is classified at different levels in the fair value hierarchy based on the data used in valuation methods:

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

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Bank and the Group recognise transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. In addition, when applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

**(i) Financial assets and liabilities**

When available, the Bank and the Group measure the fair value of a financial instrument using quoted prices in an active market for that

financial instrument. A market is regarded as active if transactions with the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If a market for a financial instrument is not active, the Bank and the Group establish fair value using a valuation technique. Valuation technique assumptions are based on recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the relevant financial instrument, incorporates all factors that market participants would consider in setting the price, and is consistent with accepted economic methodologies for pricing financial instruments.

Assets and long positions are measured at the quoted purchase price at the reporting date; liabilities and short positions are measured at a quoted selling price.

Where the Bank and the Group have positions which mutually offset exposures, mid-market prices are used to measure the exposure offsetting positions and a quoted or asking price adjustment is applied only to the net open position, if necessary. Fair values reflect the inherent credit risk of a financial instrument and include adjustments arising from credit risk.

### **(ii) Investment property and owner's occupied buildings**

The fair value of property is based on internal valuations performed by the Bank and the Group that are, on a regular basis (once per year or when market conditions significantly change), corroborated with external, independent valuations prepared by valuation companies, having appropriate professional qualifications and recent experience in the location and category of property being valued. The fair values are based on market values, being the estimated amount for which property could be sold on the date of the valuation between willing buyer and a willing seller in an arm's length transaction after proper marketing where the parties had each acted knowledgeably and willingly. In the year when property is obtained, purchase price could be accepted as fair value.

In the absence of current prices in an active

market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows then is applied to the net annual cash flows to arrive at the property valuation. Valuations reflect, when appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, the allocation of maintenance and insurance responsibilities between the Group and the lessee, and remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices, and when appropriate counter-notices, have been served validly and within the appropriate time.

### **(e) Cash and cash equivalents**

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with central banks and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value and are used by the Bank and the Group in the management of their short-term commitments, less balances due to credit institutions with a maturity from the date of acquisition of less than 3 months.

### **(f) Financial instruments**

#### **(i) Classification**

The Bank and the Group initially recognise a financial asset or a financial liability in its balance sheet when and only when the Bank and the Group become a party to the contract.

All financial assets are classified based on a combination of the business model for managing the assets and the instruments' contractual cash flow characteristics.

Under IFRS 9, financial assets are classified into the following categories:

- Financial assets at amortised cost (AMC),
- Financial assets at fair value through other comprehensive income (FVOCI),
- Financial assets at fair value through profit or loss (FVTPL).
- A financial asset is measured at amortised cost if it meets both of the following conditions and is not measured at FVTPL:
  - the asset is held within a business model whose objective is to hold assets to collect

contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not measured at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets;
- and the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

On initial recognition of an equity investment which is not held for trading, the Group and the Bank may irrevocably elect to present subsequent changes in fair value in other comprehensive income. This election is made on an investment-by-investment basis.

All other financial assets are mandatorily measured at FVTPL.

### **Business model assessment**

The Bank and the Group made an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way business is managed and information is provided to the management.

In general, the business model assessment of the Group and the Bank can be described as follows:

- Loans and receivables have a “held to collect” business model. The financial assets consist of loans and balances with financial institutions. Performance is managed and reported based on collecting the contractual cash flows.
- The Bank and the Group have portfolios of bonds within the “held to collect”, “held to collect and sell” and “other” business models.
- Financial assets that are held for trading and those that are managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment whether contractual cash flows are solely payments of principal and interest

In assessing whether the contractual cash flows are solely payments of principal and interest, the

Bank and the Group consider the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. Making the assessment, the Bank and the Group consider:

- contingent events that would change the amount and timing of cash flows;
- debt-to-equity ratio;
- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from specified assets, e.g. non-recourse asset arrangements; and
- features that modify consideration for the time value of money, e.g. periodic reset of interest rates.

The Bank and the Group classify all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, are subsequently measured at fair value.

### **(ii) Measurement**

A financial asset or liability is initially measured at its fair value and, except for a financial asset or liability at fair value through profit or loss, includes transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e. the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions with the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognised in the profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is supported wholly by observable market data or the transaction is closed out.

Subsequent to their initial recognition, financial assets other than financial assets and financial liabilities measured at amortised cost are measured at their fair values without any deduction for transaction costs that may be

incurred on sale or other disposal.

All debt securities measured at amortised cost, loans and receivables and financial liabilities at amortised cost are measured at amortised cost. The amortised cost is calculated using the effective interest method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related financial instrument and amortised based on the effective interest rate of the financial instrument.

Loss allowance for expected credit losses on financial assets that are measured at amortised cost or at fair value through other comprehensive income is recognised in accordance with note 3 (l).

### **(iii) Gains and losses on subsequent measurement**

A gain or loss arising from a change in the fair value of a financial asset or liability is recognised as follows:

- a gain or loss on a financial asset classified as at fair value through profit or loss is recognised in the statement of profit or loss;
- a gain or loss on debt securities classified as at fair value through other comprehensive income is recognised in fair value reserve through other comprehensive income (except for impairment losses and foreign exchange gains or losses on monetary assets) until the asset is derecognised, at which time the cumulative gain or loss previously recognised in equity is recognised in profit or loss. Interest in relation to the debt securities classified at fair value through other comprehensive income is recognised as earned in profit or loss (net interest income) calculated using the effective interest method;
- equity investments classified at fair value through other comprehensive income are subsequently measured at fair value. Dividends are recognised as income in profit or loss. Other net gains or losses are recognised in other comprehensive income and are never reclassified to profit or loss.

For financial assets and liabilities carried at amortised cost, a gain or loss is recognised in the statement of profit or loss when the financial asset or liability is derecognised. This also applies to derecognition when where the terms change substantially or impaired or due to premature repayment through the unwinding of interest

using the effective interest rate method.

Regular purchases and sales of financial assets are accounted for at settlement date.

### **(iv) Derecognition**

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or when the Bank and the Group transfer all the risks and rewards of ownership of the financial asset or when the Bank and the Group neither transfer nor retain any risks and rewards of ownership, but do not retain control of the financial asset. Any interest in transferred financial assets that qualifies for derecognition that is created or retained by the Bank and the Group is recognised as a separate asset or liability. A financial liability is derecognised when it is extinguished.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

### **(v) Derivative financial instruments**

Derivative financial instruments include swaps, forwards, futures, and options in interest rate, foreign exchange, precious metals and stock markets, and any combinations of these instruments. The Bank and the Group classify all derivative financial instruments as financial instruments at fair value through profit or loss.

Derivatives are initially recognised at fair value at the date of signing the derivative contract and are subsequently remeasured at fair value. All derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

### **(vi) Offsetting**

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

### **(g) Leases**

At inception of a contract, the Group and the

Bank assess whether a contract constitutes or contains a lease. A contract constitutes or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Bank uses the definition of a lease in IFRS 16.

### **The Bank and the Group as a lessee**

In inception or modification of a contract containing lease components, the Group and the Bank allocate the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component and the aggregate standalone price of the non-lease components.

The Group and the Bank recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at, or before, the commencement date of the lease plus any initial direct costs incurred and an estimate of any costs to be incurred by the lessee in dismantling and removing the underlying asset, or restoring it to the conditions specified by lease.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the title to the underlying asset transfers to the Group and the Bank by the end of the lease term and the cost of the right-of-use asset reflects that the Group and the Bank will exercise the purchase option. In such case depreciation of the right-of-use asset is over the useful life of the underlying asset, which is measured same as for the Property, plant and equipment (hereinafter PPE). In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date. Lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortised cost using the effective interest method. It is

remeasured when there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments, if the Group's estimate of the amount expected to be payable under a residual value guarantee changes, if the Group changes its assessment of whether it will exercise its purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, the carrying amount of the right-of-use asset is adjusted accordingly or recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group uses the practical expedient of low-value items where any item generating cash outflows of less than EUR 5 thousand during the lease term is carried as incurred with no right-of-use asset or lease liability recognition.

### **The Bank and the Group as a lessor**

When the Group and the Bank acts as a lessor, at lease inception it determines whether each lease is a finance lease or an operating lease. To classify each lease, the Group and the Bank make an overall assessment of whether the lease transfers all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, the lease is a financial lease; if not, it is an operational lease.

### **(h) Plant, property and equipment**

#### **(i) Property, plant and equipment**

The PPE items are carried at cost less accumulated depreciation and impairment losses, except for land and buildings which are carried at revalued amounts as described below. Cost is the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire an asset at the time of its acquisition or creation. The cost includes expenditures that are directly attributable to the acquisition of the asset.

If significant parts of an item of PPE have different useful lives, each significant part (component) should be accounted for as a separate PPE item.

#### **(ii) Revaluations**

Land and buildings of the Bank and the Group are revalued regularly. The frequency of revaluation depends on the changes in fair values of the land and buildings being revalued.

An increase of the value of land or building resulting from revaluation is recognised in other comprehensive income, unless such increase reverses a historic revaluation decrease recognised in the statement of profit or loss, in which case the increase is recognised in the statement of profit or loss.

Land or building impairment is recognised in the statement of profit or loss, unless such increase reverses a previous revaluation increase recognised in other comprehensive income, in which case the increase is recognised in other comprehensive income.

### (iii) PPE depreciation

Depreciation is carried in the statement of profit or loss on a straight-line basis over the estimated useful life of the individual assets. Depreciation commences on the date when the asset becomes available for use or, in respect of internally constructed assets, from the time the asset is completed and ready for use. Land is not depreciated. Depreciation methods, useful lives and residual values are reviewed annually. The estimated useful lives:

Buildings	50 years
Equipment	2,5-10 years
Furniture	8-18 years
Safe deposit boxes	20 years
Vehicles	8-20 years

### (i) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business or services or for administrative purposes. Investment property is measured at fair value with any change therein recognised in operating income in the statement of profit or loss.

### (j) Repossessed collateral

If the borrower fails to fulfil the contractual obligations, the Bank may decide that the loan agreement will be terminated and that the right to collateral pledged as security will be exercised. Pursuant to Latvian law, the Bank and the Group cannot assume formal title of the pledged asset directly by confiscating it, but can initiate its sale proceeds from which will be used to repay or partly repay the outstanding loan.

When the Group and Bank acquires (i.e., gains a full title to) an asset by participating in the

auction, the asset classification follows the nature of its intended use by the Group and the Bank:

- as investment property if property will be held either to earn rental income or for capital appreciation or for both;
- as PPE if it will be used by the Group and the Bank themselves;
- as non-current asset held for sale if the carrying amount will be recovered through a sale rather than continuing use and the management has committed to an active plan that it is expected to result in a complete sale within one year of the classification date.

### (k) Intangible assets

Intangible assets acquired by the Bank and the Group are carried at cost less any accumulated amortisation and any accumulated impairment losses. Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire the specific software and bring it to use. Amortisation is carried in the statement of profit or loss on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful lives are 6-10 years, except individual software licences with useful life of up to 30 years.

### (l) Measurement of expected credit losses on financial assets

The Group and the Bank uses the three-stage expected credit loss (hereinafter ECL) impairment model according to IFRS 9 for loans and receivables due from customers and due from banks, financial guarantees and loan commitments, and bonds measured at amortised cost or fair value through other comprehensive income. The expected credit losses depend on whether the credit risk has increased significantly since initial recognition.

Under IFRS 9, loss allowance is measured on the basis of:

- 12-month ECL: ECL that result from default events that are possible within the 12 months after the reporting date, and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group and the Bank have established a policy according to which the assessment of asset quality is performed regularly, but at least quarterly and whenever the Bank becomes aware that a significant increase or decrease in

credit risk has occurred or is expected taking into account the risk of default during the remaining lifetime of the financial instrument.

The Bank and the Group classify loans and receivables, financial guarantees and off-balance sheet commitments, debt securities at amortised cost or fair value through comprehensive income in stage 1, stage 2 and stage 3 based on the impairment measurement methodology described below:

- Stage 1 – assets for which the credit risk has not increased significantly since initial recognition because no problems are expected to arise in meeting the borrower's cash flow obligations because current and future cash flows are sufficient to meet the obligations. The Bank and the Group recognise provisions based on twelve months of expected credit losses;
- Stage 2 – assets for which there is a significant increase in credit risk after initial recognition but no objective evidence of impairment. Regardless of the way in which an entity assesses significant increases in credit risk, there is a rebuttable presumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due. The Bank and the Group make allowance for expected credit losses over the contract lifetime and the calculation of interest income is the same as for Stage 1;
- Stage 3 – assets that have objective evidence of impairment at the measurement date, i.e. they are determined to be in default and/or are designated as non-performing. For these loans, the Bank and the Group recognise expected credit losses over the contract lifetime. Lifetime ECL are recognised the same way as for Stage 2.

The Bank and the Group record impairment for FVOCI debt securities depending on whether they are classified as Stage 1, 2 or 3, as explained above. However, the expected credit losses do not reduce the carrying amount of these financial assets in the statements of financial position, which remain at fair value. Instead, an amount equal to the allowance that would arise if the asset were measured at amortised cost is recognised in other comprehensive income

(hereinafter OCI) as an accumulated impairment amount, with a corresponding charge to profit or loss.

### **Significant increase in credit risk (transfer from Stage 1 to Stage 2)**

The classification of balances between Stage 1 and Stage 2 for the purpose of calculating expected credit losses depends on whether the credit risk has increased significantly since initial recognition. The Group and the Bank consider adequate and verifiable information which is relevant and available without any undue cost or effort, including both quantitative and qualitative information and analysis, based on the historical experience of the Group and the Bank, credit assessment by its experts and forward-looking information.

The assessment of whether credit risk has increased significantly since initial recognition for loans and receivables due from customers is performed on collective basis by considering overdue period and credit risk grade migration:

- Stage 1 includes loans under 30 days past due and loans not included in Stage 2 or 3;
- Stage 2 includes loans over 30 but under 90 days past due and loans matching signs of significant increase of credit risk (hereinafter SICR) according to the Bank Watchlist.

The Group's subsidiary SIA InCREDIT GROUP determines whether there has been a significant increase in credit risk since the initial recognition of loans and receivables taking into account the past due status. Loans and receivables that are more than 30 days past due are reclassified to Stage 2.

### Stage 3 (credit-impaired assets)

Assets are moved from Stage 2 to stage 3 when their credit value has decreased. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- the borrower's continuing significant financial difficulties;
- a continuing and material breach of the terms of the loan agreement, such as a

default or delinquency of more than 90 days;

- restructuring of a loan granted by the Bank on conditions which the Bank would not normally consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses;
- a combined effect of other events which have caused financial assets to become credit-impaired.

All credit-impaired financial assets are classified as Stage 3 exposures.

The Group and the Bank determine the expected credit losses individually for loans classified as exposures to non-performing loans (NPL), loans with country of risk Russia, Belarus or Ukraine, loans to subsidiaries and loans with contractual amounts equal to or greater than EUR 9 million or USD 9 million.

For bonds measured at amortised cost or fair value through other comprehensive income and deposits and balances due from banks assessment of increase in credit risk is performed by considering composite credit rating (equally weighted blend of the ratings of a security by Moody's, S&P, Fitch and DBRS).

Decrease in credit rating by more than 3 notches since the acquisition date is considered as a significant increase in credit risk and bond is moved from Stage 1 to Stage 2. Financial asset is moved to stage 3 when it becomes credit-impaired. The Group and the Bank do not apply low credit risk exemptions.

#### Credit risk rating grades

To assess credit risk and justify the capital required to cover it, an internal rating system is used, which includes a probability of default risk classification scale that assigns each exposure to one of 5 internal rating categories: grade A corresponds to the lowest level of risk and grade E to default status. The internal rating reflects the Bank's estimated view of the Borrower's ability to meet its financial obligations to the Bank on time and in full.

The rating methodology of the Bank ensures

that credit rating parameters are continuously updated. It is achieved through annual adjustments to the methodology as a result of reviewing specific weight of the factors, sub-factors and modifiers and the methodology reviews by the Bank staff.

An internal rating is assigned to each exposure at initial recognition based on the analysis of qualitative and quantitative factors and experience-based judgements. Throughout the lifetime of the exposure, borrowers credit risk and credit quality are monitored regularly for timely identification of any changes in their risk profile, financial position or credit standing in comparison with the criteria and assessment at origination.

The basic data for assigning a credit rating are information provided by a potential or existing borrower, statements and equivalent information from databases (which include data on financial liabilities and arrears, taxpayer status, tax liabilities and historical information on the existence of tax arrears and other financial and non-financial information).

The key parameters for the measurement of ECL for the Group and the Bank are the term structures of the following variables:

- probability of default (PD);
- loss given default (LGD);
- forward-looking information (FLI);
- credit conversion factor (CCF);
- the exposure at default (EAD).

The expected credit losses for Stage 1 are calculated by multiplying the 12-month PD by the LGD, FLI and EAD. Lifetime expected credit losses (for Stage 2) are calculated by multiplying the lifetime PD by LGD and EAD. Expected credit losses on off-balance sheet commitments are calculated by multiplying the 12-month or lifetime PD by the LGD, FLI, CCF and EAD respectively.

The ECL for Stage 3 exposures are calculated individually. The ELC for these loans are calculated based on estimates of expected future cash flows discounted using an interest rate, the historical discounts and recovery periods of the Bank and factors set out in Regulation (EU) 2019/630.

If the Bank's ECL estimate using historical discounts is lower than the estimate using the ratios set out in the Regulation, the Bank makes a Tier 1 capital adjustment for the difference. This

approach is consistent with IFRS 9 and the Credit Risk Management Framework, which requires accurate, forward-looking provisioning for each ECL individually.

The table below shows how the stages and days past due are related to the PD in the Bank's loan portfolio.

Group 1 – includes loans to retail customers with an initial contractual amount of up to EUR 9 million, excluding loans with a risk country Russia, Belarus and Ukraine, as well as Stage 3 loans.

**Group 1 PD, LGD and FLI ratios**

2025							2024			
Stage	Delay	PD type	PD	LGD	FLI	Coverage ratio	PD	LGD	FLI	Coverage ratio
1	0	12m	4.01%	25.02%	113.03%	1.13%	3.85%	55.64%	130.00%	2.78%
	1-30	12m	9.62%	25.02%	113.03%	2.72%	9.12%	55.64%	130.00%	6.60%
2	0	Lifetime	15.59%	25.02%	113.03%	4.41%	13.19%	55.64%	130.00%	9.54%
	1-30	Lifetime	19.92%	25.02%	113.03%	5.63%	17.56%	55.64%	130.00%	12.70%
	31-60	Lifetime	26.41%	25.02%	113.03%	7.47%	25.83%	55.64%	130.00%	18.68%
	61-90	Lifetime	38.80%	25.02%	113.03%	10.97%	52.51%	55.64%	130.00%	37.98%

Group 2 – includes loans to companies with an initial contractual amount of up to EUR 9 million, excluding loans to the Bank's subsidiaries and loans granted in Russia, Belarus and Ukraine, as well Stage 3 loans.

**Group 2 PD, LGD and FLI ratios**

2025							2024			
Stage	Delay	PD type	PD	LGD	FLI	Coverage ratio	PD	LGD	FLI	Coverage ratio
1	0	12m	2.85%	24.05%	113.03%	0.77%	6.58%	25.93%	130.00%	2.22%
	1-30	12m	13.06%	24.05%	113.03%	3.55%	24.24%	25.93%	130.00%	8.17%
2	0	Lifetime	18.66%	24.05%	113.03%	5.07%	23.31%	25.93%	130.00%	7.86%
	1-30	Lifetime	25.52%	24.05%	113.03%	6.94%	29.07%	25.93%	130.00%	9.80%
	31-60	Lifetime	48.14%	24.05%	113.03%	13.09%	52.51%	25.93%	130.00%	17.70%
	61-90	Lifetime	64.11%	24.05%	113.03%	17.43%	57.39%	25.93%	130.00%	19.35%

Group 3 – includes loans to companies with the initial contract amount exceeding EUR 9 million. ECL for Group 3 exposures is calculated individually depending on the selected principle of projected cash flow calculation.

The table below shows how the contract maturity and the number of days past due are related to the PD in the loan portfolio of subsidiary InCREDIT GROUP SIA.

2025							2024			
Stage	Delay	PD type	PD	LGD	FLI	Coverage ratio	PD	LGD	FLI	Coverage ratio
1	0-5	12m	1.66%	59.42%	106.00%	1.04%	1,46%	56,76%	127,05%	1,05%
	6-30	12m	11.44%	59.42%	106.00%	7.20%	10,65%	56,76%	127,05%	7,68%
2	31-60	Lifetime	45.74%	61.38%	106.00%	29.76%	44,19%	59,36%	127,05%	33,32%
	61-90	Lifetime	80.42%	64.84%	106.00%	55.27%	78,95%	63,38%	127,05%	63,58%
3	91+	Lifetime	100,00%	68,19%	106,00%	72,29%	100,00%	59,95%	127,05%	76,16%

LGDs are also divided into groups according to the number of days past due:

31 Dec 2025	LGD	FLI
0-5	59.42%	6.00%
6-30	59.42%	6.00%
31-60	61.38%	6.00%
61-90	64.84%	6.00%
91-365	68.19%	6.00%
>365	91.91%	6.00%

For bonds measured at amortised cost or fair value through other comprehensive income, the composite credit rating is calculated in accordance with Regulation (EU) No 575/2013 of the European Parliament and of the Council, using data provided by rating agencies.

31 Dec 2025		31 Dec 2024	
Grading	12-month weighted-average PD	Grading	12-month weighted-average PD
AAA to AA-	0.01%	AAA to AA-	0.01%
A+ to BBB-	0.07%	A+ to BBB-	0.08%
BB+ to C	1.99%	BB+ to C	1.45%
Default	100.00%	Default	100.00%

These parameters are derived from historical data and internally validated statistical models. They are adapted to reflect forward-looking information.

These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. Credit risk grades and time past due are primary inputs into the determination of the term structure of the PD of exposures. The Group and the Bank employ statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures.

The definition of default used in the measurement of expected credit losses and the assessment to determine movements between stages is consistent with the definition of default used for internal credit risk management purposes and is aligned with the Capital Requirements Regulation. Thus, exposures which for the regulatory purposes are considered non-fulfilling obligations under IFRS 9 requirements will always be classified in Stage 3.

The Bank considers a financial asset as defaulted when:

- the borrower is unlikely to pay its credit obligations to the Bank in full, unless the Bank carries out actions such as realisation of collateral;
- the borrower is more than 90 days past due on credit obligation to the Bank (excluding technical default caused by manual or system errors).

Financial asset is no longer considered defaulted after a specific time period has passed (probation period in some instances may last up to 2 years) from the moment when none of the identified default factors can be observed. Significant forbearance measures are among the risk factors subject to an extended probation period.

The LGD reflects the magnitude of potential losses in the event of default. The Bank and the Group estimate the LGD parameters on the basis of information on the extent to which claims against defaulting counterparties have previously been recovered. LGD models take into account factors such as the structure of the claim, collateral, hierarchy and recovery costs that would be incurred when realising the pledge contained in the composition of the financial asset. The calculations are based on the ratio of the amount of discounted cash flow of each transaction to the EAD (exposure at default).

The Group and the Bank include forward-looking information in the ECL assessment. For detailed description and the sensitivity analysis, see Note 5.

### **Other financial assets**

For other financial assets, the Group and the Bank determine the expected credit losses individually. The classification of balances between Stage 1, 2 and 3 is based on days past due and additional qualitative indicators available. Other financial assets more than 90 days past due taking into account other qualitative impairment indicators are classified in Stage 3.

### **Modification**

When financial asset is modified, the Group and the Bank assesses whether the modification results in derecognition. This depends on whether the changes to the contractual cash flows are significant or not. If changes are significant, the modification is reflected as derecognition of the original asset and recognition of a new asset. If the changes are not significant, the modification is reflected as a modification of the original loan.

The assessment is based on the following considerations:

- an assessment of whether the modification is caused as a forbearance measure (when borrower is in financial difficulties) or made on business terms;
- an assessment of the difference between net present values of contractual cash flows before and after modification. In general, a 10% difference is considered a significant change.

If the financial asset is not derecognised, the difference between the net present value of the original contractual cash flow and the modified contractual cash flows is recognised in the income statement as a modification gain or loss. When modification results in de-recognition, a derecognition gain or loss is recognised in the statement of profit or loss. A new loan is recognised in Stage 1 at initial recognition, unless the new loan is credit-impaired at its initial recognition.

If a modification is carried out because of financial difficulties of the borrower, then the gain or loss is reflected together within impairment losses.

The Group and the Bank derecognise a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability

based on the modified terms is recognised at its fair value. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in the statement of profit or loss.

Reflection of the loss allowance for ECL in the statement of financial position

The loss allowance for ECL is reflected in the statement of financial position as follows:

- financial assets measured at amortised cost: as a reduction of carrying amount of the assets;
- loan commitments and financial guarantee contracts: generally, as an allowance within liabilities;
- for debt securities at fair value reflected in other comprehensive income: allowances are not included in the statement of financial position since their carrying value is their fair value. They are reflected in the fair value provision.

### **Write offs**

The gross carrying amount of a financial asset is written off if the Group and the Bank have no reasonable expectation of recovering all or part of the financial assets. The Group and the Bank individually assess the time and amount of the write-off depending on whether there are reasonable expectations of recovery. Indicators that there are no reasonable expectations of recovering a financial asset include:

- the financial asset is past due and no recoveries are expected for the asset;
- ECL have been created and there have been no changes in the status of the financial asset for more than a year.

The Group and the Bank do not expect any significant recovery of the amount being written off. However, the written off financial assets could still be subject to enforcement actions to comply with the Group and Bank's procedures for the recovery of amounts due. Recoveries of amounts previously written off are presented in Note 12 – Other Income, Recovery of Assets Written off.

### **(m) Impairment of non-financial assets**

At each reporting date, the Bank and the Group determine whether there is any indication of impairment of non-financial assets other than investment property and deferred tax assets. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of goodwill is estimated at reporting date.

Impairment losses are recognised when the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis. The cash-generating units for nonfinancial assets impairment testing are payment card business and non-banking activities on individual subsidiaries level.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. Assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Goodwill impairment cannot be reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### **(n) Provisions**

A provision is recognised when the Bank and the Group have a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits, which can be estimated reliably, will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Loss allowance for ECL under IFRS 9 arising from credit obligations and guarantee agreements are included in this item. For methodology of calculation, see Note 3(l).

**(o) Credit related commitments**

As part of their day-to-day business, the Bank and the Group undertake credit-related liabilities, irrevocable credit line obligations, letters of credit and guarantees.

Financial guarantees are agreements under which the Bank and the Group are required to make special payments in order to compensate the holder of the financial guarantee for losses incurred if the debtor does not make a timely payment in accordance with the terms of the debt instrument.

A financial guarantee liability is recognised initially at fair value net of associated transaction costs, and is measured subsequently at the higher of the amount initially recognised less cumulative amortisation or the amount of provision for losses under the guarantee.

Other credit liabilities and non-financial guarantees issued are assessed in the amount of recognised provisions for losses and commissions received minus the cumulative amount of recognised income, if it is unlikely that a specific loan agreement will be signed as a result of the liabilities.

**(p) Taxes****(i) Income tax**

Current tax for the reporting year is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Effective as of 1 January 2018, according to the Law on Corporate Income Tax of the Republic of Latvia, the tax rate 20% is deferred to when the profit is distributed and calculated as 0.2/0.8 from net distributed dividend. The taxation period is one month.

The taxable base includes:

- distributed profit (dividends calculated, payments equivalent to dividends, conditional dividends) and
- conditionally distributed profit (non-operating expenses, doubtful debts, increased interest payments, loans to related parties, decrease of income or exceeded expenses which are incurred by entering transactions at prices other than those on the market that should be calculated using the methodology determined by the Cabinet of Ministers, benefits bestowed by the non-resident

upon its staff or board (council members) regardless of whether the receiving party is a resident or a non-resident, if they relate to the operation of a permanent establishment in Latvia, liquidation quota).

In 2023, changes were introduced to the corporate income tax (CIT) laws in Latvia providing for advance CIT payable at a rate of 20% of accounting profit applicable to banks and non-bank lenders. These advance CIT payments can only be offset against future profit distribution tax payable.

The changes in tax legislation require advance payment of the CIT based on the profit earned by banks and other non-bank lenders in Latvia, beginning with 2023 and applicable in all future periods. Therefore, the amount of the advance CIT payable based on the current year's profit (if any) is included in the expenses in the reporting period in accordance with the requirements of IAS 12 Income Taxes, since the applicable profit from which the CIT is calculated is generated in the reporting period, although the advance income tax can be offset against the CIT calculated on the distribution of future profits.

For distributions of 2023 and later period profits from banking and non-bank lending operations in Latvia, a theoretical 20% CIT rate would apply and would be calculated as 0.2/0.8 from net distributed dividend (effectively 25%), but the profit distribution tax payment would be decreased by the CIT advance already paid in 2023 and later period profits. This incremental profit distribution tax expense on 2023 and later period profits would arise only if the CIT calculated upon profit distribution exceeded the CIT advance paid.

**(ii) Deferred tax**

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws

that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

According to the changes in Latvian tax laws in 2023, the Bank and the Group's company SIA InCREDIT GROUP must to calculate and recognise the enterprise income tax in advance before payment of dividends in the reporting year.

Thus deferred tax is calculated for the Bank and SIA InCREDIT GROUP as described above.

Pursuant to the Law on Corporate Income Tax of the Republic of Latvia, for other Latvian companies of the Group, apart from the Bank and SIA InCREDIT GROUP, the 20% rate is only applied to distributed profits while the 0% rate is applied to retained earnings. Therefore, deferred tax assets and liabilities are recognisable as nil. However, in consolidated financial statements Group recognises deferred tax liabilities at 20% rate on the accumulated retained earnings of the subsidiaries that the Bank (as their controlling shareholder) plans to distribute as dividends in the near future.

## **(q) Income and expense recognition**

### **(i) Interest income and expense**

Interest income and expense are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability. When calculating the effective interest rate, the Bank and the Group estimate future cash flows considering all contractual terms of the financial instruments, but not future credit losses.

Fees and commission income and expenses that are integral to the effective interest rate on financial assets and liabilities are included in the measurement of the effective interest rate.

### **(ii) Fee and commission income and expense**

Fee and commission income from contracts with customers is measured based on the consideration specified in a contract with a customer. The Group and the Bank recognise

revenue when control over a service is transferred to a customer.

Cards, payments and transactions: revenue from account service and servicing fees is recognised over the period when the services are provided. Revenue related to transactions is recognised at the point in time when the transaction takes place.

Asset management, custody and operations with securities - revenue from asset management and custody service is recognised over time as the services are provided. Revenue related to transactions with securities is recognised at the point in time when the transaction takes place.

### **(iii) Net gain/loss on financial assets at fair value through profit or loss**

Net gain/loss on financial instrument at fair value through profit or loss comprises gains less losses related to trading assets and liabilities and derivatives held for risk management purposes and includes realised and unrealised fair value changes and foreign exchange differences.

### **(r) Dividends**

The Bank and the Group receive dividends from the equity instruments which are reflected as income when the right to receive payment is established. Proposed dividends are recognised in the financial statements only when approved by shareholders.

### **(s) Employee benefits**

Short term employee benefits, including salaries and social security contributions, bonuses and vacation benefits are included in general administrative expenses. The Bank and The Group pay fixed security contributions to the State Social Insurance Fund on behalf of its employees during the employment period in accordance with local legal requirements.

### **(t) Non-current assets held for sale**

Non-current assets that are expected to be recovered primarily through sale or distribution rather than through continuing use are classified as held for sale. Before classification as held for sale, the assets are remeasured in accordance with accounting policies of the Bank and the Group. Thereafter the assets are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as non-current assets held for sale and subsequent gains and losses on remeasurement are recognised in profit or

loss. Gains are not recognised in excess of any cumulative impairment loss.

Once classified as held for sale, assets are no longer depreciated.

**(u) Changes in accounting policies**

Except for the changes below, the Group and the Bank have consistently applied the accounting policies set out in Note 3 to all periods presented in these separate and consolidated financial statements.

Standards issued or amended that affected financial year

The Group and Bank have no transactions that

are affected by the newly effective standards or amendments to standards or its accounting policies are already consistent with the new requirements.

Standards issued but not yet effective

A number of new standards or amendments to standards are effective (some of which are not yet been endorsed by EU) for annual periods beginning after 1 January 2025 and earlier application is permitted; however, the Group and Bank has not early adopted the new standards or amended standards in preparing these consolidated financial statements.

Effective date	New or updated standards	EU approved
01.01.2026	Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	28 May 2025 (Commission Regulation (EU) 2025/1047)
01.01.2026	Annual Improvements to IFRS Accounting standards – Volume 11	10 July 2025 (Commission Regulation (EU) 2025/1331)
01.01.2026	Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7	July 1, 2025 (Commission’s Regulation (EU) 2025/1266)
01.01.2027	IFRS 18 Presentation and Disclosure in Financial Statements	February 16, 2026 (Commission’s Regulation (EU)2026/338)
01.01.2027	IFRS 19 Subsidiaries without Public Accountability: Disclosures (issued on 9 May 2024)	Pending
To be decided*	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28	In progress

\* The date of entry into force of this amendment has been postponed indefinitely. Earlier implementation is still permitted.

The Bank is currently assessing the potential impact of the aforementioned new and amended standards on the consolidated financial statements.

## 4. Risk management

### (a) Risk management policies and procedures

Risk management of the Bank and the Group is an integral part of the management process, in which the Executive Board and the Council take an active part. Its main objective is to achieve an optimal balance between risk-related losses and potential profits in the medium and long term and to ensure compliance with the established levels of risk appetite, tolerance and capacity.

The Bank and the Group are continuously working to improve risk management and address the challenges arising from an unstable market, the geopolitical and macroeconomic environment and the increasing complexity caused by the changing regulatory framework. To ensure this, in all their functions the Group and the Bank apply three-line defence risk models and define clear roles and responsibilities, develop and continuously improve their risk management framework, organise internal and external training, segregate duties, implement dual control and 4-eye principle and avoid any potential conflicts of interest or their escalation.

In addition, the Bank and the Group ensure that all material risks are identified, assessed, monitored, managed and controlled. The second line of defence, which includes the Risk Management, the Cybersecurity Risk Management Division, the Operational Compliance Control Board and the Financial Crime Prevention Administration, performs independent control functions and is responsible for ensuring that the Bank and the Group have an appropriate risk management system and that all structural units operate in accordance with this system.

This Note provides information on the exposure of the Bank and the Group to each of these risks, the objectives, policies and risk measurement and management processes of the Group and the Bank.

The risk management policies of the Bank and the Group are regularly reviewed to reflect changes in the regulatory environment, market conditions, processes, products and services offered, also through acquiring new best practices and experiences.

- The Executive Board of the Bank has overall responsibility for overseeing the

risk management framework of the Bank and the Group, including the management of key risks and the development, review, maintenance and approval of risk management and control policies for material exposures.

- The Executive Board of the Bank is responsible for the implementation of risk management and control procedures, the implementation and supervision of risk identification and prevention measures and for ensuring that the Bank and the Group operate in accordance with the specified risk appetite.
- The Chief Risk Officer is responsible for the supervision and control of overall risks, ensuring the implementation of uniform principles and methods for identifying, assessing, monitoring, managing and controlling both financial and non-financial risks. The Chief Risk Officer reports directly to the Council.
- In order to improve risk management, control and supervision, the Bank creates committees, e.g.:
- the Credit Committee monitors the loan portfolio credit risk;
- the Credit Assessment Committee ensures compliance with the Bank's Guidelines for the Classification of Credits, Securities and Receivables, and the Provisions, which are laid down in the Bank of Latvia Regulations No. 265 Regulation on Credit Risk Management;
- the Assets and Liabilities Committee monitors liquidity risk, market risk, securities portfolio credit risk, interest rate risk and credit spread risk in the non-trading book and review relevant reports and limits;
- sustainability-related environmental, social and governance risks will be supervised by the Sustainability Committee;
- the objective of the Internal Corporate Communication Committee is to decide on the Bank's internal communication programme, measures and tasks to be carried out to facilitate the improvement and development of the internal communication system and the identity of the Bank, to facilitate the exchange of information within the Bank and to ensure a good internal reputation of the Bank as an employer;

- the Compliance Committee is responsible for money laundering, terrorism and proliferation financing and sanctions risk management and control.

### **(b) Credit risk**

Credit risk is the risk that the Bank or the Group may incur losses if the borrower, issuer and/or counterparty fails or refuses to fulfil the obligations to the Bank and/or the Group in accordance with the terms of the agreement. The Bank and Group divide credit risk into such sub-types: credit portfolio credit risk, counterparty and issuer credit risk and country risk. The Bank and the Group have developed policies and procedures to manage and control its credit risk.

The credit policy and the risk management policy of the Bank and the Group are reviewed and approved by the Council of the Bank.

The Credit Administration, the Treasury Department and the Financial Markets Board are responsible for the credit risk management within the framework of the first line of defence while the Risk Board ensures independent control and supervision of the second line of defence. The Bank has established a Credit Review Committee lead by the Chairman of the Board. The Credit Committee reviews loan applications

from potential or existing borrowers on the basis of applications from the Credit Administration and the independent second line of defence risk conclusions of the Credit Risk Management.

To measure, monitor and control credit risk and related concentration risk, the Bank and the Group use various risk metrics, including the Business Recovery Plan and the Emergency Funding Plan, risk appetite, tolerance and capacity levels, risk limits and key risk indicators. These risk indicators are monitored and updated regularly.

In addition, as part of their credit risk management, the Bank and the Group use a wide range of stress tests to model the financial impact of various adverse scenarios, segmenting portfolios by currency, region, collateral and quality. They provide an indication of the potential amount of losses that could occur under various circumstances. The bank also calculates the capital requirements for the risk of concentration.

For more information, see Note 4(l).

The maximum credit risk of the Bank and the Group is described below. The impact of possible offsetting of assets and liabilities to reduce potential credit exposure is not significant.

## Maximum credit risk exposure

31 December '000 EUR	Note	Gross maximum credit exposure			
		Group 2025	Bank 2025	Group 2024	Banka 2024
Cash and balances with the Bank of Latvia	16	349 475	349 444	248 161	248 143
Deposits and balances due from banks, gross	17	22 384	20 432	17 581	16 046
Loans and receivables due from customers, gross	19	729 893	749 181	687 553	725 744
Financial assets at fair value through profit or loss	18	-	-	(2 402)	(2 402)
Financial assets at fair value through other comprehensive income	20	175 115	175 115	213 310	213 310
Debt securities at amortised cost, gross	19	40 354	40 354	49 751	49 751
Other financial assets		14 144	13 201	5 773	10 744
<b>Total financial assets</b>		<b>1 331 365</b>	<b>1 347 727</b>	<b>1 219 727</b>	<b>1 261 336</b>
Loan commitments	34	132 794	143 115	90 006	111 016
Financial guarantees	34	18 305	18 305	18 737	18 737
<b>Total guarantees and commitments</b>		<b>151 099</b>	<b>161 420</b>	<b>108 743</b>	<b>129 753</b>
<b>Total maximum credit risk exposure</b>		<b>1 482 464</b>	<b>1 509 147</b>	<b>1 328 470</b>	<b>1 391 089</b>

The following table sets out information about the credit quality of loans and receivables due from customers, financial assets measured at amortised cost and debt investments at fair value through other comprehensive income. Explanation of the terms 'Stage 1', 'Stage 2' and 'Stage 3' and 'Expected Credit Losses' are provided in Note 4 (I).

The Group's subsidiaries SIA "InCREDIT GROUP"

and Rietumu Lizing OOO determines whether credit risk has increased significantly since initial recognition for loans and receivables due from customers based on overdue days by considering the period past due. Receivables are more than 30 days past due are moved to Stage 2. Off-balance-sheet liabilities and guarantees in Stage 3 contain a conditional limit which cannot be used without the approval of the Bank, thus ECL is not recognised in Stage 3.

## 4. Risk management, continued

### Loans and receivables due from customers

31 December 2025

#### The Group

'000 EUR	Gross amount				Expected credit losses and provisions				Carrying amount			
	Stage 1	Stage 2	Stage 3	POCI	Stage 1	Stage 2	Stage 3	POCI	Stage 1	Stage 2	Stage 3	POCI
<b>Loans</b>												
Individual	325 996	38 855	181 107	1 600	(2 694)	(12 141)	(79 192)	(398)	<b>323 302</b>	<b>26 714</b>	<b>101 915</b>	<b>1 202</b>
Collective	97 732	10 809	-	-	(774)	(277)	-	-	<b>96 958</b>	<b>10 532</b>	-	-
SIA "InCREDIT GROUP"	66 232	1 003	6 084	-	(789)	(369)	(5 047)	-	<b>65 443</b>	<b>634</b>	<b>1 037</b>	-
OOO Rietumu Lizing	475	-	-	-	(4)	-	-	-	<b>471</b>	-	-	-
<b>Loans Total</b>	<b>490 435</b>	<b>50 667</b>	<b>187 191</b>	<b>1 600</b>	<b>(4 261)</b>	<b>(12 787)</b>	<b>(84 239)</b>	<b>(398)</b>	<b>486 174</b>	<b>37 880</b>	<b>102 952</b>	<b>1 202</b>
<b>Commitments and Guarantees</b>												
Individual	112 497	17 894	1 846	-	(346)	(18)	(18)	-	<b>112 151</b>	<b>17 876</b>	<b>1 828</b>	-
Collective	18 158	575	-	-	(159)	(1)	-	-	<b>17 999</b>	<b>574</b>	-	-
SIA "InCREDIT GROUP"	112	2	15	-	-	-	-	-	<b>112</b>	<b>2</b>	<b>15</b>	-
<b>Commitments and Guarantees</b>	<b>130 767</b>	<b>18 471</b>	<b>1 861</b>	-	<b>(505)</b>	<b>(19)</b>	<b>(18)</b>	-	<b>130 262</b>	<b>18 452</b>	<b>1 843</b>	-

#### The Bank

'000 EUR	Gross amount				Expected credit losses and provisions				Carrying amount			
	Stage 1	Stage 2	Stage 3	POCI	Stage 1	Stage 2	Stage 3	POCI	Stage 1	Stage 2	Stage 3	POCI
<b>Loans</b>												
Individual	400 978	43 623	194 439	1 600	(3 015)	(12 216)	(80 042)	(398)	<b>397 963</b>	<b>31 407</b>	<b>114 397</b>	<b>1 202</b>
Collective	97 732	10 809	-	-	(774)	(277)	-	-	<b>96 958</b>	<b>10 532</b>	-	-
<b>Loans Total</b>	<b>498 710</b>	<b>54 432</b>	<b>194 439</b>	<b>1 600</b>	<b>(3 789)</b>	<b>(12 493)</b>	<b>(80 042)</b>	<b>(398)</b>	<b>494 921</b>	<b>41 939</b>	<b>114 397</b>	<b>1 202</b>
<b>Commitments and Guarantees</b>												
Individual	121 797	18 279	2 611	-	(392)	(18)	(36)	-	<b>121 405</b>	<b>18 261</b>	<b>2 575</b>	-
Collective	18 158	575	-	-	(159)	(1)	-	-	<b>17 999</b>	<b>574</b>	-	-
<b>Commitments and Guarantees</b>	<b>139 955</b>	<b>18 854</b>	<b>2 611</b>	-	<b>(551)</b>	<b>(19)</b>	<b>(36)</b>	-	<b>139 404</b>	<b>18 835</b>	<b>2 575</b>	-

## 4. Risk management, continued

### Loans and receivables due from customers

31 December 2024

#### The Group

'000 EUR	Gross amount				Expected credit losses and provisions				Carrying amount			
	Stage 1	Stage 2	Stage 3	POCI	Stage 1	Stage 2	Stage 3	POCI	Stage 1	Stage 2	Stage 3	POCI
<b>Loans</b>												
Individual	273 888	79 606	145 369	2 052	(3 757)	(2 354)	(17 532)	(247)	270 131	77 252	127 837	1 805
Collective	98 995	12 763	-	-	(1 470)	(810)	-	-	97 525	11 953	-	-
SIA "InCREDIT GROUP"	67 822	909	4 084	-	(697)	(313)	(3 270)	-	67 125	596	814	-
OOO Rietumu Lizing	1 893	-	172	-	(14)	-	(27)	-	1 879	-	145	-
<b>Loans Total</b>	<b>442 598</b>	<b>93 278</b>	<b>149 625</b>	<b>2 052</b>	<b>(5 938)</b>	<b>(3 477)</b>	<b>(20 829)</b>	<b>(247)</b>	<b>436 660</b>	<b>89 801</b>	<b>128 796</b>	<b>1 805</b>
<b>Commitments and Guarantees</b>												
Individual	27 901	46 420	1 155	-	(25)	(286)	-	-	27 876	46 134	1 155	-
Collective	32 961	197	-	-	(323)	-	-	-	32 638	197	-	-
SIA "InCREDIT GROUP"	92	1	16	-	-	-	-	-	92	1	16	-
<b>Commitments and Guarantees</b>	<b>60 954</b>	<b>46 618</b>	<b>1 171</b>	<b>-</b>	<b>(348)</b>	<b>(286)</b>	<b>-</b>	<b>-</b>	<b>60 606</b>	<b>46 332</b>	<b>1 171</b>	<b>-</b>

#### The Bank

'000 EUR	Gross amount				Expected credit losses and provisions				Carrying amount			
	Stage 1	Stage 2	Stage 3	POCI	Stage 1	Stage 2	Stage 3	POCI	Stage 1	Stage 2	Stage 3	POCI
<b>Loans</b>												
Individual	327 276	116 421	168 236	2 052	(3 944)	(3 561)	(27 270)	(247)	323 332	112 860	140 966	1 805
Collective	98 995	12 764	-	-	(1 469)	(810)	-	-	97 526	11 954	-	-
<b>Loans Total</b>	<b>426 271</b>	<b>129 185</b>	<b>168 236</b>	<b>2 052</b>	<b>(5 413)</b>	<b>(4 371)</b>	<b>(27 270)</b>	<b>(247)</b>	<b>420 858</b>	<b>124 814</b>	<b>140 966</b>	<b>1 805</b>
<b>Commitments and Guarantees</b>												
Individual	34 601	48 957	13 037	-	(100)	(286)	-	-	34 501	48 671	13 037	-
Collective	32 961	197	-	-	(323)	-	-	-	32 638	197	-	-
<b>Commitments and Guarantees</b>	<b>67 562</b>	<b>49 154</b>	<b>13 037</b>	<b>-</b>	<b>(423)</b>	<b>(286)</b>	<b>-</b>	<b>-</b>	<b>67 139</b>	<b>48 868</b>	<b>13 037</b>	<b>-</b>

#### 4. Risk management, continued

##### Loans and receivables due from customers

31 December 2025

##### The Group and the Bank

'000 EUR	Gross amount			Expected credit losses			Carrying amount		
	Stage 1	Stage 2	3 Stage	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
<b>Composite credit rating</b>									
AAA to A-	1 446	-	-	-	-	-	<b>1 446</b>	-	-
BBB+ to BBB-	683	-	-	(1)	-	-	<b>682</b>	-	-
BB+ to B-	32 503	1 020	-	(429)	(15)	-	<b>32 074</b>	<b>1 005</b>	-
CCC+	-	502	4 200	-	(44)	(3 682)	-	<b>458</b>	<b>518</b>
<b>Total</b>	<b>34 632</b>	<b>1 522</b>	<b>4 200</b>	<b>(430)</b>	<b>(59)</b>	<b>(3 682)</b>	<b>34 202</b>	<b>1 463</b>	<b>518</b>

31 December 2024

##### The Group and the Bank

'000 EUR	Gross amount			Expected credit losses			Carrying amount		
	Stage 1	Stage 2	3 Stage	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
<b>Composite credit rating</b>									
AAA to A-	2 886	-	-	-	-	-	<b>2 886</b>	-	-
BBB+ to BBB-	357	-	-	-	-	-	<b>357</b>	-	-
BB+ to B-	39 822	1 423	-	(478)	(48)	-	<b>39 344</b>	<b>1 375</b>	-
CCC+	-	-	5 263	-	-	(4 447)	-	-	<b>816</b>
<b>Total</b>	<b>43 065</b>	<b>1 423</b>	<b>5 263</b>	<b>(478)</b>	<b>(48)</b>	<b>(4 447)</b>	<b>42 587</b>	<b>1 375</b>	<b>816</b>

#### 4. Risk management, continued

##### Deposits and balances due from banks and the Bank of Latvia

The Group, '000 EUR Composite credit rating	31 December 2025			31 December 2024		
	Gross amount	Expected credit losses	Carrying amount	Gross amount	Expected credit losses	Carrying amount
	Stage 1	Stage 1	Stage 1	Stage 1	Stage 1	Stage 1
<b>Balances due from the Bank of Latvia, total</b>	<b>348 653</b>	-	<b>348 653</b>	<b>247 803</b>	-	<b>247 803</b>
<b>Deposits and balances due from banks, total</b>	<b>22 397</b>	<b>(13)</b>	<b>22 384</b>	<b>17 610</b>	<b>(29)</b>	<b>17 581</b>
AA to A-	10 957	-	<b>10 957</b>	9 584	-	<b>9 584</b>
BBB+ to B	7 919	(2)	<b>7 917</b>	3 002	(2)	<b>3 000</b>
CCC	55	(1)	<b>54</b>	1 698	(26)	<b>1 672</b>
Unrated	3 466	(10)	<b>3 456</b>	3 326	(1)	<b>3 325</b>

The Bank, '000 EUR Composite credit rating	31 December 2025			31 December 2024		
	Gross amount	Expected credit losses	Carrying amount	Gross amount	Expected credit losses	Carrying amount
	Stage 1	Stage 1	Stage 1	Stage 1	Stage 1	Stage 1
<b>Balances due from the Bank of Latvia, total</b>	<b>348 653</b>	-	<b>348 653</b>	<b>247 803</b>		<b>247 803</b>
<b>Deposits and balances due from banks, total</b>	<b>20 445</b>	<b>(13)</b>	<b>20 432</b>	<b>16 075</b>	<b>(29)</b>	<b>16 046</b>
AA to A-	10 822	-	<b>10 822</b>	9 437	-	<b>9 437</b>
BBB+ to B	7 919	(2)	<b>7 917</b>	2 902	(2)	<b>2 900</b>
CCC	55	(1)	<b>54</b>	1 698	(26)	<b>1 672</b>
Unrated	1 649	(10)	<b>1 639</b>	2 038	(1)	<b>2 037</b>

Deposits and balances due from bank with rating CCC are balances in the Russian and Belarussian banks that are held to maintain repayments of the Russian and Belarussian loans.

#### 4. Risk management, continued

##### Loan to value of loans and receivables due from customers

The Group and the Bank hold collateral and other credit enhancements against certain credit exposures. In the table below, the LTV is calculated as the ratio of the net carrying amount of the loans and receivables to the value of the collateral. The value of the collateral excludes any adjustments for obtaining and selling the collateral but includes value discounts and haircuts. The value of the collateral is based on the most recent appraisals.

The Group '000 EUR	31 December 2025 Carrying amount					31 December 2024 Carrying amount				
	<=50%	<50% <=70%	<70% <=90%	<90% <=100%	>100%	<=50%	<50% <=70%	<70% <=90%	<90% <=100%	>100%
LTV										
Regular loans	317 143	260 839	5 112	2 052	37 635	234 835	261 668	45 955	4 770	82 544
Security deposits	-	-	-	-	4 523	-	-	-	-	23 928
Finance lease	471	-	0	-	-	-	-	2 017	-	-
Other loans	56	5	0	47	325	44	3	15	29	1 254
<b>Total net loans to public</b>	<b>317 670</b>	<b>260 844</b>	<b>5 112</b>	<b>2 099</b>	<b>42 483</b>	<b>234 879</b>	<b>261 671</b>	<b>47 987</b>	<b>4 799</b>	<b>107 726</b>
of which stage 3 Net	70 010	31 353	1 664	1 061	67	58 580	49 804	17 294	1 114	3 807
stage 3 FV of collateral	70 010	31 353	1 664	1 061	-	58 580	49 804	17 150	1 114	-

The Bank '000 EUR	31 December 2025 Carrying amount					31 December 2024 Carrying amount				
	<=50%	<50% <=70%	<70% <=90%	<90% <=100%	>100%	<=50%	<50% <=70%	<70% <=90%	<90% <=100%	>100%
LTV										
Regular loans	248 692	342 408	17 776	991	37 635	236 703	341 395	49 977	3 656	27 371
Security deposits	-	-	-	-	4 523	-	-	-	-	23 928
Other loans	56	5	0	47	325	44	3	15	29	5 322
<b>Total net loans to public</b>	<b>248 749</b>	<b>342 413</b>	<b>17 776</b>	<b>1 038</b>	<b>42 483</b>	<b>236 747</b>	<b>341 398</b>	<b>49 992</b>	<b>3 685</b>	<b>56 621</b>
of which stage 3 Net	67 637	37 501	10 394	-	67	58 580	49 804	21 172	-	13 216
stage 3 FV of collateral	67 637	37 101	10 394	-	-	58 580	49 804	21 172	-	-

##### (c) Market risk

Market risk is the risk that the Bank or its subsidiaries may incur losses due to adverse changes in market conditions, including changes in foreign exchange rates and market prices of financial instruments. Accordingly, this includes currency risk and position risk. The objective of market risk management is to manage, oversee and control the market risk exposures within the risk appetite while optimising the return on risk. The Risk Management Policy, the Financial Risk Management Policy and related internal regulations determine the approach to the management and control of these risks in the Bank and the Group.

#### 4. Risk management, continued

The Treasury Department is responsible for managing the market risk within the first line of defence, while the Risk Board provides independent control and oversight as the second line of defence. In addition, the Bank has established the Asset and Liability Committee. It approves minimum interest rates for loans and deposits, stop-losses, purchases or sales of financial instruments based on the recommendations from the Treasury and Financial Markets Department and/or the second line of defence.

The Bank and the Group use a range of risk metrics to measure, monitor and control market risk, including open position limits, value-at-risk (VaR) and currency position limit and monitors overall securities portfolio revaluation result and financial instrument fluctuations. These risk indicators are monitored regularly. The Bank and the Group have developed and maintain a set of early warning indicators for the Business Recovery Plan and the Contingency Funding Plan to identify crises early and prevent their adverse impact on the Bank and the Group.

In addition, the Bank and the Group use a wide range of stress tests to model the financial impact of a variety of adverse market scenarios. They provide an indication of the potential amount of losses that could occur under various circumstances.

##### (i) Position risk

Position risk is the risk that the Bank or its subsidiary may incur losses as a result of unfavourable fluctuations in the prices of FVOCI and FVTPL financial instruments. The position risk may materialise when the Bank and the Group take a long or short position in a financial instrument.

The Bank and the Group use a range of risk metrics for measuring, monitoring, and controlling position risk including individual financial instrument limits, projected loss limits and overall portfolio limits. The projected loss limits are measured in terms of value-at-risk (VaR), which is a calculation of the one-day and ten-day losses caused by the historical volatility of the financial instrument with a 99% confidence interval over the past 250 business days. The VaR modelling results are summarised in the table:

The Group '000 EUR	2025		2024	
	VaR 1d 99%	VaR 10d 99%	VaR 1d 99%	VaR 10d 99%
Financial assets at fair value through other comprehensive income	(563)	(1 779)	(577)	(1 826)

The Bank '000 EUR	2025		2024	
	VaR 1d 99%	VaR 10d 99%	VaR 1d 99%	VaR 10d 99%
Financial assets at fair value through other comprehensive income	(563)	(1 779)	(577)	(1 826)

In order to identify the position risk of FVOCI and FVTPL financial assets, the Bank and the Group use the following indicators:

- changes in the SWAP and money market yield curve to measure the impact of the interest rates;
- VaR of FVOCI financial assets.

The VaR estimate does take into account the worst case losses – 99% of VaR reflects losses that could be greater than the VaR amount 1% of the cases or 2-3 days a year. Thus, VaR does not take into account the amount of loss in that 1% of days or the largest possible loss. The Bank and the Group recognise these limitations and take them into account when making related decisions or calculations for stress tests.

The Risk Board prepares daily, weekly, monthly and quarterly risk control reports which include position risk data and the achievement of the associated risk limits and key risk indicators. In addition, the Resource Management Office prepares a monthly report summarising the main characteristics of the Bank's portfolio of financial instruments, market events and factors which may significantly impact the portfolio. This report is presented to the Assets and Liabilities Committee.

#### 4. Risk management, continued

##### (ii) Foreign currency risk

Foreign currency risk is the risk that the Bank or its Subsidiary may incur losses as a result of unfavourable exchange rate fluctuations.

The assets and liabilities of the Bank and the Group are denominated in a number of foreign currencies. Currency risk may arise as a result of imbalance of assets and liabilities in the same foreign currency, thereby creating an open currency position.

In order to identify the currency risk of open currency positions, the Bank and the Group use the following indicators:

- analysis of changes in foreign exchange rates;
- calculation of the value at risk (VaR) of the foreign currency;
- assessment of market liquidity foreign exchange options in specific currencies;
- assessment of the operational and technical feasibility of managing foreign exchange positions.

The Risk Board produces daily, weekly and quarterly risk control reports which includes the currency risk data.

The Bank and the Group monitor the currency risk sensitivity to upward and downward changes in exchange rates. It is measured in the form of a sensitivity analysis, i.e. the impact on net profit and other comprehensive income of a scenario with a 15% change in the USD/EUR exchange rate, with all other variables held constant. The results of the sensitivity analysis are summarised in the table below:

The Group '000 EUR	2025		2024	
	Profit of the period	Other comprehensive income	Profit of the period	Other comprehensive income
15% appreciation of USD against EUR	(1 839)	-	(30)	-
15% appreciation of USD against EUR	1 839	-	30	-

The Bank '000 EUR	2025		2024	
	Profit of the period	Other comprehensive income	Profit of the period	Other comprehensive income
15% appreciation of USD against EUR	(233)	-	(205)	-
15% appreciation of USD against EUR	233	-	205	-

#### 4. Risk management, continued

The following table shows the currency structure of financial assets and liabilities of the Group as at 31 December 2025:

The Group	EUR '000 EUR	USD '000 EUR	Other currencies '000 EUR	Total '000 EUR
<b>Financial assets</b>				
Cash and balances due from the Bank of Latvia	349 333	138	4	<b>349 475</b>
Financial assets at fair value through profit or loss	786	8 561	-	<b>9 347</b>
Deposits and balances due from banks	8 433	5 977	7 974	<b>22 384</b>
Loans and receivables due from customers	617 782	10 213	213	<b>628 208</b>
Financial assets at fair value through other comprehensive income	153 827	21 288	23	<b>175 138</b>
Debt securities at amortised cost	36 122	61	-	<b>36 183</b>
Other financial assets	13 734	1	409	<b>14 144</b>
<b>Total financial assets</b>	<b>1 180 017</b>	<b>46 239</b>	<b>8 623</b>	<b>1 234 879</b>
<b>Financial liabilities</b>				
Deposits and balances due to banks	13 916	510	92	<b>14 518</b>
Current accounts and deposits due to customers	898 412	55 595	10 398	<b>964 405</b>
Other financial liabilities	18 629	14 055	3	<b>32 687</b>
<b>Total financial liabilities</b>	<b>930 957</b>	<b>70 160</b>	<b>10 493</b>	<b>1 011 610</b>
<b>Net position as of 31 December 2025</b>	<b>249 060</b>	<b>(23 921)</b>	<b>(1 870)</b>	
<b>Net off balance sheet positions as of 31 December 2025</b>	<b>(12 900)</b>	<b>11 663</b>	<b>1 260</b>	
<b>Net total positions as of 31 December 2025</b>	<b>236 160</b>	<b>(12 258)</b>	<b>(610)</b>	
<b>Net total positions as of 31 December 2024</b>	<b>236 748</b>	<b>(202)</b>	<b>324</b>	

#### 4. Risk management, continued

The following table shows the currency structure of financial assets and liabilities of the Group as at 31 December 2024:

The Group	EUR '000 EUR	USD '000 EUR	Other currencies '000 EUR	Total '000 EUR
<b>Financial assets</b>				
Cash and balances due from the Bank of Latvia	247 997	153	11	<b>248 161</b>
Financial assets at fair value through profit or loss	891	7 470	154	<b>8 515</b>
Deposits and balances due from banks	3 098	6 873	7 610	<b>17 581</b>
Loans and receivables due from customers	623 997	32 363	702	<b>657 062</b>
Financial assets at fair value through other comprehensive income	169 016	44 293	15	<b>213 324</b>
Debt securities at amortised cost	44 421	357	-	<b>44 778</b>
Other financial assets	3 730	3	2 040	<b>5 773</b>
<b>Total financial assets</b>	<b>1 093 150</b>	<b>91 512</b>	<b>10 532</b>	<b>1 195 194</b>
<b>Financial liabilities</b>				
Financial instruments at fair value through profit or loss	2 534	-	-	<b>2 534</b>
Deposits and balances due to banks	10 092	362	89	<b>10 543</b>
Current accounts and deposits due to customers	850 278	59 523	9 236	<b>919 037</b>
Other financial liabilities	24 789	151	755	<b>25 695</b>
<b>Total financial liabilities</b>	<b>887 693</b>	<b>60 036</b>	<b>10 080</b>	<b>957 809</b>
<b>Net position as of 31 December 2024</b>	<b>205 457</b>	<b>31 476</b>	<b>452</b>	
<b>Net off balance sheet positions as of 31 December 2024</b>	<b>31 291</b>	<b>(31 678)</b>	<b>(128)</b>	
<b>Net total positions as of 31 December 2024</b>	<b>236 748</b>	<b>(202)</b>	<b>324</b>	
<b>Net total positions as of 31 December 2023</b>	<b>232 103</b>	<b>(1 359)</b>	<b>(777)</b>	

**4. Risk management, continued**

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

<b>The Bank</b>	<b>EUR '000 EUR</b>	<b>USD '000 EUR</b>	<b>Other currencies '000 EUR</b>	<b>Total '000 EUR</b>
<b>Financial assets</b>				
Cash and balances due from the Bank of Latvia	349 302	138	4	<b>349 444</b>
Financial assets at fair value through profit or loss	353	8 561	-	<b>8 914</b>
Deposits and balances due from banks	6 515	5 977	7 940	<b>20 432</b>
Loans and receivables due from customers	642 276	9 970	213	<b>652 459</b>
Financial assets at fair value through other comprehensive income	153 827	21 288	23	<b>175 138</b>
Debt securities at amortised cost	36 122	61	-	<b>36 183</b>
Other financial assets	12 806	1	394	<b>13 201</b>
<b>Total financial assets</b>	<b>1 201 201</b>	<b>45 996</b>	<b>8 574</b>	<b>1 255 771</b>
<b>Financial liabilities</b>				
Deposits and balances due to banks	13 916	510	92	<b>14 518</b>
Current accounts and deposits due to customers	920 655	55 596	10 398	<b>986 649</b>
Other financial liabilities	11 519	-	1	<b>11 520</b>
<b>Total financial liabilities</b>	<b>946 090</b>	<b>56 106</b>	<b>10 491</b>	<b>1 012 687</b>
<b>Net position as of 31 December 2025</b>	<b>255 111</b>	<b>(10 110)</b>	<b>(1 917)</b>	
<b>Net off balance sheet positions as of 31 December 2025</b>	<b>(12 900)</b>	<b>11 663</b>	<b>1 260</b>	
<b>Net total positions as of 31 December 2025</b>	<b>242 211</b>	<b>1 553</b>	<b>(657)</b>	
<b>Net total positions as of 31 December 2024</b>	<b>252 601</b>	<b>(1 364)</b>	<b>(433)</b>	

#### 4. Risk management, continued

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

The Bank	EUR '000 EUR	USD '000 EUR	Other currencies '000 EUR	Total '000 EUR
<b>Financial assets</b>				
Cash and balances due from the Bank of Latvia	247 979	153	11	<b>248 143</b>
Financial assets at fair value through profit or loss	398	7 470	154	<b>8 022</b>
Deposits and balances due from banks	2 677	6 873	6 496	<b>16 046</b>
Loans and receivables due from customers	656 244	31 552	647	<b>688 443</b>
Financial assets at fair value through other comprehensive income	169 016	44 293	15	<b>213 324</b>
Debt securities at amortised cost	44 421	357	-	<b>44 778</b>
Other financial assets	8 754	1	1 989	<b>10 744</b>
<b>Total financial assets</b>	<b>1 129 489</b>	<b>90 699</b>	<b>9 312</b>	<b>1 229 500</b>
<b>Financial liabilities</b>				
Financial instruments at fair value through profit or loss	2 534	-	-	<b>2 534</b>
Deposits and balances due to banks	10 091	362	90	<b>10 543</b>
Current accounts and deposits due to customers	860 956	59 885	9 236	<b>930 077</b>
Other financial liabilities	34 598	138	291	<b>35 027</b>
<b>Total financial liabilities</b>	<b>908 179</b>	<b>60 385</b>	<b>9 617</b>	<b>978 181</b>
<b>Net position as of 31 December 2024</b>	<b>221 310</b>	<b>30 314</b>	<b>(305)</b>	
<b>Net off balance sheet positions as of 31 December 2025</b>	<b>31 291</b>	<b>(31 678)</b>	<b>(128)</b>	
<b>Net total positions as of 31 December 2024</b>	<b>252 601</b>	<b>(1 364)</b>	<b>(433)</b>	
<b>Net total positions as of 31 December 2023</b>	<b>253 753</b>	<b>(3 598)</b>	<b>(635)</b>	

#### (d) Interest rate risk in the portfolio of the Bank

Interest rate risk is the risk that the Bank or its subsidiaries may suffer a loss from an adverse effect on the economic value of equity or net interest income, taking into account respective changes in market value arising from any adverse movements in the interest rates affecting the interest rate sensitive instruments.

#### 4. Risk management, continued

The Bank and the Group use a number of risk metrics, including the Business Recovery Plan and the Emergency Funding Plan, risk appetite, tolerance and capacity levels, risk limits and key risk indicators to measure, monitor and control interest rate risk in the non-trading book. These risk indicators are monitored and calibrated regularly. They are measured using the EVE (economic value of equity) and NII (net interest income) methods:

- the change in the economic value of the economic value of equity as the difference between the expected economic value or the economic value of the equity under the stress test scenario and the outcome of the baseline scenario;
- the change in net interest income as the difference between the expected net interest income of the stress test scenario and the outcome of the baseline scenario.

The Bank and the Group calculate interest rate risk in the non-trading book in accordance with Bank of Latvia Regulations No. 254 Rules for the Management of Interest Rate Risk in the Non-Trading Book and Credit Spread Risk in the Non-Trading Book and the EBA Guidelines on Interest Rate Risk and Credit Spread Risk Management (EBA/GL/2022/14). The Risk Management Policy and the Financial Risk Management Policy and related internal regulations set out the approach to the management and control of these risks and the calculation of the EVE and NII for the Bank and the Group.

The Risk Department prepares quarterly risk control reports, which include EVE and NII. The EVE and NII modelling results are summarised in the following table:

The Group '000 EUR	2025		2024	
	Changes in the economic value of equity	Changes in net interest income	Changes in the economic value of equity	Changes in net interest income
Parallel shock up (+200bp)	(3 669)	4 223	(9 570)	2 780
Parallel shock down (-200bp)	(604)	(9 007)	3 965	(5 704)
Steepener shock	66	-	(1 902)	-
Flattener shock	(204)	-	(3)	-
Short term rates shock up	(70)	-	(2 970)	-
Short term rates shock down	(3 159)	-	524	-

The Bank '000 EUR	2025		2024	
	Changes in the economic value of equity	Changes in net interest income	Changes in the economic value of equity	Changes in net interest income
Parallel shock up (+200bp)	(3 798)	4 615	(7 599)	3 586
Parallel shock down (-200bp)	(415)	(9 519)	2 886	(7 346)
Steepener shock	(199)	-	(1 659)	-
Flattener shock	(48)	-	(0)	0
Short term rates shock up	83	-	(1 912)	-
Short term rates shock down	(3 259)	-	(41)	-

In order to identify the interest rate risk in the non-trading book, the Bank and the Group use the following indicators:

- the GAP assessment, including the revaluation gap method, the full revaluation approach as well as the analysis of parallel and non-parallel interest rate shocks;
- duration analysis, including calculations of modified duration and partially modified duration;
- baseline risk and behavioural optionality impact assessment;
- grouping interest-rate-sensitive instruments by interest rate types and built-in options;
- the results of the economic value (EVE) and net interest income (NII) stress tests.

#### 4. Risk management, continued

The following table shows an analysis of term structure of the interest rate contracted re-pricing risk of financial assets and liabilities of the Group as at 31 December 2025, based on the earlier of contractual interest rate repricing or maturity:

The Group	Less than 1 month '000 EUR	1 to 3 months '000 EUR	3 months to 1 year '000 EUR	1 to 5 years '000 EUR	More than 5 years '000 EUR	Non- interest bearing '000 EUR	Total '000 EUR
<b>Financial assets</b>							
Cash and balances due from the Bank of Latvia	348 653	-	-	-	-	822	<b>349 475</b>
Financial assets at fair value through profit or loss	-	-	-	-	-	9 347	<b>9 347</b>
Deposits and balances due from banks	14 026	-	-	-	-	8 358	<b>22 384</b>
Loans and receivables due from customers	126 368	381 529	12 583	84 891	17 823	5 014	<b>628 208</b>
Financial assets at fair value through other comprehensive income	18 824	21 877	43 484	67 448	23 505	-	<b>175 138</b>
Debt securities at amortised cost	827	3 153	2 168	27 178	2 857	-	<b>36 183</b>
<b>Total financial assets</b>	<b>508 698</b>	<b>406 559</b>	<b>58 235</b>	<b>179 517</b>	<b>44 185</b>	<b>23 541</b>	<b>1 220 735</b>
<b>Financial liabilities</b>							
Deposits and balances due to banks	14 518	-	-	-	-	-	<b>14 518</b>
Current accounts and deposits due to customers	331 976	61 753	285 224	283 243	1 745	464	<b>964 405</b>
<b>Total financial liabilities</b>	<b>346 494</b>	<b>61 753</b>	<b>285 224</b>	<b>283 243</b>	<b>1 745</b>	<b>464</b>	<b>978 923</b>
<b>Net position as at 31 December 2025</b>	<b>162 204</b>	<b>344 806</b>	<b>(226 989)</b>	<b>(103 726)</b>	<b>42 440</b>	<b>23 077</b>	
<b>Net position as at 31 December 2024</b>	<b>87 851</b>	<b>252 943</b>	<b>(213 893)</b>	<b>46 042</b>	<b>53 097</b>	<b>31 267</b>	

#### 4. Risk management, continued

The following table shows an analysis of term structure of the interest rate contracted re-pricing risk of financial assets and liabilities of the Group as at 31 December 2024, based on the earlier of contractual interest rate repricing or maturity:

The Group	Less than 1 month '000 EUR	1 to 3 months '000 EUR	3 months to 1 year '000 EUR	1 to 5 years '000 EUR	More than 5 years '000 EUR	Non- interest bearing '000 EUR	Total '000 EUR
<b>Financial assets</b>							
Cash and balances due from the Bank of Latvia	247 803	-	-	-	-	358	<b>248 161</b>
Financial assets at fair value through profit or loss	-	-	-	-	-	8 515	<b>8 515</b>
Deposits and balances due from banks	17 530	-	-	-	-	51	<b>17 581</b>
Loans and receivables due from customers	122 880	275 223	9 318	203 552	21 212	24 877	<b>657 062</b>
Financial assets at fair value through other comprehensive income	13 824	35 174	64 400	67 359	32 567	-	<b>213 324</b>
Debt securities at amortised cost	1 124	30 369	6 533	5 742	1 010	-	<b>44 778</b>
<b>Total financial assets</b>	<b>403 161</b>	<b>340 766</b>	<b>80 251</b>	<b>276 653</b>	<b>54 789</b>	<b>33 801</b>	<b>1 189 421</b>
<b>Financial liabilities</b>							
Financial instruments at fair value through profit or loss	-	-	-	-	-	2 534	<b>2 534</b>
Deposits and balances due to banks	10 543	-	-	-	-	-	<b>10 543</b>
Current accounts and deposits due to customers	304 767	87 823	294 144	230 611	1 692	-	<b>919 037</b>
<b>Total financial liabilities</b>	<b>315 310</b>	<b>87 823</b>	<b>294 144</b>	<b>230 611</b>	<b>1 692</b>	<b>2 534</b>	<b>932 114</b>
<b>Net position as at 31 December 2024</b>	<b>87 851</b>	<b>252 943</b>	<b>(213 893)</b>	<b>46 042</b>	<b>53 097</b>	<b>31 267</b>	
<b>Net position as at 31 December 2023</b>	<b>253 689</b>	<b>208 272</b>	<b>(238 703)</b>	<b>(12 481)</b>	<b>16 338</b>	<b>27 985</b>	

#### 4. Risk management, continued

The following table shows an analysis of term structure of the interest rate contracted re-pricing risk of financial assets and liabilities of the Bank as at 31 December 2025, based on the earlier of contractual interest rate repricing or maturity:

The Bank	Less than 1 month '000 EUR	1 to 3 months '000 EUR	3 months to 1 year '000 EUR	1 to 5 years '000 EUR	More than 5 years '000 EUR	Non- interest bearing '000 EUR	Total '000 EUR
<b>Financial assets</b>							
Cash and balances due from the Bank of Latvia	348 653	-	-	-	-	791	<b>349 444</b>
Financial assets at fair value through profit or loss	-	-	-	-	-	8 914	<b>8 914</b>
Deposits and balances due from banks	12 074	-	-	-	-	8 358	<b>20 432</b>
Loans and receivables due from customers	125 055	435 211	9 098	78 538	-	4 557	<b>652 459</b>
Financial assets at fair value through other comprehensive income	22 486	36 553	35 510	22 076	58 513	-	<b>175 138</b>
Debt securities at amortised cost	25 704	4 384	1 355	3 724	1 016	-	<b>36 183</b>
<b>Total financial assets</b>	<b>533 972</b>	<b>476 148</b>	<b>45 963</b>	<b>104 338</b>	<b>59 529</b>	<b>22 620</b>	<b>1 242 570</b>
<b>Financial liabilities</b>							
Deposits and balances due to banks	14 518	-	-	-	-	-	<b>14 518</b>
Current accounts and deposits due to customers	335 262	62 025	298 242	289 375	1 745	-	<b>986 649</b>
<b>Total financial liabilities</b>	<b>349 780</b>	<b>62 025</b>	<b>298 242</b>	<b>289 375</b>	<b>1 745</b>	<b>-</b>	<b>1 001 167</b>
<b>Net position as at 31 December 2025</b>	<b>184 192</b>	<b>414 123</b>	<b>(252 279)</b>	<b>(185 037)</b>	<b>57 784</b>	<b>22 620</b>	
<b>Net position as at 31 December 2024</b>	<b>77 298</b>	<b>342 443</b>	<b>(216 567)</b>	<b>5 719</b>	<b>31 886</b>	<b>34 823</b>	

#### 4. Risk management, continued

The following table shows an analysis of term structure of the interest rate contracted re-pricing risk of financial assets and liabilities of the Bank as at 31 December 2024, based on the earlier of contractual interest rate repricing or maturity:

The Bank	Less than 1 month '000 EUR	1 to 3 months '000 EUR	3 months to 1 year '000 EUR	1 to 5 years '000 EUR	More than 5 years '000 EUR	Non- interest bearing '000 EUR	Total '000 EUR
<b>Financial assets</b>							
Cash and balances due from the Bank of Latvia	247 803	-	-	-	-	340	248 143
Financial assets at fair value through profit or loss	-	-	-	-	-	8 022	8 022
Deposits and balances due from banks	15 995	-	-	-	-	51	16 046
Loans and receivables due from customers	121 031	365 843	9 394	163 230	1	28 944	688 443
Financial assets at fair value through other comprehensive income	13 824	35 174	64 400	67 359	32 567	-	213 324
Debt securities at amortised cost	1 124	30 369	6 533	5 741	1 011	-	44 778
<b>Total financial assets</b>	<b>399 777</b>	<b>431 386</b>	<b>80 327</b>	<b>236 330</b>	<b>33 579</b>	<b>37 357</b>	<b>1 218 756</b>
<b>Financial liabilities</b>							
Financial instruments at fair value through profit or loss	-	-	-	-	-	2 534	2 534
Deposits and balances due to banks	10 543	-	-	-	-	-	10 543
Current accounts and deposits due to customers	311 936	88 943	296 894	230 611	1 693	-	930 077
<b>Total financial liabilities</b>	<b>322 479</b>	<b>88 943</b>	<b>296 894</b>	<b>230 611</b>	<b>1 693</b>	<b>2 534</b>	<b>943 154</b>
<b>Net position as at 31 December 2024</b>	<b>77 298</b>	<b>342 443</b>	<b>(216 567)</b>	<b>5 719</b>	<b>31 886</b>	<b>34 823</b>	
<b>Net position as at 31 December 2023</b>	<b>244 009</b>	<b>279 911</b>	<b>(245 086)</b>	<b>(30 800)</b>	<b>(1 657)</b>	<b>36 606</b>	

#### (e) Liquidity risk

Liquidity risk is a risk, that the Bank or the Subsidiary may incur losses when they are unable to meet their obligations to the Clients due to the lack of highly liquid assets (cash in hand, balances in correspondents' accounts) or in situations where the sum of all the Bank's claims on any date is significantly less than the amount of liabilities on the same date.

The Bank and the Group use a number of risk metrics, including the Business Recovery Plan and the Emergency Funding Plan, risk appetite, tolerance and capacity levels, risk limits and key risk indicators to measure, monitor and control liquidity risk in the portfolio. These risk indicators are monitored regularly. These risk indicators include the Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR), Internal Liquidity Ratio, Liquidity Position Ratio, LCR survival horizon, etc.

## 4. Risk management, continued

The Treasury Department is responsible for liquidity risk management in the first line of defence, while the Risk Department provides independent liquidity control and monitoring in the second line of defence. In addition, the Bank has established an Asset and Liability Committee (ALCO) to monitor liquidity risk. It approves the purchase or sale of financial instruments to ensure adequate liquidity buffers, reviews liquidity-related reports, sets deposit rates in Latvia and on deposit-taking platforms and monitors deposit-taking dynamics.

The Risk Department prepares daily, weekly, monthly and quarterly risk control reports to monitor liquidity risk. One of the most important tools for identifying liquidity risk is scenario analysis. The Bank and the Group use a number of scenarios of varying severity and duration, determining the risk appetite, tolerance and capacity for each scenario. They provide an indication of the potential magnitude of losses that could occur under different liquidity crisis conditions.

In addition, the Risk Department prepares a monthly report, which includes regulatory and internal liquidity risk indicators and their actual execution, including deposit structure, summary of financing costs, term structure of assets and liabilities, loan-deposit ratio, comparison with the Latvian banking sector, etc. This report is discussed with the Treasury Department and submitted to the Assets and Liabilities Committee.

### Liquidity coverage ratio

The Group and the Bank comply with the LCR calculation principles set out in Regulation (EU) 575/2013. The minimum LCR requirement is 100% and reflects the liquidity available to cover estimated future net liquidity outflows. The table below shows the liquidity coverage ratio of the Bank and the Group as a percentage:

	31 Dec 2025 '000 EUR Group	31 Dec 2025 '000 EUR Bank	31 Dec 2024 '000 EUR Group	31 Dec 2024 '000 EUR Bank
Liquidity buffer	423 515	423 484	328 431	328 413
Net liquidity outflow	154 170	154 723	126 854	127 018
<b>LCR</b>	<b>274.71%</b>	<b>273.70%</b>	<b>258.90%</b>	<b>258.56%</b>
<b>Max for period</b>	<b>346.40%</b>	<b>345.56%</b>	<b>460.88%</b>	<b>463.88%</b>
<b>Min for period</b>	<b>235.54%</b>	<b>235.12%</b>	<b>201.57%</b>	<b>201.76%</b>
<b>Average for period</b>	<b>291.20%</b>	<b>290.17%</b>	<b>336.17%</b>	<b>338.04%</b>

### Net stable funding ratio

The principles for calculating the NSFR for the Bank and the Group are laid down in Regulation (EU) 575/2013. The NSFR is determined as the ratio of available stable funding (ASF) and the Required Stable Funding (RSF). The minimum NSFR requirement is 100%. The table below shows the NSFR of the Bank and the Group as a percentage:

	31 Dec 2025 '000 EUR Group	31 Dec 2025 '000 EUR Bank	31 Dec 2024 '000 EUR Group	31 Dec 2024 '000 EUR Bank
Available stable funding	1 079 252	1 067 797	1 110 517	1 097 079
Required stable funding	831 568	828 421	905 106	902 207
<b>NSFR</b>	<b>129.79%</b>	<b>128.90%</b>	<b>122.69%</b>	<b>121.60%</b>
<b>Max for period</b>	<b>129.79%</b>	<b>128.90%</b>	<b>126.45%</b>	<b>122.64%</b>
<b>Min for period</b>	<b>119.82%</b>	<b>119.24%</b>	<b>119.84%</b>	<b>119.43%</b>
<b>Average for period</b>	<b>122.57%</b>	<b>122.43%</b>	<b>122.60%</b>	<b>121.11%</b>

#### 4. Risk management, continued

Assets, liabilities and off-balance sheet items are presented according to the contractual maturity, except that financial assets at fair value through other comprehensive income are presented according to their possible realisation terms, taking into account their liquidity as at December 31, 2025:

The Group	Less than 1 month '000 EUR	1 to 3 months '000 EUR	3 months to 1 year '000 EUR	1 to 5 years '000 EUR	More than 5 years or no maturity '000 EUR	Total '000 EUR
<b>Financial assets</b>						
Other financial assets	349 475	-	-	-	-	<b>349 475</b>
Total financial assets						
Financial liabilities						
Financial assets at fair value through profit or loss	8 914	-	-	-	433	<b>9 347</b>
Deposits and balances due from banks	22 384	-	-	-	-	<b>22 384</b>
Loans and receivables due from customers	95 636	6 816	37 981	433 760	54 015	<b>628 208</b>
Financial assets at fair value through other comprehensive income	174 498	-	640	-	-	<b>175 138</b>
Debt securities at amortised cost	2 337	2 862	1 813	28 155	1 016	<b>36 183</b>
Other financial assets	14 120	-	-	24	-	<b>14 144</b>
<b>Total financial assets</b>	<b>667 364</b>	<b>9 678</b>	<b>40 434</b>	<b>461 939</b>	<b>55 464</b>	<b>1 234 879</b>
<b>Financial liabilities</b>						
Deposits and balances due to banks	14 518	-	-	-	-	14 518
Current accounts and deposits due to customers	619 763	42 002	212 415	88 717	1 508	<b>964 405</b>
Lease liability	20	40	171	619	-	<b>850</b>
Other financial liabilities	28 054	-	-	3 783	-	<b>31 837</b>
<b>Total financial liabilities</b>	<b>662 355</b>	<b>42 042</b>	<b>212 586</b>	<b>93 119</b>	<b>1 508</b>	<b>1 011 610</b>
<b>Net balance sheet position as at 31 December 2025</b>	<b>5 009</b>	<b>(32 364)</b>	<b>(172 152)</b>	<b>368 820</b>	<b>53 956</b>	<b>223 269</b>
<b>Off balance sheet position as at 31 December 2025</b>	<b>150 557</b>	-	-	-	-	<b>150 557</b>

## 4. Risk management, continued

The Bank	Less than 1 month '000 EUR	1 to 3 months '000 EUR	3 months to 1 year '000 EUR	1 to 5 years '000 EUR	More than 5 years or no maturity '000 EUR	Total '000 EUR
<b>Financial assets</b>						
Cash and balances due from the Bank of Latvia	349 444	-	-	-	-	<b>349 444</b>
Financial assets at fair value through profit or loss	8 914	-	-	-	-	<b>8 914</b>
Deposits and balances due from banks	20 432	-	-	-	-	<b>20 432</b>
Loans and receivables due from customers	94 307	6 068	34 666	482 189	35 229	<b>652 459</b>
Financial assets at fair value through other comprehensive income	174 498	-	640	-	-	<b>175 138</b>
Debt securities at amortised cost	2 337	2 862	1 813	28 155	1 016	<b>36 183</b>
Other financial assets	13 192	-	-	9	-	<b>13 201</b>
<b>Total financial assets</b>	<b>663 124</b>	<b>8 930</b>	<b>37 119</b>	<b>510 353</b>	<b>36 245</b>	<b>1 255 771</b>
<b>Financial liabilities</b>						
Deposits and balances due to banks	14 518	-	-	-	-	<b>14 518</b>
Current accounts and deposits due to customers	622 584	42 274	225 434	94 849	1 508	<b>986 649</b>
Lease liability	5	10	43	231	-	<b>289</b>
Other financial liabilities	11 231	-	-	-	-	<b>11 231</b>
<b>Total financial liabilities</b>	<b>648 338</b>	<b>42 284</b>	<b>225 477</b>	<b>95 080</b>	<b>1 508</b>	<b>1 012 687</b>
<b>Net balance sheet position as at 31 December 2025</b>	<b>14 786</b>	<b>(33 354)</b>	<b>(188 358)</b>	<b>415 273</b>	<b>34 737</b>	<b>243 084</b>
<b>Off balance sheet position as at 31 December 2025</b>	<b>160 814</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>160 814</b>

## 4. Risk management, continued

Assets, liabilities and off-balance sheet items are presented according to the contractual maturity, except that financial assets at fair value through other comprehensive income are presented according to their possible realisation terms, taking into account their liquidity as at December 31, 2024:

The Group	Less than 1 month '000 EUR	1 to 3 months '000 EUR	3 months to 1 year '000 EUR	1 to 5 years '000 EUR	More than 5 years or no maturity '000 EUR	Total '000 EUR
<b>Financial assets</b>						
Cash and balances due from the Bank of Latvia	248 161	-	-	-	-	248 161
Financial assets at fair value through profit or loss	8 022	-	-	-	493	8 515
Deposits and balances due from banks	17 581	-	-	-	-	17 581
Loans and receivables due from customers	70 009	10 019	52 937	494 450	29 647	657 062
Financial assets at fair value through other comprehensive income	212 576	-	-	748	-	213 324
Debt securities at amortised cost	4 488	341	2 783	36 155	1 011	44 778
Other financial assets	5 702	-	-	71	-	5 773
<b>Total financial assets</b>	<b>566 539</b>	<b>10 360</b>	<b>55 720</b>	<b>531 424</b>	<b>31 151</b>	<b>1 195 194</b>
<b>Financial liabilities</b>						
Financial instruments at fair value through profit or loss	529	-	-	2 005	-	2 534
Deposits and balances due to banks	10 543	-	-	-	-	10 543
Current accounts and deposits due to customers	466 979	73 963	244 205	132 390	1 500	919 037
Lease liability	14	21	68	148	127	378
Other financial liabilities	24 808	-	101	408	-	25 317
<b>Total financial liabilities</b>	<b>502 873</b>	<b>73 984</b>	<b>244 374</b>	<b>134 951</b>	<b>1 627</b>	<b>957 809</b>
<b>Net balance sheet position as at 31 December 2024</b>	<b>63 666</b>	<b>(63 624)</b>	<b>(188 654)</b>	<b>396 473</b>	<b>29 524</b>	<b>237 385</b>
<b>Off balance sheet position as at 31 December 2024</b>	<b>108 109</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>108 109</b>
<b>The bank</b>						
	Less than 1 month '000 EUR	1 to 3 months '000 EUR	3 months to 1 year '000 EUR	1 to 5 years '000 EUR	More than 5 years or no maturity '000 EUR	Total '000 EUR
<b>Financial assets</b>						
Cash and balances due from the Bank of Latvia	248 143	-	-	-	-	248 143
Financial assets at fair value through profit or loss	8 022	-	-	-	-	8 022
Deposits and balances due from banks	16 046	-	-	-	-	16 046
Loans and receivables due from customers	68 598	24 984	53 191	508 780	32 890	688 443
Financial assets at fair value through other comprehensive income	212 576	-	-	748	-	213 324
Debt securities at amortised cost	4 487	341	2 783	36 156	1 011	44 778
Other financial assets	4 224	-	-	6 520	-	10 744
<b>Total financial assets</b>	<b>562 096</b>	<b>25 325</b>	<b>55 974</b>	<b>552 204</b>	<b>33 901</b>	<b>1 229 500</b>
<b>Financial liabilities</b>						
Financial instruments at fair value through profit or loss	529	-	-	2 005	-	2 534
Deposits and balances due to banks	10 543	-	-	-	-	10 543
Current accounts and deposits due to customers	474 149	75 083	246 955	132 390	1 500	930 077
Lease liability	186	374	1 681	8 964	12 990	24 195
Other financial liabilities	10 831	-	1	-	-	10 832
<b>Total financial liabilities</b>	<b>496 238</b>	<b>75 457</b>	<b>248 637</b>	<b>143 359</b>	<b>14 490</b>	<b>978 181</b>
<b>Net balance sheet position as at 31 December 2024</b>	<b>65 858</b>	<b>(50 132)</b>	<b>(192 663)</b>	<b>408 845</b>	<b>19 411</b>	<b>251 319</b>
<b>Off balance sheet position as at 31 December 2024</b>	<b>129 044</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>129 044</b>

## 4. Risk management, continued

Analysis of non-discounted cash flows of financial liabilities:

The Group 31 December 2025 '000 EUR	On demand and less than 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	Total gross amount outflow/ (inflow)	Carrying amount
<b>Non-derivative liabilities</b>							
Deposits and balances due to banks	14 518	-	-	-	-	14 518	14 518
Current accounts and deposits due to customers	622 606	42 274	225 434	94 849	1 508	986 671	964 405
Lease liabilities	20	40	172	619	43	894	850
Other financial liabilities	28 054	-	-	(3 693)	-	24 361	31 837
<b>Total</b>	<b>665 198</b>	<b>42 314</b>	<b>225 606</b>	<b>91 775</b>	<b>1 551</b>	<b>1 026 444</b>	<b>1 011 610</b>
<b>Guarantees (maximum credit risk exposure)</b>	<b>340</b>	<b>1 435</b>	<b>10 378</b>	<b>5 499</b>	<b>-</b>	<b>17 652</b>	<b>17 651</b>
<b>Credit related commitments (maximum credit risk exposure)</b>	<b>132 879</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>132 879</b>	<b>132 879</b>
<b>The Group 31 December 2024 '000 EUR"</b>							
The Group 31 December 2024 '000 EUR"	On demand and less than 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	Total gross amount outflow/ (inflow)	Carrying amount
<b>Non-derivative liabilities</b>							
Deposits and balances due to banks	10 543	-	-	-	-	10 543	10 543
Current accounts and deposits due to customers	468 081	76 626	257 723	147 709	2 010	952 149	919 037
Lease liabilities	17	20	77	189	314	617	378
Other financial liabilities	24 734	-	103	480	-	25 317	25 317
Derivative liabilities settled on a net basis	529	-	-	2 005	-	2 534	2 534
<b>Total</b>	<b>503 904</b>	<b>76 646</b>	<b>257 903</b>	<b>150 383</b>	<b>2 324</b>	<b>991 160</b>	<b>957 809</b>
<b>Guarantees (maximum credit risk exposure)</b>	<b>9</b>	<b>3 101</b>	<b>10 477</b>	<b>4 579</b>	<b>-</b>	<b>18 166</b>	<b>18 166</b>
<b>Credit related commitments (maximum credit risk exposure)</b>	<b>89 376</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>89 376</b>	<b>89 379</b>

## 4. Risk management, continued

Analysis of non-discounted cash flows of financial liabilities:

<b>The Bank 31 December 2025 '000 EUR</b>	<b>On demand and less than 1 month</b>	<b>From 1 to 3 months</b>	<b>From 3 months to 1 year</b>	<b>From 1 year to 5 years</b>	<b>More than 5 years</b>	<b>Total gross amount outflow/ (inflow)</b>	<b>Carrying amount</b>
<b>Non-derivative liabilities</b>							
Deposits and balances due to banks	14 518	-	-	-	-	<b>14 518</b>	<b>14 518</b>
Current accounts and deposits due to customers	622 640	42 439	229 668	101 687	1 914	<b>998 348</b>	<b>986 649</b>
Lease liabilities	5	10	43	231	43	<b>332</b>	<b>289</b>
Other financial liabilities	11 012	118	-	-	-	<b>11 130</b>	<b>11 231</b>
<b>Total</b>	<b>648 175</b>	<b>42 567</b>	<b>229 711</b>	<b>101 918</b>	<b>1 957</b>	<b>1 024 328</b>	<b>1 012 687</b>
<b>Guarantees (maximum credit risk exposure)</b>	<b>340</b>	<b>1 434</b>	<b>10 378</b>	<b>5 499</b>	<b>-</b>	<b>17 651</b>	<b>17 651</b>
<b>Credit related commitments (maximum credit risk exposure)</b>	<b>132 750</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>132 750</b>	<b>132 750</b>
<b>The Bank 31 December 2024 '000 EUR</b>							
<b>The Bank 31 December 2024 '000 EUR</b>	<b>On demand and less than 1 month</b>	<b>From 1 to 3 months</b>	<b>From 3 months to 1 year</b>	<b>From 1 year to 5 years</b>	<b>More than 5 years</b>	<b>Total gross amount outflow/ (inflow)</b>	<b>Carrying amount</b>
<b>Non-derivative liabilities</b>							
Deposits and balances due to banks	10 543	-	-	-	-	<b>10 543</b>	<b>10 543</b>
Current accounts and deposits due to customers	475 339	77 880	260 939	147 643	2 012	<b>963 813</b>	<b>930 077</b>
Lease liabilities	182	365	1 640	8 742	20 849	<b>31 778</b>	<b>24 195</b>
Other financial liabilities	10 831	-	1	-	-	<b>10 832</b>	<b>10 832</b>
Derivative liabilities settled on a net basis	529	-	-	2 005	-	<b>2 534</b>	<b>2 534</b>
<b>Total</b>	<b>497 424</b>	<b>78 245</b>	<b>262 580</b>	<b>158 390</b>	<b>22 861</b>	<b>1 019 500</b>	<b>978 181</b>
<b>Guarantees (maximum credit risk exposure)</b>	<b>9</b>	<b>3 101</b>	<b>10 477</b>	<b>4 579</b>	<b>-</b>	<b>18 166</b>	<b>18 166</b>
<b>Credit related commitments (maximum credit risk exposure)</b>	<b>83 264</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>83 264</b>	<b>83 264</b>

## 4. Risk management, continued

Breakdown of assets, liabilities and off-balance sheet items by geographical profile:

The Group 31 December 2025 '000 EUR					Total
	Latvia	Other Baltic countries	Other EU countries	Other coun- tries	
Cash and due from Bank of Latvia	349 475	-	-	-	<b>349 475</b>
Financial instruments at fair value through profit or loss	523	-	277	8 547	<b>9 347</b>
Deposits and balances due from banks	455	-	9 175	12 754	<b>22 384</b>
Loans and receivables due from customers	504 640	22 479	50 515	50 574	<b>628 208</b>
Financial instruments at fair value through other comprehensive income	1 894	3 938	91 125	78 181	<b>175 138</b>
Financial instruments at amortised costs	5 992	2 448	25 883	1 860	<b>36 183</b>
Property and equipment	30 502	-	-	38 091	<b>68 593</b>
Intangible assets	1 885	94	-	39	<b>2 018</b>
Deferred tax asset	272	-	-	8	<b>280</b>
Investment property	69 137	-	-	-	<b>69 137</b>
Non-current assets held for sale	40	-	-	-	<b>40</b>
Current tax asset	-	-	-	13	<b>13</b>
Other assets	16 549	33	1 369	1 112	<b>19 063</b>
<b>Total Assets</b>	<b>981 364</b>	<b>28 992</b>	<b>178 344</b>	<b>191 179</b>	<b>1 379 879</b>
Deposits and balances due to banks	-	-	100	14 418	<b>14 518</b>
Current accounts and deposits due to customers	425 296	46 481	280 494	212 134	<b>964 405</b>
Provisions	520	3	30 000	19	<b>30 542</b>
Current tax liabilities	885	-	-	-	<b>885</b>
Other liabilities and accruals	8 810	96	653	32 244	<b>41 803</b>
<b>Total Liabilities</b>	<b>435 511</b>	<b>46 580</b>	<b>311 247</b>	<b>258 815</b>	<b>1 052 153</b>
<b>Commitments and Guarantees</b>	<b>144 674</b>	<b>462</b>	<b>12</b>	<b>5 409</b>	<b>150 557</b>

The Bank 31 December 2025 '000 EUR					Total
	Latvia	Other Baltic countries	Other EU countries	Other coun- tries	
Cash and due from Bank of Latvia	349 444	-	-	-	<b>349 444</b>
Financial instruments at fair value through profit or loss	130	-	237	8 547	<b>8 914</b>
Deposits and balances due from banks	-	-	9 175	11 257	<b>20 432</b>
Loans and receivables due from customers	505 449	22 464	50 515	74 031	<b>652 459</b>
Financial instruments at fair value through other comprehensive income	1 894	3 938	91 125	78 181	<b>175 138</b>
Financial instruments at amortised costs	5 992	2 448	25 883	1 860	<b>36 183</b>
Investments in associates and subsidiaries	31 880	-	320	1 659	<b>33 859</b>
Property and equipment	27 239	-	-	275	<b>27 514</b>
Intangible assets	1 885	94	-	35	<b>2 014</b>
Deferred tax asset	273	-	-	-	<b>273</b>
Investment property	40 835	-	-	-	<b>40 835</b>
Other assets	13 884	33	1 158	756	<b>15 831</b>
<b>Total Assets</b>	<b>978 905</b>	<b>28 977</b>	<b>178 413</b>	<b>176 601</b>	<b>1 362 896</b>
Deposits and balances due to banks	-	-	100	14 418	<b>14 518</b>
Current accounts and deposits due to customers	446 485	46 481	281 150	212 533	<b>986 649</b>
Provisions	585	3	30 000	18	<b>30 606</b>
Current tax liabilities	20	-	-	-	<b>20</b>
Other liabilities and accruals	717	96	100	17 975	<b>18 888</b>
<b>Total Liabilities</b>	<b>447 807</b>	<b>46 580</b>	<b>311 350</b>	<b>244 944</b>	<b>1 050 681</b>
<b>Commitments and Guarantees</b>	<b>154 575</b>	<b>461</b>	<b>12</b>	<b>5 766</b>	<b>160 814</b>

## 4. Risk management, continued

Breakdown of assets, liabilities and off-balance sheet items by geographical profile:

<b>The Group</b> <b>31 December 2024</b> <b>'000 EUR</b>	<b>Latvia</b>	<b>Other Baltic countries</b>	<b>Other EU countries</b>	<b>Other countries</b>	<b>Total</b>
Cash and due from Bank of Latvia	248 161	-	-	-	<b>248 161</b>
Financial instruments at fair value through profit or loss	576	-	201	7 738	<b>8 515</b>
Deposits and balances due from banks	421	-	10 458	6 702	<b>17 581</b>
Loans and receivables due from customers	443 316	51 254	57 172	105 320	<b>657 062</b>
Financial instruments at fair value through other comprehensive income	4 748	7 254	120 299	81 023	<b>213 324</b>
Financial instruments at amortised costs	9 772	3 058	28 793	3 155	<b>44 778</b>
Investments in associates and subsidiaries	37 955	-	-	-	<b>37 955</b>
Property and equipment	42 704	-	-	1 224	<b>43 928</b>
Intangible assets	1 773	28	-	11	<b>1 812</b>
Deferred tax asset	1 036	-	-	13	<b>1 049</b>
Investment property	66 946	-	-	13 093	<b>80 039</b>
Non-current assets held for sale	5 830	-	-	161	<b>5 991</b>
Current tax asset	-	-	-	17	<b>17</b>
Other assets	13 294	36	1 921	591	<b>15 842</b>
<b>Total Assets</b>	<b>876 532</b>	<b>61 630</b>	<b>218 844</b>	<b>219 048</b>	<b>1 376 054</b>
Financial instruments at fair value through profit or loss	2 005	-	-	529	<b>2 534</b>
Deposits and balances due to banks	-	-	-	10 543	<b>10 543</b>
Current accounts and deposits due to customers	330 853	20 084	358 944	209 156	<b>919 037</b>
Provisions	631	-	30 000	3	<b>30 634</b>
Current tax liabilities	2 853	-	-	-	<b>2 853</b>
Deferred tax liability	750	-	-	-	<b>750</b>
Other liabilities and accruals	34 371	14	551	817	<b>35 753</b>
<b>Total Liabilities</b>	<b>371 463</b>	<b>20 098</b>	<b>389 495</b>	<b>221 048</b>	<b>1 002 104</b>
<b>Commitments and Guarantees</b>	<b>96 961</b>	<b>3 350</b>	<b>2</b>	<b>7 796</b>	<b>108 109</b>

## 4. Risk management, continued

Breakdown of assets, liabilities and off-balance sheet items by geographical profile:

The Bank 31 December 2024 '000 EUR					Total
	Latvia	Other Baltic countries	Other EU countries	Other countries	
Cash and due from Bank of Latvia	248 143	-	-	-	<b>248 143</b>
Financial instruments at fair value through profit or loss	123	-	161	7 738	<b>8 022</b>
Deposits and balances due from banks	-	-	10 458	5 588	<b>16 046</b>
Loans and receivables due from customers	465 489	51 222	57 085	114 647	<b>688 443</b>
Financial instruments at fair value through other comprehensive income	4 748	7 254	120 299	81 023	<b>213 324</b>
Financial instruments at amortised costs	9 772	3 058	28 793	3 155	<b>44 778</b>
Investments in associates and subsidiaries	72 098	-	320	2 362	<b>74 780</b>
Property and equipment	27 562	-	-	320	<b>27 882</b>
Intangible assets	1 768	28	-	6	<b>1 802</b>
Deferred tax asset	1 036	-	-	-	<b>1 036</b>
Investment property	33 420	-	-	-	<b>33 420</b>
Non-current assets held for sale	1 126	-	-	-	<b>1 126</b>
Other assets	10 733	36	1 913	449	<b>13 131</b>
<b>Total Assets</b>	<b>876 018</b>	<b>61 598</b>	<b>219 029</b>	<b>215 288</b>	<b>1 371 933</b>
Financial instruments at fair value through profit or loss	2 005	-	-	529	<b>2 534</b>
Deposits and balances due to banks	-	-	-	10 543	<b>10 543</b>
Current accounts and deposits due to customers	341 032	20 084	359 805	209 156	<b>930 077</b>
Provisions	706	-	30 000	3	<b>30 709</b>
Current tax liabilities	2 793	-	-	-	<b>2 793</b>
Other liabilities and accruals	40 060	11	532	472	<b>41 075</b>
<b>Total Liabilities</b>	<b>386 596</b>	<b>20 095</b>	<b>390 337</b>	<b>220 703</b>	<b>1 017 731</b>
<b>Commitments and Guarantees</b>	<b>105 623</b>	<b>3 350</b>	<b>2</b>	<b>20 069</b>	<b>129 044</b>

### (f) Risk of money laundering and terrorism and proliferation financing, and violation of sanctions

The risk of money laundering and terrorism and proliferation financing (ML/TF/PF) is the impact and likelihood that the credit institution may be used in the ML/TF/PF and breach of sanctions in relation to the financial services it provides, its customer base, the geographic operational profile of its customers and the product and services supply channels.

The objective of the operating policy of the Bank is to provide business activities pursuant to national and international statutory regulations thus minimising its risk to get involved in and transactions related to any breach of AML/CFTP and sanctions thus protecting the Bank from possible losses and preventing damage to the reputation of the Bank and possible loss of customer confidence.

To achieve these objectives the Bank in its activity fulfils the following tasks:

- observes, fulfils and introduces in its activity requirements of statutory acts of the Republic of Latvia, European Union

and other binding international statutory acts, recommendations and guidelines of supervision authorities;

- according to requirements of the legislation and supervision authorities develops and implements appropriate internal regulatory documents, such as policies, procedures, etc;
- in accordance with statutory regulations, cooperates with state institutions and correspondent banks;
- ensures sufficient financial, material and human resources to implement the policies of the Bank;
- implements appropriate IT tools to manage effectively the ML/TF/PF and sanctions risks;
- organises and trains employees in such areas as ML/TF/PF prevention, compliance with sanction regimes and other legal obligations, as well as implementation of the policies of the Bank;
- in its daily activities, implement principles set forth in the policies of the Bank;
- controls the compliance with the policies of the Bank.

## 4. Risk management, continued

The Bank has formulated an internal compliance system (ICS) for ML/TF/PF risk mitigation and management encompassing specific activities and measures aimed at ensuring compliance with the AML/CFTP and law on sanctions and any bylaws thereof and other binding statutory regulations.

In accordance with the requirements of the AML/CTPF and sanctions regulatory enactments, the Bank has appointed a member of the Board who is responsible for the Bank's ML/TF/PF prevention activities and control of compliance with the AML/CTPF policy of the Bank and other external and internal AML/CTPF regulations in the activities of the Bank, including taking strategic decisions within the framework of the Bank policies together with the members of the Executive Board of the Bank.

The Bank has formed the Internal Control Committee i.e. a collegial body whose task, inter alia, is to make significant, long-term decisions on the measures to be taken to ensure the compliance of business activity of the Bank with the AML/CTPF and sanctions laws and compliance with the applicable sanctions regimes and to protect the Bank from any involvement in illegal activities, which may threaten the Bank's reputation, thus preventing possible losses.

The Bank has established a unit to oversee AML/CFT and sanctions risks—the Financial Crime Prevention Department. The unit's primary objective is to ensure appropriate control and management of AML/CFT and sanctions risks, customer identification and due diligence, monitoring of customer transactions, detection of suspicious transactions, and reporting to the competent authorities.

Pursuant to the AML/CTPF Law, the Bank has appointed the Head of the Anti-Financial Crime Department who ensures the compliance with the internal requirements of the Bank by making day-to-day decisions on the measures for implementing the policies of the Bank, including information exchange with the supervisory bodies.

The bank ensures compliance with international and national sanctions requirements, including sanctions imposed by the United Nations, the European Union, the Republic of Latvia, and the Office of Foreign Assets Control (OFAC).

The Bank's Sanctions Policy sets forth the key principles and requirements that govern how the Bank ensures compliance with the requirements of the sanctions regime to which it is subject.

Any business relations, including commencing or continuing relationship with a customer or provision of products or services or facilitation of transactions which the Bank believes may breach any binding statutory regulations are prohibited in the Bank.

Applying sanctions requirements, the Bank performs actions to freeze funds in accounts and economic resources belonging to, owned, held or controlled by designated natural or legal persons, entities or bodies, or natural or legal persons, entities or bodies associated with them. The Bank denies access to funds or economic resources to or for the benefit of designated natural or legal persons, entities or bodies, or natural or legal persons, entities or bodies associated with them. The Bank has implemented the procedure for reporting sanctions circumvention and violation as well as attempts of such activity to the competent authorities. The Bank ensures that the any transactions related to the subjects of sanctions are carried out in full compliance with the binding statutory regulations and permits and in consultation with the competent authority, i.e. the Financial Intelligence Service.

In order to ensure that the sanctions requirements are satisfied and the risks are effectively mitigated, the Bank has implemented the automated IT solutions/tools, that perform screening checks on customers, beneficial owners, representatives and other related persons, business partners, transactions details and counterparties.

The Bank has appointed a Sanctions Officer whose task is to improve, develop and supervise the internal regulations related to sanctions and to ensure that sanction supervision is implemented according to the best practice principles, efficiently, in good faith and comply with the requirements set forth by the Bank.

The Bank's main AML/CTPF sanctions policy principles are as follows:

- the Bank develops the ICS, including the relevant policies and procedures, in accordance with the kind of business of the Bank, assessing and gaining an understanding of the ML/TF/PF risk and

## 4. Risk management, continued

sanctions risk related to its activities and customers;

- the Bank allocates and contributes sufficient financial, material and intellectual resources to ensure due activity, to monitor its customers' activity and implement the policy of the Bank;
- the Bank ensures that the employees in charge with the customer identification, registration, servicing, monitoring and due diligence understand and acknowledge risks associated with ML/TF/PF and breach of sanctions regimes and organises regular AML/CTPF and sanction related staff training to improve their skills and knowledge, competence and quality of work.

The Bank has established a whistle-blowing system and enabled the possibility of internal and external, including anonymous, reporting on any breach of AML/CTPF or sanctions.

At least once every 18 calendar months, the Bank carries out an independent external audit of the sanction risk management ICS, including the IT solutions used, while the independent external audit of the ML/TF/PF risk management ICS, including the IT solutions used, is performed at least once every 3 years.

Pursuant to the requirements binding on the Bank, the ICS functions, including application of the Know Your Customer standards, conducting customer research/due diligence, monitoring of transactions in order to reduce the risk of being involved in possible violations related to AML/CTPF and national and international sanctions.

The Bank works only with such foreign banks which operate in the countries where the AML/CTPF and sanctions laws provides for effective risk management. The Bank does not cooperate with foreign shell banks, banks located in jurisdictions with low Know Your Customer standards or banks identified as those not managing the ML/TF/PF or sanctions risks.

All employees of the Bank whose duties include recruiting, identifying, servicing, researching and monitoring customer comply with the AML/CTPF and sanctions requirements.

The Bank's compliance with the AML/CTPF and sanctions requirements is regularly inspected by internal and external audits.

### (g) Operational risk

Operational risk is the risk that the Bank or its subsidiaries may incur losses as a result of inadequate or deficient internal processes, people and systems or external events. The objective of operational risk management is to manage, monitor and control operational risks and events without causing material damage to the Bank and the Group.

The Bank manages its operational risk at the Bank and Group level as part of its overall risk management system. It covers all operational areas, business processes and structural units of the Bank and Group. Business and support structural units are responsible for operational risk management as the first line of defence, while the Risk Board, Cybersecurity Risk Management Department, Financial Crime Prevention Department and Compliance Control Department ensure independent control and supervision of the second line of defence.

To measure, monitor and control operational risk, the Bank and the Group use various risk metrics, including limits for operational risk incidents and such events with a single root cause, the amount of outdated internal regulatory documents, staff turnover rates, IT system downtime, the relevance of outsourced risk assessments and the existence of exit strategies, as well as other internal indicators. These risk indicators are monitored regularly. The Bank and the Group develop and maintain business continuity plans for critical processes to manage them during disruptions. Business continuity plans are reviewed at least annually or after any significant changes in the affected processes.

In addition, the Bank and the Group use a wide range of stress tests to simulate the impact of various adverse operational risk scenarios. They provide an indication of the potential amount of losses that could occur under various circumstances.

The Bank and the Group use the following indicators to identify operational risk:

- changes (including new products and processes, IT systems, outsourcing, etc.);
- recommendations received (including regulatory and second and third line of defence findings);
- operational risk incidents;
- other known or emerging issues.

## 4. Risk management, continued

In addition, the Risk Board issues a quarterly report, which includes operational risk indicators, reported operational risk cases, stress test results, etc. This report is discussed and submitted to the Executive Board, the Council's Risk Committee and the Council.

### (h) Capital Management

The Bank and the Group maintain a strong capital base to meet regulatory capital and liquidity requirements at all times.

As at 31 December 2025, the individual minimum capital adequacy ratio for the Bank and the Group set forth by the regulator (Bank of Latvia) was 10.6% (2024: 10.9%). The Bank and the Group are also required to maintain a minimum common equity Tier 1 capital ratio of 5.96% and a minimum Tier 1 capital ratio of 7.95%.

In addition to the minimum capital adequacy

ratios, statutory regulations require the Group and the Bank to comply with the following additional capital requirements:

- the capital conservation buffer, which is set at 2.5% and must be met by common equity tier 1 capital;
- the countercyclical capital buffer, which is set at 0.95% based on the regional distribution of exposure of the Bank and Group;
- pillar 2 guidance (P2G), which is set at 2.0% to be maintained in addition to the mandatory capital requirements.

The Bank and the Group use the standardised approach to calculate the capital requirements for credit risk, market risk and operational risk. The Group and the Bank complied with all external regulatory capital requirements in 2025.

The following table shows the composition capital position of the Bank and the Group calculated in accordance with Regulation (EU) 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and amending Regulation (EU) 648/2012 (CRR):

	2025 '000 EUR Group	2025 '000 EUR Bank	2024 '000 EUR Group	2024 '000 EUR Bank
<b>Tier 1 capital</b>				
Share capital	168 916	168 916	168 916	168 916
Share premium	52 543	52 543	52 543	52 543
Other reserves	23	23	23	23
Accumulated other comprehensive income	2 044	(1 091)	379	(4 142)
Value adjustments due to the requirements for prudent valuation	(184)	(184)	(224)	(224)
Insufficient coverage for non-performing exposures	(880)	(812)	(1 900)	(1 868)
Retained earnings from prior years	126 240	124 404	134 880	123 982
Current year profit	(28 513)	(32 580)	11 234	12 881
Intangible assets	(2 018)	(2 014)	(1 812)	(1 802)
Deferred tax assets	(280)	(273)	(1 049)	(1 036)
Additional deductions of CET1 Capital due to Article 3 (CRR)	(45 216)	(43 683)	(72 495)	(68 858)
<b>Total tier 1 capital</b>	<b>272 675</b>	<b>265 249</b>	<b>290 495</b>	<b>280 415</b>
<b>Tier 2 capital</b>				
Long term deposits qualifying as regulatory capital	7 107	7 107	11 637	11 637
<b>Total tier 2 capital</b>	<b>7 107</b>	<b>7 107</b>	<b>11 637</b>	<b>11 637</b>
<b>Total capital</b>	<b>279 782</b>	<b>272 356</b>	<b>302 132</b>	<b>292 052</b>
<b>Total risk exposure amount</b>	<b>1 235 059</b>	<b>1 209 972</b>	<b>1 190 318</b>	<b>1 181 876</b>
<b>Capital Adequacy Ratio</b>	<b>22.65%</b>	<b>22.51%</b>	<b>25.38%</b>	<b>24.71%</b>

## 4. Risk management, continued

The calculations are performed based on prudential consolidation group in accordance with Article 19 of Regulation 575/2013.

### (i) Impact of Russia – Ukraine conflict

In light of the current situation in Ukraine, The Bank has taken the necessary measures to mitigate geopolitical risks to the Bank, the Group and its customers.

#### Compliance

International and national statutory requirements as regards the compliance with the sanctions are implemented by developing and applying appropriate internal regulatory enactments (policies and procedures). The Bank has improved its internal control system, which allows it to identify possible links of customers with Russia and Belarus and as to apply effective supervision to make sure that customers with ties to Russia and Belarus do not pose a disproportionate risk.

The Anti-Financial Crime Department ensures compliance with the sanction regulations, advises the Bank staff and regularly informs the management of the Bank about new sanction-related initiatives of the European Union and other international partners and their possible impact of the activities of the Bank. In addition, the officers of the Anti-Financial Crime Department appointed by the management of the Bank ensure regular communication with the competent government bodies, thus ensuring that the Bank can identify possible breaches of sanctions and is informed of the current matter related to compliance with the sanctions.

#### Exposure in Russia, Belarus and Ukraine

In 2025, the Bank continued to closely monitor and assess its direct and indirect risks in Russia, Belarus and Ukraine. During 2025, repayments of loans in Russia and Belarus amounted to EUR 6.4 million (2024: EUR 16.7 million). The Bank is actively working on amortising and reducing exposures in Russia and Belarus.

In 2022, it was decided to terminate financing of new leasing deals and to start full amortisation

of leasing portfolio of the Belarusian leasing company of the Group in order to decrease the overall exposure in Belarus. In 2025, the leasing portfolio decreased significantly by 77% and at the end of 2025 the balance of the leasing portfolio was under EUR 0.5 million and will be fully amortized in 2026.

In 2025, the net amount of the Bank's Russian and Belarusian credit risk exposures decreased by EUR 61.7 million (-67%) (the net amount of the Group's Russian and Belarusian credit risk exposures decreased by EUR 64.1 million (-67%)), taking into account impairment provisions.

Repayment of the Russian and Belarussian loan portfolio is going slower than it was expected due to restrictions on payments from those countries and the EU restrictions on receiving such payments. Bank fully complies with sanctions of EU and USA, which also in some cases means slower repayments in case the banks used by the borrowers become subjects of the respective sanctions.

In 2025, due to the geopolitical situation, a court ruling was issued against the Bank in legal proceeding initiated by the Prosecutor General's Office of the Russian Federation. The Moscow Arbitration Court ruled to confiscate for the benefit of the Russian Federation subsidiaries owned by the Bank and registered in Russia, shares in companies owned by other persons, and real estate. The claim is related to the Bank's operations in the Republic of Latvia and decisions taken by the Republic of Latvia concerning the Russian Federation.

The Group and the Bank have created additional provisions in the amount of EUR 50.7 million for assets exposed to country risk in the Russian Federation. Changes in the Group's loans and receivables balances have been affected by a claim against the Bank's former subsidiary KI Invest OOO recognised as a result of deconsolidation of the subsidiary (see Note 42).

In 2026, the Bank will continue to take all possible actions to significantly reduce its Russian and Belarussian credit risk.

## 4. Risk management, continued

Exposure by risk country — Russia, Belarus and Ukraine:

The Group '000 EUR	2025			2024		
	BY	RU	UA	BY	RU	UA
Deposits and balances due from banks	1 488	663	-	1 096	1 690	-
Financial assets at fair value through profit or loss	-	-	-	-	154	-
Financial assets at amortised cost	3 207	24 714	1 413	8 064	69 974	1 602
Debt securities	-	-	-	-	-	-
Loans and receivables due from customers	3 207	24 714	1 413	8 064	69 974	1 602
Property and equipment	477	275	-	469	755	-
Investment property	-	-	-	-	13 093	-
Other assets	109	363	60	1	99	66
	<b>5 281</b>	<b>26 015</b>	<b>1 473</b>	<b>9 630</b>	<b>85 765</b>	<b>1 668</b>

The Bank '000 EUR	2025			2024		
	BY	RU	UA	BY	RU	UA
Deposits and balances due from banks	13	663	-	6	1 666	-
Financial assets at fair value through profit or loss	-	-	-	-	154	-
Financial assets at amortised cost	2 723	24 599	1 361	6 129	81 353	1 537
Debt securities	-	-	-	-	-	-
Loans and receivables due from customers	2 723	24 599	1 361	6 129	81 353	1 537
Investments in subsidiaries	1 659	-	-	2 362	-	-
Property and equipment	-	275	-	-	320	-
Other assets	1	348	60	1	42	66
	<b>4 396</b>	<b>25 885</b>	<b>1 421</b>	<b>8 498</b>	<b>83 535</b>	<b>1 603</b>

Balances are presented at net carrying amount, including provisions for impairment.

The aforementioned Russian assets, for which no provisions have been made, are not subject to the adverse court judgment against the Bank issued in 2025 in legal proceedings initiated by the Prosecutor General's Office of the Russian Federation.

To assess potential losses from historical exposures in Russia, Belarus and Ukraine, the Bank regularly conducts in-depth risk assessments, calculation of capital requirements and stress testing including geopolitical aspects in those processes. The range of scenarios indicate different scale of impact on the financial position of the Bank. The stress testing base scenario assumes that all loans in Russia and Belarus would become non-performing loans. At the same time, the pessimistic stress test

scenario assumes full expropriation of all assets at risk by Russia and Belarus. The 2025 stress test results confirm that the Bank has sufficient financial resources and capital base to cover the potential losses. All statutory requirements, including liquidity and capital adequacy ratios, would be satisfied if such scenarios materialised.

## 5. Estimates and judgments

The preparation of financial statements in compliance with IFRS as adopted by the EU requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Although these estimates are based on management's best knowledge, actual results may differ from those estimates.

The estimates and underlying assumptions are reviewed regularly. Revisions to accounting estimates are recognised in the period, in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### **Key sources of estimation uncertainty and judgement:**

#### **(i) Allowances for expected credit losses on financial assets at amortised cost and financial assets at fair value through other comprehensive income**

The estimation of impairment allowances under IFRS 9, which is largely based on the evaluation of credit risk of financial instruments, is an important aspect of credit risk management. ECL measurement requires judgement, particularly the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and assessing a significant increase in credit risk. A variety of factors can influence these estimates, resulting in varying levels of allowances.

The ECL calculations for the Bank and the Group are the outcome of complex models with multiple underlying assumptions about variable input selection and interdependence. The following elements of the ECL models are considered accounting, judgments and estimates:

- the criteria for determining the significance of an increase in credit risk, as well as the criteria for classification into Stage 1, 2 or 3;

When determining the expected credit losses, the management should make a decision defining what is considered a significant increase in credit risk. A significant increase in credit risk is mainly determined by the time past due. Forbearance, breach of financial agreements, dependence of customer's activities on import/export from/to Russia/Belarus, susceptibility to energy crisis and other qualitative factors are

also considered a significant increase in credit risk. Loans and advances that are more than 30 days past due are moved to Stage 2. Collectively estimated impairment allowance would not change significantly for the Bank and the Group if 15 days past due were considered a significant increase in credit risk instead of 30 days past due.

- development of ECL models, including calculation of key parameters, such as probability of default (PD), loss given default (LGD) and exposure at default (EAD);

The Bank and the Group use the PD\*LGD\*EAD approach to calculate ECL. This approach focuses on each variable (PD, LGD and EAD) separately. The Bank and the Group update the PD, LGD and EAD models at least once a year. The calculation of collective impairments is done by applying statistical models. The Bank and the Group calculate the PD rates using the Markov Chain approach which describes a stochastic/random process with Markov property where the probability of a random process transitioning to the next state is only dependent on the current state and it is independent of the states that preceded the current state. The PD rates are calculated separately for each homogeneous group using historical data of the loan portfolio the Bank and the Group at the end of each month for at least 72 months. The LGD rates are calculated at the level of homogeneous portfolio groups and are based on the historical data of the Bank and the Group. The calculation is updated at least once a year. The Bank and the Group calculate the LGD rates using vintage analysis approach, where data is collected at each month after a default date for at least 72 months. Every time the Bank calculates ECL, it models EAD considering unused credit lines using credit conversion factor (CCF) based on the historical data of the loan portfolio of the Bank.

- Loans that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective impairment assessment.

The difference between gross carrying amount of the loan and the present value of projected future cash flows discounted at the initial effective interest rate of the loan represents the predicted credit losses for a loan that is credit-impaired at the reporting date. The calculation of the present value of the estimated future cash flows of a collateralised loan reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral,

## 5. Estimates and judgments, continued

whether or not foreclosure is probable. In order to calculate projected future cash flows, at least two gone concern scenarios must be considered. The estimated credit losses for a loan that is individually significant but not credit-impaired at the reporting date can be calculated using a going concern approach if the Group and the Bank have access to the borrower's business strategy and current, trustworthy information on expected cash flows. The chance of a given scenario is determined by subtracting the probability of default, which is derived from historical defaults using the Markov Chain model. The second scenario involves the gone concern principle. The loss is recorded in full in the income statement.

When determining provisions for Russian exposures, the management has taken a conservative approach to the Russian ruble exchange rates.

As a result, the Bank has recognized an impairment coverage for its exposures in Russia. The impairment coverage is an additional loss reserve compared to the modelled ECL amounts to take into account the economic and political uncertainty in the region related to the ongoing war in Ukraine, which were the main reasons for the Group and the Bank to determine the impairment coverage. The impairment coverage was mainly quantified by assuming that recoveries would decrease due to lower Russian ruble exchange rates on loans, with the Group and the Bank continuing to control their exiting the credit risk. On December 31, 2025, the Bank and the Group determined and approved an impairment coverage of EUR 0.15 million (2024: EUR 0.65 million). The coverage will be released if the risks do not materialize when the exposures are recovered.

The Bank and the Group include forward-looking information in the measurement of the expected credit losses.

The Bank and the Group conduct statistical calculations that take into account historical correlations between macroeconomic indicators and the observed default rates in order to adjust the ECL with macroeconomic forecasts. Based on forecasts of macroeconomic indicators, the Bank and the Group determine the appropriate adjustments for the PD rates. To adjust the loan portfolio PD taking into account the forward-looking information, the Bank uses a statistical

model based on linear regression. Three distinct economic scenarios are included in the forward-looking adjustment: a base case scenario that includes the most likely future economic development, a less likely adverse scenario and a positive scenario. Each scenario has its own unique economic repercussions. One of the key variables is the consumer price index which is derived from a combination of external macroeconomic forecasts.

The current forward-looking adjustment, based on expert judgment, weighs three scenarios, of which:

- Scenario 1 with a 50% probability that the consumer price index will show a 2.20% price increase in 2025,
- Scenario 2 with a 45% probability that the consumer price index will show a 2.5% price increase,
- Scenario 3 with a 5% probability that the consumer price index will show a 2.00% price increase in 2025.

While assessing the impact of forward-looking macroeconomic scenarios close to 2025-year-end, Bank concluded that the 113.03% FLI adjustment determined is still appropriate as at 31 December 2025 even though it has been modelled based on the price index change expectations described above.

As at 31 December 2025, incorporation of forward-looking macroeconomic scenarios resulted in additional impairment allowances EUR 138 thousand (2024: EUR 605 thousand), which is the effect of the forward-looking adjustment implementation.

### (ii) Determination of fair value of financial instruments

All financial instruments that are carried at their fair value are based on their market value. The fair value of financial instruments carried at amortised cost is stated at present value of future estimated cash flows discounted by the market interest rate. For short term financial assets and liabilities, the fair value is approximately the same as their amortised cost. The fair value of financial instruments is disclosed in Note 40.

### (iii) Determination of fair value of investment property and owner-occupied property

Investment property is carried at its fair value with all changes in fair value recorded in the statement

## 5. Estimates and judgments, continued

of profit or loss. Property used in own business operation (Vesetas 7, Riga) is regularly revaluated to its fair value with changes in revaluation recognised through other comprehensive income in a revaluation reserve and subsequent amortisation is recognised in the statement of profit or loss. When measuring fair value of the property, the management relies on external valuations based on either income valuation method or comparative valuation method and assesses the reliability of such valuation in light of

the current market situation. Income method is based on discounted estimated future cash flows from the property. Comparative method is based on recent market transactions with comparable property.

Exposure to risks from price changes of investment property can be expressed as follows based on 5% shifts in real estate prices:

### As at 31 December 2025

#### Group

Segment of property	5% price increase '000 EUR	5% price decrease '000 EUR
Commercial property in Latvia	3 068	(3 068)
Land in Latvia	902	(902)
Residential property in Latvia	433	(433)
<b>Grand Total</b>	<b>4 403</b>	<b>(4 403)</b>

#### Bank

Segment of property	5% price increase '000 EUR	5% price decrease '000 EUR
Commercial property in Latvia	536	(536)
Land in Latvia	352	(352)
Residential property in Latvia	346	(346)
<b>Grand Total</b>	<b>1 234</b>	<b>(1 234)</b>

### As at 31 December 2024

#### Group

Segment of property	5% price increase '000 EUR	5% price decrease '000 EUR
Commercial property in Latvia	1 785	(1 785)
Commercial property in Russia	639	(639)
Land in Latvia	976	(976)
Residential property in Latvia	586	(586)
Residential property in Russia	16	(16)
<b>Grand Total</b>	<b>4 002</b>	<b>(4 002)</b>

#### Bank

Segment of property	5% price increase '000 EUR	5% price decrease '000 EUR
Commercial property in Latvia	719	(719)
Land in Latvia	451	(451)
Residential property in Latvia	500	(500)
<b>Grand Total</b>	<b>1 670</b>	<b>(1 670)</b>

## 5. Estimates and judgments, continued

### (iv) Impairment of investments in subsidiaries

Investments in subsidiaries are presented in the Bank's separate financial statements at acquisition cost less accumulated impairment. The Bank regularly compares the cost of the investment with the carrying amount of the subsidiary's net assets to determine whether there is any indication of impairment. Furthermore, management has assessed future cash flows of the subsidiaries and concluded that there is no objective evidence of investment impairment. If any indication of impairment is identified, the recoverable amount of the investment is calculated based on the discounted estimated future cash flows of the subsidiary (discount rate in 2025 8.33% (in 2024 - 8.71%)). Future cash flows are based on budgets and forecasts prepared by the subsidiaries, the reliability of which is assessed. Changes in the carrying amount of the subsidiaries' net assets would mainly result from changes in the value of investments. Accordingly, a 5% change in the value of investment would result in a change in the impairment provisions for the Bank's investments in subsidiaries by +/- EUR 4 003 thousand in 2025 (+/- EUR 4 002 thousand in 2024).

### (v) Determination of control over investees

Subsidiaries are entities controlled by the Group and the Bank. The Group and the Bank control an entity (including an investment fund) if they are exposed or have rights to variable returns from their shares in the entity and have the ability to affect those returns through the exercise of their power over the controlled entity. The Group and the Bank reassess whether they have control over an entity if one or more elements of control have changed. Financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. The Group and the Bank have not identified any restrictions regarding control over the subsidiary in Belarus and the consolidated financial statements include the financial statements of the Belarusian subsidiary. However, the Group lost control of subsidiary

KI Invest OOO and it was excluded from consolidation as a result of legal proceedings initiated in December 2025 and the ruling of a court of the Russian Federation on December 2, 2025 (further information is provided in Notes 36 and 42). No significant contractual or regulatory restrictions have been identified, and there are no restrictions on making payments within the Group, transferring cash or other assets to (or from) other companies of the Group.

### ***Determination of significant influence over investee***

The Group has significant influence over Investees if it has the power to participate in an entity's financial and operating policy decisions, but does not have control or joint control of those policies. Significant influence is presumed to exist when an investor holds 20 per cent or more of the voting power of another entity. Conversely, it is presumed that significant influence does not exist with a holding of less than 20 per cent. These presumptions may be overcome if an ability, or lack of ability, to exercise significant influence is clearly demonstrated through additional contractual arrangements or otherwise. The management of the Group and the Bank have assessed the Group's and the Bank's investments and determined that the Group and the Bank have significant influence over the investees recognised as associates.

### (vi) Estimating provisions

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date. The management of the Bank and the Group estimates the amount which the Bank and the Group would reasonably pay to settle the obligation. Estimates of outcome and financial effect are determined by the judgement of the management supplemented by experience of similar transactions and, where necessary, independent expert reports. Further information on management's considerations and assumptions in estimating provisions for legal proceedings is provided in Note 36.

## 6. Net interest income

	2025 '000 EUR Group	2025 '000 EUR Bank	2024 '000 EUR Group	2024 '000 EUR Bank
<b>Interest income</b>				
Loans and receivables due from customers	51 493	41 451	54 367	45 743
Debt securities at amortised cost	3 930	3 930	4 560	4 560
Financial assets at fair value through other comprehensive income	4 034	4 034	3 747	3 747
Loans and receivables due from financial institutions	6 555	6 561	10 772	10 738
Other interest income	6	6	-	-
	<b>66 018</b>	<b>55 982</b>	<b>73 446</b>	<b>64 788</b>
<b>Interest expense</b>				
Current accounts and deposits due to customers	15 603	15 678	21 170	21 200
Deposits and balances due to banks	1	1	976	885
Other interest expense	2 596	2 262	2 765	3 125
	<b>18 200</b>	<b>17 941</b>	<b>24 911</b>	<b>25 210</b>

## 7. Fee and commission income

	2025 '000 EUR Group	2025 '000 EUR Bank	2024 '000 EUR Group	2024 '000 EUR Bank
Commission from account servicing	3 686	3 687	3 618	3 619
Processing of documents and individual monitoring	1 597	1 597	1 813	1 813
Revenue from customer asset management and brokerage commissions	1 023	1 023	941	941
Commission income from payment cards	767	767	810	810
Money transfers	936	937	774	775
Trade finance and guarantee commissions	851	851	736	736
Income from correspondent accounts	2 060	2 060	608	608
Commissions for trust services provided	607	607	516	516
Safe usage	188	188	187	187
Cash withdrawals	55	55	49	49
Commission income from operation with securities	1	1	13	13
Commission from documentary operations	12	12	2	2
Other	1 355	450	483	411
	<b>13 138</b>	<b>12 235</b>	<b>10 550</b>	<b>10 480</b>

## 8. Fee and commission expense

	2025 '000 EUR Group	2025 '000 EUR Bank	2024 '000 EUR Group	2024 '000 EUR Bank
Payment card expenses	907	907	537	537
Agent commissions	552	-	519	-
Brokerage fees	313	313	454	454
On correspondent accounts	108	108	68	68
E-commerce	960	960	700	700
Other	128	100	47	79
	<b>2 968</b>	<b>2 388</b>	<b>2 325</b>	<b>1 838</b>

## 9. Net gain/(loss) on financial assets at fair value through profit or loss

	2025 '000 EUR Group	2025 '000 EUR Bank	2024 '000 EUR Group	2024 '000 EUR Bank
Equity instruments	1 960	2 057	3 764	3 764
Debt securities	62	62	(574)	(574)
Other	-	-	(50)	(50)
	<b>2 022</b>	<b>2 119</b>	<b>3 140</b>	<b>3 140</b>

## 10. Net foreign exchange gain/(loss)

	2025 '000 EUR Group	2025 '000 EUR Bank	2024 '000 EUR Group	2024 '000 EUR Bank
Gain on spot transactions and derivatives	5 668	5 720	1 329	1 363
Gain/(loss) from revaluation of financial assets and liabilities	3 595	34	(1 358)	18
	<b>9 263</b>	<b>5 754</b>	<b>(29)</b>	<b>1 381</b>

## 11. Net foreign exchange gain/(loss)

	2025 '000 EUR Group	2025 '000 EUR Bank	2024 '000 EUR Group	2024 '000 EUR Bank
Debt securities	(66)	(66)	(603)	(603)
	<b>(66)</b>	<b>(66)</b>	<b>(603)</b>	<b>(603)</b>

## 12. Other income / (expense)

	2025 '000 EUR Group	2025 '000 EUR Bank	2024 '000 EUR Group	2024 '000 EUR Bank
Operating lease income from investment property and fixed assets	5 873	549	4 141	31
Fair value change of Investment property (note 26)	478	(95)	(270)	(329)
Gain/(loss) from sale of investment property	1 818	369	(1 043)	(1 233)
Penalties received	823	368	546	143
Dividends received	140	2 392	117	2 428
Gain/(loss) from sale of property and equipment	2 345	-	(179)	-
Loss from derecognition of subsidiary	(5 974)	-	(64)	-
Recovery of assets written off	665	665	339	348
Other	1 036	329	2 919	981
	<b>7 204</b>	<b>4 577</b>	<b>6 506</b>	<b>2 369</b>

Losses from the discontinuation of recognition of the subsidiary are related to the loss of control over KI Invest OOO as a result of a court decision in the Russian Federation. Further information on the ruling of the court of the Russian Federation is provided in Note 36. Further information on the loss of control over KI Invest OOO is presented in Note 42.

Profit from the sale of fixed assets in 2025 is mainly due to the sale of an aircraft.

## 13. Impairment losses

	2025 '000 EUR Group	2025 '000 EUR Bank	2024 '000 EUR Group	2024 '000 EUR Bank
<b>(Loss)/ profit from impairment</b>				
Loans and receivables due from customers	(59 741)	(60 060)	(4 002)	(4 821)
Financial assets at fair value through other comprehensive income	(190)	(190)	(20)	(20)
Debt securities at amortised cost	27	27	(1 193)	(1 193)
Goodwill impairment (Intangible assets)	(374)	(374)	(401)	(401)
Loans and advances due from banks	24	24	(11)	(11)
Investments in subsidiaries	-	(703)	-	630
Other assets	(875)	(856)	4	2
	<b>(61 129)</b>	<b>(62 132)</b>	<b>(5 623)</b>	<b>(5 814)</b>

In 2025, changes were made to the structure of this note compared to the 2024 financial statements. Comparative figures for 2024 have been classified according to the 2025 principles and are comparable. The largest part of the provisions in the amount of EUR 50.7 million made by the Group and the Bank in 2025 is due to the ruling of the court of the Russian Federation. For more information, see Note 4(l).

## 14. Administrative expenses

	2025 '000 EUR Group	2025 '000 EUR Bank	2024 '000 EUR Group	2024 '000 EUR Bank
Employee compensation	14 177	10 964	15 232	12 267
Repairs and maintenance	3 219	1 303	5 072	1 333
Payroll related taxes on employee remuneration	4 770	3 354	4 141	3 340
Taxes other than on corporate income and payroll	3 404	2 283	3 156	1 833
IT related costs	3 882	3 882	2 786	2 785
Salaries to the Executive Board and the Council	2 787	2 253	2 546	2 004
Depreciation and amortisation	3 754	1 671	2 311	2 239
Provision for bonus and payroll related taxes	1 839	1 778	1 977	1 915
Professional services	722	989	1 123	961
Advertising and marketing	1 129	679	851	371
Communications and information services	860	778	814	722
Travel and transport expenses	878	803	798	723
Subscription of information	637	426	657	457
Insurance	386	260	637	347
Representation	347	347	391	391
Audit and Certification services	532	439	336	260
Expenses related to credit risk	-	224	359	578
Employee health insurance	289	288	282	279
Reversal of provisions for the management bonus	-	-	(939)	(939)
Other	1 961	3 232	2 005	1 626
	<b>45 573</b>	<b>35 953</b>	<b>44 535</b>	<b>33 492</b>

The amount of reversed bonuses is the portion of potential bonuses that the Bank could pay at its discretion, in addition to the bonuses paid annually by the Bank and the Group, subject to certain conditions that have not been met.

## 14. Administrative expenses, continued

Services provided by the statutory auditor	2025 Group	2025 Bank	2024 Group	2024 Bank
Annual audit fees (KPMG Baltics SIA)	317	242	297	221
Limited review of the Bank's ESG Report (KPMG Baltics SIA)	41	41	39	39
Consulting and advisory fees (KPMG Baltics SIA)	-	-	55	55
Limited assurance engagement whether the Bank has complied with the requirements of the Deposit Guarantee Law (KPMG Baltics SIA)	7	7	6	6
Limited assurance engagement whether the Bank has complied with the requirements of the Financial Instruments Market Law (KPMG Baltics SIA)	8	8	8	8

Number of employees	31 Dec 2025 Group	31 Dec 2025 Bank	31 Dec 2024 Group	31 Dec 2024 Bank
The Council	6	6	6	6
The Executive Board	12	6	9	5
Investment services	5	5	5	5
Servicing of SMEs or individuals	82	54	46	24
Asset management	10	10	12	12
Corporate support function	206	152	180	145
Internal control function	60	60	91	61
Other operations	129	111	170	150
<b>Total number of employees</b>	<b>510</b>	<b>404</b>	<b>519</b>	<b>408</b>

The number of employees is stated including individuals engaged under company service agreements: in 2025, the Bank had 10 company service agreements and the Group had 12 company service agreements (in 2024, the Bank had 7 company service agreements and the Group had 7 company service agreements).

## 15. Corporate income tax

### (a) Corporate income tax recognised in the statement of profit and loss

	2025 '000 EUR Group	2025 '000 EUR Bank	2024 '000 EUR Group	2024 '000 EUR Bank
<b>Current tax</b>				
Current tax	1 950	536	4 111	3 155
Deferred tax	(744)	-	30	-
<b>Total income tax expense in the profit or loss</b>	<b>1 206</b>	<b>536</b>	<b>4 141</b>	<b>3 155</b>

### Income tax recognised in other income not reflected in the statement of profit or loss

	2025 '000 EUR Group	2025 '000 EUR Bank	2024 '000 EUR Group	2024 '000 EUR Bank
<b>Calculated income tax</b>				
Deferred tax	763	763	1 036	1 036
<b>Total income tax expense in other comprehensive income</b>	<b>763</b>	<b>763</b>	<b>1 036</b>	<b>1 036</b>

Deferred tax is recognised based on movements in fair value reserve (change in fair value of financial instruments at fair value through other comprehensive income). It may be subsequently reclassified to profit or loss.

<b>The tax rate applicable in countries in which group entities operate:</b>	<b>2025</b>	<b>2024</b>
Latvia	20,00%	20,00%
Belarus	25,00%	18,00%
Cyprus	12,50%	12,50%
Russia	25,00%	20,00%

### (b) Reconciliation of effective tax rate:

As at 1 January 2018, according to Law on Corporate Income Tax of the Republic of Latvia, the 20% tax rate for non-financial institutions is deferred until profit distribution and is calculated as 0.2/0.8 of net distributed dividend. Before 2018, corporate income tax in Latvia was payable for the taxable profit for the reporting year. Due to the Corporate Income Tax (CIT) legislative changes in Latvia introduced in 2023 and described in more details in Note 3 (p)(i), from 2023 banks and non-banking lenders in Latvia are subject to 20% CIT payable on their accounting profit before tax which has resulted in a change of the impact of retained earnings taxable on distribution presented below:

	31 Dec 2025 '000 EUR Group	31 Dec 2025 '000 EUR Bank	31 Dec 2024 '000 EUR Group	31 Dec 2024 '000 EUR Bank
(Loss) before corporate income tax	(25 533)	(32 044)	17 291	16 037
Corporate income tax (at 20%)	-	-	3 458	3 207
Retained earnings taxable on distribution	-	-	(709)	-
Tax calculated in Latvia upon prior year profit distribution	-	-	956	-
Non-taxable income	-	-	-	(462)
Effect of tax rates in foreign jurisdictions	-	-	(2)	-
Tax paid abroad	522	516	385	357
CIT surcharge calculated in Latvia for reporting period profit in subsidiaries	662	-	-	-
Non-deductible expenses	22	20	53	53
<b>Total effective corporate income tax</b>	<b>1 206</b>	<b>536</b>	<b>4 141</b>	<b>3 155</b>

## 16. Cash and balances due from the Bank of Latvia

Cash and balances due from the Bank of Latvia

	31 Dec 2025 '000 EUR Group	31 Dec 2025 '000 EUR Bank	31 Dec 2024 '000 EUR Group	31 Dec 2024 '000 EUR Bank
Balances due from the Bank of Latvia	348 653	348 653	247 803	247 803
Cash	822	791	358	340
	<b>349 475</b>	<b>349 444</b>	<b>248 161</b>	<b>248 143</b>

Deposits with the Bank of Latvia include EUR-nominated correspondent account balances with the Bank of Latvia.

Pursuant to the requirements of the Bank of Latvia, the Bank must maintain a compulsory reserve. As at 31 December 2025 the compulsory reserve amounted to EUR 8,548 thousand (31 December 2024: EUR 7,375 thousand).

The minimum reserve is compared with the average monthly correspondent account balance of the Bank in EUR. The average correspondent balance of the Bank must exceed the compulsory reserve requirements. The Bank complied with the aforementioned compulsory reserve requirement in the reporting year.

## 17. Deposits and receivables from banks

	31 Dec 2025 '000 EUR Group	31 Dec 2025 '000 EUR Bank	31 Dec 2024 '000 EUR Group	31 Dec 2024 '000 EUR Bank
Demand accounts	22 397	20 445	16 378	14 843
Term deposits	-	-	1 232	1 232
Expected credit losses	(13)	(13)	(29)	(29)
<b>Total</b>	<b>22 384</b>	<b>20 432</b>	<b>17 581</b>	<b>16 046</b>

### Concentration of placements with banks

As at 31 December 2025, the Bank and the Group had 3 bank balances (in 2024: 3), which exceeded 10% of total receivables from the banks.

As at 31 December 2025, the Bank and the Group had the following largest bank receivable balances:

	31 Dec 2025	%
Euroclear Bank SA/NV	6 825	33,38
Eurasian bank JSC	5 971	29,21
Agricultural Bank of China Limited	2 420	11,84
<b>Total</b>	<b>15 216</b>	<b>74,43</b>

As at 31 December 2024, the Bank and the Group had the following largest bank receivable balances:

	31 Dec 2024	%
Euroclear Bank SA/NV	7 669	47,71
Eurasian bank JSC	2 887	17,96
RAIFFEISENBANK Moscow JSC	1 655	10,29
<b>Total</b>	<b>12 211</b>	<b>75,96</b>

## 18. Financial assets at fair value through profit or loss

	31 Dec 2025		31 Dec 2024	
	'000 EUR Group	'000 EUR Bank	'000 EUR Group	'000 EUR Bank
Debt instruments	158	158	171	171
Equity instruments	9 189	8 756	8 212	7 719
Derivative financial instruments	-	-	132	132
<b>Financial assets at fair value through profit or loss</b>	<b>9 347</b>	<b>8 914</b>	<b>8 515</b>	<b>8 022</b>
Derivative financial instruments	-	-	(2 534)	(2 534)
<b>Financial liabilities at fair value through profit or loss</b>	<b>-</b>	<b>-</b>	<b>(2 534)</b>	<b>(2 534)</b>

The Bank and the Group classify derivative financial instruments and trading portfolio under this category.

### Derivative financial assets and liabilities

The Group and the Bank '000 EUR	31 Dec 2025		31 Dec 2024	
	Carrying amount	Notional amount	Carrying amount	Notional amount
<b>Assets</b>				
GDP-linked derivative securities	-	-	2	630
Currency Swaps	-	-	16	3 850
Futures contracts	-	-	114	-*
<b>Total derivative financial assets</b>	<b>-</b>		<b>132</b>	
<b>Liabilities</b>				
Futures contracts	-	-	529	35 529
Options	-	-	2 005	2 005**
<b>Total derivative financial liabilities</b>	<b>-</b>		<b>2 534</b>	

\*Futures contracts netting result is reflected in the Liabilities section where the whole notional value is disclosed accordingly. The futures contract revaluation of amount of 114 is shown in the Assets section which does show notional amount.

\*\*Details of the buy-back option are provided in Note 22. Its notional value can be substantially higher than the carrying amount.

The off-balance sheet position on 31 December 2025 consists of the outstanding Spot transactions

## 19. Financial assets at amortised cost

### a. Debt securities

The Group and the Bank '000 EUR	31 December 2025			31 December 2024		
	Gross amount	Expected credit loss	Net carrying amount	Gross amount	Expected credit loss	Net carrying amount
Government and municipal bonds	1 446	-	1 446	874	-	874
Corporate bonds	38 908	(4 171)	34 737	48 877	(4 973)	43 904
<b>Total</b>	<b>40 354</b>	<b>(4 171)</b>	<b>36 183</b>	<b>49 751</b>	<b>(4 973)</b>	<b>44 778</b>

## 19. Financial assets at amortised cost, continued

### Analysis of movements in the allowance for expected credit losses:

#### 31 december 2025

The Group and the Bank '000 EUR	Opening balance as at 1 Jan 2025	Origination and acquisition	Derecognition and repayments	Changes in credit risk, net	Other adjustments	Closing balance as at 31 Dec 2025
Stage 1	473	5	(9)	(39)	-	430
Stage 2	75	-	-	(16)	-	59
Stage 3	4 425	-	(775)	32	-	3 682
<b>Total</b>	<b>4 973</b>	<b>5</b>	<b>(784)</b>	<b>(23)</b>	<b>-</b>	<b>4 171</b>

#### 31 december 2024

The Group and the Bank '000 EUR	Opening balance as at 1 Jan 2025	Origination and acquisition	Derecognition and repayments	Changes in credit risk, net	Other adjustments	Closing balance as at 31 Dec 2025
Stage 1	922	17	(12)	(454)	-	473
Stage 2	107	-	(38)	6	-	75
Stage 3	2 751	-	-	1 674	-	4 425
<b>Total</b>	<b>3 780</b>	<b>17</b>	<b>(50)</b>	<b>1 226</b>	<b>-</b>	<b>4 973</b>

### b. Receivables

Group '000 EUR	31 December 2025			31 December 2024		
	Gross amount	Expected credit loss	Net carrying amount	Gross amount	Expected credit loss	Net carrying amount
<b>Companies</b>	<b>618 908</b>	<b>(75 232)</b>	<b>543 676</b>	<b>577 418</b>	<b>(21 906)</b>	<b>555 512</b>
Finance leases	189	(2)	187	1 174	(37)	1 137
Loans	618 719	(75 230)	543 489	576 244	(21 869)	554 375
<b>Individuals</b>	<b>110 985</b>	<b>(26 453)</b>	<b>84 532</b>	<b>110 135</b>	<b>(8 585)</b>	<b>101 550</b>
Finance leases	286	(2)	284	884	(4)	880
Loans	110 699	(26 451)	84 248	109 251	(8 581)	100 670
<b>Total</b>	<b>729 893</b>	<b>(101 685)</b>	<b>628 208</b>	<b>687 553</b>	<b>(30 491)</b>	<b>657 062</b>

The Bank '000 EUR	31 December 2025			31 December 2024		
	Gross amount	Expected credit loss	Net carrying amount	Gross amount	Expected credit loss	Net carrying amount
<b>Companies</b>	<b>711 017</b>	<b>(76 422)</b>	<b>634 595</b>	<b>688 425</b>	<b>(32 962)</b>	<b>655 463</b>
Loans	711 017	(76 422)	634 595	688 425	(32 962)	655 463
<b>Individuals</b>	<b>38 164</b>	<b>(20 300)</b>	<b>17 864</b>	<b>37 319</b>	<b>(4 339)</b>	<b>32 980</b>
Loans	38 164	(20 300)	17 864	37 319	(4 339)	32 980
<b>Total</b>	<b>749 181</b>	<b>(96 722)</b>	<b>652 459</b>	<b>725 744</b>	<b>(37 301)</b>	<b>688 443</b>

## 19. Financial assets at amortised cost, continued

### c. Finance lease

Loans and receivables from customers include the following finance lease receivables for leases::

	31 Dec 2025. '000 EUR Group	31 Dec 2024. '000 EUR Group
<b>Gross investment in finance leases, receivable</b>		
Less than one year	419	1 632
More than one year	122	741
Total gross investment in finance leases	541	2 373
Unearned finance income	(66)	(315)
<b>Net investment in finance lease before allowance</b>	<b>475</b>	<b>2 058</b>
Expected credit losses	(4)	(41)
<b>Net investment in finance lease</b>	<b>471</b>	<b>2 017</b>
<b>The net investment in finance leases comprises:</b>		
Less than one year	366	1 375
Between one and five years	105	642
<b>Net investment in finance lease</b>	<b>471</b>	<b>2 017</b>

### (a) Quality of loan portfolio

#### (i) Ageing structure of the loan portfolio

##### The Group, 31 Dec 2025

'000 EUR	Gross amount			Expected credit loss	Net carrying amount	Uncollateralised exposure of net carrying amount
	Stage 1	Stage 2	Stage 3			
Not past due	483 060	49 420	98 882	(64 872)	566 579	101 648
Past due > 0 days <= 30 days	7 375	243	409	(451)	7 576	3 859
Past due > 30 days <= 90 days	-	1 004	6 587	(860)	6 731	640
Past due > 90 days	-	-	82 913	(35 502)	47 411	991
<b>Total</b>	<b>490 435</b>	<b>50 667</b>	<b>188 791</b>	<b>(101 685)</b>	<b>628 208</b>	<b>107 138</b>

##### The Bank, 31 Dec 2025

'000 EUR	Gross amount			Expected credit loss	Net carrying amount	Uncollateralised exposure of net carrying amount
	Stage 1	Stage 2	Stage 3			
Not past due	495 364	54 189	91 038	(43 402)	597 189	38 609
Past due > 0 days <= 30 days	3 346	243	400	(228)	3 761	45
Past due > 30 days <= 90 days	-	-	6 569	(478)	6 091	-
Past due > 90 days	-	-	98 032	(52 614)	45 418	34
<b>Total</b>	<b>498 710</b>	<b>54 432</b>	<b>196 039</b>	<b>(96 722)</b>	<b>652 459</b>	<b>38 688</b>

## 19. Financial assets at amortised cost, continued

### (i) Ageing structure of the loan portfolio, continued

#### The Group 31 December 2024

'000 EUR	Gross amount			Expected credit loss	Net carrying amount	Uncollateralised exposure of net carrying amount
	Stage 1	Stage 2	Stage 3			
Not past due	438 351	87 452	58 723	(13 205)	571 321	98 650
Past due > 0 days <= 30 days	4 246	4 917	9 366	(868)	17 661	4 043
Past due > 30 days <= 90 days	-	910	27 593	(3 460)	25 043	602
Past due > 90 days	-	-	55 995	(12 958)	43 037	4 638
<b>Total</b>	<b>442 597</b>	<b>93 279</b>	<b>151 677</b>	<b>(30 491)</b>	<b>657 062</b>	<b>107 933</b>

#### The Bank 31 December 2024

'000 EUR	Gross amount			Expected credit loss	Net carrying amount	Uncollateralised exposure of net carrying amount
	Stage 1	Stage 2	Stage 3			
Not past due	426 225	124 265	81 303	(23 711)	608 082	39 841
Past due > 0 days <= 30 days	46	4 918	9 364	(665)	13 663	45
Past due > 30 days <= 90 days	-	2	27 577	(3 139)	24 440	-
Past due > 90 days	-	-	52 044	(9 786)	42 258	3 858
<b>Total</b>	<b>426 271</b>	<b>129 185</b>	<b>170 288</b>	<b>(37 301)</b>	<b>688 443</b>	<b>43 744</b>

### (ii) Analysis of the loan portfolio by type of collateral

The following table provides the analysis of the loan portfolio, net of impairment, by main types of collateral as at 31 December 2025:

The Group '000 EUR	31 Dec 2025	% of loan portfolio	31 Dec 2024	% of loan portfolio
Commercial buildings	182 093	28.99	230 725	35.11
Without collateral	107 138	17.05	107 933	16.43
Commercial assets pledge	177 163	28.20	132 179	20.12
Land mortgage	40 730	6.48	59 379	9.04
Traded securities	9 548	1.52	10 069	1.53
Mortgage on residential properties	32 164	5.12	42 410	6.45
Finance lease	471	0.07	2 023	0.31
Deposit	101	0.02	177	0.03
Other	78 800	12.55	72 167	10.98
<b>Total</b>	<b>628 208</b>	<b>100.00</b>	<b>657 062</b>	<b>100.00</b>

## 19. Financial assets at amortised cost, continued

The Bank '000 EUR	31 Dec 2025	% of loan portfolio	31 Dec 2024	% of loan portfolio
Commercial buildings	196 615	30,13	274 981	39,94
Commercial assets pledge	251 824	38,60	185 380	26,93
Without collateral	38 688	5,93	43 744	6,35
Land mortgage	40 730	6,24	59 379	8,63
Traded securities	9 548	1,46	10 069	1,46
Mortgage on residential properties	32 139	4,93	42 410	6,16
Deposit	101	0,02	177	0,03
Other	82 814	12,69	72 303	10,50
<b>Total</b>	<b>652 459</b>	<b>100,00</b>	<b>688 443</b>	<b>100,00</b>

The amounts shown in the above table are loan carrying value and not the fair value of the collateral.

### (iii) Movements in the expected credit losses, loans and receivable due from customers

The following tables show reconciliation from the opening to the closing balance of the expected credit losses, loans and receivables due from customers for 2025:

The Group '000 EUR	Expected credit losses					Loans and receivables due from customers (gross amount)				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Opening balance, 31 Dec 2024</b>	<b>(5 938)</b>	<b>(3 476)</b>	<b>(20 832)</b>	<b>(245)</b>	<b>(30 491)</b>	<b>442 597</b>	<b>93 279</b>	<b>149 626</b>	<b>2 051</b>	<b>687 553</b>
To stage 1 from stage 2 or 3	(473)	410	63	-	-	21 319	(21 213)	(106)	-	-
To stage 2 from stage 1 or 3	398	(418)	20	-	-	(9 061)	9 095	(34)	-	-
To stage 3 from stage 1 or 2	38	1 064	(1 102)	-	-	(1 575)	(26 982)	28 557	-	-
Origination and acquisition	(1 017)	(105)	(479)	-	(1 602)	112 226	302	2 593	-	115 121
Disposals and repayments	370	108	1 135	-	1 614	(74 310)	(3 815)	(14 410)	(480)	(93 015)
Changes in credit risk, net	2 361	(10 370)	(51 382)	(152)	(59 543)	-	-	-	-	-
Decrease due to write-offs	-	-	479	-	479	-	-	(483)	-	(483)
Other adjustments	-	-	17	(1)	16	(761)	1	(632)	29	(1 363)
Loss of control over a subsidiary	-	-	(12 158)	-	(12 158)	-	-	22 080	-	22 080
<b>Closing balance, 31 Dec 2025</b>	<b>(4 261)</b>	<b>(12 787)</b>	<b>(84 239)</b>	<b>(398)</b>	<b>(101 685)</b>	<b>490 435</b>	<b>50 667</b>	<b>187 191</b>	<b>1 600</b>	<b>729 893</b>

## 19. Financial assets at amortised cost, continued

The Bank '000 EUR	Expected credit losses					Loans and receivables due from customers (gross amount)				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Opening balance, 31 Dec 2024</b>	<b>(5 413)</b>	<b>(4 370)</b>	<b>(27 272)</b>	<b>(246)</b>	<b>(37 301)</b>	<b>426 271</b>	<b>129 185</b>	<b>168 236</b>	<b>2 052</b>	<b>725 744</b>
To stage 1 from stage 2 or 3	(352)	352	-	-	-	21 037	(21 037)	-	-	-
To stage 2 from stage 1 or 3	377	(377)	-	-	-	(8 296)	8 296	-	-	-
To stage 3 from stage 1 or 2	-	1 047	(1 047)	-	-	-	(31 601)	31 601	-	-
Origination and acquisition	(704)	-	(94)	-	(798)	104 822	-	1 921	-	106 743
Disposals and repayments	89	1 013	944	-	2 046	(44 293)	(30 412)	(6 333)	(480)	(81 518)
Changes in credit risk, net	2 214	(10 158)	(53 006)	(152)	(61 102)	-	-	-	-	-
Decrease due to write-offs	-	-	433	-	433	-	-	(433)	-	(433)
Other adjustments	-	-	-	-	-	(831)	1	(553)	28	(1 355)
<b>Closing balance, 31 Dec 2025</b>	<b>(3 789)</b>	<b>(12 493)</b>	<b>(80 042)</b>	<b>(398)</b>	<b>(96 722)</b>	<b>498 710</b>	<b>54 432</b>	<b>194 439</b>	<b>1 600</b>	<b>749 181</b>

The following tables show reconciliation from the opening to the closing balance of the expected credit losses, loans and receivables due from customers for the year 2024:

The Group '000 EUR	Expected credit losses					Loans and receivables due from customers (gross amount)				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Opening balance, 31 Dec 2023</b>	<b>(4 132)</b>	<b>(3 006)</b>	<b>(21 942)</b>	<b>(466)</b>	<b>(29 546)</b>	<b>399 210</b>	<b>91 668</b>	<b>158 801</b>	<b>2 082</b>	<b>651 761</b>
To stage 1 from stage 2 or 3	(130)	84	46	-	-	6 447	(6 340)	(107)	-	-
To stage 2 from stage 1 or 3	56	(72)	16	-	-	(19 130)	19 663	(533)	-	-
To stage 3 from stage 1 or 2	31	286	(317)	-	-	(1 238)	(2 399)	3 637	-	-
Origination and acquisition	(1 556)	(281)	(1 086)	-	(2 923)	104 207	6 037	1 422	-	111 666
Disposals and repayments	430	303	3 316	-	4 049	(46 914)	(15 137)	(10 586)	(17)	(72 654)
Changes in credit risk, net	(624)	(1 003)	(4 064)	221	(5 470)	-	-	-	-	-
Decrease due to write-offs	-	213	3 149	-	3 362	-	(213)	(3 207)	-	(3 420)
Other adjustments	(13)	-	50	-	37	15	-	199	(14)	200
<b>Closing balance, 31 Dec 2024</b>	<b>(5 938)</b>	<b>(3 476)</b>	<b>(20 832)</b>	<b>(245)</b>	<b>(30 491)</b>	<b>442 597</b>	<b>93 279</b>	<b>149 626</b>	<b>2 051</b>	<b>687 553</b>

## 19. Financial assets at amortised cost, continued

The Bank '000 EUR	Expected credit losses					Loans and receivables due from customers (gross amount)				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Opening balance, 31 Dec 2023</b>	<b>(4 738)</b>	<b>(3 000)</b>	<b>(27 583)</b>	<b>(467)</b>	<b>(35 788)</b>	<b>414 190</b>	<b>92 875</b>	<b>183 007</b>	<b>2 083</b>	<b>692 155</b>
To stage 1 from stage 2 or 3	(54)	54	-	-	-	6 243	(6 243)	-	-	-
To stage 2 form stage 1 or 3	1 187	(1 216)	29	-	-	(52 747)	54 674	(1 927)	-	-
To stage 3 from stage 1 or 2	-	202	(202)	-	-	-	(2 129)	2 129	-	-
Origination and acquisition	(1 210)	(2)	(36)	-	(1 248)	76 564	6 854	321	-	83 739
Disposals and repayments	225	424	3 530	-	4 179	(19 294)	(16 633)	(12 500)	(17)	(48 444)
Changes in credit risk, net	(823)	(1 045)	(6 062)	221	(7 709)	-	-	-	-	-
Decrease due to write-offs	-	213	3 052	-	3 265	-	(213)	(3 100)	-	(3 313)
Other adjustments	-	-	-	-	-	1 315	-	306	(14)	1 607
<b>Closing balance, 31 Dec 2024</b>	<b>(5 413)</b>	<b>(4 370)</b>	<b>(27 272)</b>	<b>(246)</b>	<b>(37 301)</b>	<b>426 271</b>	<b>129 185</b>	<b>168 236</b>	<b>2 052</b>	<b>725 744</b>

Loans and receivables due from customers with a contractual amount of EUR 231 thousand for the Group and the Bank were written off in 2025 and are still subject to enforcement activities (2024: EUR 1,717 thousand).

### (b) Loan portfolio by industry

The Group '000 EUR	31 December 2025				31 December 2024			
	Gross amount	Expected credit loss	Net carrying amount	Commitments, guarantees, Net after ECL	Gross amount	Expected credit loss	Net carrying amount	Commitments, guarantees, Net after ECL
Financial services	153 676	(35 974)	117 702	33 492	167 947	(8 346)	159 601	28 793
Real estate management	284 278	(33 003)	251 275	9 866	262 131	(8 287)	253 844	26 009
Individuals	110 984	(26 453)	84 531	6 435	110 135	(8 585)	101 550	6 617
Electricity, gas, water supply	39 655	(650)	39 005	1 161	28 365	(586)	27 779	3
Transport and communication	5 135	(573)	4 562	1 591	12 813	(297)	12 516	1 609
Wholesale and retailing	5 074	(1 693)	3 381	341	6 884	(1 584)	5 300	351
Manufacturing	51 165	(1 508)	49 657	24 396	33 759	(1 207)	32 552	4 412
Tourism	31 819	(264)	31 555	1 595	30 572	(557)	30 015	-
Construction	8 704	(75)	8 629	23 406	14 134	(428)	13 706	6 798
Other	39 403	(1 492)	37 911	48 274	20 813	(614)	20 199	33 517
<b>Kopā</b>	<b>729 893</b>	<b>(101 685)</b>	<b>628 208</b>	<b>150 557</b>	<b>687 553</b>	<b>(30 491)</b>	<b>657 062</b>	<b>108 109</b>

## 19. Financial assets at amortised cost, continued

The Bank '000 EUR	31 December 2025				31 December 2024			
	Gross amount	Expected credit loss	Net carrying amount	Commitments, guarantees, Net after ECL	Gross amount	Expected credit loss	Net carrying amount	Commitments, guarantees, Net after ECL
Financial services	208 460	(36 332)	172 128	43 131	225 481	(8 604)	216 877	36 104
Real estate management	298 479	(33 964)	264 515	10 613	317 831	(19 177)	298 654	39 741
Individuals	38 164	(20 299)	17 865	6 307	37 319	(4 339)	32 980	6 508
Electricity, gas, water supply	39 655	(650)	39 005	48 273	28 365	(586)	27 779	33 517
Transport and communication	4 874	(568)	4 306	1 591	11 818	(275)	11 543	1 609
Wholesale and retailing	4 943	(1 680)	3 263	341	6 683	(1 577)	5 106	351
Manufacturing	51 102	(1 499)	49 603	24 396	33 552	(1 184)	32 368	4 412
Tourism	31 819	(264)	31 555	1 595	30 571	(557)	30 014	-
Construction	8 547	(63)	8 484	23 406	13 982	(417)	13 565	6 798
Other	63 138	(1 403)	61 735	1 161	20 142	(585)	19 557	4
<b>Total</b>	<b>749 181</b>	<b>(96 722)</b>	<b>652 459</b>	<b>160 814</b>	<b>725 744</b>	<b>(37 301)</b>	<b>688 443</b>	<b>129 044</b>

### (c) Significant concentrations of credit risk

Pursuant to the regulatory requirements, the Bank and the Group are not allowed to have a credit risk for a single customer or a group of related customers exceeding 25% of its equity. As at 31 December 2025 and 2024, the Bank and the Group complied with this requirement.

## 20. Financial assets at fair value through other comprehensive income

	2025 '000 EUR Group	2025 '000 EUR Bank	2024 '000 EUR Group	2024 '000 EUR Bank
<b>Debt securities</b>				
- with rating from AAA to A	91 579	91 579	98 941	98 941
- with rating from BBB+ to BBB-	75 230	75 230	87 419	87 419
- non-investment grade	8 305	8 305	26 949	26 949
- without rating	1	1	1	1
<b>Equity investments</b>	<b>23</b>	<b>23</b>	<b>14</b>	<b>14</b>
<b>Total fair value</b>	<b>175 138</b>	<b>175 138</b>	<b>213 324</b>	<b>213 324</b>
Acquisition cost	178 835	178 835	220 700	220 700
Revaluation	(1 364)	(1 364)	(5 178)	(5 178)
Impairment allowance	(2 333)	(2 333)	(2 198)	(2 198)
<b>Total fair value</b>	<b>175 138</b>	<b>175 138</b>	<b>213 324</b>	<b>213 324</b>

## 20. Financial assets at fair value through other comprehensive income, continued

Analysis of movements in the allowance for expected credit losses:

### 31 December 2025

#### The Group and the Bank

'000 EUR	Opening balance, 1 Jan 2025	Origination and acquisition	Derecognition and repayments	Changes in credit risk, net	Other adjustments	Closing balance, 31 Dec 2025
Stage 1	117	31	(33)	(44)	(2)	69
Stage 2	45	-	(17)	(12)	-	16
Stage 3	2 036	-	-	265	(53)	2 248
<b>Total</b>	<b>2 198</b>	<b>31</b>	<b>(50)</b>	<b>209</b>	<b>(55)</b>	<b>2 333</b>

### 31 December 2024

#### The Group and the Bank

'000 EUR	Opening balance, 1 Jan 2024	Origination and acquisition	Derecognition and repayments	Changes in credit risk, net	Other adjustments	Closing balance, 31 Dec 2024
Stage 1	260	55	(57)	(143)	2	117
Stage 2	302	-	(211)	(47)	1	45
Stage 3	2 976	-	(1 630)	645	45	2 036
<b>Total</b>	<b>3 538</b>	<b>55</b>	<b>(1 898)</b>	<b>455</b>	<b>48</b>	<b>2 198</b>

## 21. Investments in subsidiaries

Investment in subsidiaries as at 31 December 2025 ('000 EUR):

Company	Address	Share capital	Equity*	Profit/(Loss)*	Bank's share of total share capital, %	Gross carrying amount	Impairment allowance	Net investments in subsidiaries
SIA "RB Investments"	Vesetas str.7, Riga, Latvia	14 229	7 709	(30)	100,00%	14 229	(4 051)	10 178
RB Securities Ltd.	Stasinou str.1, Mitsi Building 1, 2nd floor, Flat/office 5, Plateia Eleftherias, P.C.1060, Nicosia, Cyprus	9 002	359	-	99,99%	8 355	(8 036)	319
Rietumu Lizing OOO	Odoevskogo str.117, 6th floor, office 9, Minsk, Belarus	275	2 422	(459)	99,50%	2 362	(703)	1 659
SIA "InCREDIT GROUP"	Krisjana Barona str.130, Riga, Latvia	500	11 656	3 946	51,00%	255	-	255
SIA "RB Drošiba"	Vesetas str.7, Riga, Latvia	71	110	38	100,00%	71	-	71
NOD "Nākotnes Atbalsta Fonds"	Vesetas str.7, Riga, Latvia	-	1 313	826	100,00%	-	-	-
SIA "Euro Textile Group"	Vesetas str.7, Riga, Latvia	887	(2 493)	(717)	100,00%	1 000	(1 000)	-
SIA "KI Fund"	Vesetas str. 7, Riga, Latvia	12 519	10 737	70	100,00%	12 519	(2 145)	10 374
SIA "Second Sky Management"	Vesetas str. 7, Riga, Latvia	11 003	13 941	2 250	100,00%	11 003	-	11 003
<b>Total Bank's investment in subsidiaries</b>						<b>49 794</b>	<b>(15 935)</b>	<b>33 859</b>

\* Equity and profit/loss of subsidiaries is based on provisional unaudited data as at 31.12.2025.

## 21. Investments in subsidiaries, continued

Investment in subsidiaries as at 31 December 2025 ('000 EUR):

Company	Address	Share capital	Equity*	Profit/(Loss)*	Bank's share of total share capital, %	Gross carrying amount	Impairment allowance	Net investments in subsidiaries
SIA "RB Investments"	Vesetas str.7, Riga, Latvia	14 229	7 741	1 428	100,00%	14 229	(4 051)	10 178
RB Securities Ltd.	Stasinou str.1, Mitsi Building 1, 2nd floor, Flat/office 5, Plateia Eleftherias, P.C.1060, Nicosia, Cyprus	9 002	359	(37)	99,99%	8 355	(8 036)	319
Rietumu Lizing OOO	Odoevskogo str.117, 6th floor, office 9, Minsk, Belarus	275	3 686	94	99,50%	2 362	-	2 362
SIA "InCREDIT GROUP"	Krisjana Barona str.130, Riga, Latvia	500	10 260	3 193	51,00%	255	-	255
SIA "RB Drošiba"	Vesetas str.7, Riga, Latvia	71	71	(18)	100,00%	71	-	71
SIA "Vesetas 7"	Vesetas str.7, Riga, Latvia	142	7 919	486	100,00%	3 263	-	3 263
NOD "Nākotnes Atbalsta Fonds"	Vesetas str.7, Riga, Latvia	-	507	(167)	100,00%	-	-	-
SIA "Euro Textile Group"	Vesetas str.7, Riga, Latvia	887	(1 777)	(183)	100,00%	1 000	(1 000)	-
SIA "KI Fund"	Vesetas str. 7, Riga, Latvia	12 519	10 669	35	100,00%	12 519	(2 145)	10 374
SIA "Second Sky Management"	Vesetas str. 7, Riga, Latvia	11 003	11 587	376	100,00%	11 003	-	11 003
<b>Total Bank's investment in subsidiaries</b>						<b>53 057</b>	<b>(15 232)</b>	<b>37 825</b>

\* Equity and profit/loss of subsidiaries is based on provisional unaudited data as at 31.12.2024.

In 2024, the Bank sold 100% of its shares in SIA OVERSEAS ESTATE to third parties not affiliated with the Bank for EUR 2.2 million. The gain on the sale of the shares amounted to EUR 630 000.

The subsidiary company SIA Vesetas 7 was restructured by merging/taking over it to the Bank in June 2025. The transaction is described in Note 1.

The Bank's management has performed an impairment test for the investment in SIA RB Investment based on an analysis of expected discounted future cash flows from future operations and implementation of certain planned real estate projects, applying an annual discount rate of 8.33%, and concluded that the impairment of the investment identified in prior years has been recognised in the appropriate amount.

The impairment of SIA KI Fund has been recognised historically, and currently the previously recognised impairment amount is assessed as appropriate, given the company's asset structure and future plans, which are primarily related to sale of the Company's assets.

An impairment loss for Rietumu Lizing OOO was recognised in 2025 due to a decrease in the subsidiary's equity following dividend distribution and a decline in its profitability in line with the reduction in the scale of the company's operations.

## 22. Equity accounted investees

### The Bank

Name	Country of incorporation	Principal activities	Ownership	Amount of investment	Ownership	Amount of investment
			31 Dec 2025		31 Dec 2024	
			%	'000 EUR	%	'000 EUR
AS "Latvijas gāze"	Latvija	Trade of gas through mains	0.00%	-	28.97%	36 955
						<b>36 955</b>

### The Group

Name	Country of incorporation	Principal activities	Ownership	Amount of investment	Ownership	Amount of investment
			31 Dec 2025		31 Dec 2024	
			%	'000 EUR	%	'000 EUR
AS "Latvijas gāze"	Latvia	Trade of gas through mains	0.00%	-	28.97%	37 955
SIA "NAT Grupa"	Latvia	Real estate management	29.50%	-	29.50%	-
OUTLETICO SIA	Latvia	Real estate management	35.00%	-	0.00%	-
<b>Total</b>						<b>37 955</b>

## 22. Equity accounted investees continued

### Sale of associated company AS Latvijas Gaze

In August 2025, an agreement was signed on the sale of Latvijas Gaze shares. At the time of sale, the carrying amount of AS Latvijas Gaze shares was EUR 36,955 million in the Bank's accounts and EUR 37,955 million in the Group's accounts. The sale was carried out using the terms and conditions provided for in the option agreement, with a sale price of EUR 40,616 thousand. As at December 31, 2025, the entire amount specified in the agreement has been received. The result of the transaction amounted to EUR 5,666 thousand in the Bank's accounts and EUR 4,666 thousand in the Group's accounts. The transaction also included derecognition of the disposed instrument (option).

### Associated company SIA NAT Grupa

As at December 31, 2025, the net assets of associated company SIA NAT Grupa amounted to EUR (589) thousand (2024: EUR (596) thousand), and the carrying amount of the investment continues to be recognised at EUR 0 thousand.

### Acquisition of associate OUTLETICO SIA

In May 2025, the Group acquired 35.00% of shares in OUTLETICO SIA in exchange for cash consideration (transaction amount less than EUR 1 thousand). The Bank considers that the interest in the acquired company is presented at fair value. Management believes that the carrying amount of the assets of the acquired company at the time of acquisition was consistent with their fair value. The Bank had previously issued a loan to the company (outstanding balance at 31.12.2025 – EUR 20.3 million) and the Bank had prior knowledge about the company's operations.

## 22. Equity accounted investees continued

Fair value of the associated company's assets and liabilities at the date of acquisition:

OUTLETICO SIA	31.12.2025. '000 EUR	30.06.2025. (Date of acquisition of control) '000 EUR
<b>Percentage ownership interest</b>	<b>35,00%</b>	<b>35,00%</b>
Non-current assets	28 956	29 386
Current assets	386	607
Non current liabilities	(38 413)	(37 639)
Current liabilities	(1 428)	(1 477)
<b>Net assets (100%)</b>	<b>(10 499)</b>	<b>(9 123)</b>
<b>Group's share of net assets (35%)</b>	<b>(3 675)</b>	<b>(3 193)</b>
<b>Intangible assets*</b>	-	-

	01.07.2025. - 31 Dec 2025 '000 EUR
Net revenue	860
Profit/(loss) for the period	(1 895)
Total comprehensive income	(1 895)
<b>Total comprehensive income (35%)</b>	<b>(663)</b>

\* The net asset value of the group is determined as EUR 0. Given the negative net assets of the company, no value is created and, accordingly, no impact of losses of the company is recognised.

## 23. Plant, property and equipment

The Group '000 EUR	Right of use assets	Land and build- ings	Construc- tion in progress	Vehicles	Office equipment and machinery	Advances	Total
<b>Cost/Revalued amount</b>							
<b>At 1 January 2025</b>	<b>696</b>	<b>39 478</b>	-	<b>13 058</b>	<b>12 930</b>	<b>4</b>	<b>66 166</b>
Additions	502	-	2 480	365	1 535	(3)	<b>4 879</b>
Disposals	(208)	-	-	(9 938)	(139)	-	<b>(10 285)</b>
Acquisition of subsidiary	476	-	-	38 793	-	-	<b>39 269</b>
Reclassification (to)/from investment property	-	(7 341)	-	-	(396)	-	<b>(7 737)</b>
Deconsolidation of subsidiary	(201)	(668)	-	-	(6)	-	<b>(875)</b>
FX translation effect	-	14	-	-	3	-	<b>17</b>
<b>At 31 December 2025</b>	<b>1 265</b>	<b>31 483</b>	<b>2 480</b>	<b>42 278</b>	<b>13 927</b>	<b>1</b>	<b>91 434</b>
<b>Depreciation</b>							
<b>At 1 January 2025</b>	<b>222</b>	<b>296</b>	-	<b>2 038</b>	<b>398</b>	-	<b>2 954</b>
Depreciation charge	(208)	-	-	(2 030)	(118)	-	<b>(2 356)</b>
Disposals	155	-	-	-	-	-	<b>155</b>
Transfer due to Deconsolidation of subsidiary	(60)	(86)	-	-	(4)	-	<b>(150)</b>
Deconsolidation of subsidiary	-	-	-	-	-	-	-
<b>At 31 December 2025</b>	<b>416</b>	<b>10 480</b>	-	<b>3 855</b>	<b>8 090</b>	-	<b>22 841</b>
<b>Net carrying amount</b>							
<b>At 31 December 2025</b>	<b>849</b>	<b>21 003</b>	<b>2 480</b>	<b>38 423</b>	<b>5 837</b>	<b>1</b>	<b>68 593</b>
<b>At 31 December 2024</b>	<b>389</b>	<b>29 208</b>	-	<b>9 211</b>	<b>5 116</b>	<b>4</b>	<b>43 928</b>

## 23. Plant, property and equipment continued

The Group '000 EUR	Right of use assets	Land and buildings	Construc- tion in prog- ress	Vehicles	Office equip- ment and machinery	Advances	Total
<b>Cost/Revalued amount At 1 January 2024</b>	<b>1 510</b>	<b>35 816</b>	-	<b>13 023</b>	<b>15 205</b>	<b>106</b>	<b>65 660</b>
Additions	153	-	-	-	579	38	<b>770</b>
Disposals	(163)	-	-	-	(1 919)	-	<b>(2 082)</b>
Transfer	-	-	-	35	105	(140)	-
Reclassification (to)/from investment property	-	2 764	-	-	-	-	<b>2 764</b>
Sale of subsidiary	(804)	-	-	-	(1 039)	-	(1 843)
Revaluation	-	956	-	-	-	-	<b>956</b>
FX translation effect	-	(58)	-	-	(1)	-	<b>(59)</b>
<b>At 31 December 2024</b>	<b>696</b>	<b>39 478</b>	-	<b>13 058</b>	<b>12 930</b>	<b>4</b>	<b>66 166</b>
<b>Depreciation At 1 January 2024</b>	<b>643</b>	<b>9 405</b>	-	<b>3 121</b>	<b>9 943</b>	-	<b>23 112</b>
Depreciation charge	204	870	-	726	376	-	<b>2 176</b>
Disposals	(120)	-	-	-	(1 735)	-	<b>(1 855)</b>
Sale of subsidiary	-	-	-	-	-	-	-
FX translation effect	(420)	-	-	-	(769)	-	<b>(1 189)</b>
At 31 December 2024	-	(5)	-	-	(1)	-	<b>(6)</b>
	<b>307</b>	<b>10 270</b>	-	<b>3 847</b>	<b>7 814</b>	-	<b>22 238</b>
<b>Net carrying amount</b>							
<b>At 31 December 2024</b>	<b>389</b>	<b>29 208</b>	-	<b>9 211</b>	<b>5 116</b>	<b>4</b>	<b>43 928</b>
<b>At 31 December 2023</b>	<b>867</b>	<b>26 411</b>	-	<b>9 902</b>	<b>5 262</b>	<b>106</b>	<b>42 548</b>

## 23. Plant, property and equipment, continued

### Revalued assets

As at 31 December 2024 and 31 December 2025, property consisting of office buildings and land was revalued based on report of external independent and qualified property appraisers with recent experience in the location and category of the property being valued. The independent appraisers provide the fair value of the property portfolio every year.

The following table shows the valuation methods used in measuring the fair value of the significant items of property and the significant unobservable inputs. Other property items that belong to the subsidiaries of the Group are considered insignificant for the Bank and the Group.

#### 2025.

Type	Valuation technique	Significant unobservable inputs	Interrelation between significant unobservable inputs and fair value measurement
Office premises in administrative building in the net carrying amount of EUR 456 thousand (2024: EUR 456 thousand) located in Minsk, Belarus	Market comparison technique: the fair value was based on results of comparable sales of similar buildings	Price per m <sup>2</sup> – 690 EUR (2024: EUR 690)	The fair value would increase (decreased) if the price per m <sup>2</sup> was higher (lower).
Office building (17,071 m <sup>2</sup> ) and land in the amount of EUR 36,500 thousand located in Riga, Latvia	Discounted cash flows technique: the model is based on discounted cash flows from rental income.	Rental income per m <sup>2</sup> of EUR 14.70 (2024: EUR 15.50) Discount rate of 8.6 % (2024: 7.8%) Capitalization rate 7.25%	The estimated fair value would increase (decrease) if: - Rental income per m <sup>2</sup> was higher (lower) - The discount rate was lower (higher) - Annual capital expense are lower (higher) - The occupancy rate was higher (lower)

#### 2024.

Type	Valuation technique	Significant unobservable inputs	Interrelation between significant unobservable inputs and fair value measurement
Office premises in administrative building in the net carrying amount of EUR 456 thousand (2023: EUR 422 thousand) located in Minsk, Belarus	Market comparison technique: the fair value was based on results of comparable sales of similar buildings	Price per m <sup>2</sup> – 690 EUR (2023: EUR 660)	The fair value would increase (decreased) if the price per m <sup>2</sup> was higher (lower).
Office building (17,071 m <sup>2</sup> ) and land in the amount of EUR 36,600 thousand located in Riga, Latvia	Discounted cash flows technique: the model is based on discounted cash flows from rental income.	Rental income per m <sup>2</sup> of EUR 15.50 (2023: EUR 15.50) Discount rate of 7.8 % (2023: 7.8%)	The estimated fair value would increase (decrease) if: - Rental income per m <sup>2</sup> was higher (lower) - The discount rate was lower (higher) - Annual capital expense are lower (higher) - The occupancy rate was higher (lower)

## 23. Plant, property and equipment, continued

### The Bank

'000 EUR	Right of use assets	Land and buildings	Vehicles	Office equipment	Advances	Total
<b>Cost/Revalued amount At 1 January 2025</b>	<b>30 681</b>	<b>-</b>	<b>3 061</b>	<b>11 409</b>	<b>-</b>	<b>45 151</b>
Additions	-	-	324	1 050	-	<b>1 374</b>
Disposals	-	-	-	(38)	-	<b>(38)</b>
Reclassified to Investment property	-	(4 809)	-	-	-	<b>(4 809)</b>
Transfer/Merger	(30 204)	25 620	39	283	-	<b>(4 262)</b>
<b>At 31 December 2025</b>	<b>477</b>	<b>20 811</b>	<b>3 424</b>	<b>12 704</b>	<b>-</b>	<b>37 416</b>
<b>Depreciation and impairment losses At 1 January 2025</b>	<b>8 429</b>	<b>-</b>	<b>2 096</b>	<b>6 744</b>	<b>-</b>	<b>17 269</b>
Depreciation charge	788	275	206	293	-	<b>1 562</b>
Disposals	-	-	-	(29)	-	<b>(29)</b>
Transfer/Merger	(9 016)	-	39	77	-	<b>(8 900)</b>
<b>At 31 December 2025</b>	<b>201</b>	<b>275</b>	<b>2 341</b>	<b>7 085</b>	<b>-</b>	<b>9 902</b>
<b>Net carrying amount</b>						
<b>At 31 December 2025</b>	<b>276</b>	<b>20 536</b>	<b>1 083</b>	<b>5 619</b>	<b>-</b>	<b>27 514</b>
<b>At 31 December 2025</b>	<b>22 252</b>	<b>-</b>	<b>965</b>	<b>4 665</b>	<b>-</b>	<b>27 882</b>

Following the merger of the Bank and its subsidiary SIA Vesetas 7 (see Note 1), land plot and a building at 7 Vesetas Street, Riga were recognised with a carrying amount of EUR 25 620 thousand as at December 31, 2025.

'000 EUR	Right of use assets	Land and buildings	Vehicles	Office equipment	Advances	Total
<b>Cost/Revalued amount At 1 January 2024</b>	<b>30 077</b>	<b>-</b>	<b>3 026</b>	<b>11 179</b>	<b>8</b>	<b>44 290</b>
Additions	604	-	-	450	35	<b>1 089</b>
Disposals	-	-	-	(228)	-	<b>(228)</b>
Transfers	-	-	35	8	(43)	<b>-</b>
<b>At 31 December 2024</b>	<b>30 681</b>	<b>-</b>	<b>3 061</b>	<b>11 409</b>	<b>-</b>	<b>45 151</b>
<b>Depreciation and impairment losses At 1 January 2024</b>	<b>6 703</b>	<b>-</b>	<b>1 872</b>	<b>6 815</b>	<b>-</b>	<b>15 390</b>
Depreciation charge	1 726	-	224	153	-	<b>2 103</b>
Disposals	-	-	-	(224)	-	<b>(224)</b>
<b>At 31 December 2024</b>	<b>8 429</b>	<b>-</b>	<b>2 096</b>	<b>6 744</b>	<b>-</b>	<b>17 269</b>
<b>Net carrying amount</b>						
<b>At 31 December 2024</b>	<b>22 252</b>	<b>-</b>	<b>965</b>	<b>4 665</b>	<b>-</b>	<b>27 882</b>
<b>At 31 December 2023</b>	<b>23 374</b>	<b>-</b>	<b>1 154</b>	<b>4 364</b>	<b>8</b>	<b>28 900</b>

## 24. Intangible assets

### The Group

'000 EUR	Goodwill	Software	Other	Advances	Total
<b>Cost/Revalued amount At 1 January 2025</b>	<b>1 069</b>	<b>11 844</b>	<b>65</b>	<b>1 139</b>	<b>14 117</b>
Additions	-	53	-	645	<b>698</b>
Disposals	-	-	(5)	-	<b>(5)</b>
Transfers	-	552	-	(552)	-
<b>At 31 December 2025</b>	<b>1 069</b>	<b>12 449</b>	<b>60</b>	<b>1 232</b>	<b>14 810</b>
<b>Amortisation and impairment losses At 1 January 2025</b>	<b>690</b>	<b>11 561</b>	<b>54</b>	<b>-</b>	<b>12 305</b>
Amortisation charge	-	108	2	-	<b>110</b>
Impairment of goodwill write off	374	-	-	-	<b>374</b>
FX translation effect	-	2	1	-	<b>3</b>
<b>At 1 January 2025</b>	<b>1 064</b>	<b>11 671</b>	<b>57</b>	<b>-</b>	<b>12 792</b>
<b>Net carrying amount</b>					
<b>At 1 January 2025</b>	<b>5</b>	<b>778</b>	<b>3</b>	<b>1 232</b>	<b>2 018</b>
<b>At 31 December 2024</b>	<b>379</b>	<b>283</b>	<b>11</b>	<b>1 139</b>	<b>1 812</b>
<b>'000 EUR</b>	<b>Goodwill</b>	<b>Software</b>	<b>Other</b>	<b>Advances</b>	<b>Total</b>
<b>Cost/Revalued amount At 1 January 2024</b>	<b>1 069</b>	<b>11 727</b>	<b>61</b>	<b>475</b>	<b>13 332</b>
Additions	-	117	5	664	<b>786</b>
Sale of subsidiary	-	-	(1)	-	<b>(1)</b>
<b>At 31 December 2024</b>	<b>1 069</b>	<b>11 844</b>	<b>65</b>	<b>1 139</b>	<b>14 117</b>
<b>Amortisation and impairment losses At 1 January 2024</b>	<b>289</b>	<b>11 426</b>	<b>53</b>	<b>-</b>	<b>11 768</b>
Amortisation charge	-	135	1	-	<b>136</b>
Impairment of goodwill write off	401	-	-	-	<b>401</b>
<b>At 31 December 2024</b>	<b>690</b>	<b>11 561</b>	<b>54</b>	<b>-</b>	<b>12 305</b>
<b>Net carrying amount</b>					
<b>At 31 December 2024</b>	<b>379</b>	<b>283</b>	<b>11</b>	<b>1 139</b>	<b>1 812</b>
<b>At 31 December 2023</b>	<b>780</b>	<b>301</b>	<b>8</b>	<b>475</b>	<b>1 564</b>

Goodwill arose from the acquisition of the payment card business unit in 2001. In 2025, an impairment loss of EUR 374 thousand was recognized (2024: EUR 401 thousand) to bring the carrying amount of the net assets associated with the business in line with the estimated value of the business.

## 24. Intangible assets, continued

### The Bank

'000 EUR	Goodwill	Software	Other	Advances	Total
<b>Cost/Revalued amount At 1 January 2025</b>	<b>1 069</b>	<b>11 874</b>	<b>36</b>	<b>1 103</b>	<b>14 082</b>
Additions	-	91	-	604	<b>695</b>
Transfers	-	476	-	(476)	-
<b>At 31 December 2025</b>	<b>1 069</b>	<b>12 441</b>	<b>36</b>	<b>1 231</b>	<b>14 777</b>

#### Amortisation and impairment

<b>At 1 January 2025</b>	<b>690</b>	<b>11 555</b>	<b>35</b>	<b>-</b>	<b>12 280</b>
Amortisation charge	-	109	-	-	<b>109</b>
Impairment losses	374	-	-	-	<b>374</b>
<b>At 31 December 2025</b>	<b>1 064</b>	<b>11 664</b>	<b>35</b>	<b>-</b>	<b>12 763</b>

#### Net carrying amount

<b>At 31 December 2025</b>	<b>5</b>	<b>777</b>	<b>1</b>	<b>1 231</b>	<b>2 014</b>
<b>At 31 December 2024</b>	<b>379</b>	<b>319</b>	<b>1</b>	<b>1 103</b>	<b>1 802</b>

'000 EUR	Goodwill	Software	Other	Advances	Total
<b>Cost/Revalued amount At 1 January 2024</b>	<b>1 069</b>	<b>11 757</b>	<b>36</b>	<b>439</b>	<b>13 301</b>
Additions	-	117	-	664	<b>781</b>
<b>At 31 December 2024</b>	<b>1 069</b>	<b>11 874</b>	<b>36</b>	<b>1 103</b>	<b>14 082</b>

#### Amortisation and impairment

<b>At 1 January 2024</b>	<b>289</b>	<b>11 420</b>	<b>35</b>	<b>-</b>	<b>11 744</b>
Amortisation charge	-	135	-	-	<b>135</b>
Impairment losses	401	-	-	-	<b>401</b>
<b>At 31 December 2024</b>	<b>690</b>	<b>11 555</b>	<b>35</b>	<b>-</b>	<b>12 280</b>

#### Net carrying amount

<b>At 31 December 2024</b>	<b>379</b>	<b>319</b>	<b>1</b>	<b>1 103</b>	<b>1 802</b>
<b>At 31 December 2023</b>	<b>780</b>	<b>337</b>	<b>1</b>	<b>439</b>	<b>1 557</b>

Goodwill arose from the acquisition of the payment card business unit in 2001. In 2025, an impairment loss of EUR 374 thousand was recognized (2024: EUR 401 thousand) to bring the carrying amount of the net assets associated with the business in line with the estimated value of the business.

## 25. Right-of-use assets and lease liabilities

Property and equipment comprise owned and leased assets that do not meet the definition of investment property.

	31 Dec 2025 '000 EUR Group	31 Dec 2025 '000 EUR Bank	31 Dec 2024 '000 EUR Group	31 Dec 2024 '000 EUR Bank
Right-of-use assets	849	276	389	22 252
<b>Total</b>	<b>849</b>	<b>276</b>	<b>389</b>	<b>22 252</b>

During 2025, the Group completed the merger of the Bank with its subsidiary SIA Vesetas 7 (see Appendix 1). Until the date of merger, SIA Vesetas 7 was the owner of the building used by the Bank in its business operations and the relevant lease agreements were accounted for in accordance with IFRS 16 requirements. As a result, the Bank recognised a right-of-use asset and the related lease liability in the consolidated statement of financial position.

As a result of the merger, ownership of the building was transferred to the Bank and the lease agreement ceased to exist as an intra-group transaction. Accordingly, the previously recognised right-of-use asset and related lease liability were derecognised.

This event led to a significant decrease in the carrying value of the use rights assets at the end of the reporting period. This decrease is not related to changes in the Group's business or lease conditions with third parties, but is solely explained by the corporate reorganisation and the termination of the intra-group lease transaction.

## 26. Investment property

Investment property comprises residential properties and commercial properties, such as land or parts of buildings, and premises owned by the Group companies, which the Group does not occupy.

	31 Dec 2025 '000 EUR Group	31 Dec 2025 '000 EUR Bank	31 Dec 2024 '000 EUR Group	31 Dec 2024 '000 EUR Bank
<b>Balance at 1 January</b>	<b>80 039</b>	<b>33 420</b>	<b>97 753</b>	<b>42 117</b>
Reclassified (to)/from property and equipment	7 737	4 809	(2 764)	-
Sale/Derecognition of subsidiary	(13 082)	-	(5 372)	-
Invested in share capital of subsidiary	-	-	-	(900)
Transferred to Non-current assets held for sale	(40)	-	(5 991)	(1 126)
Takeover as a result of merger	-	10 980	-	-
Additions	3 129	-	5 170	36
Disposals/Sales	(9 124)	(8 279)	(7 427)	(6 378)
Revaluations	478	(95)	(270)	(329)
Currency revaluation	-	-	(1 060)	-
<b>Balance at 31 December</b>	<b>69 137</b>	<b>40 835</b>	<b>80 039</b>	<b>33 420</b>

Rental income and operating expense of the Group for the year ended 31 December 2025:

	Carrying amount '000 EUR	Rental and other income '000 EUR	Operating expenses '000 EUR
Investment property rented out	36 915	1 343	748
Investment property held for value appreciation	32 222	-	507
<b>Total</b>	<b>69 137</b>	<b>1 343</b>	<b>1 255</b>

Rental income and operating expense of the Group for the year ended 31 December 2024:

	Carrying amount '000 EUR	Rental and other income '000 EUR	Operating expenses '000 EUR
Investment property rented out	37 855	2 384	1 396
Investment property held for value appreciation	42 184	-	741
<b>Total</b>	<b>80 039</b>	<b>2 384</b>	<b>2 137</b>

Rental income and operating expenses are reflected under other income/(expenses) in the statement of profit or loss.

All investment properties represent Level 3 fair value hierarchy.

The Group and the Bank classify property assets that are being sold as non-current assets held for sale. The long-term assets held for sale consist only of real estate, and their balance is EUR 40 thousand (in 2024 – EUR 5,991 thousand) for the Group and EUR 0 thousand (in 2024 – EUR 126 thousand) for the Bank.

## 26. Investment property, continued

The following table shows the valuation method used in measuring fair value of the investment property of the Group and significant unobservable inputs used as at 31 December 2025:

Type	Valuation technique	Significant unobservable inputs	Carrying amount '000 EUR
<b>Residential property</b>	Market comparison technique: The fair value was based on results of comparable sales of similar properties	Average price per m2 *	
- Riga		EUR 406-3 665	4 500
- Jurmala		EUR 1 321-3 294	3 917
- Other areas in Latvia		EUR 1 365	203
<b>Land</b>	Market comparison technique: The fair value was based on results of comparable sales of similar land plots	Average price per m2 *	
- Riga		EUR 3 – 150	9 684
- Jurmala		EUR 1-1 163	1 160
- Other areas in Latvia		EUR 1 – 599	7 612
<b>Commercial property</b>	Market comparison technique: The fair value was based on results of comparable sales of similar properties	Average price per m2 *	
- Riga		EUR 18-1 197	6 347
- Other areas in Latvia		EUR 33-836	676
	Discounted cash flows technique: The model is based on discounted cash flows from rental income	Rental income per m2 of premises EUR 8 Annual discount rate 9% capitalization rate 8 %	1 803
		Rental income per m2 of premises EUR 3. Annual discount rate 11 %, capitalization rate 9.3 %.	109
<b>Commercial property</b>	Discounted cash flows technique: The model is based on discounted cash flows from rental income	Average rental income of premises per m2 EUR 14.7 Annual discount rate 8.60% Capitalization rate 7.25%	15 746
- Office building (Riga)			
- Commercial space (Riga)	Discounted cash flows technique: The model is based on discounted cash flows from rental income and Market comparison technique: The fair value was based on results of comparable sales of similar properties	Average rental income of premises per m2 EUR 4.68 Annual discount rate 8.50% Capitalization rate 8% Average price per m2 637 EUR	1 461
- Hotels (Latvia)	Discounted cash flows technique: The model is based on discounted cash flows from rental income	Annual discount rate of 9.25 %-11.3% Capitalization rate of 7.75 %-9.50% Adjusted average rent EUR 5.4-9.2 per sq.m., excluding VAT.	4 790
- Construction site for commercial premises (Riga and Jurmala)	Market comparison technique: The fair value was based on results of comparable sales of similar properties	Average price per m2 EUR 162-1 144 Average adjusted value of residential properties after completion of construction EUR 3 442 - EUR 4 551 per sq.m. Annual discount rate 9 %, discount factor 0.77-0.91	11 129
<b>Total</b>			<b>69 137</b>

## 26. Investment property, continued

The following table shows the valuation method used in measuring fair value of the investment property of the Group and significant unobservable inputs used as at 31 December 2024:

Type	Valuation technique	Significant unobservable inputs	Carrying amount '000 EUR
<b>Residential property</b>	Market comparison technique: The fair value was based on results of comparable sales of similar properties	Average price per m <sup>2</sup> *	
- Riga		EUR 406 - 3 353	7 580
- Jurmala		EUR 1 257 - 3 347	3 952
- Other areas in Latvia		EUR 1 278	190
- Moscow, Russia		EUR 1 348 - 1 453	311
<b>Land</b>	Market comparison technique: The fair value was based on results of comparable sales of similar land plots	Average price per m <sup>2</sup> *	
- Riga		EUR 3 - 158	10 166
- Jurmala		EUR 1 - 1 187	1 192
- Other areas in Latvia		EUR 1 - 599	8 170
<b>Commercial property</b>	Market comparison technique: The fair value was based on results of comparable sales of similar properties	Average price per m <sup>2</sup> *	
- Riga		EUR 41 - 1 137	8 502
- Other areas in Latvia		EUR 10 - 821	1 493
- Moscow, Russia	Discounted cash flows technique: The model is based on discounted cash flows from rental income	EUR 1 - 3 051	12 782
- Riga		Rental income per m <sup>2</sup> of premises EUR 8. Annual discount rate 9 %, capitalization rate 8 %.	1 857
- Other areas in Latvia		Rental income per m <sup>2</sup> of premises EUR 3. Annual discount rate 11.1 %, capitalization rate 9 %. Average level of physical deterioration of equipment ranging from 1% to 35 %.	1 500
<b>Commercial property</b>	Discounted cash flows technique: The model is based on discounted cash flows from rental income	Average rental income of premises per m <sup>2</sup> EUR 14.7 Annual discount rate 6.75% Capitalization rate 6.5%.	8 052
- Office building (Riga)			
- Commercial space (Riga)	Discounted cash flows technique: The model is based on discounted cash flows from rental income and Market comparison technique: The fair value was based on results of comparable sales of similar properties	Average rental income of premises per m <sup>2</sup> EUR 4.68 Annual discount rate 9.75% Capitalization rate 7.75%; Average price per m <sup>2</sup> is 593 EUR.	1 100
- Hotels (Latvia)	Discounted cash flows technique: The model is based on discounted cash flows from rental income	Annual discount rate of 8.75 %-11.4%, capitalization rate of 7.5 %-9.3 %, Adjusted average rent EUR 5,4 - 9,2 per sq.m., excluding VAT.	3 920
- Construction site for commercial premises (Riga)	Market comparison technique: The fair value was based on results of comparable sales of similar properties	Average price per m <sup>2</sup> EUR 156 - 266. Average adjusted value of residential properties after completion of construction EUR 2711 - EUR 3 412 per sq.m. Annual discount rate 11 %, discount factor 0.73 - 0.90.	9 272
<b>Total</b>			<b>80 039</b>

\* the sales prices are market prices of similar properties adjusted for criteria such as the territory, location, condition of the land plot, offer price, as a result of which significantly unobservable data are obtained. The relationship between the significant unobservable inputs and fair value measurement: the fair value would increase (decrease) if the price per m<sup>2</sup> were higher (lower), the rental income per m<sup>2</sup> were higher (lower), the discount rate were lower (higher), annual capital expense were lower (higher), the occupancy rate were higher (lower).

## 27. Other assets

	31 Dec 2025 '000 EUR Group	31 Dec 2025 '000 EUR Bank	31 Dec 2024 '000 EUR Group	31 Dec 2024 '000 EUR Bank
<b>Other financial assets</b>				
Cash in transit	12 342	12 342	2 466	2 466
Other debtors	1 625	468	2 045	755
Receivable due to sale of subsidiary	1 550	1 550	1 550	1 550
Dividends receivable	-	-	-	6 332
Other	18	18	279	2
Impairment allowance - other debtors	(1 391)	(1 177)	(567)	(361)
<b>Other non-financial assets</b>				
Prepayments	2 143	696	4 969	316
Recoverable VAT	26	-	619	97
Deferred expenses	1 652	1 546	1 428	1 298
Accrued income	631	388	751	676
Other	467	-	2 302	-
	<b>19 063</b>	<b>15 831</b>	<b>15 842</b>	<b>13 131</b>

### Analysis of movements in the impairment allowance

	2025 '000 EUR Group	2025 '000 EUR Bank	2024 '000 EUR Group	2024 '000 EUR Bank
<b>Balance at 1 January</b>	<b>567</b>	<b>361</b>	<b>570</b>	<b>358</b>
Charge for the year	874	855	1	-
Currency revaluation	(10)	(10)	4	5
Recovery	-	-	(6)	(2)
Written off	(40)	(29)	(2)	-
<b>Balance at 31 December</b>	<b>1 391</b>	<b>1 177</b>	<b>567</b>	<b>361</b>

## 28. Liabilities to banks

	31 Dec 2025 '000 EUR Group	31 Dec 2025 '000 EUR Bank	31 Dec 2024 '000 EUR Group	31 Dec 2024 '000 EUR Bank
Deposits and balances due to banks	14 518	14 518	10 543	10 543
	<b>14 518</b>	<b>14 518</b>	<b>10 543</b>	<b>10 543</b>

### Concentration of bank deposits and balances due

As at 31 December 2025, the Bank and the Group had one customer (two as at 31 December 2024) whose amount of balances in accounts exceeded 10 % of total liabilities to the banks. As at 31 December 2025, the gross value of these balances was EUR 11,452 thousand (2024: EUR 8,143 thousand and EUR 1,263 thousand).

## 29. Current accounts and deposits

	31 Dec 2025 '000 EUR Group	31 Dec 2025 '000 EUR Bank	31 Dec 2024 '000 EUR Group	31 Dec 2024 '000 EUR Bank
<b>Private companies</b>				
- current accounts	281 274	284 095	254 393	263 445
- term deposits	96 809	116 232	82 146	84 134
<b>Total private companies</b>	<b>378 083</b>	<b>400 327</b>	<b>336 539</b>	<b>347 579</b>
<b>Government</b>				
- current accounts	206	206	213	213
<b>Total government</b>	<b>206</b>	<b>206</b>	<b>213</b>	<b>213</b>
<b>Private individuals</b>				
- current accounts	281 438	281 438	169 668	173 268
- term deposits	304 678	304 678	412 617	409 017
<b>Total private individuals</b>	<b>586 116</b>	<b>586 116</b>	<b>582 285</b>	<b>582 285</b>
<b>Total current accounts and deposits due to customers</b>	<b>964 405</b>	<b>986 649</b>	<b>919 037</b>	<b>930 077</b>

### (a) Concentrations of current accounts and deposits

As at 31 December 2025 and 31 December 2024, the Bank and the Group had no customers whose account balances exceeded 10% of the total customer account vale.

### (b) Subordinated deposits

As at 31 December 2025, the Bank and the Group had subordinated deposits of EUR 16,765 thousand (2024: EUR 21,098 thousand).

Subordinated deposit is deposit for a fixed period (minimum term 5 years) with interest payment. Subordinated deposits cannot be claimed prematurely. Subordinated deposits are not covered by the state deposit guarantee scheme.

### Analysis of movements in the subordinated deposits

	'000 EUR Group	'000 EUR Bank
<b>Balance at 31 December 2023</b>	<b>23 133</b>	<b>23 133</b>
Repayments	(3 858)	(3 858)
Interest accrued during reporting period	966	966
Currency revaluation	857	857
<b>Balance at 31 December 2024</b>	<b>21 098</b>	<b>21 098</b>
Repayments	(3 535)	(3 535)
Interest accrued during reporting period	803	803
Currency revaluation	(1 601)	(1 601)
<b>Balance at 31 December 2025</b>	<b>16 765</b>	<b>16 765</b>

### 30. Other liabilities and accruals

	31 Dec 2025 '000 EUR Group	31 Dec 2025 '000 EUR Bank	31 Dec 2024 '000 EUR Group	31 Dec 2024 '000 EUR Bank
<b>Other financial liabilities</b>				
Other borrowings	17 650	-	3 600	-
Management bonus accrual	4 883	4 883	4 118	4 118
Accounts payable to suppliers	2 786	166	11 042	619
Lease liability	850	289	378	24 195
Accrued liability for quarterly deposit guarantee fund fee	232	232	306	306
Accrued liabilities for Bank of Latvia regulatory levy	110	110	112	112
Dividends payable	736	736	186	186
Other	5 440	5 104	5 953	5 491
<b>Other non-financial liabilities</b>				
Accrued liabilities	5 403	5 067	4 884	3 929
Annual leave accrual	1 463	1 183	1 687	1 321
Prepayments	237	237	1 515	224
Deferred income	322	315	284	248
VAT payable	473	165	539	-
Other	1 218	401	1 149	326
<b>Other liabilities Total</b>	<b>41 803</b>	<b>18 888</b>	<b>35 753</b>	<b>41 075</b>

### 31. Deferred tax asset and liability

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes give rise to net deferred tax liabilities as at 31 December 2025 and 2024.

These taxable and tax-deductible temporary differences which have no expiry dates are listed below at their tax affected accumulated values.

The Group '000 EUR	Assets		Liabilities		Net	
	2025	2024	2025	2024	2025	2024
Financial assets at fair value through other comprehensive income	273	1 036	-	-	273	1 036
Other assets	7	7	-	-	7	7
Other liabilities	-	6	-	-	-	6
Distributable profit	-	-	-	(750)	-	(750)
<b>Total recognised deferred tax assets/(liabilities)</b>	<b>280</b>	<b>1 049</b>	<b>-</b>	<b>(750)</b>	<b>280</b>	<b>299</b>
<b>Recognised deferred tax</b>					<b>280</b>	<b>299</b>

### 31. Deferred tax asset and liability, continued

#### The Bank

'000 EUR	Assets		Liabilities		Net	
	2025	2024	2025	2024	2025	2024
Financial assets at fair value through other comprehensive income	273	1 036	-	-	273	1 036
<b>Total recognised deferred tax assets/(liabilities)</b>	<b>273</b>	<b>1 036</b>	<b>-</b>	<b>-</b>	<b>273</b>	<b>1 036</b>
<b>Recognised deferred tax</b>					<b>273</b>	<b>1 036</b>

#### Movement in temporary differences in the year ended 31 December 2025

The Group	2025 '000 EUR	2024 '000 EUR
Balance at 1 January – deferred tax liability	(750)	(750)
Balance at 1 January – deferred tax asset	1 049	43
Charge to profit for the year	744	(30)
Charge to OCI	(763)	1 036
Currency revaluation	(1)	-
<b>Balance at 31 December</b>	<b>279</b>	<b>299</b>
<b>Deferred tax asset</b>	<b>279</b>	<b>1 049</b>
<b>Deferred tax liability</b>	<b>-</b>	<b>(750)</b>

The Bank	2025 '000 EUR	2024 '000 EUR
Balance at 1 January – deferred tax liability	-	-
Balance at 1 January – deferred tax asset	1 036	-
Charge to OCI	(763)	1 036
<b>Balance at 31 December</b>	<b>273</b>	<b>1 036</b>
<b>Deferred tax asset</b>	<b>273</b>	<b>1 036</b>
<b>Deferred tax liability</b>	<b>-</b>	<b>-</b>

Deferred tax asset and liability are shown net on individual subsidiaries level but are not netted on the Group level.

## 32. Capital and reserves

### (a) Issued capital and share premium

The authorised, issued and fully paid share capital comprises 101,633,700 A category registered ordinary shares and 19,020,308 B category ordinary registered shares. All shares have a par value of EUR 1.40. The share premium represents amounts which were paid by shareholders in excess to the par value of shares. The largest shareholders of the Bank as at 31 December 2025 and 31 December 2024 were as follows:

	2025 Number of shares	2025 '000 EUR	%
<b>A category registered shares</b>			
<b>Companies non-residents</b>			
Boswell (International) Consulting Limited	33 650 918	47 111	33,11%
<b>Companies residents</b>			
SIA "Esterkin Family Investments"	33 660 627	47 125	33,12%
SIA "Suharenko Family Investments"	17 618 202	24 666	17,34%
Other	16 703 953	1 579	1,11%
<b>Private persons</b>		21 807	15,33%
<b>A category registered shares, total</b>	<b>101 633 700</b>	<b>142 288</b>	<b>100%</b>
<b>B category registered shares</b>			
Companies	9 328 722	13 060	
Private persons	9 691 586	13 568	
<b>B category registered shares, total</b>	<b>19 020 308</b>	<b>26 628</b>	
Issued capital	<b>120 654 008</b>	<b>168 916</b>	
<b>Share premium</b>		<b>52 543</b>	
	2024 Number of shares	2024 '000 EUR	%
<b>A category registered shares</b>			
<b>Companies non-residents</b>			
Boswell (International) Consulting Limited	33 650 918	47 111	33,11%
<b>Companies residents</b>			
SIA "Esterkin Family Investments"	33 660 627	47 125	33,12%
SIA "Suharenko Family Investments"	17 618 202	24 666	17,34%
Other	16 703 953	1 579	1,11%
<b>Private persons</b>		21 807	15,33%
<b>A category registered shares, total</b>	<b>101 633 700</b>	<b>142 288</b>	<b>100%</b>
<b>B category registered shares</b>			
Companies	9 328 722	13 060	
Private persons	9 691 586	13 568	
<b>B category registered shares, total</b>	<b>19 020 308</b>	<b>26 628</b>	
Issued capital	<b>120 654 008</b>	<b>168 916</b>	
<b>Share premium</b>		<b>52 543</b>	

### 32. Capital and reserves, continued

The ultimate controlling parties of the Bank are Esterkin Family Investments Ltd (beneficiary Leonid Esterkin), Boswell (International) Consulting Limited (beneficiary Dermot Desmond) and Suharenko Family Investments Ltd (beneficiary Arkady Suharenko).

Holders of A category registered shares are entitled to dividends as declared from time to time and are entitled to one vote per share at annual and general meetings of the Bank and to residual assets.

B category registered shares are non-voting shares, but holders also are entitled to receive dividends as declared from time to time.

On April 29, 2025, AS Rietumu Banka Annual Shareholders' Meeting adopted a decision to pay dividends in the amount of EUR 20 million (from the Bank's 2017 retained earnings of EUR 17,432,952.96 and the 2018 retained earnings in the amount of EUR 2,567,047.04) or EUR 0.1658 per 1 share of the retained earnings of the Bank for the period until December 31, 2018

At its regular shareholders' meeting on April 29, 2024, AS Rietumu Banka decided to pay dividends in the amount of EUR 30 million, or EUR 0.2486 per 1 share, from the Bank's retained earnings for the period ending December 31, 2017.

#### (b) Dividends

	2025 '000 EUR Group	2025 '000 EUR Bank	2024 '000 EUR Group	2024 '000 EUR Bank
<b>Change from financing cash flows</b>				
Dividends paid to non-controlling interest shareholders	(1 274)	-	(1 227)	-
<b>Total changes from financing cash flows</b>	<b>(1 274)</b>	<b>-</b>	<b>(1 227)</b>	<b>-</b>

#### (c) Other reserves

Out of all other reserves those amounting to EUR 23 thousand of the Bank (2024: EUR 23 thousand) and EUR 40 thousand (2024: EUR 40 thousand) of the Group mainly represent contributions made by the shareholders in previous years. Other reserves cannot be distributed.

#### (d) Fair value reserve

The fair value reserve represents the changes in fair value of financial assets at fair value through other comprehensive income.

#### Movements in fair value reserve

Movements in the fair value reserve net of tax for the year ended 31 December 2025 and 2024:

	2025 '000 EUR Group	2025 '000 EUR Bank	2024 '000 EUR Group	2024 '000 EUR Bank
<b>Balance at 1 January</b>	<b>(4 143)</b>	<b>(4 143)</b>	<b>(14 995)</b>	<b>(14 995)</b>
Revaluation during the period	2 986	2 986	10 249	10 249
Reclassified to profit or loss	66	66	603	603
<b>Balance at 31 December</b>	<b>(1 091)</b>	<b>(1 091)</b>	<b>(4 143)</b>	<b>(4 143)</b>

## 32. Capital and reserves, continued

### (e) Revaluation reserve

The revaluation reserve reflects an increase in the fair value of the property classified as the PPE.

	2025 '000 EUR Group	2025 '000 EUR Bank	2024 '000 EUR Group	2024 '000 EUR Bank
<b>Revaluation reserve as at 1 January</b>	<b>7 506</b>	-	<b>6 670</b>	-
Transfer to retained earnings	(125)	-	(120)	-
Revaluation of property and equipment	-	-	956	-
<b>Revaluation reserve as at 31 December</b>	<b>7 381</b>	-	<b>7 506</b>	-

## 33. Cash and cash equivalents

Cash and cash equivalents consist of:

	31 Dec 2025 '000 EUR Group	31 Dec 2025 '000 EUR Bank	31 Dec 2024 '000 EUR Group	31 Dec 2024 '000 EUR Bank
Balances due from the Bank of Latvia	348 653	348 653	247 803	247 803
Cash	822	791	358	340
	<b>349 475</b>	<b>349 444</b>	<b>248 161</b>	<b>248 143</b>
Demand loans and receivables due from banks	22 384	20 432	17 581	16 046
Demand deposits and balances due to banks	(14 518)	(14 518)	(10 543)	(10 543)
<b>Total</b>	<b>357 341</b>	<b>355 358</b>	<b>255 199</b>	<b>253 646</b>

## 34. Off-balance sheet commitments, guarantees and encumbered assets

In line with the lending activity, the Bank enters into commitments to issue loans. These commitments take the form of approved but not yet issued loans, credit card limits and overdrafts.

The Bank provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. These agreements generally have fixed limits and generally have a duration of up to five years. The following table shows the contractual amounts of commitments breakdown by category. The amounts shown in the table for guarantees and letters of credit represent the maximum credit risk which would be recognised at the reporting date if counterparties failed to perform their obligations completely.

The total outstanding contractual commitments to grant loans set out above does not necessarily represent future cash requirements, as these commitments may expire or terminate before they are used.

	31 Dec 2025 '000 EUR Group	31 Dec 2025 '000 EUR Bank	31 Dec 2024 '000 EUR Group	31 Dec 2024 '000 EUR Bank
<b>Contracted amount</b>				
Loan commitments	132 794	143 115	90 006	111 016
Financial guarantees	18 305	18 305	18 737	18 737
<b>Total commitments and guarantees</b>	<b>151 099</b>	<b>161 420</b>	<b>108 743</b>	<b>129 753</b>
Provisions	(542)	(606)	(634)	(709)
<b>Net exposure</b>	<b>150 557</b>	<b>160 814</b>	<b>108 109</b>	<b>129 044</b>

### 34. Off-balance sheet commitments, guarantees and encumbered assets, continued

Analysis of the movement in the allowance for expected credit losses on off-balance sheet commitments and guarantees as at 31 December 2025:

The Group '000 EUR	Opening balance, 1 Jan 2025	Origination and acquisition	Repayments and disposals	Changes in credit risk, net	Other adjustments	Closing balance, 31 Dec 2025
Stage 1	349	735	(30)	(548)	-	506
Stage 2	285	1	(2)	(266)	-	18
Stage 3	-	37	-	(19)	-	18
<b>Total</b>	<b>634</b>	<b>773</b>	<b>(32)</b>	<b>(833)</b>	<b>-</b>	<b>542</b>

The Bank '000 EUR	Opening balance, 1 Jan 2025	Origination and acquisition	Repayments and disposals	Changes in credit risk, net	Other adjustments	Closing balance, 31 Dec 2025
Stage 1	424	735	(30)	(577)	-	552
Stage 2	285	1	(2)	(266)	-	18
Stage 3	-	61	-	(25)	-	36
<b>Total</b>	<b>709</b>	<b>797</b>	<b>(32)</b>	<b>(868)</b>	<b>-</b>	<b>606</b>

Analysis of the movement in the allowance for expected credit losses on off-balance sheet commitments and guarantees as at 31 December 2024:

The Group '000 EUR	Opening balance, 1 Jan 2024	Origination and acquisition	Repayments and disposals	Changes in credit risk, net	Other adjustments	Closing balance, 31 Dec 2024
Stage 1	351	1 062	(245)	(819)	-	349
Stage 2	131	75	(63)	142	-	285
Stage 3	-	-	-	-	-	-
<b>Total</b>	<b>482</b>	<b>1 137</b>	<b>(308)</b>	<b>(677)</b>	<b>-</b>	<b>634</b>

The Bank '000 EUR	Opening balance, 1 Jan 2024	Origination and acquisition	Repayments and disposals	Changes in credit risk, net	Other adjustments	Closing balance, 31 Dec 2024
Stage 1	360	1 062	(245)	(753)	-	424
Stage 2	131	75	(63)	142	-	285
Stage 3	-	-	-	-	-	-
<b>Total</b>	<b>491</b>	<b>1 137</b>	<b>(308)</b>	<b>(611)</b>	<b>-</b>	<b>709</b>

#### Encumbered assets

	31.12.2025 '000 EUR Group	31.12.2025 '000 EUR Bank	31.12.2024 '000 EUR Group	31.12.2024 '000 EUR Bank
Loans and receivables due from customers	2 864	2 864	21 117	21 117
<b>Total</b>	<b>2 864</b>	<b>2 864</b>	<b>21 117</b>	<b>21 117</b>

All encumbered assets serve as collateral for the Group's and the Bank's financial liabilities as at December 31, 2025, and December 31, 2024. The carrying amount of encumbered assets is approximately equal to their fair value as at December 31, 2025 and December 31, 2024. As at December 31, 2025, the total amount of the Group's and the Bank's encumbered assets comprises:

- EUR 2,723 thousand (EUR 20,754 thousand as at December 31, 2024) security deposits to secure liabilities

for potential claims from MasterCard INC. and VISA INC. The agreements with these organizations provide for sufficient funds to be held in deposit accounts to cover potential expenses related to the Bank's membership in these organizations;

- EUR 141 thousand (EUR 363 thousand as at December 31, 2024) in security deposits serving as collateral for customer transactions with financial instruments.

## 35. Provisions

	31 Dec 2025 '000 EUR Group	31 Dec 2025 '000 EUR Bank	31 Dec 2024 '000 EUR Group	31 Dec 2024 '000 EUR Bank
Litigation provisions (Note 36 (c))	30 000	30 000	30 000	30 000
Provisions for commitments and guarantees (Note 34)	542	606	634	709
<b>Total</b>	<b>30 542</b>	<b>30 606</b>	<b>30 634</b>	<b>30 709</b>

### Movements in the provisions:

'000 EUR	2025 '000 EUR Group	2025 '000 EUR Bank	2024 '000 EUR Group	2024 '000 EUR Bank
<b>Balance at 1 January</b>	<b>30 633</b>	<b>30 709</b>	<b>33 409</b>	<b>33 418</b>
Increase/(decrease) of provisions for commitments and guarantees (Note 34)	(92)	(103)	152	218
(Decrease) of provisions for litigation	-	-	(1 054)	(1 054)
Paid	-	-	(1 874)	(1 874)
<b>Balance at 31 December</b>	<b>30 541</b>	<b>30 606</b>	<b>30 633</b>	<b>30 708</b>

## 36. Litigation

### (a) Ordinary litigation

In the ordinary course of business, the Bank is subjected to the risk of being involved in litigation. The litigation risks are considered to be an integral and usual part of the business.

### (b) Trial in the Russian Federation

On August 20, 2025, the Moscow Arbitration Court initiated civil proceedings in Russia in connection with a claim filed by the Russian Prosecutor General's Office against the Bank, the Bank's subsidiary KI INVEST OOO (OOO КИ ИНВЕСТ), and other persons. On December 2, 2025, the court of first instance heard the civil case and on December 29, 2025, issued a ruling that was unfavourable to the Bank. The court upheld the claim of the Russian Prosecutor General's Office and, among other things, ruled: 1) to declare the loan agreement concluded between the Bank and KI INVEST OOO invalid; 2) to declare the transfers made by KI INVEST OOO to the Bank in the amount of RUB 105,292,317 invalid and recover them in favour of the Russian Federation; 3) to expropriate in favour of the Russian Federation subsidiaries, including KI INVEST OOO,

that belong to the Bank, the shares of companies and real estate registered in Russia and owned by other persons, to cancel the Bank's mortgages and commercial pledges.

The judgment has not yet become final, as it has been appealed and the proceedings will continue in the appellate court. The Bank's operations in Russia have always been lawful and in compliance with applicable regulations. The Bank will continue to defend its rights.

At the same time, the court ruled that the judgment should be enforced immediately. As of December 25, 2025, the owner of the shares of KI INVEST OOO is the Federal Agency for State Property Management of the Russian Federation, and the Bank's pledge on the shares has been deleted. In connection with the above, the Bank does not control the activities of KI INVEST OOO as of the reporting date (see Note 41). The Bank has assessed the possible negative final outcome of the litigation and has created additional provisions for assets involved in the litigation and certain other assets exposed to country risk in the Russian Federation. In estimating and making provisions for impairment of the Group

### 36. Litigation, continued

and the Bank's assets in Russia, management took into account all aspects of the first instance court's decision. Information on the provisions and exposure in Russia is provided in section 4(i).

The Bank's management has made an assessment of the potential impact on the Bank's financial position, including its regulatory indicators. The assessment included stress tests of capital adequacy and liquidity ratios, assuming a hypothetical scenario of complete confiscation of all remaining assets of the Bank in the Russian Federation. The results of the stress tests indicate that, even in such a scenario, the Bank would continue to comply with the applicable regulatory requirements for capital adequacy and liquidity.

Taking into account the capital adjustments and provisions made previously, the Bank believes that the aforementioned litigation does not jeopardize the Bank's business continuity, the implementation of its future strategy, or its compliance with regulatory requirements.

#### (c) Litigation in France

In July 2011, a criminal investigation was initiated against France Offshore in France in connection with tax evasion and money laundering, and on 12 December 2012, the head of the representative office in Paris and the Bank were placed under investigation.

On July 6, 2017, Department 32 of Paris Criminal Court ruled that the Bank was guilty of money laundering by providing assistance to placement, concealment or conversion operations of the proceeds of a crime. The court ordered the Bank to pay a criminal fine of EUR 80 million, jointly and severally with the other defendants EUR 10 million in damages to the French State and EUR 100 thousand in court expenses. The court banned the Bank from operating in France for 5 years.

The bank lodged an appeal against the judgment. On 6 April 2021, the Paris Court of Appeal upheld some of the arguments of the Bank and reduced the fine by 75% to EUR 20 million. International mass media considered it as a success for the Bank (*Latvian lender AS Rietumu Banka achieved a 75% reduction in what was once France's highest criminal fine for a company – Bloomberg*).

The judgment of the Court of Appeal of Paris came into force on 5 January 2023.

The Executive Board and Council of the Bank have mutually agreed on further action, which is based on the Latvian Criminal Procedure Law, the Criminal Law and the opinions provided by the sworn law firm Bļugers und Plaude and Kiejman &

Marembert, namely:

1) chapter 73 of the Law on Criminal Procedure determines the procedure for the execution of a decision on property recovery made in Latvia as an EU member state. In order for a judgment passed in an EU member state to be enforceable in Latvia, the following conditions must be met:

a) the competent authority of France must submit a request to the Ministry of Justice of the Republic of Latvia for the recognition and enforcement of the judgment of the Paris Court of Appeal of 6 April 2021, in Latvia;

b) the Ministry of Justice examines the received request and if the submitted documents are sufficient and in accordance with the requirements of the regulatory acts, then they are sent to the court for examination upon approval;

c) the court considers whether the judgment is enforceable and decides on the enforced property recovery in Latvia or refusal to execute the judgement;

2) EUR 10 million in compensation to be collected jointly and severally from the 13 convicts. Pursuant to Latvian laws, if the Bank pays the entire amount, the Bank can later demand appropriate compensation from the other jointly and severally liable parties;

3) the Bank will comply with the judgment of the Paris Court of Appeal of 6 April 2021, after the adoption of the relevant decision of the Latvian court in accordance with the procedures specified in Chapter 73 of the Criminal Procedure Law of the Republic of Latvia and the entry into force of this decision.

As at 31 December 2025, the amount of provisions was EUR 30 million (EUR 30 million as at December 31, 2024), which is sufficient to cover the fine, damages and litigation costs.

#### (d) Contingent liabilities

As a part of its ordinary business, the Bank has received inquiries from regulatory authorities in Latvia about the treatment of certain customer funds which had historically been placed under regulatory arrest. The total aggregate amount of funds subject to such correspondence exceeded EUR 10 million as at 31 December 2025. The Bank has performed internal legal analysis and sought external legal advice on the matter, and has assessed that the likelihood of outflow of Bank's resources in relation to the matter is assessed as less than probable to occur. Therefore, no provisions have been recognised in the consolidated and separate financial statements.

### 37. Trust and custody activities

Funds under trust management represent securities and other assets managed and held by the Bank and the Group on behalf of customers accounted for off-balance sheet. The Bank and the Group earn commission income for holding such assets. The Bank and the Group are not subject to interest, credit, liquidity, price and currency risk with respect of these securities in accordance with the agreements concluded with the customers. As at 31 December 2025, the total assets held by the Group and the Bank on behalf of customers and assets under management were EUR 346 980 thousand (2024: 325,942 thousand).

### 38. Involvement with unconsolidated structured entities

The following table describes the types of structured entities that the Group and the Bank do not consolidate but in which they hold an investment:

Information about total assets is based on the latest financial information available to the Group.

Nature and purpose	Interest held by the Group and the Bank	Carrying amount of interest held		Total assets		
		2025	2024	2025	2024	
		'000 EUR	'000 EUR	'000 EUR	'000 EUR	
<b>Investments in the capital of the entities that relate to loans issued by the Bank and other investments</b>	To minimize the risk of non-repayment of the loan obligations and to control the repayment of the loans where borrowers fail to fulfill their credit obligations, other investments with the aim of recovering the investment in the future	Investments in the capital of borrowers	330	351	399	2 024

Investment in structured entities is a part of the portfolio of equity securities carried at fair value through profit or loss.

### 39. Related party transactions

Related parties are defined as shareholders who have significant influence over the Bank, other companies in which they have a controlling interest, members of the Council and the Executive Board, key management personnel, their close relatives and companies in which they have a controlling interest, as well as subsidiaries and associates. All transactions have been conducted on an arm's length basis.

The Group '000 EUR	31 Dec 2025				31 Dec 2024			
	Associates	Key management	Shareholders with significant influence over the Bank	Other related parties	Associates	Key management	Shareholders with significant influence over the Bank	Other related parties
Loans and receivables due from customers	40 747	77	-	11 555	22 623	130	-	36 051
Expected credit losses	(8 099)	(2)	-	(166)	(3 013)	(3)	-	(640)
Current accounts and deposits due to customers	63	8 973	6 030	22 640	26 593	8 385	2 958	20 935
Other liabilities	-	17 650	-	-	-	3 600	-	-
Loan commitments	154	499	-	3 735	-	523	-	1 777
Provisions	-	(2)	-	(1)	-	(9)	-	(2)
Interest income	2 496	6	-	1 417	2 480	10	-	1 834
Interest expense	(463)	(759)	-	(130)	(935)	(152)	-	(69)
Fee and commission income	8	12	-	85	10	15	-	81
Fee and commission expense	-	-	-	(287)	-	-	-	(121)
<b>Impairment losses (ECL)</b>	<b>(4 248)</b>	<b>1</b>		<b>(365)</b>	<b>(1 205)</b>	<b>-</b>	<b>-</b>	<b>180</b>

The Bank '000 EUR	31 Dec 2025					31 Dec 2024				
	Subsidiaries	Associates	Key management	Shareholders with significant influence over the Bank	Other related parties	Subsidiaries	Associates	Key management	Shareholders with significant influence over the Bank	Other related parties
Loans and receivables due from customers, net	94 233	39 411	77	-	11 555	104 539	21 203	130	-	36 051
Expected credit losses	(1 549)	(7 797)	(2)	-	(166)	(11 350)	(2 811)	(3)	-	(640)
Current accounts and deposits due to customers	22 266	63	8 973	6 030	22 640	11 062	26 593	8 385	2 958	20 935
Dividends receivable	-	-	-	-	-	6 332	-	-	-	-
Loan commitments	10 450	154	499	-	3 735	21 119	-	523	-	1 777
Provisions	(64)	-	(2)	-	(1)	(75)	-	(9)	-	(2)
Interest income	6 174	2 493	6	-	1 417	7 130	2 480	10	-	1 834
Interest expense	(60)	(463)	(213)	-	(130)	(29)	(935)	(152)	-	(69)
Fee and commission income	4	8	12	-	85	4	10	15	-	81
Fee and commission expense	-	-	-	-	(287)	-	-	-	-	(121)
Impairment investments in subsidiaries	(703)	-	-	-	-	-	-	-	-	-
Impairment losses (ECL)	(12 288)	(4 147)	1	-	(365)	(1 754)	(1 205)	-	-	180
General administrative expenses	(917)	-	-	-	-	(1 358)	-	-	-	-
<b>Lease payments</b>	<b>1 071</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 207</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Loans and receivables due from related parties are secured by real estate pledges and commercial pledges.

### 39. Related party transactions, continued

Remuneration included in the general administrative expenses (see Note 14):

	31 Dec 2025 000 EUR Group	31 Dec 2025 000 EUR Bank	31 Dec 2024 000 EUR Group	31 Dec 2024 000 EUR Bank
<b>Short-term employee benefits</b>				
Members of the Council	862	862	930	912
Members of the Executive Board	1 925	1 391	1 616	1 092
Payroll related taxes	634	508	585	457
<b>Total</b>	<b>3 421</b>	<b>2 761</b>	<b>3 131</b>	<b>2 461</b>

During 2025, the Bank received EUR 1,326 thousand (2024: EUR 1,173 thousand) in dividends from its subsidiary SIA InCREDIT GROUP, EUR 0 (2024: 210) thousands from its subsidiary SIA RB Drošība and EUR 960 (2024: 928) thousand from Rietumu Līzings.

### 40. Fair value of financial assets

#### (a) Financial assets measured at fair value

The table below analyses financial assets measured at fair value at the end of the reporting period by the level in the fair value hierarchy in which the fair value measurement is classified.

#### The Group

31 Dec 2025	Level (1)	Level (2)	Level (3)	Total
<b>Financial assets</b>				
Financial assets at fair value through other comprehensive income	152 821	22 245	72	<b>175 138</b>
Financial assets at fair value through profit or loss	7 585	-	1 762	<b>9 347</b>
<b>Financial liabilities</b>				
Financial liabilities at fair value through profit or loss	-	-	-	-

31 Dec 2024	Level (1)	Level (2)	Level (3)	Total
<b>Financial assets</b>				
Financial assets at fair value through other comprehensive income	177 221	33 212	2 891	<b>213 324</b>
Financial assets at fair value through profit or loss	4 963	132	3 420	<b>8 515</b>
<b>Financial liabilities</b>				
Financial liabilities at fair value through profit or loss	-	529	2 005	<b>2 534</b>

## 40. Fair value of financial assets, continued

### The Bank

31 Dec 2025	Level (1)	Level (2)	Level (3)	Total
<b>Financial assets</b>				
Financial assets at fair value through other comprehensive income	152 821	22 245	72	<b>175 138</b>
Financial assets at fair value through profit or loss	7 585	-	1 329	<b>8 914</b>
<b>Financial liabilities</b>				
Financial liabilities at fair value through profit or loss	-	-	-	-
<b>31 Dec 2024</b>				
31 Dec 2024	Level (1)	Level (2)	Level (3)	Total
<b>Financial assets</b>				
Financial assets at fair value through other comprehensive income	177 221	33 212	2 891	<b>213 324</b>
Financial assets at fair value through profit or loss	4 963	132	2 927	<b>8 022</b>
<b>Financial liabilities</b>				
Financial liabilities at fair value through profit or loss	-	529	2 005	<b>2 534</b>

### Changes in fair value of financial instruments classified at Level 3

	The Group			The Bank		
	Assets		Liabilities	Assets		Liabilities
	FVOCI '000 EUR	FVTPL '000 EUR	FVTPL '000 EUR	FVOCI '000 EUR	FVTPL '000 EUR	FVTPL '000 EUR
<b>Balance at 31 December 2023</b>	<b>3 497</b>	<b>4 686</b>	<b>1 955</b>	<b>3 497</b>	<b>4 192</b>	<b>1 955</b>
Total gains or losses:						
in profit or loss	(247)	(1 438)	50	(247)	(1 437)	50
in OCI	544	-	-	544	-	-
Change in Fair Value Level	(325)	-	-	(325)	-	-
Reclasification	(138)	105	-	(138)	105	-
(Settlements)/Additions	(440)	67	-	(440)	67	-
<b>Balance at 31 December 2024</b>	<b>2 891</b>	<b>3 420</b>	<b>2 005</b>	<b>2 891</b>	<b>2 927</b>	<b>2 005</b>
Total gains or losses:						
in profit or loss	-	(1 455)	-	-	(1 355)	-
in OCI	216	-	-	216	-	-
Change in Fair Value Level	8	-	-	8	-	-
Reclasification	-	40	-	-	-	-
(Settlements)/Additions	(3 043)	(243)	(2 005)	(3 043)	(243)	(2 005)
<b>Balance at 31 December 2025</b>	<b>72</b>	<b>1 762</b>	<b>-</b>	<b>72</b>	<b>1 329</b>	<b>-</b>

## 40. Fair value of financial assets, continued

Key unobservable inputs used in the fair value measurement of financial instruments classified at Level 3 as at 31 December 2025:

Financial instruments	Valuation method	Parameters to be used for the valuation
FVOCI financial instruments	Quoted prices of similar instruments or adjusted prices observed in less liquid markets	Liquidity discount Prices quoted in an active market for similar instruments
FVTPL financial instruments	Quoted prices of similar instruments or adjusted prices observed in less liquid markets	Prices quoted in an active market for similar instruments Conversion rate of shares Liquidity discount

## 40. Fair value of financial assets, continued

### (b) Financial instruments not measured at fair value

The table below analyses the fair values of financial assets not measured at fair value by the level in the fair value hierarchy into which each fair value measurement is categorised.

#### The Group

<b>31 December 2025</b>	<b>Level 1 '000 EUR</b>	<b>Level 2 '000 EUR</b>	<b>Level 3 '000 EUR</b>	<b>Total fair values '000 EUR</b>	<b>Total carrying amount '000 EUR</b>
<b>Financial assets</b>					
Cash and balances due from the Bank of Latvia	-	-	349 475	349 475	349 475
Deposits and balances due from banks	-	-	22 384	22 384	22 384
Loans and receivables due from customers	-	-	623 566	623 566	628 208
Debt securities at amortised cost	60	1 449	34 454	35 963	36 183
Other financial assets	-	-	14 144	14 144	14 144
<b>Financial liabilities</b>					
Deposits and balances due to banks	-	-	14 518	14 518	14 518
Current accounts and deposits due to customers	-	-	966 425	966 425	964 405
Other financial liabilities	-	-	32 687	32 687	32 687
<b>31 December 2024</b>					
	<b>Level 1 '000 EUR</b>	<b>Level 2 '000 EUR</b>	<b>Level 3 '000 EUR</b>	<b>Total fair values '000 EUR</b>	<b>Total carrying amount '000 EUR</b>
<b>Financial assets</b>					
Cash and balances due from the Bank of Latvia	-	-	248 161	248 161	248 161
Deposits and balances due from banks	-	-	17 581	17 581	17 581
Loans and receivables due from customers	-	-	656 823	656 823	657 062
Debt securities at amortised cost	4 238	2 708	37 793	44 739	44 778
Other financial assets	-	-	5 773	5 773	5 773
<b>Financial liabilities</b>					
Deposits and balances due to banks	-	-	10 543	10 543	10 543
Current accounts and deposits due to customers	-	-	911 093	911 093	919 037
Other financial liabilities	-	-	25 695	25 695	25 695

## 40. Fair value of financial assets, continued

### The Bank

31 December 2025	Level 1 '000 EUR	Level 2 '000 EUR	Level 3 '000 EUR	Total fair values '000 EUR	Total carrying amount '000 EUR
<b>Financial assets</b>					
Cash and balances due from the Bank of Latvia	-	-	349 444	349 444	349 444
Deposits and balances due from banks	-	-	20 432	20 432	20 432
Loans and receivables due from customers	-	-	646 820	646 820	652 459
Debt securities at amortised cost	60	1 449	34 454	35 963	36 183
Other financial assets	-	-	13 201	13 201	13 201
<b>Financial liabilities</b>					
Deposits and balances due to banks	-	-	14 518	14 518	14 518
Current accounts and deposits due to customers	-	-	988 669	988 669	986 649
Other financial liabilities	-	-	11 520	11 520	11 520
<b>31 December 2024</b>					
	Level 1 '000 EUR	Level 2 '000 EUR	Level 3 '000 EUR	Total fair values '000 EUR	Total carrying amount '000 EUR
<b>Financial assets</b>					
Cash and balances due from the Bank of Latvia	-	-	248 143	248 143	248 143
Deposits and balances due from banks	-	-	16 046	16 046	16 046
Loans and receivables due from customers	-	-	687 031	687 031	688 443
Debt securities at amortised cost	4 238	2 708	37 793	44 739	44 778
Other financial assets	-	-	10 744	10 744	10 744
<b>Financial liabilities</b>					
Deposits and balances due to banks	-	-	10 543	10 543	10 543
Current accounts and deposits due to customers	-	-	922 133	922 133	930 077
Other financial liabilities	-	-	35 027	35 027	35 027

The fair value of financial assets and liabilities measured at amortised cost, except for debt securities measured at amortised cost, is measured using discounted cash flows. Discounting rate is derived from market interest rate adjusted for risk related to individual instruments. Fair value of debt securities at amortised cost is measured based on individual market price.

## 41. Non-controlling Interest

Non-controlling interest in subsidiaries

The following table summarises the information relating to the Group`s subsidiaries that have material non-controlling interest before any intra-group elimination:

'000 EUR	SIA "InCREDIT GROUP" 31 Dec 2025	SIA "InCREDIT GROUP" 31 Dec 2024
<b>Percentage of Non-controlling interest</b>	<b>49%</b>	<b>49%</b>
Loans and advances due from customers	67 115	68 535
Deposits and balances due from banks	455	422
Other assets	1 162	760
Deposits and balances due to financial banks	(50 814)	(53 437)
Current accounts and deposits due to customers	(3 600)	(3 600)
Other liabilities	(3 462)	(3 170)
<b>Net assets</b>	<b>10 856</b>	<b>9 510</b>
<b>Carrying amount of Non-controlling interest</b>	<b>5 319</b>	<b>4 660</b>
Revenue	16 406	15 507
Profit after tax	3 946	3 192
<b>Total comprehensive income</b>	<b>3 946</b>	<b>3 192</b>
<b>Profit/(loss) allocated to Non-controlling interest</b>	<b>1 933</b>	<b>1 564</b>

## 42. Acquisition and Disposal of Subsidiaries

### (a) Ulmaria Limited acquisition

In April 2025, the Group's company acquired 100% of the shares of Ulmaria Limited (Isle of Man). The purchase price was less than EUR 1 thousand (no deferred payments or additional transaction costs). As more than 99% of the assets of the acquired entity consisted of a passenger aircraft and taking into account the internal structure of the acquired entity, it was concluded that it was not a business acquisition but an asset acquisition, therefore the purchase price was allocated to the acquired assets in proportion to their estimated fair value. Acquired assets and liabilities at the date of acquisition according to allocated purchase price:

ULMARIA LIMITED	29.04.2025. '000 EUR
<b>Percentage ownership interest</b>	<b>100,00%</b>
Non-current assets	38 792
Current assets	379
Non current liabilities	(38 884)
Current liabilities	(287)
<b>Net assets (100%)</b>	<b>-</b>
<b>Group's share of net assets (100%)</b>	<b>-</b>

### (b) Deconsolidation of KI Invest OOO

The Group's subsidiary KI Invest OOO (Russian Federation) was deconsolidated in December 2025 due to loss of control resulting from legal proceedings and a court decision of the Russian Federation. Its investor – RB Investments SIA – was removed from the register of shareholders. No remuneration was received for this transaction. For further details, see Note 36.

'000 EUR	KI Invest OOO
<b>Disposed shares %</b>	<b>100%</b>
<b>Effect of disposal on the financial position of the Group</b>	
<b>Assets</b>	
Deposits and balances due from banks	(255)
Property and equipment	(725)
Investment property	(13 082)
Other assets	(258)
<b>Liabilities</b>	
Deposits and balances due to banks	-
Other liabilities	390
<b>Net identifiable assets and liabilities disposed</b>	<b>(13 930)</b>
<b>Other impact from deconsolidation of KI Invest OOO</b>	
Foreign currency translation reserve written-off	(2 008)
<b>Recognition of historically eliminated intercompany balances</b>	<b>9 964</b>
recognition gross loan that Bank had issued	22 080
recognition of expected credit loss for the loan up until time of disposal	(12 158)
recognition of other intercompany balances	42
<b>Total of other deconsolidation adjustments</b>	<b>7 956</b>
<b>Consideration received</b>	<b>-</b>
<b>Net result of disposal (see note 12)</b>	<b>(5 974)</b>
<b>Attributable to equity holders of the Bank</b>	<b>(5 974)</b>
<b>Cash and cash equivalents disposed of</b>	<b>(255)</b>
<b>Net cash outflow</b>	<b>(255)</b>

### **43. Events after the reporting date**

After the end of the reporting period, one of the Group's companies acquired a 50% shareholding in SIA UNITED Estate. Separate disclosure of the financial information of the acquired company is not provided, as its total assets account for less than 0.5% of the Group's consolidated assets. Accordingly, the investment is not material to the Group's consolidated financial statements.

The Bank's management closely monitors the developments in the Middle East and evaluates their potential impact on global financial markets and the economic environment. As of the date of approval of these financial statements, the Bank does not expect the current geopolitical events in the region to have a material and direct impact on the Bank's financial position, performance or liquidity. The Bank continues to monitor the situation and will take appropriate risk management measures in a timely manner as necessary.