Šiaulių Bankas Corporate Social Responsibility Report 2023

Sustainable solutions closer to you

ŠIAULIŲ BANKAS

About us

Šiaulių Bankas AB is the largest bank with Lithuanian capital, a stable and consistently growing financial partner, aiming to become the best bank in Lithuania by 2029.

We are closer to our clients and, as a Lithuanian bank with the most extensive network of branches in the country, we strive to create a positive impact wherever we operate. The ESG strategy sets out our structured vision, objectives, and priorities to achieve this, and is an integral part of the Bank's strategy.

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01 Overview

Commitment to the environment, to employees and clients, and to responsible governance practices is the aspiration of a sustainably growing bank.

We have listened to the voices of Šiaulių Bankas' employees, partners, and clients, and developed an ESG strategy along with key environmental, social and governance objectives. In this document, we look at how we did in 2023 and what initiatives we have delivered to our stakeholders.

Every action we take is anchored in the core objectives of our sustainability strategy – to work more sustainably, engage more and grow more responsibly.

Commitment to becoming a climate-neutral bank, green financing products, high standards of customer service, staff development and attention to cyber threats are some important examples of how we are moving towards a more sustainable future.

We invite you to take a closer look at what we achieved in 2023 and the goals we have set ourselves for the future.

"We have chosen a long-term strategy with sustainable and responsible growth as one of its foundations. We aim to be closer to our customers and employees, to act consciously and to work with responsible partners to reduce our environmental impact.

Seeking to actively contribute to the goal of reducing climate change, we have joined the international Science Based Targets initiative (SBTi) and have committed ourselves to becoming a climate neutral bank by 2050, as well as to setting specific near-term targets and aligning them with the SBTi standard within the next two years.

We continuously pursue other measurable sustainability objectives in the environmental, social and governance fields, thereby reducing our environmental impact through concrete actions."

Vytautas Sinius

Chief Executive Officer of Šiaulių Bankas

01 Overview

Description of the company

Established in 1992, Šiaulių Bankas is a sustainable and steadily growing financial institution with a diversified shareholder base spread across Lithuanian and foreign shareholders, including the European Bank for Reconstruction and Development (EBRD), which owns 12.7 per cent of the Bank's shares.

By providing professional financial services to private and corporate clients, the Bank aims to be a reliable, flexible, and attentive financial partner that is committed to the growth of the country's potential and the prosperity of its population and businesses.

GRI 102-1, GRI 102-2, GRI 102-3, GRI 102-4, GRI 102-5, GRI 102-6, GRI 102-12, GRI 102-13

Location of head office
The Bank's head office is in Šiauliai.

Location of operations
The Bank's branches are in the main cities and regional centres of Lithuania, which are financially active. The Bank's services are provided throughout Lithuania. Life insurance services are available in Latvia and Estonia.

Ownership and legal form
Šiaulių Bankas is a public limited liability company.

Markets served
The Bank's services are provided in the Republic of Lithuania.

Scale of organisation
Šiaulių bankas Group earned an unaudited net profit of EUR 75.4 million in 2023 (+12% compared to 2022 - EUR 67.4 million). Operating profit before impairment and income tax amounted to EUR 111.0 million (+30% compared to 2022 - EUR 85.3 million)
The shares issued by the Bank are included in the Nasdaq indices. 31 December 2023, the bank had 19 087 shareholders.

External initiatives
Šiaulių Bankas has been a participant of the United Nations Global Compact initiative since 2010. We also participate in other external sustainability-related activities/initiatives: we report in accordance with the international CDP standard, we have joined international initiatives such as PCAF and SBTi and are a member of the Sustainability Committee of the Lithuanian Banking Association.

01 Overview

Activities and membership

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GRI 102-1, GRI 102-2, GRI 102-3, GRI 102-4, GRI 102-5, GRI 102-6, GRI 102-12, GRI 102-13

The Bank's priority areas of activity are:

- Retail banking
- Corporate banking
- Investment services

Services for private and corporate clients:

- Provision of a wide range of short-term and long-term loans to private clients and businesses
- Banking service plans for a fixed monthly fee (for private clients)
- Opening and administration of bank accounts in euro and foreign currency for Lithuanian and foreign clients
- Transferring money in euro and foreign currency to accounts in banks operating in Lithuania and abroad
- Collection of utility and other payments
- Electronic account service, periodic and conditional payments
- Account management in online banking
- Mobile banking services
- Issuance and administration of payment cards
- Foreign exchange trading
- Conclusion of various types of deposit agreements
- Pension and investment fund management
- Investment services
- Intermediation in transactions on stock exchanges
- Off-exchange securities transactions
- Advising on the issue, acquisition, and transfer of securities
- Keeping records of shares issued by companies
- Issuance of debt securities
- Drafting prospectuses for securities issues
- Other investment services

01 Overview

Activities and membership

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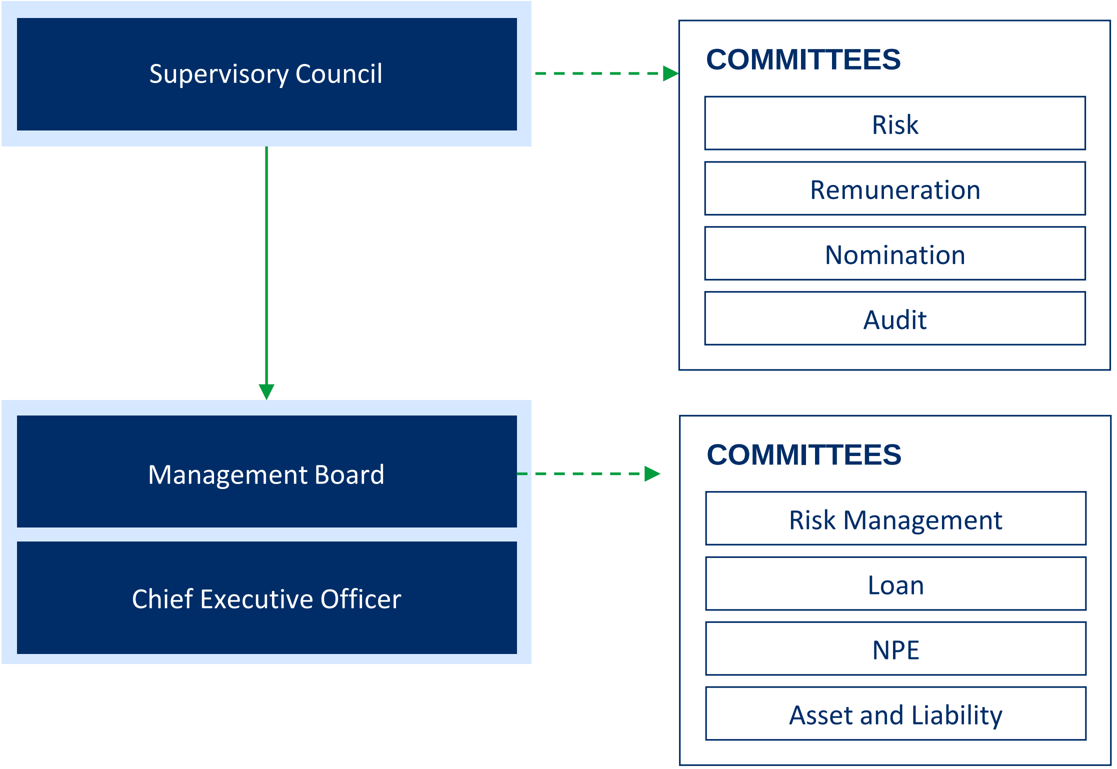
Membership in associations

Organisations, associations, and associated structures in which the Bank participates:

- Lithuanian Banking Association
- Society for Worldwide Interbank Financial Telecommunications (SWIFT)
- Nasdaq Baltic Stock Exchanges (Nasdaq Vilnius, Nasdaq Riga, Nasdaq Tallinn)
- MasterCard Worldwide International Payment Card Organisation
- Lithuanian Employers Confederation
- Šiauliai Chamber of Commerce, Industry and Crafts
- Šiauliai Association of Industrialists
- Kelmė District Entrepreneurs Association
- Klaipėda Chamber of Commerce, Industry and Crafts
- Klaipėda Association of Industrialists
- Mažeikiai Entrepreneurs Association
- Akmenė District Entrepreneurs Association
- Kaunas Chamber of Commerce, Industry and Crafts
- Panevėžys Chamber of Commerce, Industry and Crafts, Utena Branch
- Tauragė County Entrepreneurs Association
- Panevėžys Chamber of Commerce, Industry and Crafts
- Vilnius Chamber of Commerce, Industry and Crafts
- Šilalė District Entrepreneurs Association
- Lithuanian Finance Brokers Association
- Association of Personnel Management Professionals
- BNI Recommendation Marketing Service (Rekomendacijos verslui UAB)
- Partnership for Carbon Accounting Financials (PCAF)
- Science Based Targets initiative (SBTi)
- Lithuanian Association of Investment and Pension Funds (LIPFA)

01 Overview

Management of the company



Management structure

General Meeting of Shareholders

Supervisory Council – a collegial supervisory body.
Management Board – a collegial management body.
Chief Executive Officer – a single-person management body.
Committees – the Bank has the following committees within the Supervisory Council: Risk, Remuneration, Nomination, Audit Committees; and Risk Management, Loan, Non-Performing Exposures (NPE), Asset and Liability Committees appointed by the Management Board.

For more information, please see the sections “Governance of the Bank” and “Committees of the Bank and their activities” in the Annual Report.

Composition and selection of the Bank’s supervisory and management bodies

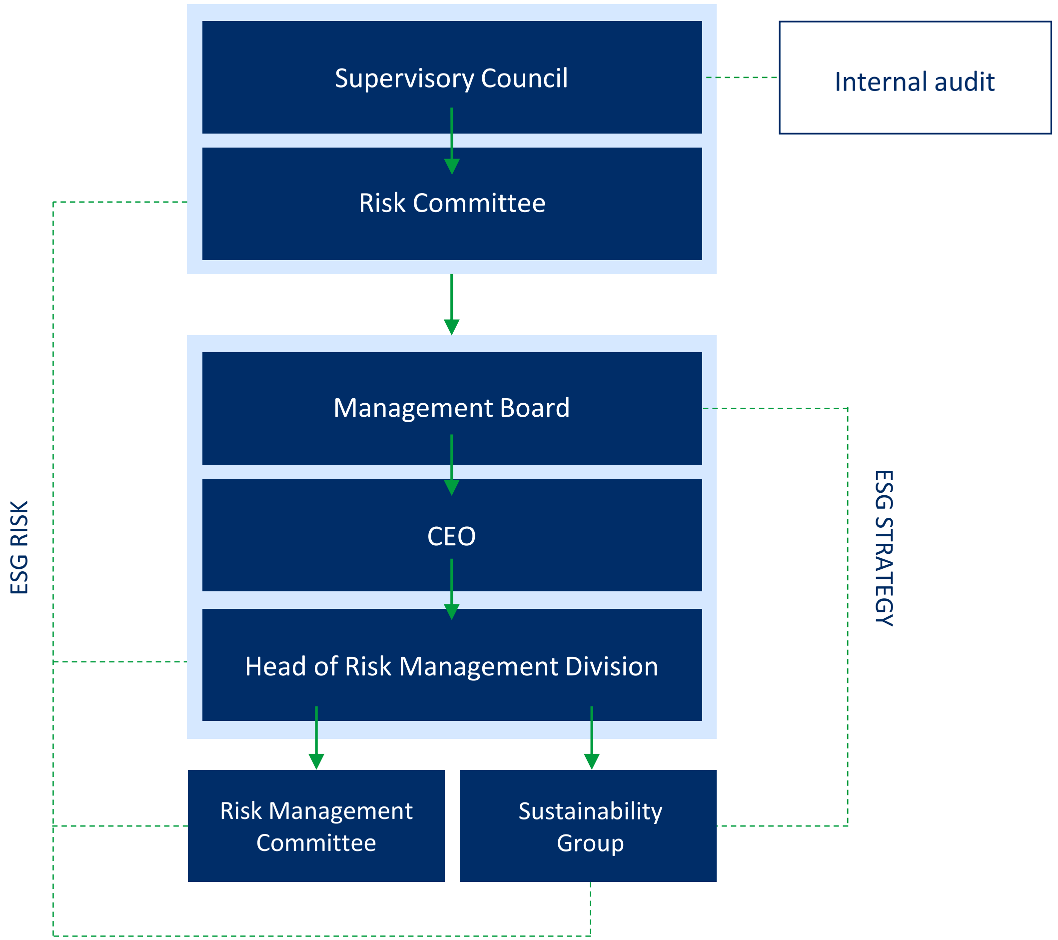
Supervisory Council is a collegial body supervising the Bank’s activities. The members of the Supervisory Council are elected and dismissed by the General Meeting of Shareholders. The Supervisory Board is currently composed of 8 (eight) members, 5 (five) of whom are independent. The Supervisory Council is chaired by the Chairperson. The term of office of the Supervisory Council is four years. There is no limit to the number of terms of office. If individual members of the Supervisory Council are elected, they hold office until the end of the term of office of the current Supervisory Council.

Management Board is a collegial management body of the Bank that ensures the proper conduct of the Bank’s business. The members of the Management Board are elected, dismissed, and supervised by the Supervisory Council of the Bank. The Management Board currently consists of six (6) members (the Bank’s Articles of Association provide for a 7-member Management Board). The term of office is four years. There is no limit to the number of terms of office. If individual members of the Management Board are elected, they are elected until the end of the term of office of the existing Management Board.

The Chief Executive Officer of the Bank is the Bank’s single-person governing body. The Chief Executive Officer of the Bank organises the day-to-day activities of the Bank, takes decisions on the Bank’s activities, acts on behalf of the Bank, and ensures the proper implementation of the Bank’s strategy, objectives, plans, and policies. The Bank’s Chief Executive Officer is appointed and dismissed from office by the Management Board.

01 Overview

Managing ESG impacts



Identifying and managing economic, environmental, and social impacts

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

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

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

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

02 Methodology

ESG strategy development process

A methodology based on the principles of democracy and inclusiveness has been developed to create a relevant and achievable ESG strategy. It has ensured the involvement of the target stakeholders in the strategy development process from the very first steps.

01 Significance analysis

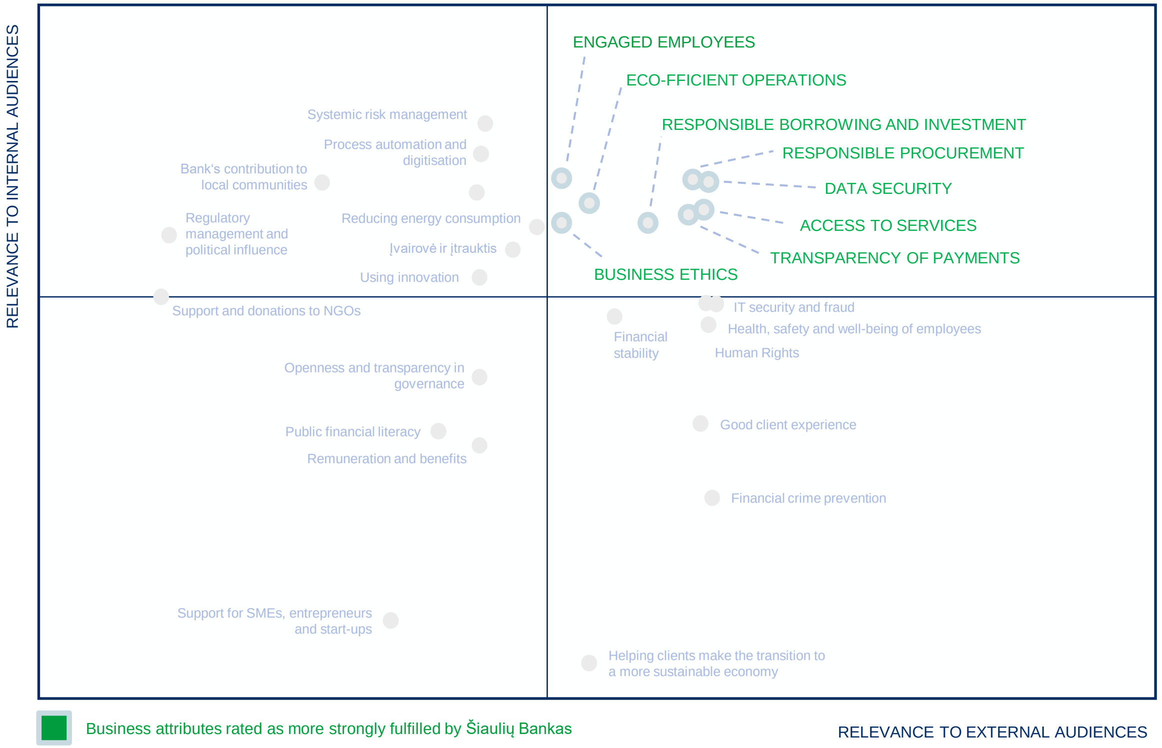
In the context of the internal perspective of the Board and management, topics relevant to the company's operations were identified. From the external perspective of clients, partners and employees, topics of importance to society and the environment were identified.

02 Developing a vision

Topics of significant impact have been identified and grouped into strategic ESG areas in the governance, environmental and social dimensions. A vision has been defined for each area, taking into account the initiatives currently underway and the impact they could have.

03 Setting initiatives and indicators

Based on the priority areas, the ESG vision of Šiaulių Bankas, analysis of internal initiatives and resources, ESG actions, indicators and implementation plan were developed. Tracking and accountability mechanisms have been set up, roles and responsibilities have been clarified. Progress on the achievement of indicators is communicated in this annual report, which follows the recommendations of the Global Reporting Initiative (GRI).



ŠIAULIŲ BANKAS

03 Principles and areas of the strategy

Principles of development

The process of developing the ESG strategy directly reflects the following fundamental principles of Šiaulių Bankas:

Engagement	Involving employees, partners and communities in the Bank's culture, educational and social activities.
Proximity	Making the Bank's services and activities easily accessible, available, and understandable.

Enviromental

Working more sustainably

Reducing environmental impact

Reducing negative environmental impacts through the adoption of measurement practices, partnerships and the development of green products and impact reduction initiatives.

Social

Ensuring higher engagement

Improving service accessibility

Engaged employees

Providing convenient, affordable, and understandable services to our entire client base, regardless of where they live or their digital skills, and inviting all employees to actively shape the Bank's culture.

Governance

Growing in a more responsible way

Responsible business and transparency

Reliable services

Acting responsibly and ethically at all levels of the organisation and addressing data security and privacy issues by engaging, educating and empowering employees, partners and clients.

04 Environmental

How do we work more sustainably?

In 2023, we became a signatory to the SBTi (Science Based Targets initiative), pledging to become a climate-neutral bank. As one of the largest players in the financial sector, we are aware of our role in contributing to the environmental and climate change challenges

Mitigating the environmental impact

We take a holistic approach to impact reduction, from improving the Bank's internal processes to reviewing partner requirements and developing new green products. The bank's priorities are to reduce the environmental impact created by its own and its partners' direct activities and to promote positive changes together with customers and sustainable organizations.

SDG linkage

GRI linkage

GRI – 102; GRI – 203; GRI – 301; GRI – 302; GRI – 305; GRI – 306; GRI – 307.

Vision

To be a climate-neutral bank with minimal environmental impact.

Targets

01 Reducing direct environmental impact of the Bank's operations

02 Developing partnerships with positive environmental impact

03 Developing green financial products and products focused on improving energy efficiency

Actions and initiatives

Reducing energy consumption

Reducing material consumption in operations

Operational commitments of partners

Support to external initiatives

Financing projects for the modernisation of multi-apartment buildings and municipal buildings

Green product initiatives

Mitigating the environmental impact

How do we achieve this?

Energy consumption in the organisation

We aim to reduce the Bank's atmospheric emissions. We have measured the levels of greenhouse gas emissions that we generate and are planning actions to mitigate their impact (for more, see p. 15-16 of the report).

Reducing material consumption in operations

We are reducing resource consumption and creating a system that allows more waste to be sorted. This includes digitisation of processes, remote services, employee education and mobile phone upgrade projects (for more, see p. 17 of the report).

Operational commitments of Šiaulių Bankas' partners

Šiaulių Bankas and Group companies place great emphasis on comprehensive sustainability in their operations, and, therefore, expect similar commitments from their suppliers and partners. Our expectations and values are set out in a publicly available document – the Supplier Code of Ethics (for more, see p. 18 of the report).

Initiatives for green products and products focused on improving energy efficiency

In 2023, we continued the development of green products by revising our lending terms in line with European Union regulations and granted EUR 9.74 million worth of Green Mortgage Loans. In 2024, we will continue to focus on the development of this product portfolio, covering green mobility, renewable energy and other environmentally relevant area (for more, see p. 18 of the report).

Sustainable investment

In 2023, climate and environmental risk factors were included in the decision-making process in securities trading. The ESG compliance of corporate debt securities is assessed based on a number of different sources; investments cannot be made if the limits are not met (for more, see p. 18 of the report).

Financing projects for the modernisation of multi-apartment buildings and municipal buildings

We are the main financing partner for multi-apartment building modernisation projects in the country. Our services help to improve the energy performance class of buildings, reduce thermal energy consumption, and improve energy efficiency (for more, see p. 22 of the report).

Supporting local sustainable initiatives

In 2023, the Bank carried out an assessment of the feasibility of supporting large-scale local sustainability initiatives and continued to support small-scale sustainability projects. Following the merger of the Bank's and Invalda INVL's retail businesses, it has been decided to prioritise the evaluated high-investment sponsorship projects for 2024 in the context of the Bank's new strategy.

Mitigating the environmental impact

Environmental protection

The Green House Gas Protocol (GHG Protocol) is a comprehensive, globally practical and standardised framework for measuring and managing greenhouse gas (GHG) emissions from private and public sector operations and value chains. The Bank is following GHG Protocol when calculating it's GHG emissions.

Also, in early 2023 the Bank joined the Partnership for Carbon Accounting Financials (PCAF) initiative that is aiming to help financial institutions to calculate and disclose GHG emissions from lending and investment activities (Scope 3, Category 15 under the GHG Protocol) (see The Bank's GHG emissions from lending and investment activities).

Energy consumption in the organisation

The CO2 footprint, methane footprint, etc. are calculated by dividing the GHG emission sources into three groups according to scope, using the activity control boundary definition method:

- direct emissions on the territory of Šiaulių bankas or at its owned facilities resulting from energy production or other activities related to the combustion of fuels (scope 1);
- indirect emissions from the consumption of energy produced outside the Bank (scope 2);
- GHG emissions generated outside the Bank but related to its activities have an indirect impact on the value chain (scope 3). Scope 3 emissions include 15 categories of emissions that were not included in Scope 1 and 2.

The list of emission sources grouped by assessment area is presented in the table on page 16 of the report.

Conclusion

The 2023 emission calculations use updated and revised emission factors, which were also used to recalculate the emission data for 2022 (recalculated).

In 2023 Scope I GHG emissions increased by 58,443 t CO_2 (20.26%) compared to 2022. Scope II shows a decrease of 75,295 t CO_2 (25.76%) in comparison with 2022 emissions. Scope III demonstrates an increase of 196 999.458 t CO_2 (85.03%), when compared to 2022.

The analysis of Scope I emissions indicated that the increase occurred due to the higher consumption of refrigerant (freon) – in 2023 the bank's usage increased more than two-fold from that of 2022. All other direct emissions in Scope I either decreased or did not increase by a significant margin. In terms of Scope II, in 2023 (the bank's) indirect and direct electricity consumption decreased more than twice, since the landlords switched to green energy supply. As for Scope III, the consumption of diesel and petrol in rental cars increased, there were more business trips involving air travel, and there was also a significant increase in the number of waste collections in 2023 compared with 2022.

Bank's GHG emissions from Scope 3, Category 15 (from lending and investment activities) compounded 428 588 tCO2 for 2023, in comparison with recalculated GHG emissions for 2022 that compounded 231 628 tCO2. In 2023, the Bank did not only improve the methodology for calculating emissions and the quality of available data but also significantly increased the coverage of loan and securities portfolios. Emission calculations that were carried out for 2023 covered 93% of loan and securities portfolio, while in 2022 it covered only 52% of the portfolio (see the bank's GHG emissions from lending and investment activities).

Mitigating the environmental impact

Environmental protection

GHG emissions by year and scope

Activity (scope)	2023	2022
Scope 1. Direct emissions	**346,927**	**288,484**
Natural gas (stationary source of pollution)	17,795	14,517
Road transport. Petrol (mobile source of pollution)	186,377	153,834
Road transport. Diesel (mobile source of pollution)	51,807	69,539
Generators. Diesel (mobile source of pollution)	0	0,830
Consumption of refrigerants	90,948	49,764
Scope 2. Indirect emissions	**217,021**	**292,318**
Natural gas (stationary sources, not owned)	3,823	4,050
Consumption of green electricity	0	0
Electricity (direct and indirect emissions, owned and not owned)	70,739	143,051
Heat (direct and indirect emissions, owned and not owned)	142,459	145,217
Scope 3.	**428 670,311**	**231 668,853**
Category 1. Purchased goods and services	**11,849**	**7,385**
Paper products for operations	Not estimated	Not estimated
Plastic card products	Not estimated	Not estimated
Cash collection services	10,532	6,185
Water consumption, preparation services	1,317	1,200
Plastic and cash packaging products	Not estimated	Not estimated
Paper and cardboard products	Not estimated	Not estimated
Category 2. Purchased goods for capital	Not estimated	Not estimated
Category 3. Fuel and energy costs related to operations	Not estimated	Not estimated
Category 4. Logistics and distribution from suppliers to the Bank	Not estimated	Not estimated
Category 5. Generation of waste in operations	**2,991**	**2,726**
Waste transport	Not estimated	Not estimated
Wastewater	2,991	2,726

Activity (scope)	2023	2022
Category 5. Generation of waste in operations	**67,471**	**40,853**
Taxi services	0,026	0,199
Flights	3,81	0,453
Petrol (mobile sources of pollution, not owned)	25,435	9,179
Gas – LPG (mobile sources of pollution, not owned)	0	0,043
Diesel (mobile sources of pollution, not owned)	38,200	30,979
By car, other	Not estimated	Not estimated
Category 7. Staff mobility	Not estimated	Not estimated
Category 8. Leased assets	Not estimated	Not estimated
Category 9. Transport and distribution from Bank to client	Not estimated	Not estimated
Category 10. Processing of sold products	Not applicable	Not applicable
Category 11. Product use	Not estimated	Not estimated
Category 12. After product expiry	Not estimated	Not estimated
Category 13. Assets leased to third parties	**0**	**0**
Electricity (indirect sources, buildings leased to third parties)	0	0
Category 14. Franchises	Not applicable	Not applicable
Category 15. Investment (see “Responsible business and transparency”)	428 588,000	231 628,000
Scope 1	**346,927 t CO_2**	**288,484 t CO_2**
Scope 2	**217,021 t CO_2**	**292,318 t CO_2**
Scope 3	**428 670,311 t CO_2**	**231 668,853 t CO_2**
Scopes 1 and 2, total, t CO_2	**563,948 t CO_2**	**580,802 t CO_2**
Scopes 1, 2, and 3, total, t CO_2	**429 232,259 t CO_2**	**232 249,655 t CO_2**
Number of employees	**999**	**817**
CO_2 emissions per employee (Scopes 1, 2)	**0,565 t CO_2**	**0,711 t CO_2**
CO_2 emissions per employee (Scopes 1, 2, 3)	**429,664 t CO_2**	**284,271 t CO_2**

Mitigating the environmental impact

Environmental protection

Energy consumption in the organisation

The following initiatives are underway to reduce fuel consumption and air emissions.

Continuing projects:

- The Bank uses an electronic booking system for operational cars, allowing business trips to be planned in groups and to be made in as few cars as possible.
- 13% of the fleet is made up of plug-in vehicles, 7.5% of which are electric vehicles (previous report: 10% plug-in vehicles).
- At Šiaulių Bankas, we have a Supplier Code of Conduct and we follow it.
- The Bank's employees are encouraged to use public transport (e.g. train, bus) for business trips within Lithuania.
- We encourage meetings involving staff and partners in different cities to be held in modern teleconference rooms in Vilnius, Kaunas, Klaipėda and Šiauliai, or remotely using the MS Teams app, as well as using landline telephones at workstations and other means of communication.
- To reduce paper consumption, the internal and external document management system continued to be actively developed in 2023, reducing the need for printed documents. Employees are constantly reminded and given advice on how to avoid printing or print more efficiently.
- The Bank provides employees with the opportunity to sort waste, with periodic communication on correct sorting.

New projects

The procedure for purchasing mobile phones has been updated to include refurbished phones. New phones are bought and returned to the same suppliers, who refurbish and prepare them for future use.

The Sign on Tab pilot project to replace a physical signature on a paper document with a digital signature on a tablet. Signed documents are sent to the client's personal email address. This saves the environment by reducing the amount of paper printed during client consultations.

Non-compliance with environmental laws and regulations

No non-compliance with environmental laws and/or regulations has been identified during the reporting period.

Ensuring animal welfare

Šiaulių Bankas does not contribute to or support any initiatives that harm the environment or animals. The organisation's activities do not pose a threat to endangered species of plants and animals. In 2023, the Bank provided support to animal shelters, thus contributing to the welfare of vulnerable animals. The last Friday of every month is designated as the Bank's Employee Pet Day.

Sustainable investment

In 2023, climate and environmental risk factors were included in the decision-making process in securities trading. This allows us to build a high-quality portfolio of sustainable and environmentally friendly organisations.

Corporate debt securities are assessed against ESG criteria by reviewing ESG limits (Green Bonds; Sustainable Bonds; Social Bonds; MSCI ESG; S&P Global; Bloomberg ESG). Failure to meet the ESG limit criteria makes the investment ineligible. The Bank also does not invest in sectors not financed by the EBRD (either directly or indirectly).

Mitigating the environmental impact

Environmental protection

Operational commitments of Šiaulių Bankas' partners

Šiaulių Bankas and its Group companies pay great attention to commitments related to environmental requirements, social responsibility, occupational safety and health, business ethics and governance in their business activities, continuously improve their operations, set higher standards than those set out in the regulatory environment alone, and, therefore, expect that the Suppliers or sub-suppliers, which they cooperate with in the performance of procurement activities, to adhere to the same or similar obligations and/or standards.

The Supplier Code of Ethics approved by the Bank's Management Board reflects the Bank's ambition to strengthen sustainable cooperation with Suppliers by promoting professional, fair and legitimate business practices, including environmental, social responsibility and business ethics and governance. The document sets out the minimum commitments and/or standards of business conduct and ethics that the Bank expects from its Suppliers.

For more information on the Bank's Supplier Code of Ethics, click here.

Initiatives for green products and products focused on improving energy efficiency

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

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

In 2023, the Bank granted 68 new green mortgage loans for EUR 9.74 million.

Loans on more favourable terms are available for electric vehicles, which contribute to a more sustainable environment. The purpose of financing such cars is to make more environmentally friendly vehicles more affordable and to encourage buyers to seriously consider purchasing them. The main advantage offered to clients is more attractive interest rates.

We are the main financing partner for multi-apartment building modernisation projects in the country. Over the period 2011–2023, the Bank has financed multi-apartment building renovation projects worth EUR 1 billion (for more, see p. 22 of the report).

In 2024, the Bank will continue to focus on financing other projects that improve business sustainability, such as:

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

05 Social

How do we engage more with employees and clients?

We want to strengthen our relationship with both external and internal audiences. We aim to be a Bank that provides convenient, affordable, and accessible services on a national scale, regardless of where our clients live or their digital skills. Meanwhile, within the organisation, we aim to strengthen the contribution and involvement of employees in shaping the Bank’s culture and environment

Improving service accessibility

Access to services is one of the key principles of banking service delivery and development, which ensures the achievement of poverty reduction and economic wealth creation. Accessibility means that a wide range of the country's population and businesses have access to useful and well-priced services that meet their needs in a sustainable and responsible manner.

SDG linkage

GRI linkage

GRI – 101; GRI – 203; GRI – 204; GRI – 301; GRI – 302; GRI – 401; GRI – 405; GRI – 414

Vision

To be a bank that provides convenient, affordable, and accessible services to our entire client base.

Targets

01 Contributing to the creation of an ecosystem for small business development

02 Creating specialised banking products

03 Ensuring service channel accessibility on a national scale

Actions and initiatives

Development of products with European Union instruments administered by Invega

Client advisory services

Financing of modernisation projects

Improving client experience

Improving service accessibility

Development of products with EU instruments administered by Invega

Šiaulių Bankas contributes to the sustainable growth of the Lithuanian economy by offering a wide range of financing instruments for small and medium-sized enterprises (SMEs). Through its active participation in business support measures, the granting of risk-sharing loans, cooperation with INVEGA and other guarantee funds, etc., the Bank promotes the activity, development, and growth of SMEs (for more, see p. 22 of the report).

Client advisory services

The Bank sees consulting as an essential part of the value of its financial services. As financial market players strengthen their digital self-service solutions, the ability to consult and discuss financial matters with a qualified staff member is becoming increasingly valued by clients. By providing different ways to receive advice, the Bank can reach and serve the widest range of clients. Šiaulių Bankas' clients can decide and choose how they want to be serviced – face to face or remotely. (for more, see p. 25 of the report),

Financing of modernisation projects

Šiaulių Bankas is a leader in financing various modernisation projects in Lithuania. Through INVEGA and other institutional measures, we are not only helping residents to carry out multi-apartment building renovation/modernisation projects, but also enabling the modernisation of municipality public buildings and cultural facilities (for more, see p. 22–23 of the report).

Improving client experience

Šiaulių Bankas has made a commitment to be closer to its clients, and therefore pays great attention to improving the client experience, the accessibility of service channels and the quality of client service. We continue to deliver high Net Promoter Score (NPS) and are one of the banks offering the best customer service in Lithuania (for more, see p. 24 of the report).

Improving service accessibility

Development of products with EU instruments administered by Invega

Financing of small and medium-sized enterprises

One of the Bank's priority areas continues to be financing of small and medium- sized enterprises (SMEs), helping to promote the development of SMEs. We actively participate in all measures to support businesses – we are one of the largest lenders to SMEs in Lithuania and regularly participate in all support measures.

We were the first in Lithuania to cooperate with the Invega Guarantee Fund, a state-established financial institution whose main objectives are to provide financial services and to implement and administer financial and other business financing instruments.

Of all the banks operating in Lithuania, Šiaulių Bankas has the largest number of products with European Union instruments, which are administered by Invega UAB: a shared risk facility for SME financing, various portfolio guarantees for SME loans, factoring and leasing.

Invega's new instrument Portfolio Guarantees 3 (PG3) was launched at the end of 2022. In 2023, the total value of loan agreements signed with SMEs under the PG3 guarantee at the end of the year amounted to ~ EUR 36 million.

Financing of modernisation projects

Multi-apartment building renovation and regional development

One of the Bank's instruments for contributing to the development of the country's regions and reducing disparities between them is the financing of the renovation/modernisation of multi-apartment buildings. These projects involve management companies and construction contractors and create jobs in the regions.

Šiaulių Bankas remains the leader in financing the renovation of multi-apartment buildings. Since 2018 Šiaulių Bankas has a guarantee agreement with the European Investment Bank for the implementation of multi-apartment building renovation projects. Under this agreement, Šiaulių Bankas has allocated an additional EUR 150 million for the renovation of multi-apartment buildings.

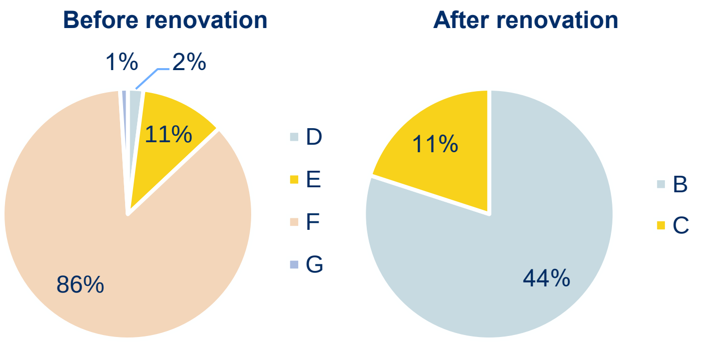
In 2020, the Bank was selected as the successful bidder to establish an Investment Platform in Lithuania. The SB Modernisation Fund platform was launched in 2022 and is an innovative and promising instrument that allows attracting funds from several sources to ensure sufficient financing. Loans to the fund of EUR 275 million have been granted by Lithuanian and foreign financial institutions.

In September 2023, the loan portfolio of the SB Modernisation Fund for the total amount of EUR 275 million was fully established. The second fund is currently being set up and is expected to become operational in the first quarter of 2024. The value of renovation agreements signed with the Bank since 2011 amounts to EUR 1 billion.

In 2023, 253 projects worth EUR 197 million were financed through the Modernisation Fund of Šiaulių Bankas. This has improved the living conditions of around 9,000 apartment owners.

At the end of 2023, 29 projects worth EUR 21 million had been financed through the Guarantee Facility of the European Investment Bank. This has improved the living conditions of around one thousand apartment owners.

The average energy savings from the project are around 271 MWh/year (~65%) and carbon dioxide emissions are reduced by 62 tonnes/year.



Improving service accessibility

Financing of modernisation projects

Modernisation projects

The Bank is also involved in the energy efficiency programme. In 2018, an agreement with the Public Investment Development Agency (VIPA) was signed and is still ongoing, under which the Bank finances the modernisation of municipal buildings as a financial intermediary, contributing with its own funds. This financial instrument is aimed at improving the energy efficiency of municipal public buildings, reducing greenhouse gas (CO_2) emissions, and ensuring that the infrastructure of public buildings complies with the requirements of hygiene standards. The measure is financed by the European Regional Development Fund.

To promote the right outcome of the modernisation, in its investment plan, Šiaulių Bankas has set a requirement to achieve energy efficiency class C or higher and to reduce the previous calculated thermal energy consumption by at least 40%.

The eligibility period for the Municipal Building Fund (MBF) facility expired on 31 December 2023. Since the start of the facility, the Bank has financed 59 projects worth EUR 24.2 million. 21 new loan agreements (worth EUR 7.9 million) were concluded in 2023. By the end of the facility, 37 projects had been fully implemented resulting in:

- annual primary energy consumption (kWh/year) decreasing by 19.9 thousand kWh.
- total annual greenhouse gas emissions (tonnes of CO_2 equivalent) decreasing by 2,095.

In 2023, the Bank also financed the modernisation of cultural facilities. During the year, 6 such projects were financed, amounting to EUR 2.3 million. This has allowed bringing them back to life and making them operational, increasing visitor flows and the value they create for communities.

Improving service accessibility

Improving client experience

List of stakeholder groups

STAKEHOLDERS	METHODS OF INVOLVEMENT
Employees	• Social initiatives • Opportunities to make and implement proposals • Possibility to notify the Compliance Officer • Annual performance review interview • Bank's internal website (Intranet) • Events
Shareholders	• Regular reports • Presentation of performance results to investors • Shareholder meetings
Clients	• Client service quality surveys • Communication on social networks • Bank's website • Client events
Suppliers and partners	• Participation in meetings
Regulatory authorities	• Regular reports • Participation in meetings.
Communities, public	• Sponsorship and support projects • Educational activities
Associated structures	• Social responsibility report
Media	• Press releases • Comments • Events • Meetings

Identification and selection of stakeholders

Stakeholders were selected by assessing the nature of the organisation's activities and who the organisation can directly or indirectly affect and who has an impact on the organisation.

Approach to stakeholder engagement

Client feedback is sought through surveys such as mystery shopper, Net Promoter Score (NPS) surveys and surveys of the client service quality and sales skills of employees in the Lithuanian commercial banking sector.

The mystery shopper survey assesses the quality of client service in the Bank's branches and by remote means. The survey assesses where employees need to improve their client service skills and where they are performing excellently. The survey is used as a basis for the annual training of client service managers. The Bank conducts mystery shopping surveys every quarter.

The Net Promoter Score (NPS) is an indicator that helps us to find out the level of satisfaction and loyalty of private and corporate clients, i.e., to what extent clients would be willing to recommend Šiaulių Bankas, its services or products. In 2023, the NPS surveys assessed the Bank's various channels and individual products. The surveys are carried out using external companies and the Bank's internal resources. The Bank's 2023 NPS shows strong customer satisfaction with the Bank's services and delivery.

GRI 102-40, GRI 102-42, GRI 102-43, GRI 102-44

The aim of the survey on client service quality and sales skills of employees in the Lithuanian commercial banking sector is to measure and compare the fulfilment of the main criteria of client service quality in the Lithuanian commercial banking sector, to identify the strongest and weakest areas of service and to assess the trends in client service quality.

Mystery shopper survey

In 2023, Šiaulių Bankas' customer service quality, both in branches and over the phone, was given the maximum score in an independent mystery shopper survey ordered by Dive Lietuva.

According to the survey data, Šiaulių Bankas achieved the highest quality index of 100% both in terms of the quality of customer service in bank branches and over the phone. In comparison, the quality of customer service of banks in Lithuania on average scored 95.8% for in-person visits and 94% for service over the phone. The survey covered a total of 6 commercial banks operating in Lithuania.

According to Dive Lietuva, Šiaulių Bankas has been ranked among the top three best-serving banks in Lithuania for the past seven years when mystery shopper surveys have been carried out (since 2017). Šiaulių Bankas was recognised as the best bank in 2018, 2019 and 2022 in terms of the quality of customer service in the Bank's branches, and the best bank in 2021 in terms of the quality of customer service over the phone.

The survey assesses key customer service criteria ranging from the environment at the branch, the appearance of the staff, the first contact, to the clarification of needs, the offer of a solution, additional sales, and communication skills.

Improving service accessibility

Improving client experience

Automating client feedback

An automated feedback process has been introduced to better track client satisfaction and improve the quality of the Bank's services. We use the Synopticom platform that enables automated surveys and real- time monitoring of results.

During 2023, surveys were carried out with clients who have signed mortgage, bank account and business financing agreements, with the aim of understanding the client experience throughout the journey. In 2024, it is planned to add business clients to the bank account opening survey and to replace the business financing survey with a survey of Internet Bank users (both private and business clients).

To ensure the targeted development of the product portfolio, the enhancement of existing services and banking products, and a good client experience throughout the journey, the number of modules (services) of the platform is planned to be continuously reviewed and expanded with the addition of new products.

Upgrading the mortgage loan journey

In 2021, a survey of existing and potential mortgage clients was carried out together with an external supplier, Synthesis Consulting Group. The aim was to assess the different stages of the mortgage loan journey, identifying the most relevant client expectations, needs and barriers at each stage.

Based on the insights from the study, the client journey was improved and the priority milestones for change were identified. This has enabled targeted decision-making to improve the client experience.

Client advisory services

The Bank sees consulting as an essential part of the value of its financial services. As financial market players strengthen their digital self-service solutions, the ability to consult and discuss financial matters with a qualified staff member is becoming increasingly valued by clients. At the same time, the Bank is able to reach and serve the widest client audience by ensuring the availability of consulting. Consulting also allows providing more context to clients, justifying the Bank's financing decisions and making broader financial recommendations. Consulting is essential to ensure the development of sustainable financial skills and to reduce the possibility of unsound or damaging financial decisions.

The consultation process includes the steps of clarifying needs, defining the process, presenting and justifying the solution, assessing additional needs and defining next steps.

Engaged employees

Creating and fostering an organisational culture that is organically shaped by its employees is the long-term vision of Šiaulių Bankas. Creating a culture to which all employees actively contribute is an ambitious goal that perfectly reflects the Bank's philosophy, value base and ambition to have a unique, engaging and rich organisational life that helps attract and retain talent in the sector.

SDG linkage

GRI linkage

GRI - 102; GRI – 305; GRI – 401; GRI – 404; GRI – 405.

Vision

To be a bank whose culture is actively shaped by all employees.

Targets

01 Strengthen the active and diverse involvement of employees in shaping the Bank's culture

02 Ensuring opportunities for continuous development

03 Fostering a comprehensive environment for employee well-being

Actions and initiatives

New employees and their onboarding programme

Employee professional training programmes

Tracking staff motivation

Developing a culture of knowledge sharing

Whistleblowing mechanisms and ethical issues

Engagement in strategic initiatives

Ensuring equal pay

Mental and physical well-being

Engaged employees

How do we achieve this?

New employees and their onboarding programme

We want employees to be ambassadors of the organisation from day one, so we aim to make the onboarding experience as seamless as possible for all newcomers to the Group, with an updated concept of New Employees‘ Days, a digital onboarding programme, and an easier settling-in process for those new to the physical workplace (for more, see p. 28–29 of the report).

Tracking staff motivation

Happy and engaged employees are very important to the Bank, which is why we use a number of methods to measure their well-being, motivation and needs. We conduct monthly pulse surveys and a broader employee engagement survey every year. We calculate and communicate an organisational happiness index that reflects the psychological climate within the organisation (for more, see p. 38 of the report)

Developing a culture of knowledge sharing

In 2023, we continued the existing and developed new knowledge-sharing initiatives in the Bank, to empower managers at all levels and lay the foundations for the 2024 goal of building a growing organisation (for more, see p. 30–31 of the report).

Engagement in strategic initiatives

Šiaulių Bankas consistently strengthens the competences of its employees and increases the involvement of all levels of the organisation in the development of strategic activities in order to foster a proactive approach to the implementation of opportunities or the resolution of problems (for more, see p. 32 of the report).

Employee professional training programmes

In 2023, we continued and implemented new initiatives to improve generic and professional knowledge, creating a culture of continuous learning, increasing teams' resilience to risk and fostering continuous improvement (for more, see p. 30–31 of the report).

Whistleblowing mechanisms and ethical issues

Šiaulių Bankas is committed to fostering a positive, professional, and safe working environment. Effective communication is essential for building professional and productive partnerships, preventing conflicts and overcoming obstacles to resolving problems (for more, see p. 33 of the report).

Ensuring equal pay

Recognising that any level or type of discrimination directly affects the engagement of teams and individual employees in the Bank's activities and career planning within the organisation, Šiaulių Bankas has put in place systems to ensure the prevention of any discrimination. The Bank pays particular attention to its remuneration policy in order to value its employees and build sustainable relationships with them (for more, see p. 34 and 36 of the report).

Mental and physical well-being

The Bank aims to enable its employees to improve their physical and mental health. In 2023, we invited our employees to participate in stress management training and introduced exercises to help them relax in sedentary jobs (for more, see p. 37 of the report).

Engaged employees

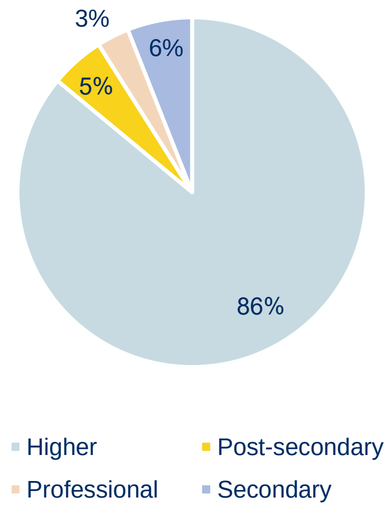
New employees and their onboarding programme

Information on newly hired employees

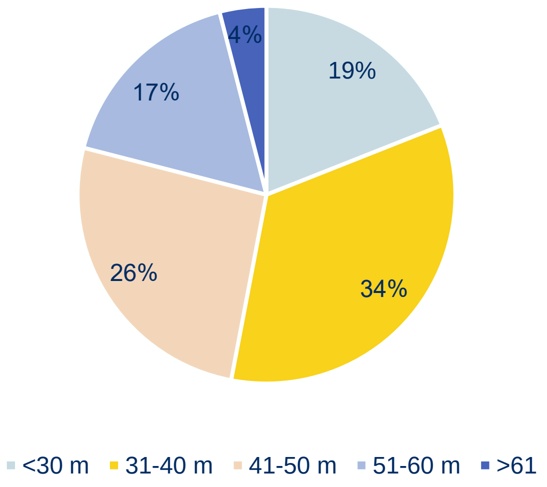
On 31 December 2023, the Bank had 981 employees and the Group had 1,137 employees. Compared to 31 December 2022, the number of employees in the Bank increased by 20.1 per cent and in the Group – by 25.2 per cent.

On 31 December 2023, there were 78.6% women and 21.4% men working in the Group.
29

Distribution of Group employees by education, %



Distribution of Group employees by age, %



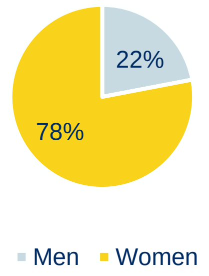
Recruitment and staff turnover

The Bank fosters long-term working relationships with its employees. On 31 December 2023, 25.8 per cent of the Bank's employees had a seniority of 10 and more years. During the reporting period, the overall staff turnover rate was 9.8% (2022: 12.52%, 2021: 11.2%, 2020: 11.0%, 2019: 13.8%, 2018: 13.2%, 2017: 14.5%).

Number of new employees by region in 2023:

REGION	NUMBER OF NEW EMPLOYEES
Kaunas region	75
Klaipėda region	18
Šiauliai region	29
Vilnius region	121
IN TOTAL:	**243**

New employees in 2023 by gender:



Engaged employees

New employees and their onboarding programme

New Employees’ Days

All new employees of the Bank were invited to two-day remote New Employees’ Days events, where representatives of the Bank working in different fields shared their professional experience, introduced new colleagues to the Bank’s structure, functions of the departments, and presented the Bank’s services, products, processes, and ongoing projects. 114 employees participated in the New Employees’ Days.

Interactive onboarding programme

To ensure a smooth start for new employees and their integration into the team, we have developed an interactive e-training programme “Tumas – Induction Programme for New Employees”, which allows us to ensure a successful induction of new employees during the adaptation period and to receive regular feedback from new employees during their adaptation period in the Bank. The Induction Programme for New Employees guides each new employee step by step, day by day, for the first three months of their probationary period, introducing them to the Bank’s values, mission, vision, priorities, objectives, the “Closer” philosophy and other important aspects of the Bank’s business.

Recruitment and referral system

To expand recruitment channels and attract professionals from different fields, to promote employee engagement in the Bank and to empower employees to build their own organisation and work with the people they want to work with, in 2023, we developed and launched an employee referral programme, “Refer a Friend”, which is open to all Bank employees.

The referral programme works in a very simple way – an employee just needs to inform a friend about a suitable vacancy in the Bank, fill in a recommendation for the vacancy in the recruitment system, and if the referred friend meets the eligibility requirements for the position, the friend is invited to participate in the selection process. For each referral, if the referral is successful and the person referred completes a probationary period, the relevant Bank employees are rewarded with cash bonuses.

Internship opportunities and attracting entry-level staff

In 2023, the Bank continued to cooperate with Lithuanian higher education institutions, providing opportunities for students to carry out a wide range of internships at the Bank, even in the context of the pandemic, assessing each case individually.

In 2023, 15 students completed compulsory or voluntary internships in various divisions of the Bank. The students had the opportunity to gain practical work experience at the Bank and to make professional contacts relevant to their future careers. After the internship, the Bank provides opportunities for students to find employment and start a professional career.

Also in 2023, the Bank’s representatives took part in career days and other career events organised by three educational institutions – the University of Applied Social Sciences (SMK) in Kaunas and Vilnius, Vilnius University of Applied Sciences (VIKO) and Šiauliai State University of Applied Sciences.

Engaged employees

Employee professional training programmes and developing a culture of knowledge sharing

Collective knowledge of the supervisory and management bodies

In the light of the collective assessments of the Bank's Management Board and Supervisory Council and the professional development needs expressed, it was decided to allow the members of the Bank's Management Board and Supervisory Council to plan their own individual professional development plan according to their needs. In addition, training on investment services and compliance was provided to members of the Bank's Management Board and Heads of Divisions.

Average number of trainings per employee per year

The average number of hours of training per year for employees in all the Bank's branches was 51 hours. This is 20 hours more than in 2022.

Employee training

The year of 2023 remained a very active year in terms of training at the Bank, with many new and continuing training and development programmes. We used a hybrid approach, i.e., organised live, distance training and e-training.

In 2023, we continued to focus on the professional training of managers at all levels, which was shaped in the light of the Bank's changes, engagement survey data, the results of the monthly happiness index, other management assessment tools, and new and common trends in the market and globally.

Following the successful completion of the Leadership Academy programme in 2022, we invited the Bank's middle management to join the internal Executive Club in 2023. The format of the club allowed us to build and maintain strong relationships among managers, encouraging members to share their knowledge, best practices and daily challenges with each other; to create a safe environment where everyone could analyse, evaluate their experiences, achievements, rethink their attitudes, and deepen their learning through discussion and reflection. The club included group coaching to strengthen the leadership competences of the Bank's middle management. The club has helped to maintain the resilience of managers in the face of change in the organisation. The Executive Club met throughout the year, with 4 leadership teams that met 3–4 times during the year. A full working day would be dedicated to the meetings. More than 60 executives took part in the club. We started our first Executive Club meetings in 2023 on the very important topic of change management and communication. Then, each team of the Executive Club decided what topic or topics they would like to address at the next meetings of the club. Topics ranged from personal and managerial effectiveness, working with people of different personality types and status in the organisation; motivation, incentives and delegation; feedback techniques, etc. But the focus of the club meetings was on discussion and finding effective solutions.

Meanwhile, all new managers joining the Bank or newly appointed to a management position in the Bank were offered Situational Leadership Training, which is mandatory for all Bank managers.

Managers of the Bank's branches, team leaders and customer service managers received management training on Effective Managerial Communication and Conflict Management. The training took place over two days and was attended by more than 60 managers. During the training, managers learnt how to strengthen interpersonal communication with colleagues, build an open and trusting relationship, better understand their role and influence as a manager and leader in the communication process; about the main styles of conflict management, and how to recognise which to apply in which circumstances. The training included a lot of time devoted to practical exercises designed to develop and reinforce skills essential for effective communication: listening, asking questions, assertiveness, flexibility and giving feedback; and mastering key emotional competences.

At the same time, to further strengthen managerial competences and respond to the needs expressed by managers, we invited all levels of the Bank's management to two Executive Breakfasts in 2023. The first topic of the breakfast was “Labour Market Trends in 2023”. During this breakfast, the managers were presented with an overview of today's labour market trends in Lithuania, the expectations of candidates and what is most important for candidates once they have joined the organisation. The second topic of the breakfast focused on the role of a manager in the face of major changes. The meeting focused on a common managerial challenge – measured and unmeasured employee expectations of managers and the latest trends in modern HR management. The principles, criteria and attitudes of effective leadership were also discussed. Answers were sought to the following questions: what is the purpose and goal of a manager's job? What management behaviours increase employee engagement and performance? Discussions addressed the manager's marginal responsibility, the development of resilience and the manager's self-motivation and the corresponding influence on staff.

Engaged employees

Employee professional training programmes and developing a culture of knowledge sharing

2023 was a year of major change for the Bank, with the merger of two organisations. A merger is one of the most complex processes in the life cycle of an organisation. With this in mind, we invited managers to a workshop on “New Organisation: the Role of Managers in its Creation”. During the session, we invited managers to focus on a common goal by clarifying in a discussion the direction that we are heading in, the outcome we are aiming for, the role of each participant in the change, and the expectations that we have for each other. Meanwhile, we invited members of the merger project team to a one- day training on “Managing Stressful Situations”. The training covered the importance of communication and cooperation; the possibility of resolving conflicts through constructive methods; and methods of dealing with personal attitudes and stress.

In 2023, we continued to prioritise regulatory requirements for employee qualifications and experience. Therefore, the Bank continued to develop Šiaulių Bankas Academy, a digital learning platform designed to plan and manage the employee training process, to present educational materials, to assess training results and other functions of the training management process. The system allows us to adapt more efficiently to constant change, to be faster and to better manage the training process – from the provision of mandatory training to the development of general and professional competences, to the training of individual participants and their groups, and to the measurement of their progress afterwards.

In line with the 2023 training plan, to strengthen knowledge in the area of anti-money laundering and countering the financing of terrorism (AML/CFT), more than one training session on the topics set out in the plan has been delivered to the target groups with the help of internal and external experts.

All Bank employees refreshed their basic knowledge in the area of AML/CFT by completing the mandatory e-training on the “Prevention of Money Laundering and Terrorist Financing". In the context of today’s geopolitical events, it is also crucial to understand the purpose of sanctions, i.e., changing, by non-military means, the harmful, destructive behaviour of certain individuals, organisations, states or their leaders, which is conducive to military, ethnic or religious conflicts. We have invited all Bank employees to take part in a mandatory e-training on the “Implementation of Sanctions”. To build the expertise of compliance professionals, personnel in the areas of money laundering prevention, know-your-client and financial settlement, and to help them gain relevant knowledge and global best practices in risk management, anti-money laundering and financial crime prevention, we have secured access for some of them to ICA, CFA and CAMS certifications, which are considered a benchmark of excellence worldwide, as well as to the trainings and conferences organised by the AML Centre.

Recognising that strengthening the risk culture in the Bank is one of our strategic priorities, we have developed and introduced, in the Šiaulių Bankas Academy, the Operational Risk e-training course, which is mandatory for all employees of the Bank. The aim of this training is to help us create a healthy atmosphere in the organisation, to encourage us not to be afraid of admitting our mistakes, to encourage us to record operational risk events, and to talk openly about and address the challenges we face. And to raise the competence of risk professionals, to help them acquire the right knowledge and best global practices in risk management, we have provided access to specialised external training and conferences.

To make sure that our employees have sufficient knowledge and competences in the field of sustainability, we also prepared e-training on sustainability (ESG) at the Šiaulių Bankas Academy in 2023. The aim of this training was to provide the Bank employees with a basic understanding of sustainability (ESG), to help them understand how sustainability (ESG) affects the Bank’s operations, to introduce the Bank’s CO2 footprint and the Bank’s ESG strategy, and to explain the activities we are working on to make a difference.

To ensure compliance with the GDPR and IT security requirements, we invited every employee of the Bank to attend the Šiaulių Bankas Academy for a mandatory refresher course on Personal Data Protection (2 modules) and Digital Security. The purpose of this training is to provide a thorough introduction to personal data protection and digital security requirements and practices. In 2023, the digital security training module was expanded to include new examples of phishing emails to help our employees better identify them and avoid taking the bait.

In 2023, the unique program Financing Solutions Forum organised by the Bank was continued, aimed at strengthening the functional and general competencies of credit specialists. Two (spring and fall) sessions were held.

We also continued our tradition of organising sales training by internal and external speakers and ensuring the dissemination and uptake of product expertise across the Network.

The staff of the Bank’s centre and network units raised their competence by participating in external conferences and seminars.

Engaged employees

Engagement in strategic initiatives

Last year was a transformational year for the Bank, with the completion of the merger of the Bank's and Invalda INVL's retail businesses providing an important motivation for a renewed strategy. Preparations for it began in early 2023, with the document also aiming to strengthen employee engagement, develop employee competences and create a safe and productive working environment in the organisation. A team of employees has been assembled to propose ideas and discuss possible directions for developing employee engagement in the Bank's new strategy. The management team was also involved in the development of the new strategy, taking part in the workshop "New Organisation: the Role of Managers in its Creation" and contributing to the development of the basic guidelines for the new direction of the organisation.

To make the practicalities of the merger of the Bank and INVL as smooth as possible, a Teammate programme has been launched. It aims to facilitate the integration of new staff into the Bank's structure, and to introduce and involve new colleagues in joint initiatives.

As part of the 2023 merger, a value framework was sought for a smoother integration of employees. Carried out by an external partner for the project to update the Bank's values.

Engaged employees

Whistleblowing mechanisms and ethical issues

Ethics and integrity

The Bank's employees are guided in their daily activities by three sets of fundamental principles:

- Bank values
- Code of Ethics
- Client Service Standard

We say that we write our Bank's success story using the 3P+A formula. In other words, trust (pasitikėjimas), professionalism (profesionalumas), respect (pagarba) and responsibility (atsakomybė) are the core values of our organisation that drive us forward. These four sustainable values were refined by the Bank's own staff at the Bank's global conference a few years ago.

The Bank follows a Code of Ethics – no inequality, violence, psychological or other forms of pressure and discrimination are tolerated at work. The Bank has a whistleblowing feature on its Intranet and website, through which any employee can report to the Bank's Chief Compliance Officer and Director of Compliance Department a violation of any regulatory requirement enforced by the Bank. When such a report is received, it is investigated and, if suspicions are confirmed, the necessary action is taken swiftly to remedy the breach.

The Client Service Standard defines the conduct of employees when providing services to clients.

The Bank has a Labour Council, the members of which are 9 employees of the Bank, elected by secret ballot of the Bank's employees holding various positions in the Bank. The Labour Council operates in accordance with the Rules of Procedure of the Labour Council. The Labour Council actively cooperates with the Bank's Personnel, Asset Management and Administration and other departments by submitting its proposals and seeking the best solutions for the Bank's employees. Elections for a new Labour Council are scheduled for 2024.

Whistleblowing channels and ethical issues

The Bank has channels for reporting irregularities to the Chief Compliance Officer, the Director of Compliance Department, and the Chairman of the Bank's Nomination Committee. Confidential (and, if desired, anonymous) reports can be submitted at any time of the day on the Bank's Intranet and the Bank's website. The channel for reporting to the Chief Compliance Officer and the Director of Compliance Department is designed to report any criminal offences, administrative offences or potentially illegal acts by employees of the Bank Group (including managers), such as theft of property of the Bank, its clients, partners, employees, fraud, abuse of office, conflicts of interest, suspected breach of the provisions of the Code of Ethics or non- compliance with the requirements of the legislation governing the Bank's activities, etc. The Bank's Chief Compliance Officer and the Director of Compliance Department are responsible for administering this channel.

The reporting channel to the Chairman of the Bank's Nomination Committee allows for confidential (and, if desired, anonymous) reporting of any violation or suspected violation due to the views of an individual member of the Bank's body, or of a small group of members, that may be detrimental to the interests of the Bank. All reports are confidential and, if the whistleblower so wishes, anonymous. All new Bank employees are introduced to whistleblowing channels at their onboarding training.

Information on ethical and unethical conduct is contained in the Code of Ethics, which is a public document available on the Bank's website.

In 2023, 1 report was received.

Engaged employees

Ensuring equal pay

Remuneration policy

The remuneration of the Bank's employees is governed by the Remuneration Policy, the Annual Variable Remuneration Procedure, the Bonus Procedure, the Rules for Determining Remuneration, the Rules of Procedure, and other internal regulations.

In 2023, we worked with partners to develop a new variable remuneration system, as well as to analyse the gender pay gap, with a view to narrowing the pay gap and ensuring gender-neutrality in remuneration policies.

Additional benefits for employees

In 2023, as a socially responsible employer, the Bank continued to provide health insurance to all employees. Health insurance is one of the most important additional incentive measures. It provides faster access to health-related services to the insured employees, for example, receiving treatment in health care institutions of their choice, visiting specialists, getting various tests done, purchasing medicines, and accessing other health promotion services. In 2023, we allowed employees to choose between Health Insurance and a free limit in the newly launched MELP fringe benefits app. Through this e-tool, employees can purchase a range of services related to professional development, wellness, healthy living and quality leisure activities. However, the majority of the Bank employees continue to benefit from Health Insurance.

Bank employees have the opportunity to make additional pension contributions by choosing between two products – a pension fund accumulation or an investment life insurance where part of the contribution is paid by the employee and part by the employer. More than 30% of the employees participate in the programme.

Other fringe benefits available to the Bank's employees that are not based on the employee's performance:

- Telework
- Flexible working hours
- Additional leave depending on the position for certain senior
- Positions and for uninterrupted service
- Extra days off in case of illness or loss of a loved one
- New employee's package, gifts to employees and their children on major holidays
- One-time payments in the event of death of a family member, major accident, critical illness, etc.
- Payment at a higher rate for the first 2 days of sick leave
- Free flu vaccines and other discounts provided by the Bank's partners
- Team building events
- Opportunity to participate in interbank and other tournaments in various sports

Direct economic value created and distributed

Based on performance, the Annual General Meeting of Shareholders decides each year whether to pay dividends to shareholders when distributing the Bank's profits.

Data on dividends paid by the Bank:

Years for which dividends have been declared and paid	2019	2020	2021	2022
Percentage of the nominal value	-	1,90	11,7	9,14
Dividend amount per share, EUR	-	0,0055	0,034	0,0265
Dividend amount, EUR	-	3 303 994	20 424 693	15 919 246
Dividend to Group net profit ratio, %	-	7,7	36,5	25,0

Engaged employees

Mental and physical well-being

Employees who have taken parental leave in 2023*

GENDER	NUMBER OF EMPLOYEES
Male	0
Female	79
IN TOTAL:	**79**

* This figure includes both parental leave granted in 2023 and parental leave that continues.

Paternity leave granted in 2023

GENDER	NUMBER OF EMPLOYEES
Male	9

Number of employees returning to work after parental leave in 2023, by gender**

GENDER	NUMBER OF EMPLOYEES
Male	0
Female	25
IN TOTAL:	**25**

** Employees returning to work/dismissed after parental leave.

Parental leave

All employees are entitled to parental leave, regardless of gender. For more details, see the “Employees” section of the Annual Report

Gender equality

The Bank, in accordance with the Code of Ethics and the Rules for the Implementation and Supervision of Equal Opportunities (Non-Discrimination) Policy, the Labour Code of the Republic of Lithuania, the Law on Equal Opportunities of the Republic of Lithuania, the Law on Equal Opportunities for Women and Men of the Republic of Lithuania, as well as other normative legal acts establishing equality of persons and the prohibition of restricting the rights of human beings on the basis of discriminatory grounds, does not tolerate inequalities, manifestations of violence, psychological or similar pressures, or any form of discrimination at work. The Bank complies with the principle of equal opportunities and the prohibition to restrict the rights of or favour employees on the grounds of gender, race, nationality, citizenship, language, origin, social status, religion, beliefs or opinions, age, sexual orientation, disability, ethnicity, or faith, health, intention to have child(ren), adopted child(ren), foster child(ren), ward(s), marital and family status, membership of political parties, trade unions and associations, circumstances unrelated to the employee’s character, freedom of association, freedom of collective bargaining and the right to take collective action, or on any other grounds both at the time of recruitment and during the duration and termination of the employment relationship.

Engaged employees

Ensuring equal pay

To actively and responsibly manage the fairness of remuneration, the Bank relies on the approved Remuneration Policy prepared in accordance with the Law on Companies of the Republic of Lithuania, the Resolution of the Board of the Bank of Lithuania On the Approval of the Description of the Minimum Requirements for Remuneration Policy, and other legal acts. The Remuneration Policy also declares that employees shall be subject to a uniform remuneration system, without discrimination on the grounds of gender, age, nationality, race, social status, religion, social orientation, etc.

The Bank's Remuneration Policy regulates the means of ensuring fair and non-discriminatory remuneration: The Bank shall analyse and assess the average difference in the level of remuneration received by different genders, analyse which gender is the dominant gender at a given job level in terms of the higher remuneration received, and, in the event of significant differences and in the absence of objective reasons to justify the differences, take action to reduce the disparity.

The Bank shall continuously monitor and analyse the ratio of men and women in management positions in the organisation. Currently, the Bank manages to maintain a very good gender balance, with 53% women and 47% men in management positions (118 employees in total). The Bank's governing bodies, the Management Board and the Supervisory Council, are 25% female and 75% male.

Information on remuneration by gender

(2023) Bank

	Management personnel		Other employees	
	Number of employees	**Average monthly salary, EUR**	**Number of employees**	**Average monthly salary, EUR**
Male	37	12025	131	3717
Female	35	7001	615	2331
IN TOTAL:	**72**	**9583**	**746**	**2574**

Group

	Management personnel		Other employees	
	Number of employees	**Average monthly salary, EUR**	**Number of employees**	**Average monthly salary, EUR**
Male	50	11047	147	3625
Female	44	6458	677	2308
IN TOTAL:	**94**	**8906**	**824**	**2543**

Engaged employees

Mental and physical well-being

Human rights

Šiaulių Bankas is a member of the United Nations Global Compact. The Bank follows the principles of the Global Compact in its Social Responsibility Report. The Bank complies with the laws of the Republic of Lithuania and the employment of children is prohibited.

The Bank conducts recruitment in accordance with the Recruitment and Selection Rules, and recruitment and selection of staff is carried out in accordance with the principles of the Equal Opportunities (Non-Discrimination) Rules. In 2023, an equal number of women and men were recruited to management positions, 50% each.

The average salary of the Bank's employees in 2023 was EUR 3,001, which is almost 42% higher than the average monthly salary in the country in Q4 2023.

The working time of the Bank's employees is regulated by the internal Working Time Accounting and Control Rules and complies with the principles of minimum and maximum working time as laid down in the laws of the Republic of Lithuania. Overtime may be used with the prior agreement of the employees and with appropriate remuneration, but only in exceptional and emergency cases.

In addition to what is regulated by the Labour Code of the Republic of Lithuania and other occupational safety and health legislation, the Bank pays great attention to health. Physical and emotional health topics are regularly addressed in the Bank, and the implementation of health promotion projects (health lectures, preventive health check-ups, vaccinations) ensures the practical aspect of health care.

Employees are kept informed and educated through various events, seminars, lectures, dissemination of information materials and internal training.

The Bank also has an Occupational Health and Safety Committee which regularly proposes and initiates initiatives related to occupational health and safety.
To create a safe working environment, we regularly revise and update our instructions and procedures and pay attention to the proper familiarisation of our employees with them. We ensure the provision of safe and ergonomic workplaces, health checks and regular occupational risk assessments.
Additional attention is paid to civil safety, and employees are familiarised with the Emergency Plan and the steps to be taken in an emergency. Responsible staff have been trained to ensure a smooth evacuation during an emergency.

Working conditions

Šiaulių Bankas adheres to the principles of the International Labour Organisation Declaration and the Labour Code of the Republic of Lithuania; discrimination during recruitment, employment and after the employment relationship is terminated is not tolerated. The Bank also has a Labour Council, which represents the interests of employees and assesses whether all employees are provided with equal working conditions.

The Bank continuously invests in improving the working conditions of its employees and extending the benefits package. Recently, the Bank has been focusing on the emotional health of its employees, with regular lectures on emotional health and mental health topics.

In addition to fringe benefits, employees are also rewarded with public recognition of their contribution to creating value for the Bank. The Bank has annual employee awards and a network employee incentive programme.

In order to be a socially responsible organisation, the Bank conducts and initiates volunteering programmes to support various social groups, where employees are also involved. This enables people to come together and raise their awareness. The Bank continuously invests in team-building initiatives, allocates additional budgets for team events, initiates Bank-wide winter and summer events, and supports and financially contributes to employee hobby clubs (kart racing, volleyball, etc.). The Bank also values flexibility in work organisation, allowing employees to choose the start and end time of work in consultation with their team leader, and employees work using a hybrid working pattern (partly from home and partly from the office). We have an award scheme in place and an incentive programme for network staff.

All of these and many more measures enable the Bank to maintain a very low staff turnover rate of 9.8%. Compared to the market and to the financial sector, this percentage is very good. The Bank also measures annually the level of employee engagement and the employee satisfaction with the organisation score.

The Bank carries out continuous training of managers by involving managers in a Leadership Academy where management and leadership competencies are strengthened to ensure the development of all managers, as well as the rotation of top management and the provision of equal career opportunities for all.

Engaged employees

Mental and physical well-being

Employee engagement

In 2023, the Bank conducted an anonymous comprehensive engagement survey for the fourth time with the help of an external partner, with the main objectives being:

- to self-assess the annual change in employee engagement and organisational evaluation.
- in accordance with the obtained survey results, to refine the priority areas of the organisation to be improved and to update the action plan for their improvement.
- to ensure the targeted deployment of human and financial resources.
- after identifying the strengths, to develop the image of the employer first internally and then externally.

The survey questionnaire consisted of 68 questions and was completed by 92% of the Bank's employees. Throughout the past year, 2023, we have been implementing the activities and initiatives provided for in the Bank's action plan; therefore, we have managed to keep the results of the survey on manager empowerment, trust, job satisfaction and cooperation high. The results were presented to managers and all employees.

In the assessment of the results of the 2023 survey, the areas of the Bank as an organisation to be developed and its strengths were newly identified. Based on the survey results, the Bank prepares its action plan for 2024, i.e., what should be changed, developed and how, which traditions should be maintained in order to further strengthen positive, feedback-based communication and collaboration.

Employee pulse survey

In 2023, we continued to conduct these surveys for all employees. Pulse survey is an instant feedback measurement tool that measures employee job satisfaction and how they feel in the team on a regular basis (monthly) and helps to monitor whether employees are receiving enough communication from both the organisation and their supervisor at any given moment.

With pulse surveys, employees have the opportunity to provide more frequent feedback and we can respond more quickly without waiting for the annual survey. Each survey has 3 fixed questions that remain unchanged, so we monitor the change in responses every month. 1–2 questions are variable, depending on the topical issues at the time.

Emotional health of employees

As the war in Ukraine continues and the organisation undergoes a change due to the merger of two businesses, the Bank continued to focus on strengthening the emotional health of its staff in 2023. In January, all Bank employees were invited to join the "How to Tame Stress in 28 Days" programme. The programme was designed to further explore what emotional health is and how we can all take care of it.

The Šiaulių Bankas Academy also presented the Resilience to Uncertainty e-training course for all employees, which teaches that today uncertainty is the only reality we know, and the key to security is the ability to live with it. It has become essential to be able to cope with difficulties and surprises, to maintain stability and a positive relationship with the environment. We have also included psychological counselling in the employee health insurance, as we did last year.

In the summer, we encouraged employees to stay active by inviting everyone to take part in a step challenge to walk around Lithuania as many times as possible, and in September, we invited everyone to participate in the National Mobility Challenge, organised on the initiative of the President of Lithuania. In October and November 2023, the Bank organised a weekly lecture series Good Morning, Teammates!, where we had as many as 7 different lectures on different topics for the staff, ranging from a lesson on how to do the mobility exercises that are so necessary for every sedentary employee, to nutritional recommendations, the awareness of personal leadership and laughter yoga.

In December, we had a number of Christmas initiatives, with Christmas events for staff and their children, and gifts for everyone. We also encourage teams of Bank employees to organise joint activities each year and allocate a budget for this.

06 Governance

How do we grow more responsibly?

The Bank aims to become an organisation that is led by responsible and ethical governance principles on all levels of operation. We are continuously strengthening our compliance and risk management culture and practices, promoting fully responsible employee behaviour, and developing responsible and sustainable lending practices.

Responsible business and transparency

Responsible operations and transparency consist of many elements: responsible and ethical behaviour of employees, risk assessment and management, and sustainable practices. Šiaulių Bankas assumes commitments and strives to become an organisation that is led by responsible and ethical governance principles on all levels of operation.

SDG linkage

GRI linkage

GRI – 102; GRI – 205; GRI – 206; GRI – 417; GRI – 418; GRI – 419

Vision

To be a bank that is led by responsible and ethical governance principles on all levels of operation.

Targets

01 Improving compliance and risk management culture and practices

02 Encouraging fully responsible behaviour by employees

03 Developing responsible and sustainable lending practices

Actions and initiatives

Operational risk management

ESG risk management

Prevention of money laundering

Code of Ethics

Responsible practices training

Whistleblowing mechanisms

Project risk assessment

Loan restructuring

Responsible business and transparency

How do we achieve this?

Operational risk management

Šiaulių Bankas Group conducts an annual self-assessment. During this process, it analyses the types of risks that may arise from banking activities and have a significant impact. The most important risks faced by the Group are: credit, market, liquidity, concentration, operational, IT, model, banking book interest rate, insurance and compliance risks. (for more, see p. 43 of the report)

ESG risk management

In 2023, the Bank continued to improve its ESG risk management methodology. The concepts of environmental, social and governance risks have been broadened, additional indicators to measure these risks have been added, and an internal ESG audit was carried out at the end of 2022 contributing to a more targeted improvement of the delivery of ESG objectives (for more, see p. 44-56 of the report).

Money laundering prevention

The Bank is committed to the prevention of money laundering and terrorist financing by consistently and purposefully implementing the existing and developing new anti-money laundering and counter-terrorist financing measures and by applying them in its operations (for more, see p. 57 of the report).

Whistleblowing mechanisms

Šiaulių Bankas is committed to fostering a positive, professional and safe working environment. We believe that effective communication is essential for building professional and productive partnerships, preventing conflicts and overcoming obstacles to resolving problems (for more, see p. 33 and 57 of the report).

Code of Ethics

To create an organisation where the principles of responsible and ethical behaviour are implemented effectively, it is important to establish a culture of responsible behaviour at all levels. We place great emphasis on preventing corruption and conflicts of interest and uphold the highest standards of transparency (for more, see p. 58 of the report).

Prevention of corruption and conflicts of interest

Actions that can be defined as intolerable cases of corruption are defined in the Code of Ethics of AB Šiaulių bankas. The Bank has also adopted a Policy on Prevention of Corruption and Unacceptable Conduct (for more, see p. 59 of the report).

Responsible business and transparency

How do we achieve this?

Developing lending practices

Sustainable lending and borrowing practices combine two aspects of the Bank's activities: assessing the risks of appropriate lending and ensuring the financial health of borrowing customers (for more, see p. 60 of the report).

Project risk assessment

The Bank has compiled a list of indicative project types that have the potential to cause significant future adverse environmental and/or social impacts and therefore require additional environmental and social impact assessment (for more, see p. 60 of the report).

Loan restructuring

The purpose of loan restructuring is to restore sustainable and capable client status. This process enables the defaulting client to avoid the status of non-performing client (for more, see p. 60 of the report).

Responsible Action Training

Individual principles and guidelines alone are not enough to make an organisation truly responsible. Ensuring that regulatory requirements for staff qualifications and experience remain a priority for the Bank's staff education in 2023, in line with the established development plan (for more, see p. 30-31 of the report).

Responsible business and transparency

Operational risk management

Effectiveness of risk management processes

Šiaulių Bankas Group conducts an annual self-assessment. This process analyses the types of risks that may arise from banking activities and have a significant impact on the Bank Group. The most important risks faced by the Group are: credit, market, liquidity, concentration, operational, IT, model, ESG, banking book interest rate, insurance and compliance risks.
For more details see: "Financial risk management" (*Finansinių rizikų valdymas*) in the notes to the 2023 financial statements.

The role of the highest governance body in sustainability reporting

The report is reviewed by the Bank's Chief Executive Officer.
The Bank analyses, assesses, accepts and manages the risks or groups of risks to which it is exposed in the course of its business.
The risk management policy approved by the Bank's Supervisory Board and the procedures for managing the different types of risks based on it help to ensure the integrity of the risk management process within the Group.
The objective of the Risk Management Policy is to define the risks and their management principles in the Group's activities. As the various risks faced by the Group are interlinked, their management is centralised and the Bank has a Risk Management Committee for this purpose. One of the main objectives of the Bank's Risk Management Committee is to organise and coordinate the risk management system. The Group reviews its risk management procedures and systems on a regular basis, at least once a year, in the light of market developments, new products and emerging best practices.

The role of the supervisory and management bodies in defining purpose, values and strategy

The Supervisory Board approves the Bank's business strategy. The Executive Board analyses and evaluates the material provided by the Bank's Governor on the implementation of the Bank's strategy and the organisation of the Bank's activities.

Responsible business and transparency

Key impacts, risks and opportunities

In 2023, the Bank continued to focus on ESG risk:

- the ESG risk management framework was refined by expanding the concepts of environmental, social and governance risks and by adding additional indicators to measure these risks (see Risk Appetite).
- GHG emissions were calculated for the Bank's entire portfolio of loans and debt securities.
- the requirements of supervisory authorities and legislation were implemented.
- at the end of 2022, the Bank underwent its first internal ESG audit and ESG improvements were made based on the recommendations received.
- a more detailed assessment of the various physical risks in Lithuania and their potential impact on the Bank's operations was performed.
- ESG risk training was developed and made mandatory for all Bank employees to enhance their knowledge of ESG risks and their management in the Bank.

The Bank's ESG risk management system includes:

Components of the ESG risk management system:	Processes within the Bank:
Identification of risks	• ESG risk assessment • ESG risks are included in the Bank's overall risk assessment process (Risk Map) • Green asset indicator
Risk measurement, monitoring and management	• Integration of ESG risks into the Bank's management of other financial and non-financial risks • GHG emissions from financing/investment activities
Stress testing	• Stress testing of the Bank and assessment of the results as part of the ICAAP
Risk appetite	• Inclusion of ESG risks in the Risk Management Strategy • Inclusion of ESG risks in the Risk Appetite Statement

Responsible business and transparency

ESG risk management

Determination of ESG risks

In 2023, the Bank improved its ESG risk management framework by expanding the concept of ESG risk in the Bank's Risk Management Strategy, Risk Appetite Statement and other processes and documents of the Bank. The Bank understands ESG risk as the risk of any adverse financial impact on the Bank (including related Group companies) arising from the current or future impact of ESG factors on counterparties (clients, suppliers, etc.), on the Bank's assets, or on the Bank's business. ESG risk includes:

- **Environmental risks**, consisting of climate and environmental risks and other environmental risks related to biodiversity, pollution, waste and water management, land use, etc. Climate and environmental risks include physical and transition risks:
- **Physical risk** is the risk of any adverse financial impact on the Bank arising from the current or future impact of changing climatic events on counterparties, on the Bank's assets, or on the Bank's business.
- **Transition risk** is the risk of any adverse financial impact on the Bank arising from the current or future transition to a more environmentally sustainable economy (including adaptation to a lower carbon economy) affecting counterparties, the Bank's assets, or the Bank's business.
- **Social risks** relate to the Bank's employees, their health and well-being, differences in remuneration, impact on society, the quality of services, etc.
- **Governance risks** relate to the Bank's risk management culture, regulatory compliance, legal risk, gender diversity, etc.

The Bank's risk appetite documents (see Risk Appetite) and the Risk Map identify ESG risk (together with climate and environmental risks) as a separate risk category, but their impact is assessed and managed through the standard risks – credit, market, liquidity, operational and reputational.

As part of the update of the Bank's strategy in 2023, ESG risk and its impact were also assessed in terms of the Bank's strategy and strategic risk. The Bank's new strategy (2024–2029) identifies the strengthening of ESG standards as one of the key strategic initiatives.

The ESG risk culture is an integral part of the Bank's risk culture, and in the future the Bank will continue to focus on the development of its ESG risk management framework and on the implementation of new supervisory and legislative requirements

Responsible business and transparency

ESG risk management

Climate and environmental risks

The impact of climate and environmental risks on the Bank’s standard financial and non-financial risks may vary from period to period. The Bank assesses the significance of climate and environmental risks by focusing on the following time periods:

PERIODS	YEARS
Short-term	<1
Medium-term	1-5
Long-term	5-30

Climate and environmental risk factors and potential impact on the Bank’s standard financial and non-financial risks:

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

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

Risk	Key risk factors	
	Transition risks	Physical risks
Credit	Regulatory changes related to GHG – manifested through the impact on the Bank’s clients and collaterals.	Floods, drought and forest fires, rainfall and frost risk, risk of heat and high winds, sea level rise, coastal erosion and surface solifluction risk, soil degradation and erosion risk – all of which are manifested through their impact on the Bank’s clients and collateral.
Market	Regulatory changes related to GHG – manifested through interest rate risk and issuer credit risk.	Floods, heavy rains, droughts – potential impact on securities issued by Lithuanian companies, securities issued by companies or governments in other EU countries (physical risk specific to that country). Risk factors manifest themselves through interest rate risk and issuer credit risk.
Liquidity	Regulatory changes related to GHG – manifested through the impact on cash flows and the exhaustion of the liquidity buffer due to asset revaluation.	Floods, heavy rains, droughts – manifested through the impact on the Bank’s clients (loan portfolio, bank balances).
Operational and reputational	Changes in client and investor preferences, inappropriate Bank services/products, cooperation with suppliers with high switching risk – manifested mainly through reputational risk.	Floods, heavy rainfall, heavy snow, droughts – manifested through operational risk events. Physical risk may manifest itself through physical damage to the Bank’s immovable property, the Bank’s employees, disruption of the provision of the Bank’s services, and physical damage to third parties providing critical outsourcing services to the Bank as a result of extreme meteorological events. Disruption of the Bank’s services to its clients may result in reputational risk.
Business model/strategic	Implementation of the Bank’s ESG standards to maintain its attractiveness to investors. Regulatory changes related to GHG – manifested through the impact on the Bank’s clients and collaterals.	Physical risks that may manifest themselves through their impact on the Bank’s clients and collateral.

Responsible business and transparency

ESG risk management

Climate and environmental risks

Transition risks. The relevance of transition risk factors to credit risk and market risk was assessed both qualitatively by analysing the legal environment, best practices and international methodologies applied in the financial sector (Paris Agreement Capital Transition Assessment (PACTA); most GHG-intensive sectors according to the European Banking Authority (EBA); most energy-intensive sectors according to the International Energy Outlook 2016; sectors identified by the European Central Bank (ECB) as high climate risk, and the Environmental and Social Risk Management Manual of the European Bank for Reconstruction and Development (EBRD)), and, based on the above sources, a methodology was developed to quantitatively assess portfolios of corporate loans (credit risk) and debt securities (market risk) according to the sectors with high ESG risk (with a focus on the transition risk).

The share of the Bank's corporate loan portfolio in sectors with high ESG risk (with a focus on transition risk) is relatively low. According to the methodology currently used, the Bank has identified the following sectors of economic activity where business clients may have the highest transition risk: mining and quarrying; manufacturing; electricity, gas, steam and air conditioning supply; water supply, sewage treatment, waste management and remediation; and construction and transport. The Bank operates in Lithuania and therefore the exposures presented in the table (see p. 48) are limited to loans to business clients with operations in Lithuania.

Meanwhile, the Bank's debt securities portfolio consists mainly of debt securities of governments of European Union countries (88% of the total debt securities portfolio), for which the Bank currently has limited capacity to assess the transition risk. Therefore, only the portfolio of debt securities issued by private companies was assessed, which represents a small share of the total debt securities portfolio (12% of the total debt securities portfolio).

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

In 2024, the Bank plans to review and update its current methodology for assessing the materiality of transition risk by adding information on the GHG emissions intensity of the financed sectors, taking into account the requirements of the supervisory authorities as well as best practices.

Physical risks. In 2023, the Bank supplemented its previous assessment of physical risk materiality with a more detailed quantitative assessment of the materiality of physical risks, based on recent studies on relevant physical risks in Lithuania: The Study on Climate Change Risks by the Middle of the 21st Century (by the Hydrometeorological Service) and the Study of Soil Degradation and Erosion, Coastal Erosion and Solifluction in Lithuania (by Assoc. Prof. Dr. Jonas Volungevičius, Prof. Dr. Darijus Veteikis and Dr. Laurynas Jukna). The Bank assessed physical risk factors such as floods, drought and forest fires, rainfall and frost risk, risk of heat and high winds, sea level rise and their impact on the Bank's loan portfolio. The climate projections are divided into 2 time periods:

- 2023–2030, under current climate conditions.
- 2031–2060, under two RCP (representative concentration pathway) scenarios: RCP4.5, where new technologies are applied and strategies are implemented to reduce emissions, and RCP8.5, the most pessimistic scenario, where GHG emissions increase steadily without any action being taken to reduce them.

(continued in p. 49)

Responsible business and transparency

ESG risk management

Distribution of the corporate loan portfolio in sectors with high ESG risk (with a focus on transition risk)

Sector	Sector (NACE)	Bank’s loans to business clients, EUR million*	Share of loan portfolio, % (of total loans to business clients)	Share of high-risk portfolio, % (of total sector)
Mining and quarrying	B (05.10; 05.20; 06.10; 06.20)	0.0	0.0%	**0.0%**
Manufacturing	C (10.10-10.92; 11.02-11.07; 17.10-17.29; 20.10-20.17; 20.20-21.20; 22.11-22.29; 23.10-23.19; 23.50-23.52; 24.10-24.54; 25.10-25.30; 25.50-25.99; 26.10-26.80; 27.10-27.90; 28.10-28.99; 29.10-29.32; 30.11-30.30; 30.90-30.99)	103.5	4.9%	**55.6%**
Electricity, gas, steam and air conditioning supply	D (35.10-35.13; 35.20-35.22)	28.8	1.4%	**44.2%**
Water supply, sewerage, waste management and remediation activities	E (38.12; 38.22)	2.4	0.1%	**9.0%**
Construction	F (41.20; 42.10-42.99; 43.10-43.13)	63.7	3.0%	**43.2%**
Transportation and storage	H (49.30; 49.31; 49.32; 49.39-49.42; 49.50; 50.10-50.40; 51.10; 51.21; 51.22)	64.4	3.1%	**59.8%**
Other sectors		1,834.9	87.5%	**0%**
Total		2,097.7	100%	**-**

Responsible business and transparency

ESG risk management

(continued)

The exposure of the Bank's clients to these physical risks was assessed through collateral, i.e., real estate pledged to the Bank. The address (county) of registration of the real estate pledged to the Bank and the period of the loan were used to determine the materiality of the physical risks. The results are as follows:

- Looking at the various physical risks (floods, droughts, forest fires, precipitation, cold, heat, strong winds and sea level rise), the overall level of physical risks in the country remains low to medium.
- Certain physical risks (flood and heat) tend to increase, reaching an average level on a county level between 2031 and 2060 in these counties:
    - The risk of flooding is increasing in Panevėžys and Tauragė counties.
    - The risk of heat is increasing in Kaunas, Klaipėda, Panevėžys, Šiauliai, Tauragė, Telšiai and Utena counties.

Taking into account the overall level of physical risks in the country (which remains low–medium according to the current methodology), the Bank assesses that the impact of physical risks on the Bank's loan portfolio is not material. In addition, the Bank is currently applying certain physical risk management measures, for example, the Bank has updated its property insurance procedures to include a recommendation on the assessment of physical risks in real estate insurance.

Other physical risks were also assessed, such as coastal erosion and the risk of surface solifluction, soil degradation and erosion risk. Coastal erosion risk was assessed under different scenarios (RCP 4.5 and RCP 8.5). In terms of these risks, it was found that the overall risk of coastal erosion tends to increase only in the coastal region under two scenarios (RCP 4.5 and RCP 8.5), while in the rest of Lithuania the risk remains unchanged under all scenarios.

Given that coastal erosion risk is related to flood risk, the significance of which was assessed using data on real estate pledged to the Bank, it was decided not to carry out a separate assessment of materiality of the coastal erosion risk. The RCP climate change scenario for the solifluction phenomenon will not be available for Lithuania in the future, as the intensification of this climatic phenomenon requires humid, cold conditions (with occasional periods of warmer weather), and therefore no increase in the risk of solifluction in the future is expected.

The soil degradation and erosion risk assessment was carried out based on three scenarios – a realistic, an optimistic and a pessimistic scenario, at the level of sub-districts and cadastral areas, assuming that changes under the scenarios would be visible in 20 to 30 years time. Erosion/degradation risks have been found to be significant in all scenarios, both at the overall country level and at the scale of different territories, especially for the agricultural sector, and the Bank intends to incorporate these risks into the overall ESG risk assessment process for business clients. This risk is relevant for new loans and depending on the maturity of the loan, but for the existing loan portfolio it is not planned to assess this risk separately, given the maturities of the existing loans, which are less than 20–30 years.

In 2024, the Bank plans to improve its current methodology for assessing the materiality of physical risks, in an effort to make the assessment more detailed and comprehensive, taking into account the requirements of the supervisory authorities as well as best practices.

The Bank's climate and environmental risk assessment has not currently identified any other environmental risks that could affect the Bank's business model and other financial and non-financial risks, but other environmental risks will be continuously monitored and assessed in conjunction with the ESG risk assessment process.

In 2024, the Bank plans to implement the requirements under the new Corporate Sustainability Reporting Directive (CSRD) applicable to the Bank, while also updating the assessment of the materiality of climate and environmental risks.

Responsible business and transparency

ESG risk management

ESG risk measurement, monitoring and management

In 2023, the Bank improved its processes for integrating ESG risks (together with climate and environmental risks) into the Bank's other financial and non-financial risks (credit, market, liquidity, operational and reputational risks) and the management of these risks.

Credit risk

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

- Due to environmental and social risks, the Bank does not finance projects related to activities included in this EBRD list: Corporate, SME and Micro Lending, Annex 1: Environmental and Social Exclusion List.
- The Bank identifies whether the project is likely to cause significant future environmental and/or social impacts that cannot be readily identified or assessed at the time of examination. In such a case, an environmental and social impact assessment is carried out. The types of projects falling into this category are identified in accordance with this EBRD List: Corporate, SME and Micro Lending, Annex 2: Category A Projects.
- In 2022, the Bank revised the previously used EBRD Environmental and Social Risk Categorisation List - Revised 2014, which is used to determine the level of environmental and social risk, and which includes the following prohibited economic activities: tobacco farming, distillation, rectification and blending of spirits, manufacture of tobacco products, and the manufacture of pesticides and other agrochemical products (according to Corporate, SME and Micro Lending, Annex 1: Environmental and Social Exclusion List), the manufacture of arms and ammunition, the manufacture of military combat vehicles and the activities of gambling and betting. The methodology has been complemented by a classification of economic activities according to other widely used methodologies – PACTA, the most GHG-intensive sectors, the most energy-intensive sectors and the sectors identified by the ECB as high climate risk.
- Other environmental risks and their assessment. The Bank's business lending is guided by the EBRD Environmental and Social Risk Management Programme, and therefore the environmental impact assessment process assesses the potential direct and indirect impacts on the environment – on public health, wildlife, soil, land surface and subsoil, air, water, climate, landscape, biodiversity, tangible assets and immovable cultural property, and the interactions between these environmental components.

In 2023, the Bank followed the following procedures and credit risk assessment processes for lending to business clients:

- The Bank has introduced an ESG risk questionnaire for its business clients to identify the level of ESG risk inherent in clients' activities and to encourage clients to apply ESG risk mitigation measures in their operations. The ESG questionnaire covers all three elements: environmental, social and governance risks.
- The Bank also started collecting data on GHG emissions of its clients together with their annual financial statements – for new business clients the procedure came into force in 2022, for existing clients the collection of data on GHG emissions together with their annual financial statements started in 2023.
- The ESG risk assessment of clients is used in the credit risk assessment (rating) process for corporate clients as well as in the risk monitoring process for clients.
- Clients' ESG risk assessment affects their credit risk rating and pricing. The social and business client management elements are integrated into the rating system of business clients.
- Internal documents ensure adequate risk management and internal controls ensure the implementation of the principles.

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

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

Responsible business and transparency

ESG risk management

Market risk

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

Following the merger of the retail businesses at the end of 2023 (with the merger of SB Asset Management UAB), it is expected that the ESG risk assessment will be expanded due to the increase in the volume of investment products.

Operational and reputational risks

The ESG risk is included in operational and reputational risk management. The recording of operational or reputational risk events allows them to be classified as climate and environmental risks. Operational risk events and reputational risk events related to climate and environmental risks are included in the reporting to the Bank's relevant governing bodies. The Bank's Emergency Management Plan also identifies risk factors resulting from physical (climate and environmental) risks.

Liquidity risk

ESG risks are included in liquidity risk management to a limited extent due to the currently identified relatively low impact of ESG risk factors on the Bank's liquidity risk. The Bank periodically assesses the impact of ESG risk factors on the Bank's liquidity.

The Bank's GHG emissions from lending and investment activities

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

Using the PCAF methodology, the Bank has for the first time calculated and disclosed GHG emissions of a portion of its lending and investment portfolio for 2022. In 2023, PCAF updated the emission factors used to calculate financed emissions and the updated values differ significantly from those that were used previously. Therefore, the Bank decided to recalculate the emission results for 2022 which was reported last year. In calculating GHG emissions associated with lending and investment activities, the Bank assessed its corporate and retail loan as well as securities portfolios.

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

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

Below is an overview of the main categories for which the financed GHG emissions were calculated along with the core principles of the calculations.

Responsible business and transparency

ESG risk management

Business Loans (211,363 tCO2 emissions for EUR 882.2 million loan portfolio). This category includes loans to corporate clients with an unknown use of proceeds and other loans that do not fall under any other PCAF category. GHG emissions from business loans for all sectors were calculated using GHG emission data provided by the Bank's corporate clients, and in the absence of direct data – GHG emissions were calculated using the clients' most recent financial data (sales revenue, equity, liabilities) and the PCAF emission factors updated in 2023. The GHG emissions data provided by the clients represents a marginal part of the total portfolio of business loans for which the emissions were calculated, and therefore, the remaining part was calculated using the emission factors proposed by PCAF. It should be noted that the Bank's loan to its subsidiary UAB SB Lizingas, the main activity of which is providing retail loans to private individuals, was treated as a business loan and the GHG emissions were calculated based on the financial data of this subsidiary and the relevant PCAF emission factors for the sector. The PCAF does not currently provide a methodology to evaluate retail loans provided by UAB SB Lizingas, and therefore the Bank has decided to treat this loan from the Bank to its subsidiary as a business loan until a more appropriate methodology becomes available.

Loans for the acquisition of commercial real estate and mortgages (19,882 tCO2 emissions for EUR 390.3 million commercial real estate portfolio; 17,199 tCO2 emissions for EUR 763.1 million mortgages portfolio). The GHG emission calculations for commercial real estate and mortgage loans were carried out using the emission factors provided by PCAF, taking into account the type of buildings that were financed and mortgaged, the energy efficiency class, gross floor area and property value.

Compared to 2022, in 2023 the Bank was able to obtain more data on the energy efficiency classes of buildings, which allowed to increase the quality score of the final calculations. Actual data on the energy consumption of buildings was not available to the Bank.

Leasing of motor vehicles (74,652 tCO2 emissions for EUR 286.5 million portfolio). GHG emissions from leasing transactions were calculated using the GHG emissions provided by the manufacturers of the leased cars, or in their absence, using publicly available GHG emission factors (provided by the UK Department for Environment, Food and Rural Affairs (Defra)) according to the vehicle and fuel type. Estimates of the annual distances travelled by cars were also used, taking into account the type of car and the average distance travelled statistics. For a portion of the leased assets, where no appropriate data could be found, GHG emissions were extrapolated for these loans. It is noted that in the future the bank will aim to improve any assumptions made in the GHG emission calculations.

Building renovation (modernisation) (1,749 tCO2 for EUR 117.5 million portfolio). The Bank, as a financing partner, participates in a governmental programme to modernise residential and municipal buildings to increase their energy efficiency and reduce energy consumption. The GHG emission calculations for these loans were carried out using data related to the values of the projects to be renovated, the emission factors provided by the PCAF for the construction sector, and upon making assumptions regarding the duration of the works.

Avoided emissions. The Bank actively finances building renovation (modernisation) projects in the country. As a result of the renovation works, the energy efficiency class of the buildings improves and energy consumption decreases. Therefore, in 2023, the Bank has started to assess, as an additional measure, the GHG emissions that have been avoided as a result of these financed renovation works. The Bank calculated avoided emissions only for those apartment building renovation projects that are accounted on the Bank's balance sheet, while transactions that are not on the Bank's balance sheet as well as municipal renovation transactions, were not assessed. The Bank plans to start evaluating these transactions in the future. The calculation of avoided emissions utilises data on the energy efficiency classes before and after carrying out the renovation works.

In 2023 the renovation of the apartment blocks resulted in 2,705 tCO2 of avoided emissions. These emission savings do not reduce the Bank’s financed emissions, it rather serves as an additional performance indicator.

GHG emissions recalculations for 2022. In 2023, PCAF methodology was updated (specifically relating to calculating emissions for buildings with energy performance certificates) and adjustments to the sector-specific emission factors on the country level were made in the database. Due to these changes, the Bank has recalculated its 2022 GHG emissions using the updated emission factor data for the following categories: business loans, loans for the acquisition of commercial real estate and housing loans. The table below shows the updated financed GHG emissions data.

Responsible business and transparency

ESG risk management

The Bank's GHG emissions from financing activities:

	2023				2022 (recalculated)			
Asset Class (according to PCAF)	Assets, EUR millions (calculated GHG emissions)	GHG emissions (Scope 1 & 2), tonnes per year	Data quality score (according to PCAF)	GHG emission intensity (tCO2 / million EUR assets)	Assets, EUR millions (calculated GHG emissions)	GHG emissions (Scope 1 & 2), tonnes per year	Data quality score (according to PCAF)	GHG emission intensity (tCO2 / million EUR assets)
Business loans	882.2	211,363	4,0	239.6	819.8	178,222	4,0	217.4
Commercial real estate loans	390.3	19,882	3,3	50.9	350.3	21,644	3,7	61.8
Loan to SB leasing	247.6	637	4,0	2.6	Not calculated	Not calculated	Not calculated	Not calculated
Building renovations	117.5	1,749	4,4	14.9	Not calculated	Not calculated	Not calculated	Not calculated
Leasing	286.5	74,652	4,0	260.6	Not calculated	Not calculated	Not calculated	Not calculated
Mortgages	763.1	17,199	3,2	22.5	663.9	17,061	3,7	25.7
Total	2,687.2	325,482		121.1	1,834.0	216,927		118.3

Responsible business and transparency

ESG risk management

Government debt securities (88,543 tCO2 for EUR 711.3 million portfolio). In line with the PCAF methodology, the calculations used countries' GHG emissions (mainly self-reported under the United Nations Framework Convention on Climate Change (UNFCCC)) as well as publicly available GDP values (adjusted to purchasing power parity).

Debt securities and equity securities of private companies (14,460 tCO2 for EUR 100.2 million portfolio; 103 tCO2 for EUR 2.8 million portfolio). GHG emissions calculations for the portfolios were based on actual GHG data provided by clients (issuers), assessing their disclosures in published reports, as well as on third-party data on GHG emissions of the clients (Bloomberg, CDP). In the absence of direct data, customer GHG emissions have been estimated based on financial data (sales revenue) and PCAF emission factors for the sector. Customer financial data (EVIC, equity, liabilities) were also used to calculate the share of GHG emissions financed by the Bank.

Responsible business and transparency

ESG risk management

The Bank's GHG emissions from investment activities:

	2023				2022			
Asset Class (according to PCAF)	**Assets, EUR millions (calculated GHG emissions)**	**GHG emissions (Scope 1 & 2), tonnes per year**	**Data quality score (according to PCAF)**	**GHG emission intensity (tCO2 / million EUR assets)**	**Assets, EUR millions (calculated GHG emissions)**	**GHG emissions (Scope 1 & 2), tonnes per year**	**Data quality score (according to PCAF)**	**GHG emission intensity (tCO2 / million EUR assets)**
Government securities (held to maturity and held for sale)	711.3	88,543	1,0	124.5	Not calculated	Not calculated	Not calculated	Not calculated
Securities of private companies (held to maturity and held for sale)	100.2	14,460	2,7	144.3	78.2	14,701	2,0	188.0
Equity securities	2.8	103	3,4	36.8	Not calculated	Not calculated	Not calculated	Not calculated
Total	814.3	103,106		126.6	78.2	14,701		188.0

Responsible business and transparency

ESG risk management

Stress testing

The Bank incorporates elements of climate and environmental risk into its internal stress testing, using the results of the Climate Risk Stress Test of 2022 and the Thematic Review by the ECB. The testing assessed the impact of the occurrence of climate risks on other risks under different scenarios based on expert assumptions. The results of the stress tests continue to be used in the Bank's Internal Capital Adequacy Assessment Process (ICAAP) to ensure future capital adequacy.
The Bank plans to further develop and refine the climate and environmental risk scenarios for the stress tests and to compile the data needed for the tests, taking into account the information that is continuously accumulated on the main climate change risk drivers and their impact on the Bank's exposure to climate change risk.

Risk appetite

In 2023, the Bank updated its risk appetite documents, expanding the definitions of environmental, social and governance risks. The Risk Appetite Statement now includes updated ESG risk indicators – the share of non- financed sectors, the share of high ESG risk in the loan portfolio and the staff turnover.
In 2023, the Bank also started periodic monitoring of other ESG risk indicators, for example, in the environmental area, the Bank monitors the amount of fuel used in the Bank's company cars and the amount of paper used in the Bank's operations, as well as the amount of taxonomy-eligible and taxonomy-aligned assets; in the social area, it monitors employee satisfaction; in the governance area, it monitors the pay gap in management positions, gender diversity in the Bank's management bodies and management positions, and the level of completion of the Bank's mandatory training.
Changes to the key ESG risk indicators of the Bank are considered by the Risk Committee and approved by the Supervisory Council, on the recommendation of the Bank's Management Board. Periodic monitoring of ESG risk indicators and overall ESG risk management is carried out by the Risk Management Committee (reporting on a monthly basis) that reports periodically (quarterly) to the Risk Committee.

Opportunities

The Bank reports green asset ratios as provided for in Regulation (EU) 2020/852 of the European Parliament and of the Council (hereinafter, the Taxonomy Regulation), and any successor legislation thereto. Exposures to taxonomy-eligible economic activities are determined based on the Regulation, taking into account the Bank's products and information received from companies. The main performance indicator related to the taxonomy is the Green Asset Ratio (GAR), which measures the proportion of assets that meet the criteria of the taxonomy. Such assets are defined as assets that meet the criteria of the taxonomy, i.e., assets that contribute significantly to at least one of the six environmental objectives set out in the Taxonomy Regulation.

For the financial year 2023, the Bank provides information on the share of taxonomy-eligible and taxonomy-aligned assets in the Bank's total assets. Taxonomy-aligned assets are taxonomy-eligible assets that are subject to the environmental objectives of the taxonomy and meet the criteria of the Taxonomy Regulation. These assets are assessed based on the taxonomy reports of the companies in the portfolio of loans and/or debt securities. The taxonomy reports disclosed by the Bank are based solely on information provided by the companies.

Information in this slide is provided as per requirements of Commission Delegated Regulation (EU) 2021/2178, Annex XI.

Objectives and metrics

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

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

Responsible business and transparency

Money laundering prevention

Corruption risk assessment, money laundering prevention

The Bank is committed to the prevention of money laundering and terrorist financing by consistently and purposefully implementing the existing and developing new anti-money laundering and counter-terrorist financing measures and by applying them in its operations:

- Identification of clients, their representatives, and beneficiaries
- Collecting and verifying information on the purpose and nature of the business relationship (application of the Know Your Client rule)
- Monitoring business relationships and monetary transactions
- Identification of suspicious monetary transactions and transmission of information to the Financial
- Crimes Investigation Division, etc.

Existing and new anti-money laundering measures are being developed taking into account: the legislation governing the prevention of money laundering and terrorist financing in the Republic of Lithuania, the requirements of the FATF (Financial Action Task Force), the EU, the UN, and the US legislation.

Implementation of international sanctions

The Bank complies with and enforces the Sanctions Legislation imposed by these Sanctions Authorities or by any other authority or organisation acting on behalf of these Sanctions Authorities:

- United Nations (UN)
- European Union (EU)
- United States of America (USA)
- Republic of Lithuania (RL)

Whistleblowing mechanisms

Non-conformities related to information and labelling of products and services

No such cases were identified in the Bank during the reporting period.
The Bank's Contact Centre registers client complaints or claims regarding the provision of information on services or products.
In 2022, there were no cases of non-compliance where the Bank or Group companies were fined or warned for inadequate information about their services.

Substantiated complaints about breaches of client privacy and loss of client data

The Bank did not receive any substantiated complaints regarding breach of client privacy in 2023.

Non-compliance with social and economic laws and regulations:

The Bank has not identified any cases of non-compliance with social or economic laws or regulations.

Responsible business and transparency

Code of Ethics

Communication and training on anti-corruption policies and procedures

The Bank employees are committed to complying with the Code of Ethics, which highlights the following principles of conduct as key:

- Responsibility
- Professionalism
- Support and trust
- Focus on the client
- Protection of personal data and confidential information
- Zero tolerance of corruption or bribery of any kind
- Transparent giving and acceptance of gifts, entertainment or services
- Fair competition
- Avoiding conflicts of interest
- Equality and non-discrimination
- Open and transparent communication

Reporting misconduct and violations of law

The Code of Ethics and the Prevention of Corruption and Unacceptable Conduct Policy regulate what acts may be considered as unacceptable cases of corruption. All new employees of the Bank are made aware of these documents. These documents apply to and must be complied with not only by employees of the Bank but also by employees of Group companies.

Responsible business and transparency

Prevention of corruption and conflicts of interest

Conflicts of interest

Members of the Bank's Supervisory Council and Management Board act in the best interests of the Bank and its shareholders by avoiding conflicts of interest. All transactions with the Bank's executives and persons related to the Bank are conducted on an arm's length basis and in accordance with the Bank's approved internal regulations. The Rules of Procedure for the Supervisory Council and the Management Board stipulate that the members of the Supervisory Council and the Management Board must avoid activities that may give rise to conflicts of interest. Members of the Supervisory Council and the Management Board are obliged to disclose to the Bank, prior to taking up their duties, any information that may give rise to a conflict of interest and to keep such information up to date. In addition, the Bank's Policy for the Assessment of Managers sets out the obligation of the Bank's executives to inform the Bank of any changes that may affect their good repute. Members of the Supervisory Council and the Management Board are not entitled to vote or participate in meetings when a matter relating to their activities or to their responsibilities is being considered, or when matters are being considered in respect of which those members may have an interest, or when the lack of objectivity of a member of the Supervisory Council or of the Management Board may put the Bank at risk.

Prevention of corruption and conflicts of interest

Conduct that can be treated as unacceptable instances of corruption is defined in the Corruption Prevention and Unacceptable Conduct Policy adopted by the Bank. To avoid potential conflicts of interest, all employees of the Bank comply with the provisions of the Code of Ethics and follow the Conflict of Interest Management Policy in their activities. To ensure high standards of transparency, all Bank employees comply with the requirements of the Procedure for Accepting and Giving Gifts. The Bank duly pays all taxes to the State of Lithuania, complies with the applicable legal acts, prepares and participates in tenders in a transparent manner. The Bank implements the requirements of the Foreign Account Tax Compliance Act (FATCA) and the Common Reporting Standard (CRS).

In 2023, to improve the process of declaring interests as well as monitoring and assessing conflicts of interest in the Bank, the Conflict of Interest Management Procedure was updated and approved (the latest version entered into force on 25/07/2023).

In 2023, a new Procedure for Accepting and Giving Gifts was approved for the whole Bank Group (effective as of 14/11/2023). The Procedure for Accepting and Giving Gifts lays down the principles and procedures for the acceptance, giving and handling of gifts. The purpose of this Procedure is to help employees to make the right decisions when accepting or giving gifts. It also contributes to creating and maintaining an anti-corruption environment throughout the Bank Group.

Legal action on anti-competitive behaviour and antitrust practices

No such actions were identified during the reporting period.

Confirmed cases of corruption and action taken

There were no corruption-related incidents in 2023.

Responsible business and transparency

Developing lending practices

In the context of lending, the Environmental and Social Risk Management procedure is designed to ensure the necessary attention to environmental, and hence social, risk identification, assessment, and management, in line with the best practices of the international financial sector. The assessment and monitoring of environmental and social risks in the lending process are considered as part of credit risk. The procedure has been prepared in accordance with the agreements between the European Bank for Reconstruction and Development and the Bank.

Credit risk identification consists of several key components which together serve the functions of risk assessment and risk management. The assessment covers the financial health of business clients, environmental and social risk management, creditworthiness, and the identification of the relevant client group and the individuals associated with the bank.

In 2023, the Bank continued to improve credit risk management in the organisation by strengthening the involvement of the second line of defence in the credit decision process. The credit decision-making system ensures that clients with elevated ESG risk are properly rated and that the approved financing structure allows for a reduction in the level of ESG risk. As the Bank's ESG risk management expertise grows, employees involved in lending activities are becoming partners with clients on ESG risk management and assessment.

The assessment of climate change risk affects the credit risk rating of clients and the pricing of banking services. The social and business client management elements are integrated into the rating system of business clients.

In 2024, the methodology for assessing clients' ESG risk is planned to be further developed by extending the client ESG risk assessment questionnaire and improving the data collection and assessment tools.

Project risk assessment

The Bank has compiled a list of indicative project types that have the potential to cause significant future adverse environmental and/or social impacts and therefore require additional environmental and social impact assessment. The assignment of each project to a risk category depends on the actual or potential adverse environmental or social impacts determined by the project's characteristics, location, sensitivity, and scale.
Depending on the details of the specific project, the Bank employee
must assess whether the project meets the definition of a risky project. If the project meets the definition, the client must submit an Environmental Impact Assessment to the Bank, which is forwarded to the Environmental and Sustainability Department – only upon written approval will the financing issue proceed.

The Bank has defined non-financed activities in a separate category. Non-financed projects include activities that:

- are carried out without proper certification or licensing.
- are hazardous and harmful to the environment.
- violate laws, regulations, or restrictions.

In 2023, there were no major changes in the methodology for assessing risky projects, but the Bank continues to develop best practice in project assessment, taking into account a broader range of ESG risk elements, assessing an increasing number of ESG risk nuances and documents. Large and medium- sized enterprises and clients with higher potential ESG risks are subject to additional risk assessment.

Loan restructuring

Identifying a client's non-performing position and taking the prescribed actions are only part of the preventive measures. Other groups of solutions are designed to ensure the long-term financial health of clients in the event of temporary setbacks or problems.

The purpose of loan restructuring is to restore sustainable and capable client status. This process enables the defaulting client to avoid the status of non-performing client. If the client is unable to fulfil its obligations and is experiencing temporary financial difficulties, the loan can be restructured by applying various measures, such as adjusting the schedule, extending the loan maturity date, reducing the interest rate, etc. Loan restructuring must be viable, and non- viable solutions are those solutions that the client will not be able to implement, which are late and do not offer a way out of a difficult situation and do not rely on clear sources of cash flow recovery.

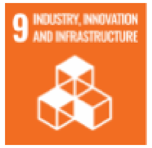
The credit officer shall consider both short-term and long-term restructuring measures, taking into account the circumstances of the client's financial difficulties, the terms and conditions of the loan and the nature of the restructuring measures.

As in previous years, the Bank continues to follow the principles of viable restructuring and the number of restructurings remains very low.

Reliable services

In today's digital society, threats to data security and privacy are constantly increasing. With the rise of remote and hybrid working models, new data security challenges are emerging, and any cyber-attack, breach or technology disruption poses significant risks, from financial consequences, lost clients or business opportunities to infrastructure and reputational damage.

SDG linkage



GRI linkage

GRI – 102; GRI – 205; GRI – 206; GRI – 417; GRI – 418; GRI – 419

Vision

To be a bank that solves data security and client privacy questions by including, educating and empowering employees, partners and clients.

Targets

01 Strengthening IT system and data infrastructure stability and reliability

02 Empowering teams and developing security-related competences

03 Educating clients on digital security issues

Actions and initiatives

IT infrastructure and systems development

Implementation of cyber security measures

Business continuity plan

Changes in organisational structure

Staff competence development

Process improvement

IT Incident Management Procedure

Content projects and the provision of information to clients, educational campaigns

Reliable services

How do we achieve this?

IT infrastructure and systems development

A well-functioning IT infrastructure is the foundation of the Bank's business continuity and security (for more, see p. 59 of the report)

Implementation of cyber security measures

The changes implemented and planned by the Bank to its IT and data infrastructure are focused on improving cyber security and service availability.
Cyber security is of strategic importance and the implementation of the Bank's cyber security measures is comprehensive. (for more, see p. 59 of the report)

Business continuity plan

Šiaulių Bankas has defined and approved a business continuity plan for disruptions to electricity, internet and mobile communications in Lithuania. (for more, see p. 59 of the report)

Changes in organisational structure

Appropriate organisational structure is essential to increasing and ensuring the productivity of IT teams and their ability to complete tasks and projects related to critical business areas and requirements in a timely manner. (for more, see p. 60 of the report)

Staff competence development

One of the critical aspects of making technological solutions operational is the introduction of processes that are continuously reviewed and updated and ensuring the qualification of staff at different levels of the organisation. (for more, see p. 60 of the report)

Process improvement

In IT, business continuity is ensured by process definitions at two levels: for managers – those that allow making decisions about how to develop the IT organisation, and for IT staff – those that allow ensuring efficient and focused day-to-day work.
Combining these two perspectives and levels of process definitions can help ensure the sustainable operation of the Bank's systems and resilience to emerging problems and operational disruptions. (for more, see p. 60 of the report)

IT Incident Management Procedure

The IT Incident Management Procedure is an integral part of the Bank's operational risk management and IT risk management tools. The aim of this procedure is to restore systems as quickly as possible and to minimise the negative impact of incidents on the Bank's operations. All Bank employees are made familiar with and comply with this procedure. The procedure is regularly reviewed and updated.

Content projects and the provision of information to clients, educational campaigns

The Bank runs content projects to inform the community about the most common fraud techniques, the importance of data and ways to avoid becoming a victim of crime.
In 2023, there was continuous content communication on fraud prevention, as well as communication on family and personal financial literacy (for more, see p. 61 of the report)

Reliable services

IT infrastructure and systems development

In 2023, the Bank continued the implementation of cloud computing projects to ensure the wider use of this technology in the Bank's day-to-day operations and to provide convenience and security to all stakeholders.

To mitigate geopolitical risks, a feasibility study on migrating data centres to a cloud platform was carried out in 2023. Based on its findings, the migration work continued. Preparations were also underway for the migration of the data warehouse system (SAS) to a cloud infrastructure.

In 2023, the LexisNexis platform was used to strengthen and continuously improve systems to prevent financial crime, money laundering and terrorist financing.

Implementation of cyber security measures

In 2023, the focus was on improving IT security management processes and strengthening cyber security measures. In the period 2024–2025, projects related to increasing computer network resilience, process improvement and compliance are planned as part of the continued pursuit of the objectives set.

Among the most important projects for the coming year is the replacement of the computer network (LAN) equipment to ensure the requirements of the IEEE 802.1X protocol for connecting unauthorised equipment to the Bank's computer network.

As part of improving the management and processes of IT activities, changes are being implemented to meet DORA (Digital Operational Resilience Act) standards. Compliance with NIS2 requirements for information systems and network security is also being implemented.

Employees resilient to cyber risks and digital attacks are a key component of the Bank's information systems and network security. For this reason, both in 2023 and in the coming year, there is a strong focus on continuous IT security training for staff, with specialised security and risk management training for IT staff.

Business continuity plan

Šiaulių Bankas has defined and approved a business continuity plan for disruptions to electricity, internet and mobile communications in Lithuania. The business continuity plan defines the activities of the Crisis Management Committee and staff, the Bank's critical services and supported functions. The plan details different scenarios and describes the behaviour of staff in critical circumstances, taking into account not only the nature of the disruption but also its duration. The business continuity plan must be followed by the members of the Crisis Management Committee and all responsible departments and staff of the Bank to ensure the continuity of the Bank's operations.

Reliable services

Changes in organisational structure

Concurrent trajectories and overlapping plans for the maintenance and development of IT systems can complicate the work of teams. It is difficult to maintain focus and concentrate sufficiently on the implementation of new initiatives and the proper maintenance of existing and operating systems. Therefore, as of 2023, Šiaulių Bankas is focusing on strengthening the structure of dedicated teams:

- Increasing the capacity of the IT Project Management Unit to ensure the implementation of new business needs for system improvements.
- Developing the IT Systems Administration Unit to ensure support and administration of existing and new systems.
- Developing teams to help ensure consistent and timely implementation of plans and internal needs.

Last year, following the merger of the retail businesses of Šiaulių Bankas and INVL, the IT functions were merged and centralised.

Staff competence development

Continuing professional development for IT staff was launched between 2023– 2025. Specialised training is planned for IT staff on the management of cyber security requirements and IT systems development requirements.
Cyber security competency development is approached in a holistic way, going beyond the involvement of IT professionals to include common training sessions for all employees, improving the accessibility of learning content and the implementation of simulation situations. Activities carried out:

- Development of an interactive staff training system.
- Knowledge testing through phishing simulations.
- Red teaming exercises.
- Introduction of a social engineering exercise system.

The development of cybersecurity and data privacy competences is not limited to IT professionals, as all new employees of the Bank receive training on IT security and data management, which covers these topics:

- Security-related responsibilities of employees.
- IT systems and information management procedures.
- The Bank’s roles and issues related to cyber security.
- Simulations of attack and deception scenarios and expected employee behaviour.

Process improvement

In IT, business continuity is ensured by two levels of process definitions:

- Managers need process definitions and tools to make decisions on IT organisational development issues.
- IT staff need processes and practices to ensure efficient and focused daily work.

Combining these two perspectives and levels of process definitions can help ensure the sustainable operation of the Bank’s systems and resilience to emerging problems and operational disruptions. For these reasons, further development of the process groups according to ITIL (Information Technology Infrastructure Library, a standard for IT process and resource management practices) and COBIT (Control Objectives for Information and Related Technologies, a framework of practices combining technology issues, business risks and governance requirements) practices is carried out in 2022–2024.

All process improvements and changes implemented and planned in IT are part of a wider, organisation-wide cultural change. The continuation of the process management and improvement programme is aimed at bringing about changes in the planning and organisation of activities of the organisation’s employees and managers. This is done through the Bank’s core and strategic principles: client focus, digital thinking, and simplicity.

Reliable services

Content projects and the provision of information to clients

In 2023, a continuous content communication entitled “Spotting scammers is harder in reality than in fairy tales” was launched.

This campaign communicated the following topics:

- tips on how to spot scams and identify malicious advertising.
- tips on responsible behaviour during the festive season – tips on disclosing personal information on social networks.
- tips on identifying counterfeit banknotes.
- communicating the most common fraud scenarios.
- advice on recommended actions to take if you suspect fraud.

Educational themes were also developed in 2023 to promote financial literacy among families:

- tips from financial experts on how to develop financial literacy.
- results of a study on parental influence on children’s financial behaviour.
- expert advice on saving for children’s education, etc.

07 Conclusions

Definition of the content of the report and the scope of the topics
The topics and criteria selected for the report are those for which the Bank has data and can be accurately assessed. New, additional criteria are measured each year.

List of important topics
The Bank's socially responsible activities aimed at improving the quality of life in Lithuania, promoting sustainable economic development, the environment and sustainability are focused on ESG areas where the Bank can and aims to have a positive impact.

Reporting period
The report is for the year 2023.

Date of latest report
Since 2017, the Bank has been reporting according to the Global Reporting Initiative (GRI) standard. This is the seventh report.

Reporting cycle
The report is drawn up annually.

Contact address for questions related to the report
For questions and comments on this report, please contact us by email to tvarumas@sb.lt.

Notices on reporting according to GRI standards
This report was prepared in accordance with the basic version of the GRI standards.

External audit
This report has not been audited.

GRI 102-45, GRI 102-46, GRI 102-47, GRI 102-50, GRI 102-51, GRI 102-52, GRI 102-53, GRI 102-54, GRI 102-56

Entities included in the consolidated financial statements

Subsidiaries of the Bank

Directly controlled subsidiaries:

- SB Lizingas UAB (finance leases, consumer loans)
- UAB „SB Asset Management“ (management of pension and investment funds)
- Šiaulių banko lizingas UAB (finance leases and operating leases)
- SB turto fondas UAB (real estate management)
- SB draudimas UAB (life insurance)
- SB Modernizavimo Fondas UAB (financing of renovation of multi-apartment buildings)

Indirectly controlled subsidiaries:

Šiaulių Banko Investicijų Valdymas UAB (investment management)

For more details, see the “Bank Group” section of the Annual Report.

Annex 1

Information pertaining to the disclosure requirements of Commission Delegated Regulation (EU) 2021/2178 Annex VI, Template 0, Summary of KPIs

		Total environmentally sustainable assets	KPI (****)	KPI (*****)	% coverage (over total assets) (***)	% of assets excluded from the numerator of the GAR (article 7(2) and (3) and Section 1.1.2 of Annex V)	% of assets excluded from the denominator of the GAR (article 7(1) and section 1.1.4 of Annex V)
Main KPI	**Green asset ratio (GAR) stock**	38.90	38.90	22.31	1.23%	52.3%	31.9%
		Total environmentally sustainable activities	**KPI**	**KPI**	**% coverage (over total assets)**	**% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2 of Annex V)**	**% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)**
Additional KPIs	GAR (flow)	38.34	38.34	21.13	1.21%	52.3%	31.9%
	Trading book (*)	N/A	N/A	N/A			
	Financial guarantees	-	-	-			
	Assets under management	-	-	-			
	Fees and commissions income (**)	N/A	N/A	N/A			

(*) For credit institutions that do not meet the conditions of Article 94(1) of the CRR or the conditions set out in Article 325a(1) of the CRR.

(**) Fees and commissions income from services other than lending and AuM. Instutitons shall disclose forward-looking information for these KPIs, including information in terms of targets, together with relevant explanations on the methodology applied.

(***) % of assets covered by the KPI over banks' total assets.

(****) Based on the Turnover KPI of the counterparty.

(*****) Based on the CapEx KPI of the counterparty, except for lending activities where for general lending Turnover KPI is used.

Annex 2

Information pertaining to the disclosure requirements of Commission Delegated Regulation (EU) 2021/2178 Annex VI, Template 1 Assets for the calculation of GAR

	Million EUR	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Disclosure reference date T															
		Total gross carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy aligned)					Of which environmentally sustainable (Taxonomy aligned)					Of which environmentally sustainable (Taxonomy aligned)			
					Of which specialized lending	Of which transitional	Of which enabling			Of which specialized lending	Of which transitional	Of which enabling			Of which specialized lending	Of which transitional	Of which enabling
1	**GAR - Covered assets in both numerator and denominator**																
2	**Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation**	**1506.34**	**756.84**	**37.59**	**0.00**	**0.00**	**0.00**	**0.36**	**1.31**	**0.00**	**0.69**	**2.92**	**757.20**	**38.90**	**0.00**	**0.69**	**2.92**
3	**Financial corporations**	**151.30**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
4	Credit institutions	10.42	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Loans and advances	6.13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Debt securities, including UoP	2.27	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Equity instruments	2.02	-	-		-	-	-	-		-	-	-	-		-	-
8	Other financial corporations	140.88	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Loans and advances	109.04	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Debt securities, including UoP	31.38	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Equity instruments	0.46	-	-		-	-	-	-		-	-	-	-		-	-
13	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	Equity instruments	-	-	-		-	-	-	-		-	-	-	-		-	-
17	of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20	Equity instruments	-	-	-		-	-	-	-		-	-	-	-		-	-
21	**Non-financial corporations**	**50.49**	**0.00**	**4.29**	**0.00**	**0.00**	**0.00**	**0.36**	**1.31**	**0.00**	**0.69**	**2.92**	**0.36**	**5.60**	**0.00**	**0.69**	**2.92**
22	NFCs subject to NFRD disclosure obligations	50.49	-	4.29	-	-	-	0.36	1.31	-	0.69	2.92	0.36	5.60	-	0.69	2.92
23	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	Debt securities, including UoP	50.21	-	4.29	-	-	-	0.36	1.31	-	0.69	2.92	0.36	5.60	-	0.69	2.92
25	Equity instruments	0.28	-	-		-	-	-	-		-	-	-	-		-	-
26	**Households**	**1240.40**	**756.84**	**33.30**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**756.84**	**33.30**	**0.00**	**0.00**	**0.00**
27	of which loans collateralised by residential immovable property	757.52	754.33	33.30	-	-	-	-	-	-	-	-	754.33	33.30	-	-	-
28	of which building renovation loans	88.21	0.89	-	-	-	-	-	-	-	-	-	0.89	-	-	-	-
29	of which motor vehicle loans	36.46	1.62	-	-	-	-	-	-	-	-	-	1.62	-	-	-	-
30	**Local governments financing**	**64.15**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
31	Collateral obtained by taking possession: residental and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	Other local government financing	64.15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33	**Other assets excluded from the numerator for GAR calculation (covered in the denominator)**	1649.44	1649.44	1649.44	1649.44	1649.44	1649.44	1649.44	1649.44	1649.44	1649.44	1649.44	1649.44	1649.44	1649.44	1649.44	1649.44
34	**Non-financial corporations**	**1538.97**															
35	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	**1522.23**															
36	Loans and advances	1522.23															
37	of which loans collateralised by residential immovable property	196.71															
38	of which building renovation loans	123.49															
39	Debt securities	-															
40	Equity instruments	-															
41	Non-EU country counterparties not subject to NFRD disclosure obligations	**16.74**															
42	Loans and advances	0.38															
43	Debt securities	16.36															
44	Equity instruments	-															
45	**Derivatives**	-															
46	**On demand interbank loans**	-															
47	**Cash and cash-related assets**	-															
48	**Other assets (e.g. Goodwill, commodities etc.)**	110.47															
49	**Total GAR assets**	**1506.34**	**756.84**	**37.59**	**0.00**	**0.00**	**0.00**	**0.36**	**1.31**	**0.00**	**0.69**	**2.92**	**757.20**	**38.90**	**0.00**	**0.69**	**2.92**
50	**Other assets not covered for GAR calculation**	**1475.99**															
51	**Sovereigns**	711.50															
52	**Central banks exposure**	743.73															
53	**Trading book**	20.76															
54	**Total assets**	**4631.77**	**4631.77**	**4631.77**	**4631.77**	**4631.77**	**4631.77**	**4631.77**	**4631.77**	**4631.77**	**4631.77**	**4631.77**	**4631.77**	**4631.77**	**4631.77**	**4631.77**	**4631.77**
Off-balance sheet exposures - Corporates subject to NFRD disclosure obligations																	
55	Financial guarantees	21.26	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
56	Assets under management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
57	Of which debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
58	Of which equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

	Million EUR	q	r	s	t	u	w	x	y	z	aa	ab	ac	ad	ae	af	ah
		Disclosure reference date T-1															
		Total gross carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy aligned)					Of which environmentally sustainable (Taxonomy aligned)					Of which environmentally sustainable (Taxonomy aligned)			
					Of which specialized lending	Of which transitional	Of which enabling			Of which specialized lending	Of which transitional	Of which enabling			Of which specialized lending	Of which transitional	Of which enabling
1	**GAR - Covered assets in both numerator and denominator**																
2	**Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation**	**1337.33**	**634.06**	**24.24**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.32**	**0.00**	**0.56**	**0.00**	**0.00**	**0.32**
3	**Financial corporations**	**97.15**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
4	Credit institutions	17.35	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Loans and advances	5.66	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Debt securities, including UoP	7.27	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Equity instruments	4.42	-	-		-	-	-	-		-	-	-	-		-	-
8	Other financial corporations	79.80	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	of which investment firms		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Loans and advances	35.55	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Debt securities, including UoP	44.04	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Equity instruments	0.21	-	-		-	-	-	-		-	-	-	-		-	-
13	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	Equity instruments	-	-	-		-	-	-	-		-	-	-	-		-	-
17	of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20	Equity instruments	-	-	-		-	-	-	-		-	-	-	-		-	-
21	**Non-financial corporations**	**87.70**	**0.00**	**0.56**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.32**	**0.00**	**0.56**	**0.00**	**0.00**	**0.32**
22	NFCs subject to NFRD disclosure obligations	87.70	-	0.56	-	-	-	-	-	-	-	0.32	-	0.56	-	-	0.32
23	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	Debt securities, including UoP	87.60	-	0.56	-	-	-	-	-	-	-	0.32	-	0.56	-	-	0.32
25	Equity instruments	0.10	-	-		-	-	-	-		-	-	-	-		-	-
26	**Households**	**1075.49**	**634.06**	**23.68**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
27	of which loans collateralised by residential immovable property	649.06	633.91	23.68	-	-	-	-	-	-	-	-	-	-	-	-	-
28	of which building renovation loans	102.78	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	of which motor vehicle loans	30.29	0.15														
30	**Local governments financing**	**76.99**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
31	Collateral obtained by taking possession: residental and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33	**Other assets excluded from the numerator for GAR calculation (covered in the denominator)**	1536.18	1536.18	1536.18	1536.18	1536.18	1536.18	1536.18	1536.18	1536.18	1536.18	1536.18	1536.18	1536.18	1536.18	1536.18	1536.18
34	**Non-financial corporations**																
35	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations																
36	Loans and advances																
37	of which loans collateralised by residential immovable property																
38	of which building renovation loans																
39	Debt securities																
40	Equity instruments																
41	Non-EU country counterparties not subject to NFRD disclosure obligations																
42	Loans and advances																
43	Debt securities																
44	Equity instruments																
45	**Derivatives**																
46	**On demand interbank loans**																
47	**Cash and cash-related assets**																
48	**Other assets (e.g. Goodwill, commodities etc.)**																
49	**Total GAR assets**	**1337.33**	**634.06**	**24.24**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.32**	**0.00**	**0.56**	**0.00**	**0.00**	**0.32**
50	**Other assets not covered for GAR calculation**																
51	**Sovereigns**																
52	**Central banks exposure**																
53	**Trading book**																
54	**Total assets**	**4 146.64**	**4 146.64**	**4 146.64**	**4 146.64**	**4 146.64**	**4 146.64**	**4 146.64**	**4 146.64**	**4 146.64**	**4 146.64**	**4 146.64**	**4 146.64**	**4 146.64**	**4 146.64**	**4 146.64**	**4 146.64**
Off-balance sheet exposures - Corporates subject to NFRD disclosure obligations																	
55	Financial guarantees	15.36	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
56	Assets under management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
57	Of which debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
58	Of which equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Annex 3

Information pertaining to the disclosure requirements of Commission Delegated Regulation (EU) 2021/2178 Annex VI, Template 2 GAR sector information

	a	b	c	e	f	h	i	k	l	n	o	q	r
	Breakdown by sector - NACE 4 digits level (code and label)	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount	
		Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCM)	Mn EUR	Of which environmentally sustainable (CCM)
1	19.20 Manufacture of refined petroleum products	3.00	0.01			3.00	0.00			3.00	0.01		
2	23.11 Manufacture of flat glass	2.01	0.34			2.01	0.34			2.01	0.68		
3	29.10 Manufacture of motor vehicles	13.07	0.46			13.07	0.00			13.07	0.46		
4	32.50 Manufacture of medical and dental instruments and supplies	1.01	0.00			1.01	0.00			1.01	0.00		
5	35.11 Production of electricity	9.76	2.12			9.76	0.80			9.76	2.92		
6	35.22 Distribution of gaseous fuels through mains	3.58	1.17			3.58	0.00			3.58	1.17		
7	61.10 Wired telecommunications activities	5.26	0.01			5.26	0.00			5.26	0.01		
8	61.20 Wireless telecommunications activities	8.08	0.19			8.08	0.17			8.08	0.36		

Annex 4

Information pertaining to the disclosure requirements of Commission Delegated Regulation (EU) 2021/2178 Annex VI, Template 3 GAR KPI stock

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	w	x	y	z	aa	ab	ac	ad	ae	af	ah
	% (compared to total covered assets in the denominator)	Disclosure reference date T																Disclosure reference date T-1															
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					Proportion of total assets covered	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					Proportion of total assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)						Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)						Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which specialized lending	Of which transitional	Of which enabling			Of which specialized lending	Of which transitional	Of which enabling			Of which specialized lending	Of which transitional	Of which enabling				Of which specialized lending	Of which transitional	Of which enabling			Of which specialized lending	Of which transitional	Of which enabling			Of which specialized lending	Of which transitional	Of which enabling	
1	**GAR - Covered assets in both numerator and denominator**																																
2	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	24.0%	1.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	24.0%	1.2%	0.0%	0.0%	0.1%	47.7%	22.1%	0.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	46.5%
3	**Financial corporations**	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	4.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.4%
4	Credit institutions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.6%
5	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%
6	Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%
7	Equity instruments	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.1%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.2%
8	Other financial corporations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	4.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.8%
9	of which investment firms	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
10	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.2%
11	Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.5%
12	Equity instruments	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%
13	of which management companies	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
14	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
15	Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
16	Equity instruments	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%
17	of which insurance undertakings	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
18	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
19	Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
20	Equity instruments	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%
21	**Non-financial corporations**	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.2%	0.0%	0.0%	0.1%	1.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.1%
22	NFCs subject to NFRD disclosure obligations	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.2%	0.0%	0.0%	0.1%	1.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.1%
23	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
24	Debt securities, including UoP	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.2%	0.0%	0.0%	0.1%	1.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.0%
25	Equity instruments	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
26	**Households**	24.0%	1.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	24.0%	1.1%	0.0%	0.0%	0.0%	39.3%	22.1%	0.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	37.4%
27	of which loans collateralised by residential immovable property	23.9%	1.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	23.9%	1.1%	0.0%	0.0%	0.0%	24.0%	22.1%	0.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	22.6%
28	of which building renovation loans	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.6%
29	of which motor vehicle loans	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	1.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.1%
30	**Local governments financing**	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.7%
31	Collateral obtained by taking possession: residental and commercial immovable properties	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
32	Other local government financing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
49	Total GAR assets	24.0%	1.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	24.0%	1.2%	0.0%	0.0%	0.1%	47.7%	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%	53.5%

Annex 5

Information pertaining to the disclosure requirements of Commission Delegated Regulation (EU) 2021/2178 Annex VI, Template 4 GAR KPI flow

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
% (compared to flow of total eligible assets)		Disclosure reference date T															
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total assets covered
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which specialized lending	Of which transitional	Of which enabling			Of which specialized lending	Of which transitional	Of which enabling			Of which specialized lending	Of which transitional	Of which enabling	
1	**GAR - Covered assets in both numerator and denominator**																
2	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	19%	55%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	822%	N/A	6863%	N/A	N/A	822%	13%
3	**Financial corporations**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	56%
4	Credit institutions	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-40%
5	Loans and advances	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	8%
6	Debt securities, including UoP	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-69%
7	Equity instruments	N/A	N/A	N/A		N/A	N/A	N/A	N/A		N/A	N/A	N/A	N/A		N/A	-54%
8	Other financial corporations	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	77%
9	of which investment firms	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
10	Loans and advances	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	207%
11	Debt securities, including UoP	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-29%
12	Equity instruments	N/A	N/A	N/A		N/A	N/A	N/A	N/A		N/A	N/A	N/A	N/A		N/A	119%
13	of which management companies	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
14	Loans and advances	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
15	Debt securities, including UoP	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
16	Equity instruments	N/A	N/A	N/A		N/A	N/A	N/A	N/A		N/A	N/A	N/A	N/A		N/A	N/A
17	of which insurance undertakings	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
18	Loans and advances	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
19	Debt securities, including UoP	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
20	Equity instruments	N/A	N/A	N/A		N/A	N/A	N/A	N/A		N/A	N/A	N/A	N/A		N/A	N/A
21	**Non-financial corporations**	N/A	669%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	822%	N/A	902%	N/A	N/A	822%	-42%
22	NFCs subject to NFRD disclosure obligations	N/A	669%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	822%	N/A	902%	N/A	N/A	822%	-42%
23	Loans and advances	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
24	Debt securities, including UoP	N/A	669%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	822%	N/A	902%	N/A	N/A	822%	-43%
25	Equity instruments	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	180%
26	**Households**	19%	41%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	15%
27	of which loans collateralised by residential immovable property	19%	41%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	17%
28	of which building renovation loans	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-14%
29	of which motor vehicle loans	980%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	20%
30	**Local governments financing**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-17%
31	Collateral obtained by taking possession: residental and commercial immovable properties	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
32	Other local government financing	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
49	**Total GAR assets**	19%	55%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	822%	N/A	6863%	N/A	N/A	822%	13%

Annex 6

Information pertaining to the disclosure requirements of Commission Delegated Regulation (EU) 2021/2178 Annex VI, Template 5 KPI off-balance sheet exposures

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Disclosure reference date T														
		Climate Change Mitigation (CCM)					**Climate Change Adaptation (CCA)**					**TOTAL (CCM + CCA)**				
% (compared to total eligible off-balance sheet assets)		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which specialized lending	Of which transitional	Of which enabling			Of which specialized lending	Of which transitional	Of which enabling			Of which specialized lending	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Assets under management (AuM KPI)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Annex XI, Qualitative disclosures are presented on page 56 of the *Šiaulių Bankas Corporate Social Responsibility Report 2023*

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