

Saldo Bank

Risk Management and Capital Adequacy Report

Saldo Bank, UAB

2024

Table of contents

Introduction	3
Scope of Disclosure	4
Risk Management Objectives and Policies	5
Capital Requirements and Own Funds Disclosure	6
Leverage Ratio	10
Credit Risks	11
Liquidity Risk	14
Interest Rate Risk On Positions Not Included in the Trading Book (IRRBB)	16
Operational Risk	18
Unrestricted Assets	18
Remuneration Policy	19



Introduction

Saldo Bank UAB code: 305334925, registered on 13 November, address: Žalgirio g. 94-1, Vilnius, the data shall be collected and kept in the Register of Legal Entities. 26 October 2021.

The bank provides consumer loans, financing for small and medium-sized enterprises, and savings services to individuals under a specialised bank licence.

The Bank's parent/holding company is Saldo Finance Oy., registration number: 3246453-9, registered office at Lautatarhankatu 10, 00580, Helsinki, Finland.

The Bank provides services in Lithuania, Finland, where it operates through an established branch, Sweden, where lending and savings services are provided without the establishment of a branch, and Germany, where savings services are also provided without the establishment of a branch.

The Risk Management and Capital Adequacy Disclosure Report ("Pillar III Report") provides additional unaudited information in accordance with Pillars II and III of Part Eight of EU Regulation 575/2013 (CRR), the European Commission's Implementing Regulations as well as the Implementing Technical Standards on public disclosures by institutions EBA/ITS/2020/04. The Pillar III report is part of the Capital Adequacy Framework, which requires disclosure of detailed information on the overall risk

profile of Saldo Bank, appropriate risk management policies, internal capital ratios and the main features of capital instruments.

The Pillar III report contains supplementary information which shall be published together with the independent auditor's report, the financial statements and the annual report. The Pillar III report only discloses information that is relevant and non-confidential.

The Chief Risk Officer and the Chief Financial Officer certify that the Pillar III report has been prepared in accordance with the Capital Requirements Regulation and complies with the Bank's internal policies, procedures, systems and controls and provides an overview of their essential elements.



Scope of Disclosure

The following table sets out the relationship of the information disclosed in the Report to the Bank's set of annual financial statements:

No.	Disclosure requirements	Disclosure in the Pillar III report	Disclosure in the Annual Report	Table to be inserted in the Pillar III report
1	Disclosure of key parameters and overview of risk-weighted exposure amounts	Part 4	Notes 2, 3, 13	KM1, OV1, COV1,
2	Disclosure of risk management objectives and policies	Part 3	Note 1	-
3	Disclosure of scope	Part 2	-	-
4	Disclosure of own funds	Part 4	Note 12, 13	CC1, CC2, LI1
5	Disclosure of countercyclical capital buffers	Part 4	-	-
6	Disclosure of leverage ratio	Part 6	Note 1	LR1, LR2
7	Disclosure of liquidity requirements	Part 8	Notes 1, 2	LIQ1, LIQ2
8	Disclosure of credit risk and impairment risk exposures and credit quality	Part 7	Notes 3, 4	CR5 Breakdown of overdue exposures
9	Disclosure of the use of credit risk mitigation measures	Part 7	Note 1	CR4
10	Disclosure of the application of the standardised approach	Part 7	Note 1	CR5 Credit risk exposure breakdown
11	Disclosure of the application of the IRB approach to credit risk	Not applicable	Not applicable	-
12	Disclosure of specialised lending and equity exposures subject to the simple risk-weighting approach	Not applicable	Not applicable	
13	Disclosure of counterparty credit risk exposures	Part 7	-	CR1, CR2
14	Disclosure of securitisation positions	Not applicable	Not applicable	
15	Disclosure on the use of the standardised approach and the use of internal market risk models	Part 9	-	
16	Disclosure of operational risk	Part 10	Note 1	
17	Disclosure of encumbered and unencumbered assets	Part 11	-	Table
18	Disclosure of the Remuneration Policy	Part 12	Note 22	

Risk Management Objectives and Policies

The Bank's strategic objective is to strike a balance between risk-taking to generate income and minimising potential losses. Risk is defined as the probability of an adverse deviation from the expected financial results, adversely affecting the Bank's performance and value. In order to mitigate potential losses, the Bank has put in place a comprehensive risk management framework to identify, assess, monitor and control all material risks.

The Bank is exposed to the following main risks: capital risk, credit risk, liquidity risk, market risk, concentration risk and operational risk. In addition to the risks listed above, the Bank is exposed to other risks or uncertainties which it seeks to manage or avoid in order to minimise potential adverse effects, such as Money Laundering and Terrorist Financing risks.

The acceptable risk, its level and nature, as well as the alignment of the acceptable level of risk with the Bank's business model and strategic objectives are defined as part of the risk appetite statement, as

determined by the Bank's Supervisory Board. Risk management principles, measurement techniques, limits, monitoring of risk levels and other requirements and responsibilities are described in relevant internal documents. In accordance with the established risk management principles, the Bank must have sufficient own funds to cover risks in order to implement the Bank's strategic plan.

The Board is responsible for designing and implementing the risk management framework. The Bank aims to create a disciplined and constructive risk management environment in which all employees are aware of their roles and responsibilities.

The Bank has a Risk Working Group, a forum for monitoring the Bank's risk profile,

escalating breaches of risk limits or approving risk mitigation measures.

The Bank's risk management is based on the concept of three lines of defence: the first line of defence consists of the business units, which are responsible for accepting and managing risks within the limits set in the Bank's day-to-day operations. The second line of defence consists of the Risk Management Department, the Money Laundering and Prevention Department, the Compliance Department's compliance function and the Information Security Officer. The third line of defence includes Internal Audit, which audits the entire organisation, including the units that fall under the second line of defence.

Capital Requirements and Own Funds Disclosure

(KM1) Capital adequacy overview and indicators:

In thousands of euros

	2024 December	2023 December
Capital (amount)		
Total Common Equity Tier 1 Capital (CET1)	15355	17796
Tier 1 capital	15355	17796
Own funds	20474	17796
Risk-weighted assets (amount)		
Total risk-weighted assets (RWA)	80292	44972
Risk-weighted capital adequacy ratios (as a percentage of risk-weighted assets)		
Common Equity Tier 1 ratio (%)	19.12%	39.57%
Tier 1 capital adequacy ratio (%)	19.12%	39.57%
Total capital adequacy ratio (%)	25.50%	39.57%
Additional CET1 buffer requirement as a percentage of risk-weighted assets		
Capital conservation buffer (%)	2.50%	2.50%
Institution-specific countercyclical capital buffer (%)	0.46%	0.06%
Global institutional buffer (%)	0.00%	0.00%
Total capital buffer requirements (%)	2.50%	2.50%
CET1 capital balance net of SREP own funds requirements (%)	14.62%	35.07%
Leverage indicator		
Leverage ratio overall exposure measure	160548	95012
Leverage ratio (%)	9.56%	18.73%
Liquidity coverage ratio (LCR)		
Total highly liquid assets (HQLA)	27589	28009
Total net amount of cash flows forgone	1826	408
Liquidity coverage ratio (LCR) (%)	1511%	6868%
Net Sustainable Financing Ratio (NSFR)		
Fixed funding available	123291	68941
Sustainable funding is needed	75625	710.5
Fixed Funding Rate (NSFR)	163.03%	217.38%

(CC1) Own funds items, capital adequacy ratios and buffers:

In thousands of euros	2024.12.31
Total Tier 1 own funds: instruments and reserves	
Share capital with share premium	26645
Retained earnings (loss)	-11290
Total Tier 1 capital before regulatory adjustments	15355
Total Tier 1 capital: regulatory adjustments	
Other intangible assets (net of related tax liabilities)	0
Deferred tax assets (DTA) which depend on future profitability (net of related deferred tax liabilities)	0
DTA arising from temporary differences	0
Total regulatory adjustments to total Common Equity Tier 1 capital	0
Total Common Equity Tier 1 Capital (CET1)	15355
Additional Tier 1 capital (AT1)	0
Tier 1 capital (T1 = CET1 + AT1)	15355
Tier 2 capital before regulatory adjustments	0
Regulatory adjustments to Tier 2 capital	0
Tier 2 capital (T2)	0
Total capital (= T1 + T2)	20474
Total risk-weighted assets (RWA)	80292
Capital adequacy ratios and buffers	
Total Tier 1 capital (as a percentage of risk-weighted assets)	19.12%
Tier 1 capital (as a percentage of risk-weighted assets)	19.12%
Total capital (as a percentage of risk-weighted assets)	25.50%
Common buffer requirement (capital conservation buffer requirement plus countercyclical capital buffer requirement plus higher loss absorbency requirement expressed as a percentage of risk-weighted assets)	2.96%
Of which: Capital conservation buffer requirement	2.50%
Of which: Countercyclical Capital Buffer Requirement	0.46%
Of which: higher loss-absorption reserve requirement	0.00%
Total Tier 1 capital (as a percentage of risk-weighted assets) less the bank's minimum capital requirements	14.62%

(COV1) Risk-weighted assets (RWA) and minimum capital requirements:

In thousands of euros		2024 December
Amount of risk exposure		
Credit risk under the standardised approach		76606
Market risk under the standardised approach		0
Operational risk under the basic indicator approach		3094
Total amount of risk exposure		79701
Amount of credit risk exposure under the standardised approach		
Central bank positions		
Positions of the institutions		1389
Company positions		1826
Retail positions		70905
Positions at default		649
Other positions		1836
Total amount of credit risk under the standardised approach		76606
Market risk exposure under the standardised approach		
Foreign currency risk exposure		529
Total market risk exposure under the standardised approach		529
Minimum capital requirements		
Credit risk under the standardised approach		6128
Market risk under the standardised approach		0
Operational risk under the basic indicator approach		248
Total Minimum Capital Requirements		6376

(CC2 and LH) Reconciliation with balance sheet items:

In thousands of euros	Values in the financial statements	Deducted from capital according to regulatory volume	Extent of credit risk	Vertės pagal reguliacinę apimtį:		
				Amount of counterparty risk	Volume of replacement securities	Extent of market risk
2024.12.31						
Assets						
Cash and cash equivalents with central banks	26280		26280			
Cash and cash equivalents with commercial banks	6947		6947			
Loans granted to customers	95439		95439			
Investment in a subsidiary						
Intangible assets						
Tangible assets	250		250			
Other assets	31003		31003			
Total assets	133638		133638			
Commitments						
Customer deposits	110034					
Subordinated loan	6000					
Other liabilities	112283					
Total liabilities	118283					
Owned by						
Share capital						
Share capital	2					
Share premium	26642					
Unallocated losses	-11290					
Owned by	15354					
Off-balance sheet items						
Off-balance sheet items	27039					

Leverage Ratio

(LR1) Summary of the reconciliation of the accounting asset and leverage ratio positions:

In thousands of euros	2024 December
Total consolidated assets in the financial statements	133638
Adjustment for entities consolidated for accounting purposes that are not subject to regulatory consolidation	0
Adjustment for entrusted assets that are recognised on the balance sheet in accordance with the applicable accounting framework but are not included in the total exposure measure of the leverage ratio	0
Adjustments for derivatives	0
Adjustment for securities financing transactions (e.g. repo or similar securities lending transactions)	0
Adjustments for off-balance sheet items (e.g. conversion of off-balance sheet liabilities into credit equivalent amounts)	26910
Other adjustments	0
Leverage ratio overall exposure measure	160548

(LR2) Leverage ratio:

In thousands of euros	2024 December
Balance sheet positions	
On-balance sheet exposures (excluding derivatives, securities financing transactions but including collateral)	133638
(Asset amounts are deducted for the calculation of Tier 1 capital)	0
Total on-balance sheet positions (excluding derivatives and securities financing transactions)	133638
Derivative exposures	
Total derivative positions	0
Exposures to securities financing transactions	
Total positions in securities financing transactions	0
Other off-balance sheet items	
Off-balance sheet items	26910
Capital and total positions	
Tier 1 capital	15355
Leverage indicator overall exposure measure	160548
Leverage indicator	
Basel III leverage ratio	9.56%

Credit Risks

(CR4) The impact of credit risk mitigation (CRM):

2024.12.31 In thousands of euros	Position against the Credit Conversion Factor		Positions after CCF and CRM		RWA and % share of total RWA	
	(hereinafter CCF) and CRM					
Asset classes	Position in the balance sheet	Off-balance sheet position	Position in the balance sheet	Off-balance sheet position	RWA	% share of total RWA
Central governments and central banks	27589		27589		0	0%
Regional or local authorities						
Public sector entities						
Multilateral Development Banks						
International organisations						
Institutions	6947		6947		1389	20%
Companies	1826		1826		1826	100%
Retail positions	94791	25714	94791		70905	75%
Of which SMEs	94791	25714	94791		70905	75%
Secured by a mortgage on immovable property		0				
Positions at default	649	1196	649		649	100%
Positions with particularly high risk						
Covered bonds						
Requirements for institutions and undertakings with short-term credit risk assessment						
Collective investment undertakings						
Assets						
Other assets	1836		1836		1836	100%
Total	133638	26910	133638		76606	57%

(CR5) Credit risk exposure breakdown:

Risk weights→										Total:
										Amount of credit exposure (after CCF* and CRM)
Asset classes↓	0%	10%	20%	35%	50%	75%	100%	150%	Kiti	2024.12.31 thousands of euros
Central governments and central banks	27589	-	-	0	-	-	-	-	-	27589
Regional or local authorities	-	-	-	0	-	-	-	-	-	0
Public sector entities	-	-	-	0	-	-	-	-	-	0
Multilateral Development Banks	-	-	-	0	-	-	-	-	-	0
International organisations	-	-	-	0	-	-	-	-	-	0
Institutions	-	-	6947	0	-	-	-	-	-	6947
Companies	-	-	-	0	-	-	1826	-	-	1826
Retail exposure	-	-	-	0	-	94791	-	-	-	94791
Secured by a mortgage on immovable property	-	-	-	0	-	-	-	-	-	0
Positions at default	-	-	-	0	-	-	649	-	-	649
Positions with extremely high risk	-	-	-	0	-	-	-	-	-	0
Covered bonds	-	-	-	0	-	-	-	-	-	0
Requirements for institutions and undertakings with short-term credit risk assessment	-	-	-	0	-	-	-	-	-	0
Units or shares in collective investment undertakings	-	-	-	0	-	-	-	-	-	0
Assets	-	-	-	0	-	-	-	-	-	0
Other assets	-	-	-	0	-	-	1836	-	-	1836
Total	27589	0	6947	0	0	47292	4311	0	0	133638

**(CCyB1) Geographical distribution of credit exposures
(31 December 2024, in thousands of euro):**

Geographical distribution	Value of exposures under the standardised approach	Total value of exposures	Relevant credit risk exposures: credit risk	Own funds requirements	Risk-weighted exposure amounts (RWA)	Own funds claims weights (%)	Countercyclical capital buffer (%)
Lithuania (home country)	7225	7225	578	578	7225	10%	1%
Finland	54270	54270	4342	4342	54270	72%	0%
Sweden	13721	13721	1098	1098	13721	18%	2%
Total:	75217	75217	6017	6017.3	75217	100%	0.46%

**(CR5) Breakdown of past due positions
(31 December 2024, in thousands of euro):**

Distribution of loans by days past due	Total loan amount	Expected Credit Loss (ECL)			Net loan amount	Impairment coverage, %
		1 package	2 package	3 package		
Do not delay	78547	-4282	-665	-8	73593	6.31%
1-30 days	17034	-1239	-473	-12	15310	10.12%
31-89 days	7247	-259	-1339	-44	5605	22.66%
90 days and more	1615		-225	-462	927	42.60%
Total loans to customers	104443	-5780	-2702	-526	95435	8.62%



Liquidity Risk

(LIQ1) LCR calculation:

In thousands of euros	Total unassessed value	Total estimated value
High quality liquid assets		
All high quality liquid assets (HQLA)		27589
Loss of cash flow		
Retail deposits, of which:	110034	5953
Stable deposits		
Other retail deposits	110034	5953
Unsecured wholesale funding:		
Operational deposits (all counterparties) and deposits in cooperation networks		
Non-operating deposits (all counterparties)		
Unsecured debt		
Secured wholesale funding		
Additional requirements:		
Loss-making cash flows related to derivative positions and other collateral requirements		
Loss of cash flows related to the loss of funding for debt products		
Credit and liquidity facilities	27039	1352
Other contractual funding commitments	1470	
Other unforeseen/contingent funding commitments		
TOTAL AMOUNT OF CASH FLOWS FORGONE		7305
CASH FLOWS RECEIVED		
Secured lending (e.g. reverse repo transactions)		
Cash flows from fully operational positions	13270	
Other incoming cash flows	1334	1334
TOTAL AMOUNT OF CASH FLOWS RECEIVED	14604	14604
		Total adjusted value
Liquidity buffer		27589
THE TOTAL NET AMOUNT OF CASH FLOWS FORGONE		1826
LIQUIDITY COVERAGE RATIO (%)		1511%

(LIQ2) NSFR calculation:

In thousands of euros	Values not valued by residual life				Estimated value 2024 December
	Indefinite	< 6 month	6 months to < 1 year	≥ 1 year	
Available Fixed Funding (ASF) instruments					
Capital:	15355			5118	20474
Shareholders' equity	15355			5118	20474
Other capital instruments	-				
Retail deposits and deposits from small business customers, of which:	-				
Stable deposits	-	36030	41264	32740	102305
Other retail deposits	-	36030	41264	32740	102305
Wholesale financing:	-	796177	48264	79926	320152
Operational deposits	-				
Other wholesale financing	-	796177	48264	79926	320152
Liabilities with matching related assets	-				
Other liabilities:	-	1132		192	192
NSFR derivative liabilities	-				
All other liabilities and capital not included in the above categories	-	1132		192	192
Total available Fixed Funding Facilities (ASF)	-				
Required measures for fixed funding (RSF)	-				
Total NSFR High Quality Liquid Assets (HQLA)	-				
Deposits held with other financial institutions	-				
Performing loans and equity securities:	-				
Performing loans to financial institutions backed by Level 1 HQLA	-				
Performing loans to financial institutions secured by HQLA other than Level 1 and uninsured performing loans to financial institutions	-				
Performing loans to corporate customers (non-financial institutions), loans to retail and small business customers and loans to central government , central banks and public sector enterprises, of which:	-	16256	12681	65852	70443
A risk weight of less than or equal to 35% is applied according to the Basel II Standardised Approach to credit risk	-				
Performing mortgages, of which:	-				
A risk weight of less than or equal to 35% is applied according to the Basel II Standardised Approach to credit risk	-				
Equity securities that do not meet the definition of default and are not classified as HQLA, including exchange-traded equity securities	-				
Assets with matching interrelated liabilities	-				
Other assets:	-	2031	96	551	1829
Commodities traded physically, including gold	-				
Assets allocated as initial margin on derivatives and contributions to central counterparty default funds	-				
NSFR derivative assets	-				
NSFR derivative liabilities before deduction of margin	-				
All other assets not included in the above categories	-	2031	96	551	1829
Off-balance sheet items	-	27039			2495
Total Required Fixed Funding (RSF)					75625
Net fixed funding ratio (%)					163%

Interest Rate Risk on Positions Not Included in the Trading Book (IRRBB)

Overview

Interest Rate Risk in the Banking Book (IRRBB) is a significant risk factor impacting the Bank's net interest income (NII) and economic value of equity (EVE) resulting from unfavourable movements in interest rates. This encompasses gap risk, basis risk, and option risk. The Bank employs comprehensive assessment and mitigation strategies for IRRBB in alignment with the latest regulatory guidance issued by the European Banking Authority (EBA) and Basel Committee on Banking Supervision (BCBS).

Measurement Techniques

The Bank assesses IRRBB's impact on both the economic value of equity (EVE) and net interest income (NII).

• Economic Value of Equity (EVE)

EVE sensitivity measures the change in the net present value of the Bank's interest rate-sensitive instruments under various interest rate shock scenarios. As required by regulations, the Bank calculates EVE sensitivity under six standard supervisory shock scenarios: parallel up and down, steepener (short rates down, long rates up), flattener (short rates up, long rates down), and short-term rates up and down.

Calculations are performed for all significant currencies. Currently, this includes EUR and SEK. The standard shock values applied are:

- EUR: Parallel +/- 200 bps, Short +/- 250 bps, Long +/- 100 bps.

- SEK: Parallel +/- 200 bps, Short +/- 300 bps, Long +/- 150 bps.

The Bank monitors the significance of exposures in different currencies and will include others in EVE calculations if they become material.

• Net Interest Income (NII)

NII sensitivity is measured for all significant currencies (currently EUR and SEK) over a 12-month horizon using a constant balance sheet assumption. The primary scenarios involve parallel interest rate shocks of +/- 200 basis points, focusing the analysis on the repricing gaps of assets and liabilities within the one-year timeframe.

The Bank monitors the significance of exposures in different currencies and will include others in NII calculations if they become material.

• Currency Aggregation

For both EVE and NII calculations under each scenario, the impact is determined separately for each significant currency. These currency-specific results are then aggregated. To ensure a prudent overall risk assessment, if different currencies show opposing impacts under the same scenario (i.e., one currency shows a negative EVE/NII impact while another shows a positive impact), the positive (risk-reducing) impact from a currency is only included at 50% of its calculated value in the total aggregated result.

Risk Management Strategies

The Bank manages IRRBB through the following key strategies:

- Key Risk Indicators (KRIs): Defined and monitored KRIs with established risk limits.
- Balance Sheet Management: Active maturity profile management of assets and liabilities.
- Monitoring and Adjustment: Continuous monitoring of market conditions and customer behaviours, enabling timely corrective actions.
- Forecasting: Regular projection of future IRRBB exposures based on anticipated market and balance sheet developments.
- Assessment Frequency: Quarterly evaluations of IRRBB sensitivity measures (EVE and NII).

Gairės

The Bank strictly complies with the applicable regulatory framework for IRRBB. This includes adherence to the Capital Requirements Regulation (CRR - Regulation (EU) No 575/2013), the Capital Requirements Directive (CRD - Directive 2013/36/EU), the standards and guidance issued by the European Banking Authority (EBA), notably the Guidelines on the management of IRRBB and CSRBB (EBA/GL/2022/14) which supersede EBA/GL/2018/02 for IRRBB aspects, and the associated Regulatory Technical Standards (EBA/RTS/2022/09 and EBA/RTS/2022/10). The Bank also considers the global standards set by the Basel Committee on Banking Supervision (BCBS 368). The implementation of this framework is subject to the supervisory expectations of the Bank of Lithuania.

Conclusion

The Bank maintains rigorous IRRBB monitoring processes, ensuring that exposures remain within prescribed regulatory thresholds and internal limits. Figures updated for the year-end 2024 reflect compliance and prudent risk management.

Interest rate risk in the banking book (IRRBB)

In thousands of EUR

2024 December

Supervisory shock scenarios	Changes of the Economic Value of Equity	Changes of the Net Interest Income
Parallel shock up	(175)	147
Parallel shock down	37	(147)
Steeper (short rates down and long rates up)	(21)	
Flattener (short rates up and long rates down)	(31)	
Short rates up	(71)	
Short rates down	(6)	
Tier 1 capital	15,355	

Interest rate risk in the banking book (IRRBB) as a % of Tier 1 capital

In thousands of EUR

2024 December

Supervisory shock scenarios	Changes of the Economic Value of Equity	Changes of the Net Interest Income
Parallel shock up	(1.14)%	0.96%
Parallel shock down	0.24%	0.96%
Steeper (short rates down and long rates up)	(0.14)%	
Flattener (short rates up and long rates down)	(0.2)%	
Short rates up	(0.46)%	
Short rates down	(0.04)%	
Tier 1 capital	15,355	

Operational Risk

Operational risk is the risk of loss due to inadequate or unimplemented internal control processes, staff errors and/or malpractice, and information system failures, or due to the impact of external events. Operational risk, unlike other risks, is not taken on purposefully in the expectation of gain, but arises spontaneously in the course of the Bank’s business.

In 2024, the Bank, in accordance with the Operational Risk Policy, has established systems for recording operational risk events and has complied with the requirements of the Rules on Informing the Bank’s Governing Bodies of Operational Risk Events by informing the Bank’s relevant governing bodies of existing operational risk events. In 2024, significant attention was paid to the Bank’s business continuity management, the management and monitoring of material outsourcing risks, the strengthening of the Bank’s operational risk culture and the implementation of DORA requirements. In 2024, the Bank did not experience any material operational risk losses based on the Bank’s recorded operational events.

Unrestricted Assets

The table below provides information on the Bank’s unencumbered and encumbered assets:

<i>In thousands of euros</i>	Carrying amount of the encumbered asset	Fair value of restricted assets	Carrying amount of unencumbered assets	Fair value of unrestricted assets
Assets of the reporting agency			133638	
Demand loans			33227	
Equwity instruments				
Debt securities			1309	
Loans and advances other than demand loans			97071	
Other assets			2030	

Remuneration Policy

The Bank's Chief Compliance Officer and the Head of Human Resources are responsible for the development and implementation of the Remuneration Policy. The Remuneration Policy and any amendments thereto shall be approved by the Bank's Supervisory Board. The Remuneration Policy shall be reviewed at least once a year.

The General Meeting of Shareholders decides on:

- Remuneration to be paid to members of the Supervisory Board;

The Supervisory Board decides on:

- the overall budget for remuneration of the Bank's staff and its allocation;
- The fixed remuneration payable to the members of the Board and the variable remuneration (if any) payable in the relevant year;
- the variable remuneration (if any) payable to the Chief Risk Officer, the Chief Compliance Officer and the Head of Internal Audit.

The Board decides on:

- the Fixed Remuneration payable to the Bank's Managing Director, Deputy Managing Directors and Branch Managers and the Variable Remuneration payable in the relevant year. The decision of the Management Board on the remuneration to be paid to the Bank's Managing Director, who is also the Chairman of the Management Board, shall be subject to approval by the Supervisory Board.

The Director of the Bank takes decisions on:

- fixed and variable remuneration payable to other targeted bank staff not mentioned above.

The remuneration of Bank employees outside the Target Group is set out in other internal Bank documents. Their fixed and variable remuneration shall be decided by the Director of the Bank.

The Bank's remuneration policy aims to attract, retain and motivate employees with the right skills and experience, who stand out for their performance and loyalty to the Bank. This objective can be achieved through a proper alignment of the interests of employees and the Bank, with appropriate motivation and incentives for performance. The remuneration policy aims to encourage staff development, good behaviour and effective risk management.

The reward policy aims to ensure that:

- the remuneration of the Bank's staff is competitive and based on the principles of non-discrimination and equal opportunities;
- Bank staff do not take on excessive risks that are unacceptable to the Bank in the performance of their duties and in the pursuit of their income;
- the remuneration paid is linked to an individual assessment of the staff member's performance;
- the principles for setting and paying remuneration are consistent with the long-term interests of the Bank's continuing operations, business strategy, objectives and values.

Fixed pay is a key component of remuneration, ensuring that staff are adequately rewarded for the performance of their job functions and the achievement of their objectives and tasks. It reflects the staff member's professional and work experience, organisational responsibility, education, position, competences and the level of remuneration in the geographical area concerned. Fixed remuneration is subject to review:

- in the first year of employment with the bank (after the end of the probationary period, if any);
- once a year, during the staff member's annual performance review;
- when a staff member's duties and/or responsibilities change within the Bank;
- if other special circumstances arise that make it necessary to review the fixed remuneration;

Variable remuneration is a component of rewards that aims to incentivise specific behaviours and outcomes, motivate and promote a performance-oriented organisational culture. On the other hand, this component can only be awarded after an assessment of the bank's performance, taking into account current and future risks and the level of capital and liquidity. The variable remuneration may not exceed 20% of the fixed remuneration and EUR 8 000 (gross) per year for the employee concerned. The individual variable remuneration shall be determined taking into account the sustainability of the financial performance of the Bank and/or the relevant business unit of the Bank as well as other quantitative and qualitative criteria.

In addition to fixed and variable remuneration, the remuneration package includes additional benefits:

- Health insurance;
- Further training opportunities;
- Funding for the acquisition of professional literature;
- Catering and wellness services;
- Flexible working hours, remote working.

General quantitative information on remuneration of employees, excluding the Bank's managers

	Number of employees	Fixed remuneration	Variable remuneration	Total
Management	10	1 143 298	3 000	1 146 298
Other staff	66	3 162 034	26 276	3 188 310
Total:	76	4 305 332	29 276	4 334 608

Address

Vilnius

Saldo Bank UAB
Žalgirio str. 94-1
Vilnius 09300

Helsinki

Saldo Bank UAB Suomen sivuliike
Lautatarhankatu 10
00580 Helsinki

Contact

Inquiries

www.saldo.com/lt-en/contact-us
informacija@saldo.com

Director

Jarkko Mäensivu, CEO
Saldo Bank UAB
+358 50 4000 580
jarkko.maensivu@saldo.com