



URBO BANKAS UAB

CONDENSED INTERIM SEPARATE AND CONSOLIDATED AUDITED
FINANCIAL STATEMENTS OF THE BANK FOR THE NINE MONTHS PERIOD
ENDED 30 SEPTEMBER 2024
PREPARED IN ACCORDANCE WITH INTERNATIONAL ACCOUNTING
STANDARD 34 *INTERIM FINANCIAL REPORTING* AS ADOPTED BY THE
EUROPEAN UNION.

CONDENSED INTERIM SEPARATE AND CONSOLIDATED AUDITED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(All amounts are in EUR thousand, unless specified otherwise)

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INDEPENDENT AUDITOR'S REPORT

To the shareholders of Urbo Bankas UAB:

Report on the Audit of the Condensed Interim Separate and Consolidated Financial Statements

Opinion

We have audited the condensed interim separate financial statements of Urbo Bankas UAB (hereinafter – „the Bank”) and the condensed interim consolidated financial statements of Urbo Bankas UAB and its subsidiaries (hereinafter – „the Group”) (pages from 5 to 46), which comprise the condensed interim separate and consolidated statement of financial position of the Bank and the Group as at 30 September 2024, the condensed interim separate and consolidated income statement, the condensed interim separate and consolidated statement of the comprehensive income, the condensed interim separate and consolidated statement of changes in equity, the condensed interim separate and consolidated statement of cash flows for the 9 months period then ended 30 September 2024, and the notes to the condensed interim separate and consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying condensed interim separate and consolidated financial statements present fairly, in all material respects, the stand-alone financial position of the Bank and the consolidated financial position of the Group as at 30 September 2024, and their respective stand-alone and consolidated financial performance and their respective stand-alone and consolidated cash flows for the 9 months period ended 30 September 2024 in accordance with International Accounting Standard 34 *Interim Financial Reporting*, as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Condensed Interim Separate and Consolidated Financial Statements section of our report. We are independent of the Bank and the Group in accordance with the International Ethics Standards Board for Accountants Handbook of the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the requirements of the Law on Audit of the Financial Statements and Other Assurance Services of the Republic of Lithuania that are relevant to audit in the Republic of Lithuania, and we have fulfilled our other ethical responsibilities in accordance with the Law on Audit of Financial Statements and Other Assurance Services of the Republic of Lithuania and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Condensed Interim Separate and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the condensed interim separate and consolidated financial statements in accordance with International Accounting Standard 34 *Interim Financial Reporting*, as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of condensed interim separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the condensed interim separate and consolidated financial statements, management is responsible for assessing the Bank's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank and the Group's or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's and the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Condensed Interim Separate and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the condensed interim separate and condensed interim consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate and consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the condensed interim separate and condensed interim consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the condensed interim separate and condensed interim consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the condensed interim separate and condensed interim consolidated financial statements, including the disclosures, and whether the condensed interim separate and condensed interim consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the condensed interim consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Auditor Arūnas Užbalis
Auditor's certificate No. 000543

ROSK Consulting UAB
Audit company certificate No. 001514

Vilnius, Lithuania
20 December 2024

The auditor's electronic signature is used herein to sign only the Independent Auditor's Report.

CONDENSED INTERIM SEPARATE AND CONSOLIDATED AUDITED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(All amounts are in EUR thousand, unless specified otherwise)

CONDENSED INTERIM SEPARATE AND CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

<u>Group</u>				<u>Bank</u>	
<u>30 September 2024</u>	<u>31 December 2023</u>	Assets	Notes	<u>30 September 2024</u>	<u>31 December 2023</u>
		Cash, cash balances at central bank			
14,729	19,357	<i>Cash</i>		14,729	19,357
		<i>Cash balances at central Bank</i>			
<u>101,235</u>	<u>117,990</u>			<u>101,235</u>	<u>117,990</u>
115,964	137,347			115,964	137,347
		Cash balances with banks and other credit, financial institutions			
14,990	14,541			14,990	14,538
		Financial assets at fair value through profit or loss			
		<i>Derivatives</i>		2	9
<u>2</u>	<u>9</u>			<u>2</u>	<u>9</u>
58,618	55,952	Debt securities	3	58,618	55,952
		Loans and receivables	4		
352,536	304,329	<i>Loans to customers</i>		341,412	292,128
<u>22,336</u>	<u>25,257</u>	<i>Finance lease</i>		<u>22,336</u>	<u>25,257</u>
374,872	329,586			363,748	317,385
-	-	Investments in subsidiaries	5	12,342	12,342
27	27	Other equity instruments		27	27
-	47	Investment property		-	47
3,075	532	Tangible fixed assets	6	3,074	531
335	632	Intangible fixed assets		253	521
6,783	2,076	Right of use assets	6	6,783	2,065
		Tax assets			
-	-	<i>Current tax</i>		-	-
<u>95</u>	<u>101</u>	<i>Deferred tax</i>		<u>95</u>	<u>101</u>
95	101			95	101
-	4,801	Assets held for sale	6	-	4,801
2,070	3,126	Other assets		1,525	2,404
<u>576,831</u>	<u>548,777</u>	Total assets		<u>577,421</u>	<u>548,070</u>

The explanatory notes on pages 13 to 46 are an integral part of these financial statements.

(continued on the next page)

CONDENSED INTERIM SEPARATE AND CONSOLIDATED AUDITED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(All amounts are in EUR thousand, unless specified otherwise)

CONDENSED INTERIM SEPARATE AND CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

Group		Liabilities and shareholders' equity	Notes	Bank	
30 September 2024	31 December 2023			30 September 2024	31 December 2023
		Liabilities			
-	33	Liabilities to banks and other credit institutions		-	33
26	44	Derivatives		26	44
499,241	481,171	Liabilities to customers	7	501,325	481,609
2,226	2,252	Debt securities issued		2,226	2,252
214	164	Provisions		214	218
375	1,385	Tax liabilities		349	1,268
-	-	<i>Current tax</i>		-	-
375	1,385	<i>Deferred tax</i>		349	1,268
10,938	6,499	Other liabilities	8	10,553	5,914
513,020	491,548	Total liabilities		514,693	491,338
		Shareholders' equity			
43,492	35,468	Registered share capital	1, 9	43,492	35,468
7,539	9,449	Retained earnings (loss)		6,500	8,977
12,780	12,312	Other reserves	9	12,736	12,287
63,811	57,229	Total shareholders' equity		62,728	56,732
576,831	548,777	Total liabilities and shareholders' equity		577,421	548,070

The explanatory notes on pages 13 to 46 are an integral part of these financial statements.

Chairman of the Board and Head of Administration

M. Arlauskas

Director of Accounting and Reporting Department, Chief Accountant

L. Bertašienė

CONDENSED INTERIM SEPARATE AND CONSOLIDATED AUDITED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(All amounts are in EUR thousand, unless specified otherwise)

CONDENSED INTERIM SEPARATE AND CONSOLIDATED PROFIT AND LOSS ACCOUNTS

Group				Bank	
<u>30 September 2024</u>	<u>30 September 2023</u>		Notes	<u>30 September 2024</u>	<u>30 September 2023</u>
27,886	19,602	Interest income	10	26,262	18,144
<u>(9,488)</u>	<u>(2,898)</u>	Interest expense	10	<u>(9,515)</u>	<u>(2,898)</u>
18,398	16,704	Net interest income		16,747	15,246
3,021	4,065	Fee and commission income	11	3,023	4,238
<u>(488)</u>	<u>(551)</u>	Fee and commission expense	11	<u>(297)</u>	<u>(320)</u>
2,533	3,514	Net fee and commission income		2,726	3,918
1,790	2,460	Net profit on foreign currency transactions	12	1,790	2,460
(18)	86	Net result from transactions in derivatives		(18)	86
16	(21)	Net result from transactions in investment property		16	(21)
-	-	Dividends from subsidiaries		452	-
<u>978</u>	<u>27</u>	Net other revenue	6	<u>980</u>	<u>36</u>
23,697	22,770	Total operating income		22,693	21,725
<u>(281)</u>	<u>(550)</u>	Change in value of loans and other financial assets		<u>(92)</u>	<u>(134)</u>
23,416	22,220	Operating income after impairment		22,601	21,591
(8,423)	(7,933)	Salaries and benefits		(8,438)	(7,694)
(414)	(216)	Depreciation		(413)	(214)
(297)	(306)	Amortisation		(268)	(277)
(903)	(523)	Depreciation of leased assets		(899)	(513)
<u>(4,635)</u>	<u>(4,468)</u>	Other operating expenses	13	<u>(4,526)</u>	<u>(4,351)</u>
(14,672)	(13,446)	Total operating expenses		(14,544)	(13,049)
8,744	8,774	Operating profit (loss)		8,057	8,542
<u>(1,659)</u>	<u>(1,705)</u>	Corporate income tax expenses		<u>(1,558)</u>	<u>(1,618)</u>
7,085	7,069	Profit (loss) for the reporting period		6,499	6,924
7,085	7,069	Attributable to: shareholders of the Bank		6,499	6,924

The explanatory notes on pages 13 to 46 are an integral part of these financial statements.

Chairman of the Board and Head of Administration

M. Arlauskas

Director of Accounting and Reporting Department, Chief Accountant

L. Bertašienė

CONDENSED INTERIM SEPARATE AND CONSOLIDATED AUDITED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(All amounts are in EUR thousand, unless specified otherwise)

CONDENSED INTERIM SEPARATE AND CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Bank	30 September 2024	30 September 2023
Items that will never be reclassified to profit or loss		
Change in revaluation of tangible fixed assets	-	-
Carry forward of depreciation of tangible fixed assets net of tax	-	-
Other	-	-
Items that will never be reclassified to profit or loss	-	-
Other comprehensive income (expense), net tax result	-	-
Profit (loss) for the reporting period	6,499	6,924
Total comprehensive income for the reporting period	6,499	6,924
Attributable to:		
Shareholders of the Bank	6,499	6,924
 Group	 30 September 2024	 30 September 2023
Items that will never be reclassified to profit or loss		
Change in revaluation of tangible fixed assets	-	-
Carry forward of depreciation of tangible fixed assets net of tax	-	-
Other	-	-
Items that will never be reclassified to profit or loss	-	-
Other comprehensive income (expense), net tax result	-	-
Profit (loss) for the reporting period	7,085	7,069
Total comprehensive income for the reporting period	7,085	7,069
Attributable to:		
shareholders of the Bank	7,085	7,069

The explanatory notes on pages 13 to 46 are an integral part of these financial statements.

Chairman of the Board and Head of
Administration

M. Arlauskas

Director of Accounting and Reporting
Department, Chief Accountant

L. Bertašienė

CONDENSED INTERIM SEPARATE AND CONSOLIDATED AUDITED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(All amounts are in EUR thousand, unless specified otherwise)

CONDENSED INTERIM SEPARATE AND CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
Bank

	Registered share capital	Retained earnings (loss)	Revaluation reserve of tangible fixed assets	Other reserves	Total
Balance as of 31 December 2022	19,948	16,339	318	11,470	48,075
Profit (loss)	-	6,924	-	-	6,924
Other comprehensive income (expense)	-	-	419	-	419
Reversal of revaluation reserve of tangible fixed assets		737	(737)		-
Share capital increase	15,520	(15,520)	-	-	-
Transfers to reserves	-	(817)	-	817	-
Balance as of 30 September 2023	35,468	7,663	-	12,287	55,418
Profit (loss)	-	1,314	-	-	1,314
Other comprehensive income (expense)	-	-	-	-	-
Balance as of 31 December 2023	35,468	8,977	-	12,287	56,732
Profit (loss)	-	6,499	-	-	6,499
Other comprehensive income (expense)	-	-	-	-	-
Transfer to reserves	-	(449)	-	449	-
Payment of dividends	-	(503)	-	-	(503)
Share capital increase	8,024	(8,024)	-	-	-
Balance as of 30 September 2024	43,492	6,500	-	12,736	62,728

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The explanatory notes on pages 13 to 46 are an integral part of these financial statements.

CONDENSED INTERIM SEPARATE AND CONSOLIDATED AUDITED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(All amounts are in EUR thousand, unless specified otherwise)

CONDENSED INTERIM SEPARATE AND CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)
Group

	Registered share capital	Retained earnings (loss)	Revaluation reserve of tangible fixed assets	Other reserves	Total
Balance as of 31 December 2022	19,948	16,304	318	11,489	48,059
Profit (loss)	-	7,069	-	-	7,069
Other comprehensive income (expense)	-	-	419	-	419
Reversal of revaluation reserve of tangible fixed assets	-	737	(737)	-	-
Share capital increase	15,520	(15,520)	-	-	-
Transfers to reserves	-	(823)	-	823	-
Balance as of 30 September 2023	35,468	7,767	--	12,312	55,547
Profit (loss)	-	1,682	-	-	1,682
Other comprehensive income (expense)	-	-	-	-	-
Balance as of 31 December 2023	35,468	9,449	-	12,312	57,229
Profit (loss)	-	7,085	-	-	7,085
Other comprehensive income (expense)	-	-	-	-	-
Transfer to reserves	-	(468)	-	468	-
Payment of dividends	-	(503)	-	-	(503)
Share capital increase	8,024	(8,024)	-	-	-
Balance as of 30 September 2024	43,492	7,539	-	12,780	63,811

The explanatory notes on pages 13 to 46 are an integral part of these financial statements.

 Chairman of the Board and Head
of Administration

M. Arlauskas

 Director of Accounting and
Reporting Department, Chief
Accountant

L. Bertašienė

CONDENSED INTERIM SEPARATE AND CONSOLIDATED AUDITED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(All amounts are in EUR thousand, unless specified otherwise)

CONDENSED INTERIM SEPARATE AND CONSOLIDATED CASH FLOW STATEMENTS

Group			Bank	
30 September 2024	30 September 2023	Notes	30 September 2024	30 September 2023
		Cash flows from operating activities		
7,085	7,069	Profit (loss) for the reporting period	6,499	6,924
		Reversals of non-cash income and expenses		
1,614	1,045	Depreciation and amortisation	1,580	1,004
(971)	11	Gain (loss) on sale of tangible fixed assets, intangible fixed assets, assets held for sale and investment property	(971)	11
-	-	Dividends from subsidiaries	(452)	-
281	550	Impairment of loans	92	134
(22,589)	(17,683)	Interest income on loans to customers	(20,965)	(16,225)
9,488	2,898	Interest expense on liabilities	9,515	2,898
(11)	75	Revaluation of derivatives	(11)	75
124	(59)	Elimination of accrued holiday pay	119	(62)
1,659	1,705	Corporate income tax expenses	1,558	1,618
(113)	208	Elimination of other non-cash items	(118)	209
(3,433)	(4,181)	Cash flow from (to) operating activities before changes in working capital and liabilities	(3,154)	(3,414)
		Change in working capital and liabilities		
(620)	(356)	Changes in statutory reserves	(620)	(356)
(600)	-	Changes of funds in financial institutions	(600)	-
(48,188)	(55,792)	Loans to customers	(49,145)	(52,752)
2,929	(5,428)	Finance lease receivables	2,929	(5,428)
(33)	-	Changes in liabilities to banks and other credit institutions	(33)	-
16,893	78,121	Changes in liabilities to customers	18,539	78,232
861	1,324	Changes in other assets and liabilities	889	1,607
(28,758)	17,869	Change	(28,041)	21,303
22,331	16,988	Interest received on loans to customers and finance lease	20,722	15,598
(6,889)	(1,697)	Interest paid on liabilities	(6,916)	(1,697)
(2,663)	(1,443)	Corporate income tax paid	(2,472)	(1,358)
(19,412)	27,536	Net cash flow from operating activities after corporate income tax	(19,861)	30,432
		Cash flows from investing activities		
(2,997)	(2,385)	Acquisition of long-term investment property, tangible and intangible fixed assets	(2,997)	(2,284)
5,840	43	Proceeds from the sale of investment, tangible and intangible fixed assets	5,840	43
-	-	Investments in subsidiaries	-	(3,000)
-	-	Dividends from subsidiaries	452	-
19,073	27,649	Redemption of debt securities	19,073	27,649
(21,739)	(1,953)	Acquisition of debt securities	(21,739)	(1,953)
177	23,354	Net cash flows from investing activities	629	20,455

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The explanatory notes on pages 13 to 46 are an integral part of these financial statements.

CONDENSED INTERIM SEPARATE AND CONSOLIDATED AUDITED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(All amounts are in EUR thousand, unless specified otherwise)

CONDENSED INTERIM SEPARATE AND CONSOLIDATED CASH FLOW STATEMENTS (CONTINUED)

Group			Bank	
<u>30 September 2024</u>	<u>30 September 2023</u>		<u>30 September 2024</u>	<u>30 September 2023</u>
			Notes	
		Cash flow from financing activities		
(503)	-	Dividends paid	(503)	-
-	-	Bonds issued	-	-
(26)	(26)	Bonds redeemed	(26)	(26)
(968)	(571)	Part of the principal amount of lease payments	(968)	(560)
6,590	5,955	Loans received	6,590	5,955
(7,961)	(5,860)	Loans repaid	(7,961)	(5,860)
(2,868)	(502)	Net cash flows from financing activities	(2,868)	(491)
(51)	(130)	Effect of exchange rate changes on balance of cash and cash equivalents	(51)	(130)
(22,154)	50,258	Net increase (decrease) in cash and cash equivalents	(22,151)	50,266
148,411	77,745	Cash and cash equivalents at 1 January	148,408	77,732
126,257	128,003	Cash and cash equivalents at 30 September	126,257	127,998

The explanatory notes on pages 13 to 46 are an integral part of these financial statements.

 Chairman of the Board and Head
of Administration

M. Arlauskas

 Director of Accounting and
Reporting Department, Chief
Accountant

L. Bertašienė

CONDENSED INTERIM SEPARATE AND CONSOLIDATED AUDITED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 1 Background information

Urbo Bankas UAB (hereinafter referred to as the Bank) was established on 24 November 1992 (as KB Ancorobank) and on 16 January 1997 was reorganised into Medicinos Bankas.UAB On 1 February 2024, Medicinos Bankas UAB changed its name to Urbo Bankas UAB.

Its head office address is Konstitucijos pr. 18B, Vilnius, Lithuania.

The Bank accepts deposits, issues loans, carries out monetary and documentary settlements, exchanges currency and provides guarantees to its customers. The Bank also offers trading securities, advisory and custody services. The Bank provides services to both corporate and private customers.

At the end of the third quarter of 2024, the Bank had 25 customer service units in various regions of Lithuania.

The consolidated financial statements of the Group comprise the financial statements of the Bank and its subsidiaries TG Invest-1 UAB (active in real estate management and development) and Saugus Kreditas UAB (active in the issuing of consumer loans to private customers). TG Invest-1 UAB was acquired on 17 May 2013 and Saugus Kreditas UAB was acquired on 17 October 2017. Saugus kreditas UAB was merged with Urbo bankas UAB through reorganization, which took over all the rights and obligations of Saugus kreditas UAB according to the agreements concluded.

As at 30 September 2024, the Bank had 285 employees (299 employees as at 31 December 2023). As at 30 September 2024, the Group had 294 employees (309 employees as at 31 December 2023).

As at 30 September 2024, the Bank's shareholders were:

	Number of ordinary shares held	Ownership interest (%)
Konstantinas Karosas	78,395,759	90.13
Western Petroleum Ltd.	8,587,856	9.87
Total	86,983,615	100.00

As at 31 December 2023, the Bank's shareholders were:

	Number of ordinary shares held	Ownership interest (%)
Konstantinas Karosas	63,932,284	90.13
Western Petroleum Ltd.	7,003,456	9.87
Total	70,935,740	100.00

At the Annual General Meeting of Shareholders of Urbo bankas UAB, which has been held on 20 March 2024, a decision for the increase the authorized capital of Urbo bankas UAB has been taken. The increase by EUR 8,024 thousand from the retained earnings has been made, issuing 16,047,875 ordinary registered shares with a nominal value of EUR 0.5 per share. A new version of Articles of Association has been registered on 23 May 2024.

At 30 September 2024 the Bank's share capital comprised 86,983,615 ordinary shares with a nominal value EUR 0.5 each (as at 31 December 2023: 70,935,740 ordinary shares with a nominal value EUR 0.5 each).

At 30 September 2024 and 31 December 2023, all shares were fully paid up.

By an agreement dated 12 March 2021, including amendment No. 1 dated 24 November 2023, Mr Konstantinas Karosas and Western Petroleum Limited transferred all voting rights at the Bank's General Meeting of Shareholders to MB Valdymas UAB. Following the transfer of voting rights, MB Valdymas UAB has the right to vote in respect of all of the Bank's shares at the Bank's General Meeting of Shareholders.

The capital and liquidity positions as at 30 September 2024 remain strong and prudential ratios are met with a buffer.

CONDENSED INTERIM SEPARATE AND CONSOLIDATED AUDITED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 1 Background information (continued)**Changes in the Management of the Bank**

At the meeting of the Bank's Supervisory Board on 19 March 2024, Julius Ivaška was elected as the fifth member of the Board. Permission to act as a Board member from Bank of Lithuania was received in May 2024. Since then, the Bank's Board consists of the Chairman of the Board Marius Arlauskas, Board members Igor Kovalčuk, Snieguolė Kudrevičienė, Andrius Bernotas and Julius Ivaška.

Note 2 Basis of preparation and significant accounting policies**Statement of compliance**

The separate and consolidated financial statements are prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the European Union (EU). The condensed interim separate and consolidated financial statements should be read in conjunction with the annual separate and consolidated financial statements for the year ended 31 December 2023, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. Except as disclosed below, the accounting policies applied in the preparation of this condensed interim financial information are consistent with those applied in the Bank's annual financial statements for 2023.

New and amended standards and interpretations

Management of the Bank and the Group does not expect that newly published standards, amendments and interpretations that will be mandatory for the Bank for reporting periods beginning on or after 1 January 2024 will have a material impact on the Bank's and the Group's financial information, nor there are any newly published standards, amendments and interpretations that are mandatory for the Bank and the Group from 2024 and that would have a material impact on the financial information of the Bank and the Group.

The preparation of condensed interim separate and consolidated financial statements in accordance with IFRSs involves making assumptions and estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. While these estimates are based on management's knowledge of the current situation and actions, actual results may ultimately differ from these estimates. The significant assumptions and estimates used in the preparation of the condensed interim separate and consolidated financial statements are the same as those used in the preparation of the annual separate and consolidated financial statements for the year ended 31 December 2023.

These condensed interim financial statements include the Bank's separate financial statements and the Group's consolidated financial statements.

There are no significant amounts of income or expenses of the Bank and the Group that are subject to significant seasonality.

Functional and presentation currency

These financial statements are presented in EUR, which is the functional currency of the Bank and the Group, unless otherwise stated.

The official exchange rates of the main currencies used for the revaluation of the items in the statement of financial position at the end of the reporting period are presented below (the ratio of EUR to the unit of the original currency):

	30 September 2024	31 December 2023
USD	1.1158	1.105

CONDENSED INTERIM SEPARATE AND CONSOLIDATED AUDITED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 3 Debt securities

	Bank / Group	
	30 September 2024	31 December 2023
Government bonds of the Republic of Lithuania	50,078	41,219
Government bonds of the Republic of Romania	3,893	4,317
Government bonds of the Republic of Poland	3,624	-
Government bonds of the Republic of Croatia	1,023	3,742
Government bonds of the Republic of Slovenia	-	5,841
Government bonds of the Republic of Hungary	-	833
Total	58,618	55,952

Note 4 Loans and receivables

Loans to customers and receivables consist of:

	Bank	
	30 September 2024	31 December 2023
Loans to customers, including short-term discounted bills	343,289	294,065
Overdrafts	537	412
Factoring	798	360
Finance lease	22,490	25,819
	367,114	320,656
Provisions	(3,366)	(3,271)
Loans and receivables, net	363,748	317,385

	Group	
	30 September 2024	31 December 2023
Loans to customers, including short-term discounted bills	355,489	307,218
Overdrafts	537	412
Factoring	798	360
Finance lease	22,490	25,819
	379,314	333,809
Provisions	(4,442)	(4,223)
Loans and receivables, net	374,872	329,586

CONDENSED INTERIM SEPARATE AND CONSOLIDATED AUDITED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 5 Investments in subsidiaries

The subsidiaries' main activities are the management and development of real estate and the issuing of consumer loans to private customers.

	Bank	
	2024	2023
Balance at the beginning of the year	12,342	9,342
Acquisitions	-	3,000
Change in the value of investments in subsidiaries	-	-
Balance at the end of the reporting period	12,342	12,342

	Ownership (%)	Direct ownership (%)	Nominal value	Impairment	Value shown in the statement of financial position
30 September 2024					
TG Invest-1 UAB	100	100	3,033	(1,261)	1,772
Saugus kreditas UAB	100	100	10,601	(31)	10,570
Total			13,634	(1,292)	12,342

	Ownership (%)	Direct ownership (%)	Nominal value	Impairment	Value shown in the statement of financial position
31 December 2023					
TG Invest-1 UAB	100	100	3,033	(1,261)	1,772
Saugus kreditas UAB	100	100	10,601	(31)	10,570
Total			13,634	(1,292)	12,342

In 2024, dividends in amount of EUR 452 thousand have been received from subsidiary Saugus kreditas UAB.

CONDENSED INTERIM SEPARATE AND CONSOLIDATED AUDITED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 6 Tangible fixed assets, right of use asset and assets held for sale
Tangible fixed assets

In 2024, investment in settlement of premises was added to tangible fixed assets, which amounted to EUR 1 077 thousand as at 30 September 2024.

Right of use asset

In 2024 a significant amount of leased assets (premises) was accounted, in the value of EUR 5 629 thousand as at 30 September 2024.

Assets held for sale

In 2023, after the decision to sell tangible assets, the fixed tangible assets revaluation reserve of EUR 737 thousand has been transferred to the line of retained earnings. As at 31 December 2023, in the statement of financial position, the net value of assets held for sale was EUR 4,801 thousand (as at 31 March 2024 the net worth was EUR 3,811 thousand).

On 30 September 2024 all real estate objects held for sale were sold. The Bank received EUR 959 thousand profit from real estate objects held for sale.

Note 7 Liabilities to customers

Liabilities to customers consist of:

Group			Bank	
30 September 2024	31 December 2023		30 September 2024	31 December 2023
322,652	303,422	Term deposits	322,652	303,422
157,668	160,060	Current accounts	159,752	160,498
6,183	3,576	Customer funds in transit accounts	6,183	3,576
12,738	14,113	Loans from funds	12,738	14,113
499,241	481,171	Total:	501,325	481,609
33,602	40,566	Of which held as collateral for guarantees and loans granted	33,602	40,566

CONDENSED INTERIM SEPARATE AND CONSOLIDATED AUDITED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 8 Other liabilities

Other liabilities consist of:

Group			Bank	
30 September 2024	31 December 2023		30 September 2024	31 December 2023
2,430	2,462	Accrued payments to employees	2,426	2,373
334	431	Prepayments	-	-
6,922	2,228	Lease obligations	6,922	2,216
196	153	Accrued expenses	196	153
159	357	Liabilities to the State Tax Inspectorate	159	357
178	-	Liabilities to the Board of the State Social Fund	177	-
89	-	Output VAT	89	-
167	91	Deferred income	167	91
-	-	Payable to the Latvian and Estonian Road Administration	-	28
174	418	Debts to suppliers	129	365
-	200	Advances received	-	200
289	131	Other	288	131
10,938	6,499	Total:	10,553	5,914

Note 9 Shareholders' equity

At 30 September 2024 the Bank's share capital comprised 86,983,615 ordinary shares with a nominal value EUR 0.5 each (as at 31 December 2023: 70,935,740 ordinary shares with a nominal value EUR 0.5 each). At 30 September 2024 and 31 December 2023, all shares were fully paid up.

Each share carries the same right to vote, to receive dividends and to participate in the distribution of residual assets in the event of liquidation.

Legal reserve

As at 30 September 2024, the Bank's legal reserve was EUR 2,711 thousand (EUR 2,262 thousand at 31 December 2023). That of the Group was EUR 2,755 thousand as at 30 September 2024 (EUR 2,287 thousand as at 31 December 2023). In 2024, the Bank transferred EUR 449 thousand to the legal reserve and EUR 468 thousand in the Group.

Legal reserve is mandatory according to the legislation of the Republic of Lithuania. At least 5% of net profits must be transferred to it each year until the reserve reaches 10% of the share capital. This legal reserve can be used to cover the Bank's operating losses and to increase share capital.

Other reserves

On 30 September 2024 the reserve capital of the Bank (Group) was EUR 7,497 thousand (31 December 2023 – EUR 7,497 thousand).

The Bank's reserve capital is formed from the Bank's profit with the purpose to guarantee financial stability of the Bank. By the decision of the Shareholders, this reserve capital can be used to cover losses incurred.

On 30 September 2024 the special reserve of the Bank (Group) to cover possible losses was EUR 2,528 thousand (as at 31 December 2023 – EUR 2,528 thousand).

CONDENSED INTERIM SEPARATE AND CONSOLIDATED AUDITED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 10 Net interest income

Net interest income consists of:

Group			Bank	
30 September 2024	30 September 2023		30 September 2024	30 September 2023
21,014	16,094	On loans granted to customers	19,390	14,636
1,575	1,589	On finance lease	1,575	1,589
1,393	266	On debt securities	1,393	266
3,497	1,349	On balances with central banks	3,497	1,349
407	304	On balances with banks and other credit institutions	407	304
27,886	19,602	Interest income	26,262	18,144
(8,969)	(2,459)	On liabilities to depositors, including letters of credit	(8,996)	(2,459)
(260)	(244)	Deposit and portfolio guarantee insurance	(260)	(244)
-	(15)	On subordinated loans	-	(15)
(129)	(129)	On debt securities issued	(129)	(129)
(8)	(12)	On liabilities to banks and other credit institutions	(8)	(12)
(122)	(39)	Lease right	(122)	(39)
(9,488)	(2,898)	Interest expense	(9,515)	(2,898)
18,398	16,704	Total	16,747	15,246

Note 11 Net fee and commission income

Net fee and commission income consist of:

Group			Bank	
30 September 2024	30 September 2023		30 September 2024	30 September 2023
1,243	1,482	Payment services	1,243	1,482
66	132	Income from foreign currency exchange	66	132
554	535	Servicing of bank accounts	554	535
320	883	Collection of payments	320	883
40	221	Brokerage income	42	394
530	566	Cash operations	530	566
268	246	Other	268	246
3,021	4,065	Fee and commission income	3,023	4,238
(128)	(182)	Cash transactions	(128)	(182)
(67)	(59)	Money transfer transactions	(67)	(59)
(190)	(230)	Brokerage costs	-	-
(103)	(80)	Other	(102)	(79)
(488)	(551)	Fee and commission expense	(297)	(320)
2,533	3,514	Total	2,726	3,918

CONDENSED INTERIM SEPARATE AND CONSOLIDATED AUDITED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 12 Net profit on foreign currency transactions

	Bank / Group	
	30 September 2024	30 September 2023
Profit from foreign currency transactions	1,816	2,589
Unrealised exchange rate gains (losses)	(26)	(129)
Total	1,790	2,460

Note 13 Operating costs

Operating costs are as follows:

Group		Bank	
30 September 2024	30 September 2023	30 September 2024	30 September 2023
(423)	(421)	(393)	(415)
(309)	(254)	(307)	(251)
(170)	(171)	(170)	(171)
(1,199)	(844)	(1,199)	(844)
(827)	(515)	(826)	(514)
(556)	(1,349)	(530)	(1,308)
(458)	(298)	(450)	(284)
(124)	(130)	(84)	(94)
(149)	(132)	(149)	(129)
(88)	(72)	(88)	(72)
(332)	(282)	(330)	(269)
(4,635)	(4,468)	(4,526)	(4,351)
	Total		

CONDENSED INTERIM SEPARATE AND CONSOLIDATED AUDITED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 14 Cash and cash equivalents

Cash and cash equivalents in the cash flow statement consist of:

Group			Bank	
30 September 2024	30 September 2023		30 September 2024	30 September 2023
14,729	16,611	Cash in hand	14,729	16,611
97,138	96,356	Current account with Central bank*	97,138	96,356
6,529	4,613	Current accounts with other credit institutions	6,529	4,608
7,861	10,423	Term deposits with credit institutions up to 90 days	7,861	10,423
126,257	128,003	Total	126,257	127,998

*Current account with Central bank is presented without the amount for legal reserve requirement, which in 2024 September 30 amounted to EUR 4,097 thousand (2023 September 30 - EUR 2,968 thousand).

Note 15 Fair values of financial instruments

Fair value is defined as the amount for which an instrument could be exchanged in a current transaction between willing parties under arm's length condition, excluding forced sale, involuntary liquidation, or speculative sale transactions. As trading in the majority of the financial assets and liabilities held by the Bank and the Group is not well-developed, fair value measurements require the use of assumptions based on current economic conditions and the risks inherent in the specific instrument.

The carrying amounts of financial assets and financial liabilities with short maturities (less than three months) are considered to approximate their fair values. This assumption also applies to floating rate financial instruments as the Group and the Bank have not identified any significant change in credit spreads.

The fair value of fixed rate assets and liabilities carried at amortised cost is estimated by comparing market interest rates with the interest rates offered for similar financial instruments at the time of initial recognition. The estimated fair value of fixed rate loans and deposits is based on discounted cash flows using interest rates prevailing in the market for debt with similar credit risk and maturity.

The following methods and assumptions were used to determine the fair value of these financial instruments:

Cash. This is cash in hand with a carrying amount equal to its fair value.

Cash balances and debts to credit institutions. The carrying amount of an asset with a maturity of less than 3 months approximates fair value because of the relatively short maturity of this financial instrument. For deposits with longer maturities, the prevailing interest rates reflect market rates (due to re-fixing of interest on assets based on market interest rates) and therefore the fair value approximates the carrying amount.

Debt securities. Their fair value was estimated based on the market price.

Loans to customers. The valuation was carried out by discounting the future cash flows for each loan over its life using 12-month average interest rates on the market at year-end.

Liabilities to customers. The carrying amount of balances with a maturity of less than 3 months approximates fair value because of the relatively short maturity of this financial instrument. The fair value of deposits and other liabilities with longer-term fixed interest rates was calculated by discounting the cash flows using interest rates applicable to new debt with similar maturities and credit quality.

Debt securities issued and subordinated loans. Fair value is calculated by discounting the estimated future cash flows using current market interest rates.

CONDENSED INTERIM SEPARATE AND CONSOLIDATED AUDITED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 15 Fair values of financial instruments (continued)

The table below shows the carrying amounts and fair values of financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non-financial assets and non-financial liabilities.

Bank	30 September 2024		31 December 2023	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Cash, cash balances at central bank	115,964	115,964	137,347	137,347
Cash balances with banks and other credit institutions	14,990	14,990	14,538	14,538
Debt securities	58,618	59,077	55,952	55,568
Loans and receivables	363,748	376,782	317,385	338,958
Other assets	-	-	-	-
Total	553,320	566,813	525,222	546,411
Financial liabilities				
Liabilities to banks and other credit institutions	-	-	33	33
Liabilities to customers, including letters of credit	501,325	509,959	481,609	491,533
Debt securities issued	2,226	2,307	2,252	2,405
Other liabilities	10,553	10,553	5,914	5,914
Total	514,104	522,819	489,808	499,885
Group				
	30 September 2024	31 December 2023	30 September 2024	31 December 2023
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Cash, cash balances at central bank	115,964	115,964	137,347	137,347
Cash balances with banks and other credit institutions	14,990	14,990	14,541	14,541
Debt securities	58,618	59,077	55,952	55,568
Loans and receivables	374,872	387,630	329,586	350,767
Other assets	-	-	-	-
Total	564,444	577,661	537,426	558,223
Financial liabilities				
Liabilities to banks and other credit institutions	-	-	33	33
Liabilities to customers, including letters of credit	499,241	507,875	481,171	491,171
Debt securities issued	2,226	2,307	2,252	2,405
Other liabilities	10,938	10,938	6,499	6,499
Total	512,405	521,120	489,955	500,108

In 2024 the methodology for calculating the fair value was changed in order to reflect it more precisely. The comparative value for the period of 30 September 2023 was recalculated accordingly.

CONDENSED INTERIM SEPARATE AND CONSOLIDATED AUDITED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 15 Fair values of financial instruments (continued)

Financial instruments measured at fair value are presented in these financial statements at three fair value levels:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: fair value estimated using valuation techniques, where all variables that have a significant effect on the recorded fair value are either directly or indirectly observable in the market;

Level 3: fair value estimated using valuation techniques for which the variables that have a significant effect on the recorded fair value are not based on observable market data.

A breakdown of financial instruments carried at fair value by fair value levels:

Bank / Group

30 September 2024	Level 1	Level 2	Level 3	Total
Financial assets				
Derivatives	-	2	-	2
Financial liabilities				
Derivatives	-	26	-	26

Bank / Group

31 December 2023	Level 1	Level 2	Level 3	Total
Financial assets				
Derivatives	-	9	-	9
Financial liabilities				
Derivatives	-	44	-	44

CONDENSED INTERIM SEPARATE AND CONSOLIDATED AUDITED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 15 Fair values of financial instruments (continued)

The table below shows the financial instruments that are not measured at fair value and their analysis by level of the fair value hierarchy.

Bank

30 September 2024	Level 1	Level 2	Level 3	Total carrying amount
Assets				
Cash and balances at banks	130,954	-	-	130,954
Debt securities	58,618	-	-	58,618
Loans to customers	-	-	341,412	341,412
Finance lease	-	-	22,336	22,336
Other assets	-	-	-	-
Total financial assets	189,572	-	363,748	553,320
Liabilities				
Liabilities to banks and other credit institutions	-	-	-	-
Liabilities to customers	-	501,325	-	501,325
Debt securities issued	-	2,226	-	2,226
Other liabilities	-	-	10,553	10,553
Total financial liabilities	-	503,551	10,553	514,104

Bank

31 December 2023	Level 1	Level 2	Level 3	Total carrying amount
Assets				
Cash and balances at banks	151,885	-	-	151,885
Debt securities	55,952	-	-	55,952
Loans to customers	-	-	292,128	292,128
Finance lease	-	-	25,257	25,257
Other assets	-	-	-	-
Total financial assets	207,837	-	317,385	525,222
Liabilities				
Liabilities to banks and other credit institutions	-	33	-	33
Liabilities to customers	-	481,609	-	481,609
Debt securities issued	-	2,252	-	2,252
Other liabilities	-	-	5,914	5,914
Total financial liabilities	-	483,894	5,914	489,808

CONDENSED INTERIM SEPARATE AND CONSOLIDATED AUDITED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 15 Fair values of financial instruments (continued)
Group

30 September 2024	Level 1	Level 2	Level 3	Total carrying amount
Cash and balances at banks	130,954	-	-	130,954
Debt securities	58,618	-	-	58,618
Loans to customers	-	-	352,536	352,536
Finance lease	-	-	22,336	22,336
Other assets	-	-	-	-
Total financial assets	189,572	-	374,872	564,444
Liabilities				
Liabilities to banks and other credit institutions	-	-	-	-
Liabilities to customers	-	499,241	-	499,241
Debt securities issued	-	2,226	-	2,226
Other liabilities	-	-	10,938	10,938
Total financial liabilities	-	501,467	10,938	512,405

Group

31 December 2023	Level 1	Level 2	Level 3	Total carrying amount
Assets				
Cash and balances at banks	151,888	-	-	151,888
Debt securities	55,952	-	-	55,952
Loans to customers	-	-	304,329	304,329
Finance lease	-	-	25,257	25,257
Other assets	-	-	-	-
Total financial assets	207,840	-	329,586	537,426
Liabilities				
Liabilities to banks and other credit institutions	-	33	-	33
Liabilities to customers	-	481,171	-	481,171
Debt securities issued	-	2,252	-	2,252
Other liabilities	-	-	6,499	6,499
Total financial liabilities	-	483,456	6,499	489,955

CONDENSED INTERIM SEPARATE AND CONSOLIDATED AUDITED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 16 Related party transactions

Transactions between the Group and the Bank and their related parties were conducted at arm's length, i.e., as transactions with unrelated parties.

The balances of loans, term deposits and bonds issued at 30 September 2024 and 31 December 2023 and the related income and expenses included in the profit and loss accounts at 30 September 2024 and 30 September 2023 are shown below:

Bank			Supervisory board and key management personnel	Other*
2024	Shareholders	Subsidiaries		
Loans outstanding as at 30 September 2024, net	-	14,363	-	1,835
Interest rate, %	-	7.00	-	7.29-8.38
Impairment of loans	-	(192)	-	(8)
Term deposits as at 30 September 2024	-	1,827	325	2,078
Interest rate, %	-	3.5-3.8	2.5-4.5	0.45-4.25
Demand accounts as at 30 September 2024	104	257	142	1,898
Bonds issued as at 30 September 2024	100	-	-	-
Interest rate, %	7.0	-	-	-
Subordinated loans as at 30 September 2024	-	-	-	-
Interest rate, %	-	-	-	-
Dividends paid	(503)	-	-	-
For the nine month period ended 30 September 2024				
Interest income on loans	-	1,145	-	109
Interest expense on deposits	-	(27)	(6)	(43)
Interest expense on bonds	(5)	-	-	-
Interest expense on subordinated loans	-	-	-	-
Dividend income	-	452	-	-
Fee and commission income	-	10	-	7
Fee and commission expense	-	-	-	-
Bank			Supervisory board and key management personnel	Other*
2023	Shareholders	Subsidiaries		
Loans outstanding as at 31 December 2023, net	-	22,238	-	1,729
Interest rate, %	-	7.00	-	7.66-8.66
Impairment of loans	-	(297)	-	(7)
Term deposits as at 31 December 2023	-	-	160	2 121
Interest rate, %	-	-	0.85-4.5	0.45-4.25
Demand accounts as at 31 December 2023	1,225	438	118	2,975
Bonds issued as at 31 December 2023	100	-	-	-
Interest rate, %	7.0	-	-	-
Subordinated loans as at 31 December 2023	-	-	-	-
Interest rate, %	-	-	-	-
Dividends paid	-	-	-	-
For the nine period ended 30 September 2023				
Interest income on loans	-	1,513	-	42
Interest expense on deposits	-	-	(1)	(14)
Interest expense on bonds	(5)	-	-	-
Interest expense on subordinated loans	(15)	-	-	-
Dividend income	-	-	-	-
Fee and commission income	-	186	-	7
Fee and commission expense	-	-	-	-

CONDENSED INTERIM SEPARATE AND CONSOLIDATED AUDITED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 16 Related party transactions (continued)

Group, 2024	Shareholders	Supervisory board and key management personnel	Other*
Loans outstanding as at 30 September 2024, net	-	-	1,835
Interest rate, %	-	-	7.29-8.38
Impairment of loans	-	-	(8)
Term deposits as at 30 September 2024	-	325	2,078
Interest rate, %	-	2.5-4.5	0.45-4.25
Demand accounts as at 30 September 2024	104	150	, 890
Bonds issued as at 30 September 2024	100	-	-
Interest rate, %	7.0	-	-
Subordinated loans as at 30 September 2024	-	-	-
Interest rate, %	-	-	-
Dividends paid	(503)	-	-
For nine-month period ended 30 September 2024			
Interest income on loans	-	-	109
Interest expense on deposits	-	(6)	(43)
Interest expense on bonds	(5)	-	-
Interest expense on subordinated loans	-	-	-
Fee and commission income	-	-	7
Fee and commission expense	-	-	-
Group, 2023	Shareholders	Supervisory board and key management personnel	Other*
Loans outstanding as at 31 December 2023, net	-	-	1,729
Interest rate, %	-	-	7.66-8.66
Impairment of loans	-	-	(7)
Term deposits as at 31 December 2023	-	160	2,121
Interest rate, %	-	0.85-4.5	0.45-4.25
Demand accounts as at 31 December 2023	1 225	173	2,920
Bonds issued as at 31 December 2023	100	-	-
Interest rate, %	7.0	-	-
Subordinated loans as at 31 December 2023	-	-	-
Interest rate, %	-	-	-
Dividends paid	-	-	-
For the nine-month period ended 30 September 2023			
Interest income on loans	-	-	42
Interest expense on deposits	-	(1)	(14)
Interest expense on bonds	(5)	-	-
Interest expense on subordinated loans	(15)	-	-
Fee and commission income	-	-	7
Fee and commission expense	-	-	-

* Other related parties are companies controlled by members of the Bank's and Group's management or by the Bank's shareholders and other related parties.

CONDENSED INTERIM SEPARATE AND CONSOLIDATED AUDITED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 17 Segment information

The key indicators of the Group's business segments included in the profit and loss account as at 30 September 2024 and the statement of financial position as at 30 September 2024 are summarised below.

	30 September 2024				
	Traditional banking and lending	Treasury	Other activities	Eliminations	Total
Internal	1,216	-	(79)	(1,137)	-
External	22,556	5,251	79	-	27,886
Interest income	23,772	5,251	-	(1,137)	27,886
Internal	(1,216)	-	-	1,216	-
External	(9,351)	(137)	-	-	(9,488)
Interest expense	(10,567)	(137)	-	1,216	(9,488)
Internal	-	-	(79)	79	-
External	13,205	5,114	79	-	18,398
Net interest income	13,205	5,114	-	79	18,398
Internal	-	-	-	-	-
External	1,964	-	-	569	2,533
Net fee and commission income	1,964	-	-	569	2,533
Internal	-	-	(79)	79	-
External	15,169	5,114	79	569	20,931
Net interest, fee and commission income	15,169	5,114	-	648	20,931
Internal	-	-	-	-	-
External	(12,862)	(212)	16	-	(13,058)
Operating costs	(12 862)	(212)	16	-	(13 058)
Amortisation	(1,317)	-	-	-	(1,317)
Depreciation	(297)	-	-	-	(297)
Internal	-	-	-	-	-
External	(281)	-	-	-	(281)
Impairment charges	(281)	-	-	-	(281)
Internal	-	-	-	-	-
External	1,335	416	995	-	2,766
Other net income	1,335	416	995	-	2,766
Profit (loss) before tax	1,768	5,317	1,011	648	8,744
Corporate tax	(1,652)	-	(7)	-	(1,659)
Profit (loss) per segment after tax	116	5,317	1,004	648	7,085
Non-controlling interest	-	-	-	-	-
Profit (loss) attributable to shareholders of the Bank	116	5,317	1,004	648	7,085
Total assets per segment	428,785	174,842	2,043	(28,839)	576,831
Total liabilities per segment	526,267	3,401	44	(16,692)	513,020
Net assets per segment (shareholders' equity)	(97,482)	171,441	1,999	(12,147)	63,811

CONDENSED INTERIM SEPARATE AND CONSOLIDATED AUDITED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 17 Segment information (continued)

The key indicators of the Group's business segments included in the profit and loss account as at 30 September 2023 and the statement of financial position as at 30 September 2023 are summarised below.

	30 September 2023				
	Traditional banking and lending	Treasury	Other activities	Eliminations	Total
Internal	1,620	-	(107)	(1,513)	-
External	17,369	1,856	107	-	19,602
Interest income	19,259	1,856	-	(1,513)	16,602
Internal	(1,620)	-	-	1,620	-
External	(2,886)	(12)	-	-	(2,898)
Interest expense	(4,506)	(12)	-	1,620	(2,898)
Internal	-	-	(107)	107	-
External	14,753	1,844	107	-	16,704
Net interest income	14,753	1,844	-	107	16,704
Internal	-	-	-	-	-
External	3,511	-	-	3	3,514
Net fee and commission income	3,511	-	-	3	3,514
Internal	-	-	(107)	107	-
External	18,264	1,844	107	3	20,218
Net interest, fee and commission income	18,264	1,844	-	110	20,218
Internal	-	-	-	-	-
External	(12,203)	(198)	-	-	(12,401)
Operating costs	(12,203)	(198)	-	-	(12,401)
Amortisation	(306)	-	-	-	(306)
Depreciation	(739)	-	-	-	(739)
Internal	-	-	-	-	-
External	(550)	-	-	-	(550)
Impairment charges	(550)	-	-	-	(550)
Internal	-	-	-	-	-
External	2,105	441	6	-	2,552
Other net income	2,105	441	6	-	2,552
Profit (loss) before tax	6,571	2,087	6	110	8,774
Corporate tax	(1,705)	-	-	-	(1,705)
Profit (loss) per segment after tax	4,866	2,087	6	110	7,069
Non-controlling interest	-	-	-	-	-
Profit (loss) attributable to shareholders of the Bank	4,866	2,087	6	110	7,069
Total assets per segment	364,677	173,322	1,968	(40,383)	499,584
Total liabilities per segment	466,730	5,445	53	(27,772)	444,456
Net assets per segment (shareholders' equity)	(102,053)	167,877	1,915	(12,611)	55,128

Breakdown of the Group's assets and income by geographical segments

All fixed assets of the Group, other than financial assets, are located in Lithuania. The Bank did not earn income in other countries.

CONDENSED INTERIM SEPARATE AND CONSOLIDATED AUDITED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 18 Risk management
Credit risk

Credit risk is the risk that the Group and the Bank will incur losses as a result of the failure by their customers or other parties to meet their contractual obligations. The Group and the Bank manage and control credit risk by setting acceptable risk limits for individual borrowers and sectors of the economy, and by monitoring the potential for breaches of these limits. The Group and the Bank have credit quality review procedures in place to identify changes in the creditworthiness of counterparties in advance, including regular review of collateral. The credit quality review process allows the Group and the Bank to assess the potential losses that may occur and take appropriate action. The Bank issues guarantees to customers that require the Bank to make payments on their behalf. These create similar risks for the Bank as loans and these risks are mitigated using the same control processes and policies. Where the expected cash flow from problem loans is expected to come from the sale of collateral, the value of the collateral held is an important estimate in calculating loan impairment losses and receivables.

The Bank and the Group are also required to comply with the limit to large exposures (maximum exposure to a single customer) set out in Regulation (EU) No. 575/2013 of the European Parliament and of the Council. The exposure to a single customer or group of related customers may not exceed 25% of the eligible capital. According to the provisions of Regulation (EU) No. 2019/876 of the European Parliament and of the Council effective as of 28 June 2021, the maximum exposure ratio is calculated based on Tier 1 capital. Compliance to this requirement is disclosed in the table below:

Group			Bank	
30 September 2024	31 December 2023		30 September 2024	31 December 2023
10,816	10,367	Maximum exposure to a single customer or group of related customers	10,816	10,367
54,730	53,195	Eligible capital	54,512	53,850
19.76	19.49	Maximum exposure ratio, %	19.84	19.25

Maximum credit risk excluding collateral or other credit protection

The table below shows the maximum credit risk. The maximum risk is disclosed on a net basis before the impact of collateral agreements.

Group			Bank	
30 September 2024	31 December 2023		30 September 2024	31 December 2023
		Items in the statement of financial position other than trading and investing activities		
101,235	117,990	Balances with the Bank of Lithuania	101,235	117,990
14,990	14,541	Balances with banks	14,990	14,538
352,536	304,329	Loans granted to customers	341,412	292,128
22,336	25,257	Finance lease	22,336	25,257
491,097	462,117		479,973	449,913
		Off-balance-sheet items		
2,201	2,292	Guarantees	2,201	2,292
38,729	24,121	Loan commitments	38,729	28,167
532,027	488,530	Total on-balance-sheet and off-balance-sheet items other than trading and investing activities	520,903	480,372
		Trading and investing activities		
		Financial assets at fair value through profit or loss		
2	9	Derivatives	2	9
		Held-to-maturity investments		
58,618	55,952	Debt securities	58,618	55,952
58,620	55,961	Trading and investing activities, total	58,620	55,961
590,647	544,491	Total credit risk	579,523	536,333

CONDENSED INTERIM SEPARATE AND CONSOLIDATED AUDITED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 18 Risk management (continued)

Credit risk (continued)

The tables below provide a breakdown of trading and investing activities by type and grade:

	Bank / Group	
	30 September 2024	31 December 2023
Government bonds	58,618	55,952
Derivatives	2	9
Total	58,620	55,961

Bonds by rating class

	Bank / Group	
	30 September 2024	31 December 2023
High grade (AAA-A)	53,702	47,060
Standard grade (B-BBB+)	4,916	8,892
Not rated	-	-
Total	58,618	55,952

The debt securities held are purchased for investment purposes and are carried at amortised cost. The Group and the Bank did not have any overdue or impaired amounts in their investing activities.

The Group and the Bank have assigned to the high rating class debt securities whose issuers have a combined credit default rating of 'AAA' to 'A' according to the ratings of recognised international rating agencies (Moody's, Standard & Poor's or Fitch Ratings), and to the standard rating class bonds whose issuers have a rating between 'BBB' and 'B'.

Credit risk assessment

In assessing financial instruments, the Group and the Bank apply specific criteria and procedures for assessing debtors. Financial instruments are classified into three stages of credit risk based on the change in credit risk since initial recognition:

- Stage 1 includes performing financial instruments for which no significant increase in credit risk has been identified since the initial recognition of the loan and the borrower is expected to be able to meet its contractual obligations.
- Stage 2 includes financial instruments for which a significant increase in credit risk is identified after the initial recognition of the loan.
- Stage 3 includes all non-performing financial instruments with a recognised loss event and POCI (purchased or originated credit-impaired) financial instruments.

CONDENSED INTERIM SEPARATE AND CONSOLIDATED AUDITED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 18 Risk management (continued)

Credit risk (continued)

Credit risk assessment of financial instruments other than trading activities and off-balance-sheet items:

Bank 30 September 2024	Not overdue	1 to 59 days overdue	60 to 89 days overdue	More than 90 days overdue	Total
Stage 1					
Loans and receivables	310,389	2,217	-	-	312,606
Balances with the Bank of Lithuania and other banks	116,225	-	-	-	116,225
Debt securities	58,618	-	-	-	58,618
	-	-	-	-	-
Total	485,232	2,217	-	-	487,449
Stage 2					
Loans and receivables	35,767	2,656	67	-	38,490
Balances with the Bank of Lithuania and other banks	-	-	-	-	-
Debt securities	-	-	-	-	-
	-	-	-	-	-
Total	35,767	2,656	67	-	38,490
Stage 3					
Loans and receivables	7,258	1,030	141	4,223	12,652
Balances with the Bank of Lithuania and other banks	-	-	-	-	-
Debt securities	-	-	-	-	-
	-	-	-	-	-
Total	7,258	1,030	141	4,223	12,652
Total	528,257	5,903	208	4,223	538,591

CONDENSED INTERIM SEPARATE AND CONSOLIDATED AUDITED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 18 Risk management (continued)

Credit risk (continued)

Bank 31 December 2023	Not overdue	1 to 59 days overdue	60 to 89 days overdue	More than 90 days overdue	Total
Stage 1					
Loans and receivables	262,878	3,091	-	-	265,969
Balances with the Bank of Lithuania and other banks	132,528	-	-	-	132,528
Debt securities	55,952	-	-	-	55,952
	-	-	-	-	-
Total	451,358	3,091	-	-	454,449
Stage 2					
Loans and receivables	41,970	1,661	81	-	43,712
Balances with the Bank of Lithuania and other banks	-	-	-	-	-
Debt securities	-	-	-	-	-
	-	-	-	-	-
Total	41,970	1,661	81	-	43,712
Stage 3					
Loans and receivables	6,807	436	0	461	7,704
Balances with the Bank of Lithuania and other banks	-	-	-	-	-
Debt securities	-	-	-	-	-
	-	-	-	-	-
Total	6,807	436	0	461	7,704
Total	500,135	5,188	81	461	505,865

CONDENSED INTERIM SEPARATE AND CONSOLIDATED AUDITED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 18 Risk management (continued)

Credit risk (continued)

Group 30 September 2024	Not overdue	1 to 59 days overdue	60 to 89 days overdue	More than 90 days overdue	Total
Stage 1					
Loans and receivables	317,365	2,581	-	-	319,946
Balances with the Bank of Lithuania and other banks	116,225	-	-	-	116,225
Debt securities	58,618	-	-	-	58,618
Other financial assets	-	-	-	-	-
Total	492,208	2,581	-	-	494,789
Stage 2					
Loans and receivables	38,274	3,617	186	-	42,077
Balances with the Bank of Lithuania and other banks	-	-	-	-	-
Debt securities	-	-	-	-	-
Other financial assets	-	-	-	-	-
Total	38,274	3,617	186	-	42,077
Stage 3					
Loans and receivables	7,318	1,081	163	4,287	12,849
Balances with the Bank of Lithuania and other banks	-	-	-	-	-
Debt securities	-	-	-	-	-
Other financial assets	-	-	-	-	-
Total	7,318	1,081	163	4,287	12,849
Total	537,800	7,279	349	4,287	549,715

CONDENSED INTERIM SEPARATE AND CONSOLIDATED AUDITED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 18 Risk management (continued)

Credit risk (continued)

Group 31 December 2023	Not overdue	1 to 59 days overdue	60 to 89 days overdue	More than 90 days overdue	Total
Stage 1					
Loans and receivables	271,087	3,651	-	-	274,738
Balances with the Bank of Lithuania and other banks	132,531	-	-	-	132,531
Debt securities	55,952	-	-	-	55,952
Other financial assets	-	-	-	-	-
Total	459,570	3,651	-	-	463,221
Stage 2					
Loans and receivables	44,211	2,577	148	-	46,936
Balances with the Bank of Lithuania and other banks	-	-	-	-	-
Debt securities	-	-	-	-	-
Other financial assets	-	-	-	-	-
Total	44,211	2,577	148	-	46,936
Stage 3					
Loans and receivables	6,845	492	24	551	7,912
Balances with the Bank of Lithuania and other banks	-	-	-	-	-
Debt securities	-	-	-	-	-
Other financial assets	-	-	-	-	-
Total	6,845	492	24	551	7,912
Total	510,626	6,720	172	551	518,069

CONDENSED INTERIM SEPARATE AND CONSOLIDATED AUDITED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 18 Risk management (continued)

Estimated provisions by risk level

	30 September 2024					31 December 2023				
	Collectively assessed assets	Individually assessed assets	Loan commitments	Guarantees issued	Total	Collectively assessed assets	Individually assessed assets	Loan commitments	Guarantees issued	Total
Bank										
Stage 1	1,625	-	204	9	1,838	1,304	-	201	10	1,515
Loans and receivables	1,574	-	204	9	1,787	1,255	-	201	10	1,466
Balances with the Bank of Lithuania and other banks	15	-	-	-	15	15	-	-	-	15
Debt securities	36	-	-	-	36	34	-	-	-	34
Stage 2	761	-	1	-	762	703	-	7	-	710
Loans and receivables	761	-	1	-	762	703	-	7	-	710
Stage 3	-	1,030	-	-	1,030	-	1,312	-	-	1,312
Loans and receivables	-	1,030	-	-	1,030	-	1,312	-	-	1,312
Total credit risk assets	2,386	1,030	205	9	3,630	2,007	1,312	208	10	3,537
	30 September 2024					31 December 2023				
	Collectively assessed assets	Individually assessed assets	Loan commitments	Guarantees issued	Total	Collectively assessed assets	Individually assessed assets	Loan commitments	Guarantees issued	Total
Group										
Stage 1	1,798	-	204	9	2,011	1,525	-	147	10	1,682
Loans and receivables	1,747	-	204	9	1,960	1,475	-	147	10	1,632
Balances with the Bank of Lithuania and other banks	15	-	-	-	15	16	-	-	-	16
Debt securities	36	-	-	-	36	34	-	-	-	34
Stage 2	1,123	-	1	-	1,124	1,031	-	7	-	1,038
Loans and receivables	1,123	-	1	-	1,124	1,031	-	7	-	1,038
Stage 3	-	1,571	-	-	1,571	-	1,716	-	-	1,716
Loans and receivables	-	1,571	-	-	1,571	-	1,716	-	-	1,716
Total credit risk assets	2,921	1,571	205	9	4,706	2,556	1,716	154	10	4,436

CONDENSED INTERIM SEPARATE AND CONSOLIDATED AUDITED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 18 Risk management (continued)

Change in provisions during the reporting period

Group					Bank					
Collectively assessed assets	Individually assessed assets	Loan commitments	Guarantees issued	Total		Collectively assessed assets	Individually assessed assets	Loan commitments	Guarantees issued	Total
					30 September 2024					
275	-	57	(1)	331	Stage 1	322	-	3	(1)	324
272	-	57	(1)	328	Loans and receivables	319	-	3	(1)	321
1	-	-	-	1	Balances with the Bank of Lithuania and other banks	1	-	-	-	1
2	-	-	-	2	Debt securities	2	-	-	-	2
92	-	(6)	-	86	Stage 2	58	-	(6)	-	52
92	-	(6)	-	86	Loans and receivables	58	-	(6)	-	52
-	(145)	-	-	(145)	Stage 3	-	(282)	-	-	(282)
-	(145)	-	-	(145)	Loans and receivables	-	(282)	-	-	(282)
-	-	-	-	-	Other financial assets	-	-	-	-	-
367	(145)	51	(1)	272	Total credit risk assets	380	(282)	(3)	(1)	94
-	11	-	-	11	Written off during the period	-	-	-	-	-
-	(2)	-	-	(2)	Received on repayment of loans written off during the period	-	(2)	-	-	(2)
-	-	-	-	281	Total change in provisions	-	-	-	-	92

A credit risk assessment of individual customers to determine their dependence on war-affected countries and the impact on credit risk did not show any increase in credit risk. Enhanced monitoring is applied in 2024 in respect of customers on the watch list.

CONDENSED INTERIM SEPARATE AND CONSOLIDATED AUDITED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 18 Risk management (continued)
Liquidity risk

Liquidity risk is the risk that sufficient funds will not be available to meet maturing obligations on deposits and other financial instruments. To manage liquidity risk, the Group and the Bank monitor future expected cash flows from customers and banking activities on a daily basis as part of the asset/liability management process. The Board sets limits on the minimum amount of maturing funds to ensure that sufficient funds are available to pay out deposits and sets a minimum level of inter-bank and other debt obligations to be drawn upon in the event of an unexpected increase in repayment demands.

The Bank and the Group are also required to comply with the liquidity coverage ratio requirements under Regulation (EU) No. 575/2013 of the European Parliament and of the Council. The liquidity coverage ratio (LCR) refers to the Bank's or Group's highly liquid assets that are held to meet short-term liabilities. The Bank or the Group must hold highly liquid assets such as treasury bonds or other liquid financial instruments in an amount at least equal to the net cash outflows over a 30-day period, i.e., the liquidity coverage ratio must not be less than 100%. The liquidity coverage ratios of the Bank and the Group are as follows:

Group			Bank	
30 September 2024	31 December 2023		30 September 2024	31 December 2023
170,914	183,643	Liquid assets	170,914	183,643
50,522	39,144	Short-term liabilities (up to 30 days)	51,663	41,146
338	469	LCR, %	331	446

As of 28 June 2021, the Bank and the Group are also required by Regulation (EU) No. 2019/876 of the European Parliament and of the Council to maintain a net stable funding ratio (NSFR) of at least 100%. The net stable funding ratios of the Bank and the Group are as follows:

Group			Bank	
30 September 2024	31 December 2023		30 September 2024	31 December 2023
493,835	480,252	Stable funding available	494,361	480,608
323,930	287,160	Stable funding required	323,450	283,449
152	167	NSFR, %	153	170

CONDENSED INTERIM SEPARATE AND CONSOLIDATED AUDITED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 18 Risk management (continued)

Liquidity risk (continued)

The table below presents an analysis of the carrying amounts of total assets and total liabilities grouped by the period from the date of the statement of financial position to the contractual maturity:

Bank	30 September 2024							Total
	On demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 3 years	Over 3 years	Without maturity	
Assets	28,983	107,828	27,381	42,534	138,472	205,851	26,372	577,421
Liabilities	166,066	24,603	58,177	173,864	71,001	20,706	276	514,693
Net gap	(137,083)	83,225	(30,796)	(131,330)	67,471	185,145	26,096	62,728
Loan commitments	-	38,729	-	-	-	-	-	38,729

	31 December 2023							Total
	On demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 3 years	Over 3 years	Without maturity	
Assets	36,745	127,646	15,611	63,700	108,304	172,796	23,268	548,070
Liabilities	164,133	20,550	32,441	180,887	64,566	28,464	296	491,337
Net gap	(127,388)	107,096	(16,830)	(117,187)	43,738	144,332	22,972	56,733
Loan commitments	-	28,167	-	-	-	-	-	28,167

CONDENSED INTERIM SEPARATE AND CONSOLIDATED AUDITED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 18 Risk management (continued)

Liquidity risk (continued)

Group	30 September 2024							Total
	On demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 3 years	Over 3 years	Without maturity	
Assets	28,984	108,415	14,198	47,385	148,901	214,197	14,751	576,831
Liabilities	163,982	24,988	58,177	173,864	71,001	20,706	302	513,020
Net gap	(134,998)	83,427	(43,979)	(126,479)	77,900	193,491	14,449	63,811
Loan commitments	-	38,729	-	-	-	-	-	38,729

Group	31 December 2023							Total
	On demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 3 years	Over 3 years	Without maturity	
Assets	36,748	128,310	16,938	47,401	121,657	185,833	11,890	548,777
Liabilities	163,695	21,136	32,441	180,887	64,566	28,464	359	491,548
Net gap	(126,947)	107,174	(15,503)	(133,486)	57,091	157,369	11,531	57,229
Loan commitments	-	24,121	-	-	-	-	-	24,121

Overdue loans are disclosed under "Without maturity".

Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate as a result of changes in market variables such as interest rates, exchange rates and the prices of equity instruments. Market risk is managed and controlled through continuous market monitoring and analysis of forecast market developments.

Interest rate risk

Interest rate risk arises from a possible change in interest rates that would affect future cash flows or the fair values of financial instruments. The Board has set interest rate gap limits for specified periods. Exposures are monitored at a frequency determined by the Bank. Interest rate risk is forecasted using market interest rates and managed by matching the gap between assets and liabilities based on revaluation maturities. The Group and the Bank use interest rate risk management techniques that allow the sensitivity of the Bank and the Group to changes in interest rates to be determined by calculating the impact on annual net interest income if the yield curve changes.

The tables below summarise the Group's and the Bank's interest rate risk as at 30 September 2024 and 31 December 2023. The table includes the Group's and the Bank's assets and liabilities at their carrying amounts, broken down by the earlier of the interest rate reset or maturity date.

CONDENSED INTERIM SEPARATE AND CONSOLIDATED AUDITED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 18 Risk management (continued)

Interest rate risk (continued)

Bank	30 September 2024						Total
	Less than 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	Over 3 years	
Assets:							
Interest rate sensitive assets	59,428	134,219	152,119	9,644	54,511	10,661	420,582
Interest rate non-sensitive assets							156,839
Liabilities							
Interest rate sensitive liabilities	16,174	60,188	58,611	109,430	72,326	20,914	337,643
Interest rate non-sensitive liabilities and equity							239,778
Interest rate sensitivity gap	43,254	74,031	93,508	(99,786)	(17,815)	(10,253)	-

Bank	31 December 2023						Total
	Less than 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	Over 3 years	
Assets:							
Interest rate sensitive assets	68,121	96,094	145,747	13,938	33,533	4,557	361,990
Interest rate non-sensitive assets							186,080
Liabilities							
Interest rate sensitive liabilities	12,590	32,322	52,064	126,380	66,683	29,792	319,831
Interest rate non-sensitive liabilities and equity							228,239
Interest rate sensitivity gap	55,531	63,772	93,683	(112,442)	(33,150)	(25,235)	-

CONDENSED INTERIM SEPARATE AND CONSOLIDATED AUDITED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 18 Risk management (continued)

Interest rate risk (continued)

Group	30 September 2024						Total
	Less than 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	Over 3 years	
Assets:							
Interest rate sensitive assets	60,086	120,813	153,773	12,841	64,940	19,007	431,460
Interest rate non-sensitive assets							145,371
Liabilities							
Interest rate sensitive liabilities	16,174	60,188	58,611	109,430	72,326	20,914	337,643
Interest rate non-sensitive liabilities and equity							239,188
Interest rate sensitivity gap	43,912	60,625	95,162	(96,589)	(7,386)	(1,907)	-

Group	31 December 2023						Total
	Less than 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	Over 3 years	
Assets:							
Interest rate sensitive assets	68,922	97,419	125,317	17,773	46,886	17,594	373,911
Interest rate non-sensitive assets							174,866
Liabilities							
Interest rate sensitive liabilities	12,590	32,322	52,064	126,380	66,683	29,792	319,831
Interest rate non-sensitive liabilities and equity							228,946
Interest rate sensitivity gap	56,332	65,097	73,253	(108,607)	(19,797)	(12,198)	-

CONDENSED INTERIM SEPARATE AND CONSOLIDATED AUDITED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 18 Risk management (continued)
Currency risk

Currency risk is managed by controlling the risk limits set for individual currency positions. The positions are monitored daily. The Bank's policy is to keep the open currency position exposure as low as possible.

The Group and the Bank are exposed to the risk of fluctuations in prevailing foreign exchange rates affecting their financial position and cash flows. The Board sets limits on currency position exposures, both for divisions, subsidiaries and overall. These limits are also in line with the Bank of Lithuania's minimum requirements. The Bank's and the Group's foreign exchange exposure is:

Group			Bank	
30 September 2024	31 December 2023		30 September 2024	31 December 2023
200	349	Long positions	200	349
(200)	(209)	Short positions	(200)	(209)
55,092	53,899	Eligible capital	54,874	54,554
0.36	0.65	Total net foreign currency exposure, %	0.37	0.64

The impact of exchange rate changes, calculated on a linear basis, is shown below:

	30 September 2024	31 December 2023
Exchange rate appreciation of 10%	20	14
Exchange rate depreciation of 10%	(20)	(14)

CONDENSED INTERIM SEPARATE AND CONSOLIDATED AUDITED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 19 Capital

The Bank's and the Group's capital is calculated and allocated to risks in accordance with the requirements of the EU Capital Requirements Directive (CRD) and the EU Capital Requirements Regulation (CRR) No. 575/2013. Additional capital buffers are required to be built up in line with these requirements:

- conservation buffer equal to 2.5% of the total assessed risk;
- as of 30 June 2023, requirement for sectoral systemic risk reserve was introduced. The sectoral systemic risk buffer is set at 2% of the sum of risk-weighted retail exposures secured by residential real estate of natural persons resident in Lithuania;
- as of 1 October 2023, a 1% countercyclical capital buffer requirement for exposures in Lithuania came into force.

On 15 March 2022, following the Supervisory Review and Evaluation Process (SREP) carried out in 2021, the Board of the Bank of Lithuania decided to set an additional minimum own funds requirement (Pillar 2) of 1.7%.

In line with the requirements of Regulation (EU) No. 575/2013 of the European Parliament and of the Council and the capital adequacy requirements, the Bank's and the Group's total capital ratio must not be less than 13.38%. The capital adequacy ratio of the Bank and the Group exceeded the required minimum.

A leverage ratio requirement of 3% applies as of 28 June 2021. As at 30 September 2024, the Bank's leverage ratio stood at 8.82 % (8.86 % for the Group), above the minimum requirement.

The total capital ratio is shown in the table below:

	Bank		Group	
	30 September 2024	31 December 2023	30 September 2024	31 December 2023
Capital adequacy ratio, %	17.91	19.50	18.26	19.81

CONDENSED INTERIM SEPARATE AND CONSOLIDATED AUDITED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 20 Financial asset quality, profitability ratios and other information

The quality indicators for financial assets as at 30 September 2024 are presented in the table below:

Group			Bank	
Impairment	Ratio of impairment to financial assets (%)		Impairment	Ratio of impairment to financial assets (%)
4,288	1.20	Loans to customers and receivables	3,212	0.93
154	0.68	Finance lease receivables	154	0.68
36	0.06	Debt securities	36	0.06
14	0.09	Balances with banks	14	0.09
4,492	0.99	Total	3,416	0.77

Financial asset quality indicators at 31 December 2023:

Group			Bank	
Impairment	Ratio of impairment to financial assets (%)		Impairment	Ratio of impairment to financial assets (%)
3,662	1.19	Loans to customers and receivables	2,709	0.92
562	2.18	Finance lease receivables	562	2.18
34	0.06	Debt securities	34	0.06
14	0.10	Balances with banks	14	0.10
4,272	1.05	Total	3,319	0.84

The Bank's and Group's key profitability indicators are shown in the table below in percentage:

Group			Bank	
30 September 2024	31 December 2023		30 September 2024	31 December 2023
1.65	1.87	Return on assets (ROA)	1.49	1.75
15.67	16.58	Return on equity (ROE)	14.45	15.47

Sanctions imposed on the Bank

During 2024, no sanctions were applied to Urbo bankas UAB.

CONDENSED INTERIM SEPARATE AND CONSOLIDATED AUDITED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 21 Events after the reporting periodSaugus kreditas UAB integration into the Bank

15 October 2024 the reorganization of Saugus kreditas UAB was completed. Saugus kreditas UAB was merged with Urbo bankas UAB through reorganization.

After the reorganization, Urbo bankas UAB took over all the rights, obligations and assets as well as right and obligations of loans and deposits.

Results of the Bank's supervisory review and evaluation process (SREP)

The Board of the Bank of Lithuania, taking into account the results of the 2024 supervisory review and evaluation process (SREP) of the Bank, on 31 October 2024 issued the resolution, setting the amount of the additional capital requirement in 2.42% of the aggregate amount of the risk-weighted exposures.

Considering the amount of the additional capital requirement set by the resolution of the Board of the Bank of Lithuania, the Bank has to meet the following minimum own funds requirements:

- Common Equity Tier 1 capital adequacy ratio of 5.86%;
- Tier 1 capital adequacy ratio of 7.81%;
- overall SREP capital adequacy ratio of 10.42%.

It is also recommended that the Bank has a Pillar 2 Guidance (P2G) capital of 1% which should be included in the capital planning and risk management frameworks of the Bank, including the risk appetite management framework and recovery planning.

30 September 2024 the Bank exceeded newly established own funds requirements.

Change in value of loans and other financial assets

In November 2024 increased the non-performing loan portfolio (approximately EUR 4.77 million in net value), therefore approximately EUR 0.83 million of additional provisions were formed.

The Bank and the Group did not have any other material post-balance-sheet events in the fourth quarter of 2024 that would require adjustment to these financial statements or disclosure.

CONFIRMATION BY RESPONSIBLE PERSONS

We, Marius Arlauskas, Chairman of the Board and Head of Administration of Urbo Bankas UAB, and Lina Bertašienė, Chief Financial Officer and Director of Accounting and Reporting Department of Urbo Bankas UAB, hereby confirm that, to the best of our knowledge and belief, the financial statements as at the end of the third quarter of 2024 have been prepared in accordance with the applicable accounting standards and give a true and fair view of the separate and total consolidated assets, liabilities, financial position, results of operations and cash flows of Urbo Bankas UAB and its subsidiaries.

Chairman of the Board and Head of
Administration

M. Arlauskas

Director of Accounting and Reporting
Department, Chief Accountant

L. Bertašienė