



URBO BANKAS UAB

CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED
FINANCIAL STATEMENTS OF THE BANK FOR THE THREE MONTHS
PERIOD ENDING 31 MARCH 2024
PREPARED IN ACCORDANCE WITH INTERNATIONAL ACCOUNTING
STANDARD 34 *INTERIM FINANCIAL REPORTING* AS ADOPTED BY THE
EUROPEAN UNION.

CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDING 31 MARCH 2024

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

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CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDING 31 MARCH 2024

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

CONDENSED INTERIM SEPARATE AND CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| <u>Group</u> | | Assets | Notes | <u>Bank</u> | |
|--------------------------|-----------------------------|--|--------------|--------------------------|-----------------------------|
| 31 March 2024 | 31 December 2023 | | | 31 March 2024 | 31 December 2023 |
| | | Cash, cash balances at central bank | | | |
| 16,555 | 19,357 | <i>Cash</i> | | 16,555 | 19,357 |
| <u>127,068</u> | <u>117,990</u> | <i>Cash balances at central bank</i> | | <u>127,068</u> | <u>117,990</u> |
| 143,623 | 137,347 | | | 143,623 | 137,347 |
| 15,670 | 14,541 | Cash balances with banks and other credit institutions | | 15,665 | 14,538 |
| | | Financial assets at fair value through profit or loss | | | |
| <u>33</u> | <u>9</u> | <i>Derivatives</i> | | <u>33</u> | <u>9</u> |
| 33 | 9 | | | 33 | 9 |
| 63,453 | 55,952 | Debt securities | 3 | 63,453 | 55,952 |
| 314,900 | 304,329 | Loans and receivables | 4 | | |
| <u>22,556</u> | <u>25,257</u> | <i>Loans to customers</i> | | 303,387 | 292,128 |
| <u>337,456</u> | <u>329,586</u> | <i>Finance lease</i> | | <u>22,556</u> | <u>25,257</u> |
| | | | | 325,943 | 317,385 |
| - | - | Investments in subsidiaries | 5 | 12,342 | 12,342 |
| 27 | 27 | Other equity instruments | | 27 | 27 |
| - | 47 | Investment property | | - | 47 |
| 8,073 | 2,608 | Tangible fixed assets | | 8,063 | 2,596 |
| 532 | 632 | Intangible fixed assets | | 431 | 521 |
| | | Tax assets | | | |
| - | - | <i>Current tax</i> | | - | - |
| <u>156</u> | <u>101</u> | <i>Deferred tax</i> | | <u>156</u> | <u>101</u> |
| 156 | 101 | | | 156 | 101 |
| 3,811 | 4,801 | Assets held for sale | 6 | 3,811 | 4,801 |
| 3,633 | 3,126 | Other assets | | 2,976 | 2,404 |
| <u>576,467</u> | <u>548,777</u> | Total assets | | <u>576,523</u> | <u>548,070</u> |

The explanatory notes on pages 13 to 44 are an integral part of these financial statements.

(continued on the next page)

CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDING 31 MARCH 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 | |
|-----------------------------|------------------|--|-------|----------------|------------------|
| 31 March 2024 | 31 December 2023 | | | 31 March 2024 | 31 December 2023 |
| Liabilities | | | | | |
| - | 33 | Liabilities to banks and other credit institutions | | - | 33 |
| 2 | 44 | Derivatives | | 2 | 44 |
| 501,394 | 481,171 | Liabilities to customers | 7 | 502,466 | 481,609 |
| 2,217 | 2,252 | Debt securities issued | | 2,217 | 2,252 |
| 115 | 164 | Provisions | | 115 | 218 |
| 1,554 | 1,385 | Tax liabilities | | 1,399 | 1,268 |
| - | - | Current tax | | - | - |
| 1,554 | 1,385 | Deferred tax | | 1,399 | 1,268 |
| 12,384 | 6,499 | Other liabilities | 8 | 11,872 | 5,914 |
| 517,666 | 491,548 | Total liabilities | | 518,071 | 491,338 |
| Shareholders' equity | | | | | |
| 35,468 | 35,468 | Registered share capital | 9 | 35,468 | 35,468 |
| 10,553 | 9,449 | Retained earnings (loss) | | 10,248 | 8,977 |
| 12,780 | 12,312 | Other reserves | 9 | 12,736 | 12,287 |
| 58,801 | 57,229 | Total shareholders' equity | | 58,452 | 56,732 |
| 576,467 | 548,777 | Total liabilities and shareholders' equity | | 576,523 | 548,070 |

The explanatory notes on pages 13 to 44 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 Financial Officer

L. Bertašienė



CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDING 31 MARCH 2024

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

CONDENSED INTERIM SEPARATE AND CONSOLIDATED PROFIT AND LOSS ACCOUNTS

| Group | | | Bank | |
|--------------------------|--------------------------|---|--------------------------|----------------------|
| 31 March 2024 | 31 March 2023 | | 31 March 2024 | 31 March 2023 |
| 9,011 | 5,537 | Interest income | 8,421 | 5,127 |
| (3,023) | (540) | Interest expense | (3,028) | (540) |
| 5,988 | 4,997 | Net interest income | 5,393 | 4,587 |
| 1,047 | 1,385 | Fee and commission income | 1,048 | 1,433 |
| (154) | (196) | Fee and commission expense | (85) | (119) |
| 893 | 1,189 | Net fee and commission income | 963 | 1,314 |
| 457 | 708 | Net profit on foreign currency transactions | 457 | 708 |
| 26 | 103 | Net result from transactions in derivatives | 26 | 103 |
| 16 | - | Net result from transactions in investment property | 16 | - |
| - | - | Dividends from subsidiaries | 452 | - |
| 471 | 5 | Other revenue | 471 | 9 |
| 7,851 | 7,002 | Total operating income | 7,778 | 6,721 |
| (101) | (53) | Change in value of loans and other financial assets | - | 137 |
| 7,750 | 6,949 | Operating income after impairment | 7,778 | 6,858 |
| (2,917) | (2,413) | Salaries and benefits | (2,904) | (2,324) |
| (344) | (236) | Depreciation | (339) | (232) |
| (100) | (106) | Amortisation | (91) | (97) |
| (1,841) | (970) | Other operating expenses | (1,803) | (927) |
| (5,202) | (3,725) | Total operating expenses | (5,137) | (3,580) |
| 2,548 | 3,224 | Operating profit (loss) | 2,641 | 3,278 |
| (473) | (472) | Corporate income tax expenses | (418) | (460) |
| 2,075 | 2,752 | Profit (loss) for the reporting period | 2,223 | 2,818 |
| 2,075 | 2,752 | Attributable to: shareholders of the Bank | 2,223 | 2,818 |

The explanatory notes on pages 13 to 44 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 Financial Officer

L. Bertašienė



CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDING 31 MARCH 2024

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

CONDENSED INTERIM SEPARATE AND CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

| Bank | 31 March 2024 | 31 March 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 | 2,223 | 2,818 |
| Total comprehensive income for the reporting period | 2,223 | 2,818 |
| Attributable to: | | |
| Shareholders of the Bank | 2,223 | 2,818 |
| Group | 31 March 2024 | 31 March 2023 |
| Items that will never be reclassified to profit or loss | | |
| Change in revaluation of tangible fixed assets | - | 5 |
| Carry forward of depreciation of tangible fixed assets net of tax | - | (4) |
| Other | - | - |
| Items that will never be reclassified to profit or loss | - | - |
| Other comprehensive income (expense), net tax result | - | - |
| Profit (loss) for the reporting period | 2,075 | 2,752 |
| Total comprehensive income for the reporting period | 2,075 | 2,752 |
| Attributable to: | | |
| shareholders of the Bank | 2,075 | 2,752 |

The explanatory notes on pages 13 to 44 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 Financial Officer

L. Bertašienė



CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDING 31 MARCH 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) | - | 2,818 | - | - | 817 |
| Other comprehensive income (expense) | - | - | - | - | - |
| Transfers to reserves | - | (817) | - | 817 | - |
| Balance as of 31 March 2023 | 19,948 | 18,340 | 318 | 12,287 | 50,893 |
| Profit (loss) | - | 5,420 | - | - | 5,420 |
| Other comprehensive income (expense) | - | - | 419 | - | 419 |
| Reversal of revaluation reserve of tangible fixed assets | - | 737 | (737) | - | - |
| Share capital increase | 15,520 | (15,520) | - | - | - |
| Balance as of 31 December 2023 | 35,468 | 8,977 | - | 12,287 | 56,732 |
| Profit (loss) | - | 2,223 | - | - | 2,223 |
| Other comprehensive income (expense) | - | - | - | - | - |
| Transfer to reserves | - | (449) | - | 449 | - |
| Payment of dividends | - | (503) | - | - | (503) |
| Balance as of 31 March 2024 | 35,468 | 10,248 | - | 12,736 | 58,452 |

(continued on the next page)

The explanatory notes on pages 13 to 44 are an integral part of these financial statements.

CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDING 31 MARCH 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 | 16,339 | 318 | 11,470 | 48,075 |
| Profit (loss) | - | 2,752 | - | - | 2,752 |
| Other comprehensive income (expense) | - | - | - | - | - |
| Transfers to reserves | - | (823) | - | 823 | - |
| Balance as of 31 March 2023 | 19,948 | 18,233 | 318 | 12,312 | 50,811 |
| Profit (loss) | - | 5,999 | - | - | 5,999 |
| Other comprehensive income (expense) | - | - | 419 | - | 419 |
| Reversal of revaluation reserve of tangible fixed assets | - | 737 | (737) | - | - |
| Share capital increase | 15,520 | (15,520) | - | - | - |
| Balance as of 31 December 2023 | 35,468 | 9,449 | -- | 12,312 | 57,229 |
| Profit (loss) | - | 2,075 | - | - | 2,075 |
| Other comprehensive income (expense) | - | - | - | - | - |
| Transfer to reserves | - | (468) | - | 468 | - |
| Payment of dividends | - | (503) | - | - | (503) |
| Balance as of 31 March 2024 | 35,468 | 10,553 | - | 12,780 | 58,801 |

The explanatory notes on pages 13 to 44 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
Financial Officer

L. Bertašienė



CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDING 31 MARCH 2024

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

CONDENSED INTERIM SEPARATE AND CONSOLIDATED CASH FLOW STATEMENTS

| Group | | | Bank | |
|--------------------------|--------------------------|---|--------------------------|--------------------------|
| 31 March 2024 | 31 March 2023 | Notes | 31 March 2024 | 31 March 2023 |
| | | | | |
| | | Cash flows from operating activities | | |
| 2,075 | 2,752 | Profit (loss) for the reporting period | 2,223 | 2,818 |
| | | Reversals of non-cash income and expenses | | |
| 444 | 342 | Depreciation and amortisation | 430 | 329 |
| (475) | - | Gain (loss) on sale of tangible fixed assets, intangible fixed assets, assets held for sale and investment property | (475) | - |
| - | - | Dividends from subsidiaries | (452) | - |
| 101 | 53 | Impairment of loans | - | (137) |
| (7,254) | (5,090) | Interest income on loans to customers | (6,664) | (4,680) |
| 3,028 | 540 | Interest expense on liabilities | 3,028 | 540 |
| (66) | 63 | Revaluation of derivatives | (66) | 63 |
| 59 | (17) | Elimination of accrued holiday pay | 59 | (20) |
| 473 | 472 | Corporate income tax expenses | 418 | 460 |
| (390) | 8 | Elimination of other non-cash items | (389) | 9 |
| (2,005) | (877) | Cash flow from (to) operating activities before changes in working capital and liabilities | (1,888) | (618) |
| | | Change in working capital and liabilities | | |
| (535) | (41) | Changes in statutory reserves | (535) | (41) |
| (10,631) | (11,207) | Loans to customers | (11,282) | (11,135) |
| 2,689 | (2,476) | Finance lease receivables | 2,689 | (2,476) |
| (33) | - | Changes in liabilities to banks and other credit institutions | (33) | - |
| 19,044 | 6,456 | Changes in liabilities to customers | 19,678 | 6,520 |
| 335 | 675 | Changes in other assets and liabilities | 343 | 576 |
| 10,869 | (6,593) | Change | 10,860 | (6,556) |
| 7,176 | 4,804 | Interest received on loans to customers and finance lease | 6,596 | 4,404 |
| (1,434) | (596) | Interest paid on liabilities | (1,434) | (596) |
| (359) | (186) | Corporate income tax paid | (342) | (186) |
| 14,247 | (3,448) | Net cash flow from operating activities after corporate income tax | 13,792 | (3,552) |
| | | Cash flows from investing activities | | |
| 638 | (389) | Acquisition of long-term investment property, tangible and intangible fixed assets | (638) | (289) |
| 1,513 | - | Proceeds from the sale of investment, tangible and intangible fixed assets | 1,513 | - |
| - | - | Investments in subsidiaries | - | - |
| - | - | Dividends from subsidiaries | 452 | - |
| - | - | Other equity instruments | - | - |
| 13,473 | 5,351 | Redemption of debt securities | 13,473 | 5,351 |
| (20,974) | (1,925) | Acquisition of debt securities | (20,974) | (1,925) |
| (6,626) | 3,037 | Net cash flows from investing activities | (6,174) | 3,137 |

(continued on the next page)

The explanatory notes on pages 13 to 44 are an integral part of these financial statements.

CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDING 31 MARCH 2024

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

CONDENSED INTERIM SEPARATE AND CONSOLIDATED CASH FLOW STATEMENTS (CONTINUED)

| Group | | | Bank | |
|---|--------------------------|---|--------------------------|--------------------------|
| <u>31 March 2024</u> | <u>31 March 2023</u> | | <u>31 March 2024</u> | <u>31 March 2023</u> |
| | | Notes | | |
| Cash flow from financing activities | | | | |
| - | - | | - | - |
| (35) | (35) | Bonds issued | (35) | (35) |
| (301) | (189) | Bonds redeemed | (300) | (185) |
| 1,757 | 1,853 | Part of the principal amount of lease payments | 1,757 | 1,853 |
| (2,134) | (1,557) | Loans received | (2,134) | (1,557) |
| <u>(713)</u> | <u>72</u> | Loans repaid | <u>(712)</u> | <u>76</u> |
| Net cash flows from financing activities | | | | |
| (38) | (118) | Effect of exchange rate changes on balance of cash and cash equivalents | (38) | (118) |
| 6,870 | (457) | Net increase (decrease) in cash and cash equivalents | 6,868 | (457) |
| <u>148,411</u> | <u>77,745</u> | Cash and cash equivalents at 1 January | <u>148,408</u> | <u>77,732</u> |
| <u>155,281</u> | <u>77,288</u> | Cash and cash equivalents at 31 March | <u>155,276</u> | <u>77,275</u> |

The explanatory notes on pages 13 to 44 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
Financial Officer

L. Bertašienė



CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDING 31 MARCH 2024

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

Note 1 Background information

Medicinos 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. 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 thirist quarter of 2024, the Bank had 26 customer service units in various regions of Lithuania.

The consolidated financial statements of the Group comprise the financial statements of the Bank and its wholly-owned subsidiaries TG Invest-1 (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.

As at 31 March 2024, the Bank had 284 employees (299 employees as at 31 December 2023). As at 31 March 2024, the Group had 294 employees (309 employees as at 2023).

As at 31 March 2024, 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 |

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 |

As at 31 March 2023 and 31 December 2023 the Bank's share capital consisted of 70,935,740 ordinary shares with a nominal value of EUR 0.50 each.

At 31 March 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 31 March 2024 remain strong and prudential ratios are met with a buffer.

CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDING 31 MARCH 2024

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

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):

| | 31 March 2024 | 31 December 2023 |
|-----|----------------------|-------------------------|
| USD | 1.0811 | 1.105 |

CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDING 31 MARCH 2024

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

Note 3 Debt securities

| | Bank / Group | |
|---|----------------------|-------------------------|
| | 31 March 2024 | 31 December 2023 |
| Government bonds of the Republic of Lithuania | 55,740 | 41,219 |
| Government bonds of the Republic of Romania | 3,940 | 4,317 |
| Government bonds of the Republic of Poland | 2,757 | - |
| Government bonds of the Republic of Croatia | 1,016 | 3,742 |
| Government bonds of the Republic of Slovenia | - | 5,841 |
| Government bonds of the Republic of Hungary | - | 833 |
| Total | 63,453 | 55,952 |

Note 4 Loans and receivables

Loans to customers and receivables consist of:

| | Bank | |
|---|----------------------|-------------------------|
| | 31 March 2024 | 31 December 2023 |
| Loans to customers, including short-term discounted bills | 305,236 | 294,065 |
| Overdrafts | 1,033 | 412 |
| Factoring | 355 | 360 |
| Finance lease | 22,688 | 25,819 |
| | 329,312 | 320,656 |
| Provisions | (3,369) | (3,271) |
| Loans and receivables, net | 325,943 | 317,385 |

| | Group | |
|---|----------------------|-------------------------|
| | 31 March 2024 | 31 December 2023 |
| Loans to customers, including short-term discounted bills | 317,748 | 307,218 |
| Overdrafts | 1,033 | 412 |
| Factoring | 355 | 360 |
| Finance lease | 22,688 | 25,819 |
| | 341,824 | 333,809 |
| Provisions | (4,368) | (4,223) |
| Loans and receivables, net | 337,456 | 329,586 |

CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDING 31 MARCH 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.

| | 2024 | Bank | 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 |
|----------------------|---------------|----------------------|---------------|----------------|--|
| | | | | | |
| 31 March 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 UAB Saugus kreditas.

CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDING 31 MARCH 2024

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

Note 6 Assets held for sale

In 2023, after the the decision taken to sell fixed assets, the fixed assets revaluation reserve of EUR 737 thousand has been transferred to retained earnings. In January 2024 the real estate object was sold in Kaunas. As at 31 March 2024, the net value of the assets held for sale in the statement of financial position amounted to EUR 3 811 thousand.

Note 7 Liabilities to customers

Liabilities to customers consist of:

| Group | | | Bank | |
|--------------------------|-----------------------------|---|--------------------------|-----------------------------|
| 31 March 2024 | 31 December 2023 | | 31 March 2024 | 31 December 2023 |
| 326,722 | 303,422 | Term deposits | 326,722 | 303,422 |
| 156,351 | 160,060 | Current accounts | 157,423 | 160,498 |
| 4,586 | 3,576 | Customer funds in transit accounts | 4,586 | 3,576 |
| 13,735 | 14,113 | Loans from funds | 13,735 | 14,113 |
| 501,394 | 481,171 | Total: | 502,466 | 481,609 |
| 36,018 | 40,566 | Of which held as collateral for guarantees and loans granted | 36,018 | 40,566 |

CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDING 31 MARCH 2024

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

Note 8 Other liabilities

Other liabilities consist of:

| Group | | | Bank | |
|--------------------------|-----------------------------|---|--------------------------|-----------------------------|
| 30 March 2024 | 31 December 2023 | | 30 March 2024 | 31 December 2023 |
| 3,112 | 2,462 | Accrued payments to employees | 3,054 | 2,373 |
| 357 | 431 | Prepayments | - | - |
| 7,138 | 2,228 | Lease obligations | 7,129 | 2,216 |
| 159 | 153 | Accrued expenses | 159 | 153 |
| 159 | 357 | Liabilities to the State Tax Inspectorate | 159 | 357 |
| 189 | - | Liabilities to the Board of the State Social Fund | 188 | - |
| 332 | - | Output VAT | 332 | - |
| 87 | 91 | Deferred income | 87 | 91 |
| | | Payable to the Latvian and Estonian Road | | |
| 24 | 28 | Administration | 24 | 28 |
| 410 | 418 | Debts to suppliers | 356 | 365 |
| 250 | 200 | Advances received | 250 | 200 |
| 178 | 131 | Other | 147 | 131 |
| 12,384 | 6,499 | Total: | 11,872 | 5,914 |

Note 9 Shareholders' equity

As at 31 March 2024 and 31 December 2023 the Bank's share capital consisted of 70,935,740 ordinary shares with a nominal value of EUR 0.50 each.

At 31 March 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 31 March 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 31 March 2024 (EUR 2,287 thousand as at 31 December 2023). In 2024, the Bank transferred EUR 449 thousand to the legal reserve and the Group transferred EUR 468 thousand.

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.

CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDING 31 MARCH 2024

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

Note 10 Net interest income

Net interest income consists of:

| Group | | | Bank | |
|--------------------------|----------------------|---|--------------------------|--------------------------|
| 31 March 2024 | 31 March 2023 | | 31 March 2024 | 31 March 2023 |
| 6,653 | 4,625 | On loans granted to customers | 6,070 | 4,220 |
| 27 | 25 | On impaired loans to customers, including default interest | 20 | 20 |
| 561 | 428 | On finance lease, including default interest | 561 | 428 |
| 13 | 12 | Default interest (excluding default interest on finance leases and impaired loans to customers) | 13 | 12 |
| 433 | 95 | On debt securities | 433 | 95 |
| 1,185 | 289 | On balances with central banks | 1,185 | 289 |
| 139 | 63 | On balances with banks and other credit institutions | 139 | 63 |
| 9,011 | 5,537 | Interest income | 8,421 | 5,127 |
| (2,849) | (401) | On liabilities to depositors, including letters of credit | (2,849) | (401) |
| (95) | (74) | Deposit and portfolio guarantee insurance | (95) | (74) |
| - | (5) | On subordinated loans | - | (5) |
| (38) | (43) | On debt securities issued | (43) | (43) |
| (4) | (4) | On liabilities to banks and other credit institutions | (4) | (4) |
| (37) | (13) | Lease right | (37) | (13) |
| (3,023) | (540) | Interest expense | (3,028) | (540) |
| 5,988 | 4,997 | Total | 5,393 | 4,587 |

Note 11 Net fee and commission income

Net fee and commission income consist of:

| Group | | | Bank | |
|--------------------------|--------------------------|---------------------------------------|--------------------------|--------------------------|
| 31 March 2024 | 31 March 2023 | | 31 March 2024 | 31 March 2023 |
| 400 | 569 | Payment services | 400 | 569 |
| 22 | 40 | Income from foreign currency exchange | 22 | 40 |
| 179 | 177 | Servicing of bank accounts | 179 | 177 |
| 200 | 303 | Collection of payments | 200 | 303 |
| 24 | 40 | Brokerage income | 24 | 88 |
| 148 | 180 | Cash operations | 148 | 180 |
| 74 | 76 | Other | 75 | 76 |
| 1,047 | 1,385 | Fee and commission income | 1,048 | 1,433 |
| (39) | (74) | Cash transactions | (39) | (74) |
| (21) | (21) | Money transfer transactions | (21) | (21) |
| (69) | (77) | Brokerage costs | - | - |
| (25) | (24) | Other | (25) | (24) |
| (154) | (196) | Fee and commission expense | (85) | (119) |
| 893 | 1,189 | Total | 963 | 1,314 |

CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDING 31 MARCH 2024

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

Note 12 Net profit on foreign currency transactions

| | Bank / Group | |
|---|----------------------|----------------------|
| | <u>31 March 2024</u> | <u>31 March 2023</u> |
| Profit from foreign currency transactions | 496 | 826 |
| Unrealised exchange rate gains (losses) | (39) | (118) |
| Total | <u>457</u> | <u>708</u> |

Note 13 Operating expenses

Operating expenses are as follows:

| Group | | Bank | |
|-----------------------|----------------------|-----------------------|----------------------|
| <u>31 March 2024</u> | <u>31 March 2023</u> | <u>31 March 2024</u> | <u>31 March 2023</u> |
| (145) | (118) | (143) | (112) |
| (99) | (80) | (98) | (79) |
| (50) | (56) | (50) | (56) |
| (465) | (240) | (465) | (240) |
| (462) | (70) | (461) | (70) |
| (272) | (142) | (263) | (124) |
| (151) | (128) | (151) | (128) |
| (44) | (63) | (31) | (51) |
| (16) | (17) | (16) | (16) |
| (137) | (56) | (125) | (51) |
| <u>(1,841)</u> | <u>(970)</u> | <u>(1,803)</u> | <u>(927)</u> |
| | Total | | |

CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDING 31 MARCH 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 | |
|--------------------------|--------------------------|--|--------------------------|--------------------------|
| 31 March 2024 | 31 March 2023 | | 31 March 2024 | 31 March 2023 |
| 16,555 | 17,369 | Cash in hand | 16,555 | 17,369 |
| 123,056 | 48,780 | Current account with the Bank of Lithuania | 123,056 | 48,780 |
| 4,325 | 7,697 | Current accounts with other credit institutions | 4,320 | 7,684 |
| 11,345 | 3,442 | Term deposits with credit institutions up to 90 days | 11,345 | 3,442 |
| 155,281 | 77,288 | Total | 155,276 | 77,275 |

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 UNAUDITED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDING 31 MARCH 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 | 31 March 2024 | | 31 December 2023 | |
|--|-----------------------|-------------------------|-------------------------|-------------------|
| | Carrying value | Fair value | Carrying value | Fair value |
| Financial assets | | | | |
| Cash, cash balances at central bank | 143,623 | 143,623 | 137,347 | 137,347 |
| Cash balances with banks and other credit institutions | 15,665 | 15,665 | 14,538 | 14,538 |
| Debt securities | 63,453 | 63,205 | 55,952 | 55,568 |
| Loans and receivables | 325,943 | 296,598 | 317,385 | 302,291 |
| Other assets | - | - | - | - |
| Total | 548,685 | 519,091 | 525,222 | 509,744 |
| Financial liabilities | | | | |
| Liabilities to banks and other credit institutions | - | - | 33 | 33 |
| Liabilities to customers, including letters of credit | 502,466 | 503,050 | 481,609 | 491,533 |
| Debt securities issued | 2,217 | 2,345 | 2,252 | 2,405 |
| Other liabilities | 11,872 | 11,872 | 5,914 | 5,914 |
| Total | 516,555 | 517,267 | 489,808 | 499,885 |
| Group | | | | |
| | 31 March 2024 | 31 December 2023 | | |
| | Carrying value | Fair value | Carrying value | Fair value |
| Financial assets | | | | |
| Cash, cash balances at central bank | 143,623 | 143,623 | 137,347 | 137,347 |
| Cash balances with banks and other credit institutions | 15,670 | 15,670 | 14,541 | 14,541 |
| Debt securities | 63,453 | 63,205 | 55,952 | 55,568 |
| Loans and receivables | 337,456 | 305,823 | 329,586 | 312,133 |
| Other assets | - | - | - | - |
| Total | 560,202 | 528,320 | 537,426 | 519,589 |
| Financial liabilities | | | | |
| Liabilities to banks and other credit institutions | - | - | 33 | 33 |
| Liabilities to customers, including letters of credit | 501,394 | 501,978 | 481,171 | 491,171 |
| Debt securities issued | 2,217 | 2,345 | 2,252 | 2,405 |
| Other liabilities | 12,384 | 12,384 | 6,499 | 6,499 |
| Total | 515,995 | 516,707 | 489,955 | 500,108 |

CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDING 31 MARCH 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

| 31 March 2024 | Level 1 | Level 2 | Level 3 | Total |
|------------------------------|----------------|----------------|----------------|--------------|
| Financial assets | | | | |
| Derivatives | - | 33 | - | 33 |
| Financial liabilities | | | | |
| Derivatives | - | 2 | - | 2 |

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 UNAUDITED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDING 31 MARCH 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

| 31 March 2024 | Level 1 | Level 2 | Level 3 | Total carrying amount |
|--|----------------|----------------|----------------|------------------------------|
| Assets | | | | |
| Cash and balances at banks | 159,288 | - | - | 159,288 |
| Debt securities | 63,453 | - | - | 63,453 |
| Loans to customers | - | - | 303,387 | 303,387 |
| Finance lease | - | - | 22,556 | 22,556 |
| Other assets | - | - | - | - |
| Total financial assets | 222,741 | - | 325,943 | 548,684 |
| Liabilities | | | | |
| Liabilities to banks and other credit institutions | - | - | - | - |
| Liabilities to customers | - | 502,466 | - | 502,466 |
| Debt securities issued | - | 2,217 | - | 2,217 |
| Other liabilities | - | - | 11,872 | 11,872 |
| Total financial liabilities | - | 504,683 | 11,872 | 516,555 |

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 UNAUDITED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDING 31 MARCH 2024

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

Note 15 Fair values of financial instruments (continued)
Group

| 31 March 2024 | Level 1 | Level 2 | Level 3 | Total carrying amount |
|--|----------------|----------------|----------------|------------------------------|
| Cash and balances at banks | 159,293 | - | - | 159,293 |
| Debt securities | 63,453 | - | - | 63,453 |
| Loans to customers | - | - | 314,900 | 314,900 |
| Finance lease | - | - | 22,556 | 22,556 |
| Other assets | - | - | - | - |
| Total financial assets | 222,746 | - | 337,456 | 560,202 |
| Liabilities | | | | |
| Liabilities to banks and other credit institutions | - | - | - | - |
| Liabilities to customers | - | 501,394 | - | 501,394 |
| Debt securities issued | - | 2,217 | - | 2,217 |
| Other liabilities | - | - | 12,384 | 12,384 |
| Total financial liabilities | - | 503,611 | 12,384 | 515,995 |

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 UNAUDITED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDING 31 MARCH 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 31 March 2024 and 31 December 2023 and the related income and expenses included in the profit and loss accounts at 31 March 2024 and 31 March 2023 are shown below:

| Bank | Supervisory board and key management personnel | | | |
|---|---|---------------------|---|---------------|
| | Shareholders | Subsidiaries | Supervisory board and key management personnel | Other* |
| 2024 | | | | |
| Loans outstanding as at 31 March 2024, net | - | 19,692 | - | 1,893 |
| Interest rate, % | - | 7.00 | - | 7.56-8.62 |
| Impairment of loans | - | (264) | - | (8) |
| Term deposits as at 31 March 2024 | - | 805 | 186 | 1,086 |
| Interest rate, % | - | 3.8 | 0.85-4.5 | 0.45-4.25 |
| Demand accounts as at 31 March 2024 | 791 | 267 | 115 | 2 727 |
| Bonds issued as at 31 March 2024 | 100 | - | - | - |
| Interest rate, % | 7.0 | - | - | - |
| Subordinated loans as at 31 March 2024 | - | - | - | - |
| Interest rate, % | - | - | - | - |
| For the three-month period ending 31 March 2024 | | | | |
| Interest income on loans | - | 413 | - | 37 |
| Interest expense on deposits | - | (5) | (2) | (15) |
| Interest expense on bonds | (2) | - | - | - |
| Interest expense on subordinated loans | - | - | - | - |
| Fee and commission income | - | 4 | - | 2 |
| Fee and commission expense | - | - | - | - |
| Bank | | Subsidiaries | Supervisory board and key management personnel | Other* |
| 2023 | Shareholders | | | |
| 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, % | - | - | - | - |
| For the three-month period ending 31 March 2023 | | | | |
| Interest income on loans | - | 493 | - | 6 |
| Interest expense on deposits | - | - | - | (1) |
| Interest expense on bonds | (2) | - | - | - |
| Interest expense on subordinated loans | (5) | - | - | - |
| Fee and commission income | - | 53 | - | 2 |
| Fee and commission expense | - | - | - | - |

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(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 31 March 2024, net | - | - | - | 1,893 |
| Interest rate, % | - | - | - | 7.56-8.62 |
| Impairment of loans | - | - | - | (8) |
| Term deposits as at 31 March 2024 | - | 186 | - | 1,086 |
| Interest rate, % | - | 0.85-4.5 | - | 0.45-4.25 |
| Demand accounts as at 31 March 2024 | 791 | 115 | - | 2,682 |
| Bonds issued as at 31 March 2024 | 100 | - | - | - |
| Interest rate, % | 7.0 | - | - | - |
| Subordinated loans as at 31 March 2024 | - | - | - | - |
| Interest rate, % | - | - | - | - |
| For the three-month period ending 31 March 2024 | | | | |
| Interest income on loans | - | - | - | - |
| Interest expense on deposits | - | - | - | 37 |
| Interest expense on bonds | - | (2) | - | (15) |
| Interest expense on subordinated loans | (2) | - | - | - |
| Fee and commission income | - | - | - | - |
| Fee and commission expense | - | - | - | 2 |
| Loans outstanding as at 31 March 2024, net | - | - | - | - |
| Group, 2023 | | 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, % | - | - | - | - |
| For the three-month period ending 31 March 2023 | | | | |
| Interest income on loans | - | - | - | 6 |
| Interest expense on deposits | - | - | - | (1) |
| Interest expense on bonds | (2) | - | - | - |
| Interest expense on subordinated loans | (5) | - | - | - |
| Fee and commission income | - | - | - | 2 |
| 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 UNAUDITED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDING 31 MARCH 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 31 March 2024 and the statement of financial position as at 31 March 2023 are summarised below.

| | 31 March 2024 | | | | |
|---|---------------------------------|----------------|------------------|-----------------|----------------|
| | Traditional banking and lending | Treasury | Other activities | Eliminations | Total |
| Internal | 440 | - | (32) | (408) | - |
| External | 7,240 | 1,739 | 32 | - | 9,011 |
| Interest income | 7,680 | 1,739 | - | (408) | 9,011 |
| Internal | (440) | - | - | 440 | - |
| External | (2,976) | (47) | - | - | (3,023) |
| Interest expense | (3,416) | (47) | - | 440 | (3,023) |
| Internal | - | - | (32) | 32 | - |
| External | 4,264 | 1,692 | 32 | - | 5,988 |
| Net interest income | 4,264 | 1,692 | - | 32 | 5,988 |
| Internal | - | - | - | - | - |
| External | 837 | - | - | 56 | 893 |
| Net fee and commission income | 837 | - | - | 56 | 893 |
| Internal | - | - | (32) | 32 | - |
| External | 5,100 | 1,692 | 32 | 56 | 6,880 |
| Net interest, fee and commission income | 5,100 | 1,692 | - | 88 | 6,880 |
| Internal | - | - | - | - | - |
| External | (4,704) | (69) | 16 | - | (4,757) |
| Operating costs | (4,704) | (69) | 16 | - | (4,757) |
| Amortisation | (100) | - | - | - | (100) |
| Depreciation | (344) | - | - | - | (344) |
| Internal | - | - | - | - | - |
| External | (101) | - | - | - | (101) |
| Impairment charges | (101) | - | - | - | (101) |
| Internal | - | - | - | - | - |
| External | 298 | 186 | 487 | - | 971 |
| Other net income | 298 | 186 | 487 | - | 971 |
| Profit (loss) before tax | 149 | 1,809 | 503 | 88 | 2,549 |
| Corporate tax | (470) | - | (3) | - | (473) |
| Profit (loss) per segment after tax | (322) | 1,809 | 503 | 88 | 2,075 |
| Non-controlling interest | - | - | - | - | - |
| Profit (loss) attributable to shareholders of the Bank | (322) | 1,809 | 503 | 88 | 2,075 |
| Total assets per segment | 402,955 | 206,187 | 2,021 | (34,696) | 576,467 |
| Total liabilities per segment | 534,646 | 5,084 | 58 | (22,121) | 517,666 |
| Net assets per segment (shareholders' equity) | (131,691) | 201,103 | 1,963 | (12,575) | 58,801 |

CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDING 31 MARCH 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 31 March 2023 and the statement of financial position as at 31 March 2023 are summarised below.

| | 31 March 2023 | | | | |
|---|---------------------------------|----------------|------------------|----------------|----------------|
| | Traditional banking and lending | Treasury | Other activities | Eliminations | Total |
| Internal | 528 | - | (35) | (493) | - |
| External | 5,055 | 447 | 35 | - | 5,537 |
| Interest income | 5,583 | 447 | - | (493) | 5,537 |
| Internal | (528) | - | - | 528 | - |
| External | (536) | (4) | - | - | (540) |
| Interest expense | (1,064) | (4) | - | 528 | (540) |
| Internal | - | - | (35) | 35 | - |
| External | 4,519 | 443 | 35 | - | 4,997 |
| Net interest income | 4,519 | 443 | - | 35 | 4,997 |
| Internal | - | - | - | - | - |
| External | 1,182 | - | - | 7 | 1,189 |
| Net fee and commission income | 1,182 | - | - | 7 | 1,189 |
| Internal | - | - | (35) | 35 | - |
| External | 5,701 | 443 | 35 | 7 | 6,186 |
| Net interest, fee and commission income | 5,701 | 443 | - | 42 | 6,186 |
| Internal | - | - | - | - | - |
| External | (3,329) | (54) | - | - | (3,383) |
| Operating costs | (3,329) | (54) | - | - | (3,383) |
| Amortisation | (106) | - | - | - | (106) |
| Depreciation | (236) | - | - | - | (236) |
| Internal | - | - | - | - | - |
| External | (53) | - | - | - | (53) |
| Impairment charges | (53) | - | - | - | (53) |
| Internal | - | - | - | - | - |
| External | 691 | 119 | 6 | - | 817 |
| Other net income | 691 | 119 | 6 | - | 817 |
| Profit (loss) before tax | 2,668 | 508 | 6 | 42 | 3,224 |
| Corporate tax | (472) | - | - | - | (472) |
| Profit (loss) per segment after tax | 2,196 | 508 | 6 | 42 | 2,752 |
| Non-controlling interest | - | - | - | - | - |
| Profit (loss) attributable to shareholders of the Bank | 2,196 | 508 | 6 | 42 | 2,752 |
| Total assets per segment | 315,443 | 140,839 | 1,922 | (34,307) | 423,897 |
| Total liabilities per segment | 392,693 | 5,057 | 48 | (24,712) | 373,086 |
| Net assets per segment (shareholders' equity) | (77,250) | 135,782 | 1,874 | (9,595) | 50,811 |

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 UNAUDITED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDING 31 MARCH 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 | |
|--------------------------|-----------------------------|---|--------------------------|-----------------------------|
| 31 March 2024 | 31 December 2023 | | 31 March 2024 | 31 December 2023 |
| 10,175 | 10,367 | Maximum exposure to a single customer or group of related customers | 10,175 | 10,367 |
| 55,677 | 53,195 | Eligible capital | 55,316 | 53,850 |
| 18.28 | 19.49 | Maximum exposure ratio, % | 18.39 | 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 | |
|--------------------------|-----------------------------|---|--------------------------|-----------------------------|
| 31 March 2024 | 31 December 2023 | | 31 March 2024 | 31 December 2023 |
| | | Items in the statement of financial position other than trading and investing activities | | |
| 127,068 | 117,990 | Balances with the Bank of Lithuania | 127,068 | 117,990 |
| 15,670 | 14,541 | Balances with banks | 15,665 | 14,538 |
| 314,900 | 304,329 | Loans granted to customers | 303,387 | 292,128 |
| 22,556 | 25,257 | Finance lease | 22,556 | 25,257 |
| 480,194 | 462,117 | | 468,676 | 449,913 |
| | | Off-balance-sheet items | | |
| 2,243 | 2,292 | Guarantees | 2,243 | 2,292 |
| 19,506 | 24,121 | Loan commitments | 19,506 | 28,167 |
| 501,943 | 488,530 | Total on-balance-sheet and off-balance-sheet items other than trading and investing activities | 490,425 | 480,372 |
| | | Trading and investing activities | | |
| | | Financial assets at fair value through profit or loss | | |
| 33 | 9 | Derivatives | 33 | 9 |
| | | Held-to-maturity investments | | |
| 63,453 | 55,952 | Debt securities | 63,453 | 55,952 |
| 63,486 | 55,961 | Trading and investing activities, total | 63,486 | 55,961 |
| 565,429 | 544,491 | Total credit risk | 553,91 | 536,333 |

CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDING 31 MARCH 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 | |
|------------------|--------------------------|-----------------------------|
| | 31 March 2024 | 31 December 2023 |
| Government bonds | 63,453 | 55,952 |
| Derivatives | 33 | 9 |
| Total | 63,486 | 55,961 |

Bonds by rating class

| | Bank / Group | |
|-------------------------|--------------------------|-----------------------------|
| | 31 March 2024 | 31 December 2023 |
| High grade (AAA-A) | 58,497 | 47,060 |
| Standard grade (B-BBB+) | 4,956 | 8,892 |
| Not rated | - | - |
| Total | 63,453 | 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.

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(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 | | | | | |
|---|------------------------|-------------------------------------|--------------------------------------|--------------------------------------|----------------|
| 31 March 2024 | Not overdue | 1 to 59 days overdue | 60 to 89 days overdue | More than 90 days overdue | Total |
| Stage 1 | | | | | |
| Loans and receivables | 272,216 | 1,689 | - | - | 273,905 |
| Balances with the Bank of Lithuania and other banks | 142,733 | - | - | - | 142,733 |
| Debt securities | 63,453 | - | - | - | 63,453 |
| | - | - | - | - | - |
| Total | 478,402 | 1,689 | - | - | 480,091 |
| Stage 2 | | | | | |
| Loans and receivables | 40,370 | 2,163 | 26 | - | 42,559 |
| Balances with the Bank of Lithuania and other banks | - | - | - | - | - |
| Debt securities | - | - | - | - | - |
| | - | - | - | - | - |
| Total | 40,370 | 2,163 | 26 | - | 42,559 |
| Stage 3 | | | | | |
| Loans and receivables | 6,903 | 579 | 1,501 | 496 | 9,479 |
| Balances with the Bank of Lithuania and other banks | - | - | - | - | - |
| Debt securities | - | - | - | - | - |
| | - | - | - | - | - |
| Total | 6,903 | 579 | 1,501 | 496 | 9,479 |
| Total | 525,675 | 4,431 | 1,527 | 496 | 532,129 |

CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDING 31 MARCH 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 UNAUDITED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDING 31 MARCH 2024

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

Note 18 Risk management (continued)

Credit risk (continued)

| Group 31 March 2024 | Not overdue | 1 to 59 days overdue | 60 to 89 days overdue | More than 90 days overdue | Total |
|---|------------------------|-------------------------------------|--------------------------------------|--------------------------------------|----------------|
| Stage 1 | | | | | |
| Loans and receivables | 279,503 | 2,317 | - | - | 281,820 |
| Balances with the Bank of Lithuania and other banks | 142,738 | - | - | - | 142,738 |
| Debt securities | 63,453 | - | - | - | 63,453 |
| Other financial assets | - | - | - | - | - |
| Total | 459,569 | 3,651 | - | - | 488,011 |
| Stage 2 | | | | | |
| Loans and receivables | 42,688 | 3,171 | 107 | - | 45,966 |
| Balances with the Bank of Lithuania and other banks | - | - | - | - | - |
| Debt securities | - | - | - | - | - |
| Other financial assets | - | - | - | - | - |
| Total | 42,688 | 3,171 | 107 | - | 45,966 |
| Stage 3 | | | | | |
| Loans and receivables | 6,935 | 618 | 1,527 | 590 | 9,670 |
| Balances with the Bank of Lithuania and other banks | - | - | - | - | - |
| Debt securities | - | - | - | - | - |
| Other financial assets | - | - | - | - | - |
| Total | 6,935 | 618 | 1,527 | 590 | 9,670 |
| Total | 535,317 | 6,106 | 1,634 | 590 | 543,647 |

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(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 UNAUDITED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDING 31 MARCH 2024

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

Note 18 Risk management (continued)

Estimated provisions by risk level

| | 31 March 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 | 1,459 | - | 99 | 9 | 1,567 | 1,304 | - | 201 | 10 | 1,515 |
| Loans and receivables | 1,404 | - | 99 | 10 | 1,512 | 1,255 | - | 201 | 10 | 1,466 |
| Balances with the Bank of Lithuania and other banks | 16 | - | - | - | 16 | 15 | - | - | - | 15 |
| Debt securities | 39 | - | - | - | 39 | 34 | - | - | - | 34 |
| Stage 2 | 717 | - | 7 | - | 724 | 703 | - | 7 | - | 710 |
| Loans and receivables | 717 | - | 7 | - | 724 | 703 | - | 7 | - | 710 |
| Stage 3 | - | 1,248 | - | - | 1,248 | - | 1,312 | - | - | 1,312 |
| Loans and receivables | - | 1,248 | - | - | 1,248 | - | 1,312 | - | - | 1,312 |
| Total credit risk assets | 2,176 | 1,248 | 106 | 9 | 3,539 | 2,007 | 1,312 | 208 | 10 | 3,537 |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| Group | | | | | | | | | | |
| Stage 1 | 1,657 | - | 99 | 9 | 1,765 | 1,525 | - | 147 | 10 | 1,682 |
| Loans and receivables | 1,602 | - | 99 | 9 | 1,710 | 1,475 | - | 147 | 10 | 1,632 |
| Balances with the Bank of Lithuania and other banks | 16 | - | - | - | 16 | 16 | - | - | - | 16 |
| Debt securities | 39 | - | - | - | 39 | 34 | - | - | - | 34 |
| Stage 2 | 1,057 | - | 7 | - | 1,064 | 1,031 | - | 7 | - | 1,038 |
| Loans and receivables | 1,057 | - | 7 | - | 1,038 | 1,031 | - | 7 | - | 1,038 |
| Stage 3 | - | 1,709 | - | - | 1,709 | - | 1,716 | - | - | 1,716 |
| Loans and receivables | - | 1,709 | - | - | 1,709 | - | 1,716 | - | - | 1,716 |
| Total credit risk assets | 2,714 | 1,709 | 106 | 9 | 4,538 | 2,556 | 1,716 | 154 | 10 | 4,436 |

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(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 |
| 31 March 2024 | | | | | | | | | | |
| 132 | - | (49) | (1) | 83 | Stage 1 | 155 | - | (103) | (1) | 51 |
| 127 | - | (49) | (1) | 78 | Loans and receivables | 149 | - | (103) | (1) | 45 |
| 0 | - | - | - | 0 | Balances with the Bank of Lithuania and other banks | 1 | - | - | - | 1 |
| 5 | - | - | - | 5 | Debt securities | 5 | - | - | - | 5 |
| 26 | - | - | - | 26 | Stage 2 | 14 | - | - | - | 14 |
| 26 | - | - | - | 26 | Loans and receivables | 14 | - | - | - | 14 |
| - | (7) | - | - | (7) | Stage 3 | - | (64) | - | - | (64) |
| - | (7) | - | - | (7) | Loans and receivables | - | (64) | - | - | (64) |
| - | - | - | - | - | Other financial assets | - | - | - | - | - |
| 158 | (7) | (49) | (1) | 102 | Total credit risk assets | 169 | (64) | (103) | (1) | 1 |
| - | - | - | - | - | Written off during the period | - | - | - | - | - |
| - | (1) | - | - | (1) | Received on repayment of loans written off during the period | - | (1) | - | - | (1) |
| - | - | - | - | 101 | Total change in provisions | - | - | - | - | 0 |

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.

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(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 | |
|--------------------------|-----------------------------|--|--------------------------|-----------------------------|
| 31 March 2024 | 31 December 2023 | | 31 March 2024 | 31 December 2023 |
| 201,682 | 183,643 | Liquid assets | 201,682 | 183,643 |
| 51,107 | 39,144 | Short-term liabilities (up to 30 days) | 51,894 | 41,146 |
| 395 | 469 | LCR, % | 389 | 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 | |
|--------------------------|-----------------------------|--------------------------|--------------------------|-----------------------------|
| 31 March 2024 | 31 December 2023 | | 31 March 2024 | 31 December 2023 |
| 500,428 | 480,252 | Stable funding available | 500,840 | 480,608 |
| 297,420 | 287,160 | Stable funding required | 294,479 | 283,449 |
| 168 | 167 | NSFR, % | 170 | 170 |

CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDING 31 MARCH 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 | 31 March 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 | 31,391 | 136,317 | 29,838 | 38,345 | 120,175 | 192,148 | 28,309 | 576,523 |
| Liabilities | 162,046 | 24,232 | 43,273 | 189,469 | 75,820 | 23,070 | 161 | 518,071 |
| Net gap | (130,655) | 112,085 | (13,435) | (151,124) | 44,355 | 169,078 | 28,148 | 58,452 |
| Loan commitments | - | 19,506 | - | - | - | - | - | 19,506 |

| Bank | 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 |

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

Note 18 Risk management (continued)

Liquidity risk (continued)

| Group | 31 March 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 | 31,396 | 136,989 | 11,489 | 43,823 | 132,531 | 203,385 | 16,854 | 576,467 |
| Liabilities | 160,974 | 24,745 | 43,273 | 189,469 | 75,820 | 23,070 | 315 | 517,667 |
| Net gap | (129,578) | 112,244 | (31,784) | (145,646) | 56,711 | 180,315 | 16,538 | 58,800 |
| Loan commitments | - | 19,506 | - | - | - | - | - | 19,506 |

| 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 31 March 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.

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

Note 18 Risk management (continued)

Interest rate risk (continued)

| | 31 March 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 | |
| Bank | | | | | | | |
| Assets: | | | | | | | |
| Interest rate sensitive assets | 50,864 | 114,549 | 142,769 | 14,191 | 42,346 | 23,240 | 387,959 |
| Interest rate non-sensitive assets | | | | | | | 188,564 |
| Liabilities | | | | | | | |
| Interest rate sensitive liabilities | 10,948 | 42,564 | 68,309 | 118,897 | 78,025 | 23,935 | 342,678 |
| Interest rate non-sensitive liabilities and equity | | | | | | | 233,845 |
| Interest rate sensitivity gap | 39,916 | 71,985 | 74,460 | (104,706) | (35,679) | (695) | - |

| | 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 | |
| Bank | | | | | | | |
| 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) | - |

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

Note 18 Risk management (continued)

Interest rate risk (continued)

| Group | 31 March 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 | 51,623 | 95,905 | 144,626 | 17,813 | 54,702 | 34,477 | 399,146 |
| Interest rate non-sensitive assets | | | | | | | 177,321 |
| Liabilities | | | | | | | |
| Interest rate sensitive liabilities | 10,948 | 42,564 | 68,309 | 118,897 | 78,025 | 23,935 | 342,678 |
| Interest rate non-sensitive liabilities and equity | | | | | | | 233,789 |
| Interest rate sensitivity gap | 40,675 | 53,341 | 76,317 | (101,084) | (23,323) | (10,542) | - |

| 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) | - |

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(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 | |
|--------------------------|-----------------------------|---|--------------------------|-----------------------------|
| 31 March 2024 | 31 December 2023 | | 31 March 2024 | 31 December 2023 |
| 171 | 349 | Long positions | 171 | 349 |
| (243) | (209) | Short positions | (243) | (209) |
| 56,259 | 53,899 | Eligible capital | 55,899 | 54,554 |
| 0.43 | 0.65 | Total net foreign currency exposure, % | 0.43 | 0.64 |

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

| | 31 March 2024 | 31 December 2023 |
|-----------------------------------|--------------------------|-----------------------------|
| Exchange rate appreciation of 10% | 7 | 14 |
| Exchange rate depreciation of 10% | (7) | (14) |

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(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 13.35%. 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 31 March 2024, the Bank's leverage ratio stood at 9.25% (9.31% for the Group), above the minimum requirement.

The total capital ratio is shown in the table below:

| | Bank | | Group | |
|---------------------------|--------------------------|-----------------------------|--------------------------|-----------------------------|
| | 31 March 2024 | 31 December 2023 | 31 March 2024 | 31 December 2023 |
| Capital adequacy ratio, % | 19.80 | 19.50 | 20.33 | 19.81 |

CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDING 31 MARCH 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 31 March 2024 are presented in the table below:

| Group | | | Bank | |
|--------------|---|------------------------------------|--------------|---|
| Impairment | Ratio of impairment to financial assets (%) | | Impairment | Ratio of impairment to financial assets (%) |
| 4,236 | 1.33 | Loans to customers and receivables | 3,237 | 1.06 |
| 132 | 0.58 | Finance lease receivables | 132 | 0.58 |
| 39 | 0.06 | Debt securities | 39 | 0.06 |
| 16 | 0.10 | Balances with banks | 16 | 0.10 |
| 4,423 | 1.04 | Total | 3,424 | 0.83 |

Financial asset quality indicators at 31 December 2023:

| Group | | | Bank | |
|--------------|---|------------------------------------|--------------|---|
| Impairment | Ratio of impairment to financial assets (%) | | Impairment | Ratio of impairment to financial assets (%) |
| 3,362 | 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 | |
|---------------|------------------|------------------------|---------------|------------------|
| 31 March 2024 | 31 December 2023 | | 31 March 2024 | 31 December 2023 |
| 1.48 | 1.87 | Return on assets (ROA) | 1.54 | 1.75 |
| 14.31 | 16.58 | Return on equity (ROE) | 15.30 | 15.47 |

Sanctions imposed on the Bank

In 2024, no sanctions were imposed on Urbo Bankas UAB.

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

Note 21 Events after the reporting period

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

After the increase of the above-mentioned authorized capital, the authorized capital of Urbo bankas UAB is 43,492 thousand EUR. The authorized capital is divided into 86,983,615 ordinary registered shares with a nominal value of 0.5 EUR per share.

The Bank and the Group did not have any material post-balance-sheet events in the first 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 first 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 Financial Officer

L. Bertašienė

