



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.

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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 (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

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M. Arlauskas



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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 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

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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

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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	
31 March 2024	31 March 2023		31 March 2024	31 March 2023
		Cash flow from financing activities		
-	-	Bonds issued	-	-
(35)	(35)	Bonds redeemed	(35)	(35)
(301)	(189)	Part of the principal amount of lease payments	(300)	(185)
1,757	1,853	Loans received	1,757	1,853
(2,134)	(1,557)	Loans repaid	(2,134)	(1,557)
(713)	72	Net cash flows from financing activities	(712)	76
(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)
148,411	77,745	Cash and cash equivalents at 1 January	148,408	77,732
155,281	77,288	Cash and cash equivalents at 31 March	155,276	77,275

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 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

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(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		

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(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.

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(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

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(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

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(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

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(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		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	-	-	-	-
		Supervisory board and key management personnel		
Group, 2023	Shareholders			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.

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(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

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(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.

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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
10,329	10,367	Maximum exposure to a single customer or group of related customers	10,329	10,367
55,677	53,195	Eligible capital	55,316	53,850
18.55	19.49	Maximum exposure ratio, %	18.67	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

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(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

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(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

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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
	31 March 2024					31 December 2023				
Group	Collectively assessed assets	Individually assessed assets	Loan commitments	Guarantees issued	Total	Collectively assessed assets	Individually assessed assets	Loan commitments	Guarantees issued	Total
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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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

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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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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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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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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

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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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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

