

UAB MEDICINOS BANKAS

CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED
FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED 31
MARCH 2023, PREPARED IN ACCORDANCE WITH INTERNATIONAL
ACCOUNTING STANDARD 34 *INTERIM FINANCIAL REPORTING*, AS
ADOPTED BY THE EUROPEAN UNION

UAB MEDICINOS BANKAS

Legal entity code 112027077, Pamėnkalnio St. 40, LT-01114 Vilnius

SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AS AT 31 MARCH 2023

(All amounts in EUR thousand unless otherwise stated)

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(All amounts in EUR thousand unless otherwise stated)

CONDENSED SEPARATE AND CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The Group				The Bank	
31 March 2023	31 December 2022	Assets	Notes	31 March 2023	31 December 2022
		Cash and due from central bank			
17,369	21,134	<i>Cash</i>		17,369	21,134
51,433	48,067	<i>Placements with the central bank</i>		51,433	48,067
68,802	69,201			68,802	69,201
11,139	11,156	Placements with banks and other credit institutions	3	11,126	11,143
		Financial assets at fair value through profit or loss			
7	54	<i>Derivative financial instruments</i>		7	54
7	54			7	54
55,792	59,218	Debt securities	4	55,792	59,218
		Loans and receivables	5		
252,998	241,543	<i>Loans to customers</i>		244,128	232,577
24,693	22,194	<i>Finance lease</i>		24,693	22,194
277,691	263,737			268,821	254,771
-	-	Investments in subsidiaries		9,342	9,342
27	37	Other equity instruments		27	37
84	84	Investment property		84	84
6,182	5,701	Property and equipment		6,172	5,688
682	671	Intangible assets		584	665
		Tax assets			
-	-	<i>Current taxes</i>		-	-
123	95	<i>Deferred taxes</i>		123	95
123	95			123	95
3,368	1,750	Other assets	6	2,872	1,223
423,897	411,704	Total assets		423,752	411,521

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The accompanying notes on pages 11 to 44 are an integral part of these financial statements.

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(All amounts in EUR thousand unless otherwise stated)

CONDENSED SEPARATE AND CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

The Group						The Bank	
31 March 2023	31 December 2022	Liabilities and shareholders' equity	Notes	31 March 2023	31 December 2022		
		Liabilities					
33	33	Due to banks and other credit institutions		33	33		
19	3	Derivative financial instruments		19	3		
360,805	354,227	Due to customers	7	361,211	354,569		
1,000	1,000	Subordinated loans	8	1,000	1,000		
2,200	2,235	Debt securities issued	8	2,200	2,235		
109	71	Impairment		159	133		
		Tax liabilities					
1,161	856	Current taxes		1,081	789		
-	-	Deferred taxes		-	-		
1,161	856			1,081	789		
		Other liabilities	9				
7,759	5,220			7,156	4,684		
373,086	363,645	Total liabilities		372,859	363,446		
		Shareholders' equity					
19,948	19,948	Share capital	10	19,948	19,948		
18,233	16,304	Retained earnings		18,340	16,339		
318	318	Revaluation reserve of property and equipment		318	318		
12,312	11,489	Other reserves	10	12,287	11,470		
50,811	48,059	Total shareholders' equity		50,893	48,075		
423,897	411,704	Total liabilities and shareholders' equity		423,752	411,521		

The accompanying notes on pages 11 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 Accountant

L. Bertašienė



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SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AS AT 31 MARCH 2023

(All amounts in EUR thousand unless otherwise stated)

CONDENSED SEPARATE AND CONSOLIDATED INCOME STATEMENTS

The Group			The Bank		
31 March 2023	31 March 2022		31 March 2023	31 March 2022	
5,537	3,265	Interest income	11	5,127	2,926
(540)	(501)	Interest expenses	11	(540)	(501)
4,997	2,764	Net interest income		4,587	2,425
1,385	1,329	Service fee and commission income	12	1,433	1,389
(196)	(207)	Service fee and commission expenses	12	(119)	(149)
1,189	1,122	Net service fee and commission income		1,314	1,240
708	895	Net foreign currency exchange gain	13	708	895
103	53	Net result from operations with derivatives		103	53
-	(3)	Net result on operations on investment property		-	(3)
5	21	Other income		9	24
7,002	4,852	Total operating income		6,721	4,634
(53)	(226)	Impairment of loans and other financial assets		137	(178)
6,949	4,626	Operating income after impairment		6,858	4,456
(2,413)	(2,249)	Salaries and benefits		(2,324)	(2,176)
(236)	(265)	Depreciation		(232)	(265)
(106)	(94)	Amortisation		(97)	(90)
(970)	(953)	Other operating expenses	14	(927)	(908)
(3,725)	(3,561)	Total operating expenses		(3,580)	(3,439)
3,224	1,065	Operating profit (loss)		3,278	1,017
(472)	(191)	Income tax		(460)	(176)
2,752	874	Profit (loss) for the year		2,818	841
2,752	874	Attributable to shareholders of the Bank		2,818	841

The accompanying notes on pages 11 to 44 are an integral part of these financial statements.

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(All amounts in EUR thousand unless otherwise stated)

CONDENSED SEPARATE AND CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**The Bank**

	<u>31 March 2023</u>	<u>31 March 2022</u>
Items that will never be reclassified to profit or loss		
Change in PPE revaluation	-	-
Transfer of depreciation for PPE net of tax	-	-
Other		
Items that will never be reclassified to profit or loss	<u>-</u>	<u>-</u>
Net amount transferred to profit or loss (available-for-sale financial assets)	-	-
Related tax	-	-
Other comprehensive income (expenses), after tax	<u>-</u>	<u>-</u>
Profit (loss) at the end of the reporting period	2,818	841
Total comprehensive income	<u><u>2,818</u></u>	<u><u>841</u></u>
Attributable to:		
Shareholders of the Bank	2,818	841

The Group

	<u>31 March 2023</u>	<u>31 March 2022</u>
Items that will never be reclassified to profit or loss		
Change in PPE revaluation	-	-
Transfer of depreciation for PPE net of tax	-	-
Other		-
Items that will never be reclassified to profit or loss	<u>-</u>	<u>-</u>
Net amount transferred to profit or loss (available-for-sale financial assets)	-	-
Related tax	-	-
Other comprehensive income (expenses), after tax	<u>-</u>	<u>-</u>
Profit (loss) at the end of the reporting period	2,752	874
Total comprehensive income	<u><u>2,752</u></u>	<u><u>874</u></u>
Attributable to:		
Shareholders of the Bank	2,752	874

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(All amounts in EUR thousand unless otherwise stated)

CONDENSED SEPARATE AND CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**The Bank**

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Revaluation reserve of property and equipment</u>	<u>Other reserves</u>	<u>Total</u>
As at 31 December 2021	19,948	11,690	322	10,886	42,846
Profit or loss	-	841	-	-	841
Other comprehensive income (expense)	-	-	-	-	-
Transfer to reserves	-	(584)	-	584	-
As at 31 March 2022	19,948	11,947	322	11,470	43,687
Profit or loss	-	4,387	-	-	4,387
Other comprehensive income (expense)	-	5	(4)	-	1
Transfer to reserves	-	-	-	-	-
As at 31 December 2022	19,948	16,339	318	11,470	48,075
Profit or loss	-	2,818	-	-	2,818
Other comprehensive income (expense)	-	-	-	-	-
Transfer to reserves	-	(817)	-	817	-
As at 31 March 2023	19,948	18,340	318	12,287	50,893

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SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AS AT 31 MARCH 2023

(All amounts in EUR thousand unless otherwise stated)

CONDENSED SEPARATE AND CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONT'D)**The Group**

	Share capital	Retained earnings	Revaluation reserve of property and equipment	Other reserves	Total
As at 31 December 2021	19,948	11,429	322	10,905	42,604
Profit or loss	-	874	-	-	874
Other comprehensive income (expense)	-	-	-	-	-
Transfer to reserves	-	(584)	-	584	-
As at 31 March 2022	19,948	11,719	322	11,489	43,478
Profit or loss	-	4,580	-	-	4,580
Other comprehensive income (expense)	-	5	(4)	-	1
Transfer to reserves	-	-	-	-	-
As at 31 December 2022	19,948	16,304	318	11,489	48,059
Profit or loss	-	2,752	-	-	2,752
Other comprehensive income (expense)	-	-	-	-	-
Transfer to reserves	-	(823)	-	823	-
As at 31 March 2023	19,948	18,233	318	12,312	50,811

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(All amounts in EUR thousand unless otherwise stated)

CONDENSED SEPARATE AND CONSOLIDATED CASH FLOW STATEMENTS

Group			Bank	
31 March 2023	31 March 2022	Notes	31 March 2023	31 March 2022
		Cash flows from operating activities		
2,752	874	Profit (loss) for the year	2,818	841
		Non-cash revenue and cost recovery		
342	359	Depreciation and amortisation	329	355
-	3	Loss, gain on the sale of tangible, intangible and investment property	-	3
53	226	Impairment of loans	(137)	178
(5,090)	(3,181)	Interest income on loans granted to customers	(4,680)	(2,842)
540	501	Interest expense on liabilities to depositors	540	501
63	(74)	Derivatives revaluation	63	(74)
(17)	141	Elimination of accrued vacation pay	(20)	138
472	191	Income tax expenses	460	176
8	(33)	Elimination of other non-cash items	9	79
(877)	(993)	Cash flows from (to) operating activities before changes in operating assets and liabilities	(618)	(645)
		Changes in operating assets and liabilities		
(41)	34	Changes in compulsory reserves	(41)	34
-	(370)	Changes in bank's balances	-	(370)
(11,207)	(14,687)	Loans to customers	(11,135)	(14,188)
(2,476)	(445)	Finance lease receivable	(2,476)	(445)
6,456	(9,081)	Changes in due to customers	6,520	(9,291)
1,127	4,434	Changes in other assets and liabilities	1,028	4 389
(6,141)	(20,115)	Change	(6,104)	(19,871)
4,804	3,178	Received interest on loans granted to customers	4,404	2,826
(596)	(526)	Interest paid on liabilities to depositors	(596)	(526)
(186)	(102)	Income tax paid	(186)	(102)
(2,996)	(18,558)	Net cash flows from operating activities after income tax	(3,100)	(18,318)
		Investing activities		
(841)	(377)	Acquisitions of intangible assets and property and equipment	(741)	(377)
-	21	Proceeds from sale of property and equipment and investment property	-	21
5,351	5,335	Redemption of debt-securities	5,351	5,335
(1,925)	(3,811)	Acquisitions of of debt-securities	(1,925)	(3,811)
2,585	1,168	Net cash flows to investing activities	2,685	1,168

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SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AS AT 31 MARCH 2023

(All amounts in EUR thousand unless otherwise stated)

Note 1 Background information

UAB Medicinos Bankas (hereinafter referred to as the Bank) was established on 24 November 1992 (as KB Ancorobank) and on 16 January 1997 was reorganised to UAB Medicinos Bankas. The address of its registered office is as follows:

Pamėnkalnio St. 40,
Vilnius, Lithuania.

The Bank accepts deposits, grants loans, performs monetary and documentary settlements, exchanges currencies and issues guarantees for its clients. The Bank also trades in securities, provides consulting and custody services. The Bank provides services to both corporate and retail sectors.

At the end of thirist quarter of 2023 the Bank had 37 customer service units in different regions of Lithuania.

The consolidated financial statements of the Group include the financial statements of the Bank and its fully owned subsidiaries UAB TG Invest-1 (main activity of the company – real estate management and development) and UAB Saugus kreditas (main activity of the company – granting of consumer loans to private persons). UAB“TG Invest-1” has been acquired on 17 May 2013, while UAB“Saugus kreditas” on 17 October 2017.

As at 31 March 2023 the Bank employed 297 employees (296 employees as at 31 December 2022). As at 31 March 2023 the Group employed 307 employees (306 employees as at 31 December 2022).

As at 31 March 2023 the shareholders of the Bank were as follows:

	Ordinary shares held	Per cent of ownership
Mr. Konstantinas Karosas	124,150	90.13
Western Petroleum Ltd.	13,600	9.87
Total	137,750	100,00

As at 31 December 2022 the shareholders of the Bank were as follows:

	Ordinary shares held	Per cent of ownership
Mr. Konstantinas Karosas	124,150	90.13
Western Petroleum Ltd.	13,600	9.87
Total	137,750	100.00

The issued share capital consists of 137,750 ordinary shares with the par value of EUR 144.81 each. As at 31 March 2023 and 31 December 2022, all shares were fully paid.

After the transfer of voting rights, UAB MB valdymas will have the right to vote all the Bank’s shares at the Bank’s general meeting of shareholders.

Capital and liquidity positions as at 31 March 2023 remain strong and prudential standards comply with regulations with a reserve.

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SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AS AT 31 MARCH 2023

(All amounts in EUR thousand unless otherwise stated)

Note 2 Basis of preparation and significant accounting policies

Statement of compliance

The separate and consolidated financial statements have been prepared in accordance with International Reporting Standards IRS 34 as adopted by the European Union (EU). The condensed intermediate separate financial statements and consolidated financial statements should be read in conjunction with the annual separate and consolidated financial statements for the year ended at 2022. Financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. Despite the principles mentioned below, the accounting policies applied in the preparation of this condensed intermediate financial information, are consistent with the accounting policies applied by the Bank in 2022 for the annual financial statements.

New and modified standards and interpretations

Bank and Group management does not expect that newly published standards which are mandatory for accounting periods from 1 January 2023 or later will have major impact to the Bank and Group financial information. Also there is any new standards which should be mandatory for the Bank and Group from year 2023 and which might have noticeable impact on financial information.

While preparing interim separate and consolidated financial statements according to IFRS some assumptions and estimations are applied. They have impact for accounted assets, amounts of liabilities and uncertain assets, liabilities at the day of report and also have impact for amount of income and costs at reporting period. Despite the fact that all these estimations are based on the knowledge of management, in the end results can be different. While preparing interim separate and consolidated financial statements, the same assumptions and estimations, which were used while preparing annual separate and consolidated financial statements for 31 December 2022, were applied.

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

There are no significant amounts of income and expenses of the Bank and the Group that would be characterized by significant seasonality.

Functional and presentation currency

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

The official exchange rates of the main currencies, used for the revaluation of the items in the statement of financial position as at the end of report period were as follows (EUR units to currency unit):

	31 March 2023	31 December 2022
USD	1.0886	1.0666

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SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AS AT 31 MARCH 2023

(All amounts in EUR thousand unless otherwise stated)

Note 3 Placements with banks and other credit institutions

The Group			The Bank	
31 March 2023	31 December 2022		31 March 2023	31 December 2022
7,697	10,556	Cash in correspondent accounts	7,684	10,543
3,442	600	Term deposits	3,442	600
11,139	11,156	Placements with banks and other credit institutions	11,126	11,143

Note 4 Debt securities**The Bank (Group)**

	31 March 2023	31 December 2022
Government bonds of the Republic of Lithuania	36,546	36,444
Government bonds of the Republic of Slovenia	6,514	6,789
Government bonds of the Republic of Croatia	4,771	4,946
Government bonds of the Republic of Romania	5,361	5,524
Government bonds of the Republic of Hungary	2,600	2,671
Government bonds of the Republic of Poland	-	2,844
Total	55,792	59,218

Note 5 Loans and receivables

Loans to customers and receivables comprise of:

	The Bank	
	31 March 2023	31 December 2022
Loans to customers, including short-term bills of exchange	245,086	233,498
Overdrafts	446	462
Factoring	974	1,142
Leasing	25,206	22,722
	271,712	257,824
Impairment	(2,891)	(3,053)
Loans and receivables, net	268,821	254,771

	The Group	
	31 March 2023	31 December 2022
Loans to customers, including short-term bills of exchange	254,699	243,031
Overdrafts	446	462
Factoring	974	1,142
Leasing	25,206	22,722
	281,325	267,357
Impairment	(3,634)	(3,620)
Loans and receivables, net	277,691	263,737

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SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AS AT 31 MARCH 2023

(All amounts in EUR thousand unless otherwise stated)

Note 6 Other assets

Other assets comprise of:

The Group			The Bank	
31 March 2023	31 December 2022		31 March 2023.	31 December 2022
266	228	Prepayments	259	221
1,227	319	Debtors	1,227	319
871	22	Receivable value added tax	871	22
964	916	Deferred expenses	486	475
40	265	Other	29	186
3,368	1,750		2,872	1,223
-	-	Impairment	-	-
3,368	1,750	Total	2,872	1,223

Note 7 Amounts due to customers

Amounts due to customers comprise of:

The Group			The Bank	
31 March 2023	31 December 2022		31 March 2023	31 December 2022
172,300	156,271	Term deposits	172,300	156,271
172,103	181,616	Current accounts	172,509	181,958
2,801	3,035	Customer funds in transit accounts	2,801	3,035
13,601	13,305	Loans from funds	13,601	13,305
360,805	354,227	Total	361,211	354,569
38,574	34,289	Out of which held as security against guarantees and loans	38,574	34,289

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(All amounts in EUR thousand unless otherwise stated)

Note 8 Subordinated loans and issued debt securities (the Bank)

Subordinated loans

In November 2016 the Bank received a subordinated loan of 1 mln EUR from the major shareholder of the Bank. The term of the subordinated loan is until 1 December 2023 with a fixed 2 percent annual interest rate.

Debt securities issued

In July 2018 the Bank have issued subordinated debt securities emission. As of 31 March 2023 net value of issued debt securities is 2,200 thous. EUR (as of 31 December 2022 2,235 thous. EUR). From 1 August 2018 debt securities of UAB Medicinos bankas are listed in Nasdaq stock exchange – ISIN code LT0000432114 (ticker: OPMB070025A).

UAB Medicinos bankas debt securities issue value – 2 210 000 EUR. Nominal value – 1000 EUR. Interest rate – 7 percent, with a payment twice a year. Maturity date – 24 July 2025.

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(All amounts in EUR thousand unless otherwise stated)

Note 9 Other liabilities

Other liabilities comprise of:

The Group			The Bank	
31 March 2023	31 December 2022		31 March 2023	31 December 2022
2,468	2,026	Accrued payments to employees	2,355	1,917
362	352	Prepayments	-	-
2,049	1,799	Accrued expenses	2,041	1,787
165	-	Liabilities to the State Tax Inspectorate	154	-
		Liabilities to the Board of the State Social		
131	-	Fund	122	-
830	265	Sales VAT	830	265
122	80	Deferred income	122	80
		Payable to the Latvian and Estonian Road		
54	42	Transport Administration	54	42
1,457	382	Debt to suppliers	1,358	319
121	274	Other	120	274
7,759	5,220	Total	7,156	4,684

Note 10 Shareholders' equity

As at 31 March 2023 and 31 December 2022, the share capital of the Group and the Bank consisted of 137,750 ordinary shares with the par value of 144.81 EUR each. All shares are issued, authorised and fully paid. The shares are not listed.

Each share is entitled to equal voting rights, dividends and participation in distribution of residual assets in the event of a winding-up.

Other reserves of the Group and the Bank were as follows:

	The Bank	
	31 March 2023	31 December 2022
Special reserve to cover possible losses	2,528	2,528
Legal reserve	2,262	1,445
Reserve capital	7,497	7,497
Total other reserves	12,287	11,470

	The Group	
	31 March 2023	31 December 2022
Special reserve to cover possible losses	2,528	2,528
Legal reserve	2,287	1,464
Reserve capital	7,497	7,497
Total other reserves	12,312	11,489

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Note 11 Net interest income

The Group			The Bank	
31 March 2023	31 March 2022		31 March 2023	31 March 2022
4,625	2,905	On loans to customers	4,220	2,572
25	53	On impaired loans to customers including interest on arrears	20	47
428	205	Finance lease including interest on arrears	428	205
12	18	Other Interest on arrears (not including finance lease and impaired loans)	12	18
95	67	On debt securities	95	67
289	-	For funds in the Bank of Lithuania	289	-
63	17	On placements with the banks and other credit institutions	63	17
5,537	3,265	Interest revenue	5,127	2,926
(401)	(294)	On obligations to customers, including letters of credit	(401)	(294)
(74)	(76)	Deposit and guarantee insurance	(74)	(76)
(5)	(5)	On subordinated loans	(5)	(5)
(43)	(43)	For debt securities issued	(43)	(43)
(4)	(69)	On obligations to banks and other credit institutions	(4)	(69)
(13)	(14)	Lease of property	(13)	(14)
(540)	(501)	Interest expenses	(540)	(501)
4,997	2,764	Total	4,587	2,425

Note 12 Net service fee and commission income

Net fee and commission income comprises:

The Group			The Bank	
31 March 2023	31 March 2022		31 March 2023	31 March 2022
569	427	Payment services	569	427
40	46	Income from currency exchange	40	46
177	224	Administration of bank accounts	177	224
303	314	Collection of payments	303	314
40	5	Brokerage income	88	65
180	186	Cash operations	180	186
76	127	Other	76	127
1,385	1,329	Service fee and commission income	1,433	1,389
(74)	(87)	Cash operations	(74)	(87)
(21)	(46)	Money transfer operations	(21)	(46)
(77)	(58)	Brokerage costs	-	-
(24)	(16)	Other	(24)	(16)
(196)	(207)	Service fee and commission expense	(119)	(149)
1,189	1,122	Total	1,314	1,240

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Note 13 Net foreign exchange gain

	The Bank (Group)	
	31 March 2023	31 March 2022
Gain from foreign exchange	826	974
Revaluation of items in statement of financial position, net	(118)	79
Net foreign exchange gain	708	895

Note 14 Operating expenses

Operating expenses are as follows:

The Group		The Bank	
31 March 2023	31 March 2022	31 March 2023	31 March 2022
(78)	(90)	(77)	(84)
(245)	(207)	(240)	(204)
(77)	(74)	(77)	(74)
(142)	(134)	(124)	(122)
(69)	(77)	(68)	(75)
(27)	(26)	(27)	(26)
(56)	(53)	(56)	(53)
(61)	(45)	(61)	(45)
(6)	(5)	(3)	(1)
(12)	(9)	(12)	(9)
(9)	(8)	(9)	(8)
(8)	(11)	(8)	(11)
-	(50)	-	(50)
(7)	(15)	(7)	(15)
(3)	(5)	(3)	(5)
(43)	(36)	(42)	(35)
(24)	(6)	(24)	(6)
(63)	(40)	(51)	(28)
(40)	(62)	(39)	(56)
(970)	(953)	(927)	(908)
	Total		

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Note 15 Cash and cash equivalents

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

The Group			The Bank	
31 March 2023	31 March 2022		31 March 2023	31 March 2022
17,369	23,867	Cash on hand	17,369	23,867
48,780	61,492	Current accounts with the Bank of Lithuania	48,780	61,492
7,697	9,999	Current accounts with other credit institutions	7,684	9,971
3,442	6,785	Term deposits with credit institutions up to 90 days	3,442	6,785
77,288	102,143	Total	77,275	102,115

Note 16 Fair values of financial instruments

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties on arm's length condition, other than in a forced transaction, involuntary liquidation or distress sale. As no readily available market exists for a large part of the Bank's and the Group's financial instruments, judgment is necessary in arriving at a fair value, based on current economic conditions and the specific risks attributable to the instrument.

For financial assets and financial liabilities that have a short-term maturity (less than three months) it is assumed that the carrying amounts approximates their fair value. This assumption is also applied to variable rate financial instruments, as the Group and the Bank did not identify significant increases in credit spreads.

The fair value of fixed rate financial assets and liabilities carried at amortised cost are estimated by comparing market interest rates when they were first recognised with current market rates offered for similar financial instruments. The estimated fair value of fixed interest bearing loans and deposits is based on discounted cash flow using prevailing market interest rates for debts with similar credit risk and maturity.

The following describes the methodologies and assumptions used to determine the fair value for those financial instruments:

Cash. Represents cash on hand for which the carrying amount is its fair value.

Amounts due from and to credit institutions. For assets maturing within three months, the carrying amount approximates the fair value due to the relatively short-term maturity of these financial instruments. For longer-term deposits, due to the re-pricing of assets to the market interest rates, the interest rates applicable approximate market rates and, consequently, the fair value approximate the carrying amounts.

Loans to customers. The valuation was done by discounting the future cash flows for each loan over its entire term, using the market's 12 month average interest rates at the end of the year.

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Note 16 Fair values of financial instruments (cont'd)

Amounts due to customers. For balances maturing within three months the carrying amount approximates the fair value due to the relatively short maturity of these financial instruments. For longer term fixed interest bearing deposits and other borrowings the estimated fair value is based on discounted cash flows using interest rates for new debts with similar remaining maturity and credit quality.

Debt securities issued and subordinated loan. The fair value is calculated by discounting of scheduled future cash flows using current market rates.

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

The Bank	31 March 2023		31 December 2022	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Cash and due from central bank	68,802	68,802	69,201	69,201
Placements with banks and other credit institutions	11,126	11,126	11,143	11,143
Debt securities	55,792	54,385	59,218	57,422
Loans and receivables	268,821	287,351	254,771	269,902
Other assets	-	-	-	-
Total	404,541	421,664	394,333	407,668
Financial liabilities				
Due to banks and other credit institutions	33	33	33	33
Due to customers, including letters of credit	361,211	365,664	354,569	357,318
Debt securities issued	2,200	2,310	2,235	2,557
Subordinated loans	1,000	1,000	1,000	1,000
Other liabilities	7,156	7,156	4,684	4,684
Total	371,600	376,163	362,521	365,592
The Group				
Financial assets				
Cash and due from central bank	68,802	68,802	69,201	69,201
Placements with banks and other credit institutions	11,139	11,139	11,156	11,156
Debt securities	55,792	54,385	59,218	57,422
Loans and receivables	277,691	292,787	263,737	276,221
Other assets	-	-	-	-
Total	413,424	427,113	403,312	414,000
Financial liabilities				
Due to banks and other credit institutions	33	33	33	33
Due to customers, including letters of credit	360,805	365,257	354,227	356,976
Debt securities issued	2,200	2,310	2,235	2,557
Subordinated loans	1,000	1,000	1,000	1,000
Other liabilities	7,759	7,759	5,942	5,942
Total	371,797	376,359	363,437	366,508

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Note 16 Fair values of financial instruments (cont'd)

Financial instruments which are carried at fair value in the financial statements are distributed by three levels:

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

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable in the market, either directly or indirectly;

Level 3: techniques which use inputs which have a significant effect on the recorded fair values that are not based on observable market data.

The following table shows an analysis of financial instruments recorded at fair value by the level of the fair value hierarchy:

The Bank (Group)

As at 31 March 2023	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial instruments	-	7	-	7
Financial liabilities				
Derivative financial instruments	-	19	-	19

The Bank (Group)

As at 31 December 2022	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial instruments	-	54	-	54
Financial liabilities				
Derivative financial instruments	-	3	-	3

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Note 16 Fair values of financial instruments (cont'd)**Financial instruments not measured at fair value**

The following table sets out financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy.

The Bank

31 March 2023	Level 1	Level 2	Level 3	Total carrying amount
Assets				
Cash and due from banks	79,928	-	-	79,928
Debt securities	55,792	-	-	55,792
Loans to customers	-	-	244,128	244,128
Finance lease	-	-	24,693	24,693
Other assets	-	-	-	-
Total financial assets	135,720	-	268,821	404,541
Liabilities				
Due to banks and other credit institutions	-	33	-	33
Due to customers	-	361,211	-	361,211
Debt securities issued	-	2,200	-	2,200
Subordinated loan	-	-	1,000	1,000
Other liabilities	-	-	7,156	7,156
Total financial liabilities	-	363,444	8,156	371,600

The Bank

31 December 2022	Level 1	Level 2	Level 3	Total carrying amount
Assets				
Cash and due from banks	80,344	-	-	80,344
Debt securities	59,218	-	-	59,218
Loans to customers	-	-	232,577	232,577
Finance lease	-	-	22,194	22,194
Other assets	-	-	-	-
Total financial assets	139,562	-	254,771	394,333
Liabilities				
Due to banks and other credit institutions	-	33	-	33
Due to customers	-	354,569	-	354,569
Debt securities issued	-	2,235	-	2,235
Subordinated loans	-	-	1,000	1,000
Other liabilities	-	-	4,684	4,684
Total financial liabilities	-	356,837	5,684	362,521

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Note 16 Fair values of financial instruments (cont'd)**The Group**

31 March 2023	Level 1	Level 2	Level 3	Total carrying amount
Assets				
Cash and due from banks	79,941	-	-	79,941
Debt securities	55,792	-	-	55,792
Loans to customers	-	-	252,998	252,998
Finance lease	-	-	24,693	24,693
Other assets	-	-	-	-
Total financial assets	135,733	-	277,691	413,424
Liabilities				
Due to banks and other credit institutions	-	33	-	33
Due to customers	-	360,805	-	360,805
Debt securities issued	-	2,200	-	2,200
Subordinated loan	-	-	1,000	1,000
Other liabilities	-	-	7,759	7,759
Total financial liabilities	-	363,038	8,759	371,797

The Group

31 December 2022	Level 1	Level 2	Level 3	Total carrying amount
Assets				
Cash and due from banks	80,344	-	-	80,344
Debt securities	59,218	-	-	59,218
Loans to customers	-	-	241,543	241,543
Finance lease	-	-	22,194	22,194
Other assets	-	-	-	-
Total financial assets	139,562	-	263,737	403,299
Liabilities				
Due to banks and other credit institutions	-	33	-	33
Due to customers	-	354,227	-	354,227
Debt securities issued	-	2,235	-	2,235
Subordinated loans	-	-	1,000	1,000
Other liabilities	-	-	5,220	5,220
Total financial liabilities	-	356,495	6,220	362,715

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Note 17 Related party transactions

Transactions among the Group and the Bank and their related parties, respectively, were effected on normal commercial terms and conditions as transactions with unrelated parties.

The outstanding balances of loans, term deposits and bonds issued in between 31 March 2023 and 31 December 2022 and related expense and income, included in the profit and loss statement, are set out below:

The Bank	Supervisory Board and Key Management Personnel			
	Shareholders	Subsidiaries	Supervisory Board and Key Management Personnel	Other*
Loans outstanding as at 31 March 2023, net	-	22,341	-	370
Interest rate, percent	-	10.38	-	6.63-7.52
Impairment of loans	-	(281)	-	(2)
Term deposits as at 31 March 2023	-	-	124	1,185
Interest rate, percent	-	-	0.25-2.45	0.05-1.75
Current accounts as at 31 March 2023	1,380	406	192	3,725
Bonds issued as at 31 March 2023	100	-	-	-
Interest rate, percent	7.0	-	-	-
Subordinated loans as at 31 March 2023	1,000	-	-	-
Interest rate, percent	2.0	-	-	-
For three month period as at 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)	-	-	-
Service fee and commission revenue	-	53	-	2
Service fee and commission expenses	-	-	-	-
The Bank	Supervisory Board and Key Management Personnel			
	Shareholders	Subsidiaries	Supervisory Board and Key Management Personnel	Other*
Loans outstanding as at 31 December 2022, net	-	21,377	-	402
Interest rate, percent	-	8.55	-	4.33-5.08
Impairment of loans	-	(268)	-	(3)
Term deposits as at 31 December 2022	-	-	-	1,194
Interest rate, percent	-	-	-	0.05-1.00
Current accounts as at 31 December 2022	2,124	342	186	4,007
Bonds issued as at 31 December 2022	100	-	-	-
Interest rate, percent	7.0	-	-	-
Subordinated loans as at 31 December 2022	1,000	-	-	-
Interest rate, percent	2.0	-	-	-
For three month period as at 31 March 2022				
Interest income on loans	-	390	-	4
Interest expense on deposits	-	-	-	(1)
Interest expense on bonds	(2)	-	-	-
Interest expense on subordinated loans	(5)	-	-	-
Service fee and commission revenue	-	62	-	2
Service fee and commission expenses	-	-	-	-

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Note 17 Related party transactions (cont'd)

The Group	Supervisory Board and Key Management Personnel		
	Shareholders	Supervisory Board and Key Management Personnel	Other*
Loans outstanding as at 31 March 2023, net	-	-	370
Interest rate, percent	-	-	6.63-7.52
Impairment of loans	-	-	(2)
Term deposits as at 31 March 2023	-	124	1,185
Interest rate, percent	-	0.25-2.45	0.05-1.75
Current accounts as at 31 March 2023	2,124	208	3,708
Bonds issued as at 31 March 2023	100	-	-
Interest rate, percent	7.0	-	-
Subordinated loans as at 31 March 2023	1,000	-	-
Interest rate, percent	2.0	-	-
For three month period as at 31 March 2023			
Interest income on loans	-	-	6
Interest expense on deposits	-	-	(1)
Interest expense on bonds	(2)	-	-
Interest expense on subordinated loans	(5)	-	-
Service fee and commission revenue	-	-	2
Service fee and commission expenses	-	-	-

The Group	Supervisory Board and Key Management Personnel		
	Shareholders	Supervisory Board and Key Management Personnel	Other*
Loans outstanding as at 31 December 2022, net	-	-	402
Interest rate, percent	-	-	4.33-5.08
Impairment of loans	-	-	(3)
Term deposits as at 31 December 2022	-	-	1,194
Interest rate, percent	-	-	0.05-1.00
Current accounts as at 31 December 2022	2,124	228	3,965
Bonds issued as at 31 December 2022	100	-	-
Interest rate, percent	7.0	-	-
Subordinated loans as at 31 December 2022	1,000	-	-
Interest rate, percent	2.0	-	-
For three month period as at 31 March 2022			
Interest income on loans	-	-	4
Interest expense on deposits	-	-	(1)
Interest expense on bonds	(2)	-	-
Interest expense on subordinated loans	(5)	-	-
Service fee and commission revenue	-	-	2
Service fee and commission expenses	-	-	-

* Other related parties are entities, controlled by the members of the Management of the Group and the Bank or Shareholders of the Bank and other related parties.

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Note 18 Segment information

A summary of major indicators for the main business segments of the Group included in the Statement of financial position as at 31 March 2023 and in the Statement of comprehensive income as at 31 March 2023 is presented in the table below:

	31 March 2023				
	Traditional banking operations 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 expenses	(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 commissions income	5,701	443	-	42	6,186
Internal	-	-	-	-	-
External	(3,329)	(54)	-	-	(3,383)
Operating expenses	(3,329)	(54)	-	-	(3,383)
Amortisation charges	(106)	-	-	-	(106)
Depreciation charges	(236)	-	-	-	(236)
Internal	-	-	-	-	-
External	(53)	-	-	-	(53)
Impairment expenses	(53)	-	-	-	(53)
Internal	-	-	-	-	-
External	691	119	6	-	817
Net other income	691	119	6	-	817
Profit (loss) before tax	2,668	508	6	42	3,224
Income tax	(472)	-	-	-	(472)
Profit (loss) per segment after tax	2,196	508	6	42	2,752
Non-controlling interest	-	-	-	-	-
Profit (loss) for the year attributable to the shareholders of the Bank	2,196	508	6	42	2,752
Total segment assets	315,443	140,839	1,922	(34,307)	423,897
Total segment liabilities	392,693	5,057	48	(24,712)	373,086
Net segment assets (shareholders equity)	(77,250)	135,782	1,874	(9,595)	50,811

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Note 18 Segment information (cont'd)

A summary of major indicators for the main business segments of the Group included in the Statement of financial position as at 31 March 2022 and in the Statement of comprehensive income as at 31 March 2022 is presented in the table below:

	31 March 2022				
	Traditional banking operations and lending	Treasury	Other activities	Eliminations	Total
Internal	413	-	(24)	(389)	-
External	3,156	85	24	-	3,265
Interest income	3,569	85	-	(389)	3 265
Internal	(413)	-	-	413	-
External	(383)	(118)	-	-	(501)
Interest expenses	(796)	(118)	-	413	(501)
Internal	-	-	(24)	24	-
External	2,773	(33)	24	-	2,764
Net interest income	2,773	(33)	-	24	2,764
Internal	-	-	-	-	-
External	1,131	-	-	(9)	1,122
Net fee and commission income	1,131	-	-	(9)	1,122
Internal	-	-	(24)	24	-
External	3,904	(33)	24	(9)	3,886
Net interest, fee and commissions income	3,904	(33)	24	15	3,886
Internal	-	-	-	-	-
External	(3,175)	(24)	(3)	-	(3,202)
Operating expenses	(3,175)	(24)	(3)	-	(3,202)
Amortisation charges	(94)	-	-	-	(94)
Depreciation charges	(265)	-	-	-	(265)
Internal	-	-	-	-	-
External	(226)	-	-	-	(226)
Impairment expenses	(226)	-	-	-	(226)
Internal	-	-	-	-	-
External	745	204	18	-	967
Net other income	745	204	18	-	967
Profit (loss) before tax	889	147	15	15	1,066
Income tax	(191)	-	-	-	(191)
Profit (loss) per segment after tax	698	147	15	15	874
Non-controlling interest	-	-	-	-	-
Profit (loss) for the year attributable to the shareholders of the Bank	698	147	15	15	874
Total segment assets	272,640	159,754	1,859	(30,369)	403,884
Total segment liabilities	375,379	6,685	42	(21,700)	360,406
Net segment assets (shareholders equity)	(102,739)	153,069	1,817	(8,669)	43,478

Distribution of the Group's assets and revenues by geographical segments

All the Group's long-term assets, except financial assets, are in Lithuania. The Group did not earn revenue in other countries.

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Note 19 Risk management

Credit risk

Credit risk is the risk that the Group and the Bank will incur loss because their customers or counterparties failed to discharge their contractual obligations. The Group and the Bank manage and control credit risk by setting limits on the amount of risk they are willing to accept for individual counterparties and for industry concentrations, and by monitoring exposures in relation to such limits. The Group and the Bank have established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revision. The credit quality review process allows the Group and the Bank to assess the potential loss to which it is exposed and to take corrective action. The Bank makes available to its customers guarantees which may require that the Bank makes payments on their behalf. They expose the Bank to similar risks as loans and these are mitigated by the same control processes and policies. In cases, when cash flows of nonperforming loans are based on expected cash flows to be recovered from sale of collateral, value of the collateral is an important estimate in calculating impairment losses for loans and receivables.

The Bank and the Group have to comply with the limit to large exposures (maximum exposure to single customer) set in Regulation (EU) No 575/2013 of the European Parliament and of the Council. Exposure to a customer or group of connected customers cannot exceed 25 percent of the Bank's and Group's eligible capital. According to Regulation (EU) No 876/2019, effective since 28 June 2021, the maximum exposure ratio is calculated based on Tier 1 capital. Compliance to this requirement is disclosed in the table below:

The Group			The Bank	
31 March 2023	31 December 2022		31 March 2023	31 December 2022
7,848	8,085	Maximum exposure to a single customer or group of connected customers	7,848	8,085
46,983	44,471	Eligible capital	47,260	45,130
16.70	18.07	Maximum exposure ratio, percent	16.61	17.80

Maximum exposure to credit risk without taking into account any collateral and other credit enhancement

The table below shows the maximum exposure to credit risk. The maximum exposure is shown in net value, before the effect of collateral agreements.

The Group			The Bank	
31 March 2023	31 December 2022		31 March 2023	31 December 2022
		Statement of financial position items, other than trading and investment activities		
51,433	48,067	Balances with the Bank of Lithuania	51,433	48,067
		Due from banks		
11,139	11,156		11,126	11,143
252,998	241,543	Loans to customers	244,128	232,577
24,693	22,194	Finance lease	24,693	22,194
340,263	322,960		331,380	313,981
		Off balance sheet items		
2,211	2,231	Guarantees	2,211	2,231
23,849	12,706	Loan commitments	27,849	17,644
366,323	337,897	Total balance and off balance sheet items, other than trading and investment activities	361,440	333,856
		Trading and investment activities		
		Financial assets at fair value through profit or loss		
7	54	Derivative financial instruments	7	54
		- Held-to-maturity investments		-
55,792	59,218	Debt securities	55,792	59,218
55,799	59,272	Total trading and investment activities	55,799	59,272
422,122	397,169	Total credit exposure	417,239	393,128

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Note 19 Risk management (cont'd)

Tables below present the breakdown of trading and investment activities by type and grade:

	The Bank (Group)	
	31 March 2023	31 December 2022
Government bonds	55,792	59,218
Derivatives	7	54
Total	55,799	59,272

Bonds exposure by rating grade	The Bank (Group)	
	31 March 2023	31 December 2022
High grade (AAA-A)	43,060	46,077
Standard grade (B-BBB+)	12,732	13,141
Not rated	-	-
Total	55,792	59,218

Debt securities are held-to-maturity and are measured at amortised cost. The Group and the Bank have no impaired or overdue amounts within investment activities.

The Group and the Bank assigned to the high rating class debt securities, whose issuers combined credit rating, according to the assessments of recognized international rating agencies (Moody's, Standard&Poor's or Fitch Ratings), is from „AAA“ to „A“, when bonds with issuer's ratings from „BBB“ to „B“ are assigned to the standard rating class.

Credit risk assessment

When evaluating financial instruments, the Group and the Bank apply specific valuation criteria and procedures on the clients. Due to the change in credit risk since initial recognition loans are divided into three stages:

- Stage 1 – all performing loans, unless there has been a significant increase in credit risk since the initial recognition, and it's expected that the borrower has strong capacity to meet contractual future cash flows.
- Stage 2 – loans when there has been a significant increase in credit risk since initial recognition.
- Stage 3 – all defaulted loans with recognized loss events and POCI (purchased or originated credit-impaired) assets.

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Note 19 Risk management (cont'd)**Credit risk assessment of financial instruments, other than trading activities and off balance items**

The Bank	Not overdue	1 to 59 days	60 to 89 days	More than 90 days	Total
31 March 2023					
Stage 1					
Loans and receivables	216,488	1,453	-	-	217,941
Placements with LB and other banks	62,559	-	-	-	62,559
Debt securities	55,792	-	-	-	55,792
Other financial assets	-	-	-	-	-
Total	334,839	1,453	-	-	336,292
Stage 2					
Loans and receivables	46,702	1,448	11	-	48,161
Placements with LB and other banks	-	-	-	-	-
Debt securities	-	-	-	-	-
Other financial assets	-	-	-	-	-
Total	46,702	1,448	11	-	48,161
Stage 3					
Loans and receivables	2,438	179	-	103	2,719
Placements with LB and other banks	-	-	-	-	-
Debt securities	-	-	-	-	-
Other financial assets	-	-	-	-	-
Total	2,438	179	0	103	2,719
Total	383,978	3,080	11	103	387,172

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Note 19 Risk management (cont'd)

Credit risk assessment of financial instruments, other than trading activities and off balance items (cont.)

The Bank	Not overdue	1 to 59 days	60 to 89 days	More than 90 days	Total
31 December 2022					
Stage 1					
Loans and receivables	201,310	1,160	-	-	202,470
Placements with LB and other banks	59,210	-	-	-	59,210
Debt securities	59,218	-	-	-	59,218
Other financial assets	-	-	-	-	-
Total	319,738	1,160	-	-	320,898
Stage 2					
Loans and receivables	48,603	745	-	-	49,348
Placements with LB and other banks	-	-	-	-	-
Debt securities	-	-	-	-	-
Other financial assets	-	-	-	-	-
Total	4,603	745	-	-	49,348
Stage 3					
Loans and receivables	2,301	324	200	128	2,953
Placements with LB and other banks	-	-	-	-	-
Debt securities	-	-	-	-	-
Other financial assets	-	-	-	-	-
Total	2,301	324	200	128	2,953
Total	370,642	2,229	200	128	373,199

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Note 19 Risk management (cont'd)

Credit risk assessment of financial instruments, other than trading activities and off balance items (cont.)

The Group	Not overdue	1 to 59 days	60 to 89 days	More than 90 days	Total
31 March 2023					
Stage 1					
Loans and receivables	222,509	1,965	-	-	224,474
Placements with LB and other banks	62,572	-	-	-	62,572
Debt securities	55,792	-	-	-	55,792
Other financial assets	-	-	-	-	-
Total	340,873	1,965	-	-	342,838
Stage 2					
Loans and receivables	48,072	2,244	24	-	50,340
Placements with LB and other banks	-	-	-	-	-
Debt securities	-	-	-	-	-
Other financial assets	-	-	-	-	-
Total	48,072	2,244	24	-	50,340
Stage 3					
Loans and receivables	2,478	195	20	184	2,877
Placements with LB and other banks	-	-	-	-	-
Debt securities	-	-	-	-	-
Other financial assets	-	-	-	-	-
Total	2,478	195	20	184	2,877
Total	391,423	4,404	44	184	396,055

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Note 19 Risk management (cont'd)

Credit risk assessment of financial instruments, other than trading activities and off balance items (cont.)

The Group	Not overdue	1 to 59 days	60 to 89 days	More than 90 days	Total
31 December 2022					
Stage 1					
Loans and receivables	208,125	1,758	-	-	209,883
Placements with LB and other banks	59,223	-	-	-	59,223
Debt securities	59,218	-	-	-	59,218
Other financial assets	-	-	-	-	-
Total	326,566	1,758	-	-	328,324
Stage 2					
Loans and receivables	49,293	1,411	40	-	50,744
Placements with LB and other banks	-	-	-	-	-
Debt securities	-	-	-	-	-
Other financial assets	-	-	-	-	-
Total	49,293	1,411	40	-	50,744
Stage 3					
Loans and receivables	2,322	341	226	221	3,110
Placements with LB and other banks	-	-	-	-	-
Debt securities	-	-	-	-	-
Other financial assets	-	-	-	-	-
Total	2,322	341	226	221	3,110
Total	378,181	3,510	266	221	382,178

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Note 19 Risk management (cont'd)

Breakdown of impairment for financial instruments by stages:

	31 March 2023					31 December 2022				
	Collective impairment	Individual impairment	Credit commitments	Guarantees	Total	Collective impairment	Individual impairment	Credit commitments	Guarantees	Total
The Bank										
Stage 1	1,163	-	151	8	1,322	1,067	-	125	8	1,200
Loans and receivables	1,118	-	151	8	1,277	1,020	-	125	8	1,153
Placements with LB and other banks	11	-	-	-	11	11	-	-	-	11
Debt securities	34	-	-	-	34	36	-	-	-	36
Stage 2	745	-	1	-	746	851	-	-	-	851
Loans and receivables	745	-	1	-	746	851	-	-	-	851
Stage 3	-	1,027	-	-	1,027	-	1,182	-	-	1,182
Loans and receivables	-	1,027	-	-	1,027	-	1,182	-	-	1,182
Total	1,908	1,027	152	8	3,095	1,918	1,182	125	8	3,233
The Group										
Stage 1	1,380	-	101	8	1,489	1,289	-	63	8	1,360
Loans and receivables	1,335	-	101	8	1,444	1,242	-	63	8	1,313
Placements with LB and other banks	11	-	-	-	11	11	-	-	-	11
Debt securities	34	-	-	-	34	36	-	-	-	36
Stage 2	989	-	-	-	989	970	-	-	-	970
Loans and receivables	989	-	-	-	989	970	-	-	-	970
Stage 3	-	1,309	-	-	1,309	-	1,409	-	-	1,409
Loans and receivables	-	1,309	-	-	1,309	-	1,409	-	-	1,409
Total	2,369	1,309	101	8	3,787	2,259	1,409	63	8	3,739

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Note 19 Risk management (cont'd)**Change of impairment during reporting period**

The Group					The Bank					
Collective impairment	Individual impairment	Credit commitments	Guarantees	Total		Collective impairment	Individual impairment	Credit commitments	Guarantees	Total
					31 March 2023					
93	-	38	-	131	Stage 1	97	-	26	-	123
94	-	38	(3)	132	Loans and receivables	98	-	26	-	124
-	-	-	-	-	Placements with LB and other banks	-	-	-	-	-
(1)	-	-	-	(1)	Debt securities	(1)	-	-	-	(1)
19	-	-	-	19	Stage 2	(106)	-	1	-	(105)
19	-	-	-	19	Loans and receivables	(106)	-	1	-	(105)
-	(100)	-	-	(100)	Stage 3	-	(155)	-	-	(155)
-	(100)	-	-	(100)	Loans and receivables	-	(155)	-	-	(155)
-	-	-	-	-	Other financial assets	-	-	-	-	-
112	(100)	38	-	50	Total	(9)	(155)	27	-	(137)
-	3	-	-	3	Write-offs	-	-	-	-	-
-	-	-	-	-	Income on loans written off in earlier periods	-	-	-	-	=
-	-	-	-	53	Total change of impairment	-	-	-	-	(137)

The credit risk assessment of individual clients, in order to determine their dependence on war-affected countries and the impact on credit risk, did not show increased credit risk. In 2023, enhanced monitoring is applied to the clients included in the list of monitored clients.

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Note 19 Risk management (cont'd)

Liquidity risk

Liquidity risk refers to the availability of sufficient funds to meet deposit withdrawals and other financial commitments associated with financial instruments as they actually fall due. In order to manage liquidity risk, the Group and the Bank perform daily monitoring of future expected cash flows on clients' and banking operations, which is a part of assets/liabilities management process. The Board of Directors sets limits on the minimum level of assets of different level of liquidity that should be in place to cover withdrawals at unexpected levels of demand.

The Bank and the Group is required to satisfy the minimum requirement of liquidity coverage ratio according to Regulation (EU) No 575/2013 of the European Parliament and of the Council. Liquidity coverage ratio (LCR) refers to highly liquid assets held by the Bank or the Group in order to meet short-term obligations. The Bank or the Group is required to hold an amount of highly-liquid assets, such as cash, funds in Central bank, highly rated treasury bonds and other liquid financial instruments, equal to or greater than net cash outflow over a 30-day period, i.e. liquidity coverage ratio cannot be lower than 100 percent. Liquidity coverage ratios of the Bank and the Group are as follows:

The Group			The Bank	
31 March 2023	31 December 2022		31 March 2023	31 December 2022
111,836	125,833	Liquid assets	111,836	125,833
19,434	30,060	Short-term (up to 30 days) obligations	21,357	32,316
575	419	LCR, percent	524	389

Furthermore, according to the Regulation (EU) No 2019/876 of the European Parliament and of the Council, the net stable funding ratio should be at least of 100% starting from 28 June 2021. Net stable funding ratios of the Bank and the Group are as follows:

The Group			The Bank	
31 March 2023	31 December 2022		31 March 2023	31 December 2022
371,197	364,440	Available stable funding	371,489	364,716
241,323	223,162	Required stable funding	248,344	229,968
154	163	NSFR, percent	150	159

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Note 19 Risk management (cont'd)

The following tables provide an analysis of carrying amounts of all assets and all liabilities grouped on the basis of the remaining period from the date of the statement of financial position to the contractual maturity date:

The Bank	31 March 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	35,483	62,064	7,425	64,382	106,624	128,419	19,355	423,752
Liabilities and shareholders' equity	175,403	15,506	13,694	83,778	49,848	34,441	189	372,859
Net gap	(139,920)	46,558	(6,269)	(19,396)	56,776	93,978	19,166	50,893
Credit commitments	-	27,849	-	-	-	-	-	27,849

	31 December 2022							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	38,739	46,018	12,465	57,207	120,599	119,225	17,268	411,521
Liabilities and shareholders' equity	185,251	16,323	17,399	66,296	48,102	29,872	203	363,446
Net gap	(146,512)	29,695	(4,934)	(9,089)	72,497	89,353	17,065	48,075
Credit commitments	-	17,644	-	-	-	-	-	17,644

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Note 19 Risk management (cont'd)

Liquidity risk (cont.)

The Group	31 March 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	35,496	65,572	8,563	69,370	96,076	141,095	10,725	423,897
Liabilities and shareholders equity	174,997	16,109	13,694	83,778	49,848	34,441	219	373,086
Net gap	(139,501)	46,463	(5,131)	(14,408)	46,228	106,654	10,506	50,811
Credit commitments	-	23,849	-	-	-	-	-	23,849

The Group	31 December 2022							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	38,752	46,516	13,563	61,961	110,489	131,835	8,588	411,704
Liabilities and shareholders equity	184,909	16,859	17,399	66,296	48,102	29,872	208	363,645
Net gap	(146,157)	29,657	(3,836)	(4,335)	62,387	101,963	8,380	48,059
Credit commitments	-	12,706	-	-	-	-	-	12,706

Overdue loans are disclosed under column "Without maturity".

Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables, such as interest rates, foreign exchange rates and equity prices. The market risk is managed and controlled by continuous market monitoring and analysis of forecasted market changes.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Board has established internal limits, monitors compliance with the required limits are monitored at the intervals set by the Bank. Interest rate risk is managed by forecasting the market interest rates and managing the mismatches between assets and liabilities from re-pricing maturities. The Group and the Bank apply the interest rate risk management methods allowing to measure the Bank's and the Group's sensitivity to interest rate changes by computing the impact to yearly net interest income in case of parallel shift in the yield curve.

The table below summarises the Group's and the Bank's exposure to interest rate risk as of 31 March 2023 and 31 December 2022. The table below includes the Group's and the Bank's assets and liabilities at carrying amounts, classified by the earlier of contractual re-pricing or maturity dates.

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Note 19 Risk management (cont'd)**Interest rate risk (cont'd)**

The Bank	31 March 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:							
Sensitive assets to interest rate fluctuation	50,477	77,058	157,019	18,488	17,633	1,472	322,147
Non-sensitive assets to interest rate fluctuation							101,605
Liabilities:							
Sensitive liabilities to interest rate fluctuation	7,358	13,274	22,642	58,995	52,036	34,815	189,120
Non-sensitive liabilities and equity to interest rate fluctuation							234,632
Interest sensitivity gap	43,119	63,784	134,377	(40,507)	(34,403)	(33,343)	-

The Bank	31 December 2022						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:							
Sensitive assets to interest rate fluctuation	57,557	101,573	106,570	15,532	31,035	1,522	313,789
Non-sensitive assets to interest rate fluctuation							97,732
Liabilities:							
Sensitive liabilities to interest rate fluctuation	10,315	18,126	20,573	43,685	49,615	30,497	172,811
Non-sensitive liabilities and equity to interest rate fluctuation							238,710
Interest sensitivity gap	47,242	83,447	85,997	(28,153)	(18,580)	(28,975)	-

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Note 19 Risk management (cont'd)

The Group	31 March 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:							
Sensitive assets to interest rate fluctuation	51,166	78,195	136,251	21,785	29,255	14,148	330,800
Non-sensitive assets to interest rate fluctuation							93,097
Liabilities:							
Sensitive liabilities to interest rate fluctuation	7,358	13,274	22,642	58,995	52,036	34,815	189,120
Non-sensitive liabilities and equity to interest rate fluctuation							234,777
Interest sensitivity gap	43,808	64,921	113,609	(37,210)	(22,781)	(20,667)	-

Interest rate risk (cont'd)

The Group	31 December 2022						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:							
Sensitive assets to interest rate fluctuation	58,213	81,169	108,182	18,666	42,154	14,132	322,516
Non-sensitive assets to interest rate fluctuation							89,188
Liabilities:							
Sensitive liabilities to interest rate fluctuation	10,315	18,126	20,573	43,685	49,615	30,497	172,811
Non-sensitive liabilities and equity to interest rate fluctuation							238,893
Interest sensitivity gap	47,898	63,043	87,609	(25,019)	(7,461)	(16,365)	-

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Note 19 Risk management (cont'd)

Currency risk

The currency risk is managed by monitoring the risk exposure against the limits established for single open currency position. Positions are monitored on a daily basis. Our policy is to keep foreign exchange positions more or less closed.

The Group and the Bank are exposed to effects of fluctuation in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board of Directors sets limits on the level of exposure by currencies by branches by subsidiaries and in total. These limits also comply with the minimum requirements of the Bank of Lithuania. The Bank's and the Group's exposure to foreign currency exchange rate risk is as follows:

The Group			The Bank	
31 March 2023	31 December 2022		31 March 2023	31 December 2022
135	151	Long positions	135	151
(308)	(331)	Short positions	(308)	(331)
48,134	45,800	Eligible capital	48,411	46 459
0.64	0.72	Overall net currency position, percent	0.64	0.71

The pre-tax impact of changes in currency rates calculated on linear basis is presented below:

	31 March 2023	31 December 2022
Increase in FX rates by 10 percent	17	18
Decrease in FX rates by 10 percent	(17)	(18)

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Note 20 Capital

The primary objectives of the Group's and the Bank's capital management are to ensure that the Group and the Bank comply with externally imposed capital requirements and that the Group and the Bank maintain healthy capital ratios in order to support their business and to maximize the shareholders' value.

The Group's and the Bank's capital management procedures are based on the regulatory capital requirements contained in the Capital Requirements Directive (CRD) and in the Capital Requirements Regulation (CRR) No. 575/2013. According to these requirements, there is a need to accumulate additional conservation buffer reserve, which is equal to 2.5 percent from generally evaluated risk amount.

As per the European Banking Authority's (EBA) recommendation, the 3 percent leverage ratio requirement has become binding from 28 June 2021. As of 31 March 2023, the Bank's leverage ratio of 10.42 percent (the Group – 10.44 percent) exceeded the minimum requirement.

On 15 March 2022, based on 2021 Supervisory Review and Evaluation Process (SREP), the Board of the Bank of Lithuania set an additional own funds requirement (Pillar II) of 1.7 percent.

Taking into consideration Regulation (EU) No. 575/2013 of the European Parliament and of the Council and capital adequacy requirements, the Bank's and the Group's total capital adequacy ratio should not be less than 12.2 percent. The Group and the Bank capital adequacy ratio exceeded the required minimum.

After the general meeting of shareholders, full-year 2022 profit was included in 31 December 2022 Common Equity Tier 1.

Capital adequacy ratio calculation summary is presented in the table below, percent:

	The Bank		The Group	
	31		31	
	31 March	December	31 March	December
	2023	2022	2023	2022
Capital adequacy ratio, percent	21.18	20.73	20.57	20.27

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Note 21 Quality of financial assets, profitability rates and other information

Financial assets quality indicators as at 31 March 2023 are given in the table below:

The Group			The Bank	
Provisions (EUR) thousands	Provisions to financial assets ratio (percent)		Provisions (EUR) thousands	Provisions to financial assets ratio (percent)
3,121	1.17	Loans to customers	2,378	0.96
513	2.04	Finance lease	513	2.04
34	0.06	Debt securities	34	0.06
11	0.10	Placements with banks	11	0.10
3,679	1.02	Total:	2,936	0.86

Financial assets quality indicators as at 31 December 2022:

The Group			The Bank	
Provisions (EUR) thousands	Provisions to financial assets ratio (percent)		Provisions (EUR) thousands	Provisions to financial assets ratio (percent)
3,092	1.16	Loans to customers	2,525	0.98
528	2.32	Finance lease r	528	2.32
36	0.06	Debt securities	36	0.06
11	0.10	Placements with banks	11	0.10
3,667	1.01	Total:	3,100	0.88

Main profitability rates) of the Bank and Group are provided in the table below, percent:

The Group			The Bank	
31 March 2023	31 December 2022		31 March 2023	31 December 2022
2.63	1.34	Return on assets (ROA)	2.65	1.28
22.27	12.12	Return on equity (ROE)	22.62	11.62

Action applied to the Bank

During the first quarter of 2023 any measures of effect were not applied to the Medicinos Bankas.

UAB MEDICINOS BANKAS

Legal entity code 112027077, Pamėnkalnio St. 40, LT-01114 Vilnius

SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AS AT 31 MARCH 2023

(All amounts in EUR thousand unless otherwise stated)

Note 22 Events after the reporting date

Changes in the management of the Bank:

Due to Aleksejus Tonkich resignation, on 12 of April 2023, the Supervisory Board of the Bank dismissed Aleksejus Tonkich from the position of a member of the Management Board from 2 of May 2023

There were no other subsequent events during the first quarter of year 2023 that would require adjustments or disclosures to the financial statements of the Group and the Bank.

CONFIRMATION OF RESPONSIBLE PERSONS

We, UAB Medicinos Bankas Chairman of the Board and Chief Executive Officer Marius Arlauskas and Director of Accounting and Reporting Department, Chief Accountant Lina Bertašienė, confirm that the financial statements for first quarter of 2023 have been prepared in accordance with the applicable accounting standard, represents reality and fairly shows the assets, liabilities, financial position, results of operations and cash flows of UAB Medicinos Bankas and the consolidated entities.

Chairman of the Board and Head of
Administration

M. Arlauskas



Director of Accounting and Reporting
Department, Chief Accountant

L. Bertašienė

