ADDITIONAL INFORMATION ON RISK MANAGEMENT AND CAPITAL ADEQUACY 2023

Disclosure of information under Part Eight of Regulation (EU) No 575/2013

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This Additional Information on Risk Management and Capital Adequacy 2023 report was approved by the Board of Urbo bankas UAB on 26 March 2024.

Basis and scope of the report

This document has been prepared in accordance with the requirements of Part Eight of Regulation (EU) No. 575/2013 of the European Parliament and of the Council (Capital Requirements Regulation, CRR) and the European Banking Authority's (EBA) Implementing and Regulatory Technical Standards (ITS/RTS) on Public Disclosure (Regulation (EU) No. 2021/637). In the preparation of the report, consideration has been given to the guidance provided by the EBA on disclosure requirements under Part Eight of the CRR.

This document discloses unaudited supplementary information on own funds, the main features of capital instruments, and describes the overall risk profile as part of the assessment of the business strategy. This report is not subject to an independent audit.

This report is published together with the audited separate and consolidated financial statements of Urbo bankas UAB as at 31 December 2023 (hereinafter referred to as the "Annual Report") and the independent auditor's report, which are available on the Bank's website at www.urbo.lt. The Annual Report for 2023 also provides information on the Remuneration Policy, the Bank Group's internal and risk management and capital adequacy, and this report complements it.

This document presents the information as at 31 December 2023 on an individual and consolidated basis. The Bank Group (the "Group") consists of Urbo bankas UAB (the "Bank") together with its subsidiaries: TG Invest-1 UAB and Saugus kreditas UAB. TG Invest-1 UAB is active in real estate management and Saugus Kreditas UAB is active in consumer lending. For more detailed information on the Group companies, see Note 1 to the Annual Report, and for the basis of consolidation, see Note 2.

Operational risk management and control

Risk is inherent in the activities of the Bank and the Group and is managed through continuous identification, assessment and control processes, subject to risk limits and other controls. This risk management process is important for the continued profitability of the Bank and the Group, and every employee in the Bank and the Group is accountable for the risks to the extent of his/her responsibilities.

The general principles of risk management are set out in the Risk Management Policy approved by the Bank's Supervisory Board and its implementation is monitored by the Board of the Bank. Individual principles for managing Group-specific risks are set out in other documents governing specific risks and their management. The right to determine the acceptable level of risk rests with the Bank's Supervisory Board. The Bank and the Group companies use the same risk management policies and internal control principles. The effectiveness of the risk management and internal control system is ensured by using the concept of The three lines model, which is based on a clear separation of duties and cooperation between business units, risk control units and the internal audit unit.

Risk management is a structured, coordinated, and continuous process for identifying and assessing opportunities and risks affecting the achievement of the Group's objectives and for deciding on specific actions. In managing risks, the Group seeks not only to minimise potential risks, but also to ensure an efficient allocation of capital, taking into account incurred and expected losses and possible variations in financial performance.

Information on internal governance, the election of the Bank's bodies, committees and their functions is disclosed in the Annual Report (Section 11 of the Management Report) and in the Bank's Governance Report, and information on risk management and reporting systems – in Note 28 Risk Management.

The Group has an operational risk management strategy: risks can be avoided, assumed, mitigated, utilised, or transferred. Risks are avoided by minimising or eliminating the activities, functions or processes that give rise to them. Risks are assumed when they are likely to cost as much or less to manage than the loss that may result from the risk.

Risks are mitigated by setting internal limits, regulating, and documenting business processes, defining responsibilities, introducing additional risk mitigating internal controls, and using the double-checking principle. Risks are transferred: through decisions to buy services from others, through transactions with insurance companies (business, property insurance) or other financial institutions.

In addition to setting limits, other measures used to manage risks include monitoring sources of risk and informing the Bank’s bodies, selecting risk indicators, stress testing, selling assets/transactions, changing the composition of assets or changing the markets in which the activities are carried out.

These elements are integrated into the core management processes, feed into the overall planning and strategy development process and form the overall risk management framework. The Group has established and continuously improves its risk management framework, which is defined by operational procedures, clear responsibilities, division of functions, internal control, and information systems. To minimise future operational losses, an annual self-assessment of operational risk management is carried out, as well as the recording of risk events in a database, the double checking in decision-making, the introduction of operations where potential errors are not acceptable, and the dedication of more resources to maintaining the reliability and security of information systems.

In view of the increased regulatory requirements, the economic environment, and the strategic objective of ensuring stable operations, the Bank pays particular attention to improving internal control and risk management, building risk culture, enhancing information and communication technology and security risk management, and strengthening its capital base.

Since 2021, the Bank integrates Environmental, Social and Governance (ESG) risks into its processes. These and other key risks faced by the Bank and the Group are disclosed in the Annual Report (Section 1 of the Management Report) and quantitative information is provided in Note 28.

Declaration approved by the management body on the adequacy of the risk management arrangements

The Board of the Bank confirms that the risk management system used by Urbo Bankas UAB is appropriate, taking into account the nature of the Bank’s and its subsidiaries’ activities and strategy.

Table 1 EU LI1. **Differences between the accounting scope and the scope of prudential consolidation and mapping of financial statement categories with regulatory risk categories**

The Group

EUR thousand

		Carrying values as reported in published financial statements	Carrying values under scope of prudential consolidation	Carrying values of items				
				Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds
	Breakdown by asset classes according to the balance sheet in the published financial statements							
1	Cash and due from central bank	137,347	137,347	137,347				
2	Placements with banks and other credit institutions	14,541	14,541	14,541				
3	Derivative financial instruments	9	9		9			
4	Debt securities	55,952	55,952	55,952				
5	Loans and receivables	329,586	329,586	329,586				
6	Investments in subsidiaries	-	-	-				
7	Other equity instruments	27	27	27				
8	Investment property	47	47	47				
9	Property and equipment	2,608	2,608	2,608				
10	Intangible assets	632	632	632				48
11	Tax assets	101	101	101				101
12	Assets held for sale	4,801	4,801	4,801				
13	Other assets	3 ,26	3,126	3,126				
	Total assets	548,777	548,777	548,619	9			149

	Breakdown by liability classes according to the balance sheet in the published financial statements							
1	Due to banks and other credit institutions	33	33					33
2	Derivative financial instruments	44	44					44
3	Due to customers	481,171	481,171					481,171
4	Debt securities issued	2,252	2,252					2,252
5	Provisions	164	164					164
6	Tax liabilities	1,385	1,385					1,385
7	Other liabilities	6,499	6,499					6,499
	Total liabilities	491,548	491,548					491,504

Table 2 EU LI2. **Main sources of differences between regulatory exposure amounts and carrying values in financial statements**

The Group

EUR thousand

		Total	Items subject to			
			Credit risk framework	Securitisation framework	CCR framework	Market risk framework
1	Assets carrying value amount under the scope of prudential consolidation (as per template LI1)	548,628	548,619		9	
2	Liabilities carrying value amount under the scope of prudential consolidation (as per template LI1)					
3	Total net amount under the scope of prudential consolidation	548,628	548,619		9	
4	Off-balance-sheet amounts	26,413	26,413			
5	*Differences in valuations*					
6	*Differences due to different netting rules, other than those already included in row 2*					
7	*Differences due to consideration of provisions*	4,266	4,266			
8	*Differences due to the use of credit risk mitigation techniques (CRMs)*	13,396	13,396			
9	*Differences due to credit conversion factors*	17,963	17,963			
10	*Differences due to Securitisation with risk transfer*					
11	*Other differences*					
12	**Exposure amounts considered for regulatory purposes**	543,682	543,673		9	

Table 3 EU LI3. **Outline of the differences in the scopes of consolidation (entity by entity)**

Name of the entity	Method of accounting consolidation	Method of prudential consolidation					Description of the entity
		Full consolidation	Proportional consolidation	Equity method	Neither consolidated nor deducted	Deducted	
Urbo bankas UAB	*Full consolidation*	X					*Credit institution*
Saugus kreditas UAB	*Full consolidation*	X					*Consumer lending*
TG-Invest UAB	*Full consolidation*	X					*Real estate management*

The scope of accounting consolidation and the scope of prudential consolidation are exactly the same. There are no impediments to the rapid transfer of own funds or the discharge of liabilities between the Bank and its controlled entities.

CAPITAL

Capital management

The primary objective of the Bank's and the Group's capital management is to ensure that the Bank and the Group meet the capital requirements set by external authorities and maintain a sufficient capital ratio to develop the business and increase shareholder value.

Capital is managed in accordance with statutory requirements, the business plans approved by the Bank's governing bodies and established internal prudential limits. In addition to assessing the level of operational risk to be assumed in the current situation, consideration is also given to the prospects for future operations and the impact of possible adverse factors.

The Bank's and the Group's capital is calculated and allocated to risks in accordance with the EU Capital Requirements Directive (CRD) and the CRR. According to the provisions of the Directive, the required level of capital is set at several levels: the minimum capital requirement under Pillar 1, the additional capital for possible losses under Pillar 2, and the total capital buffer requirements.

For the purpose of calculating the Pillar 1 capital requirement, risk-weighted assets are calculated in accordance with the Standardised Approach, using risk weights that are assigned to different groups according to the nature of the asset and the type of counterparty, taking into account collateral and guarantees that have been recognised as eligible for risk mitigation. Off-balance sheet exposures are similarly risk weighted. The operational risk capital requirement is calculated using the Basic Indicator Approach. The Standardised Approach is used for market risk.

Under Pillar 1, the Bank must always meet the following minimum capital requirements:

– a Common Equity Tier 1 capital ratio of **4.5%**, which is the total Common Equity Tier 1 capital expressed as a percentage of the total amount of risk exposure;

– a Tier 1 capital ratio of **6%**, which is the total Tier 1 capital expressed as a percentage of the total amount of risk exposure;

– a total capital ratio of **8%**, which is own funds expressed as a percentage of the total amount of risk exposure;

– a leverage ratio of **3%**, which is Tier 1 capital expressed as a percentage of the total countable exposure measure.

In addition to the Pillar 1 capital requirements, the Bank should meet the following additional capital buffer requirements:

- capital conservation buffer of 2,5 %;
- sectoral systemic risk reserve of 2 %;
- countercyclical capital buffer rate of 1 %.

On 15 March 2022, the additional capital requirement (Pillar 2 requirement, P2R) was set at 1.7% by a resolution of the Board of the Bank of Lithuania, following the Supervisory Review and Evaluation Process (SREP) in 2021. The resolution also recommends ensuring the Pillar 2 Guidance (P2G) capital of 1%, which should be incorporated into capital planning and risk management frameworks, including the risk appetite management framework and recovery planning.

In the light of the above, the Bank is required to meet the following individual own funds requirements: Common Equity Tier 1 ratio of 5.5%, Tier 1 capital ratio of 7.3%, and total capital ratio (after capital buffers) of 13.35%. The total capital ratio, calculated by taking into account authorised capital, audited retained earnings, reserves, statutory reserve and revaluation reserve, was 20.30% at the reporting date. The leverage ratio of 9.69% was also significantly above the minimum requirement.

Internal Capital Adequacy Assessment Process

The Internal Capital Adequacy Assessment Process (ICAAP) involves the disclosure of risks specific to the Bank and the Group entities and the calculation of the internal capital requirement to cover the assumed risks. The main objective of the ICAAP is to ensure that the Bank and the Group maintain a sufficient capital buffer to cover the most significant risks that are not, or have not been, adequately covered by supervisory capital.

The ICAAP aims to ensure that the capital base is always at a level sufficient to maintain the Group's long-term financial stability and to allow it to safely carry out its intended activities.

The ICAAP includes the Group's self-assessment, stress testing and determination of internal capital requirements. The ICAAP of subsidiaries is part of the Group-wide ICAAP. The internal self-assessment identifies the risks inherent in the Group's activities, determines the significance of those risks and the need for additional capital, using the assessment approaches selected. The main purpose of stress testing is to determine whether the capital available is sufficient to cover potential losses.

The ICAAP is carried out regularly. The results are presented in a report that discloses the nature of the risks and the assessment of the capital adequacy level, as well as the main principles and calculations used to assess the risks.

The ICAAP is carried out regularly. The results are presented in a report that discloses the nature of the risks and the assessment of the capital adequacy level, as well as the main principles and calculations used to assess the risks.

Table 4 EU KM1. **Key metrics**

EUR thousand

		The Bank	The Group
Available own funds (amounts)			
1	Common Equity Tier 1 (CET1) capital	56,094	56,124
2	Tier 1 capital	56,094	56,124
3	Total capital	56,798	56,828
Risk-weighted exposure amounts			
4	Total risk exposure amount	279,809	272,094
Capital ratios (as a percentage of risk-weighted exposure amount)			
5	Common Equity Tier 1 ratio (%)	20.05%	20.63%
6	Tier 1 ratio (%)	20.05%	20.63%
7	Total capital ratio (%)	20.30%	20.89%
Additional own funds requirements to address risks others than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)			
7a	Additional own funds requirements to address risks others than the risk of excessive leverage (%)	9.70%	9.70%
7b	of which: to be made up of CET1 capital (percentage points)	5.50%	5.50%
7c	of which: to be made up of Tier 1 capital (percentage points)	7.30%	7.30%
7d	Total SREP own funds requirements (%)	9.70%	9.70%
Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)			
8	Capital conservation buffer (%)	2.50%	2.50%
8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-	-
9	Institution specific countercyclical capital buffer (%)	1.00%	1.00%
9a	Systemic risk buffer (%)	0.15%	0.15%
10	Global Systemically Important Institution buffer (%)	-	-
10a	Other Systemically Important Institution buffer (%)	-	-
11	Combined buffer requirement (%)	3.65%	3.65%
11a	Overall capital requirements (%)	13.35%	13.35%
12	CET1 available after meeting the total SREP own funds requirements (%)	10.60%	11.19%
Leverage ratio			
13	Total exposure measure	578,629	575,278
14	Leverage ratio (%)	9.69%	9.76%
Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)			
14a	Additional own funds requirements to address the risk of excessive leverage (%)	-	-
14b	of which: to be made up of CET1 capital (percentage points)	-	-
14c	Total SREP leverage ratio requirements (%)	3.00%	3.00%
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)			
14d	Leverage ratio buffer requirement (%)	-	-
14e	Overall leverage ratio requirement (%)	3.00%	3.00%
Liquidity Coverage Ratio			
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	183,643	183,643
16a	Cash outflows - Total weighted value	510,519	506,035
16b	Cash inflows - Total weighted value	26,242	26,946
16	Total net cash outflows (adjusted value)	41,146	39,144
17	Liquidity coverage ratio (%)	446%	469%

Net Stable Funding Ratio			
18	Total available stable funding	480,608	480,252
19	Total required stable funding	283,449	287,160
20	NSFR ratio (%)	169.56%	167.78%

Table 5 EU OV1. **Overview of total risk exposure amounts**

The Bank

EUR thousand

		Total risk exposure amounts (TREA)		Total own funds requirements
		31-12-2023	31-12-2022	31-12-2023
	Credit risk (excluding CCR)	**235,575**	**191,090**	**18,846**
1	of which the standardised approach	232,357	191,090	18,588
2	of which the Foundation IRB (F-IRB) approach			
3	of which the Foundation IRB (F-IRB) approach			
4	of which slotting approach			
4a	of which equities under the simple risk weighted approach			
6	**Counterparty credit risk - CCR**	**85**	**173**	**7**
7	of which the standardised approach			
8	of which internal model method (IMM)			
8a	of which exposures to a CCP			
8b	of which credit valuation adjustment - CVA	38	75	3
9	of which other CCR	47	98	4
15	**Settlement risk**			
16	Securitisation exposures in the non-trading book (after the cap)			
17	of which SEC-IRBA approach			
18	of which SEC-ERBA (including IAA)			
19	of which SEC-SA approach			
19a	of which 1250% / deduction			
20	**Position, foreign exchange and commodities risks (Market risk)**			
21	of which the standardised approach			
22	of which IMA			
22a	**Large exposures**			
23	**Operational risk**	**44,150**	**37,938**	**3,532**
23a	of which basic indicator approach	44,150	37,938	3,532
23b	of which standardised approach			
23c	of which advanced measurement approach			
24	Amounts below the thresholds for deduction (subject to 250% risk weight)			
29	**Total**	**279,809**	**229,200**	**22,385**

The Group

EUR thousand

		Total risk exposure amounts (TREA)		Total own funds requirements
		12-31-2023	31-12-2022	31-12-2023
	Credit risk (excluding CCR)	**225,610**	**181,240**	**18,049**
1	of which the standardised approach	222,469	181,240	17,797
2	of which the Foundation IRB (F-IRB) approach			
3	of which the Foundation IRB (F-IRB) approach			
4	of which slotting approach			
4a	of which equities under the simple risk weighted approach			
6	**Counterparty credit risk - CCR**	**85**	**173**	**7**
7	of which the standardised approach			
8	of which internal model method (IMM)			
8a	of which exposures to a CCP			
8b	of which credit valuation adjustment - CVA	38	75	3
9	of which other CCR	47	98	4
15	**Settlement risk**			
16	Securitisation exposures in the non-trading book (after the cap)			
17	of which SEC-IRBA approach			
18	of which SEC-ERBA (including IAA)			
19	of which SEC-SA approach			
19a	of which 1250% / deduction			
20	**Position, foreign exchange and commodities risks (Market risk)**			
21	of which the standardised approach			
22	of which IMA			
22a	**Large exposures**			
23	**Operational risk**	**46,400**	**39,488**	**3,712**
23a	of which basic indicator approach	46,400	39,488	3,712
23b	of which standardised approach			
23c	of which advanced measurement approach			
24	Amounts below the thresholds for deduction (subject to 250% risk weight)			
29	**Total**	**272,094**	**220,900**	**21,768**

Table 6 EU CCA. **Main features of regulatory own funds instruments and eligible liabilities instruments**

1	Issuer	Urbo bankas UAB
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	LT0000130510
2a	Public or private placement	Private
3	Governing law(s) of the instrument	The Republic of Lithuania
3a	Contractual recognition of write down and conversion powers of resolution authorities	No
Regulatory treatment		
4	Current treatment taking into account, where applicable, transitional CRR rules	Common Equity Tier 1
5	Post-transitional CRR rules	Common Equity Tier 1
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Solo and consolidated
7	Instrument type (types to be specified by each jurisdiction)	Registered shares
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date	35,467,870
9	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date	35,467,870
9a	Issue price	0.5
9b	Redemption price	N/A
10	Accounting classification	Shareholders' equity
11	Original date of issuance	1994
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	N/A
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
Coupons / dividends		
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Partially discretionary
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Partially discretionally
21	Existence of step up or other incentive to redeem	N/A
22	Noncumulative or cumulative	Noncumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down features	No
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
34a	Type of subordination (only for eligible liabilities)	N/A
34b	Ranking of the instrument in normal insolvency proceedings	1
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	N/A
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A

Table 7 EU CC1. **Composition of regulatory own funds**

EUR thousand

		a1)	a2)	b)
		The Bank	**The Group**	**Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation**
Common Equity Tier 1 (CET1) capital: instruments and reserves				
1	Capital instruments and the related share premium accounts	35,468	35,468	EU CC2, r24
	of which: Instrument type 1			
	of which: Instrument type 2			
	of which: Instrument type 3			
2	Retained earnings	8,025	8,026	EU CC2, r25
3	Accumulated other comprehensive income (and other reserves)	10,208	10,251	EU CC2, r26
3a	Funds for general banking risk	2,529	2,529	EU CC2, r26
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1			
5	Minority interests (amount allowed in consolidated CET1)			
5a	Independently reviewed interim profits net of any foreseeable charge or dividend			
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**56,229**	**56,273**	
Common Equity Tier 1 (CET1) capital: regulatory adjustments				
7	Additional value adjustments (negative amount)			
8	Intangible assets (net of related tax liability) (negative amount)	(35)	(48)	
9	Not applicable			
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	(101)	(101)	
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value			
12	Negative amounts resulting from the calculation of expected loss amounts			
13	Any increase in equity that results from securitised assets (negative amount)			
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing			
15	Defined-benefit pension fund assets (negative amount)			
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)			
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)			
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)			
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)			

URBO

20	Not applicable		
20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative		
20b	of which: qualifying holdings outside the financial sector (negative amount)		
20c	of which: securitisation positions (negative amount)		
20d	of which: free deliveries (negative amount)		
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)		
22	Amount exceeding the 17,65% threshold (negative amount)		
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities		
24	Not applicable		
25	of which: deferred tax assets arising from temporary differences		
25a	Losses for the current financial year (negative amount)		
25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)		
26	Not applicable		
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)		
27a	Other regulatory adjustments		
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	(136)	(149)
29	**Common Equity Tier 1 (CET1) capital**	**56,094**	**56,124**
Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts		
31	of which: classified as equity under applicable accounting standards		
32	of which: classified as liabilities under applicable accounting standards		
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1		
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties		
35	of which: instruments issued by subsidiaries subject to phase out		
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**		
Additional Tier 1 (AT1) capital: regulatory adjustments			
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)		
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)		
41	Not applicable		
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)		
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**		
44	**Additional Tier 1 (AT1) capital**		
45	**Tier 1 capital (T1 = CET1 + AT1)**	**56,094**	**56,124**

Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts	704	704
47	Amount of qualifying items referred to in Article 484(5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR		
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties		
49	of which: instruments issued by subsidiaries subject to phase out		
50	Credit risk adjustments		
51	**Tier 2 (T2) capital before regulatory adjustments**	704	704
Tier 2 (T2) capital: regulatory adjustments			
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)		
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)		
56	Not applicable		
57	**Total regulatory adjustments to Tier 2 (T2) capital**		
58	**Tier 2 (T2) capital**	704	704
59	**Total capital (TC = T1 + T2)**	56,798	56,828
60	**Total Risk exposure amount**	279,809	272,094
Capital ratios and requirements including buffers			
61	Common Equity Tier 1 capital	20.05%	20.63%
62	Tier 1 capital	20.05%	20.63%
63	Total capital	20.30%	20,89%
64	Institution CET1 overall capital requirements	9.15%	9.15%
65	of which: capital conservation buffer requirement	2.50%	2.50%
66	of which: countercyclical capital buffer requirement	1.00%	1.00%
67	of which: systemic risk buffer requirement	0.15%	0.15%
67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement		
67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	1.70%	1.70%
68	Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements	10.60%	11.19%
National minima (if different from Basel III)			
69	Not applicable		
70	Not applicable		
71	Not applicable		
Amounts below the thresholds for deduction (before risk weighting)			
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)		
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short		

	positions)	
74	Not applicable	
75	Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	
Applicable caps on the inclusion of provisions in Tier 2		
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	
Capital instruments subject to phase-out arrangements		
80	Current cap on CET1 instruments subject to phase out arrangements	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	
82	Current cap on AT1 instruments subject to phase out arrangements	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	
84	Current cap on T2 instruments subject to phase out arrangements	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	

Table 8 EU CC2. **Reconciliation of regulatory own funds to balance sheet in the audited financial statements**

The Bank

EUR thousand

		a)	b)	c)
		Balance sheet as in published financial statements	**Under regulatory scope of consolidation**	**Reference**
		31-12-2023	**31-12-2023**	
Assets - Breakdown by asset classes according to the balance sheet in the published financial statements				
1	Cash and due from central bank	137,347	137,347	
2	Placements with banks and other credit institutions	14,538	14,538	
3	Financial assets at fair value through profit or loss	9	9	
4	Debt securities	55,952	55,952	
5	Loans and receivables	317,385	317,385	
6	Investments in subsidiaries	12,342	12,342	
7	Other equity instruments	27	27	
8	Investment property	47	47	
9	Property and equipment	2,596	2,596	
10	Intangible assets	521	521	
11	Tax assets	101	101	EU CC2, r10
12	Assets held for sale	4,801	4,801	
13	Other assets	2,404	2,404	
14	**Total assets**	**548,070**	**548,070**	

Liabilities - Breakdown by liability classes according to the balance sheet in the published financial statements				
15	Due to banks and other credit institutions	33	33	
16	Derivative financial instruments	44	44	
17	Due to customers	481,609	481,609	
18	Subordinated loans			
19	Debt securities issued	2,252	2,252	
20	Provisions	218	218	
21	Tax liabilities	1,268	1,268	
22	Other liabilities	5,914	5,914	
23	**Total liabilities**	**491,338**	**491,338**	
Shareholders' Equity				
24	Share capital	35,468	35,468	EU CC1, r1
25	Retained earnings	8,977	8,025	EU CC1, r2
26	Other reserves	12,287	12,736	EU CC1, r3 + EU CC1, r3a
27	**Total shareholders' equity**	**56,732**	**56,229**	

The Group

EUR thousand

		a)	b)	c)
		Balance sheet as in published financial statements	**Under regulatory scope of consolidation**	**Reference**
		31-12-2023	**31-12-2023**	
Assets - Breakdown by asset classes according to the balance sheet in the published financial statements				
1	Cash and due from central bank	137,347	137,347	
2	Placements with banks and other credit institutions	14,541	14,541	
3	Financial assets at fair value through profit or loss	9	9	
4	Debt securities	55,952	55,952	
5	Loans and receivables	329,586	329,586	
6	Investments in subsidiaries			
7	Other equity instruments	27	27	
8	Investment property	47	47	
9	Property and equipment	2,608	2,608	
10	Intangible assets	632	632	
11	Tax assets	101	101	EU CC2, r10
12	Assets held for sale	4,801	4,801	
13	Other assets	3,126	3,126	
14	**Total assets**	**548,777**	**548,777**	

Liabilities - Breakdown by liability classes according to the balance sheet in the published financial statements				
15	Due to banks and other credit institutions	33	33	
16	Derivative financial instruments	44	44	
17	Due to customers	481,171	481,171	
18	Subordinated loans			
19	Debt securities issued	2,252	2,252	
20	Provisions	164	164	
21	Tax liabilities	1,385	1,385	
22	Other liabilities	6,499	6,499	
23	**Total liabilities**	**491,548**	**491,548**	
Shareholders' Equity				
24	Share capital	35,468	35,468	EU CC1, r1
25	Retained earnings	9,449	8,026	EU CC1, r2
26	Other reserves	12,312	12,780	EU CC1, r3 + EU CC1, r3a
27	**Total shareholders' equity**	**57,229**	**56,274**	

Countercyclical capital buffer

Table 9 EU CCyB1. **Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer**

The Bank

EUR thousand

Breakdown by country:	General credit exposures		Relevant credit exposures – Market risk		Securitisation exposures Exposure value for non-trading book	Total exposure value	Own fund requirements				Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models			Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total			
Lithuania	356,143					356,143	17,935			17,935	224,188	100%	1%
Total	356,143					356,143	17,935			17,935	224,188	100%	1%

The Group

EUR thousand

Breakdown by country:	General credit exposures		Relevant credit exposures - Market risk		Securitisation exposures Exposure value for non-trading book	Total exposure value	Own fund requirements				Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models			Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total			
Lithuania	354,811					354,811	17,144			17,144	214,300	100%	1%
Total	354,811					354,811	17,144			17,144	214,300	100%	1%

As of 1 October 2023, countercyclical capital buffer rate was set at 1% for Lithuanian exposures.

All general credit exposures are allocated to Lithuania because the aggregate of foreign exposures does not exceed 2 % of the aggregate of the general credit exposures of the Bank in accordance with point (b) of Article 2 (5) of Regulation (EU) No. 1152/2014.

Table 10 EU CCyB2. **Amount of institution-specific countercyclical capital buffer**

		The Bank	The Group
1	Total risk exposure amount	276,591	268,954
2	Institution specific countercyclical capital buffer rate	1%	1%
3	Institution specific countercyclical capital buffer requirement	2 ,798	2,721

Leverage ratio

The purpose of the leverage ratio is to measure risks in addition to the own funds requirement related to risk-weighted assets. The leverage ratio is continuously monitored, and the associated risks are assessed. During 2023, the Bank's and the Group's leverage ratio decreased by 0.24 percentage points compared to the level at the beginning of the year.

Table 11 LR1-LRSum. **Summary reconciliation of accounting assets and leverage ratio exposures**

EUR thousand

		31-12-2023	
		The Bank	The Group
		Solo	Consolidated
1	Total assets as per published financial statements	548,070	548,777
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation		
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)		
4	(Adjustment for temporary exemption of exposures to central banks (if applicable))		
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a (1) CRR)		
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting		
7	Adjustment for eligible cash pooling transactions		
8	Adjustment for derivative financial instruments	235	235
9	Adjustment for securities financing transactions (SFTs)		
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	30,460	26,414
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)		
11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)		
11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)		
12	Other adjustments	(136)	(149)
13	**Total exposure measure**	**578,629**	**575,278**

Table 12 LR2-LRCom. **Leverage ratio common disclosure**

EUR thousand

		The Bank	The Group
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	548,070	548,778
2	Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework		
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)		
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)		
5	(General credit risk adjustments to on-balance sheet items)		
6	(Asset amounts deducted in determining Tier 1 capital)	(136)	(149)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	547,789	548,470
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (i.e., net of eligible cash variation margin)		
8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach		
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions		
9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach		
9b	Exposure determined under Original Exposure Method	235	235
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)		
10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)		
10b	(Exempted CCP leg of client-cleared trade exposures) (Original Exposure Method)		
11	Adjusted effective notional amount of written credit derivatives		
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)		
13	**Total derivatives exposures**	235	235
Securities financing transaction (SFT) exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions		
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)		
16	Counterparty credit risk exposure for SFT assets		
16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e (5) and 222 CRR		
17	Agent transaction exposures		
17a	(Exempted CCP leg of client-cleared SFT exposure)		
18	**Total securities financing transaction exposures**		
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	30,460	26,414
20	(Adjustments, for conversion to credit equivalent amounts)		
21	**(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)**		
22	**Off-balance sheet exposures**		

Excluded exposures			
22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a (1) CRR)		
22b	(Exposures exempted in accordance with point (j) of Article 429a (1) CRR (on and off-balance sheet))		
22c	(Excluded exposures of public development banks (or units) - Public sector investments)		
22d	(Excluded exposures of public development banks (or units) - Promotional loans)		
22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units))		
22f	(Excluded guaranteed parts of exposures arising from export credits)		
22g	(Excluded excess collateral deposited at triparty agents)		
22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a (1) CRR)		
22i	(Excluded C Disclosure of mean values SD related services of designated institutions in accordance with point (p) of Article 429a (1) CRR)		
22j	(Reduction of the exposure value of pre-financing or intermediate loans)		
22k	(Total exempted exposures)		
Capital and total exposure measure			
23	Tier 1 capital	56,094	56,124
24	Total exposure measure	578,629	575,278
Leverage ratio			
25	Leverage ratio (%)	9.69%	9.76%
25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)		
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)		
26	Regulatory minimum leverage ratio requirement (%)	3.00%	3.00%
26a	Additional own funds requirements to address the risk of excessive leverage (%)		
26b	of which: to be made up of CET1 capital		
27	Leverage ratio buffer requirement (%)		
27a	Overall leverage ratio requirement (%)		
Choice on transitional arrangements and relevant exposures			
27b	Choice on transitional arrangements for the definition of the capital measure	Fully phased in	Fully phased in
Disclosure of mean values			
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable		
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables		
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)		
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)		
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)		
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)		

Table 13 LR3-LRSpl. **Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)**

EUR thousand

		The Bank	The Group
		CRR leverage ratio exposures	
1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	547,925	548,619
2	Trading book exposures		
3	Banking book exposures, of which:	547,925	548,619
4	Covered bonds		
5	Exposures treated as sovereigns	173,941	173,941
6	Exposures to regional governments, MDB, international organisations and PSE, not treated as sovereigns		
7	Institutions	14,537	14,540
8	Secured by mortgages of immovable properties	247,243	247,243
9	Retail exposures	12,214	46,444
10	Corporates	46,574	24,336
11	Exposures in default	6,963	7,172
12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	46,453	34,943

LIQUIDITY RISK

Liquidity Coverage Ratio

Table 14 discloses information on the liquidity coverage ratio (LCR). The figures are calculated as simple averages of month-end observations covering the twelve months to the end of each quarter. The liquidity coverage ratio, together with other ratios used for liquidity risk management, is continuously monitored and the associated risks are assessed. Other information relating to liquidity risk management is disclosed in Note 28 Risk Management in the Notes to the Annual Report.

Table 14 EU LIQ1. **Quantitative information of LCR**

The Bank

Quarter ending on	Total adjusted value (average), EUR thousand			
	31-03-2023	30-06-2023	30-09-2023	31-12-2023
Number of data points used in the calculation of averages	12	12	12	12
Liquidity buffer	111,836	120,162	148,350	183,643
Total net cash outflows	21,357	33,795	41,958	41,146
Liquidity coverage ratio (%)	524%	356%	354%	446%

The Group

Quarter ending on	Total adjusted value (average), EUR thousand			
	31-03-2023	30-06-2023	30-09-2023	31-12-2023
Number of data points used in the calculation of averages	12	12	12	12
Liquidity buffer	111,836	120,162	148,350	183,643
Total net cash outflows	19,434	32,590	41,132	39,144
Liquidity coverage ratio (%)	575%	369%	361%	469%

CREDIT RISK

Credit quality

The Bank's definitions of default and forbearance are consistent with those set out in the CRR and the EBA guidelines on default. Non-performing exposures are loans that are more than 90 calendar days past due or where it is estimated that the borrower will default on all of its credit obligations if the collateral is not realised, irrespective of the amount of any overdue amount or the number of days past due. A financial asset is considered past due when the customer has not paid principal, interest, or fees when the contract matures.

Forborne exposures are loans whose contractual terms have been adjusted to reflect a deterioration in the borrower's financial situation. Amendments to the terms of contracts include various types of concessions, such as deferring part of the loan, reducing interest rates, waiving repayment of all or part of the loan, or granting new loans to cover outstanding amounts or to avoid defaults. The impairment of an exposure is determined using the expected credit loss (ECL) model. A more detailed description is given in Note 2 Basis of Preparation and Significant Accounting Principles and Note 28 Risk Management in the Notes to the Annual Report.

Use of ECAI

For exposures that have an external credit risk rating, the risk weight is assigned according to that rating. The following international rating agencies (External Credit Assessment Institutions, ECAIs) are recognised by the Bank:

- Fitch Ratings
- Standarts&Poor's
- Moody's Investors Service

The credit risk rating assigned to exposures by an international rating agency is based on the rating assigned to the issuer or company. If an exposure has ratings from two agencies and they differ, the less favourable (lower) rating is used. Where there are three ratings, the two most favourable ratings are used; if the two ratings selected do not match, the less favourable one is used.

Credit risk mitigation measures

When granting credit, the Bank requires the borrower to provide measures to mitigate the risk, i.e., adequate and sufficient collateral. Collateral is included in the risk assessment process and used to mitigate credit risk. The most important credit risk mitigation (CRM) measures are asset pledges and guarantees. The main types of collateral are real estate, movable property, and financial collateral. Before a particular CRM measure is chosen, its legal basis is assessed to see if it is suitable for a particular service or customer. For more detailed information on credit collateral, see Note 28 Risk Management to the Annual Report.

Table 15 EU CR3. **CRM techniques overview: Disclosure of the use of credit risk mitigation techniques**

The Bank

EUR thousand

		Unsecured carrying amount	Secured carrying amount			
				Of which secured by collateral	Of which secured by financial guarantees	
						Of which secured by credit derivatives
1	Loans and advances	158,586	291,327	284,481	6,846	
2	Debt securities	55,952				
3	Total	214,538	291,327	284,481	6,846	
4	Of which non-performing exposures	39	6,924			
5	Of which defaulted	39	6,924			

The Group

EUR thousand

		Unsecured carrying amount	Secured carrying amount			
				Of which secured by collateral	Of which secured by financial guarantees	
						Of which secured by credit derivatives
1	Loans and advances	170,790	291,327	284,481	6,846	
2	Debt securities	55,952				
3	Total	226,742	291,327	284,481	6,846	
4	Of which non-performing exposures	249	6,924			
5	Of which defaulted	249	6,924			

Disclosure of non-performing and forborne exposures

Table 16 EU CQ1. **Credit quality of forborne exposures**

The Bank

EUR thousand

		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
		Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
				Of which defaulted	Of which impaired				
005	**Cash balances at central banks and other demand deposits**								
010	**Loans and advances**	13,096	7,819	499	7,819	(227)	(1,223)	19,425	6,556
020	Central banks								
030	General governments								
040	Credit institutions								
050	Other financial corporations								
060	Non-financial corporations	12,829	7,243	499	7,243	(221)	(849)	18,962	6,354
070	Households	267	576		576	(6)	(374)	463	202
080	**Debt Securities**								
090	**Loan commitments given**								
100	**Total**	**13,096**	**7,819**	**499**	**7,819**	**(227)**	**(1,223)**	**19,425**	**6,556**

URBO

The Group

EUR thousand

		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
		Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
				Of which defaulted	Of which impaired				
005	**Cash balances at central banks and other demand deposits**								
010	**Loans and advances**	13,414	7,871	534	7,871	(261)	(1,258)	19,425	6,556
020	Central banks								
030	General governments								
040	Credit institutions								
050	Other financial corporations								
060	Non-financial corporations	12,829	7,243	499	7,243	(221)	(849)	18,962	6,354
070	Households	585	628	35	628	(40)	(409)	463	202
080	**Debt Securities**								
090	**Loan commitments given**								
100	**Total**	**13,414**	**7,871**	**534**	**7 871**	**(261)**	**(1,258)**	**19,425**	**6,556**

Table 17 EU CQ3. **Credit quality of performing and non-performing exposures by past due days**

The Bank

		Gross carrying amount/nominal amount, EUR thousand											
		Performing exposures			Non-performing exposures								
			Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
005	**Cash balances at central banks and other demand deposits**	**117,990**	**117,990**										
010	**Loans and advances**	**326,986**	**326,805**	**181**	**8,223**	**7,494**	**460**	**219**	**50**				**767**
020	Central banks												
030	General governments												
040	Credit institutions	14,552	14,552										
050	Other financial corporations	22,701	22,701										
060	Non-financial corporations	189,102	189,101	1	7,469	6,791	460	198	20				716
070	Of which SMEs	185,029	185,028	1	7,469	6,791	460	198	20				719
080	Households	100,631	100,451	180	754	703		21	30				51
090	**Debt securities**	**55,986**	**55,986**										
100	Central banks												
110	General governments	55,986	55,986										
120	Credit institutions												
130	Other financial corporations												
140	Non-financial corporations												

The Bank (continued)

		Gross carrying amount/nominal amount, EUR thousand											
		Performing exposures			Non-performing exposures								
			Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
150	**Off-balance-sheet exposures**	**31,582**											
160	Central banks												
170	General governments												
180	Credit institutions	904											
190	Other financial corporations	4,100											
200	Non-financial corporations	21,908											
210	Households	4,670											
220	**Total**	**500,962**	**500,781**	**181**	**8,223**	**7,494**	**460**	**219**	**50**				**767**

The Group

		Gross carrying amount/nominal amount, EUR thousand											
		Performing exposures			Non-performing exposures								
			Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
005	**Cash balances at central banks and other demand deposits**	**117,990**	**117,990**										
010	**Loans and advances**	**339,528**	**339,056**	**472**	**8,837**	**7,677**	**565**	**323**	**217**	**56**			**1,199**
020	Central banks												
030	General governments												
040	Credit institutions	14,554	14,554										
050	Other financial corporations	166	166										
060	Non-financial corporations	189,102	189,101	1	7,469	6,791	460	198	20				716
070	Of which SMEs	185,029	185,028	1	7,469	6,791	460	198	20				716
080	Households	135,706	135,235	471	1,368	886	105	125	197	56			483
090	**Debt securities**	**55,986**			**55,986**								
100	Central banks												
110	General governments	55,986			55,986								
120	Credit institutions												
130	Other financial corporations												
140	Non-financial corporations												

The Group (continued)

		Gross carrying amount/nominal amount, EUR thousand											
		Performing exposures			Non-performing exposures								
			Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
150	**Off-balance-sheet exposures**	**27,482**											
160	Central banks												
170	General governments												
180	Credit institutions	904											
190	Other financial corporations												
200	Non-financial corporations	21,908											
210	Households	4,670											
220	**Total**	**513,504**	**513,032**	**472**	**8,837**	**7,677**	**565**	**323**	**217**	**56**			**1,199**

Table 18 EU CR1. **Performing and non-performing exposures and related provisions**

The Bank

EUR thousand

		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
			Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3			
050	**Cash balances at central banks and other demand deposits**	**117,990**	**117,990**													
010	**Loans and advances**	**326,986**	**281,777**	**44,415**	**8,223**		**8,201**	**(2,026)**	**(1,270)**	**(703)**	**(1,260)**		**(1,255)**		**284,404**	**6,924**
020	Central banks															
030	General governments															
040	Credit institutions	14,552	14,552					(14)	(14)							
050	Other financial corporations	22,701	22,687	14				(299)	(299)						103	
060	Non-financial corporations	189,102	152,729	36,373	7,469		7,469	(1,223)	(674)	(549)	(871)		(871)		186,667	6,559
070	Of which SMEs	185,029	152,333	32,696	7,469		7,469	(1,182)	(672)	(510)	(871)		(871)		182,635	6,559
080	Households	100,631	91,809	8,028	754		732	(490)	(283)	(154)	(389)		(384)		97,634	365
090	**Debt securities**	55,986	55,986					(34)	(34)							
100	Central banks															
110	General governments	55,986	55,986					(34)	(34)							
120	Credit institutions															
130	Other financial corporations															
140	Non-financial corporations															

The Bank (continued)

		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
			Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3			
150	**Off-balance-sheet exposures**	**31,582**	**29,578**	**2,004**				**(218)**	**(211)**	**(7)**						
160	Central banks															
170	General governments															
180	Credit institutions	904	904													
190	Other financial corporations	4,100	4,100					(54)	(54)							
200	Non-financial corporations	21,908	19,944	1,964				(137)	(130)	(7)						
210	Households	4,670	4,630	40				(27)	(27)							
220	**Total**	532,544	485,331	46,419	8,223		8,201	(2,278)	(1,515)	(710)	(1,260)		(1,255)		284,404	6,924

The Group

EUR thousand

		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
			Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3			
1	**Cash balances at central banks and other demand deposits**	**117,990**	**117,990**													
2	**Loans and advances**	**339,528**	**290,768**	**47,966**	**8,837**		**8,815**	**(2,574)**	**(1,490)**	**(1,031)**	**(1,664)**		**(1,659)**		**284,404**	**6,924**
3	Central banks															
4	General governments															
5	Credit institutions	14,554	14,554					(14)	(14)							
6	Other financial corporations	166	152	14				(2)	(2)						103	
7	Non-financial corporations	189,102	152,729	36,373	7,469		7,469	(1,223)	(674)	(549)	(871)		(871)		186,667	6,559
8	Of which SMEs	185,029	152,333	32,696	7,469		7,469	(1,182)	(672)	(510)	(871)		(871)		182,635	6,559
9	Households	135,706	123,333	11,579	1,368		1,346	(1,335)	(800)	(482)	(793)		(788)		97,634	365
10	**Debt securities**	55,986	55,986					(34)	(34)							
11	Central banks															
12	General governments	55,986	55,986					(34)	(34)							
13	Credit institutions															
14	Other financial corporations															
15	Non-financial corporations															

The Group (continued)

		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
			Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3			
16	**Off-balance-sheet exposures**	**27,482**	**25,478**	**2,004**				**(164)**	**(157)**	**(7)**						
17	Central banks															
18	General governments															
19	Credit institutions	904	904													
20	Other financial corporations							(54)	(54)							
21	Non-financial corporations	21,908	19,944	1,964												
22	Households	4,670	4,630	40				(27)	(27)							
23	**Total**	540,986	490,222	49,970	8,837		8,815	(2,772)	(1,681)	(1,038)	(1,664)		(1,659)		284,404	6,924

Table 19 EU CQ7. **Collateral obtained by taking possession and execution processes**

The Bank

EUR thousand

		Collateral obtained by taking possession	
		Value at initial recognition	Accumulated negative changes
010	**Property, plant and equipment (PP&E)**		
020	**Other than PP&E**	**48**	(1)
030	Residential immovable property		
040	Commercial Immovable property	46	(1)
050	Movable property (auto, shipping, etc.)		
060	Equity and debt instruments		
070	Kita	2	
080	**Total**	**48**	**(1)**

The Group

EUR thousand

		Collateral obtained by taking possession	
		Value at initial recognition	Accumulated negative changes
010	**Property, plant and equipment (PP&E)**		
020	**Other than PP&E**	**53**	(6)
030	Residential immovable property		
040	Commercial Immovable property	46	(1)
050	Movable property (auto, shipping, etc.)		
060	Equity and debt instruments		
070	Kita	7	(5)
080	**Total**	**53**	**(6)**

Based on guidelines on disclosure of non-performing and forborne exposures (EBA/GL/2018/10) tables EU CQ2 (Quality of forbearance), EU CQ4 (Quality of non-performing exposures by geography), EU CQ5 (Credit quality of loans and advances to non-financial corporations by industry), EU CQ6 (Collateral valuation – loans and advances), EU CR2a (Changes in the stock of non-performing loans and advances and related net accumulated recoveries) and EU CQ8 (Collateral obtained by taking possession and execution processes) are not disclosed because these are applicable to institutions that have a gross non-performing loans (NPL) ratio of 5% or above. The Bank's NPL gross ratio is below 5% and the Bank does not meet the criteria for significance mentioned in the guidelines.

Table 20 EU CR4. **Standardised approach. Credit risk exposure and CRM effects**

EUR thousand

Exposure classes	The Bank					The Group				
	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs
	On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures		On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	
Central governments or central banks	173,941		173,941		5,093	173,941		173,941		5,093
Regional government or local authorities										
Institutions	14,537		14,537		2,907	14,540		14,540		2,908
Corporates	46,574	24,651	42,636	9,058	49,345	24,336	20,605	20,398	7,035	25,084
Retail	12,214	4,368	10,861	1,118	7,471	46,444	4,368	45,091	1,118	33,144
Secured by mortgages on immovable property	247,243	1,440	239,414	297	131,387	247,243	1,440	239,414	297	131,387
Exposures in default	6,963		6,815		6,819	7,172		7,024		7,028
Exposures associated with particularly high risk	4,347		4,219		6,329	4,347		4,219		6,329
Other items	42,106		42,106		23,006	30,596		30,596		11,496
Total	**547,925**	**30,459**	**534,529**	**10,473**	**232,357**	**548,619**	**26,413**	**535,223**	**8,450**	**222,469**

URBO

Table 21 EU CR5. **Standardised approach**

The Bank

EUR thousand

Exposure classes	Risk weight							Total	Of which unrated
	0%	20%	35%	50%	75%	100%	150%		
Central governments or central banks	160,252	5,840		7,849				173,941	117,989
Regional government or local authorities									
Multilateral development banks									
Institutions		14,537						14,537	9,800
Corporates						51,694		51,694	51,694
Retail exposures					11,979			11,979	11,979
Exposures secured by mortgages on immovable property			65,394	82,222		92,095		239,711	239,711
Exposures in default						6,808	7	6,815	6,815
Exposures associated with particularly high risk							4,219	4,219	4,219
Other items	18,071	1,286				22,749		42,106	42,106
Total	**178,323**	**21,663**	**65,394**	**90,071**	**11,979**	**173,346**	**4,226**	**545,002**	**484,313**

The Group

EUR thousand

Exposure classes	Risk weight							Total	Of which unrated
	0%	20%	35%	50%	75%	100%	150%		
Central governments or central banks	160,252	5,840		7,849				173,941	117,989
Regional government or local authorities									
Multilateral development banks									
Institutions		14,540						14,540	9,803
Corporates						27,433		27,433	27,433
Retail exposures					46,209			46,209	46,209
Exposures secured by mortgages on immovable property			65,394	82,222		92,095		239,711	239,711
Exposures in default						7,017	7	7,024	7,024
Exposures associated with particularly high risk							4,219	4,219	4,219
Other items	18,071	1,286				11,239		30,596	30,596
Total	**178,323**	**21,666**	**65,394**	**90,071**	**46,209**	**137,784**	**4,226**	**543,673**	**482,984**

OPERATIONAL RISK

Table 22 EU OR1. **Operational risk own funds requirements and risk-weighted exposure amounts**

The Bank

EUR thousand

Banking activities	Relevant indicator			Own funds requirements	Risk exposure amount
	Year-3	Year-2	Last year		
Banking activities subject to basic indicator approach (BIA)	19,802	21,727	29,120	3,532	44,150
Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches					
Subject to TSA:					
Subject to ASA:					
Banking activities subject to advanced measurement approaches AMA					

The Group

EUR thousand

Banking activities	Relevant indicator			Own funds requirements	Risk exposure amount
	Year-3	Year-2	Last year		
Banking activities subject to basic indicator approach (BIA)	20,960	22,611	30,666	3,712	46,400
Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches					
Subject to TSA:					
Subject to ASA:					
Banking activities subject to advanced measurement approaches AMA					

Remuneration policy

Information on the Remuneration Policy and its implementation is disclosed in the Annual Report (Section 10 of the Management Report).

Reporting on asset encumbrance

Table 23 EU AE1. **Encumbered and unencumbered assets**

EUR thousand

	The Bank			
	Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets	Fair value of unencumbered assets
Assets of the disclosing institution	17,374		444,405	
Equity instruments				
Debt securities			50,558	49,288
Other assets	17,374		399,748	

Further details on the fair value of financial assets are disclosed in Note 26 Fair Values of Financial Instruments in the Notes to the Annual Report. There are no additional encumbered assets in the Group.

Table 24 EU AE2. **Collateral received and own debt securities issued**

EUR thousand

	The Bank	
	Fair value of encumbered collateral received or own debt securities issued	Fair value of collateral received or own debt securities issued available for encumbrance
Collateral received by the disclosing institution		
Loans on demand		
Debt securities		
Loans and advances other than loans on demand		
Other collateral received		
Own debt securities issued other than own covered bonds or securitisations		
Total collateral received and own debt securities issued	**17,374**	

Apart from the Bank, the Group does not have any collateral.

Table 25 EU AE3. **Sources of encumbrance**

EUR thousand

	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered
Carrying amount of selected financial liabilities	-	-

Information on the importance of asset encumbrance

Due to the relatively small amount, the asset encumbrance is irrelevant to the Bank and the Group.