MEDICINOS BANKAS

ADDITIONAL INFORMATION ON RISK MANAGEMENT AND CAPITAL ADEQUACY 2022

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

MEDICINOS BANKAS

Contents

This Additional Information on Risk Management and Capital Adequacy 2022 report was approved by the Board of Medicinos bankas UAB on 27 March 2023.

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 Medicinos Bankas UAB as at 31 December 2022 (hereinafter referred to as the "Annual Report") and the independent auditor's report, which are available on the Bank's website at www.medbank.lt. The Annual Report for 2022 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 2022 on an individual and consolidated basis. The Bank Group (the "Group") consists of Medicinos 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. There are no impediments to the rapid transfer of own funds or the discharge of liabilities between the Bank and its controlled entities.

Information on the Remuneration Policy and its implementation is disclosed in the Annual Report (Section 8 of the Management Report).

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 control principles.

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 9 of the Management Report) and in the Bank's Governance Report, and information on risk management and reporting systems – in Note 29 *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, 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, 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, and in 2022, ESG risks have been identified as significant to lending activities. 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 29.

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

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 and the business plans approved by the Bank's governing bodies. 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 minimum capital requirements, the Bank must meet the requirement for the capital conservation buffer of 2.5%.

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 12.2%. The total capital ratio, calculated by taking into account authorised capital, audited retained earnings, reserves, statutory reserve and revaluation reserve, was 21.34% at the reporting date. The leverage ratio of 11.03% 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.

MEDICINOS BANKAS

Table 1 EU KM1. **Key metrics**

EUR thousand

		The Bank	The Group
Available own funds (amounts)			
1	Common Equity Tier 1 (CET1) capital	47,591	47,568
2	Tier 1 capital	47,591	47,568
3	Total capital	48,920	48,897
Risk-weighted exposure amounts			
4	Total risk exposure amount	229,200	220,900
Capital ratios (as a percentage of risk-weighted exposure amount)			
5	Common Equity Tier 1 ratio (%)	20.76	21.53
6	Tier 1 ratio (%)	20.76	21.53
7	Total capital ratio (%)	21.34	22.14
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 (%)	0.00	0.00
9a	Systemic risk buffer (%)	0.01	0.01
10	Global Systemically Important Institution buffer (%)	-	-
10a	Other Systemically Important Institution buffer (%)	-	-
11	Combined buffer requirement (%)	2.51	2.51
11a	Overall capital requirements (%)	12.21	12.21
12	CET1 available after meeting the total SREP own funds requirements (%)	15.26	16.03
Leverage ratio			
13	Total exposure measure	431,500	426,731
14	Leverage ratio (%)	11.03	11.15
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 (%)	-	-
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)	125,833	125,833
16a	Cash outflows - Total weighted value	45,609	43,552
16b	Cash inflows - Total weighted value	13,292	13,492
16	Total net cash outflows (adjusted value)	32,316	30,060
17	Liquidity coverage ratio (%)	389.38	418.61
Net Stable Funding Ratio			
18	Total available stable funding	364,716	364,440
19	Total required stable funding	229,968	223,162
20	NSFR ratio (%)	158.59	163.31

Table 2 EU OV1. **Overview of total risk exposure amounts**

The Bank

EUR thousand

		Total risk exposure amounts (TREA)		Total own funds requirements
		31-12-2022	31-12-2021	31-12-2022
	Credit risk (excluding CCR)	**191,090**	**160,931**	**15,287**
1	of which the standardised approach	191,090	160,931	15,287
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**	**173**	**200**	**14**
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	75	88	6
9	of which other CCR	98	112	8
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**	**37,938**	**36,963**	**3,035**
23a	of which basic indicator approach	37,938	36,963	3,035
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**	**229,200**	**198,094**	**18,336**

The Group

EUR thousand

		Total risk exposure amounts (TREA)		Total own funds requirements
		31-12-2022	31-12-2021	31-12-2022
	Credit risk (excluding CCR)	**181,240**	**151,643**	**14,499**
1	of which the standardised approach	181,240	151,643	14,499
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**	**173**	**200**	**14**
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	75	88	6
9	of which other CCR	98	112	8
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**	**39,488**	**38,225**	**3,159**
23a	of which basic indicator approach	39,488	38,225	3,159
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**	**220,900**	**190,068**	**17,672**

Table 3 EU CCA. **Main features of regulatory own funds instruments and eligible liabilities instruments**

1	Issuer	Medicinos 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)	19,947,577.50
9	Nominal amount of instrument	19,947,577.50
9a	Issue price	144.81
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 4 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	19,948	19,948	EU CC2, r21
	of which: Instrument type 1			
	of which: Instrument type 2			
	of which: Instrument type 3			
2	Retained earnings	15,522	15,418	EU CC2, r22
3	Accumulated other comprehensive income (and other reserves)	9,759	9,784	EU CC2, r24
3a	Funds for general banking risk	2,529	2,529	EU CC2, r24
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**	**47,758**	**47,741**	
Common Equity Tier 1 (CET1) capital: regulatory adjustments				
7	Additional value adjustments (negative amount)			
8	Intangible assets (net of related tax liability) (negative amount)	(72)	(79)	
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)	(95)	(95)	

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)			
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		(1)	
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	(167)	(174)	
29	**Common Equity Tier 1 (CET1) capital**	**47,591**	**47,568**	

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)**	**47,591**	**47,568**	
Tier 2 (T2) capital: instruments				
46	Capital instruments and the related share premium accounts	1,329	1,329	
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**	1,329	1,329	
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**	1,329	1,329	
59	**Total capital (TC = T1 + T2)**	48,920	48,897	
60	**Total Risk exposure amount**	229,200	220,900	
Capital ratios and requirements including buffers				
61	Common Equity Tier 1 capital	20.76%	21.53%	
62	Tier 1 capital	20.76%	21.53%	
63	Total capital	21.34%	22.14%	
64	Institution CET1 overall capital requirements	8.01%	8.01%	
65	of which: capital conservation buffer requirement	2.50%	2.50%	
66	of which: countercyclical capital buffer requirement	0.00%	0.00%	
67	of which: systemic risk buffer requirement	0.01%	0.01%	
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	15.26%	16.03%	
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 (only applicable between 1 Jan 2014 and 1 Jan 2022)			
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 5 EU CC2. **Reconciliation of regulatory own funds to balance sheet in the audited financial statements**

EUR thousand

		a1)	a2)	c)
		Balance sheet as in published financial statements		**Reference**
		The Bank	**The Group**	
		31-12-2022	31-12-2022	
Assets - Breakdown by asset classes according to the balance sheet in the published financial statements				
1	Cash and due from central bank	69,201	69,201	
2	Placements with banks and other credit institutions	11,143	11,156	
3	Financial assets at fair value through profit or loss	54	54	
4	Debt securities	59,218	59,218	
5	Loans and receivables	254,771	263,737	
6	Investments in subsidiaries	9,342	-	
7	Other equity instruments	37	37	
8	Investment property	84	84	
9	Property and equipment	5,688	5,701	
10	Intangible assets	665	671	
11	Deferred taxes	95	95	EU CC2, r10
12	Other assets	1,223	1,750	
	Total assets	**411,521**	**411,704**	

Liabilities - Breakdown by liability classes according to the balance sheet in the published financial statements				
13	Due to banks and other credit institutions	33	33	
14	Derivative financial instruments	3	3	
15	Due to customers	354,569	354,227	
16	Subordinated loans	1,000	1,000	
17	Debt securities issued	2,235	2,235	
18	Provisions	133	71	
19	Current tax	789	856	
20	Other liabilities	4,684	5,220	
	Total liabilities	**363,446**	**363,645**	
Shareholders' Equity				
21	Share capital	19,948	19,948	EU CC1, r1
22	Retained earnings	16,339	16,304	EU CC1, r2
23	Revaluation reserve of property and equipment	318	318	
24	Other reserves	11,470	11,489	EU CC1, r3 + EU CC1, r3a
	Total shareholders' equity	**48,075**	**48,059**	

Countercyclical capital buffer

Table 6 EU CCyB1**. Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer**

Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer, EUR thousand

	Country	General credit exposure under the standardised approach	Own fund requirements	Own fund requirements weights	Countercyclical buffer rate (%)
The Bank	Belgium	388	30	0.0021	0.0
	Germany	306	20	0.0014	0.0
	Ireland	162	7	0.0005	0.0
	Luxembourg	109	3	0.0002	0.5
	Others	147	3	0.0003	0.0

The amount of the countercyclical capital buffer for credit exposures outside Lithuania is EUR 0. The Bank's credit risk exposures in the Republic of Lithuania accounted for 94.5% of the total risk exposure. The Bank's subsidiaries have no exposures to other countries.

Credit exposures in Lithuania, EUR thousand

	General credit exposure under the standardised approach	Own fund requirements	Own fund requirements weights
The Bank	285,379	14,370	0.9956
The Group	283,072	13,581	0.9954

As of the reporting date, credit exposures located in the Republic of Lithuania are subject to a 0% countercyclical capital buffer. In October 2022, the Board of the Bank of Lithuania set the countercyclical capital buffer rate at 1%, which will come into effect on 1 October 2023.

Table 7 EU CCyB2. **Amount of institution-specific countercyclical capital buffer**

Amount of institution-specific countercyclical capital buffer, EUR thousand

	Total risk exposure amount	Institution specific countercyclical capital buffer rate	Institution specific countercyclical capital buffer requirement
The Bank	229,200	0	0
The Group	220,900	0	0

The credit exposures of the Bank and the Group are subject to a systemic risk capital buffer of EUR 12 thousand. Credit risk exposures were subject to a 1% systemic risk buffer rate requirement.

The systemic risk capital buffer level is set for the exposures, for which European Union Member States have established national macroprudential policies and which are recommended to be recognised by the European Systemic Risk Board.

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 2022, the Bank's leverage ratio increased by 1.09 percentage points and the Group's leverage ratio increased by 1.15 percentage points compared to the level at the beginning of the year.

Table 8 LR1-LRSum. **Summary reconciliation of accounting assets and leverage ratio exposures**

EUR thousand

		31-12-2022	
		The Bank	**The Group**
		Solo	**Consolidated**
1	Total assets as per published financial statements	411,521	411,704
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		
9	Adjustment for securities financing transactions (SFTs)		
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)		
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	19,979	15,027
13	**Total exposure measure**	**431,500**	**426,731**

Table 9 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)	411,300	411,476
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)	(167)	(174)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	411,133	411,302
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	490	490
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**	490	490
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	19,879	14,938
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**	19,876	14,938
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	47,591	47,568
24	Total exposure measure	431,500	426,731
Leverage ratio			
25	Leverage ratio (%)	11.03	11.15
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 (%)	3.00	3.00
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 10 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:	411,300	411,476
2	Trading book exposures		
3	Banking book exposures, of which:	411,300	411,476
4	Covered bonds		
5	Exposures treated as sovereigns	107,285	107,285
6	Exposures to regional governments, MDB, international organisations and PSE, not treated as sovereigns		
7	Institutions	11,141	11,155
8	Secured by mortgages of immovable properties	195,433	195,433
9	Retail exposures	10,439	40,625
10	Corporates	44,188	22,810
11	Exposures in default	2,055	2,212
12	Other exposures (e.g., equity, securitisations, and other non-credit obligation assets)	40,759	31,956

LIQUIDITY RISK

Liquidity Coverage Ratio

Table 11 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 29 *Risk Management* in the Notes to the Annual Report.

Table 11 EU LIQ1. **Quantitative information of LCR**

The Bank

Quarter ending on	Total adjusted value (average), EUR thousand			
	31-03-2022	**30-06-2022**	**30-09-2022**	**31-12-2022**
Number of data points used in the calculation of averages	12	12	12	12
Liquidity buffer	154,108	154,133	150,203	142,500
Total net cash outflows	29,594	31,099	33,297	34,695
Liquidity coverage ratio (%)	523	498	457	416

The Group

Quarter ending on	Total adjusted value (average), EUR thousand			
	31-03-2022	**30-06-2022**	**30-09-2022**	**31-12-2022**
Number of data points used in the calculation of averages	12	12	12	12
Liquidity buffer	154,108	154,133	150,203	142,500
Total net cash outflows	27,916	29,559	31,650	33,150
Liquidity coverage ratio (%)	555	525	482	436

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 29 *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 29 *Risk Management* to the Annual Report.

Disclosure of non-performing and forborne exposures

Table 12 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				
1	**Loans and advances**	17,590	2,895	59	2,895	(335)	(1,007)	19,088	1,832
2	Central banks								
3	General governments								
4	Credit institutions								
5	Other financial corporations								
6	Non-financial corporations	16,923	2,252	59	2,252	(319)	(568)	18,234	1,630
7	Households	667	643		643	(16)	(439)	854	202
8	**Debt Securities**								
9	**Loan commitments given**								
10	**Total**	**17,590**	**2,895**	**59**	**2,895**	**(335)**	**(1,007)**	**19,088**	**1,832**

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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	Of which defaulted	Of which impaired	On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
1	**Loans and advances**	17,908	2,936	85	2,936	(368)	(1,030)	19,088	1,832
2	Central banks								
3	General governments								
4	Credit institutions								
5	Other financial corporations								
6	Non-financial corporations	16,923	2,252	59	2,252	(319)	(568)	18,234	1,630
7	Households	985	684	26	684	(49)	(462)	854	202
8	**Debt Securities**								
9	**Loan commitments given**								
10	**Total**	**17,908**	**2,936**	**85**	**2,936**	**(368)**	**(1,030)**	**19,088**	**1,832**

Table 13 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
1	**Cash balances at central banks and other demand deposits**	**48,067**	**48,067**										
2	**Loans and advances**	**265,801**	**265,550**	**251**	**3,177**	**2,952**	**88**	**11**	**49**	**31**	**46**		**245**
3	Central banks												
4	General governments												
5	Credit institutions	11,152	11,152										
6	Other financial corporations	22,777	22,777										
7	Non-financial corporations	155,458	155,445	13	2,419	2,223	59	11	49	31	46		216
8	Of which SMEs	147,483	147,470	13	2,419	2,223	59	11	49	31	46		216
9	Households	76,414	76,176	238	758	729	29						29
10	**Debt securities**	**59,254**	**59,254**										
11	Central banks												
12	General governments	59,254	59,254										
13	Credit institutions												
14	Other financial												

	corporations												
15	Non-financial corporations												
16	**Off-balance-sheet exposures**	**20,008**											
17	Central banks												
18	General governments												
19	Credit institutions												
20	Other financial corporations	5,000											
21	Non-financial corporations	13,551											
22	Households	1,457											
23	**Total**	**373,122**	**372,871**	**251**	**3,177**	**2,952**	**88**	**11**	**49**	**31**	**46**		**245**

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
1	**Cash balances at central banks and other demand deposits**	**48,067**	**48,067**										
2	**Loans and advances**	**274,963**	**274,450**	**513**	**3,561**	**3,052**	**190**	**105**	**136**	**36**	**46**		**529**
3	Central banks												
4	General governments												
5	Credit institutions	11,165	11,165										
6	Other financial corporations	1,132	1,132										
7	Non-financial corporations	155,458	155,445	13	2,419	2,223	59	11	49	31	46		216
8	Of which SMEs	147,483	147,470	13	2,419	2,223	59	11	49	31	46		216
9	Households	107,208	106,708	500	1,142	829	131	94	83	5			313
10	**Debt securities**	**59,254**	**59,254**										
11	Central banks												
12	General governments	59,254	59,254										
13	Credit institutions												
14	Other financial corporations												
15	Non-financial corporations												

16	**Off-balance-sheet exposures**	**15,008**											
17	Central banks												
18	General governments												
19	Credit institutions												
20	Other financial corporations												
21	Non-financial corporations	13,551											
22	Households	1,457											
23	**Total**	**382,284**	**381,771**	**513**	**3,561**	**3,052**	**190**	**105**	**132**	**36**	**46**		**529**

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Table 14 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			
1	**Cash balances at central banks and other demand deposits**	**48,067**	**48,067**													
2	**Loans and advances**	**265,801**	**214,644**	**50,199**	**3,177**		**3,177**	**(1,942)**	**(1,031)**	**(851)**	**(1,122)**		**(1,122)**		**211,705**	**1,988**
3	Central banks															
4	General governments															
5	Credit institutions	11,152	11,152					(11)	(11)							
6	Other financial corporations	22,777	22,765	12				(277)	(277)						795	
7	Non-financial corporations	155,458	111,664	43,794	2,419		2,419	(1,323)	(569)	(754)	(676)		(676)		137,176	1,676
8	Of which SMEs	147,483	103,689	43,794	2,149		2,419	(1,275)	(521)	(754)	(676)		(676)		131,520	1,676
9	Households	76,414	69,063	6,393	758		758	(331)	(174)	(97)	(446)		(446)		73,734	312
10	**Debt securities**	**59,254**	**59,254**					**(36)**	**(36)**							

11	Central banks															
12	General governments	59,254	59,254					(36)	(36)							
13	Credit institutions															
14	Other financial corporations															
15	Non-financial corporations															
16	**Off-balance-sheet exposures**	**20,008**	**19,811**	**197**				**133**	**132**	**1**						
17	Central banks															
18	General governments															
19	Credit institutions															
20	Other financial corporations	5,000	5,000					62	62							
21	Non-financial corporations	13,551	13,409	142				68	67	1						
22	Households	1,457	1,402	55				3	3							
23	**Total**	**393,130**	**341,776**	**50,396**	**3,177**		**3,177**	**(1,845)**	**(935)**	**(850)**	**(1,122)**		**(1,122)**		**211,705**	**1,988**

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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**	**48,067**	**48,067**													
2	**Loans and advances**	**274,963**	**222,291**	**51,714**	**3,561**		**3,561**	**(2,282)**	**(1,252)**	**(970)**	**(1,349)**		**(1,349)**		**211,705**	**1,988**
3	Central banks															
4	General governments															
5	Credit institutions	11,165	11,165					(11)	(11)							
6	Other financial corporations	1,132	1,120	12				(9)	(9)						795	
7	Non-financial corporations	155,458	111,664	43,794	2,419		2,419	(1,323)	(569)	(754)	(676)		(676)		137,176	1,676
8	Of which SMEs	147,483	103,689	43,794	2,419		2,419	(1,275)	(521)	(754)	(676)		(676)		131,520	1,676
9	Households	107,208	98,342	7,908	1,142		1,142	(939)	(663)	(216)	(673)		(673)		73,734	312
10	**Debt securities**	**59,254**	**59,254**					**(36)**	**(36)**							
11	Central banks															

12	General governments	59,254	59,254					(36)	(36)							
13	Credit institutions															
14	Other financial corporations															
15	Non-financial corporations															
16	**Off-balance-sheet exposures**	**15,008**	**14,811**	**197**				**71**	**70**	**1**						
17	Central banks															
18	General governments															
19	Credit institutions															
20	Other financial corporations															
21	Non-financial corporations	13,551	13,409	142				68	67	1						
22	Households	1,457	1,402	55				3	3							
23	**Total**	**397,292**	**344,423**	**51,911**	**3,561**		**3,561**	**(2,247)**	**(1,218)**	**(969)**	**(1,349)**		**(1,349)**		**211,705**	**1,988**

Table 15 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**
1	**Property, plant and equipment (PP&E)**		
2	**Other than PP&E**	**85**	(1)
3	Residential immovable property		
4	Commercial Immovable property	46	(1)
5	Movable property (auto, shipping, etc.)	37	
6	Equity and debt instruments		
7	Other collateral	2	
8	**Total**	**85**	**(1)**

The Group

EUR thousand

		Collateral obtained by taking possession	
		Value at initial recognition	**Accumulated negative changes**
1	**Property, plant and equipment (PP&E)**		
2	**Other than PP&E**	**85**	**(1)**
3	Residential immovable property		
4	Commercial Immovable property	46	(1)
5	Movable property (auto, shipping, etc.)	37	
6	Equity and debt instruments		
7	Other collateral	2	
8	**Total**	**85**	**(1)**

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 CQ7 (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 16 EU CR4. **Standardised approach. Credit risk exposure and CRM effects**

EUR thousand

	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
Exposure classes	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	107,285		107,285		7,968	107,285		107,285		7,968
Regional government or local authorities										
Multilateral development banks										
Institutions	11,141		11,141		2,525	11,155		11,155		2,528
Corporates	44,188	17,425	39,247	7,467	44,501	22,810	12,487	17,869	4,998	20,654
Retail	10,439	1,763	8,769	614	5,592	40,625	1,763	38,955	614	28,232
Secured by mortgages on immovable property	195,433	688	187,789	169	107,448	195,433	688	187,789	169	107,448
Exposures in default	2,055		1,996		2,051	2,212		2,153		2,208
Exposures associated with particularly high risk	2,520		2,506		3,759	2,520		2,506		3,759
Other items	38,239		38,239		17,234	29,436		29,436		8,431
Total	**411,300**	**19,876**	**396,972**	**8,250**	**191,078**	**411,476**	**14,938**	**397,148**	**5,781**	**181,228**

Table 17 EU CR5. **Standardised approach**

The Bank

EUR thousand

Exposure classes	**Risk weight** 0%	20%	35%	50%	75%	100%	150%	**Total**	**Of which unrated**
Central governments or central banks	85,570	9,633		12,082				107,285	48,071
Regional government or local authorities									
Multilateral development banks									
Institutions		10,770				371		11,141	5,005
Corporates						46,714		46,714	46,714
Retail exposures					9,383			9,383	9,383
Exposures secured by mortgages on immovable property			47,262	58,393		82,303		187,958	187,958
Exposures in default						1,887	109	1,996	1,996
Exposures associated with particularly high risk							2,506	2,506	2,506
Other items	20,488	646				17,105		38,239	38,239
Total	**106,058**	**21,049**	**47,262**	**70,475**	**9,383**	**148,380**	**2,615**	**405,222**	**339,873**

The Group

EUR thousand

Exposure classes	Risk weight							Total	Of which unrated
	0%	20%	35%	50%	75%	100%	150%		
Central governments or central banks	85,570	9,633		12,082				107,285	48,108
Regional government or local authorities									
Multilateral development banks									
Institutions		10,784		371				11,155	1,908
Corporates						22,867		22,867	22,867
Retail exposures					39,569			39,569	39,569
Exposures secured by mortgages on immovable property			47,262	58,393		82,303		187,958	187,958
Exposures in default						2,044	109	2,153	2,153
Exposures associated with particularly high risk							2,506	2,506	2,506
Other items	20,488	656				8,302		29,436	29,436
Total	**106,058**	**21,063**	**47,262**	**70,475**	**39,569**	**115,887**	**2,615**	**402,929**	**334,505**

Reporting on asset encumbrance

Table 18 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	19,843		387,967	
Equity instruments				
Debt securities	3,789	3,780	54,995	54,547
Other assets	16,528		333,220	

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 19 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	**0**	**0**
Loans on demand	0	0
Debt securities	0	0
Loans and advances other than loans on demand	0	0
Other collateral received	0	0
Own debt securities issued other than own covered bonds or securitisations	**0**	**0**
Total collateral received and own debt securities issued	**19,843**	**0**

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

Table 20 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		3,789

Information on the importance of asset encumbrance

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