

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Medicinos bankas UAB:

Report on the Audit of the Separate and the Consolidated Financial Statements

Opinion

We have audited the separate financial statements of Medicinos Bankas UAB (hereinafter –„the Bank“) and the consolidated financial statements of Medicinos Bankas UAB and its subsidiaries (hereinafter –„the Group“) as contained in electronic data file mb- 2022- 12- 31 en.zip (SHA 256 Checksum: 69976fbd6a0a7e7ae4d7ddba35ea d9c7a2cf768897989f9fa39d9b3aba12537d) which comprise the separate statement of financial position of the Bank and the consolidated statement of financial position of the Group as at 31 December 2022, the separate income statement and the consolidated income statement, the separate statement of comprehensive income and the consolidated statement of comprehensive income, the separate statement of changes in equity and the consolidated statement of changes in equity, the separate statement of cash flows and the consolidated statement of cash flows for the year then ended, and the notes to the separate and consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects, the unconsolidated financial position of the Bank and the consolidated financial position of the Group as at 31 December 2022, and their respective unconsolidated and consolidated financial performance and their respective unconsolidated and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Separate and Consolidated Financial Statements section of our report. We are independent of the Bank and the Group in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the Law on Audit of Financial Statements of the Republic of Lithuania and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate and consolidated financial statements of the current period. These matters were addressed in the context of our audit of the separate and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Each audit matter and our respective response are described below.

The key audit matter	How the matter was addressed in our audit
<p>Valuation of loans and receivables (see notes 8 and 29 in separate and consolidated financial statements)</p> <p>The Group’s impairment allowances for loans and receivables which as at 31 December 2022 amounted to EUR 263,737 thousand after impairment (hereinafter – loans) are calculated by classifying the Group’s loans and receivables according to their homogeneous groups and levels of risk. The Group’s loans and receivables are allocated to 3 risk levels, where the 1st risk level being the lowest and the 3rd risk level being the highest.</p>	<p>We conducted these audit procedures:</p> <p>We have identified loan approval process and tested controls and their effectiveness: regarding loan risk monitoring, including client risk level allocation, identification of loss events, timely collateral revaluation.</p>

<p>Collective impairment allowances for loans are calculated based on expected losses (probabilities of default), historical information and economic indicators, individual impairment allowances – using individual valuation (for high-risk loans).</p> <p>Individual impairment is mostly related to loans with a higher risk level. Calculation of both, collective and individual allowances, is related to estimations and decision making, including the valuation of the collateral, the recovery period, and other assumptions.</p> <p>In our opinion, these estimates and assumptions made by the Bank and the Group (interest rate, risk group, rating assignment, value of the collateral and its realization period) regarding the expected losses of collectively assessed loans and individually assessed loans, have a significant effect on the value of the Bank's and the Group's receivables and loans. Based on this we consider loans and receivable valuation being a key audit matter.</p>	<p>We gained an understanding of the loans and receivables impairment methodology of the Bank and the Group and performed the assessment whether it meets the requirements of the International Financial Reporting Standard 9 <i>Financial Instruments</i>.</p> <p>We have selected higher risk loans (including individually significant loans; loans that were issued to the sectors most affected by the COVID-19 pandemic, increase of energy prices, real estate sales decrease; loss-bearing loans, or loans that were assigned risk level 3 for other reasons) for testing risk assessment and impairment allowance calculation.</p> <p>We have tested the selected loan sample, arranged discussions with the responsible Bank officers and identified whether the future cash flow of the loan is calculated appropriately and whether the loan is assigned to the appropriate risk level (i.e. whether the assumptions made while calculating the cash flow for loan repayment, discount rate and the value of collateral are reasonable).</p> <p>We have tested valuations of the collateralized assets which usually comprise the majority of future cash flows for the loans that have indications of impairment and identified whether the methods and assumptions used in valuations were appropriate, whether the market conditions between the date of valuation and the end of 2022 have not changed significantly and whether there is a need for renewal of valuation.</p> <p>We have reviewed the methodology for collective impairment allowance calculations and tested whether selected sample of loan impairment calculations in accordance with the Bank's and the Group's methodology.</p> <p>We have evaluated the sufficiency and appropriateness of disclosures related to loans and receivables in the financial statements of the Bank and the Group.</p>
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Other Information

The other information comprises the information included in the Group's annual management report, including corporate governance report, but it does not include the separate and consolidated financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the separate and consolidated financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon, except as specified below.

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate and consolidated financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

In addition, our responsibility is to consider whether information included in the Group's annual management report, including corporate governance report, for the financial year for which the separate and consolidated financial statements are prepared is consistent with the separate and consolidated financial statements and whether annual management report, including corporate governance report, has been prepared in compliance with applicable legal requirements. Based on the work carried out in the course of audit of the separate and consolidated financial statements, in our opinion, in all material respects:

- The information given in the Group's annual management report, including corporate governance report, for the financial year for which the separate and consolidated financial statements are prepared is consistent with the separate and consolidated financial statements; and
- The Group's annual management report, including corporate governance report, has been prepared in accordance with the requirements of the Law on Consolidated Financial Reporting by Groups of Undertakings of the Republic of Lithuania and the Law on Reporting by Undertakings of the Republic of Lithuania.

Responsibilities of Management and Those Charged with Governance for the Separate and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the separate and consolidated financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and consolidated financial statements, management is responsible for assessing the Bank's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank and the Group's or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's and the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate and consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate and consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Regulatory and Supervisory Requirements

Following the decision of the general shareholder's meeting dated 25 March 2022 we were re-elected to audit the separate and consolidated financial statements of the Bank and the Group for another two years (2022 and 2023). The total uninterrupted term of appointment is 6 years.

We confirm that our audit opinion expressed in the Opinion section of our report is consistent with the audit report for the separate and consolidated financial statements presented to the Bank and the Group and its Audit Committee.

We confirm that to the best of our knowledge and belief, we have not provided any prohibited non-audit services referred to in Article 5(1) of the Regulation (EU) No 537/2014 of the European Parliament and of the Council.

During the audit period, in addition to the audit services of the Bank's separate and the Group's consolidated annual financial statements we also provided the following services: the audit services of the Bank's separate and the Group's consolidated condensed interim financial statements for the period ended 30 September 2022.

Report on the compliance of format of the consolidated financial statements with the requirements for European Single Electronic Reporting Format

We have been engaged based our agreement by the management of the Bank to conduct a reasonable assurance engagement for the verification of compliance with the applicable requirements of the European single electronic reporting format of consolidated financial statements, including consolidated annual report, for the year ended 31 December 2022 (the "Single Electronic Reporting Format of the consolidated financial statements") contained in the file mb- 2022- 12- 31- en.zip (SHA 256 Checksum: 69976fbd6a0a7e7ae4d7ddba35ead9c7a2cf76889798 9f9fa39d9b3aba12537d).

Description of a subject and applicable criteria

The Single Electronic Reporting Format of the consolidated financial statements has been applied by the management of the Company to comply with the requirements of art. 3 and 4 of the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the "ESEF Regulation"). The applicable requirements regarding the Single Electronic Reporting Format of the consolidated financial statements are contained in the ESEF Regulation.

The requirements described in the preceding sentence determine the basis for application of the Single Electronic Reporting Format of the consolidated financial statements and, in our view, these requirements constitute appropriate criteria to form a reasonable assurance conclusion.

Responsibilities of management and those charged with governance

The management of the Bank is responsible for the application of the Single Electronic Reporting Format of the consolidated financial statements that complies with the requirements of the ESEF Regulation.

This responsibility includes the selection and application of appropriate markups in iXBRL using ESEF taxonomy and designing, implementing and maintaining internal controls relevant for the preparation of the Single Electronic Reporting Format of the consolidated financial statements which is free from material non-compliance with the requirements of the ESEF Regulation.

Those charged with governance are responsible for overseeing the financial reporting process.

Our responsibility

Our responsibility was to express a reasonable assurance conclusion whether the Single Electronic Reporting Format of the consolidated financial statements complies with the ESEF Regulation.

We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements other than Audits and Reviews of Historical Financial Information' (the "ISAE 3000 (R)"). This standard requires that we comply with ethical requirements, plan and perform procedures to obtain reasonable assurance whether the Single Electronic Reporting Format of the consolidated financial statements is prepared, in all material aspects, in accordance with the applicable requirements. Reasonable assurance is a high level of assurance, but it does not guarantee that the service performed in accordance ISAE 3000 (R) will always detect the existing material misstatement (significant non-compliance with the requirements).

Summary of the work performed

Our planned and performed procedures were aimed at obtaining reasonable assurance that the Single Electronic Reporting Format of the consolidated financial statements was applied, in all material aspects, in accordance with the applicable requirements and such application is free from material errors or omissions. Our procedures included in particular:

- obtaining an understanding of the internal control system and processes relevant to the application of the Single Electronic Reporting Format of the consolidated financial statements, including the preparation of the XHTML format and marking up the consolidated financial statements;
- verification whether the XHTML format was applied properly;
- evaluating the completeness of marking up the consolidated financial statements using the iXBRL markup language according to the requirements of the implementation of single electronic format as described in the ESEF Regulation;
- evaluating the appropriateness of the Bank's and the Group's' use of XBRL markups selected from the ESEF taxonomy and the creation of extension markups where no suitable element in the ESEF taxonomy has been identified; and
- evaluating the appropriateness of anchoring of the extension elements to the ESEF taxonomy.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

In our opinion, the Single Electronic Reporting Format of the consolidated financial statements for the year ended 31 December 2022 complies, in all material respects, with the ESEF Regulation.

The audit engagement partner for this independent auditor's report is Arūnas Užbalis.

Auditor Arūnas Užbalis
Auditor certificate No. 000543

ROSK Consulting UAB
Audit company certificate No. 001514

Vilnius, Lithuania
10 March 2023