

UAB MEDICINOS BANKAS

SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED FINANCIAL
STATEMENTS FOR THE TWELVE MONTH PERIOD AS AT 31TH DECEMBER
2022 PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS
AS ADOPTED BY THE EUROPEAN UNION

UAB MEDICINOS BANKAS

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

SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE TWELVE MONTH PERIOD AS AT 31 DECEMBER 2022

(All amounts in EUR thousand unless otherwise stated)

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(All amounts in EUR thousand unless otherwise stated)

CONDENSED SEPARATE AND CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The Group				The Bank	
31 December 2022	31 December 2021	Assets	Notes	31 December 2022	31 December 2021
		Cash and due from central bank			
21,134	30,803	<i>Cash</i>		21,134	30,803
48,067	78,962	<i>Placements with the central bank</i>		48,067	78,962
69,201	109,765			69,201	109,765
11,156	12,809	Placements with banks and other credit institutions	3	11,143	12,537
		Financial assets at fair value through profit or loss			
54	-	<i>Derivative financial instruments</i>		54	-
54	-			54	-
59,218	59,177	Debt securities	4	59,218	59,177
		Loans and receivables	5		
241,543	203,359	<i>Loans to customers</i>		232,577	196,036
22,194	14,516	<i>Finance lease receivable</i>		22,194	14,516
263,737	217,875			254,771	210,552
-	-	Investments in subsidiaries	6	9,342	8,342
37	27	Other equity instruments		37	27
84	234	Investment property		84	232
5,701	6,097	Property and equipment		5,688	6,093
671	740	Intangible assets		665	720
		Tax assets			
-	-	<i>Current taxes</i>		-	-
95	156	<i>Deferred taxes</i>		95	156
95	156			95	156
1,750	1,073	Other assets		1,223	849
411,704	407,953	Total assets		411,521	408,450

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The accompanying notes on pages 11 to 45 are an integral part of these financial statements.

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(All amounts in EUR thousand unless otherwise stated)

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

31 December 2022	31 December 2021	Liabilities and shareholders' equity	Notes	The Bank	
				31 December 2022	31 December 2021
		Liabilities			
33	101	Due to banks and other credit institutions		33	101
3	87	Derivative financial instruments		3	87
354,227	355,454	Due to customers	7	354,569	355,985
1,000	1,000	Subordinated loans	8	1,000	1,000
2,235	2,218	Debt securities issued	8	2,235	2,218
71	57	Impairment		133	108
856	163	Tax liabilities		789	163
-	-	Current taxes		-	-
856	163	Deferred taxes		789	163
		Other liabilities	9		
5,220	6,269			4,684	5,942
363,645	365,349	Total liabilities		363,446	365,604
		Shareholders' equity			
19,948	19,948	Share capital	10	19,948	19,948
16,304	11,429	Retained earnings		16,339	11,690
318	322	Revaluation reserve of property and equipment		318	322
11,489	10,905	Other reserves	10	11,470	10,886
48,059	42,604	Total shareholders' equity		48,75	42,846
411,704	407,953	Total liabilities and shareholders' equity		411,521	408,450

The accompanying notes on pages 11 to 45 are an integral part of these financial statements.

Acting Chairman of the Board and Head of Administration

M. Arlauskas



Director of Accounting and Reporting Department, Chief Accountant

L. Bertašienė



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(All amounts in EUR thousand unless otherwise stated)

CONDENSED SEPARATE AND CONSOLIDATED INCOME STATEMENTS

The Group				The Bank	
31 December 2022	31 December 2021		Notes	31 December 2022	31 December 2021
15,199	13,213	Interest income	11	13,676	12,048
(1,939)	(1,941)	Interest expenses	11	(1,938)	(1,941)
13,260	11,272	Net interest income		11,738	10,107
5,457	5,480	Service fee and commission income	12	5,689	5,827
(939)	(1,014)	Service fee and commission expenses	12	(688)	(840)
4,518	4,466	Net service fee and commission income		5,001	4,987
-	-	Net result on equity securities trading		-	200
4,769	5,115	Net foreign exchange gain	13	4,769	5,115
151	(527)	Net result from operations with derivatives		151	(527)
-	-	Impairment of investments into subsidiaries		-	(64)
56	36	Net result on operations on investment property		56	(4)
74	112	Other income		78	125
22,828	20,474	Total operating income		21,793	19,939
(443)	(549)	Impairment of loans and other financial assets		(293)	(245)
22,385	19,925	Operating income after impairment		21,500	19,694
(10,034)	(8,775)	Salaries and benefits		(9,649)	(8,466)
(967)	(1,101)	Depreciation		(951)	(1,096)
(399)	(245)	Amortisation		(386)	(230)
(4,218)	(4,081)	Other operating expenses	14	(4,045)	(3,923)
(15,618)	(14,202)	Total operating expenses		(15,031)	(13,715)
6,767	5,723	Operating profit (loss)		6,469	5,979
(1,313)	(1,332)	Income tax		(1,241)	(1,332)
5,454	4,391	Profit (loss) for the year		5,228	4,647
5,454	4,391	Attributable to shareholders of the Bank		5,228	4,647

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(All amounts in EUR thousand unless otherwise stated)

CONDENSED SEPARATE AND CONSOLIDATED INCOME STATEMENTS FOR QUARTER

The Group			The Bank		
01-10-2022- 31-12-2022	01-10-2021- 31-12-2021		Notes	01-10-2022- 31-12-2022	01-10-2021- 31-12-2021
4,607	3,259	Interest income		4,191	2,960
(477)	(522)	Interest expenses		(476)	(522)
4,130	2,737	Net interest income		3,715	2,438
1,532	1,516	Service fee and commission income		1,566	1,569
(209)	(268)	Service fee and commission expenses		(155)	(209)
1,323	1,248	Net service fee and commission income		1,411	1,360
-	-	Net result on equity securities trading		-	-
1,150	1,366	Net foreign exchange gain		1,150	1,366
(42)	(179)	Net result from operations with derivatives		(42)	(179)
-	-	Impairment of investments into subsidiaries		-	-
-	-	Net result on operations on investment property		-	-
10	27	Other income		11	30
6,571	5,199	Total operating income		6,245	5,015
229	(60)	Impairment of loans and other financial assets		241	82
6,800	5,139	Operating income after impairment		6,486	5,097
(2,758)	(2,441)	Salaries and benefits		(2,639)	(2,391)
(245)	(267)	Depreciation		(231)	(266)
(100)	(73)	Amortisation		(97)	(70)
(1,251)	(1,069)	Other operating expenses		(1,222)	(1,028)
(4,354)	3,850	Total operating expenses		(4,189)	(3,755)
2,446	1,289	Operating profit (loss)		2,297	1,342
(508)	(273)			(487)	(273)
1,938	1,016	Profit (loss) at the end of the reporting period		1,810	1,069
1,938	1,016	Attributable to shareholders of the Bank		1,810	1,069

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(All amounts in EUR thousand unless otherwise stated)

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

	<u>31 December 2022</u>	<u>31 December 2021</u>
Items that will never be reclassified to profit or loss		
Change in PPE revaluation	5	5
Transfer of depreciation for PPE net of tax	(4)	(4)
Other		
Items that will never be reclassified to profit or loss	<u>1</u>	<u>1</u>
Net amount transferred to profit or loss (available-for-sale financial assets)	-	-
Related tax	-	-
Other comprehensive income (expenses), after tax	<u>-</u>	<u>-</u>
Profit (loss) at the end of the reporting period	5,228	4,647
Total comprehensive income	<u><u>5,229</u></u>	<u><u>4,648</u></u>
Attributable to:		
Shareholders of the Bank	5,229	4,648

The Group

	<u>31 December 2022</u>	<u>31 December 2021</u>
Items that will never be reclassified to profit or loss		
Change in PPE revaluation	5	5
Transfer of depreciation for PPE net of tax	(4)	(4)
Other		-
Items that will never be reclassified to profit or loss	<u>1</u>	<u>1</u>
Net amount transferred to profit or loss (available-for-sale financial assets)	-	-
Related tax	-	-
Other comprehensive income (expenses), after tax	<u>-</u>	<u>-</u>
Profit (loss) at the end of the reporting period	5,454	4,391
Total comprehensive income	<u><u>5,455</u></u>	<u><u>4,392</u></u>
Attributable to:		
Shareholders of the Bank	5,455	4,392

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

	<u>01-10-2022 – 31-12-2022</u>	<u>01-10-2021 – 31-12-2021</u>
Items that will never be reclassified to profit or loss		
Change in PPE revaluation	5	5
Transfer of depreciation for PPE net of tax	(4)	(4)
Other		
Items that will never be reclassified to profit or loss	<u>1</u>	<u>1</u>
Net amount transferred to profit or loss (available-for-sale financial assets)	-	-
Related tax	-	-
Other comprehensive income (expenses), net of tax	<u>-</u>	<u>-</u>
Profit (loss) at the end of the reporting period	1,810	1,069
Total comprehensive income	<u>1,811</u>	<u>1,070</u>
Attributable to:		
Shareholders of the Bank	1,811	1,070

The Group

	<u>01-10-2022 – 31-12-2022</u>	<u>01-10-2021 – 31-12-2021</u>
Items that will never be reclassified to profit or loss		
Change in PPE revaluation	5	5
Transfer of depreciation for PPE net of tax	(4)	(4)
Other	-	-
Items that will never be reclassified to profit or loss	<u>1</u>	<u>1</u>
Net amount transferred to profit or loss (available-for-sale financial assets)	-	-
Related tax	-	-
Other comprehensive income (expenses), net of tax	<u>-</u>	<u>-</u>
Profit (loss) at the end of the reporting period	1,938	1,016
Total comprehensive income	<u>1,939</u>	<u>1,017</u>
Attributable to:		
Shareholders of the Bank	1,939	1,017

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

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Revaluation reserve of property and equipment</u>	<u>Other reserves</u>	<u>Total</u>
As at 31 December 2020	19,948	7,608	326	10,316	38,198
Profit or loss	-	4,647	-	-	4,647
Other comprehensive income (expense)	-	5	(4)	-	1
Transfer to reserves	-	(570)	-	570	-
As at 31 December 2021	19,948	11,690	322	10,886	42,846
Profit or loss	-	5,228	-	-	5,228
Other comprehensive income (expense)	-	5	(4)	-	1
Transfer to reserves	-	(584)	-	584	-
As at 31 December 2022	19,948	16,339	318	11,470	48,075

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

	Share capital	Retained earnings	Revaluation reserve of property and equipment	Other reserves	Total
As at 31 December 2020	19,948	7,622	326	10,316	38,212
Profit or loss	-	4,391	-	-	4,391
Other comprehensive income (expense)	-	5	(4)	-	1
Transfer to reserves	-	(589)	-	589	-
As at 31 December 2021	19,948	11,429	322	10,905	42,604
Profit or loss	-	5,454	-	-	5,454
Other comprehensive income (expense)	-	5	(4)	-	1
Transfer to reserves	-	(584)	-	584	-
As at 31 December 2022	19,948	16,304	318	11 489	48,059

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(All amounts in EUR thousand unless otherwise stated)

CONDENSED SEPARATE AND CONSOLIDATED CASH FLOW STATEMENTS

Group			Bank	
31 December 2022	31 December 2021		31 December 2022	31 December 2021
		Cash flows from operating activities		
5 454	4,391	Profit (loss) for the year	5,228	4,647
		Non-cash Revenue and Cost Recovery		
1,366	1,346	Depreciation and amortisation	1,337	1 326
(83)	(94)	Loss, gain on the sale of tangible, intangible and investment property	(83)	(52)
443	549	Impairment of loans	293	245
(14,650)	(12,786)	Interest income on loans granted to customers	(13,127)	(11,621)
1,938	1,941	Interest expense on liabilities to depositors	1,938	1,941
-	-	Impairment of investments in subsidiaries	-	64
-	-	Dividends from subsidiaries	-	(200)
(138)	32	Derivatives revaluation	(138)	32
60	74	Elimination of accrued vacation pay	68	85
1,313	1,332	Income tax expenses	1,241	1,332
120	(43)	Elimination of other non-cash items	119	174
(4,177)	(3,258)	Cash flows from (to) operating activities before changes in operating assets and liabilities	(3,124)	(2,027)
		Changes in operating assets and liabilities		
69	(145)	Changes in compulsory reserves	69	(145)
(370)	-	Changes in bank's balances	(370)	-
(38,317)	(12,731)	Loans to customers	(36,474)	(9,739)
(7,640)	(1,041)	Finance lease receivable	(7,640)	(1,041)
(68)	100	Changes in due to banks and other credit institutions	(68)	100
(1,982)	9,139	Changes in due to customers	(2,171)	8,289
(1,020)	1,768	Changes in other assets and liabilities	(943)	1,704
(53,505)	(6,168)	Change	(50,721)	(2,859)
14,316	12,767	Received interest on loans granted to customers	12,754	11,571
(1,749)	(1,811)	Interest paid on liabilities to depositors	(1,749)	(1,811)
(564)	(367)	Income tax paid	(564)	(367)
(41,502)	4,421	Net cash flows from operating activities after income tax	(40,280)	6,534
		Investing activities		
(1,101)	(2,289)	Acquisitions of intangible assets and property and equipment	(1,076)	(2 287)
312	907	Proceeds from sale of property and equipment and investment property	310	542
-	-	Investments in subsidiaries	(1,000)	(2 000)
-	-	Dividends from subsidiaries	-	200
(10)	(27)	Other equity instruments	(10)	(27)
(759)	(781)	Part of the main amount of rent payments	(745)	(768)
13,287	15,294	Redemption of debt-securities	13,287	15 294
(13,328)	(19,887)	Acquisitions of of debt-securities	(13,328)	(19 887)
(1,599)	(6,783)	Net cash flows to investing activities	(2,562)	(8,933)

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SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE TWELVE MONTH PERIOD AS AT 31 DECEMBER 2022

(All amounts in EUR thousand unless otherwise stated)

Note 1 Background information

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

Pamėnkalnio St. 40,
Vilnius, Lithuania.

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

At the end of second quarter of 2022 the Bank had 37 customer service units in different regions of Lithuania.

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

As at 31 December 2022 the Bank employed 296 employees (296 employees as at 31 December 2021). As at 31 December 2022 the Group employed 306 employees (307 employees as at 31 December 2021).

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

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

As at 31 December 2021 the shareholders of the Bank were as follows:

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

The issued share capital consists of 137,750 ordinary shares with the par value of EUR 144.81 each. As at 31 December 2022 and 31 December 2021, all shares were fully paid.

March 12, 2021 Mr. Konstantinas Karosas and Western Petroleum Limited at the Banks' general meeting of shareholders transferred all voting rights to UAB MB Valdymas.

After the above mentioned transfer, UAB MB Valdymas will have the right to vote with all the Bank's shares in the Bank's general meeting of shareholders.

At the end of 2022, the agreement for the sale - purchase of 100 percent of Bank's shares among Mr. Konstantinas Karosas, Western Petroleum Limited and purchaser UAB AAA Capital, which is under control of Mr. Marius Jakulis Jason, has been terminated by mutual agreement.

Termination of the share sale-purchase agreement will not affect activities and further strategy of the Bank.

Capital and liquidity positions as at 31 December 2022 remain strong and prudential standards comply with regulations with a reserve.

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(All amounts in EUR thousand unless otherwise stated)

Note 2 Basis of preparation and significant accounting policies

Statement of compliance

The separate and consolidated financial statements have been prepared in accordance with International Reporting Standards IRS 34 as adopted by the European Union (EU). The condensed intermediate separate financial statements and consolidated financial statements should be read in conjunction with the annual separate and consolidated financial statements for the year ended at 2021. Financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. Despite the principles mentioned below, the accounting policies applied in the preparation of this condensed intermediate financial information, are consistent with the accounting policies applied by the Bank in 2021 for the annual financial statements.

New and modified standards and interpretations

Bank and Group management does not expect that newly published standards which are mandatory for accounting periods from 1 January 2022 or later will have major impact to the Bank and Group financial information. Also there is any new standards which should be mandatory for the Bank and Group from year 2022 and which might have noticeable impact on financial information.

While preparing interim separate and consolidated financial statements according to IFRS some assumptions and estimations are applied. They have impact for accounted assets, amounts of liabilities and uncertain assets, liabilities at the day of report and also have impact for amount of income and costs at reporting period. Despite the fact that all these estimations are based on the knowledge of management, in the end results can be different. While preparing interim separate and consolidated financial statements, the same assumptions and estimations, which were used while preparing annual separate and consolidated financial statements for 31 December 2021, were applied.

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

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

Functional and presentation currency

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

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

	31 December 2022	31 December 2021
USD	1.0666	1.1334

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Note 3 Placements with banks and other credit institutions

The Group			The Bank	
31 December 2022	31 December 2021		31 December 2022	31 December 2021
10,556	8,859	Cash in correspondent accounts	10,543	8,587
600	3,950	Term deposits	600	3,950
11,156	12,809	Placements with banks and other credit institutions	11,143	12,537

Note 4 Debt securities

The Bank (Group)

	31 December 2022	31 December 2021
Government bonds of the Republic of Lithuania	36,444	41,037
Government bonds of the Republic of Slovenia	6,789	4,251
Government bonds of the Republic of Croatia	4,946	4,923
Government bonds of the Republic of Romania	5,524	5,421
Government bonds of the Republic of Hungary	2,671	2,626
Government bonds of the Republic of Poland	2,844	919
Total	59,218	59,177

Note 5 Loans and receivables

Loans to customers and receivables comprise of:

	The Bank	
	31 December 2022	31 December 2021
Loans to customers, including short-term bills of exchange	233,498	196,903
Overdrafts	462	372
Factoring	1,142	1,169
Leasing	22,722	14,887
	257,824	213,331
Impairment	(3,053)	(2,779)
Loans and receivables, net	254,771	210,552

	The Group	
	31 December 2022	31 December 2021
Loans to customers, including short-term bills of exchange	243,031	204,639
Overdrafts	462	372
Factoring	1,142	1,169
Leasing	22,722	14,887
	267,357	221,067
Impairment	(3,620)	(3,192)
Loans and receivables, net	263,737	217,875

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Note 6 Investment in subsidiaries

The main activities of established subsidiaries are real estate management, development and granting of consumer loans to private persons.

	The Bank	
	2022	2021
Balance at the beginning of the year	8,342	6,406
Acquisitions	1,000	2,000
Impairment of investment in subsidiaries	-	(64)
Balance at the end of the reporting period	9,342	8,342

Balance as at 31 December 2022	Ownership (percent)	Direct ownership (percent)	Nominal amount	Impairment	Carrying value
	UAB TG Invest-1	100	100	3,033	(1,261)
UAB Saugus Kreditas	100	100	7,601	(31)	7,570
Total			10,634	(1,292)	9,342
Balance as at 31 December 2021	Ownership (percent)	Direct ownership (percent)	Nominal amount	Impairment	Carrying value
	UAB TG Invest-1	100	100	3,033	(1,261)
UAB Saugus Kreditas	100	100	6,601	(31)	6,570
Total			9,634	(1,292)	8,342

Note 7 Amounts due to customers

Amounts due to customers comprise of:

The Group			The Bank	
31 December 2022	31 December 2021		31 December 2022	31 December 2021
156,271	165,753	Term deposits	156,271	165,753
181,616	177,101	Current accounts	181,958	177,632
3,035	69	Customer funds in transit accounts	3,035	69
13,305	12,531	Loans from funds	13,305	12,531
354,227	355,454	Total	354,569	355,985
34,289	37,261	Out of which held as security against guarantees and loans	34,289	37,261

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

Subordinated loans

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

Debt securities issued

In July 2018 the Bank have issued subordinated debt securities emission. As of 30 September 2022 net value of issued debt securities is 2,235 thous. EUR (as of 31 December 2021 2,218 thous. EUR). From 1 August 2018 debt securities of UAB Medicinos bankas are listed in Nasdaq stock exchange – ISIN code LT0000432114 (ticker: OPMB070025A).

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

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Note 9 Other liabilities

Other liabilities comprise of:

The Group			The Bank	
31 December 2022	31 December 2021		31 December 2022	31 December 2021
2,026	1,895	Accrued payments to employees	1,917	1,856
352	216	Prepayments	-	-
1,799	1,997	Accrued expenses	1,787	1,997
-	1,585	AML suspended funds	-	1,585
265	1	Sales VAT	265	1
80	77	Deferred income	80	77
		Payable to the Latvian and Estonian Road		
42	33	Transport Administration	42	33
382	265	Debt to suppliers	319	204
274	200	Other	274	189
5,220	6,269	Total	4,684	5,942

Note 10 Shareholders' equity

As at 31 December 2022 and 31 December 2021, the share capital of the Group and the Bank consisted of 137,750 ordinary shares with the par value of 144.81 EUR each. All shares are issued, authorised and fully paid. The shares are not listed.

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

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

	The Bank	
	31 December 2022	31 December 2021
Special reserve to cover possible losses	2,528	2,528
Legal reserve	1,445	861
Reserve capital	7,497	7,497
Total other reserves	11,470	10,886

	The Group	
	31 December 2022	31 December 2021
Special reserve to cover possible losses	2,528	2,528
Legal reserve	1,464	880
Reserve capital	7,497	7,497
Total other reserves	11,489	10,905

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Note 11 Net interest income

The Group			The Bank	
31 December 2022	31 December 2021		31 December 2022	31 December 2021
13,388	11,614	On loans to customers	11,895	10,512
269	239	On impaired loans to customers including interest on arrears	239	214
940	824	Leasing including interest on arrears	940	800
53	86	Other Interest on arrears (not including leasing's and impaired loans)	53	95
301	412	On debt securities	301	278
174	-	For funds in the Bank of Lithuania	174	-
74	38	On placements with the banks and other credit institutions	74	149
15,199	13,213	Interest revenue	13,676	12,048
(1,235)	(1,151)	On obligations to customers, including letters of credit	(1,234)	(1,151)
(316)	(282)	Deposit and guarantee insurance	(316)	(282)
(20)	(20)	On subordinated loans	(20)	(20)
(172)	(172)	For debt securities issued	(172)	(172)
(142)	(262)	On obligations to banks and other credit institutions	(142)	(262)
(54)	(54)	Lease of property	(54)	(54)
(1,939)	(1,941)	Interest expenses	(1,938)	(1,941)
13,260	11,272	Total	11,738	10,107

Note 12 Net service fee and commission income

Net fee and commission income comprises:

The Group			The Bank	
31 December 2022	31 December 2021		31 December 2022	31 December 2021
1,887	2,194	Payment services	1,887	2,194
217	178	Income from currency exchange	217	178
820	834	Administration of bank accounts	820	834
1,293	1,275	Collection of payments	1,293	1,275
89	17	Brokerage income	321	364
782	658	Cash operations	782	658
369	324	Other	369	324
5,457	5,480	Service fee and commission income	5,689	5,827
(61)	(42)	Rent cost under contracts	(61)	(42)
(420)	(499)	Cash operations	(420)	(499)
(129)	(222)	Money transfer operations	(129)	(222)
(249)	(171)	Brokerage costs	-	-
(80)	(80)	Other	(78)	(77)
(939)	(1,014)	Service fee and commission expense	(688)	(840)
4,518	4,466	Total	5,001	4,987

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Note 13 Net foreign exchange gain

	The Bank (Group)	
	31 December 2022	31 December 2021
Gain from foreign exchange	4,925	4,678
Revaluation of items in statement of financial position, net	(156)	437
Net foreign exchange gain	4,769	5,115

Note 14 Operating expenses

Operating expenses are as follows:

The Group		The Bank	
31 December 2022	31 December 2021	31 December 2022	31 December 2021
(352)	(261)	(339)	(248)
(961)	(871)	(961)	(864)
(384)	(322)	(384)	(322)
(583)	(615)	(554)	(575)
(272)	(216)	(265)	(211)
(110)	(102)	(110)	(102)
(285)	(263)	(285)	(262)
(14)	(14)	(4)	(7)
(359)	(327)	(315)	(323)
(28)	(63)	(20)	(44)
(53)	(18)	(53)	(18)
(72)	(44)	(70)	(44)
(38)	(114)	(38)	(114)
(54)	(15)	(54)	(15)
(18)	(4)	(18)	(4)
(35)	(32)	(35)	(32)
(25)	(20)	(25)	(20)
(138)	(141)	(135)	(139)
(26)	(21)	(26)	(21)
(68)	(38)	(68)	(38)
(156)	(145)	(108)	(97)
-	(300)	-	(300)
(187)	(135)	(178)	(123)
(4,218)	(4,081)	(4,045)	(3,923)
	Total		

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Note 15 Cash and cash equivalents

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

The Group			The Bank	
31 December 2022	31 December 2021		31 December 2022	31 December 2021
21,134	30,803	Cash on hand	21,134	30,803
45,455	76,281	Current accounts with the Bank of Lithuania	45,455	76,281
10,556	8,859	Current accounts with other credit institutions	10,543	8,587
230	3,950	Term deposits with credit institutions up to 90 days	230	3,950
77,375	119,893	Total	77,362	119,621

Note 16 Fair values of financial instruments

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

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

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

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

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

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

Loans to customers. The estimate was made by discounting of scheduled future cash flows of the individual loans through the estimated maturity using prevailing market rates as at the respective end of 2022 fourth quarter.

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

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

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

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

The Bank	31 December 2022		31 December 2021	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Cash and due from central bank	69,201	69,201	109,765	109,765
Placements with banks and other credit institutions	11,143	11,143	12,537	12,537
Debt securities	59,218	57,422	59,177	59,221
Loans and receivables	254,771	269,902	210,552	213,486
Other assets	-	-	-	-
Total financial assets	394,333	407,667	392,031	395,009
Financial liabilities				
Due to banks and other credit institutions	33	33	101	101
Due to customers, including letters of credit	354,569	357,318	355,985	358,173
Debt securities issued	2,235	2,557	2,218	2,656
Subordinated loans	1,000	1,000	1,000	1,000
Other liabilities	4,684	4,684	5,942	5,942
Total financial liabilities	362,521	365,592	365,246	367,872
The Group				
Financial assets				
Cash and due from central bank	69,201	69,201	109,765	109,765
Placements with banks and other credit institutions	11,156	11,156	12,809	12,809
Debt securities	59,218	57,422	59,177	59,221
Loans and receivables	263,737	276,221	217,875	216,737
Other assets	-	-	-	-
Total financial assets	403,312	414,000	399,626	398,532
Financial liabilities				
Due to banks and other credit institutions	33	33	101	101
Due to customers, including letters of credit	354,227	356,976	355,454	357,642
Debt securities issued	2,235	2,557	2,218	2,656
Subordinated loans	1,000	1,000	1,000	1,000
Other liabilities	5,942	5,942	6,269	6,269
Total financial liabilities	362,715	366,508	365,042	367,668

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

Financial instruments which are carried at fair value in the financial statements are distributed by 3 levels:

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

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

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

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

The Bank (Group)

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

The Bank (Group)

As at 31 December 2021	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial instruments	-	3	-	3
Financial liabilities				
Derivative financial instruments	-	87	-	87

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

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

The Bank

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

The Bank

31 December 2021	Level 1	Level 2	Level 3	Total carrying amount
Assets				
Cash and due from banks	122,302	-	-	122,302
Debt securities	59,177	-	-	59,177
Loans to customers	-	-	196,036	196,036
Receivables from leasing	-	-	14,516	14,516
Other assets	-	-	-	-
Total financial assets	181,479	-	210,552	392,031
Liabilities				
Due to banks and other credit institutions	-	101	-	101
Due to customers	-	355,985	-	355,985
Debt securities issued	-	2,218	-	2,218
Subordinated loans	-	-	1,000	1,000
Other liabilities	-	-	5,942	5,942
Total financial liabilities	-	358,304	6,942	365,246

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

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

The Group

31 December 2021	Level 1	Level 2	Level 3	Total carrying amount
Assets				
Cash and due from banks	122,574	-	-	122,574
Debt securities	59,177	-	-	59,177
Loans to customers	-	-	203,359	203,359
Receivables from leasing	-	-	14,516	14,516
Other assets	-	-	-	-
Total financial assets	181,751	-	217,875	399,626
Liabilities				
Due to banks and other credit institutions	-	101	-	101
Due to customers	-	355,454	-	355,454
Debt securities issued	-	2,218	-	2,218
Subordinated loans	-	-	1,000	1,000
Other liabilities	-	-	6,269	6,269
Total financial liabilities	-	357,773	7,269	365,042

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Note 17 Related party transactions

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

The outstanding balances of loans, term deposits and bonds issued in between 31 December 2022 and 31 December 2021 and related expense and income, included in the profit and loss statement, are set out below:

	Supervisory Board and Key Management Personnel			
	Shareholders	Subsidiaries	Supervisory Board and Key Management Personnel	Other*
The Bank				
Loans outstanding as at 31 December 2022, net	-	21,377	-	402
Interest rate, percent	-	8.55	-	4.33-5.08
Impairment of loans	-	(268)	-	(3)
Term deposits as at 31 December 2022	-	-	-	1,194
Interest rate, percent	-	-	-	0.05-1.00
Current accounts as at 31 December 2022	2,124	342	186	4,007
Bonds issued as at 31 December 2022	100	-	-	-
Interest rate, percent	7.0	-	-	-
Subordinated loans as at 31 December 2022	1,000	-	-	-
Interest rate, percent	2.0	-	-	-
For twelve month period which ended at 31 December 2022				
Interest income on loans	-	1,779	1	36
Interest expense on deposits	-	-	-	(4)
Interest expense on bonds	(7)	-	-	-
Interest expense on subordinated loans	(20)	-	-	-
Dividend revenue from subsidiaries	-	-	-	-
Service fee and commission revenue	-	232	-	8
Service fee and commission expenses	-	-	-	-
The Bank				
	Shareholders	Subsidiaries	Supervisory Board and Key Management Personnel	Other*
Loans outstanding as at 31 December 2021, net	-	17,855	19	313
Interest rate, percent	-	9.0	4.0	4.0
Impairment of loans	-	(205)	-	(2)
Term deposits as at 31 December 2021	-	-	10	2,135
Interest rate, percent	-	-	0.3	0.05-0.35
Current accounts as at 31 December 2021	40	531	196	3,373
Bonds issued as at 31 December 2021	100	-	-	-
Interest rate, percent	7.0	-	-	-
Subordinated loans as at 31 December 2021	1,000	-	-	-
Interest rate, percent	2.0	-	-	-
For twelve month period which ended at 31 December 2021				
Interest income on loans	-	1,366	1	52
Interest expense on deposits	-	-	-	(4)
Interest expense on bonds	(7)	-	-	-
Interest expense on subordinated loans	(20)	-	-	-
Dividend revenue from subsidiaries	-	200	-	-
Service fee and commission revenue	-	346	-	9
Service fee and commission expenses	-	-	-	-

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Note 17 Related party transactions (cont'd)

The Group	Supervisory Board and Key Management Personnel		
	Shareholders	Supervisory Board and Key Management Personnel	Other*
Loans outstanding as at 31 December 2022, net	-	-	402
Interest rate, percent	-	-	4.33-5.08
Impairment of loans	-	-	(3)
Term deposits as at 31 December 2022	-	-	1,194
Interest rate, percent	-	-	0.05-1.00
Current accounts as at 31 December 2022	2,124	228	3,965
Bonds issued as at 31 December 2022	100	-	-
Interest rate, percent	7.0	-	-
Subordinated loans as at 31 December 2022	1,000	-	-
Interest rate, percent	2.0	-	-
For twelve month period which ended at 31 December 2022			
Interest income on loans	-	1	36
Interest expense on deposits	-	-	(4)
Interest expense on bonds	(7)	-	-
Interest expense on subordinated loans	(20)	-	-
Service fee and commission revenue	-	-	8
Service fee and commission expenses	-	-	-
The Group		Supervisory Board and Key Management Personnel	
	Shareholders	Supervisory Board and Key Management Personnel	Other*
Loans outstanding as at 31 December 2021, net	-	19	313
Interest rate, percent	-	4.0	4.0
Impairment of loans	-	-	(2)
Term deposits as at 31 December 2021	-	10	2,135
Interest rate, percent	-	0.3	0.05-0.35
Current accounts as at 31 December 2021	40	253	3,317
Bonds issued as at 31 December 2021	100	-	-
Interest rate, percent	7.0	-	-
Subordinated loans as at 31 December 2021	1,000	-	-
Interest rate, percent	2.0	-	-
For twelve month period which ended at 31 December 2021			
Interest income on loans	-	1	52
Interest expense on deposits	-	-	(4)
Interest expense on bonds	(7)	-	-
Interest expense on subordinated loans	(20)	-	-
Service fee and commission revenue	-	-	9
Service fee and commission expenses	-	-	-

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

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Note 18 Segment information

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

	31 December 2022				
	Traditional banking operations and lending	Treasury	Other activities	Eliminations	Total
Internal	1,876	-	(97)	(1,779)	-
External	14,552	550	97	-	15,199
Interest income	16,428	550	-	(1,179)	15,199
Internal	(1,876)	-	-	1,876	-
External	(1,687)	(252)	-	-	(1,939)
Interest expenses	(3,563)	(252)	-	1,876	(1,939)
Internal	-	-	(97)	97	-
External	12,865	298	97	-	13,260
Net interest income	12,865	298	-	97	13,260
Internal	-	-	-	-	-
External	4,538	-	-	(20)	4,518
Net fee and commission income	4,538	-	-	(20)	4,518
Internal	-	-	(97)	97	-
External	17,403	298	97	(20)	17,778
Net interest, fee and commissions income	17,403	298	-	77	17,778
Internal	-	-	-	-	-
External	(14,097)	(211)	56	-	(14,252)
Operating expenses	(14,097)	(211)	56	-	(14,252)
Amortisation charges	(413)	-	-	-	(413)
Depreciation charges	(953)	-	-	-	(953)
Internal	-	-	-	-	-
External	(443)	-	-	-	(443)
Impairment expenses	(443)	-	-	-	(443)
Internal	-	-	-	-	-
External	3,859	1,062	129	-	5,050
Net other income	3,859	1,062	129	-	5,050
Profit (loss) before tax	5,356	1,149	185	77	6,767
Income tax	(1,313)	-	-	-	(1,313)
Profit (loss) per segment after tax	4,043	1,149	185	77	5,454
Non-controlling interest	-	-	-	-	-
Profit (loss) for the year attributable to the shareholders of the Bank	4,043	1,149	185	77	5,454
Total segment assets	302,337	140,762	1,896	(33,291)	411,704
Total segment liabilities	380,356	6,937	41	(23,689)	363,645
Net segment assets (shareholders equity)	(78,019)	133,825	1,855	(9,602)	48,059

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Note 18 Segment information (cont'd)

A summary of major indicators for the main business segments of the Group included in the Statement of financial position as at 31 December 2021 and in the Statement of comprehensive income as at 31 December 2021 is presented in the table below:

	31 December 2021				
	Traditional banking operations and lending	Treasury	Other activities	Eliminations	Total
Internal	1,447	-	(81)	(1,366)	-
External	12,704	427	81	-	13,212
Interest income	14,151	427	-	(1,366)	13,212
Internal	(1,447)	-	-	1,447	-
External	(1,496)	(445)	-	-	(1,941)
Interest expenses	(2,943)	(445)	-	1,447	(1,941)
Internal	-	-	(81)	81	-
External	11,209	(18)	81	-	11,272
Net interest income	11,209	(18)	-	81	11,272
Internal	-	-	-	-	-
External	4,618	-	(2)	(150)	(4,466)
Net fee and commission income	4,618	-	(2)	(150)	(4,466)
Internal	-	-	(81)	81	-
External	15,827	(18)	79	(150)	15,738
Net interest, fee and commissions income	15,827	(18)	(2)	(69)	15,738
Internal	-	-	(64)	64	-
External	(12,685)	(207)	36	-	(12,856)
Operating expenses	(12,685)	(207)	(28)	64	(12,856)
Amortisation charges	(245)	-	-	-	(245)
Depreciation charges	(1,101)	-	-	-	(1,101)
Internal	-	-	-	-	-
External	(549)	-	-	-	(549)
Impairment expenses	(549)	-	-	-	(549)
Internal	-	-	-	-	-
External	3,860	729	147	-	4,736
Net other income	3,860	729	147	-	4,736
Profit (loss) before tax	5,107	504	117	(5)	5,723
Income tax	(1,332)	-	-	-	(1,332)
Profit (loss) per segment after tax	3,775	504	117	(5)	4,391
Non-controlling interest	-	-	-	-	-
Profit (loss) for the year attributable to the shareholders of the Bank	3,775	504	117	(5)	4,391
Total segment assets	262,981	170,022	1,844	(26,894)	407,953
Total segment liabilities	378,526	6,831	41	(20,049)	365,349
Net segment assets (shareholders equity)	(115,545)	163,191	1,803	(6,845)	42,604

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

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

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Note 19 Risk management

Credit risk

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

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

Compliance to this requirement is disclosed in the table below:

The Group			The Bank	
31 December 2022	31 December 2021		31 December 2022	31 December 2021
8,085	8,941	Maximum exposure to a single customer or group of connected customers	8,085	8,941
44,471	36,322	Eligible capital	45,130	36,640
18.07	24.62	Maximum exposure ratio, percent	17.80	24.40

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

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

The Group			The Bank	
31 December 2022	31 December 2021		31 December 2022	31 December 2021
Statement of financial position items, other than trading and investment activities				
48,067	78,962	Balances with the Bank of Lithuania	48,067	78,962
11,156	12,809	Due from banks	11,143	12,537
241,543	203,359	Loans to customers	232,577	196,036
22,194	14,516	Receivables from leasing	22,194	14,516
322,960	309,646		313,981	302,051
Off balance sheet items				
2,231	2,548	Guarantees	2,231	2,548
12,706	9,616	Loan commitments	17,644	14,125
337,897	321,810	Total balance and off balance sheet items, other than trading and investment activities	333,856	318,724
Trading and investment activities				
Financial assets at fair value through profit or loss				
54	-	- <i>Derivative financial instruments</i>	54	-
-	-	- Held-to-maturity investments	-	-
59,218	59,177	<i>Debt securities</i>	59,218	59,177
59,272	59,177	Total trading and investment activities	59,272	59,177
397,169	380,987	Total credit exposure	393,128	377,901

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Note 19 Risk management (cont'd)

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

	The Bank (Group)	
	31 December 2022	31 December 2021
Government bonds	59,218	59,177
Derivatives	54	-
Total	59,272	59,177

Bonds exposure by rating grade	The Bank (Group)	
	31 December 2022	31 December 2021
High grade (AAA-A)	46,077	46,207
Standard grade (B-BBB+)	13,141	12,970
Not rated	-	-
Total	59,218	59,177

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

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

Credit risk assessment

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

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

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

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

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Note 19 Risk management (cont'd)

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

The Bank	Not overdue	1 to 59 days	60 to 89 days	More than 90 days	Total
31 December 2021					
Stage 1					
Loans and receivables	153,432	3,270	-	-	156,702
Placements with LB and other banks	91,499	-	-	-	91,499
Debt securities	59,177	-	-	-	59,177
Other financial assets	-	-	-	-	-
Total	304,108	3,270	-	-	307,378
Stage 2					
Loans and receivables	47,968	941	116	-	49,025
Placements with LB and other banks	-	-	-	-	-
Debt securities	-	-	-	-	-
Other financial assets	-	-	-	-	-
Total	47,968	941	116	-	49,025
Stage 3					
Loans and receivables	3,930	144	340	411	4,825
Placements with LB and other banks	-	-	-	-	-
Debt securities	-	-	-	-	-
Other financial assets	-	-	-	-	-
Total	3,930	144	340	411	4,825
Total	356,006	4,355	456	411	361,228

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Note 19 Risk management (cont'd)

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

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

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Note 19 Risk management (cont'd)

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

The Group	Not overdue	1 to 59 days	60 to 89 days	More than 90 days	Total
31 December 2021					
Stage 1					
Loans and receivables	159,187	3,650	-	-	162,837
Placements with LB and other banks	91,771	-	-	-	91,771
Debt securities	59,177	-	-	-	59,177
Other financial assets	-	-	-	-	-
Total	310,135	3,650	-	-	313,785
Stage 2					
Loans and receivables	48,583	1,368	176	-	50,127
Placements with LB and other banks	-	-	-	-	-
Debt securities	-	-	-	-	-
Other financial assets	-	-	-	-	-
Total	48,583	1,368	176	-	50,127
Stage 3					
Loans and receivables	3,934	150	344	483	4,911
Placements with LB and other banks	-	-	-	-	-
Debt securities	-	-	-	-	-
Other financial assets	-	-	-	-	-
Total	3,934	150	344	483	4,911
Total	362,652	5,168	520	483	368,823

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

The Group					The Bank					
Collective impairment	Individual impairment	Credit commitments	Guarantees	Total		Collective impairment	Individual impairment	Credit commitments	Guarantees	Total
31 December 2022										
186	-	20	(3)	203	Stage 1	205	-	30	(3)	232
188	-	20	(3)	205	Loans and receivables	207	-	30	(3)	234
(3)	-	-	-	(3)	Placements with LB and other banks	(3)	-	-	-	(3)
1	-	-	-	1	Debt securities	1	-	-	-	1
(179)	-	(3)	-	(182)	Stage 2	(228)	-	(3)	-	(231)
(179)	-	(3)	-	(182)	Loans and receivables	(228)	-	(3)	-	(231)
-	422	-	-	422	Stage 3	-	295	-	-	295
-	422	-	-	422	Loans and receivables	-	295	-	-	295
-	-	-	-	-	Other financial assets	-	-	-	-	-
7	422	17	(3)	443	Total	(23)	295	27	(3)	296
-	4	-	-	4	Write-offs	-	1	-	-	1
-	(4)	-	-	(4)	Income on loans written off in earlier periods	-	(4)	-	-	(4)
-	-	-	-	443	Total change of impairment	-	-	-	-	293

Considering the state's decision to cancel the announced state-level emergency situation due to the threat of spread COVID-19 pandemic as of 1 May 2022 (requirements to limit economic activity are not applicable), and, not seeing a significant increase in credit risk, the homogenous COVID-19 risk group eliminated from Bank's portfolio. After removing COVID-19 subgroup, customers who during the pandemic period did not have any indications of an increase in credit risk, have been regrouped from 2nd to the 1st risk level. A total of 74 clients with a total value of 16.6 million Eur were regrouped. After assigning customers to the 1st risk level, the costs of special provisions for collectively assessed customers decreased by 0.24 million Eur.

The credit risk assessment of individual clients, performed in order to determine their dependence on war-affected countries and impact on their credit risk, did not show increase in credit risk. In 2022 enhanced supervision has been applied to the clients that were included into the list of monitored clients.

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Note 19 Risk management (cont'd)

Liquidity risk

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

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

The Group			The Bank	
31 December 2022	31 December 2021		31 December 2022	31 December 2021
125,833	168,986	Liquid assets	125,833	168,986
30,060	29,639	Short-term (up to 30 days) obligations	32,316	32,159
419	570	LCR, percent	389	525

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

The Group			The Bank	
31 December 2022	31 December 2021		31 December 2022	31 December 2021
362,288	361,948	Available stable funding	362,791	362,398
223,373	190,683	Required stable funding	229,179	196,980
163	190	NSFR, percent	158	184

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Note 19 Risk management (cont'd)

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

The Bank	31 December 2022							Total
	On demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 3 years	Over 3 years	Without maturity	
Assets	38,739	46,018	12,465	57,207	120,599	119,225	17,268	411,521
Liabilities and shareholders' equity	185,251	16,323	17,399	66,296	48,102	29,872	203	363,446
Net gap	(146,512)	29,695	(4,934)	(9,089)	72,497	89,353	17,065	48,075
Credit commitments	-	17,644	-	-	-	-	-	17,644

	31 December 2021							Total
	On demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 3 years	Over 3 years	Without maturity	
Assets	118,354	6,726	12,233	33,939	129,175	91,220	16,803	408,450
Liabilities and shareholders' equity	179,447	18,028	19,313	66,895	55,170	26,575	176	365,604
Net gap	(61,093)	(11,302)	(7,080)	(32,956)	74,005	64,645	16,627	42,846
Credit commitments	-	14,125	-	-	-	-	-	14,125

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Note 19 Risk management (cont'd)

Liquidity risk (cont.)

The Group	31 December 2022							Total
	On demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 3 years	Over 3 years	Without maturity	
Assets	38,752	46,516	13,563	61,961	110,489	131,835	8,588	411,704
Liabilities and shareholders equity	184,909	16,859	17,399	66,296	48,102	29,872	208	363,645
Net gap	(146,157)	29,657	(3,836)	(4,335)	62,387	101,963	8,380	48,059
Credit commitments	-	12,706	-	-	-	-	-	12,706

The Group	31 December 2021							Total
	On,demand	Less,than 1 month	1 to 3 months	3 months to 1 year	1 to 3 years	Over 3 years	Without maturity	
Assets	118,626	7,096	13,072	37,568	119,899	102,931	8,761	407,953
Liabilities and shareholders equity	178,916	18,357	19,313	66,895	55,170	26,575	123	365,349
Net gap	(60,290)	(11,261)	(6,241)	(29,327)	64,729	76,356	8,638	42,604
Credit commitments	-	9,616	-	-	-	-	-	9,616

Overdue loans are disclosed under column "Without maturity".

Market risk

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

Interest rate risk

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

The table below summarises the Group's and the Bank's exposure to interest rate risk as of 30 December 2022 and 31 December 2021. The table below includes the Group's and the Bank's assets and liabilities at carrying amounts, classified by the earlier of contractual re-pricing or maturity dates.

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

The Bank	31 December 2022						Total
	Less than 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	Over 3 years	
Assets:							
Sensitive assets to interest rate fluctuation	57,557	101,573	106,570	15,532	31,035	1,522	313,789
Non-sensitive assets to interest rate fluctuation							97,732
Liabilities:							
Sensitive liabilities to interest rate fluctuation	10,315	18,126	20,573	43,685	49,615	30,497	172,811
Non-sensitive liabilities and equity to interest rate fluctuation							238,710
Interest sensitivity gap	47,242	83,447	85,997	(28,153)	(18,580)	(28,975)	-

The Bank	31 December 2021						Total
	Less than 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	Over 3 years	
Assets:							
Sensitive assets to interest rate fluctuation	42,921	82,757	90,120	5,100	45,420	3,027	269,345
Non-sensitive assets to interest rate fluctuation							139,105
Liabilities:							
Sensitive liabilities to interest rate fluctuation	31,764	20,198	43,396	38,710	23,835	23,751	181,654
Non-sensitive liabilities and equity to interest rate fluctuation							226,796
Interest sensitivity gap	11,157	62,559	46,724	(33,610)	21,585	(20,724)	-

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Note 19 Risk management (cont'd)

The Group	31 December 2022						Total
	Less than 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	Over 3 years	
Assets:							
Sensitive assets to interest rate fluctuation	58,213	81,169	108,182	18,666	42,154	14,132	322,516
Non-sensitive assets to interest rate fluctuation							89,188
Liabilities:							
Sensitive liabilities to interest rate fluctuation	10,315	18,126	20,573	43,685	49,615	30,497	172,811
Non-sensitive liabilities and equity to interest rate fluctuation							238,893
Interest sensitivity gap	47,898	63,043	87,609	(25,019)	(7,461)	(16,365)	-

Interest rate risk (cont'd)

The Group	31 December 2020						Total
	Less than 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	Over 3 years	
Assets:							
Sensitive assets to interest rate fluctuation	43,429	83,595	73,413	7,489	53,869	14,738	276,533
Non-sensitive assets to interest rate fluctuation							131,420
Liabilities:							
Sensitive liabilities to interest rate fluctuation	31,764	20,198	43,396	38,710	23,835	23,751	181,654
Non-sensitive liabilities and equity to interest rate fluctuation							226,299
Interest sensitivity gap	11,665	63,397	30,017	(31,221)	30,034	(9,013)	-

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Note 19 Risk management (cont'd)

Currency risk

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

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

The Group			The Bank	
31 December 2022	31 December 2021		31 December 2022	31 December 2021
151	187	Long positions	151	187
(331)	(364)	Short positions	(331)	(364)
45,800	38,286	Eligible capital	46 459	38,604
0.72	0.95	Overall net currency position, percent	0.71	0.94

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

	31 December 2022	31 December 2021
Increase in FX rates by 10 percent	18	18
Decrease in FX rates by 10 percent	(18)	(18)

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Note 20 Capital

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

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

As per the European Banking Authority's (EBA) recommendation, the 3 percent leverage ratio requirement has become binding from 28 June 2021. As of 31 December 2022, the Bank's leverage ratio of 10.46 percent (the Group – 10.42 percent) exceeded the minimum requirement.

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

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

After permission issued by the Bank of Lithuania, part of 9 months financial profit (3.308 million EUR) was included in 31 December 2022 Common Equity Tier 1.

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

	The Bank		The Group	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Capital adequacy ratio, percent	20.27	19.49	20.73	20.14

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

Financial assets quality indicators as at 31 December 2022 are given in the table below:

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

Financial assets quality indicators as at 31 December 2021:

The Group			The Bank	
Provisions (EUR) thousands	Provisions to financial assets ratio (percent)		Provisions (EUR) thousands	Provisions to financial assets ratio (percent)
2,821	1.37	Loans to customers	2,408	1.21
371	2.49	Finance lease receivable	371	2.49
36	0.06	Debt securities	36	0.06
13	0.10	Placements with banks	13	0.10
3,241	1.10	Total:	2,828	0.99

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

The Group			The Bank	
31 December 2022	31 December 2021		31 December 2022	31 December 2021
1.34	1.12	Return on assets (ROA)	1.28	1.18
12.12	10.88	Return on equity (ROE)	11.62	11.44

Action applied to the Bank

Bank of Lithuania (BoL) has carried out a planned targeted inspection of the Bank. After reviewing the inspection material, on the II quarter of 2022, the Board of the Bank of Lithuania stated that the Bank failed to ensure adequate internal management and control, credit risk management and information and communication technology risk management, therefore warned the Bank regarding the identified irregularities and obliged to submit a revised plan of measures for elimination of irregularities to the BoL within 10 days and to eliminate the identified irregularities and deficiencies by 31 December 2022, and to inform BoL. Identified irregularities have been eliminated, BoL is informed.

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Note 22 Events after the reporting date

Changes in the management of the Bank

In December 21, 2022 at the meeting of Supervisory Board, Snieguolė Kudrevičienė, who has been working in the Bank since 1993, was elected as the fourth member of the Bank's Board. Permission to act as a Board member form BoL was received in February 2023. Since then, the Bank's Board consists of the Chairman of the Board Marius Arlauskas, Board members Igor Kovalčuk, Aleksejus Tonkich and newly elected Board member Snieguolė Kudrevičienė.

There were no othersubsequent events during the fourth quarter of year 2022 that would require adjustments or disclosures to the financial statements of the Group and the Bank.

CONFIRMATION OF RESPONSIBLE PERSONS

We, UAB Medicinos Bankas Chairman of the Board and Chief Executive Officer Marius Arlauskas and Director of Accounting and Reporting Department, Chief Accountant Lina Bertašienė, confirm that the financial statements for fourth quarter of 2022 have been prepared in accordance with the applicable accounting standard, represents reality and fairly shows the assets, liabilities, financial position, results of operations and cash flows of UAB Medicinos Bankas and the consolidated entities

Chairman of the Board and Head of
Administration

M.Arlauskas



Director of Accounting and Reporting
Department, Chief Accountant

L. Bertašienė

