

# UAB MEDICINOS BANKAS

CONDENSED INTERIM SEPARATE AND CONSOLIDATED  
FINANCIAL STATEMENTS FOR THE 9 MONTHS PERIOD ENDED 30  
SEPTEMBER 2022 PREPARED IN ACCORDANCE WITH  
INTERNATIONAL ACCOUNTING STANDARD 34 *INTERIM  
FINANCIAL REPORTING*, AS ADOPTED BY THE EUROPEAN UNION  
PRESENTED TOGETHER WITH INDEPENDENT AUDITOR'S  
REPORT

# UAB MEDICINOS BANKAS

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

## CONDENSED INTERIM SEPARATE AND CONSOLIDATED AUDITED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2022

(All amounts in EUR thousand unless otherwise stated)

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## INDEPENDENT AUDITOR'S REPORT

To the shareholders of Medicinos bankas UAB:

**Report on the Audit of the Condensed Interim Separate and Consolidated Financial Statements****Opinion**

We have audited the condensed interim separate financial statements of Medicinos Bankas UAB (hereinafter –„the Bank“) and the condensed interim consolidated financial statements of Medicinos Bankas UAB and its subsidiaries (hereinafter –„the Group“) (pages from 5 to 45), which comprise the condensed interim separate and consolidated statement of financial position of the Bank and the Group as at 30 September 2022, the condensed interim separate and consolidated income statement, the condensed interim separate and consolidated statement of the comprehensive income, the condensed interim separate and consolidated statement of changes in equity, the condensed interim separate and consolidated statement of cash flows for the 9 months period then ended 30 September 2022, and the notes to the condensed interim separate and consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying condensed interim separate and consolidated financial statements present fairly, in all material respects, the stand-alone financial position of the Bank and the consolidated financial position of the Group as at 30 September 2022, and their respective stand-alone and consolidated financial performance and their respective stand-alone and consolidated cash flows for the 9 months period then ended 30 September 2022 in accordance with International Accounting Standard 34 *Interim Financial Reporting*, 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 Condensed Interim 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.

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

Management is responsible for the preparation and fair presentation of the condensed interim separate and consolidated financial statements in accordance with International Accounting Standard 34 *Interim Financial Reporting*, as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of condensed interim separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the condensed interim 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 Condensed Interim Separate and Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the condensed interim separate and condensed interim 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 condensed interim separate and condensed interim 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 condensed interim separate and condensed interim 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 condensed interim separate and condensed interim consolidated financial statements, including the disclosures, and whether the condensed interim separate and condensed interim 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 condensed interim 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.

Auditor Arūnas Užbalis  
Auditor certificate No. 000543

ROSK Consulting UAB  
Audit company certificate No. 001514

Vilnius, Lithuania  
20 December 2022

*The auditor's electronic signature is used herein to sign only the Independent Auditor's Report.*

**UAB MEDICINOS BANKAS**

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

**CONDENSED INTERIM SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE 9 MONTHS PERIOD ENDED 30 SEPTEMBER 2022**

(All amounts in EUR thousand unless otherwise stated)

**CONDENSED INTERIM SEPARATE AND CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

<u>The Group</u>		<u>Assets</u>	<u>Note s</u>	<u>The Bank</u>	
<u>30 September 2022</u>	<u>31 December 2021</u>			<u>30 September 2022</u>	<u>31 December 2021</u>
24,968	30,803	Cash and due from central bank <i>Cash</i>		24,968	30,803
53,101	78,962	<i>Placements with the central bank</i>		53,101	78,962
<u>78,069</u>	<u>109,765</u>			<u>78,069</u>	<u>109,765</u>
8,568	12,809	Placements with banks and other credit institutions	3	8,552	12,537
		Financial assets at fair value through profit or loss <i>Derivative financial instruments</i>		70	-
<u>70</u>	<u>-</u>			<u>70</u>	<u>-</u>
58,350	59,177	Debt securities		58,350	59,177
241,081	203,359	Loans and receivables <i>Loans to customers</i>	4	232,435	196,036
17,406	14,516	<i>Financial lease</i>		17,406	14,516
<u>258,487</u>	<u>217,875</u>			<u>249,841</u>	<u>210,552</u>
-	-	Investments in subsidiaries	5	9,342	8,342
37	27	Other equity instruments		37	27
84	234	Investment property		84	232
5,711	6,097	Property and equipment		5,708	6,093
739	740	Intangible assets		729	720
		Tax assets <i>Current taxes</i>		325	-
325	-	<i>Deferred taxes</i>		62	156
<u>62</u>	<u>156</u>			<u>387</u>	<u>156</u>
387	156				
1,736	1,073	Other assets		1,275	849
<u>412,238</u>	<u>407,953</u>	<b>Total assets</b>		<u>412,444</u>	<u>408,450</u>

(continued on the next page)

The accompanying notes on pages 13 to 45 are an integral part of these financial statements.

**UAB MEDICINOS BANKAS**

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**CONDENSED INTERIM SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE 9 MONTHS PERIOD ENDED 30 SEPTEMBER 2022**

(All amounts in EUR thousand unless otherwise stated)

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

The Group				The Bank	
30 September 2022	31 December 2021	Liabilities and shareholders' equity	Notes	30 September 2022	31 December 2021
		<b>Liabilities</b>			
100	101	Due to banks and other credit institutions		100	101
8	87	Derivative financial instruments		8	87
351,751	355,454	Due to customers		352,270	355,985
1,000	1,000	Subordinated loans		1,000	1,000
2,192	2,218	Debt securities issued		2,192	2,218
97	57	Impairment		145	108
		Tax liabilities			
705	163	Current taxes		658	163
-	-	Deferred taxes		-	-
705	163			658	163
		Other liabilities	6		
10,265	6,269			9,807	5,942
<b>366,118</b>	<b>365,349</b>	<b>Total liabilities</b>		<b>366,180</b>	<b>365,604</b>
		<b>Shareholders' equity</b>			
19,948	19,948	Share capital		19,948	19,948
14,361	11,429	Retained earnings		14,524	11,690
322	322	Revaluation reserve of property and equipment		322	322
11,489	10,905	Other reserves	7	11,470	10,886
<b>46,120</b>	<b>42,604</b>	<b>Total shareholders' equity</b>		<b>46,264</b>	<b>42,846</b>
<b>412,238</b>	<b>407,953</b>	<b>Total liabilities and shareholders' equity</b>		<b>412,444</b>	<b>408,450</b>

The accompanying notes on pages 13 to 45 are an integral part of these financial statements.

20 December 2022

Chairman of the Board and Head of Administration	M. Arlauskas	
Director of Accounting and Reporting Department, Chief Accountant	L. Bertašienė	

**UAB MEDICINOS BANKAS**

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

**CONDENSED INTERIM SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE 9 MONTHS PERIOD ENDED 30 SEPTEMBER 2022**

(All amounts in EUR thousand unless otherwise stated)

**CONDENSED INTERIM SEPARATE AND CONSOLIDATED INCOME STATEMENTS**

<b>The Group</b>			<b>The Bank</b>	
<b>30 September 2022</b>	<b>30 September 2021 (unaudited)</b>		<b>30 September 2022</b>	<b>30 September 2021 (unaudited)</b>
10,592	9,954	Interest income	9,485	9,088
(1,462)	(1,419)	Interest expenses	(1,462)	(1,419)
<b>9,130</b>	<b>8,535</b>	<b>Net interest income</b>	<b>8,023</b>	<b>7,669</b>
3,925	3,964	Service fee and commission income	4,123	4,258
(730)	(746)	Service fee and commission expenses	(533)	(631)
<b>3,195</b>	<b>3,218</b>	<b>Net service fee and commission income</b>	<b>3,590</b>	<b>3,627</b>
-	-	Net result on equity securities trading	-	200
3,619	3,749	Net foreign exchange gain	3,619	3,749
193	(348)	Net result from operations with derivatives	193	(348)
-	-	Impairment of investments into subsidiaries	-	(64)
56	36	Net result on operations on investment property	56	(4)
64	85	Other income	67	95
<b>16,257</b>	<b>15,275</b>	<b>Total operating income</b>	<b>15,548</b>	<b>14,924</b>
(672)	(489)	Impairment of loans and other financial assets	(534)	(327)
<b>15,585</b>	<b>14,786</b>	<b>Operating income after impairment</b>	<b>15,014</b>	<b>14,597</b>
(7,276)	(6,334)	Salaries and benefits	(7,010)	(6,075)
(722)	(834)	Depreciation	(720)	(830)
(299)	(172)	Amortisation	(289)	(160)
(2,967)	(3,012)	Other operating expenses	(2,823)	(2,895)
<b>(11,264)</b>	<b>(10,352)</b>	<b>Total operating expenses</b>	<b>(10,842)</b>	<b>(9,960)</b>
<b>4 321</b>	<b>4,434</b>	<b>Operating profit (loss)</b>	<b>4,172</b>	<b>4,637</b>
<b>(805)</b>	<b>(1,059)</b>	<b>Income tax</b>	<b>(754)</b>	<b>(1,059)</b>
<b>3,516</b>	<b>3,375</b>	<b>Profit (loss) for the year</b>	<b>3,418</b>	<b>3,578</b>
<b>3,516</b>	<b>3,375</b>	<b>Attributable to shareholders of the Bank</b>	<b>3,418</b>	<b>3,578</b>

The accompanying notes on pages 13 to 45 are an integral part of these financial statements.

20 December 2022

Chairman of the Board and Head of Administration	M. Arlauskas
Director of Accounting and Reporting Department, Chief Accountant	L. Bertašienė

**UAB MEDICINOS BANKAS**

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**CONDENSED INTERIM SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE 9 MONTHS PERIOD ENDED 30 SEPTEMBER 2022**

(All amounts in EUR thousand unless otherwise stated)

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

	<u>30 September 2022</u>	<u>30 September 2021 (unaudited)</u>
<b>Items that will never be reclassified to profit or loss</b>		
Change in PPE revaluation	-	-
Transfer of depreciation for PPE net of tax	-	-
Other	-	-
<b>Items that are or may be reclassified to profit or loss</b>	<u>-</u>	<u>-</u>
Net amount transferred to profit or loss (available-for-sale financial assets)	-	-
Related tax	-	-
<b>Other comprehensive income (expenses), after tax</b>	<u>-</u>	<u>-</u>
Profit (loss) at the end of the reporting period	3,418	3,578
<b>Total comprehensive income</b>	<u><u>3,418</u></u>	<u><u>3,578</u></u>
<b>Attributable to:</b>		
<b>Shareholders of the Bank</b>	<b>3,418</b>	<b>3,578</b>

**The Group**

	<u>30 September 2022</u>	<u>30 September 2021 (unaudited)</u>
<b>Items that will never be reclassified to profit or loss</b>		
Change in PPE revaluation	-	-
Transfer of depreciation for PPE net of tax	-	-
Other	-	-
<b>Items that are or may be reclassified to profit or loss</b>	<u>-</u>	<u>-</u>
Net amount transferred to profit or loss (available-for-sale financial assets)	-	-
Related tax	-	-
<b>Other comprehensive income (expenses), after tax</b>	<u>-</u>	<u>-</u>
Profit (loss) at the end of the reporting period	3,516	3,375
<b>Total comprehensive income</b>	<u><u>3,516</u></u>	<u><u>3,375</u></u>
<b>Attributable to:</b>		
<b>Shareholders of the Bank</b>	<b>3,516</b>	<b>3,375</b>

The accompanying notes on pages 13 to 45 are an integral part of these financial statements.

20 December 2022

Chairman of the Board and Head of Administration	M. Arlauskas	_____
Director of Accounting and Reporting Department, Chief Accountant	L. Bertašienė	_____



**UAB MEDICINOS BANKAS**

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

**CONDENSED INTERIM SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE 9 MONTHS PERIOD ENDED 30 SEPTEMBER 2022**

(All amounts in EUR thousand unless otherwise stated)

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

	Share capital	Retained earnings	Revaluation reserve of property and equipment	Other reserves	Total
<b>As at 31 December 2020</b>	<b>19,948</b>	<b>7,608</b>	<b>326</b>	<b>10,316</b>	<b>38,198</b>
Profit or loss	-	3,578	-	-	3,578
Other comprehensive income (expense)	-	-	-	-	-
Transfer to reserves	-	(570)	-	570	-
<b>As at 30 September 2021 (unaudited)</b>	<b>19,948</b>	<b>10,616</b>	<b>326</b>	<b>10,886</b>	<b>41,776</b>
Profit or loss	-	1,069	-	-	1,069
Other comprehensive income (expense)	-	5	(4)	-	1
Transfer to reserves	-	-	-	-	-
<b>As at 31 December 2021</b>	<b>19,948</b>	<b>11,690</b>	<b>322</b>	<b>10,886</b>	<b>42,846</b>
Profit or loss	-	3,418	-	-	3 418
Other comprehensive income (expense)	-	-	-	-	-
Transfer to reserves (Note 7)	-	(584)	-	584	-
<b>As at 30 September 2022</b>	<b>19,948</b>	<b>14,524</b>	<b>322</b>	<b>11,470</b>	<b>46,264</b>

*(continued on the next page)*

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**UAB MEDICINOS BANKAS**

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**CONDENSED INTERIM SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE 9 MONTHS PERIOD ENDED 30 SEPTEMBER 2022**

(All amounts in EUR thousand unless otherwise stated)

**CONDENSED INTERIM 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
<b>As at 31 December 2020</b>	<b>19,948</b>	<b>7,622</b>	<b>326</b>	<b>10,316</b>	<b>38,212</b>
Profit or loss	-	3,375	-	-	3,375
Other comprehensive income (expense)	-	-	-	-	-
Transfer to reserves	-	(589)	-	589	-
<b>As at 30 September 2021 (unaudited)</b>	<b>19,948</b>	<b>10,408</b>	<b>326</b>	<b>10,905</b>	<b>41,587</b>
Profit or loss	-	1,016	-	-	1,016
Other comprehensive income (expense)	-	5	(4)	-	1
Transfer to reserves	-	-	-	-	-
<b>As at 31 December 2021</b>	<b>19,948</b>	<b>11,429</b>	<b>322</b>	<b>10,905</b>	<b>42,604</b>
Profit or loss	-	3,516	-	-	3,516
Other comprehensive income (expense)	-	-	-	-	-
Transfer to reserves (Note 7)	-	(584)	-	584	-
<b>As at 30 September 2022</b>	<b>19,948</b>	<b>14,361</b>	<b>322</b>	<b>11,489</b>	<b>46,120</b>

The accompanying notes on pages 13 to 45 are an integral part of these financial statements.

20 December 2022

Chairman of the Board and Head of Administration	M. Arlauskas	
Director of Accounting and Reporting Department, Chief Accountant	L. Bertašienė	

**UAB MEDICINOS BANKAS**

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**CONDENSED INTERIM SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE 9 MONTHS PERIOD ENDED 30 SEPTEMBER 2022**

(All amounts in EUR thousand unless otherwise stated)

**CONDENSED INTERIM SEPARATE AND CONSOLIDATED CASH FLOW STATEMENTS**

<u>Group</u>			<u>Bank</u>	
<u>30 September 2022</u>	<u>30 September 2021 (unaudited)</u>		<u>30 September 2022</u>	<u>30 September 2021 (unaudited)</u>
		<b>Notes</b>		
		<b>Cash flows from operating activities</b>		
3,516	3,375	Profit (loss) for the year	3,418	3,578
		<b>Non-cash Revenue and Cost Recovery</b>		
1,021	1,006	Depreciation and amortisation	1,009	990
(56)	36	Loss, gain on the sale of tangible, intangible and investment property	(56)	61
672	489	Impairment of loans	534	327
-	-	Impairment of investments in subsidiaries	-	64
(149)	(77)	Derivatives revaluation	(149)	(77)
18	(53)	Elimination of accrued vacation pay	16	(36)
805	1,059	Income tax expenses	754	1,059
40	(55)	Elimination of other non-cash items	40	80
5,867	5,780	Cash flows from (to) operating activities before changes in operating assets and liabilities	5,566	6,046
		<b>Changes in operating assets and liabilities</b>		
156	(43)	Changes in compulsory reserves	156	(43)
(370)	(799)	Changes in bank's balances	(370)	(799)
(38,354)	(15,168)	Loans to customers	(36,896)	(12,744)
(2,890)	(1,182)	Finance lease receivable	(2,890)	(1,182)
(1)	500	Changes in due to banks and other credit institutions	(1)	500
(3,874)	433	Changes in due to customers	(3,886)	(669)
3,885	3,996	Changes in other assets and liabilities	3,986	3,948
(35,581)	(6,483)	Net cash flows from operating activities before income tax	(34,335)	(4,943)
(490)	(440)	Income tax paid	(490)	(440)
<b>(36,071)</b>	<b>(6,923)</b>	<b>Net cash flows from operating activities after income tax</b>	<b>(34,825)</b>	<b>(5,383)</b>
		<b>Investing activities</b>		
(778)	(1,516)	Acquisitions of intangible assets and property and equipment	(777)	(1,514)
310	864	Proceeds from sale of property and equipment and investment property	308	515
-	-	Investments in subsidiaries	(1,000)	(1,000)
(10)	(27)	Other equity instruments	(10)	(27)
(574)	(432)	Part of the main amount of rent payments	(563)	(422)
11,672	14,468	Redemption of debt-securities	11,672	14,468
(10,845)	(17,531)	Acquisitions of debt-securities	(10,845)	(17,531)
<b>(225)</b>	<b>(4,174)</b>	<b>Net cash flows to investing activities</b>	<b>(1,215)</b>	<b>(5,511)</b>

(continued on the next page)

The accompanying notes on pages 13 to 45 are an integral part of these financial statements.



## UAB MEDICINOS BANKAS

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

### CONDENSED INTERIM SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE 9 MONTHS PERIOD ENDED 30 SEPTEMBER 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 securities, provides consulting and custody services. The Bank provides services to both corporate and retail sectors.

At the end of third 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 30 September 2022 the Bank employed 296 employees (296 employees as at 31 December 2021). As at 30 September 2022 the Group employed 307 employees (307 employees as at 31 December 2021).

As at 30 September 2022 the shareholders of the Bank were as follows:

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

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

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

The issued share capital consists of 137,750 ordinary shares with the par value of EUR 144.81 each. As at 30 September 2022 and 31 December 2021, all shares were fully paid.

On 12 March 2021 Konstantinas Karosas and Western Petroleum Limited, according to the agreement, transferred all voting rights at the General Meeting of Shareholders of the Bank to UAB MB Valdymas.

Upon the transfer of voting rights, UAB MB Valdymas will have the right to vote with all the shares of the Bank at General Meeting of Shareholders.

Capital and liquidity positions remain strong and prudential standards comply with regulations with a reserve. As at 30 September 2022 and 31 December 2021, the Bank complied with the established prudential standards.

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#### Note 2 Basis of preparation and significant accounting policies

##### *Statement of compliance*

The condensed interim separate and consolidated financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting, as adopted by the European Union (EU). The condensed interim separate and consolidated financial statements should be read in conjunction with the annual separate and consolidated financial statements for the year ended at 31 December 2021. The annual financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). Despite the principles mentioned below, the accounting policies applied in the preparation of these condensed interim financial statements, are consistent with the accounting policies applied by the Bank for the annual financial statements of 2021.

##### *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 Banks and Groups financial information. Also there is no any new standards which are mandatory for the Bank and Group for year 2022 and which may have material impact on financial information.

While preparing interim separate and consolidated financial statements in accordance with IFRS certain assumptions and estimates are applied. They have impact for accounted assets, amounts of liabilities and contingent assets, liabilities at the date of reporting and may impact the amounts of income and expenses at reporting period. Despite the fact that all these estimates are based on the knowledge of management, the final results can be different. While preparing interim separate and consolidated financial statements, the same assumptions, and estimates, which were used while preparing annual separate and consolidated financial statements for 31 December 2021, are applied.

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

##### *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 reporting period are follows (EUR units to currency unit):

	<u>30 September 2022</u>	<u>31 December 2021</u>
USD	0.9706	1.1334

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**Note 3 Placements with banks and other credit institutions**

The Group			The Bank	
30 September 2022	31 December 2021		30 September 2022	31 December 2021
5,909	8,859	Cash in correspondent accounts	5,893	8,587
2,659	3,950	Term deposits	2,659	3,950
<b>8,568</b>	<b>12,809</b>	<b>Placements with banks and other credit institutions</b>	<b>8,552</b>	<b>12,537</b>

**Note 4 Loans and receivables**

Loans to customers and receivables comprise of:

	The Bank	
	30 September 2022	31 December 2021
Loans to customers, including short-term bills of exchange	233,003	196,903
Overdrafts	1,244	372
Factoring	991	1,169
Financial lease	17,888	14,887
	<b>253,126</b>	<b>213,331</b>
Less: impairment	(3,285)	(2,779)
<b>Loans and receivables, net</b>	<b>249,841</b>	<b>210,552</b>

  

	The Group	
	30 September 2022	31 December 2021
Loans to customers, including short-term bills of exchange	242,194	204,639
Overdrafts	1,244	372
Factoring	991	1,169
Financial lease	17,888	14,887
	<b>262,317</b>	<b>221,067</b>
Less: impairment	(3,830)	(3,192)
<b>Loans and receivables, net</b>	<b>258,487</b>	<b>217,875</b>

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**Note 5 Investment in subsidiaries**

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

	<b>The Bank</b>	
	<b>2022</b>	<b>2021</b>
<b>Balance at the beginning of the year</b>	<b>8,342</b>	<b>6,406</b>
Additions (share capital increase)	1,000	2,000
Impairment of investment in subsidiaries	-	(64)
<b>Balance at the end of the reporting period</b>	<b>9,342</b>	<b>8,342</b>

	<b>Ownership (percent)</b>	<b>Direct ownership (percent)</b>	<b>Nominal amount</b>	<b>Carrying value</b>	
				<b>Impairment</b>	<b>Carrying value</b>
<b>Balance as at 30 September 2022</b>					
UAB TG Invest-1	100	100	3,033	(1,261)	1,772
UAB Saugus Kreditas	100	100	7,601	(31)	7,570
<b>Total</b>			<b>10,634</b>	<b>(1,292)</b>	<b>9,342</b>
<b>Balance as at 31 December 2021</b>					
UAB TG Invest-1	100	100	3,033	(1,261)	1,772
UAB Saugus Kreditas	100	100	6,601	(31)	6,570
<b>Total</b>			<b>9,634</b>	<b>(1,292)</b>	<b>8,342</b>



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#### Note 6 Other liabilities

Other liabilities comprise of:

The Group			The Bank	
30 September 2022	31 December 2021		30 September 2022	31 December 2021
2,040	1,895	Accrued payables to employees	1,955	1,856
159	216	Prepayments	-	-
1,721	1,997	Accrued expenses	1,721	1,997
4,849	1,585	AML suspended funds	4,849	1,585
143	-	Liabilities to the State Tax Inspectorate	138	-
155	-	Liabilities to the Board of the State Social Fund	149	-
329	1	Sales VAT	329	1
82	77	Deferred income	82	77
		Payable to the Latvian and Estonian Road		
45	33	Transport Administration	45	33
420	265	Debt to suppliers	331	204
322	200	Other	208	189
<b>10,265</b>	<b>6,269</b>	<b>Total</b>	<b>9,807</b>	<b>5,942</b>

#### Note 7 Shareholders' equity

##### *Legal reserve*

The Bank's legal reserve amounted to EUR 1,445 thousand as of 30 September 2022 (EUR 861 thousand as of 31 December 2021). The Group's legal reserve amounted to EUR 1,464 thousand as of 30 September 2022 (EUR 880 thousand as of 31 December 2021). In 2022, EUR 584 thousand has been transferred to the Bank's (Group's) legal reserve.

A legal reserve is a compulsory reserve under Lithuanian legislation. Annual transfers of not less than 5% of net profit are compulsory until the reserve reaches 10% of the share capital. The legal reserve can be used to cover the Bank's operating losses and for share capital increase.

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**Note 8 Net interest income**

The Group			The Bank	
30 September 2022	30 September 2021 (unaudited)		30 September 2022	30 September 2021 (unaudited)
9,414	8,785	On loans to customers	8,389	7,932
185	176	On impaired loans to customers including interest on arrears	162	163
598	598	Leasing including interest on arrears	642	598
86	86	Other Interest on arrears (not including leasing's and impaired loans)	42	86
211	211	On debt securities	219	211
98	98	On placements with the banks and other credit institutions	31	98
<b>10,592</b>	<b>9,954</b>	<b>Interest revenue</b>	<b>9,485</b>	<b>9,088</b>
(911)	(856)	On obligations to customers, including letters of credit	(911)	(856)
(224)	(197)	Deposit and guarantee insurance	(224)	(197)
(15)	(15)	On subordinated loans	(15)	(15)
(129)	(129)	For debt securities issued	(129)	(129)
(142)	(183)	On obligations to banks and other credit institutions	(142)	(183)
(41)	(39)	Lease of property	(41)	(39)
<b>(1,462)</b>	<b>(1,419)</b>	<b>Interest expenses</b>	<b>(1,462)</b>	<b>(1,419)</b>
<b>9,130</b>	<b>8,535</b>	<b>Total</b>	<b>8,023</b>	<b>7,669</b>

**Note 9 Net service fee and commission income**

Net fee and commission income comprises:

The Group			The Bank	
30 September 2022	30 September 2021 (unaudited)		30 September 2022	30 September 2021 (unaudited)
1,250	1,574	Payment services	1,250	1,574
170	122	Income from currency exchange	170	122
626	604	Administration of bank accounts	626	604
974	950	Collection of payments	974	950
41	10	Brokerage income	239	304
593	464	Cash operations	593	464
271	240	Other	271	240
<b>3,925</b>	<b>3,964</b>	<b>Service fee and commission income</b>	<b>4,123</b>	<b>4,258</b>
(49)	(27)	Rent cost under contracts	(49)	(27)
(327)	(392)	Cash operations	(327)	(392)
(103)	(155)	Money transfer operations	(103)	(155)
(198)	(114)	Brokerage costs	-	-
(53)	(58)	Other	(54)	(57)
<b>(730)</b>	<b>(746)</b>	<b>Service fee and commission expense</b>	<b>(533)</b>	<b>(631)</b>
<b>3,195</b>	<b>3,218</b>	<b>Total</b>	<b>3,590</b>	<b>3,627</b>

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**Note 10 Operating expenses**

Operating expenses are as follows:

<b>The Group</b>			<b>The Bank</b>	
<b>30 September</b>	<b>30 September</b>		<b>30 September</b>	<b>30 September</b>
<b>2022</b>	<b>2021</b>		<b>2022</b>	<b>2021</b>
<b>(unaudited)</b>	<b>(unaudited)</b>		<b>(unaudited)</b>	<b>(unaudited)</b>
(251)	(191)	Rent and maintenance of premises	(234)	(177)
(672)	(621)	Office supplies	(670)	(607)
(251)	(234)	Payments for Bank's service providers	(251)	(234)
(429)	(498)	Taxes other than income tax	(381)	(470)
(207)	(164)	Communication	(202)	(160)
(79)	(77)	Security	(79)	(77)
(220)	(199)	Transport expenses	(220)	(198)
(13)	(7)	Maintenance costs of investment property	(3)	(7)
(219)	(202)	Marketing and advertising	(211)	(200)
(17)	(52)	Legal fees and consulting	(4)	(37)
(25)	(14)	Personnel training	(25)	(14)
(34)	(14)	Representation	(34)	(14)
(30)	(63)	Building repair costs	(30)	(63)
(50)	(11)	Donations for charity	(50)	(11)
(10)	(2)	Business trips and related expenses	(10)	(2)
(28)	(23)	Disposable items	(28)	(23)
(16)	(11)	Stationary supplies	(16)	(11)
(102)	(106)	Insurance expenses	(100)	(104)
(20)	(16)	Membership fees	(20)	(16)
(68)	(38)	Team building expenses	(68)	(38)
(123)	(97)	Accounting services	(87)	(61)
-	(300)	Penalty imposed by the Bank of Lithuania	-	(300)
(103)	(72)	Other	(100)	(71)
<b>(2,967)</b>	<b>(3,012)</b>	<b>Total</b>	<b>(2,823)</b>	<b>(2,895)</b>

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#### Note 11 Cash and cash equivalents

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

The Group			The Bank	
30 September 2022	30 September 2021 (unaudited)		30 September 2022	30 September 2021 (unaudited)
24,968	25,417	Cash on hand	24,968	25,417
50,576	66,870	Current accounts with the Bank of Lithuania	50,576	66,870
5,910	11,860	Current accounts with other credit institutions	5,894	11,828
2,288	4,180	Term deposits with credit institutions up to 90 days	2,288	4,180
<b>83,742</b>	<b>108,327</b>	<b>Total</b>	<b>83,726</b>	<b>108,295</b>

#### Note 12 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.

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 loans and deposits with a fixed interest rate is based on discounted cash flows using prevailing market interest rates for debt 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 third quarter.

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**Note 12 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	30 September 2022		31 December 2021	
	Carrying value	Fair value	Carrying value	Fair value
<b>Financial assets</b>				
Cash and due from central bank	78,069	78,069	109,765	109,765
Placements with banks and other credit institutions	8,552	8,552	12,537	12,537
Debt securities	58,350	56,047	59,177	59,221
Loans and receivables	249,841	256,670	210,552	213,486
Other assets	-	-	-	-
<b>Total financial assets</b>	<b>394,812</b>	<b>399,338</b>	<b>392,031</b>	<b>395,009</b>
<b>Financial liabilities</b>				
Due to banks and other credit institutions	100	100	101	101
Due to customers, including letters of credit	352,270	354,577	355,985	358,173
Debt securities issued	2,192	2,444	2,218	2,656
Subordinated loans	1,000	1,000	1,000	1,000
Other liabilities	9,807	9,807	5,942	5,942
<b>Total financial liabilities</b>	<b>365,369</b>	<b>367,928</b>	<b>365,246</b>	<b>367,872</b>
<b>The Group</b>				
<b>Financial assets</b>				
Cash and due from central bank	78,069	78,069	109,765	109,765
Placements with banks and other credit institutions	8,568	8,568	12,809	12,809
Debt securities	58,350	56,047	59,177	59,221
Loans and receivables	258,487	262,519	217,875	216,737
Other assets	-	-	-	-
<b>Total financial assets</b>	<b>403,474</b>	<b>405,203</b>	<b>399,626</b>	<b>398,532</b>
<b>Financial liabilities</b>				
Due to banks and other credit institutions	100	100	101	101
Due to customers, including letters of credit	351,751	354,059	355,454	357,642
Debt securities issued	2,192	2,444	2,218	2,656
Subordinated loans	1,000	1,000	1,000	1,000
Other liabilities	10,265	10,265	6,269	6,269
<b>Total financial liabilities</b>	<b>365,308</b>	<b>367,868</b>	<b>365,042</b>	<b>367,668</b>

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**Note 12 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)**

<b>As at 30 September 2022</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets</b>				
Derivative financial instruments	-	70	-	70
<b>Financial liabilities</b>				
Derivative financial instruments	-	8	-	8

**The Bank (Group)**

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

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**Note 12 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**

<b>30 September 2022</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total carrying amount</b>
<b>Assets</b>				
Cash and due from banks	86,621	-	-	86,621
Debt securities	58,350	-	-	58,350
Loans to customers	-	-	232,435	232,435
Receivables from leasing	-	-	17,406	17,406
Other assets	-	-	-	-
<b>Total financial assets</b>	<b>144,971</b>	<b>-</b>	<b>249,841</b>	<b>394,812</b>
<b>Liabilities</b>				
Due to banks and other credit institutions	-	100	-	100
Due to customers	-	352,270	-	352,270
Debt securities issued	-	2,192	-	2,192
Subordinated loan	-	-	1,000	1,000
Other liabilities	-	-	9,807	9,807
<b>Total financial liabilities</b>	<b>-</b>	<b>354,562</b>	<b>10,807</b>	<b>365,369</b>

**The Bank**

<b>31 December 2021</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total carrying amount</b>
<b>Assets</b>				
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	-	-	-	-
<b>Total financial assets</b>	<b>181,479</b>	<b>-</b>	<b>210,552</b>	<b>392,031</b>
<b>Liabilities</b>				
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
<b>Total financial liabilities</b>	<b>-</b>	<b>358,304</b>	<b>6,942</b>	<b>365,246</b>

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**Note 12 Fair values of financial instruments (cont'd)****The Group**

<b>30 September 2022</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total carrying amount</b>
<b>Assets</b>				
Cash and due from banks	86,637	-	-	86,637
Debt securities	58,350	-	-	58,350
Loans to customers	-	-	241,081	241,081
Receivables from leasing	-	-	17,406	17,406
Other assets	-	-	-	-
<b>Total financial assets</b>	<b>144,987</b>	<b>-</b>	<b>258,487</b>	<b>403,474</b>
<b>Liabilities</b>				
Due to banks and other credit institutions	-	100	-	100
Due to customers	-	351,751	-	351,751
Debt securities issued	-	2,192	-	2,192
Subordinated loan	-	-	1,000	1,000
Other liabilities	-	-	10,265	10,265
<b>Total financial liabilities</b>	<b>-</b>	<b>354,043</b>	<b>11,265</b>	<b>365,308</b>

**The Group**

<b>31 December 2021</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total carrying amount</b>
<b>Assets</b>				
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	-	-	-	-
<b>Total financial assets</b>	<b>181,751</b>	<b>-</b>	<b>217,875</b>	<b>399,626</b>
<b>Liabilities</b>				
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
<b>Total financial liabilities</b>	<b>-</b>	<b>357,773</b>	<b>7,269</b>	<b>365,042</b>



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**Note 13 Related party transactions**

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

The outstanding balances of loans, term deposits and bonds issued in between 30 September 2022 and 31 December 2021 and related expense and income, included in the profit and loss statement as at 30 September 2022 and 31 December 2021, are set out below:

	<b>Supervisory Board and Key Management Personnel</b>			
	<b>Shareholders</b>	<b>Subsidiaries</b>	<b>Personnel</b>	<b>Other*</b>
<b>The Bank</b>				
Loans outstanding as at 30 September 2022, net	-	22,088	13	425
Interest rate, percent	-	8.55	4.65	4.33-6.25
Impairment of loans	-	(253)	-	(4)
Term deposits as at 30 September 2022	-	-	10	1,196
Interest rate, percent	-	-	0.3	0.05-0.35
Current accounts as at 30 September 2022	437	519	255	3,760
Bonds issued as at 30 September 2022	100	-	-	-
Interest rate, percent	7.0	-	-	-
Subordinated loans as at 30 September 2022	1,000	-	-	-
Interest rate, percent	2.0	-	-	-
For period which ended at 30 September 2022				
Interest income on loans	-	1,293	1	16
Interest expense on deposits	-	-	-	(3)
Interest expense on bonds	(5)	-	-	-
Interest expense on subordinated loans	(15)	-	-	-
Dividend revenue from subsidiaries	-	-	-	-
Service fee and commission revenue	-	205	-	5
Service fee and commission expenses	-	-	-	-
<b>The Bank</b>				
	<b>Shareholders</b>	<b>Subsidiaries</b>	<b>Supervisory Board and Key Management Personnel</b>	<b>Other*</b>
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 period which ended at 30 September 2021				
Interest income on loans	-	949	1	48
Interest expense on deposits	-	-	-	(3)
Interest expense on bonds	(5)	-	-	-
Interest expense on subordinated loans	(15)	-	-	-
Dividend revenue from subsidiaries	-	-	-	-
Service fee and commission revenue	-	300	-	7
Service fee and commission expenses	-	-	-	-

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**Note 13 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 30 September 2022, net	-	13	425
Interest rate, percent	-	4.65	4.33-6.25
Impairment of loans	-	-	(4)
Term deposits as at 30 September 2022	-	10	1,196
Interest rate, percent	-	0.3	0.05-0.35
Current accounts as at 30 September 2022	437	290	3,725
Bonds issued as at 30 September 2022	100	-	-
Interest rate, percent	7.0	-	-
Subordinated loans as at 30 September 2022	1,000	-	-
Interest rate, percent	2.0	-	-
For period which ended at 30 September 2022			
Interest income on loans	-	1	16
Interest expense on deposits	-	-	(3)
Interest expense on bonds	(5)	-	-
Interest expense on subordinated loans	(15)	-	-
Service fee and commission revenue	-	-	5
Service fee and commission expenses	-	-	-
<b>The Group</b>		<b>Supervisory Board and Key Management Personnel</b>	<b>Other*</b>
	<b>Shareholders</b>		
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 period which ended at 30 September 2021			
Interest income on loans	-	1	48
Interest expense on deposits	-	-	(3)
Interest expense on bonds	(5)	-	-
Interest expense on subordinated loans	(15)	-	-
Service fee and commission revenue	-	-	7
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 14 Segment information

A summary of major indicators for the main business segments of the Group included in the Statement of financial position as at 30 September 2022 and in the Statement of comprehensive income as at 30 September 2022 is presented in the table below:

	30 September 2022				
	Traditional banking operations and lending	Treasury	Other activities	Eliminations	Total
Internal	1,366	-	(73)	(1,293)	-
External	10,267	252	73	-	10,592
<b>Interest income</b>	<b>11,633</b>	<b>252</b>	<b>-</b>	<b>(1,293)</b>	<b>10,592</b>
Internal	(1,366)	-	-	1,366	-
External	(1,215)	(247)	-	-	(1,462)
<b>Interest expenses</b>	<b>(2,581)</b>	<b>(247)</b>	<b>-</b>	<b>1,366</b>	<b>(1,462)</b>
Internal	-	-	(73)	73	-
External	9,052	5	73	-	9,130
<b>Net interest income</b>	<b>9,052</b>	<b>5</b>	<b>-</b>	<b>73</b>	<b>9,130</b>
Internal	-	-	-	-	-
External	3,232	-	-	(37)	3,195
<b>Net fee and commission income</b>	<b>3,232</b>	<b>-</b>	<b>-</b>	<b>(37)</b>	<b>3,195</b>
Internal	-	-	(73)	73	-
External	12,284	5	73	(37)	12,325
<b>Net interest, fee and commissions income</b>	<b>12,284</b>	<b>5</b>	<b>-</b>	<b>36</b>	<b>12,325</b>
Internal	-	-	-	-	-
External	(10,141)	(158)	56	-	(10,243)
<b>Operating expenses</b>	<b>(10,141)</b>	<b>(158)</b>	<b>56</b>	<b>-</b>	<b>(10,243)</b>
Amortisation charges	(299)	-	-	-	(299)
Depreciation charges	(722)	-	-	-	(722)
Internal	-	-	-	-	-
External	(672)	-	-	-	(672)
<b>Impairment expenses</b>	<b>(672)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(672)</b>
Internal	-	-	-	-	-
External	3,025	787	120	-	3,932
<b>Net other income</b>	<b>3,025</b>	<b>787</b>	<b>120</b>	<b>-</b>	<b>3,932</b>
<b>Profit (loss) before tax</b>	<b>3,475</b>	<b>634</b>	<b>176</b>	<b>36</b>	<b>4 321</b>
Income tax	(805)	-	-	-	(805)
<b>Profit (loss) per segment after tax</b>	<b>2,670</b>	<b>634</b>	<b>176</b>	<b>36</b>	<b>3,516</b>
Non-controlling interest	-	-	-	-	-
<b>Profit (loss) for the year attributable to the shareholders of the Bank</b>	<b>2,670</b>	<b>634</b>	<b>176</b>	<b>36</b>	<b>3,516</b>
Total segment assets	301,415	143,148	1,886	(34,211)	412,238
Total segment liabilities	385,035	5,601	42	(24,560)	366,118
<b>Net segment assets (shareholders equity)</b>	<b>(83,620)</b>	<b>137,547</b>	<b>1,844</b>	<b>(9,651)</b>	<b>46,120</b>

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**Note 14 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 30 September 2021 and in the Statement of comprehensive income as at 30 September 2021 is presented in the table below:

	<b>30 September 2021 (unaudited)</b>				
	<b>Traditional banking operations and lending</b>	<b>Treasury</b>	<b>Other activities</b>	<b>Eliminations</b>	<b>Total</b>
Internal	1,005	-	56	(949)	-
External	9,589	309	56	-	9,954
<b>Interest income</b>	<b>10,594</b>	<b>309</b>	<b>-</b>	<b>(949)</b>	<b>9,954</b>
Internal	(1,005)	-	-	1,005	-
External	(1,101)	(318)	-	-	(1,419)
<b>Interest expenses</b>	<b>(2,106)</b>	<b>(318)</b>	<b>-</b>	<b>1,005</b>	<b>(1,419)</b>
Internal	-	-	(56)	56	-
External	8,488	(9)	56	-	8,535
<b>Net interest income</b>	<b>8,488</b>	<b>(9)</b>	<b>-</b>	<b>56</b>	<b>8,535</b>
Internal	-	-	-	-	-
External	3,371	-	(1)	(152)	3,218
<b>Net fee and commission income</b>	<b>3,371</b>	<b>-</b>	<b>(1)</b>	<b>(152)</b>	<b>3,218</b>
Internal	-	-	(56)	56	-
External	11,859	(9)	55	(152)	11,753
<b>Net interest, fee and commissions income</b>	<b>11,859</b>	<b>(9)</b>	<b>(1)</b>	<b>(96)</b>	<b>11,753</b>
Internal	-	-	(64)	64	-
External	(9,228)	(154)	36	-	(9,346)
<b>Operating expenses</b>	<b>(9,228)</b>	<b>(154)</b>	<b>(28)</b>	<b>64</b>	<b>(9,346)</b>
Amortisation charges	(172)	-	-	-	(172)
Depreciation charges	(834)	-	-	-	(834)
Internal	-	-	-	-	-
External	(489)	-	-	-	(489)
<b>Impairment expenses</b>	<b>(489)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(489)</b>
Internal	-	-	-	-	-
External	2,922	480	120	-	3,522
<b>Net other income</b>	<b>2,922</b>	<b>480</b>	<b>120</b>	<b>-</b>	<b>3,522</b>
<b>Profit (loss) before tax</b>	<b>4,058</b>	<b>317</b>	<b>91</b>	<b>(32)</b>	<b>4,434</b>
Income tax	(1,059)	-	-	-	(1,059)
<b>Profit (loss) per segment after tax</b>	<b>2,999</b>	<b>317</b>	<b>91</b>	<b>(32)</b>	<b>(3,375)</b>
Non-controlling interest	-	-	-	-	-
<b>Profit (loss) for the year attributable to the shareholders of the Bank</b>	<b>2,999</b>	<b>317</b>	<b>91</b>	<b>(32)</b>	<b>(3,375)</b>
Total segment assets	260,756	162,971	1,831	(27,285)	398,273
Total segment liabilities	366,783	9,440	41	(19,578)	356,686
<b>Net segment assets (shareholders equity)</b>	<b>(106,027)</b>	<b>153,531</b>	<b>1,790</b>	<b>(7,707)</b>	<b>41,587</b>

**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 15 Risk management

#### Credit risk

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

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

Compliance to this requirement is disclosed in the table below:

The Group			The Bank	
30 September 2022	31 December 2021		30 September 2022	31 December 2021
8,306	8,941	Maximum exposure to a single customer or group of connected customers	8,306	8,941
40,766	36,322	Eligible capital	41,318	36,640
<b>20.37</b>	<b>24.62</b>	<b>Maximum exposure ratio, percent</b>	<b>20.10</b>	<b>24.40</b>

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

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	
30 September 2022	31 December 2021		30 September 2022	31 December 2021
<b>Statement of financial position items, other than trading and investment activities</b>				
53,101	78,962	Balances with the Central Bank	53,101	78,962
8,568	12,809	Due from banks	8,552	12,537
241,081	203,359	Loans to customers	232,435	196,036
17,406	14,516	Financial lease	17,406	14,516
<b>320,156</b>	<b>309,646</b>		<b>311,494</b>	<b>302,051</b>
<b>Off balance sheet items</b>				
2,313	2,548	Guarantees	2,313	2,548
16,026	9,616	Loan commitments	20,277	14,125
<b>338,495</b>	<b>321,810</b>	<b>Total</b>	<b>334,084</b>	<b>318,724</b>
<b>Trading and investment activities</b>				
Financial assets at fair value through profit or loss				
70	-	Derivative financial instruments	70	-
Financial assets accounted for at amortized cost				
58,350	59,177	Debt securities	58,350	59,177
<b>58,420</b>	<b>59,177</b>	<b>Total</b>	<b>58,420</b>	<b>59,177</b>
<b>396,915</b>	<b>380,987</b>	<b>Total credit exposure</b>	<b>392,504</b>	<b>377,901</b>

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#### Note 15 Risk management (cont'd)

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

	The Bank (Group)	
	30 September 2022	31 December 2021
Government bonds	58,350	59,177
Derivatives	70	-
<b>Total</b>	<b>58,420</b>	<b>59,177</b>

Bonds exposure by rating grade	The Bank (Group)	
	30 September 2022	31 December 2021
High grade (AAA-A)	44,063	46,207
Standard grade (B-BBB+)	14,287	12,970
Not rated	-	-
<b>Total</b>	<b>58,350</b>	<b>59,177</b>

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.

During the third quarter, the internal procedures for assignment to different risk levels were improved, which increased the volume of financial instruments assigned to risk level 2. During the reporting period, no significant restructuring was carried out due to the uncertainties in the economic environment. The Bank does not operate in Russia, Belarus or Ukraine and has no direct positions in these countries. The credit risk assessment of individual customers, in order to determine their dependence on countries affected by the war and influence on credit risk, did not show increase in credit risk. In third quarter of 2022 enhanced monitoring was applied to clients, included in the list of monitored clients. The list of customers under monitoring is compiled according to the established criteria, related to the assessment of the influence of the geopolitical situation (influence of the Russian/Ukrainian war) and the Covid-19 pandemic.

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**Note 15 Risk management (cont'd)**

Credit risk (cont'd)

Credit risk assessment of financial instruments, other than trading activities and off balance items

<b>The Bank</b>	<b>Not overdue</b>	<b>1 to 59 days</b>	<b>60 to 89 days</b>	<b>More than 90 days</b>	<b>Total</b>
<b>30 September 2022</b>					
<b>Stage 1</b>					
Loans and receivables	179,850	1,818	-	-	<b>181,668</b>
Placements with BoL and other banks	61,653	-	-	-	<b>61,653</b>
Debt securities	58,350	-	-	-	<b>58,350</b>
<b>Total</b>	<b>299,853</b>	<b>1,818</b>	-	-	<b>301,671</b>
<b>Stage 2</b>					
Loans and receivables	63,816	1,117	-	-	<b>64,933</b>
Placements with LB and other banks	-	-	-	-	-
Debt securities	-	-	-	-	-
<b>Total</b>	<b>63,816</b>	<b>1,117</b>	-	-	<b>64,933</b>
<b>Stage 3</b>					
Loans and receivables	2,174	450	-	616	<b>3,240</b>
Placements with LB and other banks	-	-	-	-	-
Debt securities	-	-	-	-	-
<b>Total</b>	<b>2,174</b>	<b>450</b>	-	<b>616</b>	<b>3,240</b>
<b>Total credit risk assets</b>	<b>365,843</b>	<b>3,385</b>	-	<b>616</b>	<b>369,844</b>

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**Note 15 Risk management (cont'd)**

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

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



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**Note 15 Risk management (cont'd)**

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

<b>The Group</b>	<b>Not overdue</b>	<b>1 to 59 days</b>	<b>60 to 89 days</b>	<b>More than 90 days</b>	<b>Total</b>
<b>30 September 2022</b>					
<b>Stage 1</b>					
Loans and receivables	186,549	2,402	-	-	<b>188,951</b>
Placements with LB and other banks	61,669	-	-	-	<b>61,669</b>
Debt securities	58,350	-	-	-	<b>58,350</b>
Other financial assets	-	-	-	-	-
<b>Total</b>	<b>306,568</b>	<b>2,402</b>	<b>-</b>	<b>-</b>	<b>308,970</b>
<b>Stage 2</b>					
Loans and receivables	64,495	1,521	180	-	<b>66,196</b>
Placements with LB and other banks	-	-	-	-	-
Debt securities	-	-	-	-	-
Other financial assets	-	-	-	-	-
<b>Total</b>	<b>64,495</b>	<b>1,521</b>	<b>180</b>	<b>-</b>	<b>66,196</b>
<b>Stage 3</b>					
Loans and receivables	2,189	457	16	678	<b>3,340</b>
Placements with LB and other banks	-	-	-	-	-
Debt securities	-	-	-	-	-
Other financial assets	-	-	-	-	-
<b>Total</b>	<b>2,189</b>	<b>457</b>	<b>16</b>	<b>678</b>	<b>3,340</b>
<b>Total credit risk assets</b>	<b>373,252</b>	<b>4,380</b>	<b>196</b>	<b>678</b>	<b>378,506</b>

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**Note 15 Risk management (cont'd)**

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

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



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**Note 15 Risk management (cont'd)****Change of impairment during reporting period**

<b>The Group</b>					<b>The Bank</b>					
<b>Collective impairment</b>	<b>Individual impairment</b>	<b>Credit commitments</b>	<b>Guarantees</b>	<b>Total</b>		<b>Collective impairment</b>	<b>Individual impairment</b>	<b>Credit commitments</b>	<b>Guarantees</b>	<b>Total</b>
<b>30 September 2022</b>										
<b>175</b>	<b>-</b>	<b>35</b>	<b>(1)</b>	<b>209</b>	<b>Stage 1</b>	<b>123</b>	<b>-</b>	<b>32</b>	<b>(1)</b>	<b>154</b>
180	-	35	(1)	214	Loans and receivables	128	-	32	(1)	159
(5)	-	-	-	(5)	Placements with LB and other banks	(5)	-	-	-	(5)
-	-	-	-	-	Debt securities	-	-	-	-	-
-	-	-	-	-	Other financial assets	-	-	-	-	-
<b>197</b>	<b>-</b>	<b>6</b>	<b>-</b>	<b>203</b>	<b>Stage 2</b>	<b>193</b>	<b>-</b>	<b>6</b>	<b>-</b>	<b>199</b>
197	-	6	-	203	Loans and receivables	193	-	6	-	199
<b>-</b>	<b>260</b>	<b>-</b>	<b>-</b>	<b>260</b>	<b>Stage 3</b>	<b>-</b>	<b>183</b>	<b>-</b>	<b>-</b>	<b>183</b>
-	260	-	-	260	Loans and receivables	-	183	-	-	183
-	-	-	-	-	Other financial assets	-	-	-	-	-
<b>372</b>	<b>260</b>	<b>41</b>	<b>(1)</b>	<b>672</b>	<b>Total</b>	<b>316</b>	<b>183</b>	<b>38</b>	<b>(1)</b>	<b>536</b>
-	3	-	-	3	Write-offs	-	1	-	-	1
-	(3)	-	-	(3)	Income on loans written off in earlier periods	-	(3)	-	-	(3)
<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>672</b>	<b>Total change of impairment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>534</b>

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#### Note 15 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	
30 September 2022	31 December 2021		30 September 2022	31 December 2021
134,115	168,986	Liquid assets	134,115	168,986
35,452	29,639	Short-term (up to 30 days) obligations	37,561	32,159
<b>378</b>	<b>570</b>	<b>LCR, percent</b>	<b>357</b>	<b>525</b>

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	
30 September 2022	31 December 2021		30 September 2022	31 December 2021
357,043	361,948	Available stable funding	357,535	362,398
218,818	190,683	Required stable funding	226,004	196,980
<b>163</b>	<b>190</b>	<b>NSFR, percent</b>	<b>158</b>	<b>184</b>

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**Note 15 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:

<b>The Bank</b>	<b>30 September 2022</b>							<b>Total</b>
	<b>On demand</b>	<b>Less than 1 month</b>	<b>1 to 3 months</b>	<b>3 months to 1 year</b>	<b>1 to 3 years</b>	<b>Over 3 years</b>	<b>Without maturity</b>	
<b>Assets</b>	48,961	44,704	10,278	55,214	121,569	112,650	19,068	<b>412,444</b>
Liabilities and shareholders' equity	185,612	15,320	16,898	70,133	51,835	26,208	174	<b>366,180</b>
<b>Net gap</b>	<b>(136,651)</b>	<b>29,384</b>	<b>(6,620)</b>	<b>(14,919)</b>	<b>69,734</b>	<b>86,442</b>	<b>18,894</b>	<b>46,264</b>
Credit commitments	-	20,277	-	-	-	-	-	<b>20,277</b>

  

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

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**Note 15 Risk management (cont'd)**

Liquidity risk (cont.)

The Group	30 September 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	48,976	45,189	11,336	59,897	110,628	125,915	10,297	<b>412,238</b>
Liabilities and shareholders equity	185,093	15,778	16,898	70,133	51,835	26,208	173	<b>366,118</b>
<b>Net gap</b>	<b>(136,117)</b>	<b>29,411</b>	<b>(5,562)</b>	<b>(10,236)</b>	<b>58,793</b>	<b>99,707</b>	<b>10,124</b>	<b>46,120</b>
Credit commitments	-	16,026	-	-	-	-	-	<b>16,026</b>

  

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	<b>407,953</b>
Liabilities and shareholders equity	178,916	18,357	19,313	66,895	55,170	26,575	123	<b>365,349</b>
<b>Net gap</b>	<b>(60,290)</b>	<b>(11,261)</b>	<b>(6,241)</b>	<b>(29,327)</b>	<b>64,729</b>	<b>76,356</b>	<b>638</b>	<b>42,604</b>
Credit commitments	-	9,616	-	-	-	-	-	<b>9,616</b>

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 September 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 15 Risk management (cont'd)****Interest rate risk (cont'd)**

<b>The Bank</b>	<b>30 September 2022</b>						<b>Total</b>
	<b>Less than 1 month</b>	<b>1 to 3 months</b>	<b>3 to 6 months</b>	<b>6 months to 1 year</b>	<b>1 to 3 years</b>	<b>Over 3 years</b>	
<b>Assets:</b>							
Sensitive assets to interest rate fluctuation	41,067	73,296	132,786	24,838	30,254	2,812	305,053
Non-sensitive assets to interest rate fluctuation							107,391
<b>Liabilities:</b>							
Sensitive liabilities to interest rate fluctuation	9,381	16,530	30,541	39,388	52,295	26,835	174,970
Non-sensitive liabilities and equity to interest rate fluctuation							237,474
<b>Interest sensitivity gap</b>	<b>31,686</b>	<b>56,766</b>	<b>102,245</b>	<b>(14,550)</b>	<b>(22,041)</b>	<b>(24,023)</b>	<b>-</b>

<b>The Bank</b>	<b>31 December 2021</b>						<b>Total</b>
	<b>Less than 1 month</b>	<b>1 to 3 months</b>	<b>3 to 6 months</b>	<b>6 months to 1 year</b>	<b>1 to 3 years</b>	<b>Over 3 years</b>	
<b>Assets:</b>							
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
<b>Liabilities:</b>							
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
<b>Interest sensitivity gap</b>	<b>11,157</b>	<b>62,559</b>	<b>46,724</b>	<b>(33,610)</b>	<b>21,585</b>	<b>(20,724)</b>	<b>-</b>



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**Note 15 Risk management (cont'd)**

The Group	30 September 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	
<b>Assets:</b>							
Sensitive assets to interest rate fluctuation	41,708	74,352	112,177	27,922	41,255	16,077	313,491
Non-sensitive assets to interest rate fluctuation							98,747
<b>Liabilities:</b>							
Sensitive liabilities to interest rate fluctuation	9,381	16,530	30,541	39,388	52,295	26,835	174,970
Non-sensitive liabilities and equity to interest rate fluctuation							237,268
<b>Interest sensitivity gap</b>	<b>32,327</b>	<b>57,822</b>	<b>81,636</b>	<b>(11,466)</b>	<b>(11,040)</b>	<b>(10,758)</b>	<b>-</b>

Interest rate risk (cont'd)

The Group	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	
<b>Assets:</b>							
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
<b>Liabilities:</b>							
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
<b>Interest sensitivity gap</b>	<b>11,665</b>	<b>63,397</b>	<b>30,017</b>	<b>(31,221)</b>	<b>30,034</b>	<b>(9,013)</b>	<b>-</b>

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#### Note 15 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	
30 September 2022	31 December 2021		30 September 2022	31 December 2021
127	187	Long positions	127	187
(426)	(364)	Short positions	(426)	(364)
42,232	38,286	Eligible capital	42,784	38,604
<b>1.01</b>	<b>0.95</b>	<b>Overall net currency position, percent</b>	<b>1.00</b>	<b>0.94</b>

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

	30 September 2022	31 December 2021
Increase in FX rates by 10 percent	30	18
Decrease in FX rates by 10 percent	(30)	(18)

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#### Note 16 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 3percent leverage ratio requirement has become binding from 28 June 2021. As of 30 September 2022, the Bank 's leverage ratio of 9.50 percent (the Group – 9.47 percent) exceeded the minimum requirement.

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

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

After the general meeting of shareholders, full-year 2021 profit was included in 31-12-2021 Common Equity Tier 1.

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

	<u>30 September 2022</u>		<u>31 December 2021</u>	
	<u>The Group</u>	<u>The Bank</u>	<u>The Group</u>	<u>The Bank</u>
Capital adequacy ratio, percent	<u>19.44</u>	<u>18.93</u>	<u>20.14</u>	<u>19.49</u>

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#### Note 17 Quality of financial assets, profitability rates and other information

Financial assets quality indicators as at 30 September 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)
3,348	2.32	Loans to customers	2,803	1.19
481	2.69	Finance lease receivable	481	2.69
35	0.06	Debt securities	35	0.06
9	0.11	Placements with banks	9	0.11
<b>3,873</b>	<b>1.68</b>	<b>Total:</b>	<b>3,328</b>	<b>1.04</b>

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
35	0.06	Debt securities	35	0.06
13	0.10	Placements with banks	13	0.10
<b>3,240</b>	<b>1.10</b>	<b>Total:</b>	<b>2,827</b>	<b>0.99</b>

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

The Group			The Bank	
30 September 2022	31 December 2021		30 September 2022	31 December 2021
1.12	1.12	Return on assets (ROA)	1.26	1.18
10.34	10.88	Return on equity (ROE)	11.52	11.44

#### Actions 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.

Some of the deficiencies, identified by the BoL, have been eliminated prior to the discussion of the results of the examination by the Board of the BoL. Other deficiencies are being eliminated in accordance with deadlines, set in the measures plan.

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#### Note 18 Events after the reporting date

After Mrs. Dalia Klišauskienė resignation from the Chairman of the Management Board and Head of Administration, the Management Board of the Bank revoked Mrs. Klišauskienė from Chairman of the Management Board and Head of Administration from 16 November 2022. Supervisory Board of the Bank revoked Mrs. Klišauskienė from the position of a member of the Management Board from 17 November 2022. Mrs. Klišauskienė has been a member of the Management Board of Medicinos bankas UAB since 2010 and the Chairman of the Management Board and the Head of Administration since 2016.

From 18 November 2022 the Chairman of the Management Board of the Bank and the Head of Administration is Marius Arlauskas, who has been elected to these positions. Mr. Arlauskas was a member of the Management Board of Bank, Deputy Head of Administration and Director of Business Management Service since 2016.

There were no othersubsequent events during the third 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 condensed interim financial statements for the 9 months ended 30 September 2022 have been prepared in accordance with International Financial Reporting Standards adopted by the European Union and gives a true and fair view of the assets, liabilities, financial position, operating results and cash flows of UAB Medicinos Bankas and the consolidated entities.

20 December 2022

Chairman of the Board and Head of  
Administration

M.Arlauskas

Director of Accounting and Reporting  
Department, Chief Accountant

L. Bertašienė