



URBO BANKAS UAB

CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED
FINANCIAL STATEMENTS OF THE BANK FOR THE SIX MONTHS PERIOD
ENDING 30 JUNE 2024
PREPARED IN ACCORDANCE WITH INTERNATIONAL ACCOUNTING
STANDARD 34 *INTERIM FINANCIAL REPORTING* AS ADOPTED BY THE
EUROPEAN UNION.

CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDING 30 JUNE 2024

(All amounts are in EUR thousand, unless specified otherwise)

CONTENTS OF FINANCIAL STATEMENTS

CONDENSED INTERIM SEPARATE AND CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	3
CONDENSED INTERIM SEPARATE AND CONSOLIDATED PROFIT AND LOSS ACCOUNTS	5
CONDENSED INTERIM SEPARATE AND CONSOLIDATED PROFIT AND LOSS ACCOUNTS FOR QUARTER	6
CONDENSED INTERIM SEPARATE AND CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME	7
CONDENSED INTERIM SEPARATE AND CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR QUARTER	8
CONDENSED INTERIM SEPARATE AND CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY	9
CONDENSED INTERIM SEPARATE AND CONSOLIDATED CASH FLOW STATEMENTS	11
Note 1 Background information	13
Note 2 Basis of preparation and significant accounting policies	14
Note 3 Debt securities	15
Note 4 Loans and receivables	15
Note 5 Investments in subsidiaries	16
Note 6 Assets held for sale	17
Note 7 Liabilities to customers	17
Note 8 Other liabilities	18
Note 9 Shareholders' equity	18
Note 10 Net interest income	19
Note 11 Net fee and commission income	19
Note 12 Net profit on foreign currency transactions	20
Note 13 Operating expenses	20
Note 14 Cash and cash equivalents	21
Note 15 Fair values of financial instruments	21
Note 16 Related party transactions	26
Note 17 Segment information	28
Note 18 Risk management	30
Note 19 Capital	44
Note 20 Financial asset quality, profitability ratios and other information	45
Note 21 Events after the reporting period	46
CONFIRMATION BY RESPONSIBLE PERSONS	46

CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDING 30 JUNE 2024

(All amounts are in EUR thousand, unless specified otherwise)

CONDENSED INTERIM SEPARATE AND CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

<u>Group</u>				<u>Bank</u>	
<u>30 June 2024</u>	<u>31 December 2023</u>	Assets	Notes	<u>30 June 2024</u>	<u>31 December 2023</u>
		Cash, cash balances at central bank			
17,101	19,357	<i>Cash</i>		17,101	19,357
<u>128,979</u>	<u>117,990</u>	<i>Cash balances at central bank</i>		<u>128,979</u>	<u>117,990</u>
146,080	137,347			146,080	137,347
		Cash balances with banks and other credit institutions			
16,728	14,541			16,722	14,538
		Financial assets at fair value through profit or loss			
<u>32</u>	<u>9</u>	<i>Derivatives</i>		<u>32</u>	<u>9</u>
32	9			32	9
59,101	55,952	Debt securities	3	59,101	55,952
		Loans and receivables	4		
325,168	304,329	<i>Loans to customers</i>		313,390	292,128
<u>23,366</u>	<u>25,257</u>	<i>Finance lease</i>		<u>23,366</u>	<u>25,257</u>
348,534	329,586			336,756	317,385
-	-	Investments in subsidiaries	5	12,342	12,342
27	27	Other equity instruments		27	27
-	47	Investment property		-	47
2,992	532	Tangible fixed assets		2,991	531
432	632	Intangible fixed assets		340	521
6,736	2,076	Leased assets		6,736	2,065
		Tax assets			
-	-	<i>Current tax</i>		-	-
<u>67</u>	<u>101</u>	<i>Deferred tax</i>		<u>67</u>	<u>101</u>
67	101			67	101
-	4,801	Assets held for sale	6	-	4,801
2,069	3,126	Other assets		1,469	2,404
<u>582,798</u>	<u>548,777</u>	Total assets		<u>582,663</u>	<u>548,070</u>

The explanatory notes on pages 13 to 46 are an integral part of these financial statements.

(continued on the next page)

CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDING 30 JUNE 2024

(All amounts are in EUR thousand, unless specified otherwise)

CONDENSED INTERIM SEPARATE AND CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

Group		Liabilities and shareholders' equity	Notes	Bank	
30 June 2024	31 December 2023			30 June 2024	31 December 2023
		Liabilities			
-	33	Liabilities to banks and other credit institutions		-	33
3	44	Derivatives		3	44
507,815	481,171	Liabilities to customers	7	508,891	481,609
2,261	2,252	Debt securities issued		2,261	2,252
146	164	Provisions		146	218
473	1,385	Tax liabilities		400	1,268
-	-	<i>Current tax</i>		-	-
473	1,385	<i>Deferred tax</i>		400	1,268
10,751	6,499	Other liabilities	8	10,349	5,914
521,449	491,548	Total liabilities		522,050	491,338
		Shareholders' equity			
43,492	35,468	Registered share capital	1, 9	43,492	35,468
5,077	9,449	Retained earnings (loss)		4,385	8,977
12,780	12,312	Other reserves	9	12,736	12,287
61,349	57,229	Total shareholders' equity		60,613	56,732
582,798	548,777	Total liabilities and shareholders' equity		582,663	548,070

The explanatory notes on pages 13 to 46 are an integral part of these financial statements.

Chairman of the Board and Head of Administration

M. Arlauskas



Director of Accounting and Reporting Department, Chief Financial Officer

L. Bertašienė



CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDING 30 JUNE 2024

(All amounts are in EUR thousand, unless specified otherwise)

CONDENSED INTERIM SEPARATE AND CONSOLIDATED PROFIT AND LOSS ACCOUNTS

Group				Bank	
30 June 2024	30 June 2023		Notes	30 June 2024	30 June 2023
18,434	12,014	Interest income	10	17,318	11,189
(6,224)	(1,442)	Interest expense	10	(6,237)	(1,442)
12,210	10,572	Net interest income		11,081	9,747
2,033	2,791	Fee and commission income	11	2,035	2,904
(319)	(376)	Fee and commission expense	11	(189)	(227)
1,714	2,415	Net fee and commission income		1,846	2,677
1,145	1,617	Net profit on foreign currency transactions	12	1,145	1,617
23	120	Net result from transactions in derivatives		23	120
16	-	Net result from transactions in investment property		16	-
-	-	Dividends from subsidiaries		452	-
975	22	Other revenue	6	975	28
16,083	14,746	Total operating income		15,538	14,189
(395)	(371)	Change in value of loans and other financial assets		(277)	(96)
15,688	14,375	Operating income after impairment		15,261	14,093
(5,689)	(5,386)	Salaries and benefits		(5,713)	(5,215)
(232)	(141)	Depreciation		(232)	(137)
(200)	(209)	Amortisation		(181)	(189)
(586)	(352)	Depreciation of leased assets		(582)	(348)
(3,251)	(2,571)	Other operating expenses	13	(3,171)	(2,488)
(9,958)	(8,659)	Total operating expenses		(9,879)	(8,377)
5,730	5,716	Operating profit (loss)		5,382	5,716
(1,107)	(1,058)	Corporate income tax expenses		(998)	(1,026)
4,623	4,658	Profit (loss) for the reporting period		4,384	4,690
4,623	4,658	Attributable to: shareholders of the Bank		4,384	4,690

The explanatory notes on pages 13 to 46 are an integral part of these financial statements.

Chairman of the Board and Head of Administration

M. Arlauskas



Director of Accounting and Reporting Department, Chief Financial Officer

L. Bertašienė



CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDING 30 JUNE 2024

(All amounts are in EUR thousand, unless specified otherwise)

CONDENSED INTERIM SEPARATE AND CONSOLIDATED PROFIT AND LOSS ACCOUNTS FOR QUARTER

Group			Bank	
<u>2024-04-01- 2024-06-30</u>	<u>2023-04-01- 2023-06-30</u>		<u>2024-04-01- 2024-06-30</u>	<u>2023-04-01- 2023-06-30</u>
9,423	6,477	Interest income	8,897	6,062
(3,201)	(902)	Interest expense	(3,209)	(902)
6,222	5,575	Net interest income	5,688	5,160
986	1,406	Fee and commission income	987	1,471
(165)	(180)	Fee and commission expense	(104)	(108)
821	1,226	Net fee and commission income	883	1,363
-	-		-	-
688	909	Net profit on foreign currency transactions	688	909
(3)	17	Net result from transactions in derivatives	(3)	17
-	-	Net result from transactions in investment property	-	-
-	-	Dividends from subsidiaries	-	-
504	17	Other revenue	504	19
8,232	7,744	Total operating income	7,760	7,468
(294)	(318)	Change in value of loans and other financial assets	(277)	(233)
7,938	7,426	Operating income after impairment	7,483	7,235
(2,772)	(2,973)	Salaries and benefits	(2,809)	(2,891)
(165)	(80)	Depreciation	(166)	(77)
(100)	(103)	Amortisation	(90)	(92)
(309)	(177)	Depreciation of leased assets	(309)	(176)
(1,410)	(1,601)	Other operating expenses	(1,368)	(1,561)
(4,756)	(4,934)	Total operating expenses	(4,742)	(4,797)
3,182	2,492	Operating profit (loss)	2,741	2,438
(634)	(586)	Corporate income tax expenses	(580)	(566)
2,548	1,906	Profit (loss) for the reporting period	2,161	1,872
2,548	1,906	Attributable to: shareholders of the Bank	2,161	1,872

The explanatory notes on pages 13 to 46 are an integral part of these financial statements.

Chairman of the Board and Head of Administration

M. Arlauskas



Director of Accounting and Reporting Department, Chief Financial Officer

L. Bertašienė



CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDING 30 JUNE 2024

(All amounts are in EUR thousand, unless specified otherwise)

CONDENSED INTERIM SEPARATE AND CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Bank	30 June 2024	30 June 2023
Items that will never be reclassified to profit or loss		
Change in revaluation of tangible fixed assets	-	-
Carry forward of depreciation of tangible fixed assets net of tax	-	-
Other	-	-
Items that will never be reclassified to profit or loss	-	-
Other comprehensive income (expense), net tax result	-	-
Profit (loss) for the reporting period	4,384	4,690
Total comprehensive income for the reporting period	4,384	4,690
Attributable to:		
Shareholders of the Bank	4,384	4,690
 Group	 30 June 2024	 30 June 2023
Items that will never be reclassified to profit or loss		
Change in revaluation of tangible fixed assets	-	-
Carry forward of depreciation of tangible fixed assets net of tax	-	-
Other	-	-
Items that will never be reclassified to profit or loss	-	-
Other comprehensive income (expense), net tax result	-	-
Profit (loss) for the reporting period	4,623	4,658
Total comprehensive income for the reporting period	4,623	4,658
Attributable to:		
shareholders of the Bank	4,623	4,623

The explanatory notes on pages 13 to 46 are an integral part of these financial statements.

Chairman of the Board and Head of Administration

M. Arlauskas



Director of Accounting and Reporting Department, Chief Financial Officer

L. Bertašienė



CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDING 30 JUNE 2024

(All amounts are in EUR thousand, unless specified otherwise)

CONDENSED INTERIM SEPARATE AND CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR QUARTER

Bank	2024-04-01-2024-06-30	2023-04-01-2023-06-30
Items that will never be reclassified to profit or loss		
Change in revaluation of tangible fixed assets	-	-
Carry forward of depreciation of tangible fixed assets net of tax	-	-
Other	-	-
Items that will never be reclassified to profit or loss	-	-
Other comprehensive income (expense), net tax result	-	-
Profit (loss) for the reporting period	2,161	1,872
Total comprehensive income for the reporting period	2,161	1,872
Attributable to:		
Shareholders of the Bank	2,161	1,872
Group	2024-04-01-2024-06-30	2023-04-01-2023-06-30
Items that will never be reclassified to profit or loss		
Change in revaluation of tangible fixed assets	-	-
Carry forward of depreciation of tangible fixed assets net of tax	-	-
Other	-	-
Items that will never be reclassified to profit or loss	-	-
Other comprehensive income (expense), net tax result	-	-
Profit (loss) for the reporting period	2,548	1,906
Total comprehensive income for the reporting period	2,548	1,906
Attributable to:		
shareholders of the Bank	2,548	1,906

The explanatory notes on pages 13 to 46 are an integral part of these financial statements.

Chairman of the Board and Head of Administration

M. Arlauskas



Director of Accounting and Reporting Department, Chief Financial Officer

L. Bertašienė



CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDING 30 JUNE 2024

(All amounts are in EUR thousand, unless specified otherwise)

CONDENSED INTERIM SEPARATE AND CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
Bank

	Registered share capital	Retained earnings (loss)	Revaluation reserve of tangible fixed assets	Other reserves	Total
Balance as of 31 December 2022	19,948	16,339	318	11,470	48,075
Profit (loss)	-	4,690	-	-	4,690
Other comprehensive income (expense)	-	-	-	-	-
Transfers to reserves	-	(817)	-	817	-
Balance as of 30 June 2023	19,948	20,212	318	12,287	52,765
Profit (loss)	-	3,548	-	-	3,548
Other comprehensive income (expense)	-	-	419	-	419
Reversal of revaluation reserve of tangible fixed assets	-	737	(737)	-	-
Share capital increase	15,520	(15,520)	-	-	-
Balance as of 31 December 2023	35,468	8,977	-	12,287	56,732
Profit (loss)	-	4,384	-	-	4,384
Other comprehensive income (expense)	-	-	-	-	-
Transfer to reserves	-	(449)	-	449	-
Payment of dividends	-	(503)	-	-	(503)
Share capital increase	8,024	(8,024)	-	-	-
Balance as of 30 June 2024	43,492	4,385	-	12,736	60,613

(continued on the next page)

The explanatory notes on pages 13 to 46 are an integral part of these financial statements.

CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDING 30 JUNE 2024

(All amounts are in EUR thousand, unless specified otherwise)

CONDENSED INTERIM SEPARATE AND CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)**Group**

	Registered share capital	Retained earnings (loss)	Revaluation reserve of tangible fixed assets	Other reserves	Total
Balance as of 31 December 2022	19,948	16,339	318	11,470	48,075
Profit (loss)	-	4,658	-	-	4,658
Other comprehensive income (expense)	-	-	-	-	-
Transfers to reserves	-	(823)	-	823	-
Balance as of 30 June 2023	19,948	20,139	318	12,312	52,717
Profit (loss)	-	4,093	-	-	4,093
Other comprehensive income (expense)	-	-	419	-	419
Reversal of revaluation reserve of tangible fixed assets	-	737	(737)	-	-
Share capital increase	15,520	(15,520)	-	-	-
Balance as of 31 December 2023	35,468	9,449	--	12,312	57,229
Profit (loss)	-	4,623	-	-	4,623
Other comprehensive income (expense)	-	-	-	-	-
Transfer to reserves	-	(468)	-	468	-
Payment of dividends	-	(503)	-	-	(503)
Share capital increase	8,024	(8,024)	-	-	-
Balance as of 30 June 2024	43,492	5,077	-	12,780	61,349

The explanatory notes on pages 13 to 46 are an integral part of these financial statements.

Chairman of the Board and Head
of Administration

M. Arlauskas



Director of Accounting and
Reporting Department, Chief
Financial Officer

L. Bertašienė



CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDING 30 JUNE 2024

(All amounts are in EUR thousand, unless specified otherwise)

CONDENSED INTERIM SEPARATE AND CONSOLIDATED CASH FLOW STATEMENTS

Group			Bank	
30 June 2024	30 June 2023	Notes	30 June 2024	30 June 2023
		Cash flows from operating activities		
4,623	4,658	Profit (loss) for the reporting period	4,384	4,690
		Reversals of non-cash income and expenses		
1,018	702	Depreciation and amortisation	995	674
(974)	(10)	Gain (loss) on sale of tangible fixed assets, intangible fixed assets, assets held for sale and investment property	(974)	(10)
-	-	Dividends from subsidiaries	(452)	-
395	371	Impairment of loans	277	96
(13,788)	(10,911)	Interest income on loans to customers	(13,672)	(10,086)
6,224	1,442	Interest expense on liabilities	6,237	1,442
(64)	54	Revaluation of derivatives	(64)	54
58	97	Elimination of accrued holiday pay	58	94
1,107	1,058	Corporate income tax expenses	998	1,026
1,180	43	Elimination of other non-cash items	1,173	43
(221)	(2,496)	Cash flow from (to) operating activities before changes in working capital and liabilities	(1,040)	(1,977)
		Change in working capital and liabilities		
(748)	(90)	Changes in statutory reserves	(748)	(90)
(21,211)	(30,513)	Loans to customers	(21,620)	(28,526)
1,891	(6,665)	Finance lease receivables	1,891	(6,665)
(33)	-	Changes in liabilities to banks and other credit institutions	(33)	-
24,444	31,734	Changes in liabilities to customers	25,082	31,744
510	174	Changes in other assets and liabilities	(449)	263
4,853	(5,360)	Change	4,123	(3,274)
13,747	10,460	Interest received on loans to customers and finance lease	13,681	9,690
(3,701)	(1,095)	Interest paid on liabilities	(3,714)	(1,095)
(1,986)	(1,074)	Corporate income tax paid	(1,833)	(1,006)
11,672	435	Net cash flow from operating activities after corporate income tax	11,217	2,338
		Cash flows from investing activities		
(2,705)	(1,193)	Acquisition of long-term investment property, tangible and intangible fixed assets	(2,705)	(1,093)
5,823	10	Proceeds from the sale of investment, tangible and intangible fixed assets	5,823	10
-	-	Investments in subsidiaries	-	(2,000)
-	-	Dividends from subsidiaries	452	-
18,005	15,834	Redemption of debt securities	18,005	15,834
(21,154)	(1,939)	Acquisition of debt securities	(21,154)	(1,939)
(31)	12,712	Net cash flows from investing activities	421	10,812

(continued on the next page)

The explanatory notes on pages 13 to 46 are an integral part of these financial statements.

CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDING 30 JUNE 2024

(All amounts are in EUR thousand, unless specified otherwise)

CONDENSED INTERIM SEPARATE AND CONSOLIDATED CASH FLOW STATEMENTS (CONTINUED)

Group			Bank	
<u>30 June 2024</u>	<u>30 June 2023</u>		<u>30 June 2024</u>	<u>30 June 2023</u>
		Notes		
Cash flow from financing activities				
(503)	-		(503)	-
-	-		-	-
9	8		9	8
(652)	(378)		(652)	(371)
5,042	3,832		5,042	3,832
(5,320)	(3,088)		(5,320)	(3,088)
<u>(713)</u>	<u>374</u>		<u>(921)</u>	<u>381</u>
Net cash flows from financing activities				
(45)	(149)		(45)	(149)
Effect of exchange rate changes on balance of cash and cash equivalents				
10,172	13,372		10,169	13,382
Net increase (decrease) in cash and cash equivalents				
<u>148,411</u>	<u>77,745</u>		<u>148,408</u>	<u>77,732</u>
Cash and cash equivalents at 1 January				
<u>158,583</u>	<u>91,117</u>	14	<u>158,577</u>	<u>91,114</u>
Cash and cash equivalents at 30 June				

The explanatory notes on pages 13 to 46 are an integral part of these financial statements.

 Chairman of the Board and Head
of Administration

M. Arlauskas



 Director of Accounting and
Reporting Department, Chief
Financial Officer

L. Bertašienė



CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDING 30 JUNE 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 1 Background information

Medicinos Bankas UAB (hereinafter referred to as the Bank) was established on 24 November 1992 (as KB Ancorobank) and on 16 January 1997 was reorganised into Medicinos Bankas UAB. On 1 February 2024, Medicinos Bankas UAB changed its name to Urbo Bankas. Its head office address is:

Konstitucijos pr. 18B,
Vilnius, Lithuania.

The Bank accepts deposits, issues loans, carries out monetary and documentary settlements, exchanges currency and provides guarantees to its customers. The Bank also offers trading securities, advisory and custody services. The Bank provides services to both corporate and private customers.

At the end of the second quarter of 2024, the Bank had 26 customer service units in various regions of Lithuania.

The consolidated financial statements of the Group comprise the financial statements of the Bank and its wholly-owned subsidiaries TG Invest-1 UAB (active in real estate management and development) and Saugus Kreditas UAB (active in the issuing of consumer loans to private customers). TG Invest-1 UAB was acquired on 17 May 2013 and Saugus Kreditas UAB was acquired on 17 October 2017.

As at 30 June 2024, the Bank had 281 employees (299 employees as at 31 December 2023). As at 30 June 2024, the Group had 291 employees (309 employees as at 2023).

As at 30 June 2024, the Bank's shareholders were:

	Number of ordinary shares held	Ownership interest (%)
Konstantinas Karosas	78,395,759	90.13
Western Petroleum Ltd.	8,587,856	9.87
Total	86,983,615	100.00

As at 31 December 2023, the Bank's shareholders were:

	Number of ordinary shares held	Ownership interest (%)
Konstantinas Karosas	63,932,284	90.13
Western Petroleum Ltd.	7,003,456	9.87
Total	70,935,740	100.00

At the Annual General Meeting of Shareholders of UAB Urbo bankas in 2024, a decision was made to increase the authorized capital of UAB Urbo bankas from retained earnings.

At 30 June 2024 the Bank's share capital comprised 86,983,615 ordinary shares with a nominal value EUR 0.5 each (as at 31 December 2023: 70,935,740 ordinary shares with a nominal value EUR 0.5 each).

At 30 June 2024 and 31 December 2023, all shares were fully paid up.

By an agreement dated 12 March 2021, including amendment No. 1 dated 24 November 2023, Mr Konstantinas Karosas and Western Petroleum Limited transferred all voting rights at the Bank's General Meeting of Shareholders to MB Valdymas UAB.

Following the transfer of voting rights, MB Valdymas UAB has the right to vote in respect of all of the Bank's shares at the Bank's General Meeting of Shareholders.

The capital and liquidity positions as at 30 June 2024 remain strong and prudential ratios are met with a buffer.

Changes in the Management of the Bank

At the meeting of the Bank's Supervisory Board on 19 March 2024, Julius Ivaška was elected as the fifth member of the Board. Permission to act as a Board member from Bank of Lithuania was received in May 2024. Since then, the Bank's Board consists of the Chairman of the Board Marius Arlauskas, Board members Igor Kovalčuk, Snieguolė Kudrevičienė, Andrius Bernotas and Julius Ivaška.

CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDING 30 JUNE 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 2 Basis of preparation and significant accounting policies**Statement of compliance**

The separate and consolidated financial statements are prepared in accordance with IAS 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 31 December 2023, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. Except as disclosed below, the accounting policies applied in the preparation of this condensed interim financial information are consistent with those applied in the Bank's annual financial statements for 2023.

New and amended standards and interpretations

Management of the Bank and the Group does not expect that newly published standards, amendments and interpretations that will be mandatory for the Bank for reporting periods beginning on or after 1 January 2024 will have a material impact on the Bank's and the Group's financial information, nor there are any newly published standards, amendments and interpretations that are mandatory for the Bank and the Group from 2024 and that would have a material impact on the financial information of the Bank and the Group.

The preparation of condensed interim separate and consolidated financial statements in accordance with IFRSs involves making assumptions and estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. While these estimates are based on management's knowledge of the current situation and actions, actual results may ultimately differ from these estimates. The significant assumptions and estimates used in the preparation of the condensed interim separate and consolidated financial statements are the same as those used in the preparation of the annual separate and consolidated financial statements for the year ended 31 December 2023.

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

There are no significant amounts of income or expenses of the Bank and the Group that are subject to significant seasonality.

Functional and presentation currency

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

The official exchange rates of the main currencies used for the revaluation of the items in the statement of financial position at the end of the reporting period are presented below (the ratio of EUR to the unit of the original currency):

	<u>30 June 2024</u>	<u>31 December 2023</u>
USD	1.0705	1.105

CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDING 30 JUNE 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 3 Debt securities

	Bank / Group	
	30 June 2024	31 December 2023
Government bonds of the Republic of Lithuania	51,325	41,219
Government bonds of the Republic of Romania	3,987	4,317
Government bonds of the Republic of Poland	2,769	-
Government bonds of the Republic of Croatia	1,020	3,742
Government bonds of the Republic of Slovenia	-	5,841
Government bonds of the Republic of Hungary	-	833
Total	59,101	55,952

Note 4 Loans and receivables

Loans to customers and receivables consist of:

	Bank	
	30 June 2024	31 December 2023
Loans to customers, including short-term discounted bills	320,452	294,065
Overdrafts	672	412
Factoring	829	360
Finance lease	18,421	25,819
	340,374	320,656
Provisions	(3,618)	(3,271)
Loans and receivables, net	336,756	317,385

	Group	
	30 June 2024	31 December 2023
Loans to customers, including short-term discounted bills	333,246	307,218
Overdrafts	672	412
Factoring	829	360
Finance lease	18,421	25,819
	353,168	333,809
Provisions	(4,634)	(4,223)
Loans and receivables, net	348,534	329,586

CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDING 30 JUNE 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 5 Investments in subsidiaries

The subsidiaries' main activities are the management and development of real estate and the issuing of consumer loans to private customers.

	2024	Bank	2023
Balance at the beginning of the year	12,342		9,342
Acquisitions	-		3,000
Change in the value of investments in subsidiaries	-		-
Balance at the end of the reporting period	12,342		12,342

	Ownership (%)	Direct ownership (%)	Nominal value	Impairment	Value shown in the statement of financial position
30 June 2024					
TG Invest-1 UAB	100	100	3,033	(1,261)	1,772
Saugus Kreditas UAB	100	100	10,601	(31)	10,570
Total			13,634	(1,292)	12,342

	Ownership (%)	Direct ownership (%)	Nominal value	Impairment	Value shown in the statement of financial position
31 December 2023					
TG Invest-1 UAB	100	100	3,033	(1,261)	1,772
Saugus Kreditas UAB	100	100	10,601	(31)	10,570
Total			13,634	(1,292)	12,342

In 2024, dividends in amount of EUR 452 thousand have been received from subsidiary UAB Saugus kreditas.

CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDING 30 JUNE 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 6 Assets held for sale

In 2023, after the decision to sell tangible assets, the fixed tangible assets revaluation reserve of EUR 737 thousand has been transferred to the line of retained earnings. As at 31 December 2023, in the statement of financial position, the net worth of assets held for sale was EUR 4,801 thousand (as at 31 March 2024 the net worth was EUR 3,811 thousand). The Bank received EUR 959 thousand profit from real estate objects held for sale.

On 30 June 2024 all real estate objects held for sale were sold.

Note 7 Liabilities to customers

Liabilities to customers consist of:

Group			Bank	
30 June 2024	31 December 2023		30 June 2024	31 December 2023
323,163	303,422	Term deposits	323,163	303,422
163,381	160,060	Current accounts	164,457	160,498
7,439	3,576	Customer funds in transit accounts	7,439	3,576
13,832	14,113	Loans from funds	13,832	14,113
507,815	481,171	Total:	508,891	481,609
32,116	40,566	Of which held as collateral for guarantees and loans granted	32,116	40,566

CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDING 30 JUNE 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 8 Other liabilities

Other liabilities consist of:

Group			Bank	
30 June 2024	31 December 2023		30 June 2024	31 December 2023
2,326	2,462	Accrued payments to employees	2,317	2,373
342	431	Prepayments	-	-
6,898	2,228	Lease obligations	6,898	2,216
133	153	Accrued expenses	133	153
146	357	Liabilities to the State Tax Inspectorate	145	357
174	-	Liabilities to the Board of the State Social Fund	173	-
81	-	Output VAT	81	-
115	91	Deferred income	115	91
		Payable to the Latvian and Estonian Road		
18	28	Administration	18	28
335	418	Debts to suppliers	282	365
-	200	Advances received	-	200
183	131	Other	187	131
10,751	6,499	Total:	10,349	5,914

Note 9 Shareholders' equity

At 30 June 2024 the Bank's share capital comprised 86,983,615 ordinary shares with a nominal value EUR 0.5 each (as at 31 December 2023: 70,935,740 ordinary shares with a nominal value EUR 0.5 each). At 30 June 2024 and 31 December 2023, all shares were fully paid up.

Each share carries the same right to vote, to receive dividends and to participate in the distribution of residual assets in the event of liquidation.

Legal reserve

As at 30 June 2024, the Bank's legal reserve was EUR 2,711 thousand (EUR 2,262 thousand at 31 December 2023). That of the Group was EUR 2,755 thousand as at 31 March 2024 (EUR 2,287 thousand as at 31 December 2023). In 2024, the Bank transferred EUR 449 thousand to the legal reserve and the Group transferred EUR 468 thousand.

Legal reserve is mandatory according to the legislation of the Republic of Lithuania. At least 5% of net profits must be transferred to it each year until the reserve reaches 10% of the share capital. This legal reserve can be used to cover the Bank's operating losses and to increase share capital.

CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDING 30 JUNE 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 10 Net interest income

Net interest income consists of:

Group			Bank	
30 June 2024	30 June 2023		30 June 2024	30 June 2023
13,658	9,930	On loans granted to customers	12,542	9,105
1,130	981	On finance lease	1,130	981
906	179	On debt securities	906	179
2,464	758	On balances with central banks	2,464	758
276	166	On balances with banks and other credit institutions	276	166
18,434	12,014	Interest income	17,318	11,189
(5,873)	(1,158)	On liabilities to depositors, including letters of credit	(5,873)	(1,158)
(191)	(155)	Deposit and portfolio guarantee insurance	(191)	(155)
-	(10)	On subordinated loans	-	(10)
(73)	(86)	On debt securities issued	(86)	(86)
(7)	(7)	On liabilities to banks and other credit institutions	(7)	(7)
(80)	(26)	Lease right	(80)	(26)
(6,224)	(1,442)	Interest expense	(6,237)	(1,442)
12,210	10,572	Total	11,081	9,747

Note 11 Net fee and commission income

Net fee and commission income consist of:

Group			Bank	
30 June 2024	30 June 2023		30 June 2024	30 June 2023
820	1,065	Payment services	820	1,065
45	86	Income from foreign currency exchange	45	86
359	364	Servicing of bank accounts	359	364
300	605	Collection of payments	300	605
32	130	Brokerage income	34	243
321	379	Cash operations	321	379
156	162	Other	156	162
2,033	2,791	Fee and commission income	2,035	2,904
(86)	(136)	Cash transactions	(86)	(136)
(44)	(39)	Money transfer transactions	(44)	(39)
(130)	(149)	Brokerage costs	-	-
(59)	(52)	Other	(59)	(52)
(319)	(376)	Fee and commission expense	(189)	(227)
1,714	2,415	Total	1,846	2,677

CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDING 30 JUNE 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 12 Net profit on foreign currency transactions

	Bank / Group	
	30 June 2024	30 June 2023
Profit from foreign currency transactions	1,190	1,766
Unrealised exchange rate gains (losses)	(45)	(149)
Total	1,145	1,617

Note 13 Operating expenses

Operating expenses are as follows:

Group			Bank	
30 June 2024	30 June 2023		30 June 2024	30 June 2023
(302)	(232)	Maintenance cost of premises	(278)	(228)
(210)	(166)	Communication and stationary	(208)	(164)
(111)	(115)	Car maintenance cost	(111)	(115)
(777)	(524)	Information technology cost	(777)	(515)
(665)	(363)	Marketing cost	(664)	(362)
(381)	(576)	Taxes	(363)	(545)
(339)	(253)	Outsourcing services	(331)	(247)
(77)	(97)	Accounting services	(51)	(73)
(29)	(33)	Insurance cost (operational and cash)	(29)	(31)
(88)	(72)	Team building event expenses	(88)	(72)
(272)	(140)	Other costs	(271)	(136)
(3,251)	(2,571)	Total	(3,171)	(2,488)

CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDING 30 JUNE 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 14 Cash and cash equivalents

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

Group			Bank	
30 June 2024	30 June 2023		30 June 2024	30 June 2023
17,101	19,439	Cash in hand	17,101	19,439
124,754	56,011	Current account with Central bank	124,754	56,011
4,817	9,040	Current accounts with other credit institutions	4,811	9,037
11,911	6,627	Term deposits with credit institutions up to 90 days	11,911	6,627
158,583	91,117	Total	158,577	91,114

Note 15 Fair values of financial instruments

Fair value is defined as the amount for which an instrument could be exchanged in a current transaction between willing parties under arm's length condition, excluding forced sale, involuntary liquidation, or speculative sale transactions. As trading in the majority of the financial assets and liabilities held by the Bank and the Group is not well-developed, fair value measurements require the use of assumptions based on current economic conditions and the risks inherent in the specific instrument.

The carrying amounts of financial assets and financial liabilities with short maturities (less than three months) are considered to approximate their fair values. This assumption also applies to floating rate financial instruments as the Group and the Bank have not identified any significant change in credit spreads.

The fair value of fixed rate assets and liabilities carried at amortised cost is estimated by comparing market interest rates with the interest rates offered for similar financial instruments at the time of initial recognition. The estimated fair value of fixed rate loans and deposits is based on discounted cash flows using interest rates prevailing in the market for debt with similar credit risk and maturity.

The following methods and assumptions were used to determine the fair value of these financial instruments:

Cash. This is cash in hand with a carrying amount equal to its fair value.

Cash balances and debts to credit institutions. The carrying amount of an asset with a maturity of less than 3 months approximates fair value because of the relatively short maturity of this financial instrument. For deposits with longer maturities, the prevailing interest rates reflect market rates (due to re-fixing of interest on assets based on market interest rates) and therefore the fair value approximates the carrying amount.

Debt securities. Their fair value was estimated based on the market price.

Loans to customers. The valuation was carried out by discounting the future cash flows for each loan over its life using 12-month average interest rates on the market at year-end.

Liabilities to customers. The carrying amount of balances with a maturity of less than 3 months approximates fair value because of the relatively short maturity of this financial instrument. The fair value of deposits and other liabilities with longer-term fixed interest rates was calculated by discounting the cash flows using interest rates applicable to new debt with similar maturities and credit quality.

Debt securities issued and subordinated loans. Fair value is calculated by discounting the estimated future cash flows using current market interest rates.

CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDING 30 JUNE 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 15 Fair values of financial instruments (continued)

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

Bank	30 June 2024		31 December 2023	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Cash, cash balances at central bank	146,080	146,080	137,347	137,347
Cash balances with banks and other credit institutions	16,722	16,722	14,538	14,538
Debt securities	59,101	58,867	55,952	55,568
Loans and receivables	336,756	302,498	317,385	302,291
Other assets	-	-	-	-
Total	558,660	524,168	525,222	509,744
Financial liabilities				
Liabilities to banks and other credit institutions	-	-	33	33
Liabilities to customers, including letters of credit	508,891	510,139	481,609	491,533
Debt securities issued	2,261	2,367	2,252	2,405
Other liabilities	10,349	10,349	5,914	5,914
Total	521,500	522,854	489,808	499,885
Group				
	30 June 2024	31 December 2023		
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Cash, cash balances at central bank	146,080	146,080	137,347	137,347
Cash balances with banks and other credit institutions	16,728	16,728	14,541	14,541
Debt securities	59,101	58,867	55,952	55,568
Loans and receivables	348,534	312,229	329,586	312,133
Other assets	-	-	-	-
Total	570,443	533,904	537,426	519,589
Financial liabilities				
Liabilities to banks and other credit institutions	-	-	33	33
Liabilities to customers, including letters of credit	507,815	509,062	481,171	491,171
Debt securities issued	2,261	2,367	2,252	2,405
Other liabilities	10,752	10,752	6,499	6,499
Total	520,827	522,181	489,955	500,108

CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDING 30 JUNE 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 15 Fair values of financial instruments (continued)

Financial instruments measured at fair value are presented in these financial statements at three fair value levels:

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

Level 2: fair value estimated using valuation techniques, where all variables that have a significant effect on the recorded fair value are either directly or indirectly observable in the market;

Level 3: fair value estimated using valuation techniques for which the variables that have a significant effect on the recorded fair value are not based on observable market data.

A breakdown of financial instruments carried at fair value by fair value levels:

Bank / Group

30 June 2024	Level 1	Level 2	Level 3	Total
Financial assets				
Derivatives	-	32	-	32
Financial liabilities				
Derivatives	-	3	-	3

Bank / Group

31 December 2023	Level 1	Level 2	Level 3	Total
Financial assets				
Derivatives	-	9	-	9
Financial liabilities				
Derivatives	-	44	-	44

CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDING 30 JUNE 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 15 Fair values of financial instruments (continued)

The table below shows the financial instruments that are not measured at fair value and their analysis by level of the fair value hierarchy.

Bank

30 June 2024	Level 1	Level 2	Level 3	Total carrying amount
Assets				
Cash and balances at banks	162,802	-	-	162,802
Debt securities	59,101	-	-	59,101
Loans to customers	-	-	313,390	313,390
Finance lease	-	-	23,366	23,366
Other assets	-	-	-	-
Total financial assets	221,903	-	336,756	558,569
Liabilities				
Liabilities to banks and other credit institutions	-	-	-	-
Liabilities to customers	-	508,891	-	508,891
Debt securities issued	-	2,261	-	2,261
Other liabilities	-	-	10,349	10,349
Total financial liabilities	-	511,152	10,349	521,501

Bank

31 December 2023	Level 1	Level 2	Level 3	Total carrying amount
Assets				
Cash and balances at banks	151,885	-	-	151,885
Debt securities	55,952	-	-	55,952
Loans to customers	-	-	292,128	292,128
Finance lease	-	-	25,257	25,257
Other assets	-	-	-	-
Total financial assets	207,837	-	317,385	525,222
Liabilities				
Liabilities to banks and other credit institutions	-	33	-	33
Liabilities to customers	-	481,609	-	481,609
Debt securities issued	-	2,252	-	2,252
Other liabilities	-	-	5,914	5,914
Total financial liabilities	-	483,894	5,914	489,808

CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDING 30 JUNE 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 15 Fair values of financial instruments (continued)
Group

30 June 2024	Level 1	Level 2	Level 3	Total carrying amount
Cash and balances at banks	162,808	-	-	162,808
Debt securities	59,101	-	-	59,101
Loans to customers	-	-	325,168	325,168
Finance lease	-	-	23,366	23,366
Other assets	-	-	-	-
Total financial assets	222,909	-	348,534	570,443
Liabilities				
Liabilities to banks and other credit institutions	-	-	-	-
Liabilities to customers	-	507,815	-	507,815
Debt securities issued	-	2,261	-	2,261
Other liabilities	-	-	10,752	10,752
Total financial liabilities	-	510,076	10,752	520,828

Group

31 December 2023	Level 1	Level 2	Level 3	Total carrying amount
Assets				
Cash and balances at banks	151,888	-	-	151,888
Debt securities	55,952	-	-	55,952
Loans to customers	-	-	304,329	304,329
Finance lease	-	-	25,257	25,257
Other assets	-	-	-	-
Total financial assets	207,840	-	329,586	537,426
Liabilities				
Liabilities to banks and other credit institutions	-	33	-	33
Liabilities to customers	-	481,171	-	481,171
Debt securities issued	-	2,252	-	2,252
Other liabilities	-	-	6,499	6,499
Total financial liabilities	-	483,456	6,499	489,955

CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDING 30 JUNE 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 16 Related party transactions

Transactions between the Group and the Bank and their related parties were conducted at arm's length, i.e., as transactions with unrelated parties.

The balances of loans, term deposits and bonds issued at 30 June 2024 and 31 December 2023 and the related income and expenses included in the profit and loss accounts at 30 June 2024 and 30 June 2023 are shown below:

Bank	Supervisory board and key management personnel			
	Shareholders	Subsidiaries	Supervisory board and key management personnel	Other*
2024				
Loans outstanding as at 30 June 2024, net	-	16,486	-	1,871
Interest rate, %	-	7.00	-	7.56-8.62
Impairment of loans	-	(221)	-	(8)
Term deposits as at 30 June 2024	-	813	224	2 065
Interest rate, %	-	3.8	3.3-4.5	0.45-4.25
Demand accounts as at 30 June 2024	221	263	184	4,356
Bonds issued as at 30 June 2024	100	-	-	-
Interest rate, %	7.0	-	-	-
Subordinated loans as at 30 June 2024	-	-	-	-
Interest rate, %	-	-	-	-
Dividends paid	(503)	-	-	-
For the six month period ending 30 June 2024				
Interest income on loans	-	803	-	73
Interest expense on deposits	-	(13)	(4)	(25)
Interest expense on bonds	(4)	-	-	-
Interest expense on subordinated loans	-	-	-	-
Dividend income	-	452	-	-
Fee and commission income	-	7	-	5
Fee and commission expense	-	-	-	-
Bank		Subsidiaries	Supervisory board and key management personnel	Other*
2023				
Loans outstanding as at 31 December 2023, net	-	22,238	-	1,729
Interest rate, %	-	7.00	-	7.66-8.66
Impairment of loans	-	(297)	-	(7)
Term deposits as at 31 December 2023	-	-	160	2 121
Interest rate, %	-	-	0.85-4.5	0.45-4.25
Demand accounts as at 31 December 2023	1,225	438	118	2,975
Bonds issued as at 31 December 2023	100	-	-	-
Interest rate, %	7.0	-	-	-
Subordinated loans as at 31 December 2023	-	-	-	-
Interest rate, %	-	-	-	-
Dividends paid	-	-	-	-
For the six period ending 30 June 2023				
Interest income on loans	-	1,056	-	13
Interest expense on deposits	-	-	-	(5)
Interest expense on bonds	(4)	-	-	-
Interest expense on subordinated loans	(10)	-	-	-
Dividend income	-	-	-	-
Fee and commission income	-	121	-	5
Fee and commission expense	-	-	-	-

CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDING 30 JUNE 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 16 Related party transactions (continued)

Group, 2024	Shareholders	Supervisory board and key management personnel		Other*
Loans outstanding as at 30 June 2024, net	-	-	-	1,893
Interest rate, %	-	-	-	7.56-8.62
Impairment of loans	-	-	-	(8)
Term deposits as at 30 June 2024	-	186		1,086
Interest rate, %	-	0.85-4.5		0.45-4.25
Demand accounts as at 30 June 2024	791	115		2,682
Bonds issued as at 30 June 2024	100	-		-
Interest rate, %	7.0	-		-
Subordinated loans as at 30 June 2024	-	-		-
Interest rate, %	-	-		-
Dividends paid	(503)	-		-
For six-month period ending 30 June 2024				
Interest income on loans	-	-		37
Interest expense on deposits	-	-		(15)
Interest expense on bonds	-	(2)		-
Interest expense on subordinated loans	(4)	-		-
Fee and commission income	-	-		-
Fee and commission expense	-	-		2
Group, 2023		Supervisory board and key management personnel		Other*
Loans outstanding as at 31 December 2023, net	-	-		1,729
Interest rate, %	-	-		7.66-8.66
Impairment of loans	-	-		(7)
Term deposits as at 31 December 2023	-	160		2,121
Interest rate, %	-	0.85-4.5		0.45-4.25
Demand accounts as at 31 December 2023	1 225	173		2,920
Bonds issued as at 31 December 2023	100	-		-
Interest rate, %	7.0	-		-
Subordinated loans as at 31 December 2023	-	-		-
Interest rate, %	-	-		-
Dividends oaid	-	-		-
For the six-month period ending 30 June 2023				
Interest income on loans	-	-		13
Interest expense on deposits	-	-		(5)
Interest expense on bonds	(4)	-		-
Interest expense on subordinated loans	(10)	-		-
Fee and commission income	-	-		5
Fee and commission expense	-	-		-

* Other related parties are companies controlled by members of the Bank's and Group's management or by the Bank's shareholders and other related parties.

CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDING 30 JUNE 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 17 Segment information

The key indicators of the Group's business segments included in the profit and loss account as at 30 June 2024 and the statement of financial position as at 30 June 2023 are summarised below.

	30 June 2024				
	Traditional banking and lending	Treasury	Other activities	Eliminations	Total
Internal	863	-	(60)	(803)	-
External	14,761	3,613	60	-	18,434
Interest income	15,624	3,613	-	(803)	18,434
Internal	(863)	-	-	863	-
External	(6,132)	(92)	-	-	(6,224)
Interest expense	(6,995)	(92)	-	863	(6,224)
Internal	-	-	(60)	60	-
External	8,629	3,521	60	-	12,210
Net interest income	8,629	3,521	-	60	12,210
Internal	-	-	-	-	-
External	1,608	-	-	106	1,714
Net fee and commission income	1,608	-	-	106	1,714
Internal	-	-	(60)	60	-
External	10,237	3,521	60	106	13,924
Net interest, fee and commission income	10,237	3,521	-	166	13,924
Internal	-	-	-	-	-
External	(8,814)	(142)	16	-	(8,940)
Operating costs	(8,814)	(142)	16	-	(8,940)
Amortisation	(200)	-	-	-	(200)
Depreciation	(818)	-	-	-	(818)
Internal	-	-	-	-	-
External	(395)	-	-	-	(395)
Impairment charges	(395)	-	-	-	(395)
Internal	-	-	-	-	-
External	866	302	991	-	2,159
Other net income	866	302	991	-	2,159
Profit (loss) before tax	876	3,681	1,007	166	5,730
Corporate tax	(1,101)	-	(6)	-	(1,107)
Profit (loss) per segment after tax	(225)	3,681	1,001	166	4,623
Non-controlling interest	-	-	-	-	-
Profit (loss) attributable to shareholders of the Bank	(225)	3,681	1,001	166	4,623
Total assets per segment	401,107	204,802	2,025	(31,467)	576,467
Total liabilities per segment	532,939	3,580	47	(18,900)	517,666
Net assets per segment (shareholders' equity)	(131,832)	201,222	1,978	(12,567)	58,801

CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDING 30 JUNE 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 17 Segment information (continued)

The key indicators of the Group's business segments included in the profit and loss account as at 30 June 2023 and the statement of financial position as at 31 June 2023 are summarised below.

	30 June 2023				
	Traditional banking and lending	Treasury	Other activities	Eliminations	Total
Internal	1,126	-	(70)	(1,056)	-
External	10,841	1,103	70	-	12,014
Interest income	11,967	1,103	-	(1,056)	12,014
Internal	(1,126)	-	-	(1,126)	-
External	(1,435)	(7)	-	-	(1,442)
Interest expense	(2,561)	(7)	-	(1,126)	(1,442)
Internal	-	-	(70)	70	-
External	9,406	1,096	70	-	10,572
Net interest income	9,406	1,096	-	70	10,572
Internal	-	-	-	-	-
External	2,415	-	-	-	2,415
Net fee and commission income	2,415	-	-	-	2,415
Internal	-	-	(70)	70	-
External	11,821	1,096	70	-	12,987
Net interest, fee and commission income	11,821	1,096	-	70	12,987
Internal	-	-	-	-	-
External	(7,806)	(151)	-	-	(7,957)
Operating costs	(7,806)	(151)	-	-	(7,957)
Amortisation	(209)	-	-	-	(209)
Depreciation	(493)	-	-	-	(493)
Internal	-	-	-	-	-
External	(371)	-	-	-	(371)
Impairment charges	(371)	-	-	-	(371)
Internal	-	-	-	-	-
External	1,419	318	22	-	1,759
Other net income	1,419	318	22	-	1,759
Profit (loss) before tax	4,361	1,263	22	70	5,716
Corporate tax	(1,058)	-	-	-	(1,058)
Profit (loss) per segment after tax	3,303	1,263	22	70	4,658
Non-controlling interest	-	-	-	-	-
Profit (loss) attributable to shareholders of the Bank	3,303	1,263	22	70	4,658
Total assets per segment	342,838	143,901	1,941	(38,012)	450,668
Total liabilities per segment	419,192	5,150	47	(26,438)	397,951
Net assets per segment (shareholders' equity)	(76,354)	138,751	1,894	(11,574)	52,717

Breakdown of the Group's assets and income by geographical segments

All fixed assets of the Group, other than financial assets, are located in Lithuania. The Bank did not earn income in other countries.

CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDING 30 JUNE 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 18 Risk management
Credit risk

Credit risk is the risk that the Group and the Bank will incur losses as a result of the failure by their customers or other parties to meet their contractual obligations. The Group and the Bank manage and control credit risk by setting acceptable risk limits for individual borrowers and sectors of the economy, and by monitoring the potential for breaches of these limits. The Group and the Bank have credit quality review procedures in place to identify changes in the creditworthiness of counterparties in advance, including regular review of collateral. The credit quality review process allows the Group and the Bank to assess the potential losses that may occur and take appropriate action. The Bank issues guarantees to customers that require the Bank to make payments on their behalf. These create similar risks for the Bank as loans and these risks are mitigated using the same control processes and policies. Where the expected cash flow from problem loans is expected to come from the sale of collateral, the value of the collateral held is an important estimate in calculating loan impairment losses and receivables.

The Bank and the Group are also required to comply with the limit to large exposures (maximum exposure to a single customer) set out in Regulation (EU) No. 575/2013 of the European Parliament and of the Council. The exposure to a single customer or group of related customers may not exceed 25% of the eligible capital. According to the provisions of Regulation (EU) No. 2019/876 of the European Parliament and of the Council effective as of 28 June 2021, the maximum exposure ratio is calculated based on Tier 1 capital. Compliance to this requirement is disclosed in the table below:

Group			Bank	
30 June 2024	31 December 2023		30 June 2024	31 December 2023
10,967	10,367	Maximum exposure to a single customer or group of related customers	10,967	10,367
55,200	53,195	Eligible capital	54,901	53,850
19.87	19.49	Maximum exposure ratio, %	19.98	19.25

Maximum credit risk excluding collateral or other credit protection

The table below shows the maximum credit risk. The maximum risk is disclosed on a net basis before the impact of collateral agreements.

Group			Bank	
30 June 2024	31 December 2023		30 June 2024	31 December 2023
		Items in the statement of financial position other than trading and investing activities		
128,979	117,990	Balances with the Bank of Lithuania	128,979	117,990
16,728	14,541	Balances with banks	16,722	14,538
325,168	304,329	Loans granted to customers	313,390	292,128
23,366	25,257	Finance lease	23,366	25,257
494,241	462,117		482,457	449,913
		Off-balance-sheet items		
2,741	2,292	Guarantees	2,741	2,292
25,800	24,121	Loan commitments	25,800	28,167
522,782	488,530	Total on-balance-sheet and off-balance-sheet items other than trading and investing activities	510,998	480,372
		Trading and investing activities		
		Financial assets at fair value through profit or loss		
32	9	Derivatives	32	9
		Held-to-maturity investments		
59,101	55,952	Debt securities	59,101	55,952
59,133	55,961	Trading and investing activities, total	59,133	55,961
581,915	544,491	Total credit risk	570,131	536,333

CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDING 30 JUNE 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 18 Risk management (continued)

Credit risk (continued)

The tables below provide a breakdown of trading and investing activities by type and grade:

	Bank / Group	
	30 June 2024	31 December 2023
Government bonds	59,101	55,952
Derivatives	32	9
Total	59,133	55,961

Bonds by rating class

	Bank / Group	
	30 June 2024	31 December 2023
High grade (AAA-A)	54,095	47,060
Standard grade (B-BBB+)	5,006	8,892
Not rated	-	-
Total	59,101	55,952

The debt securities held are purchased for investment purposes and are carried at amortised cost. The Group and the Bank did not have any overdue or impaired amounts in their investing activities.

The Group and the Bank have assigned to the high rating class debt securities whose issuers have a combined credit default rating of 'AAA' to 'A' according to the ratings of recognised international rating agencies (Moody's, Standard & Poor's or Fitch Ratings), and to the standard rating class bonds whose issuers have a rating between 'BBB' and 'B'.

Credit risk assessment

In assessing financial instruments, the Group and the Bank apply specific criteria and procedures for assessing debtors. Financial instruments are classified into three stages of credit risk based on the change in credit risk since initial recognition:

- Stage 1 includes performing financial instruments for which no significant increase in credit risk has been identified since the initial recognition of the loan and the borrower is expected to be able to meet its contractual obligations.
- Stage 2 includes financial instruments for which a significant increase in credit risk is identified after the initial recognition of the loan.
- Stage 3 includes all non-performing financial instruments with a recognised loss event and POCI (purchased or originated credit-impaired) financial instruments.

CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDING 30 JUNE 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 18 Risk management (continued)

Credit risk (continued)

Credit risk assessment of financial instruments other than trading activities and off-balance-sheet items:

Bank 30 June 2024	Not overdue	1 to 59 days overdue	60 to 89 days overdue	More than 90 days overdue	Total
Stage 1					
Loans and receivables	274,740	3,727	-	-	278,467
Balances with the Bank of Lithuania and other banks	145,701	-	-	-	145,701
Debt securities	59,101	-	-	-	59,101
	-	-	-	-	-
Total	479,542	3,727	-	-	483,269
Stage 2					
Loans and receivables	42,594	3,121	179	-	45,894
Balances with the Bank of Lithuania and other banks	-	-	-	-	-
Debt securities	-	-	-	-	-
	-	-	-	-	-
Total	42,594	3,121	179	-	45,894
Stage 3					
Loans and receivables	7,071	3,014	221	2,089	12,395
Balances with the Bank of Lithuania and other banks	-	-	-	-	-
Debt securities	-	-	-	-	-
	-	-	-	-	-
Total	7,071	3,014	221	2,089	12,395
Total	529,207	9,862	400	2,089	541,558

CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDING 30 JUNE 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 18 Risk management (continued)

Credit risk (continued)

Bank 31 December 2023	Not overdue	1 to 59 days overdue	60 to 89 days overdue	More than 90 days overdue	Total
Stage 1					
Loans and receivables	262,878	3,091	-	-	265,969
Balances with the Bank of Lithuania and other banks	132,528	-	-	-	132,528
Debt securities	55,952	-	-	-	55,952
	-	-	-	-	-
Total	451,358	3,091	-	-	454,449
Stage 2					
Loans and receivables	41,970	1,661	81	-	43,712
Balances with the Bank of Lithuania and other banks	-	-	-	-	-
Debt securities	-	-	-	-	-
	-	-	-	-	-
Total	41,970	1,661	81	-	43,712
Stage 3					
Loans and receivables	6,807	436	0	461	7,704
Balances with the Bank of Lithuania and other banks	-	-	-	-	-
Debt securities	-	-	-	-	-
	-	-	-	-	-
Total	6,807	436	0	461	7,704
Total	500,135	5,188	81	461	505,865

CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDING 30 JUNE 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 18 Risk management (continued)

Credit risk (continued)

Group 30 June 2024	Not overdue	1 to 59 days overdue	60 to 89 days overdue	More than 90 days overdue	Total
Stage 1					
Loans and receivables	282,333	4,186	-	-	286,519
Balances with the Bank of Lithuania and other banks	145,707	-	-	-	145,707
Debt securities	59,101	-	-	-	59,101
Other financial assets	-	-	-	-	-
Total	487,141	4,186	-	-	491,327
Stage 2					
Loans and receivables	45,092	4,091	252	-	49,435
Balances with the Bank of Lithuania and other banks	-	-	-	-	-
Debt securities	-	-	-	-	-
Other financial assets	-	-	-	-	-
Total	45,092	4,091	252	-	49,435
Stage 3					
Loans and receivables	7,097	3,065	243	2,175	12,580
Balances with the Bank of Lithuania and other banks	-	-	-	-	-
Debt securities	-	-	-	-	-
Other financial assets	-	-	-	-	-
Total	7,097	3,065	243	2,175	12,580
Total	539,330	11,342	495	2,175	553,342

CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDING 30 JUNE 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 18 Risk management (continued)

Credit risk (continued)

Group 31 December 2023	Not overdue	1 to 59 days overdue	60 to 89 days overdue	More than 90 days overdue	Total
Stage 1					
Loans and receivables	271,087	3,651	-	-	274,738
Balances with the Bank of Lithuania and other banks	132,531	-	-	-	132,531
Debt securities	55,952	-	-	-	55,952
Other financial assets	-	-	-	-	-
Total	459,570	3,651	-	-	463,221
Stage 2					
Loans and receivables	44,211	2,577	148	-	46,936
Balances with the Bank of Lithuania and other banks	-	-	-	-	-
Debt securities	-	-	-	-	-
Other financial assets	-	-	-	-	-
Total	44,211	2,577	148	-	46,936
Stage 3					
Loans and receivables	6,845	492	24	551	7,912
Balances with the Bank of Lithuania and other banks	-	-	-	-	-
Debt securities	-	-	-	-	-
Other financial assets	-	-	-	-	-
Total	6,845	492	24	551	7,912
Total	510,626	6,720	172	551	518,069

CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDING 30 JUNE 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 18 Risk management (continued)

Change in provisions during the reporting period

Group					Bank					
Collectively assessed assets	Individually assessed assets	Loan commitments	Guarantees issued	Total		Collectively assessed assets	Individually assessed assets	Loan commitments	Guarantees issued	Total
30 June 2024										
113	-	(17)	1	97	Stage 1	143	-	(71)	1	73
110	-	(17)	1	94	Loans and receivables	140	-	-(71)	1	70
2	-	-	-	2	Balances with the Bank of Lithuania and other banks	2	-	-	-	2
1	-	-	-	1	Debt securities	1	-	-	-	1
114	-	(1)	-	113	Stage 2	84	-	(1)	-	83
114	-	(1)	-	113	Loans and receivables	84	-	(1)	-	83
-	187	-	-	187	Stage 3	-	123	-	-	123
-	187	-	-	187	Loans and receivables	-	123	-	-	123
-	-	-	-	-	Other financial assets	-	-	-	-	-
227	187	(18)	1	397	Total credit risk assets	227	123	(72)	1	279
-	-	-	-		Written off during the period	-	-	-	-	-
-	(2)	-	-	(2)	Received on repayment of loans written off during the period	-	(2)	-	-	(2)
-	-	-	-	395	Total change in provisions	-	-	-	-	277

A credit risk assessment of individual customers to determine their dependence on war-affected countries and the impact on credit risk did not show any increase in credit risk. Enhanced monitoring is applied in 2024 in respect of customers on the watch list.

CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDING 30 JUNE 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 18 Risk management (continued)
Liquidity risk

Liquidity risk is the risk that sufficient funds will not be available to meet maturing obligations on deposits and other financial instruments. To manage liquidity risk, the Group and the Bank monitor future expected cash flows from customers and banking activities on a daily basis as part of the asset/liability management process. The Board sets limits on the minimum amount of maturing funds to ensure that sufficient funds are available to pay out deposits, and sets a minimum level of inter-bank and other debt obligations to be drawn upon in the event of an unexpected increase in repayment demands.

The Bank and the Group are also required to comply with the liquidity coverage ratio requirements under Regulation (EU) No. 575/2013 of the European Parliament and of the Council. The liquidity coverage ratio (LCR) refers to the Bank's or Group's highly liquid assets that are held to meet short-term liabilities. The Bank or the Group must hold highly liquid assets such as treasury bonds or other liquid financial instruments in an amount at least equal to the net cash outflows over a 30-day period, i.e., the liquidity coverage ratio must not be less than 100%. The liquidity coverage ratios of the Bank and the Group are as follows:

Group			Bank	
30 June 2024	31 December 2023		30 June 2024	31 December 2023
200,976	183,643	Liquid assets	200,976	183,643
53,716	39,144	Short-term liabilities (up to 30 days)	54,479	41,146
374	469	LCR, %	369	446

As of 28 June 2021, the Bank and the Group are also required by Regulation (EU) No. 2019/876 of the European Parliament and of the Council to maintain a net stable funding ratio (NSFR) of at least 100%. The net stable funding ratios of the Bank and the Group are as follows:

Group			Bank	
30 June 2024	31 December 2023		30 June 2024	31 December 2023
502,142	480,252	Stable funding available	502,563	480,608
302,387	287,160	Stable funding required	300,679	283,449
166	167	NSFR, %	167	170

CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDING 30 JUNE 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 18 Risk management (continued)

Liquidity risk (continued)

The table below presents an analysis of the carrying amounts of total assets and total liabilities grouped by the period from the date of the statement of financial position to the contractual maturity:

Bank	30 June 2024							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	27,852	141,216	7,652	60,201	118,966	200,711	26,065	582,663
Liabilities	172,023	24,487	58,959	173,321	70,455	22,563	242	522,050
Net gap	(144,171)	116,729	(51,307)	(113,120)	48,511	178,148	25,823	60,614
Loan commitments	-	25,800	-	-	-	-	-	25,800

	31 December 2023							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	36,745	127,646	15,611	63,700	108,304	172,796	23,268	548,070
Liabilities	164,133	20,550	32,441	180,887	64,566	28,464	296	491,337
Net gap	(127,388)	107,096	(16,830)	(117,187)	43,738	144,332	22,972	56,733
Loan commitments	-	28,167	-	-	-	-	-	28,167

CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDING 30 JUNE 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 18 Risk management (continued)

Liquidity risk (continued)

Group	30 June 2024							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	27,858	141,835	8,851	48,903	130,375	210,444	14,532	582,798
Liabilities	170,947	24,890	58,959	173,321	70,455	22,563	314	521,449
Net gap	(143,089)	116,945	(50,108)	(124,418)	59,920	187,881	14,218	61,349
Loan commitments	-	25,800	-	-	-	-	-	25,800

Group	31 December 2023							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	36,748	128,310	16,938	47,401	121,657	185,833	11,890	548,777
Liabilities	163,695	21,136	32,441	180,887	64,566	28,464	359	491,548
Net gap	(126,947)	107,174	(15,503)	(133,486)	57,091	157,369	11,531	57,229
Loan commitments	-	24,121	-	-	-	-	-	24,121

Overdue loans are disclosed under "Without maturity".

Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate as a result of changes in market variables such as interest rates, exchange rates and the prices of equity instruments. Market risk is managed and controlled through continuous market monitoring and analysis of forecast market developments.

Interest rate risk

Interest rate risk arises from a possible change in interest rates that would affect future cash flows or the fair values of financial instruments. The Board has set interest rate gap limits for specified periods. Exposures are monitored at a frequency determined by the Bank. Interest rate risk is forecasted using market interest rates and managed by matching the gap between assets and liabilities based on revaluation maturities. The Group and the Bank use interest rate risk management techniques that allow the sensitivity of the Bank and the Group to changes in interest rates to be determined by calculating the impact on annual net interest income if the yield curve changes.

The tables below summarise the Group's and the Bank's interest rate risk as at 30 June 2024 and 31 December 2023. The table includes the Group's and the Bank's assets and liabilities at their carrying amounts, broken down by the earlier of the interest rate reset or maturity date.

CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDING 30 JUNE 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 18 Risk management (continued)

Interest rate risk (continued)

Bank	30 June 2024						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:							
Interest rate sensitive assets	56,192	101,708	163,372	7,976	39,832	21,757	390,837
Interest rate non-sensitive assets							191,826
Liabilities							
Interest rate sensitive liabilities	13,159	57,764	74,166	98,061	73,350	22,759	339,259
Interest rate non-sensitive liabilities and equity							243,404
Interest rate sensitivity gap	43,033	43,944	89,206	(90,085)	(33,518)	(1,002)	-

Bank	31 December 2023						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:							
Interest rate sensitive assets	68,121	96,094	145,747	13,938	33,533	4,557	361,990
Interest rate non-sensitive assets							186,080
Liabilities							
Interest rate sensitive liabilities	12,590	32,322	52,064	126,380	66,683	29,792	319,831
Interest rate non-sensitive liabilities and equity							228,239
Interest rate sensitivity gap	55,531	63,772	93,683	(112,442)	(33,150)	(25,235)	-

CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDING 30 JUNE 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 18 Risk management (continued)

Interest rate risk (continued)

Group	30 June 2024						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:							
Interest rate sensitive assets	56,895	102,876	148,410	11,373	51,241	31,490	402,285
Interest rate non-sensitive assets							180,513
Liabilities							
Interest rate sensitive liabilities	13,159	57,764	74,166	98,061	73,350	22,759	339,259
Interest rate non-sensitive liabilities and equity							243,539
Interest rate sensitivity gap	43,736	45,112	74,244	(86,688)	(22,109)	8,731	-

Group	31 December 2023						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:							
Interest rate sensitive assets	68,922	97,419	125,317	17,773	46,886	17,594	373,911
Interest rate non-sensitive assets							174,866
Liabilities							
Interest rate sensitive liabilities	12,590	32,322	52,064	126,380	66,683	29,792	319,831
Interest rate non-sensitive liabilities and equity							228,946
Interest rate sensitivity gap	56,332	65,097	73,253	(108,607)	(19,797)	(12,198)	-

CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDING 30 JUNE 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 18 Risk management (continued)
Currency risk

Currency risk is managed by controlling the risk limits set for individual currency positions. The positions are monitored daily. The Bank's policy is to keep the open currency position exposure as low as possible.

The Group and the Bank are exposed to the risk of fluctuations in prevailing foreign exchange rates affecting their financial position and cash flows. The Board sets limits on currency position exposures, both for divisions, subsidiaries and overall. These limits are also in line with the Bank of Lithuania's minimum requirements. The Bank's and the Group's foreign exchange exposure is:

Group			Bank	
30 June 2024	31 December 2023		30 June 2024	31 December 2023
307	349	Long positions	307	349
(26)	(209)	Short positions	(26)	(209)
55,681	53,899	Eligible capital	55,382	54,554
0.55	0.65	Total net foreign currency exposure, %	0.56	0.64

The impact of exchange rate changes, calculated on a linear basis, is shown below:

	30 June 2024	31 December 2023
Exchange rate appreciation of 10%	28	14
Exchange rate depreciation of 10%	(28)	(14)

CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDING 30 JUNE 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 19 Capital

The Bank's and the Group's capital is calculated and allocated to risks in accordance with the requirements of the EU Capital Requirements Directive (CRD) and the EU Capital Requirements Regulation (CRR) No. 575/2013. Additional capital buffers are required to be built up in line with these requirements:

- conservation buffer equal to 2.5% of the total assessed risk;
- as of 30 June 2023, requirement for sectoral systemic risk reserve was introduced. The sectoral systemic risk buffer is set at 2% of the sum of risk-weighted retail exposures secured by residential real estate of natural persons resident in Lithuania;
- as of 1 October 2023, a 1% countercyclical capital buffer requirement for exposures in Lithuania came into force.

On 15 March 2022, following the Supervisory Review and Evaluation Process (SREP) carried out in 2021, the Board of the Bank of Lithuania decided to set an additional minimum own funds requirement (Pillar 2) of 1.7%.

In line with the requirements of Regulation (EU) No. 575/2013 of the European Parliament and of the Council and the capital adequacy requirements, the Bank's and the Group's total capital ratio must not be less than 13.36%. The capital adequacy ratio of the Bank and the Group exceeded the required minimum.

A leverage ratio requirement of 3% applies as of 28 June 2021. As at 30 June 2024, the Bank's leverage ratio stood at 8.98 % (9.03 % for the Group), above the minimum requirement.

The total capital ratio is shown in the table below:

	Bank		Group	
	30 June 2024	31 December 2023	30 June 2024	31 December 2023
Capital adequacy ratio, %	19.44	19.50	19.87	19.81

CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDING 30 JUNE 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 20 Financial asset quality, profitability ratios and other information

The quality indicators for financial assets as at 30 June 2024 are presented in the table below:

Group			Bank	
Impairment	Ratio of impairment to financial assets (%)		Impairment	Ratio of impairment to financial assets (%)
4,473	1.36	Loans to customers and receivables	3,457	1.09
161	0.68	Finance lease receivables	161	0.68
36	0.06	Debt securities	36	0.06
17	0.10	Balances with banks	17	0.10
4,687	1.09	Total	3,671	0.88

Financial asset quality indicators at 31 December 2023:

Group			Bank	
Impairment	Ratio of impairment to financial assets (%)		Impairment	Ratio of impairment to financial assets (%)
3,362	1.19	Loans to customers and receivables	2,709	0.92
562	2.18	Finance lease receivables	562	2.18
34	0.06	Debt securities	34	0.06
14	0.10	Balances with banks	14	0.10
4,272	1.05	Total	3,319	0.84

The Bank's and Group's key profitability indicators are shown in the table below in percentage:

Group			Bank	
30 June 2024	31 December 2023		30 June 2024	31 December 2023
1.62	1.87	Return on assets (ROA)	1.51	1.75
15.64	16.58	Return on equity (ROE)	14.88	15.47

Sanctions imposed on the Bank

In 2024, no sanctions were imposed on Urbo Bankas UAB.

CONDENSED INTERIM SEPARATE AND CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDING 30 JUNE 2024

(All amounts are in EUR thousand, unless specified otherwise)

Note 21 Events after the reporting period**Integration of UAB "Saugus kreditas" into the Bank**

It is planned to integrate UAB "Saugus kreditas" into the Bank through reorganization until the end of 2024. Terms of reorganization are published in the website of Nasdaq Vilnius Stock Exchange.

The Bank and the Group did not have any material post-balance-sheet events in the second quarter of 2024 that would require adjustment to these financial statements or disclosure.

CONFIRMATION BY RESPONSIBLE PERSONS

We, Marius Arlauskas, Chairman of the Board and Head of Administration of Urbo Bankas UAB, and Lina Bertašienė, Chief Financial Officer and Director of Accounting and Reporting Department of Urbo Bankas UAB, hereby confirm that, to the best of our knowledge and belief, the financial statements as at the end of the second quarter of 2024 have been prepared in accordance with the applicable accounting standards and give a true and fair view of the separate and total consolidated assets, liabilities, financial position, results of operations and cash flows of Urbo Bankas UAB and its subsidiaries.

Chairman of the Board and Head of
Administration

M. Arlauskas



Director of Accounting and Reporting
Department, Chief Financial Officer

L. Bertašienė

