URBO BANKAS UAB

CONDENSED INTERIM UNAUDITED FINANCIAL STATEMENTS OF THE BANK FOR THE SIX MONTHS PERIOD ENDING 30 JUNE 2026
PREPARED IN ACCORDANCE WITH INTERNATIONAL ACCOUNTING STANDARD 34 *INTERIM FINANCIAL REPORTING* AS ADOPTED BY THE EUROPEAN UNION

CONTENTS OF FINANCIAL STATEMENTS

(All amounts are in TEUR, unless specified otherwise)

CONDENCED INTERIM STATEMENTS OF FINANCIAL POSITION

		The Bank	
Assets	**Notes**	**30 June 2026**	**31 December 2025**
Cash and due from central bank			
Cash in vaults		*14,166*	*14,686*
Placements with the central bank		*65,882*	*68,011*
		80,048	82,697
Placements with banks and other credit, financial institutions		31,062	9,968
Derivatives at fair value through profit or loss		4	1
Debt securities	3	92,286	91,604
Loans and receivables			
Loans to customers	*4*	*573,122*	*526,082*
Finance lease receivable	*4*	*20,135*	*19,077*
		593,257	545,159
Investments in subsidiaries		-	-
Other equity instruments		27	27
Investment property		-	-
Tangible fixed assets		2,413	2554
Intangible fixed assets		180	262
Right of use assets		7,016	6,037
Tax assets			
Current taxes		*588*	*739.00*
Deferred taxes		*174*	*184*
		762	923
Other assets	5	1,389	1,021
Total assets		**808,444**	**740,253**

(continued on the next page)

(All amounts are in TEUR, unless specified otherwise)

		The Bank	
Liabilities and shareholders' equity	**Notes**	**30 June 2026**	**31 December 2025**
Liabilities			
Liabilities to banks and other credit institutions		-	-
Derivatives		3.00	11
Liabilities to customers	6	718,760	654,753
Debt securities issued	7	6,854	6,850
Provisions		213	235
Tax liabilities			
Current tax		-	-
Deferred tax		-	-
		-	-
Other liabilities	8	12,092	10,288
Total liabilities		**737,922**	**672,137**
Shareholders' equity			
Registered share capital	9	58,900	50,989
Retained earnings (loss)		3,406	11,485
Other reserves	9	8,216	5,642
Total shareholders' equity		**70,522**	**68,116**
Total liabilities and shareholders' equity		**808,444**	**740,253**

The explanatory notes on pages 12 to 39 are an integral part of these financial statements.

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

(All amounts are in TEUR, unless specified otherwise)

SEPARATE INTERIM INCOME STATEMENTS

	Notes	The Bank 2026 m. June 30 d.	The Bank 2025 m. June 30 d.
Interest income	10	20,778	18,605
Interest expense	10	(7,295)	(6,974)
Net interest income		**13,483**	**11,631**
Fee and commission income	11	1,654	1,640
Fee and commission expense	11	(265)	(190)
Net fee and commission income		**1,389**	**1,450**
Net profit on foreign currency transactions	12	953	774
Net result from transactions in derivatives		(50)	51
Subsidiary sale income		-	344
Other revenue		11	13
Total operating income		**15,786**	**14,263**
Change in value of loans and other financial assets		(679)	(481)
Operating income after impairment		**15,107**	**13,782**
Salaries and benefits		(6,820)	(6,029)
Depreciation		(347)	(358)
Amortisation		(82)	(106)
Depreciation of leased assets		(716)	(656)
Other operating expenses	13	(2,967)	(3,171)
Total operating expenses		**(10,932)**	**(10,320)**
Operating profit (loss)		**4,175**	**3,462**
Corporate income tax expenses		**(769)**	**(549)**
Profit (loss) for the reporting period		**3,406**	**2,913**
Attributable to: shareholders of the Bank		**3,406**	**2,913**

The explanatory notes on pages 12 to 39 are an integral part of these financial statements.

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

(All amounts are in TEUR, unless specified otherwise)

SEPARATE INTERIM INCOME STATEMENTS FOR QUARTER

	Notes	The Bank 2026-04-01-2026-06-30	2025-04-01-2025-06-30
Interest income		10,704	9,316
Interest expense		(3,566)	(3,472)
Net interest income		**7,138**	**5,844**
Fee and commission income		829	805
Fee and commission expense		(101)	(104)
Net fee and commission income		**728**	**701**
Net profit on foreign currency transactions		496	387
Net result from transactions in derivatives		(19)	54
Subsidiary sale income		-	344
Other revenue		4	5
Total operating income		**8,347**	**7,335**
Change in value of loans and other financial assets		(649)	(113)
Operating income after impairment		**7,698**	**7,222**
Salaries and benefits		(3,523)	(2,930)
Depreciation		(166)	(181)
Amortisation		(40)	(47)
Depreciation of leased assets		(371)	(327)
Other operating expenses		(1,584)	(1,743)
Total operating expenses		**(5,684)**	**(5,228)**
Operating profit (loss)		**2,014**	**1,994**
Corporate income tax expenses		**(394)**	**(304)**
Profit (loss) for the reporting period		**1,620**	**1,690**
Attributable to: shareholders of the Bank		**1,620**	**1,690**

The explanatory notes on pages 12 to 39 are an integral part of these financial statements.

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

(All amounts are in TEUR, unless specified otherwise)

SEPARATE INTERIM STATEMENT OF COMPREHENSIVE INCOME

The Bank	30 June 2026	30 June 2025
Items that will never be reclassified to profit or loss		
Change in PPE revaluation	-	-
Transfer of depreciation for PPE net of tax	-	-
Other	-	-
Items that will never be reclassified to profit or loss	**-**	**-**
Items that may/will subsequently be reclassified to profit or loss	**-**	**-**
Other comprehensive income (expenses), net of tax	**-**	**-**
Profit for the year	**3,406**	**2,913**
Total comprehensive income	**3,406**	**2,913**
Attributable to:		
Shareholders of the Bank	**3,406**	**2,913**

The explanatory notes on pages 12 to 39 are an integral part of these financial statements.

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

(All amounts are in TEUR, unless specified otherwise)

SEPARATE INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR QUARTER

The Bank	2026-04-01 - 2026-06-30	2025-04-01 - 2025-06-30
Items that will never be reclassified to profit or loss		
Change in PPE revaluation	-	-
Transfer of depreciation for PPE net of tax	-	-
Other	-	-
Items that will never be reclassified to profit or loss	**-**	**-**
Items that may/will subsequently be reclassified to profit or loss	**-**	**-**
Other comprehensive income (expenses), net of tax	**-**	**-**
Profit for the year	**1,620**	**1,690**
Total comprehensive income	**1,620**	**1,690**
Attributable to:		
Equity holders of the Bank	**1,620**	**1,690**

The explanatory notes on pages 12 to 39 are an integral part of these financial statements.

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

(All amounts are in TEUR, unless specified otherwise)

SEPARATE INTERIM STATEMENT OF CHANGES IN EQUITY

The Bank	Share capital	Retained earnings (restated)	Other reserves	Total
On 31 December 2024	**43,492**	**8,063**	**12,736**	**64,291**
Profit or loss	-	2,913	-	2,913
Other comprehensive income (expense)	-	-	-	-
Transfer to reserves	-	(403)	403	-
Payment of dividends	-	(1,700)	-	(1,700)
Share capital increase	7,497	-	(7,497)	-
On 30 June 2025	**50,989**	**8,873**	**5,642**	**65,504**
Profit or loss	-	2,612	-	2,612
Other comprehensive income (expense)	-	-	-	-
Share capital increase	-			-
On 31 December 2025	**50,989**	**11,485**	**5,642**	**68,116**
Profit or loss	-	3,406	-	3,406
Other comprehensive income (expense)	-	-	-	-
Transfer to reserves	-	(10,485)	10,485	-
Payment of dividends	-	(1,000)	-	(1,000)
Share capital increase	7,911	-	(7,911)	-
On 30 June 2026	**58,900**	**3,406**	**8,216**	**70,522**

The explanatory notes on pages 12 to 39 are an integral part of these financial statements.

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

(All amounts are in TEUR, unless specified otherwise)

SEPARATE INTERIM CASH FLOW STATEMENT

	Notes	The Bank	
		30 June 2026	30 June 2025
Cash flows from operating activities			
Profit (loss) for the reporting period		3,406	2,913
Reversals of non-cash income and expenses			
Depreciation and amortisation		1,145	1,120
Gain (loss) on sale of tangible fixed assets, intangible fixed assets, assets held for sale and investment property		-	-
Impairment of loans		679	481.00
Interest income on loans to customers		(18,295)	(15,923)
Interest expense on liabilities		7,295	6,974
Revaluation of derivatives		(11)	(8)
Elimination of accrued holiday pay		147	140
Corporate income tax expenses		769	549
Elimination of other non-cash items		(1,643)	(788)
Cash flow from (to) operating activities before changes in working capital and liabilities		**(6,508)**	**(4,542)**
Change in working capital and liabilities			
Changes in statutory reserves		(337)	(788)
Changes of funds in financial institutions		(30)	57.00
Loans to customers		(47,560)	(65,057)
Finance lease receivables		(1,052)	145
Changes in liabilities to banks and other credit institutions		-	-
Changes in liabilities to customers		65,772	50,903
Changes in other assets and liabilities		1,941	849
Change		18,734	(13,891)
Interest received on loans to customers and finance lease		18,108	15,751
Interest paid on liabilities		(7,669)	(5,634)
Corporate income tax paid		(611)	(1,386)
Net cash flow from operating activities after corporate income tax		**22,054**	**(9,702)**

(continued on the next page)

(All amounts are in TEUR, unless specified otherwise)

		The Bank	
	Notes	**30 June 2026**	**30 June 2025**
Cash flows from investing activities			
Acquisition of long-term investment property, tangible and intangible fixed assets		(251)	(155)
Proceeds from the sale of investment, tangible and intangible fixed assets		-	-
Sale of subsidiary		-	1,773
Redemption of debt securities		1,080.00	3,875
Acquisition of debt securities		(1,762.00)	(9,877)
Net cash flows from investing activities		**(933)**	**(4,384)**
Cash flow from financing activities			
Dividends paid		(1,000)	(1,700)
Bonds issued		-	-
Bonds redeemed		-	8
Part of the principal amount of lease payments		(653)	(735)
Loans received		653	2,816
Loans repaid		(2,100)	(2,299)
Net cash flows from financing activities		**(3,100)**	**(1,910)**
Effect of exchange rate changes on balance of cash and cash equivalents		57	(74)
Net increase (decrease) in cash and cash equivalents		**18,078**	**(16,070)**
Cash and cash equivalents at 1 January		86,062	140,614
Cash and cash equivalents at 30 June	14	**104,140**	**124,544**

The explanatory notes on pages 12 to 39 are an integral part of these financial statements.

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

(All amounts are in TEUR, unless specified otherwise)

Note 1 General information

Urbo 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 and became Urbo Bankas UAB.

The Bank's head office address is: Konstitucijos pr. 18B, Vilnius, Lithuania.

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

At the end of the second quarter of 2026, the Bank had 25 customer service units in various regions of Lithuania.

As at 30 June 2026, the Bank had 283 employees (281 employees as at 31 December 2025).

As at 30 June 2026, the Bank's shareholders were:

	Number of ordinary shares held	Ownership interest (%)
Konstantinas Karosas	106,169,713	90.13
Western Petroleum Ltd.	11,629,340	9.87
Total	**117,799,053**	**100.00**

As at 31 December 2025, the Bank's shareholders were:

	Number of ordinary shares held	Ownership interest (%)
Konstantinas Karosas	91,909,763	90.13
Western Petroleum Ltd.	10,067,754	9.87
Total	**101,977,517**	**100.00**

As at 30 June 2026 the Bank's share capital comprised 117,799,053 ordinary shares with a nominal value EUR 0.50 each (as at 31 December 2025: 101,977,517 ordinary shares with a nominal value EUR 0.50 each).

At 31 March 2026 and 31 December 2025, all shares were fully paid up.

By an agreement dated 12 March 2021, 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.

(All amounts are in TEUR, unless specified otherwise)

Note 2 Basis of preparation and significant accounting policies

Statement of compliance

Condensed interim financial statements are prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the European Union (EU). The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2025, 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 2025.

New and amended standards and interpretations

Management of the Bank 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 2026 will have a material impact on the Bank's financial information, nor there are any newly published standards, amendments and interpretations that are mandatory for the Bank from 2026 and that would have a material impact on the financial information of the Bank.

The preparation of condensed interim 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 financial statements are the same as those used in the preparation of the annual financial statements for the year ended 31 December 2025

There are no significant amounts of income or expenses, 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, 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):

	30 June 2026	**31 December 2025**
USD	1.1406	1.1757

(All amounts are in TEUR, unless specified otherwise)

Note 3 Debt securities

Debt securities consist of:

	The Bank	
	30 June 2026	**31 December 2025**
Government bonds of the Republic of Lithuania	79,725	78,550
Government bonds of the Republic of Poland	8,101	8,707
Government bonds of the Republic of Romania	4,516	4,403
Total	**92,342**	**91,659**
Impairment	(56)	(55)
Total	**92,286**	**91,604**

Note 4 Loans and receivables

Loans to customers and receivables consist of:

	The Bank	
	30 June 2026	**31 December 2025**
Loans to customers, including short-term bills of exchange	576,898	529,881
Overdrafts	828	830
Factoring	1,678	884
Financial lease	20,207	19,178
	599,611	**550,773**
Impairment	(6,354)	(5,614)
Loans and receivables, net	**593,257**	**545,159**

(All amounts are in TEUR, unless specified otherwise)

Note 5 Other assets

Other assets include:

	The Bank	
	30 June 2026	**31 December 2025**
Prepayments	451	268
Debtors	12	10
VAT receivable	260	-
Deferred expenses	654	732
Other	12	11
	1,389	1,021
Impairment	-	-
Total	**1,389**	**1,021**

Note 6 Due to customers

	The Bank	
	30 June 2026	**31 December 2025**
Term deposits	483,676	465,933
Current accounts	214,628	172,618
Amounts payable, not yet assigned to customers	8,433	2,730
Loans from funds	12,023	13,472
Total	**718,760**	**654,753**
Out of which held as collateral for guarantees and loans	**61,617**	**59,312**

(All amounts are in TEUR, unless specified otherwise)

Note 7 Debt securities issued

Bonds issued

In October 2025, the Bank issued subordinated debt securities. As at 31 June 2026, the net value of debt securities issued was EUR 6,854 thousand (31 December 2025 EUR 6,850 thousand). On 24 November 2025, the bonds of Urbo Bankas UAB (ISIN LT000013565) were admitted to trading on the Nasdaq Stock Exchange (abbreviation: URBO070035A).

The size of the Bank's bond issue is EUR 6,858 thousand. Each bond has a nominal value of EUR 1,000. The interest rate is 7% per annum, payable four times a year. The maturity date of the issue is 21 October 2035.

Note 8 Other liabilities

Other liabilities consist of:

	The Bank	
	30 June 2026	31 December 2025
Accrued payments to employees	2,741	2,909
Property lease liabilities	7,272	6,259
Accrued expenses	227	238
Liabilities to the Tax Inspectorate	544	14
Liabilities to the Board of the State Social Fund	216	-
Sales VAT	341	46
Deferred income	161	152
Debt to suppliers	100	206
Funds for credit project analysis	189	180
OMX Baltic Benchmark Fund	117	156
Advances received	58	-
Other	126	128
Total	**12,092**	**10,288**

Right of use assets obligations by term:

	The Bank	
	30 June 2026	31 December 2025
Short-term (up to 1 year)	1,367	1,288
Long-term (over 1 years)	5,905	4,971
Total	**7,272**	**6,259**

The interest expenses for the right of use (ROU) agreements, which were in efect on 30 June 2026, until the end of their term will amount to EUR 540 thousand (31 December 2025- EUR 455 thousand).

(All amounts are in TEUR, unless specified otherwise)

Note 9 Shareholders' equity

At the Urbo Bankas UAB General Meeting of Shareholders for the year 2025, held on 27 March 2026, a resolution was adopted to increase the Bank's share capital by EUR 7,910,768 through the capitalization of retained earnings.
For this purpose, 15,821,536 ordinary registered shares with a nominal value of EUR 0.50 each were issued.
It was further resolved that the newly issued shares would be allocated to shareholders free of charge, in proportion to the aggregate nominal value of the shares held by each shareholder at the close of business day on the date of the Urbo Bankas UAB General Meeting of Shareholders for the year 2025.

As at 30 June 2026 the Bank's share capital consisted of 117,799,053 ordinary shares with a nominal value of EUR 0.50 each (as at 31 December 2025 - 101,977,517 ordinary shares with a nominal value of EUR 0.50 each)

At 30 June 2026 and 31 December 2025, 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.

The other reserves of the Bank are comprised of:

	The Bank	
	30 June 2026	31 December 2025
Special reserve to cover possible losses	2,528	2,528
Mandatory reserve	3,688	3,114
Reserve for the purchase of own shares	2,000	-
Total other reserves	**8,216**	**5,642**

Description of the reserves and the purpose of their use

Special reserve for possible losses

The Bank's special reserve is built up by contributions from shareholders and can be used to cover losses incurred by a shareholders' resolution.

Legal reserve

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

Reserve capital

The Bank's reserve capital is drawn from the Bank's profits by a shareholders' resolution and its purpose is to guarantee the Bank's financial stability. Shareholders may decide to use the reserve capital to cover losses incurred or to increase the share capital.

Dividends

On March 27, 2026, the General Meeting of Shareholders decided to distribute dividends. A total amount of EUR 1 000 000 has been allocated for dividends. This represents approximately 18.10 % of the net profit earned from the financial year's operations in 2025. Each ordinary registered share with a nominal value of EUR 0.50 is entitled to a dividend of EUR 0.0058 (0.98 % of the nominal value).

Total amount was distributed as of the reporting date.

(All amounts are in TEUR, unless specified otherwise)

Note 10 Net interest income

	The Bank	
	30 June 2026	30 June 2025
On loans granted to customers	17,630	15,137
On finance lease	665	786
On debt securities	1,436	1,113
On balances with central banks	869	1,405
On balances with banks and other credit institutions	178	164
Interest revenue	**20,778**	**18,605**
On liabilities to depositors, including letters of credit	(6,597)	(6,365)
Deposit and portfolio guarantee insurance	(372)	(435)
On debt securities issued	(244)	(85)
On liabilities to banks and other credit institutions	(3)	(7)
Lease right	(79)	(82)
Interest expenses	**(7,295)**	**(6,974)**
Total	**13,483**	**11,631**

Note 11 Net service fee and commission income

Net fee and commission income comprise of:

	The Bank	
	30 June 2026	30 June 2025
Payment services	623	693
Commission income from currency exchange	30	34
Administration of bank accounts	410	385
Collection of payments	19	25
Brokerage income	10	14
Cash operations	327	341
Other	235	148
Service fee and commission income	**1,654**	**1,640**
Cash operations	(61)	(61)
Money transfer operations	(83)	(44)
Other	(121)	(85)
Service fee and commission expense	**(265)**	**(190)**
Total	**1,389**	**1,450**

(All amounts are in TEUR, unless specified otherwise)

Note 12 Net foreign exchange gain

	The Bank	
	30 June 2026	30 June 2025
Gain on dealing in foreign currencies	898	861
Unrealized gains (losses) due to exchange rate fluctuation	55	(87)
Total	**953**	**774**

Note 13 Operating expenses

Operating expenses:

	The Bank	
	30 June 2026	30 June 2025
Maintenance cost of premises costs	(313)	(286)
Communication and stationery	(176)	(181)
Car maintenance cost	(100)	(94)
Information technology cost	(908)	(824)
Marketing cost	(333)	(438)
Taxes	(455)	(415)
Outsourcing services	(255)	(252)
Accounting services	(73)	(60)
Insurance cost (operational and cash)	(103)	(23)
Payment cards administration costs	(56)	(9)
Team building event expenses	(79)	-
Other costs	(116)	(589)
Total	**(2,967)**	**(3,171)**

Note 14 Cash and cash equivalents

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

	The Bank	
	30 June 2026	30 June 2025
Cash	14,166	11,341
Current account with Central bank*	59,543	98,039
Current accounts with other credit institutions	15,093	8,953
Term deposits with credit institutions up to 90 days	15,338	6,211
Cash and cash equivalents	**104,140**	**124,544**

* Cash balances with the Central bank are presented excluding the amount subject to the mandatory reserve requirement, which amounted to EUR 6,339 thousand at 30 June 2026 (30 June 2025: EUR 5,169 thousand).

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 current market conditions, 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 on hand and in custody, with a carrying amount equal to its fair value.

Cash balances with the central bank. The fair value of cash balances with the Bank of Lithuania is equal to the carrying amount.

Financial assets at fair value through profit or loss and available-for-sale financial assets. The carrying amount of these investments is equal to their fair value.

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

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.

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 three months is close to their fair value due to the relatively short term of these financial instruments. The fair value of fixed-interest deposits with longer maturities is calculated using market interest rates for the respective terms and currencies, and the fair value is calculated using discounted the cash flows.

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

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.

(All amounts are in TEUR, unless specified otherwise)

The Bank	30 June 2026		31 December 2025	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Cash and due from central bank	80,048	80,048	82,697	82,697
Placements with banks and other credit institutions	31,062	31,062	9,968	9,968
Debt securities	92,286	91,978	91,604	91,765
Loans and receivables	593,257	619,442	545,159	564,703
Other assets	-	-	-	-
Total financial assets	**796,653**	**822,530**	**729,428**	**749,133**
Financial liabilities				
Due to banks and other credit institutions	-	-	-	-
Due to customers, including letters of credit	718,760	720,266	654,753	657,652
Debt securities issued	6,854	6,417	6,850	6,398
Other liabilities	12,092	12,092	10,288	10,288
Total financial liabilities	**737,706**	**738,775**	**671,891**	**674,338**

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.

The fair value of all derivatives held by the Bank is classified as Level 2. The largest part of these are forward foreign exchange contracts and currency swaps, which are revalued using the discounted cash flow or present value method. In all cases, the valuation is based on variables available on the market. Debt securities are priced according to market quotations and, where there is no active market for a particular security, the price is based on the prices of similar securities on the market.

The fair value of the securities is based on market prices, i.e., the fair value measurement method used corresponds to Level 1 of the fair value hierarchy.

(continued on the next page)

(All amounts are in TEUR, unless specified otherwise)

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

The Bank

30 June 2026	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Derivative financial instruments	-	4	-	4
Financial liabilities				
Derivative financial instruments	-	3	-	3

The Bank

31 December 2025	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Derivative financial instruments	-	1	-	1
Financial liabilities				
Derivative financial instruments	-	11	-	11

Financial instruments not carried at fair value:

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

The Bank

As of 30 June 2026	**Level 1**	**Level 2**	**Level 3**	**Total carrying amount**
Assets				
Cash and due from banks	111,110	-	-	111,110
Debt securities	92,286	-	-	92,286
Loans to customers	-	-	573,122	573,122
Receivables from leasing	-	-	20,135	20,135
Other assets	-	-	-	-
Total financial assets	**203,396**	**-**	**593,257**	**796,653**
Liabilities				
Due to banks and other credit institutions	-	-	-	
Due to customers	-	718,760	-	718,760
Debt securities issued	-	6,854	-	6,854
Subordinated loan	-		-	
Other liabilities	-		12,092	12,092
Total financial liabilities	**-**	**725,614**	**12,092**	**737,706**

(continued on the next page)

(All amounts are in TEUR, unless specified otherwise)

The Bank

As of 31 December 2025	**Level 1**	**Level 2**	**Level 3**	**Total carrying amount**
Assets				
Cash and due from banks	92,665	-	-	92,665
Debt securities	91,604	-	-	91,604
Loans to customers	-	-	526,082	526,082
Receivables from leasing	-	-	19,077	19,077
Other assets	-	-	-	-
Total financial assets	**184,269**	**-**	**545,159**	**729,428**
Liabilities				
Due to banks and other credit institutions	-	-	-	
Due to customers	-	654,753	-	654,753
Debt securities issued	-	6,850	-	6,850
Subordinated loan	-		-	
Other liabilities	-		10,288	10,288
Total financial liabilities	**-**	**661,603**	**10,288**	**671,891**

The table below presents the measurement methods used by the Bank and the Group to measure Level 1, 2 and Level 3 fair values (where fair value differs from carrying amount) and significant unobservable variables:

Type	**Measurement method**	**Significant unobservable variables**
Investments carried at amortised cost	Discounted cash flows	Discount rates
Loans and receivables, loans to banks, loans to financial institutions, hire purchase receivables	Discounted cash flows	Discount rates, probability of bankruptcy, expected useful life
Liabilities to customers	Discounted cash flows	Discount rates
Debt securities issued	Discounted cash flows	Discount rates
Subordinated loans	Discounted cash flows	Discount rates

(All amounts are in TEUR, unless specified otherwise)

Note 16 Related party transactions

Transactions between 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 2026 and 31 December 2025 and the related income and expenses included in the profit and loss accounts at 30 June 2026 and 30 June 2025 are shown below:

The Bank, 2026	Shareholders	Subsidiaries	Key management personnel	Other*
Loans outstanding as of 30 June 2026, net	-	-	-	1,565
Interest rate, %	-	-	-	5,84-6,83
Impairment of loans	-	-	-	(5)
Term deposits as of 30 June 2026	-	-	364	136
Interest rate, %	-	-	0,25-3,7	1,8–2,2
Demand accounts as of 30 June 2026	92	-	224	3,201
Bonds issued as of 30 June 2026	-	-	117	-
Interest rate, %	-	-	7.00	-
Dividends paid	(1,000)	-	-	-
For the six month period ending 30 June 2026				
Service fee and commission revenue	-	-	-	48
Service fee and commission expenses	-	-	(8)	(6)
Interest expense on bonds	-	-	(4)	-
Dividend income	-	-	-	-
Other operating revenue	-	-	-	7
Other operating expenses	-	-	-	-

(continued on the next page)

(All amounts are in TEUR, unless specified otherwise)

The Bank, 2025	Shareholders	Subsidiaries	Key management personnel	Other*
Loans outstanding as of 31 December 2025, net	-	-	-	1,641
Interest rate, %	-	-	-	5,77-6,77
Impairment of loans	-	-	-	(6)
Term deposits as of 31 December 2025	-	-	496	848
Interest rate, in percent	-	-	2,2-3,7	2,0–2,99
Demand accounts as of 31 December 2025	123	-	192	1,510
Bonds issued as of 31 December 2025	-	-	-	-
Interest rate, %	-	-	-	-
Dividends paid	(1,700)	-	-	-
For the six month period ending 30 June 2025				
Service fee and commission revenue	-	-	-	59
Service fee and commission expenses	-	(17)	(7)	(19)
Interest expense on bonds	(4)	-	-	-
Dividend income	-	-	-	-
Other operating revenue	-	-	-	5
Other operating expenses	-	-	-	-

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

(All amounts are in TEUR, unless specified otherwise)

Note 17 Segment information

The key indicators of business segments that are included in the profit and loss statement as at 30 June 2026 and in the statement of financial position as at 30 June 2026 are summarized below.

	30 June 2026		
	Traditional banking operations and lending	**Treasury**	**Total**
Internal	-	-	-
External	18,317	2,461	20,778
Interest income	**18,317**	**2,461**	**20,778**
Internal	-	-	-
External	(7,292)	(3)	(7,295)
Interest expenses	**(7,292)**	**(3)**	**(7,295)**
Internal	-	-	-
External	11,025	2,458	13,483
Net interest income	**11,025**	**2,458**	**13,483**
Internal	-	-	-
External	1,389	-	1,389
Net fee and commission income	**1,389**	**-**	**1,389**
Internal	-	-	-
External	12,414	2,458	14,872
Net interest, fee and commissions income	**12,414**	**2,458**	**14,872**
Internal	-	-	-
External	(9,658)	(129)	(9,787)
Operating expenses	**(9,658)**	**(129)**	**(9,787)**
Amortization charges	(82)	-	(82)
Depreciation charges	(1,063)	-	(1,063)
Internal	-	-	-
External	(679)	-	(679)
Impairment expenses	**(679)**	**-**	**(679)**
Internal	-	-	-
External	762	152	914
Net other income	**762**	**152**	**914**
Profit (loss) before tax	**1,694**	**2,481**	**4,175**
Income tax	(312)	(457)	(769)
Profit (loss) per segment after tax	**1,382**	**2,024**	**3,406**
Non-controlling interest	-	-	-
Profit (loss) for the year attributable to the owners of the Bank	**1,382**	**2,024**	**3,406**
Total segment assets	619,214	189,230	808,444
Total segment liabilities	729,414	8,508	737,922
Net segment assets (shareholders equity)	**(110,200)**	**180,722**	**70,522**

The key indicators of the business segments that are included in the profit and loss account as at 30 June 2025 and the statement of financial position as at 30 June 2025 are summarised below.

(All amounts are in TEUR, unless specified otherwise)

	30 June 2025		
	Traditional banking operations and lending	**Treasury**	**Total**
Internal	-	-	-
External	15,950	2,655	18,605
Interest income	**15,950**	**2,655**	**18,605**
Internal	-	-	-
External	(6,882)	(92)	(6,974)
Interest expenses	**(6,882)**	**(92)**	**(6,974)**
Internal	-	-	-
External	9,068	2,563	11,631
Net interest income	**9,068**	**2,563**	**11,631**
Internal	-	-	-
External	1,450		1,450
Net fee and commission income	**1,450**		**1,450**
Internal	-	-	-
External	10,518	2,563	13,081
Net interest, fee and commissions income	**10,518**	**2,563**	**13,081**
Internal	-	-	-
External	(9,054)	(146)	(9,200)
Operating expenses	**(9,054)**	**(146)**	**(9,200)**
Amortization charges	(106)	-	(106)
Depreciation charges	(1,014)	-	(1,014)
Internal	-	-	-
External	(481)	-	(481)
Impairment expenses	**(481)**	**-**	**(481)**
Internal	-	-	-
External	1,098	84	1,182
Net other income	**1,098**	**84**	**1,182**
Profit (loss) before tax	**961**	**2,501**	**3,462**
Income tax	(152)	(397)	(549)
Profit (loss) per segment after tax	**809**	**2,104**	**2,913**
Non-controlling interest	-	-	-
Profit (loss) for the year attributable to the owners of the Bank	**809**	**2,104**	**2,913**
Total segment assets	501,692	186,606	688,298
Total segment liabilities	619,292	3,502	622,794
Net segment assets (shareholders equity)	**(117,600)**	**183,104**	**65,504**

As at 30 June 2026 and 30 June 2025, income tax expenses are allocated proportionally to the traditional banking and lending and treasury segments.

(All amounts are in TEUR, unless specified otherwise)

Note 18 Risk management

Credit risk

Credit risk is the risk that the Bank will incur losses as a result of the failure by their customers or other parties to meet their contractual obligations. 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 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 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. They expose the Bank to similar risks as loans and these risks are mitigated using the same control processes and policies.

Where the expected cash flow from non-performing 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 is 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 cannot 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:

	The Bank	
	30 June 2026	**31 December 2025**
Maximum exposure to a single customer or group of related customers	13.228	13,238
Eligible capital	63.079	64,858
Maximum exposure ratio, %	**20.97**	**20.41**

(All amounts are in TEUR, unless specified otherwise)

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.

	The Bank	
	30 June 2025	**31 December 2025**
Statement of financial position items, other than trading and investment activities		
Balances with the Bank of Lithuania	65,882	68,011
Due from banks	31,062	9,968
Loans to customers	573,122	526,082
Receivables from leasing	20,135	19,077
	690,201	**623,138**
Off balance sheet items		
Guarantees	4,390	3,593
Loan commitments	36,134	42,370
Total balance and off-balance sheet items, other than trading and investment activities	**730,725**	**669,101**
Trading and investment activities		
Financial assets at fair value through profit or loss		
Derivative financial instruments	*4*	*1*
Financial assets accounted at amortized cost		
Debt securities	92,286	91,604
Total trading and investment activities	**92,290**	**91,605**
Total credit exposure	**823,015**	**760,706**

The amounts shown in the table for credit commitments are to be understood as pre-commitments. The guarantee amounts represent the maximum possible accounting loss at the reporting date in the event of a default by the other party to the contract.

	The Bank	
	30 June 2026	**31 December 2025**
Government bonds	92,286	91,604
Derivatives	4	1
Total	**92,290**	**91,605**

Bonds exposure by rating grade	The Bank	
	30 June 2026	**31 December 2025**
High grade (AAA-A)	87,773	87,203
Standard grade (B-BBB+)	4,513	4,401
Total	**92,286**	**91,604**

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

The Bank have assigned to the high rating class debt securities whose issuers have a combined credit default rating of 'AAA' to 'A' as rated by a recognised international rating agency (Moody's, Standard & Poor's or Fitch Ratings), and to the standard rating class bonds whose issuers have a rating of 'BBB-'.

(All amounts are in TEUR, unless specified otherwise)

Credit quality by financial asset class

The credit quality of financial assets in the Bank is managed using an internal credit risk assessment system as described below.

Credit risk assessment

In assessing financial instruments, the Bank applies 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.
- Credit risk assessment of financial instruments other than trading activities and off-balance-sheet items:

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

The Bank	Not overdue	1 to 30 days	31 to 90 days	More than 90 days	Total
30 June 2026					
Stage 1					
Loans and receivables	523,077	3,003	-	-	**526,080**
Placements with BoL and other banks	96,944	-	-	-	**96,944**
Debt securities	92,286	-	-	-	**92,286**
Total	**712,307**	**3,003**	**-**	**-**	**715,310**
Stage 2					
Loans and receivables	55,995	3,364	534	-	**59,893**
Placements with BoL and other banks	-	-	-	-	-
Debt securities	-	-	-	-	-
Total	**55,995**	**3,364**	**534**	**-**	**59,893**
Stage 3					
Loans and receivables	5,650	352	452	830	**7,284**
Placements with BoLand other banks	-	-	-	-	-
Debt securities	-	-	-	-	-
Total	**5,650**	**352**	**452**	**830**	**7,284**
Total	**773,952**	**6,719**	**986**	**830**	**782,487**

(All amounts are in TEUR, unless specified otherwise)

The Bank **31 December 2025**	Not overdue	1 to 30 days	31 to 90 days	More than 90 days	Total
Stage 1					
Loans and receivables	477,684	4,628	-	-	**482,312**
Placements with BoL and other banks	77,979	-	-	-	**77,979**
Debt securities	91,604	-	-	-	**91,604**
Total	**647,267**	**4,628**	**-**	**-**	**651,895**
Stage 2					
Loans and receivables	49,611	2,740	593	-	**52,944**
Placements with BoL and other banks	-	-	-	-	-
Debt securities	-	-	-	-	-
Total	**49,611**	**2,740**	**593**	**-**	**52,944**
Stage 3					
Loans and receivables	8,441	180	266	1016	**9,903**
Placements with BoLand other banks	-	-	-	-	-
Debt securities	-	-	-	-	-
Total	**8,441**	**180**	266	**1016**	**9,903**
Total	**705,319**	**7,548**	**859**	**1016**	**714,742**

(All amounts are in TEUR, unless specified otherwise)

Estimated impairment by risk level

The Bank	30 June 2026 Collective impairment	Individual impairment	Credit commitments	Guarantees	Total	31 December 2025 Collective impairment	Individual impairment	Credit commitments	Guarantees	Total
Stage 1	**2,712**	**-**	**144**	**8**	**2,864**	**2,568**	**-**	**160**	**7**	**2,735**
Loans and receivables	2,625	-	144	8	**2,777**	2,502	-	160	7	**2,669**
Placements with BoL and other banks	31	-	-	-	**31**	10	-	-	-	**2502**
Debt securities	56	-	-	-	**56**	56	-	-	-	**56**
Stage 2	**1,761**	**-**	**1**	**60**	**1,822**	**1248**	**-**	**-**	**68**	**1316**
Loans and receivables	1,761	-	1	60	**1,822**	1248	-	-	68	1316
Stage 3	**-**	**1,969**	**-**	**-**	**1,969**	**-**	**1,865**	**-**	**-**	**1,865**
Loans and receivables	-	1,968	-	-	**1,968**	-	1,864	-	-	**1,864**
Placements with BoL and other banks	-	1	-	-	**1**	-	1	-	-	**1**
Total	**4,473**	**1,969**	**145**	**68**	**6,655**	**3,816**	**1,865**	**160**	**75**	**5,916**

Change in impairment

30 June 2025 (The Bank)	Collective impairment	Individual impairment	Credit commitments	Guarantees	Total
Stage 1	**144**	**-**	**(16)**	**1**	**129**
Loans and receivables	123	-	(16)	1	**108**
Placements with BoL and other banks	21	-	-	-	21
Debt securities	-	-	-	-	**-**
Stage 2	**513**	**-**	**1**	**(8)**	**506**
Loans and receivables	513	-	1	(8)	**506**
Stage 3	**-**	**104**	**-**	**-**	**104**
Loans and receivables	-	104	-	-	104
Other financial assets	-	-	-	-	-
	657	**104**	**(15)**	**(7)**	**739**
Write-offs	**-**	-	-	-	**-**
written off by selling portfolio	**-**	(60)	-	-	**(60)**
Total change of impairment	**657**	**44**	**(15)**	**(7)**	**679**

(All amounts are in TEUR, unless specified otherwise)

Change in impairment (continued)

	The Bank				
30 June 2025	**Collective impairment**	**Individual impairment**	**Credit commitments**	**Guarantees**	**Total**
Stage 1	**339**	**-**	**(9)**	**(1)**	**329**
Loans and receivables	329	-	(9)	(1)	**319**
Placements with BoL and other banks	6	-	-	-	6
Debt securities	4	-	-	-	**4**
Stage 2	**266**	**-**	**-**	**-**	**266**
Loans and receivables	266	-	-	-	**266**
Stage 3	**-**	**(114)**	**-**	**-**	**(114)**
Loans and receivables	-	(114)	-	-	**(114)**
Other financial assets	-	-	-	-	**-**
Write-offs	**-**	-	-	-	**-**
written off by selling portfolio	**-**	-	-	-	**-**
Total change of impairment	**605**	**(114)**	**(9)**	**(1)**	**481**

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 2026 in respect of customers on the watch list.

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 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 majority of term deposits in the Bank's deposit portfolios have a maturity of 6-12 months and, based on historical data, the average monthly volatility of this portfolio is below 4%. The Bank's statistics over several years show that the Bank's activities have ensured a stable level of these funds, most of which are renewable. This allows them to be invested in longer-term financial assets.

The Bank are also required to comply with the liquidity coverage ratio requirement under Regulation (EU) No. 575/2013 of the European Parliament and of the Council. Liquidity coverage ratio (LCR) refers to the Bank's highly liquid assets that are held to meet short-term liabilities. The Bank 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%.

(All amounts are in TEUR, unless specified otherwise)

The liquidity coverage ratios of the Bank are as follows:

	The Bank	
	30 June 2026	31 December 2025
Liquid assets	165,680	168,448
Short-term (up to 30 days) obligations	77,451	75,504
LCR, in percent	**214**	**223**

The liquid assets of the Bank consist of cash, balances with the central bank (net of reserve requirements) and highly liquid debt securities (at current market value).

As of 28 June 2021, the Bank 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 are as follows:

	The Bank	
	30 June 2026	31 December 2025
Current stable funding	671,614	643,258
Required stable funding	507,028	459,262
NSFR, in percent	**132**	**140**

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:

The Bank	30 June 2026							
	On demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 3 years	Over 3 years	Without maturity	Total
Assets	37,139	85,221	34,066	68,967	204,529	365,699	12,823	**808,444**
Liabilities	223,262	55,093	99,047	300,977	35,633	23,652	258	**737,922**
Net gap	**(186 123)**	**30,128**	**(64 981)**	**(232 010)**	**168,896**	**342,047**	**12,565**	**70,522**
Credit commitments	-	36,134	-	-	-	-	-	**36,134**

	31 December 2025							
	On demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 3 years	Over 3 years	Without maturity	Total
Assets	29,829	69,923	10,446	84,548	195,679	337,618	12,210	**740,253**
Liabilities	175,577	41,408	69,633	324,824	36,112	24,305	278	**672,137**
Net gap	**{145 748}**	**28,515**	**(59 187}**	**(240 276)**	**159,567**	**313,313**	**11,932**	**68,116**
Credit commitments	-	42,370	-	-	-	-	-	**42,370**

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 the possibility of a change in interest rates that will 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 Bank use interest rate risk management techniques that allow the sensitivity of the Bank to changes in interest rates to be determined by calculating the impact on annual net interest income if the yield curve changes.

(All amounts are in TEUR, unless specified otherwise)

The tables below summarize the Bank's interest rate risk. The tables include the Bank's assets and liabilities at their carrying amounts, classified according to the earlier of the interest rate reset or maturity date.

	30 June 2026						
The Bank	**Less than 1 month**	**1 to 3 months**	**3 to 6 months**	**6 months to 1 year**	**1 to 3 years**	**Over 3 years**	**Total**
Assets:							
Sensitive assets to interest rate fluctuation	92,083	194,084	257,061	26,736	84,794	26,429	681,187
Non-sensitive assets to interest rate fluctuation							127,257
Liabilities:							
Sensitive liabilities to interest rate fluctuation	47,783	95,863	97,823	192,264	44,730	24,093	502,556
Non-sensitive liabilities and equity to interest rate fluctuation							305,888
Interest sensitivity gap	**44,300**	**98,221**	**159,238**	**(165,528)**	**40,064**	**2,336**	**-**

	31 December 2025						
The Bank	**Less than 1 month**	**1 to 3 months**	**3 to 6 months**	**6 months to 1 year**	**1 to 3 years**	**Over 3 years**	**Total**
Assets:							
Sensitive assets to interest rate fluctuation	78,023	153,225	254,762	36,001	82,114	30,578	634,703
Non-sensitive assets to interest rate fluctuation							105,550
Liabilities:							
Sensitive liabilities to interest rate fluctuation	35,753	71,427	118,004	198,386	38,331	24,365	486,266
Non-sensitive liabilities and equity to interest rate fluctuation							253,987
Interest sensitivity gap	**42,270**	**81,798**	**136,758**	**(162,385)**	**43,783**	**6,213**	**-**

(All amounts are in TEUR, unless specified otherwise)

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 exposure as low as possible.

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 and overall. These limits are also in line with the Bank of Lithuania's minimum requirements. The Bank's foreign exchange exposure is:

	The Bank	
	30 June 2026	**31 December 2025**
Long positions	219	179
Short positions	(234)	(196)
Eligible capital	69,939	67
Overall net currency position, percent	**0.33**	**0.29**

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

	30 June 2026	**31 December 2025**
Increase in FX rates by 10 percent	(1)	2
Decrease in FX rates by 10 percent	1	(2)

Note 19 Capital

The Bank'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 31 October 2024, following the Supervisory Review and Evaluation Process (SREP) carried out for 2023, the Board of the Bank of Lithuania decided to set an additional minimum own funds requirement (Pillar 2) of 2.42%.

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 total capital ratio must not be less than 14.12%. The capital adequacy ratio of the Bank exceeded the required minimum.

A leverage ratio requirement of 3% applies as of 28 June 2021. As at 30 June 2026, the Bank's leverage ratio stood at 7.46 %, above the minimum requirement.

The capital adequacy ratio, in accordance with the requirements of the Bank of Lithuania, has been calculated as shown in the table below (%):

	The Bank	
	30 June 2026	**31 December 2025**
Capital adequacy ratio	**17.33**	**19.42**

(All amounts are in TEUR, unless specified otherwise)

Note 20 Quality of financial assets, profitability ratios and other information

The quality indicators for financial assets as at 30 June 2026 are presented in the table below:

	The Bank	
	Provisions	**Provisions to financial assets ratio (%)**
Loans to customers and receivables	6,282	1.08
Hire purchase receivables	72	0.36
Debt securities	56	0.06
Balances with banks	32	0.10
Total	**6,442**	**0.89**

Financial asset quality indicators at 31 December 2025:

	The Bank	
	Provisions	**Provisions to financial assets ratio (%)**
Loans to customers and receivables	5,513	1.04
Hire purchase receivables	101	0.53
Debt securities	56	0.06
Balances with banks	11	0.11
Total	**5,681**	**0.87**

The Bank’s key profitability indicators are shown in the table below, %:

	The Bank	
	30 June 2026	**31 December 2025**
Return on assets (ROA)	0.85	0.77
Return on equity (ROE)	9.80	8.38

(All amounts are in TEUR, unless specified otherwise)

Note 21 Events after the reporting date

Bond Issue Distribution

From 7–17 July 2026, Artea Bankas AB will conduct a public offering of Urbo Bankas UAB subordinated bonds in the Baltic States. The bonds have a 10-year maturity and offer an annual yield of 7%.
This offering constitutes the second tranche of a EUR 10,000,000 bond issuance programme, which was approved by the Bank of Lithuania on 25 September 2025.
The first tranche, amounting to EUR 6,858,000, was successfully placed on 21 October 2025.

Share Buyback

The Bank of Lithuania granted a permission to repurchase the Additional Tier 1 capital instruments (own shares), issued by Urbo Bankas UAB in accordance with the terms approved by the General Meeting of Shareholders on 27 March 2026.

Election of a New Board Member

At the meeting of the Bank's Supervisory Council held on 10 June 2026, Modestas Sutkaitis was elected as the sixth member of the Management Board. Since June 2023, he has served as the Head of the Bank's Innovation and Technology Division. Modestas Sutkaitis will assume his duties as a member of the Management Board upon receiving approval from the Bank of Lithuania.

There were no material post-reporting events in the Bank 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 Department of Urbo Bankas UAB, hereby confirm that, to the best of our knowledge and belief, the financial statements for the end of the second quarter of 2026 have been prepared in accordance with the applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and give a true and fair view of the assets, liabilities, operating results and cash flows of Urbo Bankas UAB.

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

****