GeneralFinancing bankas

FINANCIAL STATEMENS AND BANK'S ANNUAL REPORT FOR THE YEAR 2022

UAB GF BANKAS

FINANCIAL STATEMENS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION FOR THE YEAR 2022

PRESENTED TOGETHER WITH THE INDEPENDENT AUDITOR'S REPORT AND BANK'S ANNUAL REPORT

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Code of legal entity 110878442
VAT payer code LT108784411
Register of Legal Entities

INDEPENDENT AUDITOR'S REPORT

To the shareholder of GF Bankas UAB

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of GF Bankas UAB (hereinafter "the Bank"), which comprise the statement of financial position as of 31 December 2022, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities (regulation (EU) No 537/2014 of the European Parliament and of the Council). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Bank in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the requirements of the Law on Audit of the financial statements of the Republic of Lithuania that are relevant to the audit in the Republic of Lithuania, and we have fulfilled our other ethical responsibilities in accordance with the Law on Audit of the financial statements of the Republic of Lithuania and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matter	How the matter was addressed in the audit
Assessment of expected credit losses for the loan portfolio	
The carrying amount of loans issued as at 31 December 2022 is EUR 109,550 thousand (EUR 82,628 thousand as at 31 December 2021) and comprise 84% of total assets of the Bank as at 31 December 2022 (85% - as at 31 December 2021). The accumulated expected credit losses of loans recognized in the Bank's statement of financial position as at 31 December 2022 are EUR 1,376 thousand (EUR 1,107 thousand as at 31 December 2021). The Bank uses the expected credit loss (ECL) model under IFRS 9 "Financial instruments" for the assessment of loan impairment. The basis of the Bank's impairment policy is presented in the accounting policies section in Notes 2.5 to the financial statements. Critical accounting estimates and judgments, disclosures of loans and the credit risk management are set out in Notes 2.16, 4 and 18 to the financial statements. We identified this area to be significant for the audit because measurement and recognition of impairment of loans reflected in the Bank's expected credit loss model are associated with significant estimation, as they require the management to exercise judgement and apply complex and subjective assumptions both about the timing and amounts of such impairment. Key areas of judgement include the identification of exposures with a significant deterioration in credit quality, assumptions used in the expected credit loss model such as expected future cash flows and forward-looking macroeconomic factors. Due to the above circumstances, we considered the assessment of loan impairment to be a key audit matter.	Our audit procedures included, among others, the following: We gained understanding and tested the key controls over the loans issuance, recording, monitoring and loans impairment processes. We obtained and read the Bank's impairment policy that is based on IFRS 9. With the support of IFRS 9 specialists, we assessed the compliance of the policy with the requirements of IFRS 9 by assessing each significant model component: definitions of default and significant increase in credit risk, exposure at default, probability of default, loss given default and use of macroeconomic scenarios. In addition to testing key controls, for a sample of loans we performed testing of loan portfolio by comparing inputs to internal and external data, including contract dates, risk classes for private persons based on client scoring and other inputs used in the ECL calculation as at 31 December 2022. Our analysis considered management's assumptions of the ECL adjustments and included testing of macroeconomic factors used by the management with supporting external information. We also performed analytical procedures, such as a comparison of loan loss impairment balances to industry levels, comparison to prior year, movements between stages. Moreover, as the loans issuance, recording, monitoring and ECL calculation processes are automated, we have tested the operating effectiveness of relevant IT general controls used. We also assessed the adequacy of the financial statements disclosures in Notes 2.5, 2.16, 4 and 18.

Building a better working world

Other information

Other information consists of the information included in the Bank's 2022 Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information presentation.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, except as indicated below.

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

We also have to evaluate, if the financial information included in the Bank's Annual Report corresponds to the financial statements for the same financial year and if the Bank's Annual Report, was prepared in accordance with the relevant legal requirements. In our opinion, based on the work performed in the course of the audit of financial statements, in all material respects:

- The financial information included in the Bank's Annual Report corresponds to the financial information included in the financial statements for the same year; and
- The Bank's Annual Report was prepared in accordance with the requirements of the Law on Reporting by Undertakings of the Republic of Lithuania.

Responsibilities of management and those charged with governance for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

• Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

Other requirements of the auditor's report in accordance with Regulation (EU) No 537/2014 of the European Parliament and of the Council.

Appointment and approval of the auditor

In accordance with the decision made by Shareholder on 27 June 2022 we have been chosen to carry out the audit of Bank's financial statements. Our appointment to carry out the audit of the Bank's financial statements in accordance with the decision made by Shareholder has been renewed annually and the period of total uninterrupted engagement is 6 years.

Consistency with the audit report submitted to the audit committee

We confirm that our opinion in the section 'Opinion' is consistent with the additional Audit report which we have submitted to the Bank and the Audit Committee.

Non audit services

We confirm that to the best of our knowledge and belief, services provided to the Bank are consistent with the requirements of the law and regulations and do not comprise non-audit services referred to in Article 5(1) of the Regulation (EU) No 537/2014 of the European Parliament and of the Council.

Throughout our audit engagement period, we have not provided any other services except for the audit of the Bank's financial statements, translation of financial services and tax consultation services.

The partner in charge of the audit resulting in this independent auditor's report is Kęstutis Juozaitis.

UAB ERNST & YOUNG BALTIC
Audit company's licence No. 001335

Kęstutis Juozaitis
Auditor's licence
No. 000550

23 March 2023

ANNUAL REPORT

CEO foreword

A profitable business with a strategy for growth

Over 2022, GENERAL FINANCING BANKAS (hereinafter - GFB)“ and its staff have again proved their strength amidst the challenges that our industry faces. In our second year of banking activity, we continued to grow and passed two symbolic limits - 100 million Euro loans portfolio, as well as 100 million Euro deposit portfolio. We are pleased that this growth has been achieved as well by the trust of our existing customers as by the inflow of new to bank customers who have chosen us because of our customer focus and innovative solutions provided to our clients.
This year, GFB offered customers attractive interest rates on deposits, which fueled the growth of the bank's deposit portfolio by as much as 44%. At same time our loan portfolio grew by 33% leading to a strong growth in full year profitability: Net interest income grew by 22%, while profit before tax grew by 21%. Simultaneously of its fast growth, GFB capital and liquidity ratio remained at high levels. At the end of the year, "Verslo žinios", assessing the results of the previous two years, selected GENERAL FINANCING BANKAS as the leader of the financial sector.
A successful business can only remain successful if it is also sustainable. At GENERAL FINANCING BANKAS we strongly believe in our social role and responsibility to make the world and society better for the unfortunate. In 2022 GENERAL FINANCING BANKAS provided (financial) support to "Rimantas Kaukėnas foundation", "SOS children's villages in Lithuania", "Padėk gatvės vaikams", supported "Kauno Hospiso namai", provided scholarships for 35 women at “WoW University”, and also supported organizations helping Ukraine: "Blue and Yellow" and the "Lithuanian Red Cross".
Looking forward, we plan to introduce new innovative solutions which will ensure even more customers will choose GENERAL FINANCING BANKAS to achieve their financial goals. We are committed to continue to deliver strong returns with significant long-term growth opportunities. GENERAL FINANCING BANKAS has a bright future thanks to its people, its clients and partners.

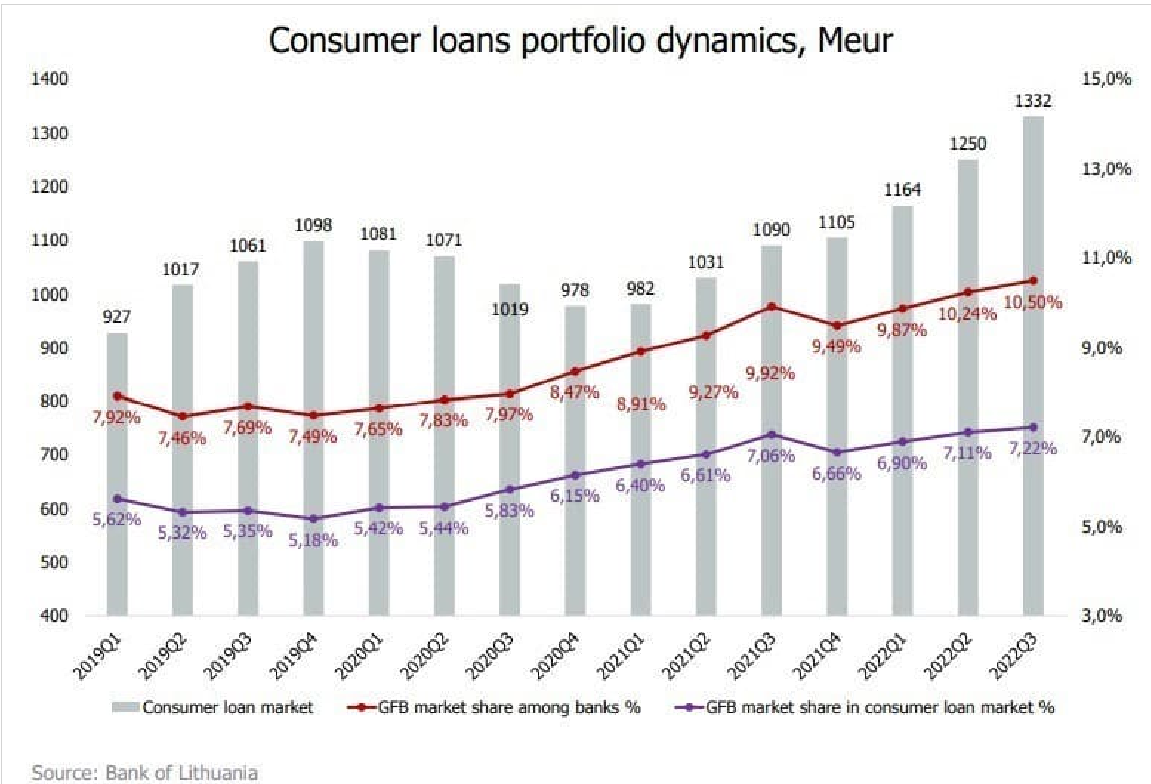
Noël Cramer
Chairman GENERAL FINANCING BANKAS

2022 at a glance

2022 brought to the market a lot of geopolitical and macroeconomic challenges, but despite them the UAB GF BANKAS (hereinafter "the Bank") achieved some significant milestones:

- Bank loan portfolio increased by 33%.
- Deposit portfolio increased by 44% and reached 102 million EUR at the end of 2022.
- Revenue growth from increased loan portfolio allowed to improve Profit before income tax by 21% (compared to the previous year).

The Bank growth was coming not only because of overall growth of the loan market, but also because of improved share of the market.



The growth of the share of the market is a result of continuous customer centricity of the Bank in all areas – from customer service to competitive pricing.

Since the launch of the term deposit product the Bank was among the banks paying the highest interest rate to depositors which resulted in the fast growth of the market share in the term deposit market.

Economic environment

Turbulent year 2022

The effects of Russia’s war against Ukraine, post COVID-19 supply chain bottlenecks and extremely high inflation were the negative factors affecting economic activity in Lithuania in 2022.
Due to the suspension of the supply of Russian gas, the prices of energy and food raw materials in Lithuania have increased significantly. Inflation in terms of consumer goods and services reached its peak in September 2022 and was 24.1% - for comparison, a year ago (September 2021), the inflation level was only 6.3%. In order to fight inflation the ECB has started raising interest rates which, in turn affected loan and deposit pricing in the banking sector.
Lithuanian labour market continued to remain in a good shape - a record number of employment growth was recorded, wages rose steadily, and the unemployment rate reached its lowest point in 14 years – 5.2% in the second quarter of 2022. But extremely low unemployment rate brought another problem - the shortage of workers in various markets. The rapidly growing demand for workers was higher than the supply, however the trends were changing the pattern at the end of the year with the looming recession.
Despite geopolitical uncertainties foreign investments in Lithuanian businesses continued to increase in 2022.
The consumer confidence index, on the other hand, fell quite strongly in 2022 (with some recovery at the end of the year).
In 2022, both exports and imports grew compared to the previous year (imports exceeding export and changing negatively the trade balance)

Expected economic environment tendencies of 2023

The business environment for the Bank’s activities in 2023 is likely to remain challenging. The development of Lithuania's economy in the coming years will be largely influenced by the consequences of Russia's war against Ukraine and its further course. Although inflation in Lithuania has reached its peak in 2022, the negative impact of inflation on the level of consumption is not expected to decrease in 2023. In addition, increased interest rates will have a greater influence on both private consumption and the investments of companies.
Labour market is expected to cool down slightly in 2023, and the average unemployment rate is projected to set at around 7%. The growth of the average wage is predicted to reach 8-9%.

BUSINESS OVERVIEW BY CHANNEL

Partner’s network

In 2022, the Bank continued activities with the focus on profitable and sustainable partnership. In 2022, the number of active business partners has decreased by 12% but the overall partner’s network coverage remained wide across Lithuania.

In 2022, the Bank’s limited presence in the e-commerce segment was driven by pricing/profitability reasons and the strategic focus was towards new strategic partners, especially in the markets of car dealers and loan intermediaries.

Although the number of active partners decreased, total loan issuance in the partner network in 2022 was 4,3% higher than in 2021. Out of the top 10 largest partners in 2022, the majority were engaged in selling cars and providing financial intermediation services. Moreover, the Bank remained very strong in the Medical lease market.

In 2022, the Bank started cooperation with lending platforms (Lenders and Altero) and through those partners issued loans worth of 2.8 MEUR.

Own customer service network

In 2022, the Bank maintained a competitive pricing of consumer loans in the private channel network which allowed to remain one of the market leaders among institutions specialised in consumer lending.

New loans issued in own sales channels account for the largest part of the total Bank’s new loans. In 2022 the Bank provided services in 14 physical branches, telemarketing division (via the phone) and via e-loan channel.

New loans issued in own network increased by 24.2% (from 36.6 MEUR in 2021 to 45.4 MEUR in 2022).

New products

From April 2022 the Bank offered consumers payment protection insurance in own consumer service network provided by ADB „Compensa Vienna Insurance Group“. In 2022, 20% penetration have been reached or 827 customers has been insured.

Future plans

In 2023 the Bank will remain focused on increasing efficiencies and improving customer experience. In lending the Bank will continue expanding its penetration into new customer segments via diversified pricing strategies for various product categories, new product offers as well as increasing the importance of digital and remote channels.

It is expected that due to general worsening of the economic environment the growth of the loan portfolio will slow down compared to 2022. The growth will come from the overall market size increase, the increase in the market share of the current customer base/segments and the acquisition of new customers representing different customer profile (i.e. segment) in terms of their preferences, social and financial behaviours.

The Bank will continue relying on own funding, thus maintaining the deposit portfolio pricing which allows to grow the deposit portfolio to the extent it addresses the needs of loan portfolio evolution. Due to changes in the ECB interest rates the average cost of funds of the Bank is likely to increase (higher deposit interest rates in the market due to competition). Consumer loans, on the other hand, have the fixed interest rates and pricing for the new loans could be adjusted to accommodate the changes in the cost of funds without the impact on profitability.

The Bank will continue the presence in various sales channels (both remote and physical) with the aim to balance the digital and e-solutions with the physical branches taking into consideration evolving customer preferences and its acceptance of innovation.

The Bank will maintain the focus on the improvement of internal processes (via efficiencies created by digitalization/robotization).

In 2022 the Bank performed ESG (environmental, social, governance) risk impact assessment on Bank's strategy in the short, medium and long terms. Key performance indicators (KPIs) and key risk indicators (KRIs) were set with their regular monitoring and escalation arrangements. In 2023 the Bank will continue paying attention to ESG factors in running both day-to-day business as well as overall strategic planning.

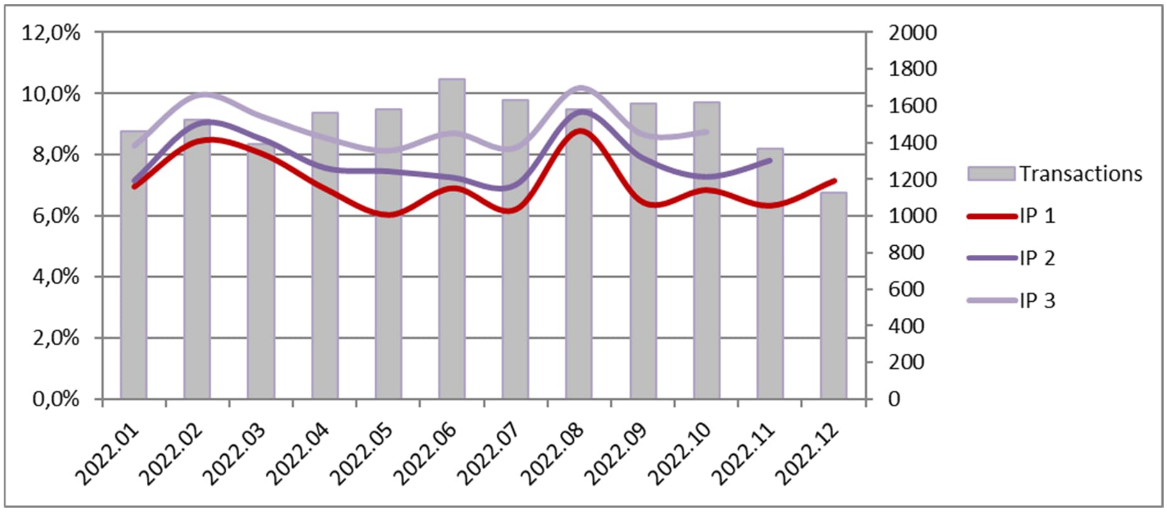
Risk management results for 2022

Although 2022 started with the stabilised pandemic situation, the war initiated by Russia against Ukraine created new economic uncertainty. In response to this uncertainty the Bank introduced financing limits for customers working in companies and sectors subjected to sanctions (e.g. railroads and harbours).

The biggest challenges to the consumers in Lithuania in 2022 were skyrocketing inflation (2022 December it was 21.7%) and increasing Euribor rates, which increased housing loan instalments for most of customers as vast majority of mortgages in Lithuania are taken with variable interest rate. On the other hand, the demand for workers was still high, so the unemployment rate remained very low and average salaries were increasing (2022 3rd quarter – 12.6%). Therefore, the purchasing power was not decreased drastically and did not have a significant impact on business results and risk indicators.

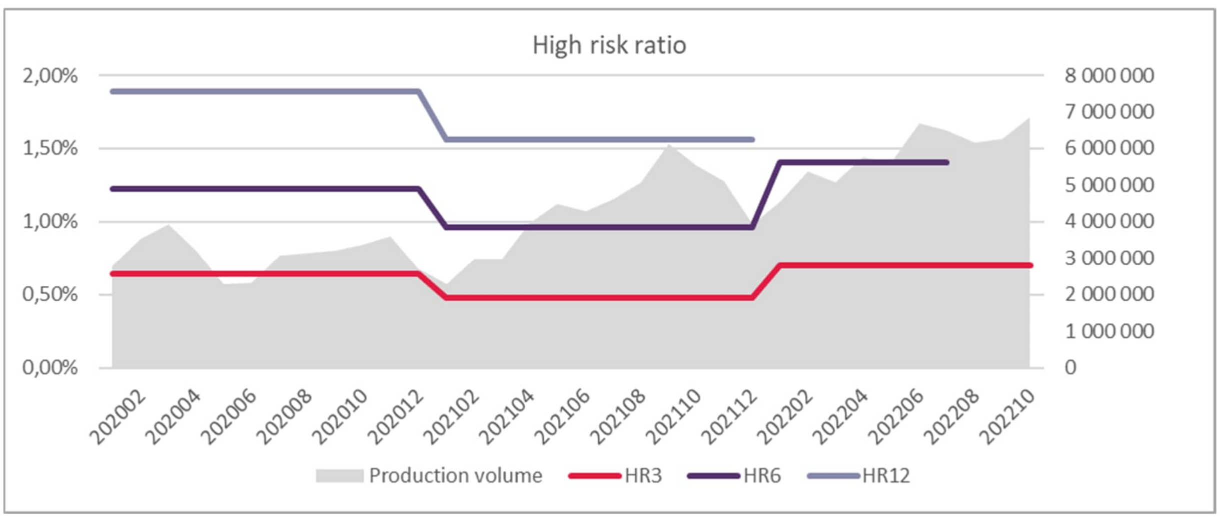
The graph below shows the Bank's internal early indicators of insolvency levels after first 1, 2 and 3 payments (IP1 / IP2 / IP3 respectively). With some fluctuations during a year (that represents temporary difficulties to pay), 2022 ended with similar risk level as at the start of the year.

Internally developed available liquidity to deposits ratio (ALDR) is also used for short term liquidity. It is calculated as a ratio of available liquidity (including current deposits with other banks and also part of available credit line) to total customer



In assessing long-term risk, the Bank uses indicators HR3 / HR6 / HR12, which estimate the share of overdue loans (>90 days) in the portfolio over the last 3, 6 and 12 months, respectively, counting from the date of the first instalment.

After quarantine restrictions were removed in second half of 2021, main effect was felt in the start of 2022, when long-term indicators started to grow. In response to the growth, the Bank reviewed its creditworthiness evaluation rules to mitigate possible long-term risks in the future. In general, 2022 ended with much higher new loan amounts and still acceptable but slightly higher risk rates than previous year.



According to the latest macroeconomic prognosis of the Bank of Lithuania, if there are no unexpected shocks in commodity markets, the peak in annual inflation should be a thing of the past. Annual inflation is expected to continue to decline in 2023, unemployment rate is not expected to grow significantly and average salary is expected to increase next year.

Bank's strategy will remain to support the position of maintaining risk indicators at a stable low level by adopting more stringent measures if the situation requires so. The quality of the portfolio is monitored on a daily basis through automated reports in order for the decisions on risk mitigation actions to be taken as quickly as possible.

OTHER ANNUAL REPORT DISCLOSURES

On December 31, 2022 the number of the Bank's employees, as compared to 31 December 2021, has not changed significantly and was 152 (December 31, 2021 – 151).

The Bank does not hold its own shares and did not acquire or dispose of them during the reporting period.

The Bank has not established any subsidiaries or associated companies and does not have any branches.

The Bank does not conduct any research or development activities.

After the end of the financial year, no material events have happened that could impact the Bank's activities or adjust the Bank's operating plans, except for disclosures provided in Note 21.

Below is the information on other managerial duties of the Bank's members of the Board and the Supervisory Board in other companies:

Anželika Hotelovičа, *Chairman of the Supervisory Board*, is:

Chairman of the Supervisory Board at UAB GelvoraSergel, company code 125164834, address of its registered office: Švirtigailos str. 11H, Vilnius
Chairman of the Supervisory Board at SIA GelvoraSergel, company code 40103837691, address of its registered office: Cēsu iela 31 k-3, LV-1012, Riga, Latvia,
Chairman of the Supervisory Board at SIA Aizdevums, company code 40003468776, address of its registered office: Cēsu iela 31 k-3, LV-1012, Riga, Latvia
Chairman of the Supervisory Board at OU GelvoraSergel, company code 14550827, address of its registered office: Tatari 2, 10116, Tallinn, Estonia
Chairman of the Supervisory Board at OU CG Core, company code 16183586, address of its registered office: Harju maakond, Tallinn, Kesklinna linnaosa, Roseni tn 7, 10111
Chairman of the Supervisory Board at UAB SG Core, company code 305718420, address of its registered office: Švitrigailos g.11B, Vilnius
Chairman of the Supervisory Board at SIA GS Core, company code 40203304955, address of its registered office: Cēsu street 31 k-3/4, Riga, Latvia, LV-1012

Barbro Charlotte Strandberg, *Member of the Supervisory Board*, is:

Member of the Board at UAB GelvoraSergel, company code 125164834, address of its registered office: Švirtigailos str. 11H, Vilnius
Member of the Board at SIA GelvoraSergel, company code 40103837691, address of its registered office: Cēsu iela 31 k-3, LV-1012, Riga, Latvia,
Member of the Board at OU GelvoraSergel, company code 14550827, address of its registered office: Tatari 2, 10116, Tallinn, Estonia
Member of the Board at SIA Aizdevums, company code 40003468776, address of its registered office: Cēsu iela 31 k-3, LV-1012, Riga, Latvia
Deputy CEO at Marginalen Bank, company code 516406-0807, address of its registered office: Adolf Fredriks Kyrkogata 8 Stockholm, SE 100 41, the Kingdom of Sweden
Deputy CEO at AB Marginalen, company code 556128-4349, address of its registered office: Box 26134 100 41 Stockholm, the Kingdom of Sweden
Member of the Board at Sergel Finans AS, company code 993245887, address of its registered office: Framnesveien 7, 3201 Sandefjord, Postboks 177, 0710 Sandefjord, the Kingdom of Norway
Member of the Board at AB Svensk Inkasso Medlemsservice
Member of the Board at Sergel Finance OY, company code 2767856-7, PL 401, Lahti, Finland
Member of the Board at SIA Aizdevums, company code 40003468776, address of its registered office: Cēsu iela 31 k2, LV-1012, Riga, Latvia

Member of the Supervisory Board at OU CG Core, company code 16183586, address of its registered office: Harju maakond, Tallinn, Kesklinna linnaosa, Roseni tn 7, 10111
Member of the Supervisory Board at UAB SG Core, company code 305718420, address of its registered office: Švitrigailos g.11B, Vilnius
Board member of Sergel Finans AB, 559067-6416, Adolf Fredriks Kyrkogata 8, Stockholm, the Kingdom of Sweden
Member of the Supervisory Board at SIA GS Core, company code 40203304955, address of its registered office: Cēsu street 31 k-3/4, Riga, Latvia, LV-1012

Per Håkan Örtlund, *Member of the Supervisory Board*, is:

Member of the Supervisory Board at SIA Aizdevums, company code 40003468776, address of its registered office: Cēsu iela 31 k-3, LV-1012, Riga, Latvia
Member of the Board at AB Legres (publ) (Holding Co.)
Member of the Board at AB Toborrow, company code 556942-6736, address of its registered office: Adolf Fredriks Kyrkogata 8, Stockholm, the Kingdom of Sweden
Member of the Board at Esco Marginalen AB company Code 556096-5765, Box 26134, Stockholm, the Kingdom of Sweden
Member of the Board at Marginalen Fastigheter AB company code 556434-0163, Box 1343, Lidingö, the Kingdom of Sweden
Member of the Board at Helix Ice AB company code 556392-6863, Adolf Fredriks Kyrkogata 8, Stockholm the Kingdom of Sweden

Noel Cramer, *Chairman of the Board*, is:

Member of the Supervisory Board at SIA Aizdevums, company code 40003468776, address of its registered office: Cēsu iela 31 k-3, LV-1012, Riga, Latvia
Member of the Board of Marginalen Group AB, company number 556518-2986 with registered address BOX 26134 10041, Stockholm, Sweden

The other members of the Board are employees of the Bank who do not hold any executive positions in the other companies.

FINANCES

The Bank's financial performance in 2022

Statement of financial position

In 2022 the loan portfolio of the Bank was constantly increasing and at the end of the year total amount of loan portfolio was EUR 110.9 million in comparison with EUR 83.7 million at the end of 2021. Provisions for loans remain at a low level, as Bank continues selling Stage 3 loans according to the forward flow agreement.

The increase in the deposit portfolio allowed mostly finance the growth of the loan portfolio. In addition, during the 2022 financial year, the main activities were partially funded by Group funding, which was fully repaid in November 2022.

In 2022, changes in equity were caused by profit transfer to retained earnings, transfers to legal reserve and dividends.

Profit (loss)

In 2022 interest income of loans granted increased from EUR 12,4 million to EUR 15,7 million as a result of the loan portfolio growth, mix in the portfolio composition (by sales channels/service lines) and increased attention to the pricing strategies. In 2022 the issuance of new loans reached 62,6 million compared to 50,3 million in 2021.

Interest cost compared to 2021 increased by 48% driven by the increasing portfolio of public deposits and to the cost of the loan from the Group (which was repaid during the year).

The level of operating expenses increased by EUR 1,3 million vs the previous year and was EUR 10,0 million. The main driver of this change was staff expenses which grew by 15 %. Despite the growth of operating expenses, the C/I ratio at the end of 2022 decreased to 69 %, and the Bank steadily improves this ratio as it is intended in the financial objectives.

Net result achieved in 2022 amounted to EUR 2,663 thousand and exceeded the planned level.

Other financial indicators

The following prudential standards and requirements have been set for banks:

The liquidity coverage ratio (LCR) must not be less than 100%.
At the end of 2022, GF Bankas liquidity coverage ratio (LCR) was 433%.

The net stable funding ratio (NSFR) must not be less than 100%.
At the end of 2022, GF Bankas net stable funding ratio (NSFR) was 130%

The capital adequacy ratio must not be less than 8%
At the end of 2022 GF Bankas capital adequacy ratio was 19%.

(all amounts are in EUR thousand unless otherwise stated)

Statement of financial position

	Notes	As at 31 December 2022	As at 31 December 2021
ASSETS			
Cash and cash equivalents	3	12,316	7,026
Other receivables and current assets	6	323	219
Loans granted to customers	4	109,550	82,628
Other loans granted	4	6,411	4,974
Right-of-use assets	13	690	911
Prepayments	5	618	457
Property, plant and equipment	8	160	176
Intangible assets	7	192	268
Deferred income tax asset	16	252	608
TOTAL ASSETS		**130,512**	**97,267**
EQUITY AND LIABILITIES			
Amounts payable and liabilities			
Customer deposits	9, 10	101,711	70,713
Financial borrowings	9	103	57
Lease liabilities	13	737	975
Other current payables and accruals	11	4,823	4,198
Income tax liabilities	16	213	212
Total liabilities		**107,587**	**76,155**
Equity			
Share capital	12	9,550	9,550
Legal reserve	12	1,791	1,276
Retained earnings		11,584	10,286
Total equity		**22,925**	**21,112**
TOTAL EQUITY AND LIABILITIES		**130,512**	**97,267**

The accompanying notes are an integral part of these financial statements.

These financial statements were approved on March 23, 2023. These financial statements are approved and signed on behalf of the Bank by:

Deputy Chief Executive Officer		Andrius Vnukovskis
Director of Department of Tax and Accounting		Jelena Vasiljeva

(all amounts are in EUR thousand unless otherwise stated)

Statement of comprehensive income

	Notes	2022	2021
Interest income calculated using the effective interest method		15,744	12,475
Other interest and similar income		367	405
Total interest income		**16,111**	**12,880**
Interest expense on borrowings and customer deposits	14	(1,778)	(1,199)
Net interest income		**14,333**	**11,681**
Expected credit losses expense on financial assets	4	(1,279)	(529)
Net interest income after credit loss		**13,054**	**11,152**
Staff related expenses	15	(6,086)	(5,209)
Tax expenses and commission fees		(157)	(157)
Advertising, marketing and representation		(964)	(790)
Rent and maintenance of premises		(372)	(218)
Interest relating to lease liabilities	13	(37)	(54)
Depreciation and amortization	7, 8	(168)	(195)
Depreciation of right-of-use assets	13	(474)	(527)
Other operating expenses	15	(1,768)	(1,540)
Operating expenses		**(10,026)**	**(8,690)**
Gain (loss) resulting from loan write-offs and disposals	4	-	82
Other operating income	15	218	134
Profit before income tax		**3,246**	**2,678**
Current and deferred income tax	16	(583)	(459)
Net profit		**2,663**	**2,219**
Other comprehensive income		**-**	**-**
Total comprehensive income		**2,663**	**2,219**

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(all amounts are in EUR thousand unless otherwise stated)

Statement of changes in equity

	Notes	Share capital	Legal reserve	Retained earnings	Total
Balance as at 31 December 2020		**9,550**	**851**	**8,492**	**18,893**
Net profit		-	-	2,219	2,219
Total comprehensive income		**-**	**-**	**2,219**	**2.219**
Transfer to legal reserve		-	425	(425)	-
Balance as of 31 December 2021		**9,550**	**1,276**	**10,286**	**21,112**
Net profit		-	-	2,663	2,663
Total comprehensive income		**-**	**-**	**2,663**	**2,663**
Transfer to legal reserve		-	515	(515)	-
Dividends declared		-	-	(850)	(850)
Balance as at 31 December 2022		**9,550**	**1,791**	**11,584**	**22,925**

The accompanying notes are an integral part of these financial statements.

These financial statements were approved on March 23, 2023. These financial statements are approved and signed on behalf of the Bank by:

Deputy Chief Executive Officer ______________ Andrius Vnukovskis

Director of Department of Tax and Accounting ______________ Jelena Vasiljeva

(all amounts are in EUR thousand unless otherwise stated)

Statement of cash flows

	Notes	2022	2021
Cash flows from (to) operating activities			
Profit for the year before tax		3,246	2,678
Adjustments for non-cash items:			
Depreciation and amortization	7, 8, 13	642	664
Write-off of non-current assets	7, 8	(2)	6
Elimination of (gain) loss from write-off and disposal of loans granted	4	-	(82)
Credit loss expense	4	1,279	529
Interest income		(16,111)	(12,880)
Interest expenses on borrowing, customer deposits and leases		1,815	1,253
Other non-cash transactions elimination		2	7
		(9,129)	**(7,825)**
Changes in working capital:			
(Increase) in loans granted and receivables	4	(26,342)	(18,073)
Increase in customer deposits	9	30,457	26,133
(Increase) / decrease in prepayments	5	(54)	57
(Increase) in other receivables	6	(104)	(33)
Increase in trade payables		727	717
(Decrease) / increase in other payables		(19)	417
Increase in financial borrowings to partners	9	46	-
Income tax (paid)		(334)	-
Interest received		14,130	11,730
Interest (paid)		(1,274)	(590)
Net cash flows from operating activities		**8,104**	**12,533**
Cash flows from (to) investing activities			
(Acquisition) of non-current assets	7, 8	(75)	(34)
Other loans (granted)	20	(2,649)	(5,000)
Other loans repayment	20	1,251	25
Net cash flows from (to) investing activities		**(1,473)**	**(5,009)**
Cash flows from (to) financing activities			
(Decrease) in financial borrowings to partners	9	-	(7)
Loans received	19	7,000	1,000
Loans (repaid)	19	(7,000)	(8,243)
Lease liabilities paid	13	(491)	(523)
Dividend payments	12	(850)	-
Net cash flows from (to) financing activities		**(1,341)**	**(7,773)**
Net (decrease) increase in cash flows		**5,290**	**(249)**
Cash and cash equivalents at the beginning of the period	3	**7,026**	**7,275**
Cash and cash equivalents at the end of the period	3	**12,316**	**7,026**

The accompanying notes are an integral part of these financial statements.

These financial statements were approved on 23 March 2023. These financial statements are approved and signed on behalf of the Bank by:

Deputy Chief Executive Officer		Andrius Vnukovskis
Director of Department of Tax and Accounting		Jelena Vasiljeva

(all amounts are in EUR thousand unless otherwise stated)

Notes to the financial statements

1. General information

UAB GF Bankas (hereinafter "the Bank") was founded on 19 December 2005 and has been successfully operating as financial institution for more than 14 years, providing unlicensed financial services, i.e. consumer credits.
On June 25, 2019 a license No LIC-2018-0049 of a specialized bank was obtained, which allows accepting deposits from non-professional market participants.

On May 18, 2020, UAB GF Bankas registered the Bank's Articles of Association, changed its former name of UAB General Financing to UAB GF Bankas, which is specialising on loans and deposits from residents of the Republic of Lithuania.

GF Bank's shareholder structure did not change and as at 31 December 2022 was the same as in the previous years:

	Shares held	Ownership
AB Marginalen	**3,293,100**	**100.00%**

The ultimate controlling shareholder of the Bank is AB ESCO Marginalen company code/business ID 556096-5765, box 26134, SE-100 41 Stockholm, which owns 100% of AB Marginalen shares.

In 2022, there were no changes in the Bank's issued capital. As at 31 December 2022, the issued capital of the Bank amounted to EUR 9.549.990 and was divided into 3.293.100 ordinary registered shares with par value of EUR 2.90 each. All shares were fully paid. As at 31 December 2022 and 2021, the Bank had no own shares acquired. The Bank's shares are not publicly traded.

The shareholder of the Bank has a statutory right to either approve these financial statements or not approve them and require the management to prepare a new set of financial statements.

2. Accounting policies

2.1 Statement of compliance and basis of preparation

These financial statements of the Bank have been prepared in accordance with international Financial Reporting Standards (IFRS), as adopted by the European Union (EU).

These financial statements are prepared based on a cost basis. In the statement of financial position, the Bank presents assets and liabilities based on the liquidity of assets and liabilities.

These financial statements were prepared based on a going concern basis.

Basis of preparation

The accounting policies adopted are consistent with those of the previous financial year except for the following IFRS amendments which have been adopted by the Bank as of 1 January 2022:

- **IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements 2018-2020 (Amendments)** The amendments are effective for annual periods beginning on or after 1 January 2022 with earlier application permitted. The IASB has issued narrow-scope amendments to the IFRS Standards as follows:
    - **IFRS 3 Business Combinations (Amendments)** update a reference in IFRS 3 to the previous version of the IASB's Conceptual Framework for Financial Reporting to the current version issued in 2018 without significantly changing the accounting requirements for business combinations.
    - **IAS 16 Property, Plant and Equipment (Amendments)** prohibit a company from deducting from the cost of property, plant and equipment any proceeds from the sale of items produced while bringing the

- **2. Accounting policies (continued)**

  asset to the location and condition necessary for it be capable of operating in the manner intended by management. Instead, a company recognizes such sales proceeds and related cost in profit or loss.

  - **IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments)** specify which costs a company includes in determining the cost of fulfilling a contract for the purpose of assessing whether a contract is onerous. The amendments clarify, the costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to the contract activities.
  - **Annual Improvements 2018-2020** make minor amendments to **IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture** and the Illustrative Examples accompanying **IFRS 16 Leases.**

  The Management has assessed the effect of the application of these changes and believes that it does not have significant impact on the financial statements.

- IFRS 16 Leases-Covid 19 Related Rent Concessions beyond 30 June 2021 (Amendment) The Amendment applies to annual reporting periods beginning on or after 1 April 2021, with earlier application permitted, including in financial statements not yet authorized for issue at the date the amendment is issued. In March 2021, the Board amended the conditions of the practical expedient in IFRS 16 that provides relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the covid-19 pandemic. Following the amendment, the practical expedient now applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

  The Management has assessed the effect of the application of these changes and believes that it does not have significant impact on the financial statements.

B) Standards issued but not yet effective and not early adopted

- **IAS 1 Presentation of Financial Statements and Practice Statement 2: Disclosure of Accounting policies (Amendments)**

The Amendments are effective for annual periods beginning on or after January 1, 2023 with earlier application permitted. The amendments provide guidance on the application of materiality judgements to accounting policy disclosures. In particular, the amendments to IAS 1 replace the requirement to disclose ‘significant’ accounting policies with a requirement to disclose ‘material’ accounting policies. Also, guidance and illustrative examples are added in the Practice Statement to assist in the application of the materiality concept when making judgements about accounting policy disclosures. The Management has not assessed the impact of amendments to the Standard on financial statements.

- **IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Amendments)**

The amendments become effective for annual reporting periods beginning on or after January 1, 2023 with earlier application permitted and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. The amendments introduce a new definition of accounting estimates, defined as monetary amounts in financial statements that are subject to measurement uncertainty, if they do not result from a correction of prior period error. Also, the amendments clarify what changes in accounting estimates are and how these differ from changes in accounting policies and corrections of errors. The Management has not assessed the impact of amendments to the Standard on financial.

2. Accounting policies (continued)

- **IAS 12 Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments)**

The amendments are effective for annual periods beginning on or after January 1, 2023 with earlier application permitted. The amendments narrow the scope of and provide further clarity on the initial recognition exception under IAS 12 and specify how companies should account for deferred tax related to assets and liabilities arising from a single transaction, such as leases and decommissioning obligations. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement, having considered the applicable tax law, whether such deductions are attributable for tax purposes to the liability or to the related asset component. Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal. The Management has not assessed the impact of amendments to the Standard on financial statements.

- **IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)**

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted, and will need to be applied retrospectively in accordance with IAS 8. The objective of the amendments is to clarify the principles in IAS 1 for the classification of liabilities as either current or non-current. The amendments clarify the meaning of a right to defer settlement, the requirement for this right to exist at the end of the reporting period, that management intent does not affect current or non-current classification, that options by the counterparty that could result in settlement by the transfer of the entity's own equity instruments do not affect current or non-current classification. Also, the amendments specify that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification. Additional disclosures are also required for non-current liabilities arising from loan arrangements that are subject to covenants to be complied with within twelve months after the reporting period. The amendments have not yet been endorsed by the EU. The Management has not assessed the impact of amendments to the Standard on financial statements as they have not yet been approved.

- **IFRS 16 Leases: Lease Liability in a Sale and Leaseback (amendments)**

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. The amendments are intended to improve the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction in IFRS 16, while it does not change the accounting for leases unrelated to sale and leaseback transactions. In particular, the seller-lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use it retains. Applying these requirements does not prevent the seller-lessee from recognising, in profit or loss, any gain or loss relating to the partial or full termination of a lease. A seller-lessee applies the amendment retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, being the beginning of the annual reporting period in which an entity first applied IFRS 16. The amendments have not yet been endorsed by the EU. The Management has not assessed the impact of amendments to the Standard on financial statements as they have not yet been approved.

2. Accounting policies (continued)

2.2 Presentation and functional currency

In 2022, the Bank's accounting records were kept and all amounts in these financial statements were presented in the local currency of the Republic of Lithuania, Euro (EUR), which was the Bank's functional and presentation currency.

These financial statements are presented in thousand euros, unless stated otherwise.

2.3 Intangible assets

Intangible asset is an identifiable non-monetary asset without physical substance. Such assets are recognised in the accounts when the Bank takes control of these assets and can ensure that the economic benefits resulting from the use of the asset will flow to the Bank. An intangible asset is recognised in the statement of financial position only when it is probable that the asset will generate probable future economic benefits to the Bank and the cost of acquiring the asset can be measured reliably.

Separately acquired and internally created intangible assets are initially recognised at acquisition or production cost. Subsequently, intangible assets are carried at cost, less accumulated amortization and impairment losses. The useful lives of intangible assets is finite. For financial accounting purposes as of 2022, intangible assets with finite lives are amortised over the useful economic lives not longer than 5 years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortisation periods for intangible assets with finite useful lives are reviewed at each financial year-end. No new decisions were made during the review of the amortization of intangible fixed assets. Amortization rates remained unchanged.

2.4 Property, plant and equipment

Property, plant and equipment is carried at cost including non-deductible input VAT, but excluding the costs of day-to-day servicing, less accumulated depreciation and impairment losses, if any. Cost includes the costs of replaced part of assets if these costs meet the recognition criteria of property, plant and equipment.

Parts of some items of property and equipment may require replacement at regular intervals. Under the recognition policy for property, plant and equipment, the Bank recognises the costs of replaced part of property, plant and equipment when incurred, if these costs meet the recognition criteria of property, plant and equipment.

The carrying amounts of property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Items of property, plant and equipment are written off upon disposal or when no economic benefits are expected to flow from its use or disposal in the future. Any gain or loss arising on write-off of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is written-off.

Depreciation is calculated on a straight-line basis using the following useful lives:
In September 2022, following the review by IT function and considering the actual term of use of assets, it was decided to prolong computer hardware useful life cycle to 5 year (change from 3 years previously). That change has not resulted in material change to depreciation expenses, therefor no further dislosures are provided.The change is effective as of October 1st, 2022. Current useful lives are:

Computer hardware and communication equipment	5 years
Furniture	6 years
Other assets	4 years

The useful lives are reviewed periodically to ensure that the period of depreciation is consistent with the expected pattern of economic benefits from items in property, plant and equipment.

2. Accounting policies (continued)

2.5 Financial assets

As at 31 December 2022 and 31 December 2021, the Bank's financial assets structure comprised of assets attributable to cash and cash equivalents, loans and other receivables.

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, at fair value through other comprehensive income (OCI), and at fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Bank's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Bank initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15.

For financial asset would be attributed and valued at amortized cost or at fair value through other comprehensive income, cash flows coming from financial asset should be only solely payments of principal and interest (SPPI) from main unfulfilled amount. This assessment is referred to as the SPPI test and is performed at an instrument level.

The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

The financial asset is held within the Bank's business model with the objective to hold financial assets in order to collect contractual cash flows. As part of this business model the Bank might sell financial assets when there is an increase in the assets' credit risk.

A regular way purchases or sales of financial assets are recognized on the trade date, i.e., the date that the Bank commits to purchase or sell the asset. Loans and other receivables are recognized in the balance at the payment date. Undrawn loan commitments are accounted as off-balance-sheet items. As at 31 December 2022, the amount of such loans commitments was EUR 69 thousand (as at 31 December 2021: EUR 93 thousand).

Subsequent measurement

After initial recognition, the Bank measures financial assets at:

• Amortised cost (debt instruments);

• Fair value through OCI with recycling of cumulative gains and losses upon derecognition into profit or loss (debt instruments). As at 31 December 2022 and 2021, the Bank did not have such financial instruments;

• Fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments). As at 31 December 2022 and 2021, the Bank did not have such financial instruments;

• Fair value through profit or loss. As at 31 December 2022 and 2021, the Bank did not have such financial instruments.

Financial assets carried at amortised cost (debt financial instruments)

This category is the most relevant to the Bank, which measures financial assets at amortised cost if both of the following conditions are met:

• The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Upon evaluation of the Bank's financial asset business model, it was identified that as at 31 December 2022 and 2021, the Bank's financial assets comprised only of asset held to collect contractual cash flows.

2. Accounting policies (continued)

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. EIR is the rate that exactly discounts estimated future cash flows over the expected life of the financial instrument or, if needed shorter period to the gross carrying amount of the financial asset. EIR (therefore and amortised cost of financial asset) is calculated by taking into account all acquisition discounts, fees and expenses that are an integral part of the EIR. Interest calculated using the effective interest method is recognized in the statement of comprehensive income under 'Interest income calculated using the effective interest method' and 'Other interest and similar income' captions. Other interest and similar income include overdue, court adjudged interest and early repaid interest by insurer.

The Bank recognises interest income on loans using the rate of return that is the best estimate of the constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges). If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. Gains and losses are recognized in the statement of comprehensive income when the asset is derecognized, modified or impaired.

The Bank's financial assets measured at amortised cost include cash and cash equivalents, loans granted to customers, other loans granted and other receivables and current assets.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Bank's statement of financial position) when:

• The rights to receive cash flows from the asset have expired; or
• The Bank has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

(a) the Bank has transferred substantially all the risks and rewards of the financial asset; or
(b) the Bank has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Bank has transferred its rights to receive cash flows from a financial asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership of the asset. When the Bank has neither transferred nor retained substantially all the risks and rewards of ownership of the asset, nor transferred control of the asset, the Bank continues to recognise the transferred asset to the extent of its continuing involvement. In such case, the Bank also recognises related liability. Transferred asset and its related liability are valued based on rights and obligations kept by the Bank.

Derecognition of the difference (gain or loss) between the total recognition of a financial asset and:

- the carrying amounts (estimated at the date of derecognition); and
- the consideration received (including any new assets acquired less any new commitments) is recognise in profit or loss section Gain (Loss) resulting from write offs and disposals.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Bank could be required to repay (guarantee amount).

Financial assets are written off either partially or in their entirety only when the Bank has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense on financial assets.

(all amounts are in EUR thousand unless otherwise stated)

2. Accounting policies (continued)

Modification of financial assets

When the contractual cash flows of a financial asset are renegotiated or otherwise modified as a result of commercial restructuring activity rather than due to credit risk and impairment considerations the Bank performs an assessment to determine whether the modifications result in the derecognition of that financial asset.

If the modification does not result in cash flows that are substantially different, as set out below, then it does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Bank records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

Impairment of financial assets

The Bank recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Bank expects to receive, discounted at an approximation of the original effective interest rate. ECLs are recognized in three stages (Table 1). For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECLs – Stage 1). To determine which healthy (Stage 1) loans had a significant increase in credit risk (Stage 2) the loan portfolio is divided in 10 buckets by application data score (this score is calculated using logistic regression models) on each loan initial recognition and for each loan current probability of default (hereinafter - PD) is calculated with latest available data. If loan moves at least one bucket down compared to initial application score, it is estimated that the credit risk has increased significantly. If a loan is in the 10^{th} bucket it is automatically classified to Stage 2.

The Bank also considers credit exposures with a significant increase in credit risk since initial recognition (stage 2) when:

- contractual payments are more than 30 to 89 days overdue, or were more than 30 days overdue in the last 6 months;
- loan was restructured;
- client have broken verbal agreements in last 30 days or when significant information is received that client is likely to miss next payments;
- client has deferral of payments in past 90 days (the period when only interest is calculated);
- other factors are known that, in the Bank's perspective, indicate a significant increase in risk).

Impairment for Stage 2 loans is accounted for the expected credit losses over the remaining life of the exposure, irrespective of the timing of default (a lifetime ECL). In November 2022 Bank implemented new probability of default definition (counting days past due continuously instead of counting due days since last missed payment in the payment schedule) into system, changes had an increasing effect on expected credit losses (EUR 120 thousand). The Bank considers a financial asset in default when:

- financial asset being past due at least 90 days in a row;
- death of borrower is confirmed;
- borrower declares bankruptcy;
- fraud case is confirmed;
- in cases of distress restructuring (loans that were already in default at the time of restructuring).

Table 1. **Structure of portfolio**

Performing (Stage 1)	**Significant increase in credit risk (Stage 2)**	**Non-performing (Stage 3)**
12-month ECL	Lifetime ECL	Lifetime ECL or 100% provisions

2. Accounting policies (continued)

Financial assets are written off only when there are no possible ways to recover contractual cash flows when the debtor passes away and their property rights and obligations are not transferred by their successors because the person that passed away did not have any tangible property or real estate that could have been inherited or it was insufficient to cover the requirements and the bankruptcy proceedings of the natural person following the ruling of Court as well as in in fraud cases where the pre-trial investigation expires under the Criminal Code of the Republic of Lithuania and the guilty person has not been identified within the investigation.

The Bank calculates expected credit losses using probable scenarios so that expected cash flow deficiencies, discounted by EIR can be assessed. A shortfall in cash flows is a difference between contractual cash flows due in accordance with the contract and all the cash flows that the Bank expects to receive.

The main elements used to calculate expected credit loss are the following:
- Probability of default (PD) – probability of credit default, calculated according to the Bank's historical data for 2013-2021. PDs are assessed separately for 3 different segments of the loan portfolio: cash loans, transfer loans and point of sale loans.
- Exposure at default (EAD) - the size of the lending position at the time of default (principal credit, transaction fee, handling fee and accrued interest).
- Loss given default (LGD) – credit default loss, calculated based on historical 2014-2021 data of the Bank. It is based on the difference of contractual cash flows and the expected amount to be received in case of default.

Calculating expected credit losses, the Bank considers the most likely scenario (an assumption is made that the future macroeconomic changes will comply with the latest economic forecasts of the Bank of Lithuania) and stressed scenario combined from two worse case macroeconomic scenarios in “Financial stability review / 2022” published by Bank of Lithuania in 2022. Stress scenario is a composition of Bigger shock and Adverse scenarios from the same publication (each with 10% weight on final outcome).

If later on losses from impairment of assets decrease and such reduction can be directly related to an event that happened after the recognition of impairment, the previously recognized impairment is reversed. Any impairment reversal is recognized in the statement of comprehensive income to the extent that the carrying value of an asset does not exceed the amortized value at the date of reversal.

Sometimes, reacting to financial difficulties of a debtor, the Bank provides discounts or changes initial contractual terms. The Bank considers a loan restructured if such changes are made due to current or expected financial difficulties of a borrower and no such changes would be made, if a borrower was financially capable. Factors indicating financial difficulties include default or significant other findings of the Debt Collection Unit against the debtor. Restructuring can include the extension of payment maturity and new loan contract terms. Having reviewed the terms, any impairment is assessed using the initial EIR, calculated before changing the terms. The Bank’s policy is to appropriately monitor all restructured loans so that it ensures that future payments are made.

The restructured loans are set amongst 1–3 risk stages as follows:
- If the restructured loan is overdue for less than 90 days:
  - Restructured contracts are assessed.
    - If at least one of such contracts was past due for more than 90 days, the restructured contract is attributed to stage 3.
    - If all the contracts were past due for less than 90 days, the restructured contract is attributed to stage 1 or 2, based on the days overdue.
  - It is assessed whether the restructured contract has been attributed to stage 3:
    - It is calculated how many months have passed since it was not attributed to stage 3 anymore (i.e. how many months have passed since it is overdue for less than 90 days).
      - If less than 12 months have passed, it is attributed to risk stage 3.
      - If 12 months or more have passed, the contract is attributed to stage 2.
- If the restructured contract is overdue for 90 or more days:
  - The contract is attributed to risk stage 3.

Starting from 1 January 2018 when a loan has been renegotiated or modified but is not derecognized, the Bank also reassesses whether the credit risk has materially increased. The Bank also considers if such loan should be classified as a Stage 3 financial asset. If a loan was restructured, it should remain as such during a whole 12-month monitoring period, during which the borrower should meet certain conditions in order to be transferred to a lower risk stage.

2. Accounting policies (continued)

Using the official economic indicators presented by Lithuanian Department of Statistics and the Bank of Lithuania, using a linear regression, coefficients are identified, which are applied to adjust expected cash flows and PDs. The coefficients represent economic rises and downfalls under the latest economic forecasts, presented by the Bank of Lithuania. The main indicators used to identify the coefficients are the following:

- Private and public sector consumption;
- Export and import;
- Inflation;
- GDP – Gross Domestic Product;
- CPI – Consumer Price Index;
- Income (gross and net);
- Unemployment rates;

Indicators that are used in final model: unemployment rate and export growth.
The Bank also assesses the market situation by economic sector. Clients working in sectors in decline or sectors facing increased macroeconomic risks are subject to stricter requirements when deciding whether they are credit exposures with increased risk.

Expected credit losses for undrawn loan commitments

When estimating ECL for undrawn loan commitments, the Bank estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the four scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan. For loan commitments the ECL is recognised within Provisions.

Allowance for expected credit losses for amounts due from other credit institutions

The amount of ECL for amounts due from other credit institutions is calculated under the following formula:
ECL=PD x EAD x LGD, where:

- PD – probability of default, estimated using internal system based on Standard & Poor's and Moody's ratings.
- EAD – exposure at default, loan size including amortization at the time of provisions calculation.
- LGD – loss given default is estimated to be at 100% due to no collateral being in place and potential creditors queue in the case of default.

This type of ECL is calculated for funds greater than EUR 10 thousand.

2. Accounting policies (continued)

2.6 Financial liabilities

Initial recognition and measurement
The category of financial liabilities includes the Bank's: customer deposits, financial borrowings, lease liabilities and other payables. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading, and financial liabilities classified as measured at fair value through profit or loss on initial recognition. These liabilities are classified as held for trading. The Bank has not designated any financial liabilities as at fair value through profit or loss during the years ended 31 December 2022 and 2021.

Financial liabilities measured at amortised cost
This category comprises of short-term and long-term deposits from customers, loans received and other payables.
After initial recognition, financial liabilities are measured at amortised cost using the effective interest rate method. Financial liabilities are derecognised once the liabilities are discharged, cancelled or expired.

Loans and other payables
After initial recognition, deposits, loans, borrowings and other accounts payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised or amortized.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as interest expense in the statement of comprehensive income.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. When a present financial liability is swapped with other liability to the same lender, although, upon other conditions or when the present liability terms are substantially changed, this change is recognized as derecognition and initial recognition of a new liability. The difference in the respective carrying amounts is recognised as profit or loss.

2.7 Lease

Bank as a lessee
Under leases, the right-of-use assets and related liabilities are recognised when the Bank may start to exercise the right to use assets. Each lease payment is allocated between the liability and interest expenses. Interest expenses are recognised over the lease term. Lease payments are discounted using the Bank's incremental borrowing rate. The Bank applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Bank recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets
The Bank recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of the initial measurement of the lease liability, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

• Premises	from 2 to 5 years
• Vehicles	from 3 to 5 years

2. Accounting policies (continued)

Lease liabilities
At the commencement date of the lease, the Bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Bank and payments of penalties for terminating the lease, if the lease term reflects the Bank exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The Bank cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Bank would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR rate is reviewed periodically. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Bank's lease liabilities are recognised in the line item, Lease liabilities (see Note 13).

Short-term leases and leases of low-value assets
The Bank applies the short-term lease recognition exemption to its short-term leases of cars. Short-term leases are assessed on the basis of a renewal probability. If the leases have a remaining lease term of less than 12 months at the reporting date, the possibility of extending the leases is then assessed. If the contract is more likely to be extended, an assumption that it will be extended for the planned lease term is adopted. Lease payments on short-term leases and leases of low-value assets (less than USD 5 thousand in equivalent) are recognised as expense on a straight-line basis over the lease term.

2.8 Impairment of non-financial assets

At each reporting date the Bank assesses whether there is any indication of impairment of its assets. If any such indication exists, the Bank makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use. The recoverable amount is determined for an individual asset, except for the cases, when asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge (if any) is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

2.9 Fair values of financial assets and financial liabilities

The purpose of fair value is to define the amount at which an asset could be exchanged or at which a mutual liability could be set off between market participants at the measurement date under current market conditions. For financial instruments traded in organized financial markets the fair value is determined by reference to quoted market prices. Bid prices are used for financial assets and ask prices are used for financial liabilities. The fair value of interest-bearing financial instruments is estimated based on discounted cash flows using the interest rates for items with similar maturity terms and risk

2. Accounting policies (continued)

characteristics. For unquoted equity investments fair value is determined using valuation techniques. These valuation techniques include certain estimates, some of which depend on the complexity of the instrument and the availability of information based on market data. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument, which is substantially the same and discounted cash flow analysis. Where the fair values of financial assets and liabilities differ materially from their carrying amounts, such fair values are separately disclosed in the Notes to the financial statements.

Financial instruments carried at fair value are categorized based on valuation technique within the following three levels:

Level 1: Quoted market prices

Level 1 assessments are made using unadjusted identical instrument quoted prices in active markets, where quoted prices are easily available and reflect factual and regularly performed market transactions between unrelated parties.

Level 2: Assessing method using observable data
Fair value calculated using level 2 methods, when variables that have material impact on the fair value, is directly or indirectly available in the market. Using assessment methods of level 2, discounted cash flows, option pricing methods, latest transactions and other financial instrument that are basically the same, prices are utilised.

Available values, for example, are foreign currency exchange rates, quoted security prices, market interest rates (LIBOR and other), expected observed option price fluctuation for the same period and actual transactions made by the bank with one or more external parties of the contract.

Level 3: Assessing method using unobservable data
Fair value calculated using level 3 methods, when the lowest-level variables that have reasonable impact on the fair value, are not supported by available market data. Such methods usually include extrapolation of similar observed data, analysis of historical data and implementation of other analytical methods.

2.10 Cash and cash equivalents

Cash includes cash balances held with the Bank of Lithuania and commercial banks of the Republic of Lithuania, and cash held in cashiers' automatic safe-deposit boxes (ASDB). Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash. Such investments at inception mature in less than 3 months and are subject to insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise funds in the Bank of Lithuania, cash in current bank accounts and cash balances held in ASDB.

2.11 Provisions

Provisions are recognised only when the Bank has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each financial reporting date and adjusted to reflect the best current estimate. If the effect of the time value of money is material, the amount of provision is equal to the present value of the expenses, which are expected to be incurred to settle the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

2.12 Current and deferred income tax

Income tax on the profit for the year comprises current and deferred tax. Calculation of income tax is based on requirements of the Lithuanian regulatory legislation on taxation.

In accordance with the Lithuanian Law on Corporate Income Tax, taxable profit is subject for income tax at a rate of 15 %. Additional 5% Corporate Income tax is applied on the part of profit that exceeds EUR 2 million.

2. Accounting policies (continued)

Tax losses can be carried forward for unlimited consecutive years in Lithuania. Starting 1 January 2014, the transferable tax loss cannot cover more than 70% of the taxable profit of the current year. The losses from disposal of securities and/or derivative financial instruments can be carried forward for 5 consecutive years and only be used to reduce the taxable income earned from the transactions of the same nature.

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on tax rates enacted or substantially enacted at the balance sheet date. Deferred tax assets have been recognised in the balance sheet to the extent the Bank's management believes it will be realised in the foreseeable future, based on taxable profit forecasts.

When it is probable that future taxable profit will not be available against which the deferred income tax will be utilised, such deferred income tax is not recognized in the financial statements. At the end of 2020, the Bank recognised in its financial statements deferred tax assets, calculated as a result of a change in tax regulation following the start of banking activities and the costs of allowance for loan losses becoming allowable expenses. Consequently, on 31 December 2020, the tax losses were calculated and on the basis of which the deferred tax asset was recognised. As at 31 December 2022, deferred tax asset consist from unused amount of previously recognised deferred tax. The Bank's financial statements at the end of 2022 did not include additional amount of deferred tax asset due to insignificance.

2.13 Revenue recognition

Revenue is recognized when it is probable that future economic benefits will flow to the Bank and the amount of revenue can be measured reliably. Revenue is recognized on accrual basis when earned.

Interest income on consumer credits is recognised on accrual basis with regard to the balance of debt and the effective interest rate. When calculating the effective interest rate, the Bank measures cash flows considering all the credit contract terms but does not take into account future credit loss. The calculation includes all dues and other fees the contractual parties paid or received from each other, which are an integral part of the actual interest rate, as well as all commission fees or discounts.
The Bank calculates interest income applying effective interest rate to gross balance value (excluding impairment) for a financial asset which is not credit – impaired (defaulted). When financial asset credit risk increases and due to this reason, it is attributed to stage 3, the Bank recognises income by applying effective interest rate to the net amortized cost of a financial asset (less impairment).

If financial asset's condition improves, it is returned to stage 2 or stage 1 and the Bank returns to the recognition of income from a financial asset from the gross balance value before impairment.

Revenue from other services is recognized when the transaction has been completed or when its stage of completion may be reliably measured at the financial reporting date.
Fines received on late payments and other liabilities related to loans are recognized to the extent that it is probable that economic benefits will flow to the Bank and the revenue can be reliably measured.

2.14 Expense recognition

Interest on deposits are recognised on an accrual basis taking into account the amount of deposit and by using the interest rate applicable to the deposit agreement. Other operating expenses are recognised in accordance with the principles of accrual and comparability in the accounting period in which the related income is earned regardless of the time of the issue.

Expenses incurred during the reporting period, which cannot be attributed directly to specific income earned and will not generate any income in subsequent reporting periods, are recognized as expenses during the period when incurred.

Expenses are usually measured at amount paid or payable, including non-deductible VAT. In cases where a long settlement period is foreseen and no interest is deducted, the cost amount is estimated by discounting the settlement amount at the market rate.

2. Accounting policies (continued)

2.15 Foreign currencies

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from such transactions and from the translation of balances of assets and liabilities denominated in foreign currencies at the reporting date are recognised in the statement of comprehensive income. These balances are translated using the exchange rate prevailing at the end of the reporting period.

During financial year 2022 the Bank had no foreign currency transactions as at the reporting date.

2.16 Use of estimates and management judgement in preparation of financial statements

The preparation of financial statements in conformity with International Financial Reporting Standards, as adopted in the European Union, requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingencies.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the future, are discussed below.

Write-off of customer overpayments from expired loan agreements

The Bank accounts for and continuously monitors overpayments from customers who do not have outstanding loans. GF Bankas assesses overpayments according to the maturity of the overpayment at the end of each reporting period based on the Marginalen Group's customer overpayment handling policy and taking into consideration the general 10-year limitation period of the claim provided for in the Civil Code of the Republic of Lithuania. When the overpayment reaches the age of 10 year and during this time the customer has not applied for return of overpayment and the Bank has not been able to obtain reliable information necessary for the repayment of the said amounts, the overpayment is derecognized and accounted as income. The amounts involved are disclosed in Note 11.

Estimation of expected credit losses on loans granted to customers (otherwise – impairment)

The Bank regularly reviews its portfolio of loans to assess impairment. In determining whether loan impairment loss should be recorded in profit or loss, the Bank uses estimates whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from the Bank's debtors with similar risk characteristics. This estimate is based on the analysis of historical data about the group of debtors with similar risk characteristics and related future information. A loss ratio is established for each group of debtors with similar risk characteristics and is used to determine impairment. Assumptions used are reviewed regularly (at least once a year) to reduce any differences between loss estimate and actual loss incurred.

While calculating expected credit losses, historical data of economic indicators and official future forecasts presented by the Statistics Department of Lithuania and by the Bank of Lithuania are used to evaluate increase or decrease of expected cash flows. The principle rates used that were selected using regressive analysis, are export growth and unemployment rate. By using these indexes, rates are identified that help adjust expected cash flows and separate client groups' risk levels. In addition, the management applies estimates as regards to other components of ECL assessment: weighting applied for macro scenarios, cash flow forecasts beyond observable periods in LGD calculations, and others. The management applies professional judgement when making decisions about these estimates, taking into account the nature of the Bank's business, its historical performance and the management's professional experience. The amounts involved are disclosed in Note 4.

Application of Management's overlays in the assessment of expected credit losses

In expected credit losses assessment, when calculating PD, the Bank used the latest available (2022) internal default statistics and came to the conclusion that usage of this data set will result in decrease of ECL allowance in the amount of EUR 90 thousand as at 31 December 2022. The management concluded that such decrease does not reflect the Bank's expectations on performance of loan portfolio and future credit losses in the current macroeconomic context: high inflation, raised interest rates, seized liquidity in the financial markets. Therefore, the management applied overlay and excluded 2022 data set from PD calculation.

2. Accounting policies (continued)

In the calculation of LGD within assessment of expected credit losses, the Bank considered the latest available (2022) data on loan recoveries including those resulted from sales of loans. This assessment showed that usage of this data set will result in decrease of ECL allowance in the amount of EUR 31 thousand as at 31 December 2022. Loans sales became regular part of bad debt collection process in the Bank from mid-2021, therefore the management considers the data on recoveries from such sales as not yet matured and stable, thus it might not give the best and reliable estimate on expected future recoveries. Therefore, the management applied overlay and defined LGD based on the internal statistical data set which refers to the period up to April 2021 and which does not include recoveries from loans sales.

Accounting of banking system MAMBU expenses

In May 2020, the Bank started using the banking system MAMBU for deposit accounting. It is a cloud computing arrangement with a third-party service provider. The management has assessed whether the agreement falls within the scope of IFRS 16. The contract conveys only the right to receive access to the supplier's application software over the contract term and the Bank has no decision-making rights to direct the use of the software (e.g. when to update or reconfigure). Therefore, it was determined by the Management of the Bank that contract does not fall in scope of IFRS 16. In addition, management considered whether IAS 38 capitalization criteria are met. The Bank has non-exclusive rights according to the contract and has no contractual right to take possession of the software during the service period, therefore the contract costs were not capitalized in accordance with IAS 38. Since based on the assessment of the Management the arrangement does not contain a lease in the scope of IFRS 16 and does not contain an intangible asset in the scope of IAS 38, the contract costs are accounted as general service expenses as incurred. Total expenses incurred for the year 2022 were equal to EUR 213 thousand (for 2021 year – EUR 172 thousand).

Deferred income tax assets

Deferred income tax assets are recognized on temporary differences to the extent that it is probable that tax benefits will be utilized against the future taxable profit. Management judgement is required to determine the amount of deferred tax assets to be recognized based on the likely timing and amount of future taxable profits together with future tax planning strategies. Deferred income tax assets are recognized with reference to the Bank's projections of its operating results and taxable profits.

Future events may occur which will cause the assumptions used for estimates to change. The effect of any changes in estimates will be recorded in the financial statements, when determinable. For additional details, please refer to Note 16.

Right-of-use assets and lease liabilities

All leases result in the lessee obtaining the right to use an asset at the start of the lease.
Bank recognises leases as a right-of-use asset and corresponding liability at the date at which the leased asset is available for use.

While identifying when leases are to be recognized in the form of right-of-use assets and leases, the following criteria are adopted:
- lease contract is valid for more than 12 months;
- total lease payments exceed USD 5,000
- if the contract term extended, an assumption that it will be extended for 36 months is adopted.

Potential impact of war in Ukraine and economic sanctions on Russia and Belarus on business

The economic sanctions imposed on Russia do not have the direct impact on the Bank's business because of the business model (no loans to corporates with the potential exposure to sanctioned entities). The Bank only has consumer loans to the residents of Lithuania (up to EUR 25 thousand). The indirect impact of the war and sanctions will be dependent on the overall macroeconomic impact. Since Bank's ECL model is made using forward-looking approach and is constantly updated with latest macroeconomic indicators, it will quickly and adequately react to any macroeconomic changes as long as they become known. The Bank has very strong own liquidity position (LCR, NSFR, survival horizon[1], counterbalancing capacity[2])

[1] period during which the Bank can fulfil its stressed expected net cash outflows stemming from ongoing business operations without access to the market but including the sale of its available liquid assets in the market
[2] the stock of unencumbered assets or other funding sources which are legally and practically available to the institution at the reporting date to cover potential funding gaps.

2. Accounting policies (continued)

and the ability to rely on the Group funding (outstanding credit line which is not used at the moment of the annual report). The daily liquidity monitoring ensures the Bank's readiness to react appropriately to any upcoming changes in the market sentiment affecting liquidity. Therefore, these financial statements are continued to be prepared on the going concern basis.

Bank has tools to constantly monitor performance of clients working in vulnerable macroeconomic sectors/companies and will change its creditworthiness evaluation models as soon as any warning signals are detected internally or announced publicly by press or other official sources. Bank has no intentions in taking additional credit risks with regards to situation in Ukraine and will make all necessary adjustments to retain a heathy portfolio.

2.17 Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognised in the financial statements but disclosed when an inflow or economic benefits is probable.

2.18 Events after the reporting period

Events after the reporting period providing additional information on the Bank's financial position as at the date of the statement of the financial position (adjusting events) are accounted for in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the Notes when material.

2.19 Offsetting

When preparing financial statements, assets and liabilities, as well as revenue and expenses are not set off, except the cases when a specific International Financial Reporting Standard specifically requires such set-off.

2.20 Changes in presentation

In 2022, for better presentation and to comply with the requirements of IAS 7 "Statement of Cash Flows", the Bank disclosed the amount of interest received on loans granted and presented interest income as an add-back adjustment to profit before tax under operating activities section of the Statements of cash flows. To ensure comparability of information, the Bank applied the same presentation adjustment to 2021 data. The adjustment did not result in changes in Net cash flows from operating activities.

In 2022, the Bank reclassified the amount of a change in other financial liabilities to partners from financing activities section in Statement of cash flows to operating activities in order to reflect better the substance of underlying transactions which do not include a financing component.

(all amounts are in EUR thousand unless otherwise stated)

3. Cash and cash equivalents

	As at 31 December 2022	As at 31 December 2021
Cash in commercial bank and in ASDB*, gross value	3,906	2,288
Expected credit losses	(1)	-
Funds held by the Bank of Lithuania	8,411	4,738
	12,316	**7,026**

* ASDB are cashiers' automatic safe-deposit boxes for the dispensing of cash on the basis of concluded financing transactions

The Bank is under the regime of the mandatory 1% reserve from deposits keeping the funds in the Bank of Lithuania.

As at the reporting dates the following minimum reserves were applied: the calculated minimum reserve was EUR 652 thousand as at 31 December 2022, it was EUR 437 thousand as at 31 December 2021.

4. Loans granted and receivables

Net amount of consumer loans granted included the following:

	As at 31 December 2022	As at 31 December 2021
Consumer loans granted	110,926	83,735
Expected credit losses	(1,376)	(1,107)
	109,550	**82,628**

Consumer loans are only granted to private individuals, all loans are granted in euros.

Other loans granted	6,413	4,975
Expected credit losses	(2)	(1)
	6,411	**4,974**

In 2022 December 20 additional loan of EUR 2.5 million with maturity date on 20 December 2027 was granted to Marginalen AB (related party, Borrower). Main conditions of agreement are the same as for previous term loan EUR 5 million facility agreement, signed in 2021m. The interest rate for each financial quarter is determined in accordance with Bank policy for pricing of intercompany loans. According to the contract, Borrower shall repay loan in instalments by repaying Eur 10 thousand per quarter on each interest payment date (according to 20 November 2021 agreement the quarter installment amount is EUR 25 thousand). On the maturity date loan shall be repaid in full. Although at the same time the Bank has the credit line from Marginalen AB (25M EUR), the purpose of the loan to Marginalen AB is to contribute to the Group funding by leveraging the interest rate differential in Lithuanian and Swedish deposit markets (the Bank can borrow at more favorable rate in Lithuania). The purpose of the credit line commitment, on the other hand is to have emergency liquidity tool in the unlikely event of liquidity shortage.

The change in impairment of consumer loans granted is presented in the table below:

	2022	2021
Loss allowance as at January 1	1,107	7,546
Loss allowance for the year	1,286	616
(Reversal of loss allowance) of loans sold	(781)	(6,807)
(Reversal of loss allowance) of loans written off	(236)	(250)
Loss allowance as at December 31	1,376	1,107

(all amounts are in EUR thousand unless otherwise stated)

4 Loans granted and receivables (continued)

Loans that were written off during the period and are still subject to enforcement activities amount to EUR 236 thousand in 2022 and EUR 250 thousand in 2021.

Expenses of interest-bearing assets:

	2022	2021
Loss allowance of other loans granted	3	1
Loss allowance (reversal of loss allowance) of consumer loans	1,286	616
Interest related IFRS 9 adjustment at Stage 3*	(10)	(88)
Impairment of loans granted	**1,279**	**529**

* including interest related IFRS9 adjustment for Stage 3 loans in amount of EUR 10 thousand in 2022 EUR 88 thousand in 2021. In accordance with IFRS 9, the Bank accounts for interest income on Stage 3 loans at amortized cost (value after impairment). The adjustment of interest income on loans is made by adjusting the impairment balance, which results in the difference between the change in impairment in the statement of financial position and the impairment expense recognized in the statement of comprehensive income.

The result of non-performing loan sales on total comprehensive income

	2022	2021
Gross carrying amount of loan portfolio	1,694	11,001
Expected credit losses	(781)	(6,807)
Sale price	(913)	(4,343)
Loss / (gain) on sale of loans granted	**-**	**(149)**

The structure of discounted consumer loan receivables by contractual maturity is as follows:

	2022	2021
Up to 1 year	36,319	29,266
1–5 years	66,387	49,294
More than 5 years	6,844	4,068
Consumer loan receivables, net	**109,550**	**82,628**

<u>Credit quality according to the classes of financial assets</u>

All consumer loans of the Bank have similar characteristics and are assessed collectively for estimation of expected credit losses. Before making a decision to grant a loan, the Bank collects all the required data for assessment from the business management system, external registers and directly from clients. If a part of data required for assessment is not collected, the application is not assessed thereon. To assess the solvency of natural persons, the Bank applies an internal statistic rating system and additional risk evaluation rules, which, from the collected data, assesses the client‘s credit history, monthly income, current liabilities, liability and income ratio and other indices related to that. Signing a contract for family purposes, the spouse‘s income and liabilities are assessed as well, married persons without their spouse can sign a contract only for personal purposes. Not only the customer but also each particular proposal and its maturity is assessed, this way rejecting options that bear risk on the Bank and presenting only offers with a risk level acceptable to the Bank.

An overall loan portfolio risk is evaluated with reference to (IP) early risk and (HR) high risk indicators that enable to constantly monitor the risk of granted loans. Aside from the general portfolio risk, risk of separate products and partners is measured as well, which can be assessed for any defined segment if needed.

(all amounts are in EUR thousand unless otherwise stated)

4. Loans granted and receivables (continued)

Under IFRS 9 requirements, the loans are classified into the following stages: Stage 1, when loans are non-defaulted, Stage 2 when loans are non-defaulted, but when significant increase in credit risk occurred since initial recognition and Stage 3, when loans are defaulted.

Loans are also classified by their payments past due to homogenic groups for each 30 overdue days (1-29, 30-59, etc.), which enable to assess the changes in portfolio quality. For payments past due for up to 90 days, clients are required to cover only payments past due and late payments, whereas when payments are past due for more than 90 days, and it makes up more than 10% of the loan, the clients may be required to repay the whole loan balance and late payments immediately.

The table below presents consumer loans after evaluation of expected credit loss by internal risk level of the Bank as of 31 December 2022:

		Loans past due			
As at 31 December 2022	**Not past due**	**Low risk**	**Higher risk**	**High risk**	**Total**
Consumer loans, net	99,506	8,055	1,715	274	109,550
Other loans, net	6,412	-	-	-	6,412

The table below presents consumer loans after evaluation of expected credit loss by internal risk level of the Bank as of 31 December 2021:

		Loans past due			
As at 31 December 2021	**Not past due**	**Low risk**	**Higher risk**	**High risk**	**Total**
Consumer loans, net	76,890	4,598	1,034	106	82,628
Other loans, net	4,974	-	-	-	4,974

The composition of consumer loan portfolio before expected credit losses by stages and risk levels at the end of 2022 and 2021 were as follows:

As at 31 December 2022	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Not past due	84,362	15,642	127	**100,131**
Low risk (past due for up to 30 days)	4,307	3,679	234	**8,220**
Higher risk (past due for 30-90 days)	-	1,268	549	**1,817**
Highest risk (past due for more than 90 days)	-	1	757	**758**
Total:	**88,669**	**20,590**	**1,667**	**110,926**

As at 31 December 2021	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Not past due	62,933	14,371	54	**77,358**
Low risk (past due for up to 30 days)	2,268	2,349	29	**4,646**
Higher risk (past due for 30-90 days)	-	1,026	27	**1,053**
Highest risk (past due for more than 90 days)	-	2	676	**678**
Total:	**65,201**	**17,748**	**786**	**83,735**

(all amounts are in EUR thousand unless otherwise stated)

4. Loans granted and receivables (continued)

Changes in consumer loan portfolio value before expected credit losses in 2022 and 2021 were as follows:

Portfolio value before expected credit losses	Stage 1	Stage 2	Stage 3	Total
Balances as at 31 December 2021	**65,201**	**17,748**	**786**	**83,735**
New loans	65,829	6,484	26	72,339
Transfer to Stage 1	19,564	(19,564)	-	-
Transfer to Stage 2	(26,988)	27,159	(171)	-
Transfer to Stage 3	(255)	(2,919)	3,174	-
Sale of loans	-	-	(1,694)	(1,694)
Loan write-offs	-	-	(236)	(236)
Repayments and other changes	(34,682)	(8,318)	(218)	(43,218)
Balances as at 31 December 2022	**88,669**	**20,590**	**1,667**	**110,926**

Portfolio value before expected credit losses	Stage 1	Stage 2	Stage 3	Total
Balances as at 31 December 2020	**50,983**	**9,068**	**11,346**	**71,397**
New loans	53,103	4,251	-	57,354
Transfer to Stage 1	8,912	(8,912)	-	-
Transfer to Stage 2	(20,050)	20,315	(265)	-
Transfer to Stage 3	(126)	(1,499)	1,625	-
Sale of loans	-	-	(11,001)	(11,001)
Loan write-offs	-	-	(315)	(315)
Repayments and other changes	(27,621)	(5,475)	(604)	(33,700)
Balances as at 31 December 2021	**65,201**	**17,748**	**786**	**83,735**

Changes in expected losses for consumer loan portfolio in 2022 and 2021 is presented in the tables below:

Expected credit losses	Stage 1	Stage 2	Stage 3	Total
Balances as at 31 December 2021	**290**	**222**	**595**	**1,107**
New loans	317	112	5	434
Transfer to Stage 1	269	(269)	-	-
Transfer to Stage 2	(136)	172	(36)	-
Transfer to Stage 3	(2)	(47)	49	-
Sale of loans	-	-	(781)	(781)
Loan write-offs	-	-	(236)	(236)
Change in impairment	(333)	94	1,091	852
Loan as at 31 December 2022	**405**	**284**	**687**	**1,376**

Expected credit losses	Stage 1	Stage 2	Stage 3	Total
Balances as at 31 December 2020	**281**	**195**	**7,070**	**7,546**
New loans	239	80	-	319
Transfer to Stage 1	149	(149)	-	-
Transfer to Stage 2	(98)	166	(68)	-
Transfer to Stage 3	(1)	(27)	28	-
Sale of loans	-	-	(6,807)	(6,807)
Loan write-offs	-	-	(248)	(248)
Change in impairment	(280)	(43)	620	297
Balances as at 31 December 2021	**290**	**222**	**595**	**1,107**

(all amounts are in EUR thousand unless otherwise stated)

5. Prepayments

	As at 31 December 2022	As at 31 December 2021
Prepayments to suppliers under service agreements	21	39
Security deposits to lessors under premises' lease agreements	122	119
Deferred expenses	316	258
Prepaid income tax	118	11
Other	41	30
	618	**457**

6. Other receivables and current assets

	As at 31 December 2022	As at 31 December 2021
Receivables from partners (income for insurance intermediation services, other customers)	273	169
Receivables under the contract payment schedules collected by collectors (partners) from clients but not yet transferred to the Bank	45	34
Other current assets	5	16
	323	**219**

7. Intangible assets

	Software, licenses	Other intangible assets	Total
Acquisition cost:			
Balance as at 31 December 2020	1,113	2	1,115
Additions	-	-	-
Write-offs	-	-	-
Balance as at 31 December 2021	1,113	2	1,115
Additions	9	-	9
Write-offs	(79)	-	(79)
Balance as at 31 December 2022	1,043	2	1,045
Accumulated amortisation:			
Balance as at 31 December 2020	758	2	760
Amortisation charge for the year	87	-	87
Write-offs	-	-	-
Balance as at 31 December 2021	845	2	847
Amortisation charge for the year	85	-	85
Write-offs	(79)	-	(79)
Balance as at 31 December 2022	851	2	853
Net book value as at 31 December 2022	**192**	**-**	**192**
Net book value as at 31 December 2021	**268**	**-**	**268**

The acquisition cost of the Bank's fully amortised intangible assets that was still in active use amounted to EUR 635 thousand 31 December 2022, (as at 31 December 2021 this amount was Eur 688 thousand).

(all amounts are in EUR thousand unless otherwise stated)

8. Property, plant and equipment

	Computer hardware	Furniture	Other non-current assets*	Total
Acquisition cost:				
Balance as at 31 December 2020	544	153	235	932
Additions	16	-	18	34
Write-offs	(190)	(10)	(6)	(206)
Disposals	(1)	-	(4)	(5)
Balance as at 31 December 2021	369	143	243	755
Additions	66	-	-	66
Write-offs	(25)	(1)	(22)	(48)
Disposals	-	-	-	-
Balance as at 31 December 2022	410	142	221	773
Accumulated depreciation:				
Balance as at 31 December 2020	460	75	147	682
Depreciation for the year	60	16	32	108
Write-offs	(190)	(9)	(6)	(205)
Disposals	(1)	-	(4)	(5)
Balance as at 31 December 2021	329	82	169	580
Depreciation for the year	35	17	31	83
Write-offs	(26)	(1)	(23)	(50)
Disposals	-	-	-	-
Balance as at 31 December 2022	338	98	177	613
Net book value as at 31 December 2022	**72**	**44**	**44**	**160**
Net book value as at 31 December 2021	**40**	**61**	**74**	**175**

* *Other non-current assets include other non-current assets and leasehold improvements.*

As at 31 December 2022, the Bank's fully depreciated property, plant and equipment that was still in active use amounted to EUR 466 thousand (as at 31 December 2021 it was EUR 385 thousand).

(all amounts are in EUR thousand unless otherwise stated)

9. Financial borrowings and customer deposits

	As at 31 December 2022	As at 31 December 2021
Customer deposits	101,711	70,713
Other financial liabilities (to partners)	103	57
	101,814	**70,770**

In 2022 Bank continued successful collection of public deposits which allowed to fully rely on own funding.

As the part of the annual financial planning process the Bank renewed the revolving credit facility (RFC) agreement with the parent company establishing reduced credit line limit of EUR 25 million. This limit is meant for as an extra liquidity tool in the case of unexpected liquidity needs. At the end of 2022 the full amount of this RFC was unused.

Side letter received from Marginalen AB is renewed annually, the following covenants that must be maintained by the Bank are set:

- Interest Coverage ratio >1.50
- Equity ratio >15%
- Loan to Value <50%

The Bank complied with the covenants in 2022 and 2021.

Other financial liabilities to partners consisted of payables under financial transactions concluded as at 31 December 2022, and commission fees payable to the partners for December under the cooperation agreements.

10. Customer deposits

Retail deposits	**2022**	**2021**
Term deposit with original maturity less than one year	7,913	2,540
Term deposit with original maturity one year and longer	92,152	67,144
Accrued deposit interest	1,512	971
Bank accounts (technical customer accounts)	134	58
Total customer deposits	**101,711**	**70,713**

All deposits are accepted only in euros from Lithuanian citizens. According to Lithuanian legislation, deposits are insured by Deposit and Investment Insurance company. Insurance covers deposits up to 100 000 EUR per client. The Bank accepts only term deposits (TD) and pays fixed interest rate to the client. Usually, the Bank pays higher interest rates on longer term deposits as they provide higher stability and reduce interest rate risk of the bank. The Bank accepts term deposits with original maturities from 1 month to 7 years.

(all amounts are in EUR thousand unless otherwise stated)

11. Other current payables and accruals

	As at 31 December 2022	As at 31 December 2021
Client overpayments	211	293
Vacation accruals	376	367
Accrued annual bonuses	380	378
Payable taxes except for income tax	103	99
Accrued expenses	147	243
Accrued payable to partners*	3,338	2,720
Other payables	268	98
	4,823	**4,198**

The amount of client overpayments written-off in 2022 comprised EUR 16 thousand (2021: EUR 22 thousand).

* The largest portion of accrued payable to partners consists of instalments payable to Compensa according to client's loan contract insurance – EUR 3,175 thousand (in 2021: EUR 2,418 thousand). Accrued payables to partners, including payables to Compensa during 2022 year are constantly increasing, because of increasing loan portfolio.

12. Issued capital and reserves

<u>Issued capital</u>
As part of equity management, the Bank's management is continuously monitoring the Bank's total equity, which cannot be less than 50% of its issued capital as specified in the Republic of Lithuania laws. As at 31 December 2022 and 2021, the Bank complied with this requirement.

As at 31 December 2022, the Bank's issued capital didn't change and consisted of 3.293.100 ordinary registered shares with the par value of EUR 2.90 each.

The main objective of the management of the Bank's share capital is to ensure that the Bank complies with external capital requirements and maintains high capital rates in order to enhance performance and increase the value for shareholders. For the capital management purposes, the capital includes issued capital, retained earnings and legal reserve.

<u>Legal reserve</u>

A legal reserve is a compulsory reserve under legislation of the Republic of Lithuania. Annual transfers of at least 5% of net profit calculated under accounting principles of the Republic of Lithuania are compulsory.

In accordance with the provisions of legal acts regulating the Bank's activities in Lithuania, the Bank's legal reserve, which amounted to EUR 1,791 thousand at the end of 2022 (31 December 2021: EUR 1,276 thousand), can be used only to cover future losses only.

<u>Dividends</u>
Based on good financial results and earned profit in 2021 according to the shareholder decision EUR 850 thousand dividends were declared for 2021. Dividends were paid in April 2022.

In 2021, following the recommendations of the ECB and the Bank of Lithuania (due to uncertainty surrounding COVID-19 impact), the Bank did not declare/pay dividends to its shareholder.

<u>Capital management</u>

GF Bankas manages its capital with the aim of ensuring the long-term operational continuity and stability, creating a return to shareholders while adhering to the capital adequacy requirements set by the European Parliament and the EU Council (Capital Requirements Directive IV (CRD IV) and Capital Requirements Regulation (CRR), as well as internal target capital adequacy ratios.

(all amounts are in EUR thousand unless otherwise stated)

12. Issued capital and reserves (continued)

Banks must satisfy the following own funds requirements:
Capital or own funds requirements:

- 4.5 per cent Common Equity Tier 1. This is the ratio between Tier 1 equity capital and risk weighted assets and off-balance sheet liabilities of the bank;
- 6 per cent Tier 1 capital ratio. This is the ratio between Tier 1 capital and risk weighted assets and off-balance sheet liabilities of the bank;
- a total capital ratio of 8 per cent. This is the ratio between the own funds and risk weighted assets and off-balance sheet liabilities of the bank.

The Bank capital consists of Tier I capital, the total amount of which was EUR 21,201 thousand at the end of 2022 (EUR 20,415 as at 31 December 2021) and consisted of the Bank's issued capital, retained earnings, reserves, current year profit, less deductions established by the legal acts regulating the Bank's activities.
In line with the regulatory requirements, profit for the current year excludes foreseeable dividends for the year 2022.

Detailed information on the Bank's capital	As at 31 December 2022	As at 31 December 2021
Paid-up issued capital	9,550	9,550
Retained earnings for the prior year	8,921	8,067
Profit for the current year	1,332*	2,219
Legal reserve	1,791	1,276
The amount of intangible assets exceeding the prudential requirements	(136)	(87)
Deferred tax assets that rely on the Bank's future profitability	(252)	(608)
(-) Insufficient coverage for non-performing exposures	(5)	(2)
Total own funds	**21,201**	**20,415**

*In calculation of total own funds, the Bank included the amount of profit for the current year reduced by expected amount of dividends distribution.

Risk assets are calculated using the Standardised Approach for credit risk.
The Bank's capital adequacy ratio at the end of 2022 was 19%.

Calculating capital adequacy ratio	As at 31 December 2022	As at 31 December 2021
CET1 = Tier 1 capital	21,201	20,415
Total own funds	21,201	20,415
Total risk-weighted exposure amounts	109,298	88,212
CET1 = Tier 1 capital ratio	19%	23%
Common Equity Tier 1 capital ratio	19%	23%
Common Equity Tier 1 ratio	19%	23%
Common Equity Tier 1 capital surplus (+)/deficit (-)	16,283	16,445
Tier 1 capital ratio	19%	23%
Tier 1 capital surplus (+)/deficit (-)	14,643	15,122
Total capital ratio	19%	23%
Total capital ratio surplus (+)/deficit (-)	12,457	13,358

(all amounts are in EUR thousand unless otherwise stated)

13. Right-of-use assets and lease liabilities

The carrying value of right-of-use assets as at 31 December 2022 and December 2021 and its movement throughout the year is disclosed in the tables below:

	Commercial premises	Vehicles	Total
As at 1 January 2021	**1,308**	**14**	**1,322**
Additions	28	88	116
Contracts terminations	(7)	-	(7)
Depreciation expenses	(476)	(44)	(520)
As at 31 December 2021	**853**	**58**	**911**
Additions	**252**	54	306
Contracts terminations	(47)	(6)	(53)
Depreciation expenses	(428)	(46)	(474)
As at 31 December 2022	**630**	**60**	**690**

Lease liabilities:

	2022	2021
As at 1 January	**975**	**1.365**
Additions / Renewals of contracts	306	189
Contracts terminations	(53)	(56)
Increase in interest	37	54
Payments	(528)	(577)
As at 31 December	**737**	**975**
Current	390	518
Non-current	347	457

The following amounts are recognised in profit (loss):

	2022	2021
Depreciation expenses of right-of-use assets	474	527
Lease liability interest expenses	37	54
Expenses related to low-value assets (included in Rent and maintenance of premises expenses)	5	4
Expenses related to short-term leases (included in Rent and maintenance of premises expenses)	2	4
Total recognized in profit / (loss)	**518**	**589**

Total cash outflows related to leases comprised EUR 536 thousand in 2022 (2021: EUR 585 thousand).

Future undiscounted cash flows on lease liabilities by contractual maturities are disclosed in Note 18

(all amounts are in EUR thousand unless otherwise stated)

14. Interest expense

	2022	2021
Loan interest Marginalen AB (shareholder)	144	99
Interest on customer deposits	1,626	1,084
Interest for cash in Bank of Lithuania	8	16
Interest expense	**1,778**	**1,199**

Interest expenses are calculated using the effective interest method.

The interest expense for cash represents the interest expenses that the Bank charged on the cash balances according to the negative interest rate environment. An interest rate level for such charge is set by ECB for deposit facility operations.

15. Staff related expenses and other operating income and expenses

Other operating income consists of the following:

	2022	2021
Insurance mediatory income	202	127
Other income	16	7
	218	**134**

Other operating expenses are comprised of the following:

	2022	2021
Non-deductible VAT expenses	18	19
Other tax expenses	23	34
IT and communication expenses	1,028	902
Consulting, management and audit expenses*	250	181
Operating lease and maintenance expenses	56	87
Office supplies, postal services and subscription of publications	52	55
Document archiving services	33	34
Business trip expenses	19	7
Bank charges	13	11
Property insurance expenses	91	38
Sponsorship expenses	36	17
Product selling expenses	132	145
Other expenses	17	10
	1,768	**1,540**

*In 2022 and 2021, consultation, management and audit expenses were mostly related to the recognised management fee (EUR 87 thousand in 2022, EUR 65 thousand in 2021) and audit of the financial statements (EUR 90 thousand in 2022, EUR 83 thousand in 2021).

Staff related expenses:

	2022	2021
Salaries and bonuses	5,926	5,117
Staff recruitment and training expenses	160	92
	6,086	**5,209**

(all amounts are in EUR thousand unless otherwise stated)

16. Current and deferred income tax

The tables below provide information on income tax:

	2022	2021
Components of income tax income (expenses)		
Current year income tax expenses	(227)	(221)
Change of deferred income tax	(356)	(238)
Income tax income/(expenses) accounted for in the statement of comprehensive income	**(583)**	**(459)**

	2022	2021
Deferred income tax assets		
Accruals	74	96
Tax loss carried forward	178	512
Deferred income tax, net	**252**	**608**

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profit will be available against which tax losses can be utilised.

Profit before tax in 2022 was EUR 3,246 thousand. It was in line with the Bank's management projections made in 2020. The Bank used the opportunity provided by law to reduce taxable profit by 70% in 2022 by utilising recognized tax loss carried forward from 2020.

	2022	2021
Profit before income tax	3,246	2,678
Income tax expenses at a 15% rate as established by the law	(508)	(402)
Additional income tax for credit institution	(73)	(65)
Permanent differences	(2)	(24)
Previously not recognized deferred tax	-	32
Income tax income/(expenses) accounted for in the statement of comprehensive income	**(583)**	**(459)**

17. Fair value of financial assets

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As no readily available market exists for a large part of the Bank's financial assets and liabilities, the fair value is determined with reference to the current economic conditions and specific risks attributable to the instrument.

Assessing the fair value of the following financial assets, except for cash and customer deposits (Level 2), the Bank attributes them to Level 3 in the fair value hierarchy and uses the following methods and assumptions:

Cash and cash equivalents. These are cash balances in current bank accounts, their fair value approximates their carrying amount.

Loans and receivables. Fair value of loans and receivables was determined by discounting the future cash flows from each amount receivable over its maturity, using the interest rates prevailing in the market.

Other receivables within one year. Fair value of these assets approximates the carrying amount due to a relatively short maturity of this financial instrument.

(all amounts are in EUR thousand unless otherwise stated)

17. Fair value of financial instruments (continued)

Financial borrowings and customer deposits. Interest rates of financial borrowings and customer deposits reflect the market interest rates, therefore fair value of these financial liabilities approximates to their carrying value.

The table below presents comparative information on the carrying amounts and fair values of the financial instruments not carried at fair value in the financial statements:

	2022		2021	
	Carrying value	**Fair value**	**Carrying value**	**Fair value**
Financial assets				
Cash and cash equivalents	12,318	12,318	7,026	7,026
Loans granted	115,962	111,368	87,601	87,311
Other current assets and receivables	323	323	219	219
Total financial assets	**128,603**	**124,009**	**94,846**	**94,556**

Financial liabilities

	2022		2021	
	Carrying value	**Fair value**	**Carrying value**	**Fair value**
Other financial liabilities (to partners)	103	103	57	57
Customer deposits	101,711	101,225	70,713	70,850
Lease liabilities	737	737	975	975
Other financial liabilities	4,720	4,720	4,099	4,099
Total financial liabilities	**107,271**	**106,785**	**75,844**	**75,981**

As at 31 December 2022 and 2021, the Bank did not hold any financial assets or liabilities carried at fair value.

18. Risk management and financial assets and liabilities

Credit risk

Credit risk is the risk of financial loss to the Bank if a counterparty fails to meet its contract liabilities. This is the main risk of the Bank arising from lending to customers.

Before issuing a new loan, the Bank performs a credit risk assessment of each customer. Statistical credit-scoring models and creditworthiness assessment rules are used for the purpose of analysis of loans to private customers. Net income and cost of living are taken into account when assessing the customer's ability to repay the loan, as the Bank's strategy grants no presumption of using the collateral or any other source of financing to repay the loan. All regulatory guidelines and recommendations are also taken into account when assessing customer creditworthiness.

18. Risk management and financial assets and liabilities (continued)

Statistical modelling is performed to develop customer credit scoring models. The result (score) creates a numerical assessment that reflects the expected level of default, and allows customers to be compared against each other, and to be divided into risk levels. Such categorisation allows the Bank to differentiate its strategies according to the expected level of risk. Logistic regression is a key modelling tool. The Bank applies 4 statistical models:

- customers with no credit history with the Bank applying for financing of goods or services;
- customers with credit history with the Bank applying for financing of goods or services;
- customers with no credit history with the Bank applying for loans issued in cash or transferred to the customer accounts;
- customers with credit history with the Bank applying for loans issued in cash or transferred to the customer accounts.

The entire process and results of developing statistical models are well documented and tested, and the accuracy of the models can be assessed at any time. Model performance is reviewed at least once a year. New models are developed every 2–5 years.

The Bank may grant a loan only if it can reasonably assume that the customer's obligations will be met. The decision to grant a loan, including related assessment data are stored. The assessment process and the rationale for decision making can be fully restored at any time.

Credit risk is managed by granting loans only within the acceptable risk level. The acceptable risk level may vary depending on the product, profitability, the Bank's strategy and objectives. The risk classification tools used by the Bank are well documented and approved by the Risk Management Committee. The accuracy of risk classification models is reviewed at least annually. The main criteria for taking a risk and granting a loan or rejecting a customer and not granting a loan are valuation models and creditworthiness assessment rules. Credit risk is managed by maintaining a properly diversified credit portfolio with an acceptable level of risk. This is ensured by providing credit on the basis of a conservative approach, avoiding concentration and ensuring diversification, keeping the positions of one entity relatively small compared to the entire portfolio.

In order to manage the credit risk of individual customers or groups of customers, limits are set indicating the maximum credit risk exposure that the Bank can assume. All limits are regularly monitored and may be amended only with the approval of the Supervisory Board. The Bank's Debt Collection Division handles the lower-quality and problem loans from the very first day of delay to ensure that the most suitable solution is made for both the customer and the Bank.

Allowance for expected credit losses are recognised in accordance with the requirements of IFRS 9, providing relevant information on the appropriate classification of the Bank's financial assets and liabilities.

The Bank provides the option of modification in terms of a loan (restructuring) in favour of the customer facing financial difficulties. In such cases, the customer's outstanding payments are spread over a longer period of time, thus reducing the customer's financial burden.

<u>Concentration risk</u>

The Risk Management Department reviews and assesses the overall risk of the credit portfolio on the regular basis by taking into account industry, geographic area, risk group, product type, credit amount and other data. The concentration of risk in a given geographical area and industry sector, as well as in the case of large exposures dealing with single name concentration risk, is kept under constant review. The business concept of the Bank is specialised bank focused on responsible lending. The Bank's lending activity is not limited only to customers of a specific occupation, location or other specific group.

The Bank issues consumer loans and accepts deposits only to/from the citizens of the Republic of Lithuania, therefore, the management believes that there is no need to perform a detailed analysis of financial assets by geographical areas.

At least quarterly, the Risk Management Committee reviews the results of all tests and reports prepared by the Head of the Risk Management Department to identify potential concentrations and possible responses to changes in risk concentration conditions that could adversely affect the Bank's position, and reports to the Board.

(all amounts are in EUR thousand unless otherwise stated)

18. Risk management and financial assets and liabilities (continued)

Maximum credit risk

The table below shows the breakdown of maximum exposure to credit risk by on-balance sheet and off-balance sheet items. Maximum exposure to credit risk is disclosed before the values of collaterals.

	2022	2021
Financial assets		
Cash and cash equivalents	12,316	7,026
Loans granted	115,961	87,602
Other current assets and receivables*	2,235	2,529
Off-balance undrawn loan commitments	69	93
Total	**130,581**	**97,250**

*According to the Bank's management, deferred expenses included in the Bank's statement of financial position within "Other current assets" and receivables do not give rise to credit risk, and, accordingly, they have not been included in the total maximum exposure to credit risk in the table above.

Maximum exposure to credit risk by industry

Industry risk refers to amounts receivable from clients whose economic activities are closely related or are the same. Services provided by the Bank to private clients does not exceed EUR 25 thousand per single borrower, concentration in the same sector of receivables is thus avoided. The Bank also has EUR 6.4M exposure to the parent company Marginalen AB. Loan to parent company is considered as a low-risk investment, since it is an inter-group loan and as per the Management's assessment Marginalen has a strong financial position which would allow to repay the loan without concern and in timely manner.

Maximum exposure to credit risk by geographical area

The Bank issues consumer loans only to the residents of the Republic of Lithuania and has one EUR 6.4M intra-group loan to parent company Marginalen AB in Sweden, therefore, according to the management, there is no need to analyse financial assets in greater detail by geographical areas.

Credit quality according to the classes of financial assets

The Bank's assessment of creditworthiness of the client or counterparty is based on credit rating or scoring. The Bank performs assessment of customer creditworthiness based on available credit history (if it is not a first-time loan issued to the customer), and data from external registers (Social Insurance, Residents Register Service, debt administration information system SAIS of UAB Creditinfo Lietuva and Credit bureau). Based on this data, the maximum exposure per single borrower is established and the repayment schedule is produced.

Low rating concentration risk refers to the concentration of the portfolio in low rating groups. The low rating is determined by the days past due. Based on days past due loans are divided into homogeneous groups for which provisions are calculated. The portfolio structure and rating concentration are reviewed on a monthly basis.

Interest rate risk

Interest rate risk is the potential for losses that result from a change in interest rates. This risk arises largely due to the fact that the fixed interest rates for majority of loans issued are set for a longer term than for deposits or financing agreements. Internal standards applicable to interest rate risk are set by the Bank's Supervisory Board and laid down in the Risk Management Strategy. Interest rate risk is managed by the Treasury Department, which reports to the Risk and Assets/Liabilities Management Committee on a monthly basis. Reports on risk management are submitted to the regulators on a quarterly basis. The Bank manages this risk through deposit pricing by supporting attraction of deposits of longer maturity and, in case of need, may manage with derivative financial instruments, such as futures on EU government bonds.

The Bank measures interest rate risk in two ways: as possible decrease of net interest income during a period of 1 year and as possible decrease of the economic value of equity (DEVE) in revaluation of assets caused by changes in market interest rates for longer maturities. The Bank has set an internal limit to keep DEVE below 14% of Tier 1 capital for any of the standard test scenarios. These scenarios describe different possibilities how short and long end of the yield curve may be

(all amounts are in EUR thousand unless otherwise stated)

18. Risk management and financial assets and liabilities (continued)

moving in the interest rate shock situation. Six standard interest rate shock scenarios are defined by European Banking Authority: (1) parallel shock up, (2) parallel shock down, (3) steepener shock (short rates down and long rates up), (4) flattener shock (short rates up and long rates down), (5) short rates shock up and (6) short rates shock down.

In the end of the year risk calculation methodology was adjusted to appropriately represent adjustment from financial margin. DEVE increased in Parallel-up scenario but decreased in Flattener scenario in the result of this change, but maximum risk from all scenarios only slightly increased compared to that in the end of previous year. Under Parallel-up scenario interest rates of different terms increase equally. Under Flattener scenario short term rates go up and long-term rates go down.

DEVE*	**2022**	**2021**
Parallel-up scenario (+2 percentage points)	-1,729 (8.2%)	-672 (3.3%)
Flattening scenario	-416 (2.0%)	-1,662 (8.1%)
Maximum risk	**-1,729 (8.2%)**	**-1,662 (8.1%)**

* percentage in the brackets is calculated to Tear 1 equity.

As of the year-end of 2022, a fixed interest rate was set for all loans granted to the Bank's retail customers, and their maximum term was increased from 7 to 10 years during the year. Loans to parent company were issued with floating rate changeable every 3 months, hence their impact on interest rate risk was minimal.

Term deposits were taken for up to 7 years, all with fixed rate until maturity. In the end of year 2022, there were relatively less of deposits with initial maturities with more than 1 year compared to previous year – 36% vs. 40%. Deposits' remaining term to maturity also slightly decreased during the year: from 14.5 months in the end of 2021 to 13.5 months in the end of 2022. Relatively shorter maturities of deposits had slight negative impact on interest rate risk. During the year, deposit balance increased more than that of loans to customers: 31M vs. 27M accordingly, which mitigated interest rate risk increase caused by growth of loans. Customer deposits were the only source of funding in the year-end of 2022.

The Bank did not used derivatives for interest rate risk management since the beginning of activities.

Liquidity risk

The Bank manages its liquidity risk by ensuring that it has sufficient funds to meet its financial obligations both in the short and long term. Liquidity risk limits are set by the Bank's Supervisory Board and embedded in the Risk Management Strategy, which is updated at least once a year. The major decisions on liquidity risk management are made by the Risk and Assets/Liabilities Management Committee. Currently liquidity management is performed by the Treasury Department following the Liquidity Risk Management Policy approved by the Board of the Bank. Detailed analysis of liquidity management situation is being performed once a year in an internal liquidity adequacy assessment process (ILAAP).

The Bank applies two main indicators to assess liquidity risk: liquidity coverage ratio (LCR) for short-term liquidity and net stable funding ratio (NSFR) for long-term liquidity.

Liquidity coverage ratio is calculated following regulatory standards established by European Banking Authority. The Bank is required to maintain liquidity coverage ratio of at least 100% at any day, and the Bank has set an internal requirement to have this ratio at least 120%. This indicator represents ratio of high-quality liquid assets to net cash outflows over the next 30 days.

Liquidity ratios (%)	**2022**	**2021**
Liquidity coverage ratio (LCR)	433%	488%
Available liquidity to deposits ratio (ALDR)	19%	20%
Net stable funding ratio (NSFR)	132%	131%

(all amounts are in EUR thousand unless otherwise stated)

18. Risk management and financial assets and liabilities (continued)

Internally developed available liquidity to deposits ratio (ALDR) is also used for short term liquidity. It is calculated as a ratio of available liquidity (including current deposits with other banks and also part of available credit line) to total customer deposits. This ratio reflects proportion of customer deposits that could be withdrawn from the Bank in a short-term without creating liquidity shortage. Internal limit for ALDR was set at 15%.

In June 2021, the Bank started using the Net Stable Funding Ratio (NSFR), which is calculated as a ratio of available stable funding (expected to stay with the Bank for one year or longer) over risk weighted assets of lower liquidity. Bank's own equity along with insured retail deposits are considered the most stable sources of funding. Value of the ratio should be at least 100%, and internal limit is 110%.

The Bank's ability to respond quickly to the changing liquidity situation is provided by the liquidity buffer: in 2022 and 2021 the majority of liquid assets was cash held in an account with the Bank of Lithuania, whereas only lesser amount was held in the current accounts of commercial banks. Committed credit line from the parent company Marginalen AB could provide additional liquidity if needed.

Available liquidity	**2022**	**2021**
Bank notes and coins	91	137
Account with Bank or Lithuania	8,411	4,738
Accounts with commercial banks	3,815	2,151
Total liquid assets	**12,317**	**7,026**

Credit line	**2022**	**2021**
Total credit line limit	25,000	15,000
Unutilized available portion	25,000	15,000

The table below provides an analysis of the Bank's undiscounted cash flows of financial liabilities grouped by contractual maturities:

Financial liabilities As at 31 December 2022	**Up to 3 months**	**3–12 months**	**1–5 years**	**More than 5 years**	**Total**
Financial borrowings	103	-	-	-	**103**
Customer deposits	10,641	55,472	37,538	964	**104,615**
Trade payables	3,447	-	-	-	**3,447**
Lease liabilities	108	282	337	10	**737**

Financial liabilities As at 31 December 2021	**Up to 3 months**	**3–12 months**	**1–5 years**	**More than 5 years**	**Total**
Financial borrowings	57	-	-	-	**57**
Customer deposits	5,587	38,004	28,409	594	**72,594**
Trade payables	2,698	-	-	-	**2,698**
Lease liabilities	128	390	457	-	**975**

<u>Foreign exchange risk</u>

The Bank issues loans to customers only in EUR, and borrows also only in EUR. The Bank does not create significant currency positions in any other way. An insignificant foreign currency position may appear only in exceptional cases: if the customer executes settlement in another currency, foreign currency position may remain until the amount is converted into the main currency of the Bank.

(all amounts are in EUR thousand unless otherwise stated)

19. Liabilities arising from financing activities

The table sets out the movements of the Bank's liabilities, which are presented in the statement of cash flows from financing activities.

	Other financial liabilities	Dividends payable	Loans received	Lease liabilities
As at 31 December 2021	**57**	**-**	**-**	**975**
Declared dividends	-	850	-	-
Dividends paid in cash	-	(850)	-	-
Other	46	-	-	-
Lending	-	-	-	-
Borrowing	-	-	7,000	-
Additions	-	-	-	253
Repayments, including interest	-	-	(7,144)	(529)
Accrued interest	-	-	144	37
As at 31 December 2022	**103**	**-**	**-**	**736**

	Other financial liabilities	Dividends payable	Loans received	Lease liabilities
As at 31 December 2020	**64**	**-**	**7,243**	**1,365**
Initial recognition of IFRS 16 lease liability	-	-	-	-
Declared dividends	-	-	-	-
Dividends paid in cash	-	-	-	-
Other	(7)	-	-	-
Borrowing	-	-	1,000	-
Additions	-	-	-	133
Repayments, including interest	-	-	(8,243)	(523)
Accrued interest	-	-	99	54
As at 31 December 2021	**57**	**-**	**-**	**975**

(all amounts are in EUR thousand unless otherwise stated)

20. Transactions with related parties

Parties are defined as related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.
In March 2022 two Group companies - Gelvora and Sergel - were merged into one company GelvoraSergel, UAB (sister company), which continues the same activity - debt collection. Other Bank's related parties did not change and are the same as in 2021: Marginalen AB (sole shareholder, Sweden), Aizdevums SIA (sister company, Latvia), Inkasso AB Marginalen (Sweden) and other companies of Marginalen AB Group.

On-balance sheet and off-balance sheet amounts and amounts reported in the statement of comprehensive income, related to transactions with related parties are presented below.

The table below presents the Bank's transactions with related parties conducted in 2022, and outstanding balances arising from these transactions at 31 December 2022:

	Sales*	**Purchases**	**Loans**
Borrowings from AB Marginalen (shareholder)	-	-	-
Interest on borrowings from AB Marginalen (shareholder)	(144)	-	-
Loan granted to Marginalen AB	-	-	6,375
Interest on granted loan to Marginalen	149	-	-
UAB GelvoraSergel (LT) (common shareholder)*	-	7	-
Aizdevums SIA (LV) (common shareholder)**	-	87	-
Total	**5**	**94**	**6,375**

*Repayment of sold in 2021 NPL portfolio
** Business management costs of EUR 87 thousand.

The table below presents transactions with related parties conducted in 2021, and outstanding balances arising from these transactions at 31 December 2021:

	Sales *	**Purchases**	**Loans**
Borrowings from AB Marginalen (shareholder)	-	-	-
Interest on borrowings from AB Marginalen (shareholder)	99	-	-
Loan granted to Marginalen AB			4,975
Interest on granted loan to Marginalen	25		
UAB Gelvora (LT) (common shareholder)*	3,538	-	-
Aizdevums SIA (LV) (common shareholder)**	-	90	
Total	**3,662**	**90**	**4,975**

*Sales of NPL portfolio of EUR 3,583 thousand.
** Business management costs of EUR 90 thousand.

20. Transactions with related parties (continued)

Remuneration to management and other benefits

The Board members of the Bank represent the management of the Bank and consist of CEO, Deputies of CEO, CFO and Director of IT department.

At the end of 2022 the Board consisted of 5 employees of the Bank, to whom EUR 615 thousand of salary-related income was paid in 2022: base salary – EUR 532 thousand, bonuses Eur 82 thousand, miscellaneous compensation - EUR 1 thousand. At the end of 2021 the Board consisted of 4 members. In 2021, the remuneration calculated for the Bank management, including bonuses, amounted to EUR 503 thousand, of which: basic salary – EUR 496 thousand, termination benefits and non-complete payment – EUR 7 thousand.

In 2022 and 2021 the management had no loans or guarantees granted, there were no sales contracts.

21. Events after the reporting period

In Q1 2023 Bank prepares to launch a new product – Saving account.

From January 2023 Bank started to invest into EUR denominated investment grade Government bonds as a part of liquidity management policy. As of the date of the report, the Bank had German and Belgian government securities in the total amount of EUR 16.8 million. The Bank designated these financial assets as assets measured at fair value through other comprehensive income (FVtOCI).

In order to better manage surplus liquidity, the Bank plans to start using deposit facility (placing overnight deposits with the Central Bank) from Q2 2023.

The Management carefully monitors the latest developments and volatility in banking sector in US and Europe, including collapse of Silicon Valley Bank and Signature Bank, negative information about Credit Suisse. The Bank does not have exposure with the above-mentioned financial institutions as at 31 December 2022 and as at the date of approval of these financial statements. The Management has not observed negative trends in deposit portfolio in March 2023 and will continue to monitor the situation as part of the Bank's risk management process.

GENERAL FINANCING BANKAS (formerly General Financing) has been operating in the financial sector since 2005. The Bank has 14 customer service departments in Lithuania. GENERAL FINANCING BANKAS provided (financial) support to "Rimantas Kaukėnas foundation", "SOS children's villages in Lithuania", "Padėk gatvės vaikams", supported "Kauno Hospiso namai", provided scholarships for 35 women at “WoW University”, and also supported organizations helping Ukraine: "Blue and Yellow" and the "Lithuanian Red Cross".

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