

UAB MEDICINOS BANKAS

BANK'S SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED
FINANCIAL STATEMENTS FOR THE TWELVE MONTH PERIOD AS AT 31ST
DECEMBER 2019 PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS
AS ADOPTED BY THE EUROPEAN UNION

UAB MEDICINOS BANKAS

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

SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE TWELVE MONTH PERIOD AS AT 31ST DECEMBER 2019

(All amounts in EUR thousand unless otherwise stated)

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(All amounts in EUR thousand unless otherwise stated)

CONDENSED SEPARATE AND CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

<u>The Group</u>				<u>The Bank</u>	
<u>31 December 2019</u>	<u>31 December 2018</u>	Assets	Notes	<u>31 December 2019</u>	<u>31 December 2018</u>
		Cash and due from central bank			
29,650	27,304	<i>Cash</i>		29,650	27,304
45,534	30,070	<i>Placements with the central bank</i>		45,534	30,070
<u>75,184</u>	<u>57,374</u>			<u>75,184</u>	<u>57,374</u>
11,183	13,280	Placements with banks and other credit institutions	3	11,164	13,239
		Financial assets at fair value through profit or loss			
10	41	<i>Derivative financial instruments</i>		10	41
<u>10</u>	<u>41</u>			<u>10</u>	<u>41</u>
50,004	70,746	Debt securities	4	50,004	70,746
		Loans and receivables	5		
192,409	159,017	<i>Loans to customers</i>		188,010	156,986
15,875	12,809	<i>Finance lease receivable</i>		15,875	12,809
<u>208,284</u>	<u>171,826</u>			<u>203,885</u>	<u>169,795</u>
-	-	Investments in subsidiaries	8	6,687	7,521
1,423	3,018	Investment property	6	283	1,050
6,726	5,548	Property and equipment	7	6,703	5,545
364	314	Intangible assets		341	267
		Tax assets			
19	6	<i>Current taxes</i>		19	6
1,400	1,925	<i>Deferred taxes</i>		1,400	1,925
<u>1,419</u>	<u>1,931</u>			<u>1,419</u>	<u>1,931</u>
737	685	Other assets	9	691	621
<u>355,334</u>	<u>324,763</u>	Total assets		<u>356 371</u>	<u>328,130</u>

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

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SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE TWELVE MONTH PERIOD AS AT 31ST DECEMBER 2019

(All amounts in EUR thousand unless otherwise stated)

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

31 December 2019	31 December 2018	Liabilities	Notes	31 December 2019	31 December 2018
3,036	228	Due to banks and other credit institutions	10	3,036	228
59	5	Derivative financial instruments		59	5
310,431	289,126	Due to customers	11	311,398	290,733
1,000	1,000	Subordinated loans	12	1,000	1,000
2,184	2,167	Debt securities issued	12	2,184	2,167
35	30	Impairment		66	30
234	-	Tax assets		234	-
-	-	Current taxes		-	-
234	-	Deferred taxes		234	-
3,982	1,682	Other liabilities	13	3,804	3,368
320,961	294,238	Total liabilities		321,781	297,531
		Equity			
19,948	19,948	Share capital	14	19,948	19,948
3,779	2,064	Retained earnings		3,996	2,138
330	335	Revaluation reserve of property and equipment		330	335
10,316	8,178	Other reserves	14	10,316	8,178
34,373	30,525	Total shareholders' equity		34,590	30,599
355,334	324,763	Total liabilities and shareholders' equity		356,371	328,130

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

Acting Chairman of the
Board and Chief Executive
Officer

D. Klišauskienė

Director of Accounting and
Reporting Department,
Chief Accountant

A. Tonkich

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(All amounts in EUR thousand unless otherwise stated)

CONDENSED SEPARATE AND CONSOLIDATED INCOME STATEMENTS

The Group				The Bank	
31 December 2019	31 December 2018		Notes	31 December 2019	31 December 2018
10,972	9,243	Interest income	15	10,391	9,113
(1,787)	(1,742)	Interest expenses	15	(1,787)	(1,742)
9,185	7,501	Net interest income		8,604	7 371
6,683	5,674	Service fee and commission income	16	6,919	5,675
(496)	(435)	Service fee and commission expenses	16	(430)	(411)
6,187	5,239	Net service fee and commission income		6,489	5,264
-	-	Net result on equity securities trading		(740)	-
5,141	4,664	Net foreign exchange gain	17	5,141	4,664
(241)	33	Net result from operations with derivatives		(241)	33
-	-	Impairment of investments into subsidiaries		109	(1,119)
(606)	(993)	Net result on operations on investment property	6, 18	(289)	(275)
121	169	Other income		214	126
19,787	16,613	Total operating income		19,287	16,064
(974)	(1,313)	Impairment of loans and other financial assets		(878)	(1,308)
18,813	15,300	Operating income after impairment		18,409	14,756
(8,663)	(7,866)	Salaries and benefits		(8,301)	(7,566)
(1,132)	(486)	Depreciation		(1,126)	(484)
(137)	(161)	Amortisation		(109)	(146)
(4,287)	(4,412)	Other operating expenses	19	(4,136)	(4,136)
(14,219)	(12,925)	Total operating expenses		(13,672)	(12,332)
4,594	2,375	Operating profit (loss)		4,737	2,424
(746)	11	Income tax expense		(746)	11
3,848	2,386	Profit (loss) for the year		3,991	2,435
3,848	2,386	Attributable to equity holders of the Bank		3,991	2,435

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SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE TWELVE MONTH PERIOD AS AT 31ST DECEMBER 2019

(All amounts in EUR thousand unless otherwise stated)

CONDENSED SEPARATE AND CONSOLIDATED INCOME STATEMENTS FOR QUARTER

The Group			The Bank	
01-10-2019- 31-12-2019	01-10-2018- 31-12-2018		01-10-2019- 31-12-2019	01-10-2018- 31-12-2018
			Notes	
2,987	2,355	Interest income	2,764	2,300
(458)	(435)	Interest expenses	(458)	(435)
2,529	1,920	Net interest income	2,306	1,865
1,692	1,661	Service fee and commission income	1,780	1,662
(131)	(92)	Service fee and commission expenses	(113)	(88)
1,561	1,569	Net service fee and commission income	1,667	1,574
-	-	Net result on equity securities trading	-	-
1,433	1,128	Net foreign exchange gain	1,433	1,128
(124)	127	Net result from operations with derivatives	(124)	127
-	-	Impairment of investments into subsidiaries	-	(196)
(136)	(203)	Net result on operations on investment property	7	(76)
66	53	Other income	72	26
5,329	4,594	Total operating income	5,361	4,448
(299)	(263)	Impairment of loans and other financial assets	(279)	(253)
5,030	4,331	Operating income after impairment	5,082	4,195
(2,219)	(2,151)	Salaries and benefits	(2,109)	(2,078)
(289)	(127)	Depreciation	(287)	(125)
(37)	(21)	Amortisation	(34)	(19)
(1,275)	(1,246)	Other operating expenses	(1,222)	(1,145)
(3,820)	(3,545)	Total operating expenses	(3,652)	(3,367)
1,210	786	Operating profit (loss)	1,430	828
8	27	Income tax expense	8	27
1,218	813	Profit (loss) at the end of the reporting period	1,438	855
1,218	813	Attributable to equity holders of the Bank	1,438	855

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SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE TWELVE MONTH PERIOD AS AT 31ST DECEMBER 2019

(All amounts in EUR thousand unless otherwise stated)

CONDENSED SEPARATE AND CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

The Bank	31 December 2019	31 December 2018
Items that will never be reclassified to profit or loss		
Change in PPE revaluation	5	5
Transfer of depreciation for PPE net of tax	(5)	(4)
Other	-	-
Items that are or may be reclassified to profit or loss	-	1
Net amount transferred to profit or loss (available-for-sale financial assets)	-	-
Related tax	-	-
Other comprehensive income (expenses), net of tax	-	1
Profit (loss) at the end of the reporting period	3,991	2,435
Total comprehensive income	3,991	2,436
Attributable to:		
Equity holders of the Bank	3,991	2,436
 The Group	 31 December 2019	 31 December 2018
Items that will never be reclassified to profit or loss		
Change in PPE revaluation	5	4
Transfer of depreciation for PPE net of tax	(5)	(4)
Other	-	-
Items that are or may be reclassified to profit or loss	-	-
Related tax	-	-
Other comprehensive income (expenses), net of tax	-	-
Profit (loss) at the end of the reporting period	3,848	2,386
Total comprehensive income	3,848	2,386
Attributable to:		
Equity holders of the Bank	3,848	2,386

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(All amounts in EUR thousand unless otherwise stated)

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

	<u>01-10-2019 - 31-12-2019</u>	<u>01-10-2018 - 31-12-2018</u>
Items that will never be reclassified to profit or loss		
Change in PPE revaluation	5	5
Transfer of depreciation for PPE net of tax	(5)	(4)
Other		-
	<hr/>	<hr/>
Items that are or may be reclassified to profit or loss	-	1
	<hr/>	<hr/>
Net amount transferred to profit or loss (available-for-sale financial assets)	-	-
Related tax	-	-
	<hr/>	<hr/>
Other comprehensive income (expenses), net of tax	-	1
	<hr/>	<hr/>
Profit (loss) at the end of the reporting period	1,438	855
Total comprehensive income	1,438	856
	<hr/> <hr/>	<hr/> <hr/>
Attributable to:		
Equity holders of the Bank	1,438	856

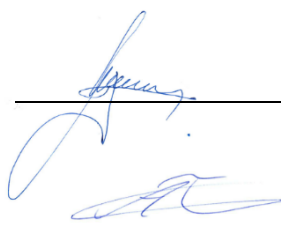
The Group

	<u>01-10-2019 - 31-12-2019</u>	<u>01-10-2018 - 31-12-2018</u>
Items that will never be reclassified to profit or loss		
Change in PPE revaluation	-	4
Transfer of depreciation for PPE net of tax	-	(4)
Other	-	-
	<hr/>	<hr/>
Items that are or may be reclassified to profit or loss	-	-
	<hr/>	<hr/>
Related tax	-	-
	<hr/>	<hr/>
Other comprehensive income (expenses), net of tax	-	-
	<hr/>	<hr/>
Profit (loss) at the end of the reporting period	1,218	813
Total comprehensive income	1,218	813
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Attributable to:		
Equity holders of the Bank	1,218	813

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(All amounts in EUR thousand unless otherwise stated)

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

	<u>Share capital</u>	<u>Retained earnings (restated)</u>	<u>Revaluation reserve of property and equipment</u>	<u>Other reserves</u>	<u>Total</u>
At 31 December 2017	19,948	852	339	6,326	27,465
Apskaitos principų pasikeitimo įtaka	-	(302)	-	-	(302)
At 1 January 2018	19,948	550	339	6,326	27,163
Profit or loss	-	2,435	-	-	2,435
Other comprehensive income (expense)	-	5	(4)	-	1
Transactions with owners of the Bank					
Transfer to reserves	-	(852)	-	1,852	1,000
At 31 December 2018	19,948	2,138	335	8,178	30,599
Profit or loss	-	3,991	-	-	3,991
Other comprehensive income (expense)	-	5	(5)	-	-
Transactions with owners of the Bank					
Transfer to reserves	-	(2,138)	-	2,138	-
At 31 December 2019	19,948	3,996	330	10,316	34,590

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(All amounts in EUR thousand unless otherwise stated)

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

	Share capital	Retained earnings (restated)	Revaluation reserve of property and equipment	Other reserves	Total
At 31 December 2017	19,948	828	339	6,326	27,441
Apskaitos principų pasikeitimo įtaka	-	(302)	-	-	(302)
At 1 January 2018	19,948	526	339	6,326	27,139
Profit or loss	-	2,386	-	-	2,386
Other comprehensive income (expense)	-	4	(4)	-	-
Transactions with owners of the Bank					
Transfer to reserves	-	(852)	-	1,852	1,000
At 31 December 2018	19,948	2,064	335	8,178	30,525
Profit or loss	-	3,848	-	-	3,848
Other comprehensive income (expense)	-	5	(5)	-	-
Transactions with owners of the Bank					
Transfer to reserves	-	(2,138)	-	2,138	-
At 31 December 2019	19,948	3,779	330	10,316	34,373

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Acting Chairman of the Board and Chief Executive Officer

D. Klišauskienė

Director of Accounting and Reporting Department, Chief Accountant

A. Tonkich

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(All amounts in EUR thousand unless otherwise stated)

CONDENSED SEPARATE AND CONSOLIDATED CASH FLOW STATEMENTS

Group			Bank	
2019	2018	Notes	2019	2018
		Cash flows from operating activities		
3,848	2,386	Profit (loss) for the year	3,991	2,435
		Non-cash Revenue and Cost Recovery:		
1,269	647	Depreciation and amortisation	1,235	630
(119)	(129)	Loss, gain on the sale of tangible, intangible and investment property	(131)	42
974	1,283	Impairment of loans	878	1,278
-	-	Impairment of investments in subsidiaries	(109)	1,119
621	1,131	Impairment of investment property	304	242
85	(60)	Derivatives revaluation	85	(60)
19	58	Elimination of accrued vacation pay	10	38
746	(11)	Income tax expenses	746	(11)
(54)	(225)	Elimination of other non-cash items	(70)	(225)
7,389	5,080	Cash flows from (to) operating activities before changes in operating assets and liabilities	6,939	5,488
		Changes in operating assets and liabilities:		
59	(337)	Changes in compulsory reserves	59	(337)
-	66	Changes in amounts due from banks	-	66
(33,745)	(9,447)	Loans to customers	(31,691)	(7,952)
(3,661)	(970)	Finance lease receivable	(3,590)	(970)
(192)	(3,372)	Changes in due to banks and other credit institutions	(192)	(3,372)
23,250	34,776	Changes in due to customers	22,610	35,318
729	2,535	Changes in other assets and liabilities	(1,095)	2,311
(6,171)	28,331	Net cash flows from operating activities before income tax	(6,960)	30,552
-	(6)	Income tax (paid)	-	(6)
(6,171)	28,325	Net cash flows from operating activities after income tax	(6,960)	30,546
		Investing activities		
(1,032)	(1,038)	(Acquisitions) of intangible assets and property and equipment	(1,004)	(997)
(12)	(2)	(Acquisitions) of investment property	-	(2)
1,173	3,263	Proceeds from sale of tangible, intangible and equipment and investment property	1,001	1,423
-	-	Investments in subsidiaries	(2,335)	(2,201)
-	-	Sold subsidiaries	2,752	-
-	-	Liquidation of subsidiaries	526	-
43,494	22,526	Redemption of debt-securities	-	1,781
(22,752)	(53,412)	(Acquisitions) of of debt-securities	43,494	22,526
20,871	(28,663)	Net cash flows to investing activities	(22,752)	(53,412)
			21,682	(30,882)

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SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE TWELVE MONTH PERIOD AS AT 31ST DECEMBER 2019

(All amounts in EUR thousand unless otherwise stated)

CONDENSED SEPARATE AND CONSOLIDATED CASH FLOW STATEMENTS (CONT'D)

Group			Bank	
2019	2018	Notes	2019	2018
Financing activities				
-	1,000	Shareholder contributions to increase reserves	-	1,000
17	2,167	Bonds issued	17	2,167
-	-	Bonds (redeemed)	-	-
3,000	-	Loans received according to Eurosystem Open market operations	3,000	-
7,143	9,217	Loans received	7,143	9,217
(9,269)	(6,640)	Loans (repaid)	(9,269)	(6,640)
891	5,744	Net cash flows from (to) financing activities	891	5 744
181	(82)	Effect of exchange rate changes on cash and cash equivalents	181	(82)
15,772	5,324	Net increase (decrease) in cash and cash equivalents	15,794	5,326
68,374	63,050	Cash and cash equivalents at 1 January	68,333	63,007
84,146	68,374	Cash and cash equivalents at 31 December	84,127	68,333
Additional information to operating cash flows				
11,954	9,742	Interest received	11,388	9,769
(1,425)	(1,485)	Interest (paid)	(1,425)	(1,485)

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A. Tonkich

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SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE TWELVE MONTH PERIOD AS AT 31ST DECEMBER 2019

(All amounts in EUR thousand unless otherwise stated)

Note 1 Background information

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

Pamėnkalnio St. 40,
Vilnius, Lithuania.

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

At the end of the year of 2019 the Bank had 49 customer service units in different regions of Lithuania.

The consolidated financial statements of the Group include the financial statements of the Bank and its fully owned subsidiaries UAB TG Invest-1 (main activity of the companies – real estate management and development) and UAB Saugus Kreditas (main activity of the company – granting of consumer credit to natural persons). At November of 2019 the process of reorganization of subsidiaries by merger was completed. The companies UAB "MB Turtas", UAB "MB Valda", UAB "MB investicija" are merged with UAB TG Invest-1.

As at 31 December 2019 the Bank employed 342 employees (369 employees as at 31 December 2018). As at 31 December 2019 the Group employed 352 employees (384 employees as at 31 December 2018).

As at 31 December 2019 the shareholders of the Bank were as follows:

	Ordinary shares held	Per cent of ownership
Mr. Konstantinas Karosas	123,850	89.91
Western Petroleum Ltd.	13,600	9.87
Vytenis Rasutis	300	0.22
Total	137,750	100.00

As at 31 December 2018 the shareholders of the Bank were as follows:

	Ordinary shares held	Per cent of ownership
Mr. Saulius Karosas	123,850	89.91
Western Petroleum Ltd.	13,600	9.87
Vytenis Rasutis	300	0.22
Total	137,750	100.00

Konstantinas Karosas has acquired 89.91% of the Bank's shares by inheritance. Till the decision of the supervisory authority, Konstantinas Karosas may not exercise the voting rights attaching to the shares at the Bank's general meeting.

The issued share capital consists of 137,750 ordinary shares with the par value of EUR 144.81 each. As at 31 December 2019 and 31 December 2018, all shares were fully paid.

Note 2 Basis of preparation and significant accounting policies

Statement of compliance

Separate and consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the European Union (IFRS) as adopted by the European Union (EU). The condensed interim financial statements should be read in conjunction with the annual financial statements. Separate and consolidated financial statements for the year ended 31 December 2018, prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. In addition to the following, the accounting policies applied in the preparation of these condensed interim financial information are consistent with accounting principles applied in the Bank's 2018 annual financial statements.

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Note 2 Basis of preparation and significant accounting policies (cont'd)

New and changed standards and interpretations

As of 2019 1 January the Bank and the Group has adopted IFRS 16. The impact of the application of the standard is described in the annual financial statements of the Bank and the Group for the year ended 2018. December 31.

Apart from the standard mentioned above, the management of the Bank and the Group do not expect the new standards, amendments and interpretations that will be mandatory for the Bank for the reporting periods beginning in 2019 January 1 or thereafter, there will be no new standards, amendments or interpretations that are mandatory for the Bank and the Group from 2019 and would have a material effect on the Bank and the Group.

The preparation of condensed interim separate and consolidated financial statements in accordance with IFRSs requires the use of assumptions and estimates that affect the amount of recognized assets and liabilities and the disclosure of contingent assets and liabilities at the balance sheet date, as well as income and expense recognized during the period. Although these estimates are based on management's knowledge of the current situation and actions, actual results may ultimately differ from those estimates. Except for the impact of IFRS 16 described above, the same significant assumptions and estimates have been used in the preparation of the condensed interim separate and consolidated financial statements that were used in the preparation of the annual separate and consolidated financial statements for the year ended 2018 December 31.

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

Functional and presentation currency

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

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

	<u>31 December 2019</u>	<u>31 December 2018</u>
USD	1.1189	1.1454

Note 3 Placements with banks and other credit institutions

The Group			The Bank	
<u>31 December 2019</u>	<u>31 December 2018</u>		<u>31 December 2019</u>	<u>31 December 2018</u>
8,236	12,099	Funds in correspondent accounts	8,217	12,058
2,947	1,181	Term deposits	2,947	1,181
<u>11,183</u>	<u>13,280</u>	Funds in banks and other credit institutions	<u>11,164</u>	<u>13,239</u>

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Note 4 Debt securities, net

	The Bank (Group)	
	<u>31 December 2019</u>	<u>31 December 2018</u>
Government bonds of the Republic of Lithuania	37,069	43,888
Government bonds of the Republic of Latvia	6,036	4,575
Government bonds of the Republic of Romania	2,006	3,089
Government bonds of the Republic of Poland	1,555	3,005
Government bonds of the Republic of Iceland	1,525	1,566
Government bonds of the Kingdom of Sweden	-	2,619
Government bonds of the Republic of Croatia	660	-
Government bonds of the Kingdom of Spain	-	1,002
Government bonds of the Republic of Slovenia	-	4,172
Government bonds of the Republic of Finland	-	2,689
Government bonds of the Republic of Hungary	-	1,679
Financial company bonds	893	1,314
Non-financial company bonds	260	1,148
Total	<u>50,004</u>	<u>70,746</u>

Debt securities outstanding in 31 December 2019 decreased due to redemption at maturity.

Note 5 Loans and receivables

Loans to customers and receivables comprise:

	The Bank	
	<u>31 December 2019</u>	<u>31 December 2018</u>
Loans to customers, including short-term bills of exchange	187,356	156,946
Overdrafts	837	1,814
Factoring	763	589
Leasing	16,002	12,992
	<u>204,958</u>	<u>172,341</u>
Less: impairment	(1,073)	(2,546)
Loans and receivables, net	<u>203,885</u>	<u>169,795</u>

	The Group	
	<u>31 December 2019</u>	<u>31 December 2018</u>
Loans to customers, including short-term bills of exchange	191,866	159,030
Overdrafts	837	1,814
Factoring	763	589
Leasing	16,002	12,992
	<u>209,468</u>	<u>174,425</u>
Less: impairment	(1,184)	(2,599)
Loans and receivables, net	<u>208,284</u>	<u>171,826</u>

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Note 6 Investment property

	The Bank	
	31 December 2019	31 December 2018
Balance at the beginning of year	1,050	1,370
Additions	532	1,382
Disposals	(995)	(1,460)
Changes in fair value	(304)	(242)
Balance at the end of year	283	1,050

	The Group	
	31 December 2019	31 December 2018
Balance at the beginning of year	3,018	6,213
Additions	603	1,407
Disposals	(1,577)	(3,471)
Changes in fair value	(621)	(1,131)
Balance at the end of year	1,423	3,018

The fair value of investment properties owned by subsidiaries:

	31 December 2019	31 December 2018
UAB MB Turtas	-	98
UAB MB Valda	-	251
UAB MB Investicija	-	229
UAB TG Invest-1	1,140	1,390
Total	1,140	1,968

Note 7 Property and equipment

Non-current material assets for Bank as at 2019 December 31 amounted to 6,703 thousand EUR including usage rights assets worth 1,261 thousand EUR (As of 31 December 2018 5,545 thousand EUR).

As of 2019 January 1st The Group adopted IFRS 16 and recognized the right-of-use assets as part of property, plant and equipment. The Group chose the option to apply the simplified transition method and did not restate comparative amounts for the year prior to first adoption. financial information for the year before the adoption of the standard.

The value of the right to use the asset is determined based on the discounted lease payments (liabilities) over the lease term planned by management. The depreciation period for these assets corresponds to the lease term for the asset. Group 2019 Recognized as of January 1, 2019 the value of usage rights assets worth 1,911 thousand EUR. Short-term or low-value leases are recognized on a straight-line basis over the income statement.

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Note 8 Investment in subsidiaries

The main activities of established subsidiaries are real estate management and development.

	The Bank	
	31 December 2019	31 December 2018
Balance at the beginning of the year	7,521	6,439
Additions	2,335	2,201
Disposal (nominal value)	(2,752)	-
Liquidation of SIA „Nida capital“	(526)	-
Additional impairment of investment in subsidiaries	109	(1,119)
	(834)	1,082
Balance at the end of the report period	6,687	7,521

In 2019 executed and in 2019 November finished, the process of reorganization of subsidiaries by merger was completed. The companies UAB “MB Turtas”, UAB “MB Valda”, UAB “MB investicija” are merged with UAB TG Invest-1. One of the stages of the reorganization is the sale of shares of UAB MB Turtas, UAB MB Valda, UAB MB Investicija (the shares selling result is loss of 740 thous. EUR).

Balance as at 31 December 2019	Ownership	Direct	Nominal	Impairment	Carrying
	(%)	ownership	amount		value
UAB TG Invest-1	100	100	2,484	(367)	2,117
UAB Saugus Kreditas	100	100	4,601	(31)	4,570
Total			7,085	(398)	6,687

Balance as at 31 December 2018	Ownership	Direct	Nominal	Impairment	Carrying
	(%)	ownership	amount		value
UAB MB Turtas	100	22.46	753	(489)	264
UAB MB Valda	100	32.52	1,150	(314)	836
UAB MB Investicija	100	47.94	1,481	(469)	1,012
UAB TG Invest-1	100	73.22	3,587	(938)	2,649
SIA Nida Capital	100	100	850	(324)	526
UAB Saugus Kreditas	100	100	2,265	(31)	2,234
Total			10,086	(2,565)	7,521

Note 9 Other assets, net

Other assets comprise:

The Group			The Bank	
31 December 2019	31 December 2018		31 December 2019	31 December 2018
310	308	Prepayments	306	291
14	46	Buyers' debts	4	11
31	145	VAT receivable	30	145
314	120	Costs for future periods	313	120
103	66	Other	73	54
772	685		726	621
(35)	-	Deducted: Impairment losses on receivables	(35)	-
737	685	Other assets	691	621

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Note 10 Due to banks and other credit institutions

	The Bank (Group)	
	31 December 2019	31 December 2018
Loans received according to Eurosystem Open market operations	3,000	-
Current accounts and overnight deposits	36	228
Amounts due to banks and other credit institutions	3,036	228

2019 December 31 the Bank has loans transactions with the Bank of Lithuania worth 3,000 thousand EUR. Eurosystem monetary policy operations maturing in 2019.

Note 11 Due to customers

Amounts due to customers comprise:

The Group			The Bank	
31 December 2019	31 December 2018		31 December 2019	31 December 2018
169,615	167,271	Term deposits	169,615	167,271
130,841	109,754	Current accounts	131,808	111,361
9,975	12,101	Loans from funds	9,975	12,101
310,431	289,126	Amounts due to customers	311,398	290,733
25,936	18,475	Out of which held as security against guarantees and loans	25,936	18,475

Note 12 Subordinated loans and issued debt securities (the Bank)

Subordinated loans

In November 2016 the Bank received a subordinated loan of EUR 1 million from the major shareholder of the Bank. The term of the subordinated loan is until 1 December 2023 with a fixed 2 percent annual interest rate. Subordinated loan is amortized in accordance with Article 64 of CRR 575 Regulation.

Debt securities issued

In July 2018 bank have issued subordinated debt securities emission. As of 31 December 2019 net value of issued debt securities is 2 184 thous. EUR. From 1 August 2018 debt securities of UAB Medicinos bankas are listed in Nasdaq stock exchange – ISIN code LT0000432114 (ticker: OPMB070025A).

UAB Medicinos bankas debt securities issue value – 2 210 000 EUR. Nominal value – 1000 EUR. Coupon – 7%, coupon payment twice a year. Maturity date – 24 July 2025.

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Note 13 Other liabilities

Other liabilities comprise:

The Group			The Bank	
31 December 2019	31 December 2018		31 December 2019	31 December 2018
1,264	829	Accrued payments to employees	1,206	809
68	59	Prepayments (advance payments)	2	1,796
1,408	121	Accrued expenses	1,408	121
414	-	AML suspended funds	414	-
218	-	Receipts from sale of loan portfolio (claims)	218	-
97	77	Deferred income	97	77
-	215	Commitments to the State Social Fund Board Payable to the Latvian and Estonian Road Transport Administration	-	215
17	19	Debt to customers	17	19
297	115	Other	263	94
199	247		179	237
3,982	1,682	Other liabilities	3,804	3,368

Note 14 Shareholders' equity

As at 31 December 2019 and 31 December 2018, the share capital of the Group and the Bank consisted of 137,750 ordinary shares with the par value of EUR 144.81 each. All shares are issued, authorised and fully paid. The shares are not listed.

Each share has the right, equally, to vote, to dividends and to participate in residual assets in the event of a winding-up.

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

	The Bank (Group)	
	31 December 2019	31 December 2018
Special reserve to cover possible losses	2,528	2,528
Legal reserve	291	184
Reserve capital	7,497	5,466
Total other reserves	10,316	8,178

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Note 15 Net interest income

The Group			The Bank	
31 December 2019	31 December 2018		31 December 2019	31 December 2018
9,308	7,341	On loans to customers	8,728	7,213
159	545	On impaired loans to customers	159	545
756	562	Leasing	756	562
136	180	Delinquency	135	178
496	539	On held-to-maturity investments	496	539
117	76	On placements with the banks and other credit institutions	117	76
10,972	9,243	Interest revenue	10,391	9,113
(1,192)	(1,196)	On obligations to customers, including letters of credit	(1,192)	(1,196)
(277)	(264)	Deposit insurance	(277)	(264)
(20)	(20)	On subordinated loans	(20)	(20)
(172)	(75)	For Debt securities	(172)	(75)
(9)	(20)	Loan portfolio guarantee insurance	(9)	(20)
(117)	(167)	On obligations to banks and other credit institutions	(117)	(167)
(1,787)	(1,742)	Interest expenses	(1,787)	(1,742)
9,185	7,501	Net interest income	8,604	7,371

Note 16 Net service fee and commission income

Net fee and commission income comprises:

The Group			The Bank	
31 December 2019	31 December 2018		31 December 2019	31 December 2018
2,531	2,141	Payment services	2,531	2,141
389	456	Commission income from currency exchange	389	456
772	502	Administration of bank accounts	772	502
1,619	1,271	Collection of payments	1,619	1,271
596	383	Brokerage income	596	383
616	536	Cash operations	616	536
160	385	Other	396	386
6,683	5,674	Service fee and commission income	6,919	5,675
(69)	(72)	Rent fee according to agreements	(69)	(72)
(272)	(256)	Cash operations	(272)	(256)
(155)	(107)	Other	(89)	(83)
(496)	(435)	Service fee and commission expense	(430)	(411)
6,187	5,239	Net service fee and commission income	6,489	5,264

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Note 17 Net foreign exchange gain

	The Bank (Group)	
	31 December 2019	31 December 2018
Gain on dealing in foreign currencies	4,960	4,746
Revaluation of items in statement of financial position, net	181	(82)
Net foreign exchange gain	5,141	4,664

Note 18 Net result on operations with investment property

The Group			The Bank	
31 December 2019	31 December 2018		31 December 2019	31 December 2018
15	138	Realised gain (loss)	15	(33)
(621)	(1 131)	Changes in fair value	(304)	(242)
(606)	(993)	Net result on operations on investment property	(289)	(275)

Note 19 Operating expenses

Operating expenses are as follows:

The Group			The Bank	
31 December 2019	31 December 2018		31 December 2019	31 December 2018
		Other operating expenses		
(361)	(862)	Occupancy and rent	(342)	(843)
(798)	(605)	Office supplies	(798)	(605)
(351)	(354)	Expenses for service providers for the bank	(351)	(354)
(788)	(547)	Taxes other than income tax	(761)	(503)
(233)	(250)	Communication	(231)	(250)
3	-	Debt recovery costs	3	-
(347)	(427)	Transportation expenses	(345)	(427)
(56)	(96)	Expenses related with investment property	(17)	(28)
(103)	(98)	Security	(103)	(98)
(305)	(227)	Marketing and advertising	(297)	(219)
(54)	(40)	Legal and consultancy	(29)	(40)
(55)	(27)	Personnel training	(55)	(26)
(60)	(46)	Representation	(59)	(46)
(67)	(63)	Building repair costs	(67)	(63)
(75)	(72)	Team building expenses	(75)	(72)
(14)	(10)	Charity and support costs	(14)	(10)
(52)	(9)	Business travel and related	(51)	(9)
(38)	(37)	Disposable items	(38)	(37)
(27)	(30)	Stationary supplies	(27)	(30)
(146)	(113)	Insurance expenses	(141)	(113)
(25)	(23)	Participation fees	(25)	(23)
(159)	(193)	Accounting and brokerage services	(159)	(193)
(176)	(283)	Other	(154)	(147)
(4,287)	(4,412)	Total other operating expenses	(4,136)	(4,136)

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Note 20 Cash and cash equivalents

Cash and cash equivalents for the purpose of the statement of cash flows comprise:

The Group			The Bank	
31 December 2019	31 December 2018		31 December 2019	31 December 2018
29,650	27,304	Cash on hand	29,650	27,304
43,313	27,790	Current accounts with the Bank of Lithuania	43,313	27,790
8,236	12,099	Current accounts with other credit institutions	8,217	12,058
2,947	1,181	Term deposits with credit institutions up to 90 days	2,947	1,181
84,146	68,374	Cash and cash equivalents	84,127	68,333

Note 21 Fair values of financial instruments

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

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

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

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

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

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

Loans to customers. The estimate was made by discounting of scheduled future cash flows of the individual loans through the estimated maturity using prevailing market rates as at the respective end of 2019 third quarter.

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Note 21 Fair values of financial instruments (cont'd)

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

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

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

The Bank	31 December 2019		31 December 2018	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Cash and due from central bank	75,183	75,183	57,374	57,374
Placements with banks and other credit institutions	11,164	11,164	13,239	13,239
Debt securities	50,004	50,691	70,746	71,512
Loans and receivables	203,884	208,152	169,795	173,082
Other assets	691	691	621	621
Total financial assets	340,926	345,881	311,775	315,828
Financial liabilities				
Due to banks and other credit institutions	3,036	3,036	228	228
Due to customers, including letters of credit	311,398	316,385	290,734	292,342
Debt securities issued	2,184	2,266	2,167	3,176
Subordinated loans	1,000	1,000	1,000	1,000
Other liabilities	3,804	3,804	3,367	3,367
Total financial liabilities	321,422	326,491	297,496	300,113
The Group				
Financial assets				
Cash and due from central bank	75,183	75,183	57,374	57,374
Placements with banks and other credit institutions	11,183	11,183	13,280	13,280
Debt securities	50,004	50,691	70,746	71,512
Loans and receivables	208,284	212,551	171,826	175,113
Other assets	737	733	685	685
Total financial assets	345,391	350,341	313,911	317,964
Financial liabilities				
Due to banks and other credit institutions	3,036	3,036	228	228
Due to customers, including letters of credit	310,431	315,418	289,126	290,735
Debt securities issued	2,184	2,266	2,167	3,176
Subordinated loans	1,000	1,000	1,000	1,000
Other liabilities	3,982	3,982	1,682	1,682
Total financial liabilities	320,633	325,702	294,203	296,821

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Note 21 Fair values of financial instruments (cont'd)

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

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

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

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

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

The Bank (Group)

31 December 2019	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial instruments	-	10		10
Financial liabilities				
Derivative financial instruments	-	59	-	59

The Bank (Group)

As at 31 December 2018	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial instruments	-	41	-	41
Financial liabilities				
Derivative financial instruments	-	5	-	5

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Note 21 Fair values of financial instruments (cont'd)**Financial instruments not measured at fair value**

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

The Bank

31 December 2019	Level 1	Level 2	Level 3	Total carrying amount
Assets				
Cash and due from banks	75,184	11,164	-	86,348
Debt securities	-	50,004	-	50,004
Loans to customers	-	186,825	1,185	188,010
Receivables from leasing	-	14,464	1,411	15,875
Other assets	-	691	-	691
Total financial assets	75,184	263,148	2,596	340,928
Liabilities				
Due to banks and other credit institutions	-	3,036	-	3,036
Due to customers	-	311,398	-	311,398
Debt securities issued	-	2,184	-	2,184
Subordinated loan	-	1,000	-	1,000
Other liabilities	-	3,803	-	3,803
Total financial liabilities		321,421		321,421

The Bank

31 December 2018	Level 1	Level 2	Level 3	Total carrying amount
Assets				
Cash and due from banks	57,374	13,239	-	70,613
Debt securities	-	70,746	-	70,746
Loans to customers	-	154,524	2,462	156,986
Receivables from leasing	-	10,956	1,853	12,809
Other assets	-	621	-	621
Total financial assets	57,374	250,086	4,315	311,775
Liabilities				
Due to banks and other credit institutions	-	228	-	228
Due to customers	-	290,733	-	290,733
Debt securities issued	-	2,167	-	2,167
Subordinated loans	-	1,000	-	1,000
Other liabilities	-	3,368	-	3,368
Total financial liabilities		297,496		297,496

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Note 21 Fair values of financial instruments (cont'd)**The Group**

31 December 2019	Level 1	Level 2	Level 3	Total carrying amount
Assets				
Cash and due from banks	75,184	11,164	-	86,348
Debt securities	-	50,004	-	50,004
Loans to customers	-	191,139	1,270	192,409
Receivables from leasing	-	14,464	1,411	15,875
Other assets	-	733	-	733
Total financial assets	75,184	267,504	2,681	345,369
Liabilities				
Due to banks and other credit institutions	-	3,036	-	3,036
Due to customers	-	310,431	-	310,431
Debt securities issued	-	2,184	-	2,184
Subordinated loan	-	1,000	-	1,000
Other liabilities	-	3,803	-	3,803
Total financial liabilities	-	320,454	-	320,454

The Group

31 December 2018	Level 1	Level 2	Level 3	Total carrying amount
Assets				
Cash and due from banks	57,374	13,280	-	70,654
Debt securities	-	70,746	-	70,746
Loans to customers	-	156,513	2,504	159,017
Receivables from leasing	-	10,956	1,853	12,809
Other assets	-	685	-	685
Total financial assets	57,374	252,180	4,357	313,911
Liabilities				
Due to banks and other credit institutions	-	228	-	228
Due to customers	-	289,126	-	289,126
Debt securities issued	-	2,167	-	2,167
Subordinated loans	-	1,000	-	1,000
Other liabilities	-	1,682	-	1,682
Total financial liabilities	-	294,203	-	294,203

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Note 22 Related party transactions

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

The outstanding balances of loans, term deposits and bonds issued in 31 December 2018 and 31 December 2019 and related expense and income are included in the profit and loss account is set out below:

	The Bank			
	Shareholders	Subsidiaries	Key management personnel	Other*
Loans outstanding as at 31 December 2019, net	33	3,935	-	3,962
Interest rate,%	6.58	4.2	-	2.0-4.5
Interest income on loans	1	47	-	108
Impairment of loans	-	(25)	-	(12)
Term deposits as at 31 December 2019	21	-	13	1,956
Interest expense on deposits	(1)	-	-	(3)
Interest rate,%	6.5	-	0.05-0.3	0-0.45
Demand accounts as at 31 December 2019	65	967	97	2,427
Bonds issued as at 31 December 2019	100	-	-	-
Interest expense on bonds	(7)	-	-	-
Interest rate,%	7	-	-	-
Subordinated loans as at 31 December 2019	1,000	-	-	-
Interest expense on subordinated loans	(20)	-	-	-
Interest rate,%	2	-	-	-
Service fee and commission revenue	1	242	-	13
Service fee and commission expenses	-	-	-	(3)
Other operating income	-	17	-	-
Other operating expenses	-	-	-	(42)

	The Bank			
	Shareholders	Subsidiaries	Key management personnel	Other*
Loans outstanding as at 31 December 2018, net	37	-	-	4,372
Interest rate,%	6.58	-	-	2.0-4.5
Interest income on loans	1	1	1	120
Impairment of loans	-	-	-	(14)
Term deposits as at 31 December 2018	-	-	3	247
Interest expense on deposits	-	-	-	(2)
Interest rate,%	-	-	0.3	0.05-6.5
Demand accounts as at 31 December 2018	99	1,607	88	3,006
Bonds issued as at 31 December 2018	100	-	-	-
Interest expense on bonds	(3)	-	-	-
Interest rate,%	7	-	-	-
Subordinated loans as at 31 December 2018	1,000	-	-	-
Interest expense on subordinated loans	(20)	-	-	-
Interest rate,%	2	-	-	-
Service fee and commission revenue	1	2	-	17
Service fee and commission expenses	-	-	-	(3)
Other operating income	-	11	-	-
Other operating expenses	-	-	-	(59)

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Note 22 Related party transactions (cont'd)**The Group**

	Shareholders	Key management personnel	Other*
Loans outstanding as at 31 December 2019, net	33	-	3,962
Interest rate,%	6.58	-	2.0-4.5
Interest income on loans	1	-	108
Impairment of loans	-	-	(12)
	21	13	1,956
Term deposits as at 31 December 2019	(1)	-	(3)
Interest expense on deposits	6.5	0.05-0.3	0-0.45
Interest rate,%	65	97	2,427
Demand accounts as at 31 December 2019			
	100	-	-
Bonds issued as at 31 December 2019	(7)	-	-
Interest expense on bonds	7	-	-
Interest rate,%			
	1,000	-	-
Subordinated loans as at 31 December 2019	(20)	-	-
Interest expense on subordinated loans	2	-	-
Interest rate,%			
	1	-	13
Service fee and commission revenue	-	-	(3)
Service fee and commission expenses	-	-	-
Other operating income	-	-	-
Other operating expenses	-	-	(42)

The Group

	Shareholders	Key management personnel	Other*
Loans outstanding as at 31 December 2018, net	37	-	4,372
Interest rate,%	6.58	-	2.0-4.5
Interest income on loans	1	1	120
Impairment of loans	-	-	(14)
	-	3	247
Term deposits as at 31 December 2018	-	-	(2)
Interest expense on deposits	-	0.3	0.05-6.5
Interest rate,%	99	88	3,006
Demand accounts as at 31 December 2018			
	100	-	-
Bonds issued as at 31 December 2018	(3)	-	-
Interest expense on bonds	7	-	-
Interest rate,%			
	1,000	-	-
Subordinated loans as at 31 December 2018	(20)	-	-
Interest expense on subordinated loans	2	-	-
Interest rate,%			
	1	-	17
Service fee and commission revenue	-	-	(3)
Service fee and commission expenses	-	-	-
Other operating income	-	-	-
Other operating expenses	-	-	(59)

* Other related parties are entities controlled by the members of the management of the Group and the Bank or shareholders of the Bank and other related parties. Key management personnel include members of the board and administration and management of subsidiaries.

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Note 23 Segment information

A summary of major indicators for the main business segments of the Group included in the Statement of financial position as at 31 December 2019 and in the Statement of comprehensive income for the nine month period then ended is presented in the table below:

	31 December 2019				
	Traditional banking operations and lending	Treasury	Other activities	Eliminations	Total
Internal	47	-	-	(47)	-
External	10,354	612	-	-	10,966
Interest income	10,401	612	-	(47)	10,966
Internal	(47)	-	-	47	-
External	(1,498)	(289)	-	-	(1,787)
Interest expenses	(1,545)	(289)	-	47	(1,787)
Internal	-	-	-	-	-
External	8,856	323	-	-	9,179
Net interest income	8,856	323	-	-	9,179
Internal	-	-	-	-	-
External	6,394	-	(4)	(195)	6,195
Net fee and commission income	6,394	-	(4)	(195)	6,195
Internal	-	-	-	-	-
External	15,250	323	(4)	(195)	15,374
Net interest, fee and commissions income	15,250	323	(4)	(195)	15,374
Internal	-	-	(1,182)	1,182	-
External	(10,047)	(216)	(2,481)	-	(12,744)
Operating expenses	(10,047)	(216)	(3,663)	1,182	(12,744)
Amortisation charges	(137)	-	-	-	(137)
Depreciation charges	(1,132)	-	-	-	(1,132)
Internal	-	-	-	-	-
External	(973)	-	-	-	(973)
Impairment expenses	(973)	-	-	-	(973)
Internal	-	-	-	-	-
External	4,395	505	(454)	-	4,446
Net other income	4,395	505	(454)	-	4,446
Profit (loss) before tax	7,356	612	(4,121)	987	4,834
Income tax	(746)	-	-	-	(746)
Profit (loss) per segment after tax	6,610	612	(4,121)	987	4,088
Non-controlling interest	-	-	-	-	-
Profit (loss) for the year attributable to the owners of the Bank	6,610	612	(4,121)	987	4,088
Total segment assets	251,520	113,411	2,211	(11,808)	355,334
Total segment liabilities	317,670	8,200	73	(4,982)	320,961
Net segment assets (shareholders equity)	(66,150)	105,211	2,138	(6,826)	34,373

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Note 23 Segment information (cont'd)

A summary of major indicators for the main business segments of the Group included in the Statement of financial position as at 31 December 2019 and in the Statement of comprehensive income for the nine month period then ended is presented in the table below:

	31 December 2019				
	Traditional banking operations and lending	Treasury	Other activities	Eliminations	Total
Internal	2	-	-	(2)	-
External	8,673	561	9	-	9,243
Interest income	8,675	561	9	(2)	9,243
Internal	(2)	-	-	2	-
External	(1,479)	(263)	-	-	(1,742)
Interest expenses	(1,481)	(263)	-	2	(1,742)
Internal	-	-	-	-	-
External	7,194	298	9	-	7,501
Net interest income	7,194	298	9	-	7,501
Internal	-	-	-	-	-
External	5,241	-	(2)	-	5,239
Net fee and commission income	5,241	-	(2)	-	5,239
Internal	-	-	-	-	-
External	12,435	298	7	-	12,740
Net interest, fee and commissions income	12,435	298	7	-	12,740
Internal	-	-	(1,130)	1,130	-
External	(11,576)	(277)	(425)	-	(12,278)
Operating expenses	(11,576)	(277)	(1,555)	1,130	(12,278)
Amortisation charges	(161)	-	-	-	(161)
Depreciation charges	(486)	-	-	-	(486)
Internal	-	-	-	-	-
External	(1,257)	(56)	-	-	(1,313)
Impairment expenses	(1,257)	(56)	-	-	(1,313)
Internal	-	-	-	-	-
External	4,299	398	(824)	-	3,873
Net other income	4,299	398	(824)	-	3,873
Profit (loss) before tax	3,254	363	(2,372)	1,130	2,375
Income tax	11	-	-	-	11
Profit (loss) per segment after tax	3,265	363	(2,372)	1,130	2,386
Non-controlling interest	-	-	-	-	-
Profit (loss) for the year attributable to the owners of the Bank	3,265	363	(2,372)	1,130	2,386
Total segment assets	215,095	115,162	13,080	(18,574)	324,763
Total segment liabilities	289,856	7,709	76	(3,403)	294,238
Net segment assets (shareholders equity)	(74,761)	107,453	13,004	(15,171)	30,525

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

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

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Note 24 Risk management

Credit risk

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

The Bank and the Group have to comply with the limit to large exposures (maximum exposure to single customer) set in Regulation (EU) No 575/2013 of the European Parliament and of the Council. Exposure to a customer or group of connected customers can not exceed 25 % of the Bank's and Group's eligible capital. Compliance to this requirement is disclosed in the table below:

The Group			The Bank	
31 December 2019	31 December 2018		31 December 2019	31 December 2018
6,986	5,832	Maximum exposure to a single customer or group of connected customers	6,986	5,832
33,076	25,773	Eligible capital	33,331	25,639
21.12	22.63	Maximum exposure ratio, %	20.96	22.75

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

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

The Group			The Bank	
31 December 2019	31 December 2018		31 December 2019	31 December 2018
Statement of financial position items, other than trading and investment activities				
45,534	30,070	Balances with the Bank of Lithuania	45,534	30,070
11,183	13,280	Due from banks	11,164	13,239
192,409	159,017	Loans to customers	188,010	156,986
15,875	12,809	Receivables from leasing	15,875	12,809
265,001	215,176		260,583	213,104
Off balance sheet items				
2,088	2,022	Guarantees	2,088	2,022
10,782	8,876	Loan commitments	15,801	8,876
277,871	226,074	Total balance and off balance sheet items, other than trading and investment activities	278,472	224,002
Trading and investment activities				
Financial assets at fair value through profit or loss				
10	41	Derivative financial instruments	10	41
-	-	Held-to-maturity investments	-	-
50,004	70,746	Debt securities	50,004	70,746
50,014	70,787	Total trading and investment activities	50,014	70,787
41	55	Other financial assets	41	55
327,926	296,916	Total credit exposure	328,527	294,844

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Note 24 Risk management (cont'd)

Maximum exposure to credit risk without taking into account any collateral and other credit enhancement (cont.)

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

	The Bank (Group)	
	31 December 2019	31 December 2018
Government bonds	48,851	68,284
Regional government bonds	-	878
Multilateral Development Banks Bonds	893	1,314
Corporate bonds	260	270
Derivatives	10	41
Total	50,014	70,787

Bonds exposure by rating grade	The Bank (Group)	
	31 December 2019	31 December 2018
High grade (AAA-A)	47,078	65,709
Standard grade (B-BBB+)	2,926	5,037
Not rated	-	-
Total	50,004	70,746

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

The Group and the Bank have assigned bonds with ratings from international rating agencies from „AAA“ to „A“ to high grade, „BBB“ to „B“ rating bonds – to standard grade.

Credit risk assessment

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

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

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Note 24 Risk management (cont'd)**Credit risk assessment of financial instruments, other than trading activities and off balance items**

The Bank	Not overdue	1 to 59 days	60 to 89 days	More than 90 days	Total
31 December 2019					
Stage 1					
Loans and receivables	185,032	1,588	-	-	186,620
Placements with LB and other banks	56,698	-	-	-	56,698
Debt securities	50,004	-	-	-	50,004
Other financial assets	41	-	-	-	41
Total	291,755	1,588	-	-	293,363
Stage 2					
Loans and receivables	6,989	1,540	1,374	-	9,903
Placements with LB and other banks	-	-	-	-	-
Debt securities	-	-	-	-	-
Other financial assets	-	-	-	-	-
Total	6,989	1,540	1,374	-	9,903
Stage 3					
Loans and receivables	3,087	1,116	1,088	2,071	7,362
Placements with LB and other banks	-	-	-	-	-
Debt securities	-	-	-	-	-
Other financial assets	-	-	-	-	-
Total	3,087	1,116	1,088	2,071	7,362
Total	301,851	4,244	2,462	2,071	310,628

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Note 24 Risk management (cont'd)Credit risk assessment of financial instruments, other than trading activities and off balance items (cont.)

The Bank	Not overdue	1 to 59 days	60 to 89 days	More than 90 days	Total
1 December 2018					
Stage 1					
Loans and receivables	150,689	2,623	-	-	153,312
Placements with LB and other banks	43,309	-	-	-	43,309
Debt securities	70,746	-	-	-	70,746
Other financial assets	55	-	-	-	55
Total	264,799	2,623	-	-	267,422
Stage 2					
Loans and receivables	9,664	409	354	-	10,427
Placements with LB and other banks	-	-	-	-	-
Debt securities	-	-	-	-	-
Other financial assets	-	-	-	-	-
Total	9,664	409	354	-	10,427
Stage 3					
Loans and receivables	1,306	1,849	388	2,513	6,056
Placements with LB and other banks	-	-	-	-	-
Debt securities	-	-	-	-	-
Other financial assets	-	-	-	-	-
Total	1,306	1,849	388	2,513	6,056
Total	275,769	4,881	742	2,513	283,905

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Note 24 Risk management (cont'd)Credit risk assessment of financial instruments, other than trading activities and off balance items (cont.)

The Group	Not overdue	1 to 59 days	60 to 89 days	More than 90 days	Total
31 December 2019					
Stage 1					
Loans and receivables	188,846	1,779	-	-	190,625
Placements with LB and other banks	56,717	-	-	-	56,717
Debt securities	50,004	-	-	-	50,004
Other financial assets	41	-	-	-	41
Total	295,608	1,779	-	-	297,387
Stage 2					
Loans and receivables	7,022	1,645	1,374	-	10,041
Placements with LB and other banks	-	-	-	-	-
Debt securities	-	-	-	-	-
Other financial assets	-	-	-	-	-
Total	7,022	1,645	1,374	-	10,041
Stage 3					
Loans and receivables	3,088	1,318	1,127	2,085	7,618
Placements with LB and other banks	-	-	-	-	-
Debt securities	-	-	-	-	-
Other financial assets	-	-	-	-	-
Total	3,088	1,318	1,127	2,085	7,618
Total	305,718	4,742	2,501	2,085	315,046

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Note 24 Risk management (cont'd)Credit risk assessment of financial instruments, other than trading activities and off balance items (cont.)

The Group	Not overdue	1 to 59 days	60 to 89 days	More than 90 days	Total
31 December 2018					
Stage 1					
Loans and receivables	152,364	2,903	-	-	155,267
Placements with LB and other banks	43,350	-	-	-	43,350
Debt securities	70,746	-	-	-	70,746
Other financial assets	55	-	-	-	55
Total	266,515	2,903	-	-	269,418
Stage 2					
Loans and receivables	9,672	432	357	-	10,461
Placements with LB and other banks	-	-	-	-	-
Debt securities	-	-	-	-	-
Other financial assets	-	-	-	-	-
Total	9,672	432	357	-	10,461
Stage 3					
Loans and receivables	1,306	1,852	394	2,546	6,098
Placements with LB and other banks	-	-	-	-	-
Debt securities	-	-	-	-	-
Other financial assets	-	-	-	-	-
Total	1,306	1,852	394	2,546	6,098
Total	277,493	5,187	751	2,546	285,977

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Note 24 Risk management (cont'd)
Breakdown of impairment for financial instruments by stages:

	31 December 2019					31 December 2018				
	Collective impairment	Individual impairment	Credit commitments	Guarantees	Total	Collective impairment	Individual impairment	Credit commitments	Guarantees	Total
The Bank										
Stage 1	548	-	62	4	614	441	-	26	4	471
Loans and receivables	498	-	62	4	564	385	-	26	4	415
Placements with LB and other banks	11	-	-	-	11	13	-	-	-	13
Debt securities	39	-	-	-	39	43	-	-	-	43
Other financial assets	-	-	-	-	-	-	-	-	-	-
Stage 2	61	-	-	-	61	78	-	-	-	78
Loans and receivables	61	-	-	-	61	78	-	-	-	78
Stage 3	-	550	-	-	550	-	2,083	-	-	2,083
Loans and receivables	-	515	-	-	515	-	2,083	-	-	2,083
Other financial assets	-	35	-	-	35	-	-	-	-	-
Total	609	550	62	4	1,225	519	2,083	26	4	2,632
	31 December 2019					31 December 2018				
	Collective impairment	Individual impairment	Credit commitments	Guarantees	Total	Collective impairment	Individual impairment	Credit commitments	Guarantees	Total
The Group										
Stage 1	620	-	30	4	654	459	-	26	4	489
Loans and receivables	570	-	30	4	604	403	-	26	4	433
Placements with LB and other banks	11	-	-	-	11	13	-	-	-	13
Debt securities	39	-	-	-	39	43	-	-	-	43
Other financial assets	-	-	-	-	-	-	-	-	-	-
Stage 2	66	-	-	-	66	79	-	-	-	79
Loans and receivables	66	-	-	-	66	79	-	-	-	79
Stage 3	-	583	-	-	583	-	2,118	-	-	2,118
Loans and receivables	-	548	-	-	548	-	2,118	-	-	2,118
Other financial assets	-	35	-	-	35	-	-	-	-	-
Total	686	583	30	4	1 303	538	2,118	26	4	2,686

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Note 24 Risk management (cont'd)

Change of impairment during reporting period

The Group					The Bank					
Collective impairment	Individual impairment	Credit commitments	Guarantees	Total		Collective impairment	Individual impairment	Credit commitments	Guarantees	Total
31 December 2019										
Stage 1										
161	-	4	-	165		107	-	35	-	142
167	-	4	-	171	Loans and receivables	113	-	35	-	148
(2)	-	-	-	(2)	Placements with LB and other banks	(2)	-	-	-	(2)
(4)	-	-	-	(4)	Debt securities	(4)	-	-	-	(4)
-	-	-	-	-	Other financial assets	-	-	-	-	-
(13)	-	-	-	(13)	Stage 2					
(13)	-	-	-	(13)	Loans and receivables	(17)	-	-	-	(17)
Stage 3										
-	(1,536)	-	-	(1,536)	Loans and receivables	-	(1,534)	-	-	(1,534)
-	(1,571)	-	-	(1,571)	Other financial assets	-	(1,569)	-	-	(1,569)
-	35	-	-	35		-	35	-	-	35
148	(1,536)	4	-	(1,384)	Total					
-	2,427	-	-	2,427	Write-offs	-	2,356	-	-	2,356
-	-	-	-	(70)	Income on loans written off in earlier periods	-	-	-	-	(70)
-	-	-	-	973	Total change of impairment	-	-	-	-	877

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Note 24 Risk management (cont'd)**Liquidity risk**

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

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

The Group			The Bank	
31 December 2019	31 December 2018		31 December 2019	31 December 2018
123,647	128,502	Liquid assets	123,647	128,502
22,294	13,564	Short-term (up to 30 days) obligations	24,502	13,791
555	947	LCR, %	505	932

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

The Bank	31 December 2019							
	On demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 3 years	Over 3 years	Without maturity	Total
Assets	83,402	12,050	18,738	53,946	80,151	91,247	16,837	356,371
Liabilities and shareholders' equity	132,369	22,474	22,110	77,351	38,594	28,816	34,657	356,371
Net gap	(48,967)	(10,424)	(3,372)	(23,405)	41,557	62,431	(17,820)	-
Credit commitments	-	15,801	-	-	-	-	-	15,801

The Bank	31 December 2018							
	On demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 3 years	Over 3 years	Without maturity	Total
Assets	69,432	6,359	27,657	50,192	82,310	72,352	19,828	328,130
Liabilities and shareholders' equity	111,790	16,652	18,213	78,562	44,798	27,508	30,607	328,130
Net gap	(42,358)	(10,293)	9,444	(28,370)	37,512	44,844	(10,779)	-
Credit commitments	-	8,876	-	-	-	-	-	8,876

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Note 24 Risk management (cont'd)Liquidity risk (cont.)

The Group	31 December 2019							Total
	On demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 3 years	Over 3 years	Without maturity	
Assets	83,421	12,220	19,057	55,277	79,128	94,802	11,429	355,334
Liabilities and shareholders equity	131,402	22,652	22,110	77,351	38,594	28,816	34,409	355,334
Net gap	(47,981)	(10,432)	(3,053)	(22,074)	40,534	65,986	(22,980)	-
Credit commitments	-	10,782	-	-	-	-	-	10,782

The Group	31 December 2018							Total
	On demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 3 years	Over 3 years	Without maturity	
Assets	69,473	6,413	27,761	50,602	83,136	72,940	14,438	324,763
Liabilities and shareholders equity	110,183	14,966	18,213	78,562	44,798	27,508	30,533	324,763
Net gap	(40,710)	(8,553)	9,548	(27,960)	38,338	45,432	(16,095)	-
Credit commitments	-	8,876	-	-	-	-	-	8,876

Overdue loans are disclosed under column "Without maturity".

Market risk

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

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Note 24 Risk management (cont'd)**Interest rate risk**

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Board has established internal limits, monitors compliance with the required limits are monitored on a monthly basis. Interest rate risk is managed by forecasting the market interest rates and managing the mismatches between assets and liabilities from re-pricing maturities. The Group and the Bank apply the interest rate risk management methods allowing to measure the Bank's and the Group's sensitivity to interest rate changes by computing the impact to yearly net interest income in case of parallel shift by 1 percentage point in the yield curve.

The following table demonstrates the sensitivity to change in interest rates, with all other variables held constant, on the Bank's and the Group's pre-tax income (which equals the effect on net interest income):

The Bank	Interest rate change	Effect on net interest income	
		31 December 2019	31 December 2018
EUR	+ 1 proc.	1,086	890
USD	+ 1 proc.	62	64
Other	+ 1 proc.	(2)	(4)
EUR	- 1 proc.	(1,086)	(890)
USD	- 1 proc.	(62)	(64)
Other	- 1 proc.	2	4
The Group			
	Interest rate change	Effect on net interest income	
		31 December 2019	31 December 2018
EUR	+ 1 proc.	1,096	896
USD	+ 1 proc.	62	64
Other	+ 1 proc.	(2)	(4)
EUR	- 1 proc.	(1,096)	(896)
USD	- 1 proc.	(62)	(64)
Other	- 1 proc.	2	4

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Note 24 Risk management (cont'd)Interest rate risk (cont.)

The table below summarises the Group's and the Bank's exposure to interest rate risk as of 31 December 2019 and 31 December 2018. The table below includes the Group's and the Bank's assets and liabilities at carrying amounts, classified by the earlier of contractual re-pricing or maturity dates.

The Bank	31 December 2019						Total
	Less than 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	Over 3 years	
Assets:							
Sensitive assets to interest rate fluctuation	45,456	71,762	111,014	14,438	13,325	7,396	263,391
Non-sensitive assets to interest rate fluctuation							92,980
Liabilities:							
Sensitive liabilities to interest rate fluctuation	15,739	21,933	24,284	52,766	38,183	28,671	181,576
Non-sensitive liabilities and equity to interest rate fluctuation							174,576
Total interest sensitivity gap	29,717	49,829	86,730	(38,328)	(24,858)	(21,275)	-

The Bank	31 December 2018						Total
	Less than 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	Over 3 years	
Assets:							
Sensitive assets to interest rate fluctuation	36,977	72,275	75,972	24,179	26,868	9,926	246,197
Non-sensitive assets to interest rate fluctuation							81,933
Liabilities:							
Sensitive liabilities to interest rate fluctuation	12,084	16,681	24,716	53,325	44,456	27,784	179,046
Non-sensitive liabilities and equity to interest rate fluctuation							149,084
Total interest sensitivity gap	24,893	55,594	51,256	(29,146)	(17,588)	(17,858)	-

The Group	31 December 2019						Total
	Less than 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	Over 3 years	
Assets:							
Sensitive assets to interest rate fluctuation	45,626	72,081	111,473	15,310	12,303	10,952	267,745
Non-sensitive assets to interest rate fluctuation							87,589
Liabilities:							
Sensitive liabilities to interest rate fluctuation	15,739	21,933	24,284	52,766	38,183	28,671	181,576
Non-sensitive liabilities and equity to interest rate fluctuation							173,758
Total interest sensitivity gap	29,887	50,148	87,189	(37,456)	(25,880)	(17,719)	-

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Note 24 Risk management (cont'd)Interest rate risk (cont'd)

The Group	31 December 2018						
	Less than 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	Over 3 years	Total
Assets:							
Sensitive assets to interest rate fluctuation	37,031	72,379	76,382	25,005	27,456	9,975	248,228
Non-sensitive assets to interest rate fluctuation							76,535
Liabilities:							
Sensitive liabilities to interest rate fluctuation	12,084	16,681	24,716	53,325	44,456	27,784	179,046
Non-sensitive liabilities and equity to interest rate fluctuation							145,717
Total interest sensitivity gap	24,947	55,698	51,666	(28,320)	(17,000)	(17,809)	-

Currency risk

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

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

The Group			The Bank	
31 December 2019	31 December 2018		31 December 2019	31 December 2018
469	534	Long positions	469	534
(309)	(515)	Short positions	(309)	(515)
33,076	25,773	Eligible capital	33,331	25,639
1.42	2.07	Overall net currency position, %	1.41	2.08

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

	31 December 2019	31 December 2018
Increase in FX rates by 10%	16	2
Decrease in FX rates by 10%	(16)	(2)

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Note 25 Capital

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

The Group's and the Bank's capital management procedures are based on the regulatory capital requirements contained in the Capital Requirements Directive (CRD) and in the Capital Requirements Regulation (CRR) No. 575/2013. According to these requirements, there is a need to accumulate addition conservation buffer reserve, which is equal to 2.5 percentage from generally evaluated risk amount and 1.0 percentage countercyclical buffer, set from 2019 June 30 for Lithuanian positions. Additional own fund requirement (Pillar II) is determined 2,2 % from 30 September 2018.

Taking into consideration Regulation (EU) No. 575/2013 of the European Parliament and of the Council and capital adequacy requirements, the Bank's and the Group's total capital adequacy ratio should not be less than 13.70 percent. The Group and the Bank capital adequacy ratio exceeded the required minimum.

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

The Group			The Bank	
31 December 2019	31 December 2018		31 December 2019	31 December 2018
16.18	15.50	CET 1 Capital ratio	16.07	15.03
16.18	15.50	Tier 1 Capital ratio	16.07	15.03
17.76	17.66	Capital adequacy ratio	17.63	17.14

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Note 26 Quality of financial assets, profitability rates and other information

Financial assets quality indicators as at 31 December 2019 are given in the table below:

The Group			The Bank	
Provisions (EUR) thousands	Provisions to financial assets ratio (%)		Provisions (EUR) thousands	Provisions to financial assets ratio (%)
1,057	0.55	Loans to customers	946	0.50
127	0.79	Finance lease receivable	127	0.79
39	0.08	Debt securities	39	0.08
11	0.10	Placements with banks	11	0.10
35	4.56	Other assets	35	4.82
1,269	0.47	Total:	1,158	0.43

Financial assets quality indicators as at 31 December 2018:

The Group			The Bank	
Provisions (EUR) thousands	Provisions to financial assets ratio (%)		Provisions (EUR) thousands	Provisions to financial assets ratio (%)
2,416	1.50	Loans to customers	2,363	1.48
183	1.41	Finance lease receivable	183	1.41
42	0.06	Debt securities	42	0.06
13	0.10	Placements with banks	13	0.10
-	-	Other assets	-	-
2,654	1.03	Total:	2,601	1.01

Main profitability rates of the bank as at 31 December 2019 are provided in the table below:

The Group			The Bank	
31 December 2019	31 December 2018		31 December 2019	31 December 2018
1.11	0.66	Return on assets (ROA)	1.15	0.66
9.67	6.92	Return on equity (ROE)	10.03	7.03

Action applied to the Bank

During the fourth quarter 2019 any measures of effect were not applied to the Medicinos Bankas.

Note 27 Events after the reporting date

At 30 January 2020 after 2018 supervisory review by the Bank of Lithuania and evaluation process (SREP) additional own fund requirement were decreased from 2.2 percent until 1.8 percent. In addition, recommended to have 1.0 percent capital of the second pillar capital guidelines, that should be included in the capital planning and risk management systems.

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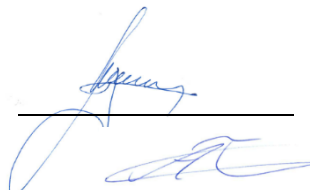
(All amounts in EUR thousand unless otherwise stated)

CONFIRMATION OF RESPONSIBLE PERSONS

We, UAB Medicinos Bankas Chairman of the Board and Chief Executive Officer Dalia Klišauskienė and Director of Accounting and Reporting Department, Chief Accountant Aleksejus Tonkich, confirm that the financial statements for four quarters of 2019 have been prepared in accordance with the applicable accounting standard, represents reality and fairly shows the assets, liabilities, financial position, results of operations and cash flows of UAB Medicinos Bankas and the consolidated entities.

Acting Chairman of the Board and
Chief Executive Officer

D. Klišauskienė



Director of Accounting and Reporting
Department, Chief Accountant

A. Tonkich

