

# UAB MEDICINOS BANKAS

BANK'S SEPARATE AND CONSOLIDATED CONDENSED INTERIM  
FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD AS AT 30TH  
SEPTEMBER 2018 PREPARED IN ACCORDANCE WITH  
INTERNATIONAL FINANCIAL REPORTING STANDARDS  
AS ADOPTED BY THE EUROPEAN UNION  
(UNAUDITED)

# UAB MEDICINOS BANKAS

## SEPARATE AND CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD AS AT 30TH SEPTEMBER 2018

(All amounts in EUR thousand unless otherwise stated)

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**UAB MEDICINOS BANKAS**

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

**SEPARATE AND CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD AS AT 30TH SEPTEMBER 2018**

(All amounts in EUR thousand unless otherwise stated)

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

| The Group         |                  |   |       | The Bank          |                  |
|-------------------|------------------|---|-------|-------------------|------------------|
| 30 September 2018 | 31 December 2017 | Assets  | Notes | 30 September 2018 | 31 December 2017 |
|                   |                  | Cash and due from central bank                        |       |                   |                  |
| 28,079            | 24,478           | Cash  |       | 28,079            | 24,478           |
| 28,765            | 29,042           | Placements with the central bank                      |       | 28,765            | 29,042           |
| 56,844            | 53,520           |   |       | 56,844            | 53,520           |
| 11,567            | 11,539           | Placements with banks and other credit institutions   |       | 11,513            | 11,496           |
|                   |                  | Financial assets at fair value through profit or loss |       |                   |                  |
| 1                 | 7                | Derivative financial instruments                      |       | 1                 | 7                |
| -                 | -                | Debt securities                                       |       | -                 | -                |
| 1                 | 7                |   |       | 1                 | 7                |
| 66,526            | 39,860           | Debt securities                                       | 3     | 66,526            | 39,860           |
| 153,650           | 147,280          | Loans to customers                                    |       | 152,533           | 147,123          |
| 1,279             | 2,923            | Receivables with deferred payment                     |       | 1,051             | 2,657            |
| 1,603             | 1,636            | Loans to bank and financial institutions              |       | 1,603             | 1,835            |
| 12,095            | 11,839           | Finance lease receivable                              |       | 12,095            | 11,839           |
| 168,627           | 163,678          |   |       | 167,282           | 163,454          |
| -                 | -                | Investments in subsidiaries                           | 5     | 7,216             | 6,439            |
| 4,352             | 6,213            | Investment property                                   | 4     | 1,796             | 1,370            |
| 5,606             | 5,343            | Property and equipment                                |       | 5,603             | 5,338            |
| 208               | 264              | Intangible assets                                     |       | 175               | 243              |
|                   |                  | Tax assets  |       |                   |                  |
| 6                 | 15               | Current taxes   |       | 6                 | 15               |
| 1,897             | 1,897            | Deferred taxes  |       | 1,897             | 1,897            |
| 1,903             | 1,912            |   |       | 1,903             | 1,912            |
| 2,046             | 2,849            | Other assets  | 6     | 1,964             | 2,529            |
| <b>317,680</b>    | <b>285,185</b>   | <b>Total assets</b>                                   |       | <b>320,823</b>    | <b>286,168</b>   |

(continued on the next page)

The accompanying notes on pages 14 to 41 are an integral part of these financial statements.

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**SEPARATE AND CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD AS AT 30TH SEPTEMBER 2018**

(All amounts in EUR thousand unless otherwise stated)

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

| The Group         |                  | Liabilities                                       | Notes | The Bank          |                  |
|-------------------|------------------|---|-------|-------------------|------------------|
| 30 September 2018 | 31 December 2017 |   |       | 31 September 2018 | 31 December 2017 |
| 271               | 3,600            | Due to banks and other credit institutions        | 7     | 271               | 4,435            |
| 36                | 31               | Derivative financial instruments                  |       | 36                | 19               |
| 276,162           | 251,855          | Due to customers                                  | 8     | 279,524           | 232,702          |
| 1,002             | 1,000            | Subordinated loans                                | 9     | 1,002             | 1,000            |
| 2,123             | -                | Debt securities issued                            | 9     | 2,123             | -                |
| -                 | -                | Tax liabilities                                   |       | -                 | 21               |
| -                 | -                | Current taxes                                     |       | -                 | -                |
| -                 | -                | Deferred taxes                                    |       | -                 | 21               |
| 8,335             | 1,258            | Other liabilities                                 | 10    | 8,085             | 1,152            |
| 39                | -                | Impairment  |       | 39                | -                |
| <b>287,968</b>    | <b>257,744</b>   | <b>Total liabilities</b>                          |       | <b>291,080</b>    | <b>258,703</b>   |
| <b>Equity</b>     |                  |   |       |                   |                  |
| 19,948            | 19,948           | Share capital                                     | 11    | 19,948            | 19,948           |
| 1,247             | 828              | Retained earnings                                 |       | 1,278             | 852              |
| 339               | 339              | Revaluation reserve of property and equipment     |       | 339               | 339              |
| 8,178             | 6,326            | Other reserves                                    | 11    | 8,178             | 6,326            |
| <b>29,712</b>     | <b>27,441</b>    | <b>Total shareholders' equity</b>                 |       | <b>29,743</b>     | <b>27,465</b>    |
| <b>317,680</b>    | <b>285,185</b>   | <b>Total liabilities and shareholders' equity</b> |       | <b>320,823</b>    | <b>286,168</b>   |

The accompanying notes on pages 14 to 41 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

**UAB MEDICINOS BANKAS**

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

**SEPARATE AND CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD AS AT 30TH SEPTEMBER 2018**

(All amounts in EUR thousand unless otherwise stated)

**CONDENSED SEPARATE AND CONSOLIDATED INCOME STATEMENTS**

| <b>The Group</b>         |                          |   |              | <b>The Bank</b>          |                          |
|--------------------------|--------------------------|---|--------------|--------------------------|--------------------------|
| <b>30 September 2018</b> | <b>30 September 2017</b> |   | <b>Notes</b> | <b>30 September 2018</b> | <b>30 September 2017</b> |
| 6,888                    | 5,975                    | Interest income   | 12           | 6,813                    | 5,961                    |
| (1,307)                  | (1,205)                  | Interest expenses                                       | 12           | (1,307)                  | (1,205)                  |
| <b>5,581</b>             | <b>4 770</b>             | <b>Net interest income</b>                              |              | <b>5,506</b>             | <b>4,756</b>             |
| 4,013                    | 2,762                    | Service fee and commission income                       | 13           | 4,013                    | 2,766                    |
| (343)                    | (325)                    | Service fee and commission expenses                     | 13           | (323)                    | (325)                    |
| <b>3,670</b>             | <b>2,437</b>             | <b>Net service fee and commission income</b>            |              | <b>3,690</b>             | <b>2,441</b>             |
| -                        | (29)                     | Net result on equity securities trading                 |              | -                        | (29)                     |
| -                        | 9                        | Net result on securities trading                        |              | -                        | 9                        |
| 3,536                    | 2,801                    | Net foreign exchange gain                               | 14           | 3,536                    | 2,801                    |
| (94)                     | 28                       | Net result from operations with derivatives             |              | (94)                     | 28                       |
| -                        | -                        | Impairment of investments into subsidiaries             | 5            | (923)                    | (284)                    |
| (790)                    | (301)                    | Net result on operations on investment property         | 4, 15        | (199)                    | (21)                     |
| 116                      | 248                      | Other income  |              | 100                      | 177                      |
| <b>12,019</b>            | <b>10,021</b>            | <b>Total operating income</b>                           |              | <b>11,616</b>            | <b>9,878</b>             |
| (1,050)                  | 123                      | Impairment of loans and other financial assets          |              | (1,055)                  | (146)                    |
| <b>10,969</b>            | <b>10,144</b>            | <b>Operating income after impairment</b>                |              | <b>10,561</b>            | <b>9,732</b>             |
| (5,715)                  | (4,967)                  | Salaries and benefits                                   | 16           | (5,488)                  | (4,870)                  |
| (359)                    | (279)                    | Depreciation  |              | (359)                    | (279)                    |
| (140)                    | (140)                    | Amortisation  |              | (127)                    | (140)                    |
| (3,166)                  | (3,425)                  | Other operating expenses                                | 16           | (2,991)                  | (2,984)                  |
| <b>(9,380)</b>           | <b>(8,811)</b>           | <b>Total operating expenses</b>                         |              | <b>(8,965)</b>           | <b>(8,273)</b>           |
| <b>1,589</b>             | <b>1,333</b>             | <b>Operating profit (loss)</b>                          |              | <b>1,596</b>             | <b>1,459</b>             |
| <b>(16)</b>              | <b>(19)</b>              | <b>Income tax expense</b>                               |              | <b>(16)</b>              | <b>(19)</b>              |
| <b>1,573</b>             | <b>1,314</b>             | <b>Profit (loss) at the end of the reporting period</b> |              | <b>1,580</b>             | <b>1,440</b>             |
| <b>1,573</b>             | <b>1,314</b>             | <b>Attributable to equity holders of the Bank</b>       |              | <b>1,580</b>             | <b>1,440</b>             |

The accompanying notes on pages 14 to 41 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

**UAB MEDICINOS BANKAS**

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

**SEPARATE AND CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD AS AT 30TH SEPTEMBER 2018**

(All amounts in EUR thousand unless otherwise stated)

**CONDENSED SEPARATE AND CONSOLIDATED INCOME STATEMENTS FOR QUARTER**

| <b>The Group</b>                  |                                   |   |              | <b>The Bank</b>                   |                                   |
|-----------------------------------|-----------------------------------|---|--------------|-----------------------------------|-----------------------------------|
| <b>01-07-2018-<br/>30-09-2018</b> | <b>01-07-2017-<br/>30-09-2017</b> |   | <b>Notes</b> | <b>01-07-2018-<br/>30-09-2018</b> | <b>01-07-2017-<br/>30-09-2017</b> |
| 2,356                             | 2,299                             | Interest income   | 12           | 2,320                             | 2,297                             |
| (444)                             | (303)                             | Interest expenses                                       | 12           | (444)                             | (303)                             |
| <b>1,912</b>                      | <b>1,996</b>                      | <b>Net interest income</b>                              |              | <b>1,876</b>                      | <b>1,994</b>                      |
| 1,512                             | 892                               | Service fee and commission income                       | 13           | 1,512                             | 896                               |
| (124)                             | (127)                             | Service fee and commission expenses                     | 13           | (119)                             | (127)                             |
| <b>1,388</b>                      | <b>765</b>                        | <b>Net service fee and commission income</b>            |              | <b>1,393</b>                      | <b>769</b>                        |
| -                                 | 29                                | Net result on equity securities trading                 |              | -                                 | (29)                              |
| -                                 | 13                                | Net result on securities trading                        |              | -                                 | 13                                |
| 1,410                             | 1,152                             | Net foreign exchange gain                               | 14           | 1,410                             | 1,152                             |
| (35)                              | (72)                              | Net result from operations with derivatives             |              | (35)                              | (72)                              |
| -                                 | -                                 | Impairment of investments into subsidiaries             | 5            | (205)                             | (33)                              |
| (255)                             | (269)                             | Net result on operations on investment property         | 4, 15        | (150)                             | (15)                              |
| 43                                | 224                               | Other income  |              | 34                                | 151                               |
| <b>4,463</b>                      | <b>3,838</b>                      | <b>Total operating income</b>                           |              | <b>4,323</b>                      | <b>3,930</b>                      |
| (294)                             | (3)                               | Impairment of loans and other financial assets          |              | (294)                             | (3)                               |
| <b>4,169</b>                      | <b>3,835</b>                      | <b>Operating income after impairment</b>                |              | <b>4,029</b>                      | <b>3,927</b>                      |
| (1,998)                           | (1,705)                           | Salaries and benefits                                   | 16           | (1,928)                           | (1,670)                           |
| (126)                             | (100)                             | Depreciation  |              | (126)                             | (100)                             |
| (46)                              | (50)                              | Amortisation  |              | (41)                              | (50)                              |
| (1,115)                           | (1,051)                           | Other operating expenses                                | 16           | (1,062)                           | (1,085)                           |
| <b>(3,285)</b>                    | <b>(2,906)</b>                    | <b>Total operating expenses</b>                         |              | <b>(3,157)</b>                    | <b>(2,905)</b>                    |
| <b>884</b>                        | <b>929</b>                        | <b>Operating profit (loss)</b>                          |              | <b>872</b>                        | <b>1,022</b>                      |
| <b>(3)</b>                        | <b>(12)</b>                       | <b>Income tax expense</b>                               |              | <b>(3)</b>                        | <b>(12)</b>                       |
| <b>881</b>                        | <b>917</b>                        | <b>Profit (loss) at the end of the reporting period</b> |              | <b>869</b>                        | <b>1,010</b>                      |
| <b>881</b>                        | <b>917</b>                        | <b>Attributable to equity holders of the Bank</b>       |              | <b>869</b>                        | <b>1,010</b>                      |

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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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**SEPARATE AND CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD AS AT 30TH SEPTEMBER 2018**

(All amounts in EUR thousand unless otherwise stated)

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

|  | <u>30 September 2018</u> | <u>30 September 2017</u> |
|--|--------------------------|--------------------------|
| <b>Items that will never be reclassified to profit or loss</b>                 |                          |                          |
| Change in PPE revaluation  | -                        | -                        |
| Transfer of depreciation for PPE net of tax                                    | -                        | -                        |
| Other  | -                        | -                        |
|  | <hr/>                    | <hr/>                    |
| <b>Items that are or may be reclassified to profit or loss</b>                 | -                        | -                        |
|  | <hr/>                    | <hr/>                    |
| Net amount transferred to profit or loss (available-for-sale financial assets) | -                        | -                        |
| Related tax  | -                        | -                        |
|  | <hr/>                    | <hr/>                    |
| <b>Other comprehensive income (expenses), net of tax</b>                       | -                        | -                        |
|  | <hr/>                    | <hr/>                    |
| Profit (loss) at the end of the reporting period                               | 1,580                    | 1,440                    |
| <b>Total comprehensive income</b>  | <u>1,580</u>             | <u>1,440</u>             |
| <b>Attributable to:</b>  |                          |                          |
| <b>Equity holders of the Bank</b>  | <b>1,580</b>             |                          |

**The Group**

|  | <u>30 September 2018</u> | <u>30 September 2017</u> |
|--|--------------------------|--------------------------|
| <b>Items that will never be reclassified to profit or loss</b> |                          |                          |
| Change in PPE revaluation                                      | -                        | -                        |
| Transfer of depreciation for PPE net of tax                    | -                        | -                        |
| Other  | -                        | -                        |
|  | <hr/>                    | <hr/>                    |
| <b>Items that are or may be reclassified to profit or loss</b> | -                        | -                        |
|  | <hr/>                    | <hr/>                    |
| Related tax  | -                        | -                        |
|  | <hr/>                    | <hr/>                    |
| <b>Other comprehensive income (expenses), net of tax</b>       | -                        | -                        |
|  | <hr/>                    | <hr/>                    |
| Profit (loss) at the end of the reporting period               | 1,573                    | 1,314                    |
| <b>Total comprehensive income</b>                              | <u>1,573</u>             | <u>1,314</u>             |
| <b>Attributable to:</b>  |                          |                          |
| <b>Equity holders of the Bank</b>                              | <b>1,573</b>             | <b>1,314</b>             |

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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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**SEPARATE AND CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD AS AT 30TH SEPTEMBER 2018**

(All amounts in EUR thousand unless otherwise stated)

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

|  | <u>01-07-2018 - 30-09-2018</u> | <u>01-07-2017 - 30-09-2017</u> |
|--|--------------------------------|--------------------------------|
| <b>Items that will never be reclassified to profit or loss</b>                 |                                |                                |
| Change in PPE revaluation  | -                              | -                              |
| Transfer of depreciation for PPE net of tax                                    | -                              | -                              |
| Other  | -                              | -                              |
| <b>Items that are or may be reclassified to profit or loss</b>                 | -                              | -                              |
| Net amount transferred to profit or loss (available-for-sale financial assets) | -                              | -                              |
| Related tax  | -                              | -                              |
| <b>Other comprehensive income (expenses), net of tax</b>                       | -                              | -                              |
| Profit (loss) at the end of the reporting period                               | 869                            | 1,010                          |
| <b>Total comprehensive income</b>  | <u>869</u>                     | <u>1,010</u>                   |
| <b>Attributable to:</b>  |                                |                                |
| <b>Equity holders of the Bank</b>  | <b>869</b>                     | <b>1,010</b>                   |

**The Group**

|  | <u>01-07-2018 - 30-09-2018</u> | <u>01-07-2017 - 30-09-2017</u> |
|--|--------------------------------|--------------------------------|
| <b>Items that will never be reclassified to profit or loss</b> |                                |                                |
| Change in PPE revaluation                                      | -                              | -                              |
| Transfer of depreciation for PPE net of tax                    | -                              | -                              |
| Other  | -                              | -                              |
| <b>Items that are or may be reclassified to profit or loss</b> | -                              | -                              |
| Related tax  | -                              | -                              |
| <b>Other comprehensive income (expenses), net of tax</b>       | -                              | -                              |
| Profit (loss) at the end of the reporting period               | 881                            | 917                            |
| <b>Total comprehensive income</b>                              | <u>881</u>                     | <u>917</u>                     |
| <b>Attributable to:</b>  |                                |                                |
| <b>Equity holders of the Bank</b>                              | <b>881</b>                     | <b>917</b>                     |

The accompanying notes on pages 14 to 41 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 \_\_\_\_\_



**UAB MEDICINOS BANKAS**

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

**SEPARATE AND CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD AS AT 30TH SEPTEMBER 2018**

(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>Financial assets revaluation reserve</u> | <u>Other reserves</u> | <u>Total</u>  |
|--|----------------------|-------------------------------------|--|---|-----------------------|---------------|
| <b>At 1 January 2017, as previously reported</b> | <b>19,948</b>        | <b>283</b>                          | <b>343</b>   | -   | <b>5,243</b>          | <b>25,817</b> |
| Profit or loss, restated                         | -                    | 1,440                               | -  | -   | -                     | <b>1,440</b>  |
| Other comprehensive income (expenses)            | -                    | (1)                                 | -  | -   | -                     | <b>(1)</b>    |
| <b>Transactions with owners of the Bank</b>      |                      |                                     |  |   |                       |               |
| Transfer to reserves                             | -                    | (1,083)                             | -  | -   | 1,083                 | -             |
| <b>At 30 September 2017, restated</b>            | <b>19,948</b>        | <b>639</b>                          | <b>343</b>   | -   | <b>6,326</b>          | <b>27,256</b> |
| <b>Total comprehensive income, restated</b>      |                      |                                     |  |   |                       |               |
| Profit or loss, restated                         | -                    | 207                                 | -  | -   | -                     | <b>207</b>    |
| Other comprehensive income (expenses)            | -                    | 6                                   | (4)  | -   | -                     | <b>2</b>      |
| <b>At 31 December 2017, restated</b>             | <b>19,948</b>        | <b>852</b>                          | <b>339</b>   | -   | <b>6,326</b>          | <b>27,465</b> |
| Profit or loss                                   | -                    | 1,580                               | -  | -   | -                     | <b>1,580</b>  |
| Other comprehensive income (expenses)            | -                    | (302)                               | -  | -   | -                     | <b>(302)</b>  |
| <b>Transactions with owners of the Bank</b>      |                      |                                     |  |   |                       |               |
| Transfer to reserves                             | -                    | (852)                               | -  | -   | 1,852                 | <b>1,000</b>  |
| <b>At 30 September 2018</b>                      | <b>19,948</b>        | <b>1,278</b>                        | <b>339</b>   | -   | <b>8,178</b>          | <b>29,743</b> |

*(continued on the next page)*

The accompanying notes on pages 14 to 41 are an integral part of these financial statements.

**UAB MEDICINOS BANKAS**

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

**SEPARATE AND CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD AS AT 30TH SEPTEMBER 2018**

(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 | Financial assets revaluation reserve | Other reserves | Total         |
|--|---------------|------------------------------|---|--------------------------------------|----------------|---------------|
| <b>At 1 January 2017, as previously reported</b> | <b>19,948</b> | <b>1,039</b>                 | <b>348</b>                                    | -                                    | <b>4,205</b>   | <b>25,540</b> |
| Profit or loss                                   | -             | 1,314                        | -   | -                                    | -              | <b>1,314</b>  |
| Other comprehensive income (expenses)            | -             | (1)                          | -   | -                                    | -              | <b>(1)</b>    |
| <b>Transactions with owners of the Bank</b>      |               |                              |   |                                      |                |               |
| Transfer to reserves                             | -             | (1,083)                      | -   | -                                    | 1,083          | -             |
| <b>At 30 September 2017, restated</b>            | <b>19,948</b> | <b>511</b>                   | <b>343</b>                                    | -                                    | <b>6,326</b>   | <b>27,128</b> |
| <b>Total comprehensive income, restated</b>      |               |                              |   |                                      |                |               |
| Profit or loss                                   | -             | 312                          | -   | -                                    | -              | <b>312</b>    |
| Other comprehensive income (expenses)            | -             | 5                            | (4)   | -                                    | -              | <b>1</b>      |
| <b>At 31 December 2017, restated</b>             | <b>19,948</b> | <b>828</b>                   | <b>339</b>                                    | -                                    | <b>6,326</b>   | <b>27,441</b> |
| Profit or loss                                   | -             | 1,573                        | -   | -                                    | -              | <b>1,573</b>  |
| Other comprehensive income (expenses)            | -             | (302)                        | -   | -                                    | -              | <b>(302)</b>  |
| <b>Transactions with owners of the Bank</b>      |               |                              |   |                                      |                |               |
| Transfer to reserves                             | -             | (852)                        | -   | -                                    | 1,852          | <b>1,000</b>  |
| <b>At 30 September 2018</b>                      | <b>19,948</b> | <b>1,247</b>                 | <b>339</b>                                    | -                                    | <b>8,178</b>   | <b>29,712</b> |

The accompanying notes on pages 14 to 41 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

**UAB MEDICINOS BANKAS**

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

**SEPARATE AND CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD AS AT 30TH SEPTEMBER 2018**

(All amounts in EUR thousand unless otherwise stated)

**CONDENSED SEPARATE AND CONSOLIDATED CASH FLOW STATEMENTS**

| <u>The Group</u>                 |                                  |  | <u>The Bank</u>                  |                                  |
|----------------------------------|----------------------------------|--|----------------------------------|----------------------------------|
| <u>30<br/>September<br/>2018</u> | <u>30<br/>September<br/>2017</u> |  | <u>30<br/>September<br/>2018</u> | <u>30<br/>September<br/>2017</u> |
|                                  |                                  |  | <b>Notes</b>                     |                                  |
|                                  |                                  | <b>Operating activities</b>  |                                  |                                  |
| 1,573                            | 1,314                            | Profit (loss) at the end of the reporting period   | 1,580                            | 1,440                            |
|                                  |                                  | <b>Adjustments to reconcile net profit or loss to net cash:</b>                              |                                  |                                  |
| 499                              | 419                              | Depreciation and amortisation  | 486                              | 419                              |
| (84)                             | (29)                             | (Gain) loss on disposal of property and equipment and investment property                    | (84)                             | (29)                             |
| 1,050                            | (123)                            | Impairment of loans  | 1,055                            | 146                              |
| -                                | -                                | Impairment of investments in subsidiaries  | 923                              | 284                              |
| (170)                            | 63                               | Impairment of investment property  | 102                              | (35)                             |
| 11                               | 7                                | Derivatives revaluation  | 11                               | 7                                |
| (16)                             | (21)                             | Elimination of accrued vacation pay  | (16)                             | (21)                             |
| 16                               | 19                               | Income tax expenses  | 16                               | 19                               |
| <u>760</u>                       | <u>(270)</u>                     | Elimination of other non-cash items  | <u>760</u>                       | <u>1,280</u>                     |
| 3,639                            | 1,379                            | Cash flows from (to) operating activities before changes in operating assets and liabilities | 4,833                            | 3,510                            |
|                                  |                                  | <b>Changes in operating assets and liabilities:</b>  |                                  |                                  |
| -                                | 7,763                            | Changes in trading debt securities   | -                                | 7,763                            |
| (153)                            | 72                               | Changes in compulsory reserves   | (153)                            | 72                               |
| (1,167)                          | -                                | Changes in amounts due from banks  | (1,167)                          | -                                |
| (10,546)                         | (7,332)                          | Loans to customers   | (9,366)                          | (6,820)                          |
| 1,510                            | (18,330)                         | Purchased loan portfolio   | 1,510                            | (18,330)                         |
| 1,644                            | 519                              | Receivables with deferred payment  | 1,606                            | -                                |
| 233                              | 3,813                            | Loans to financial institutions  | 232                              | 3,819                            |
| (256)                            | (559)                            | Finance lease receivable   | (256)                            | (559)                            |
| (3,329)                          | (570)                            | Changes in due to banks and other credit institutions  | (3,329)                          | (570)                            |
| 21,655                           | (5,915)                          | Changes in due to customers  | 23,952                           | (10,187)                         |
| <u>7,892</u>                     | <u>2,300</u>                     | Changes in other assets and liabilities  | <u>7,510</u>                     | <u>(1,001)</u>                   |
| 21,122                           | (16,860)                         | Net cash flows from operating activities before income tax                                   | 25,372                           | (22,303)                         |
| -                                | -                                | Income tax (paid)  | -                                | -                                |
| <u>21,122</u>                    | <u>(16,860)</u>                  | <b>Net cash flows from operating activities after income tax</b>                             | <u>25,372</u>                    | <u>(22,303)</u>                  |
|                                  |                                  | <b>Investing activities</b>  |                                  |                                  |
| (752)                            | (1,660)                          | (Acquisitions) of intangible assets and property and equipment                               | (727)                            | (1,660)                          |
| (2)                              | -                                | (Acquisitions) of investment property  | (2)                              | -                                |
| 3,553                            | 2,897                            | Proceeds from sale of property and equipment and investment property                         | 967                              | 690                              |
| -                                | -                                | Investments in subsidiaries  | (1,700)                          | -                                |
| -                                | -                                | Disposal of subsidiaries   | -                                | 7,650                            |
| (48 421)                         | (9 561)                          | (Acquisitions) of debt securities  | (48 421)                         | (9 561)                          |
| <u>21 755</u>                    | <u>11 647</u>                    | Redemption of debt securities  | <u>21 755</u>                    | <u>11 647</u>                    |
| <u>(23,867)</u>                  | <u>3,323</u>                     | <b>Net cash flows to investing activities</b>  | <u>(28,128)</u>                  | <u>8,766</u>                     |

*(continued on the next page)*

The accompanying notes on pages 14 to 41 are an integral part of these financial statements.

**UAB MEDICINOS BANKAS**

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

**SEPARATE AND CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD AS AT 30TH SEPTEMBER 2018**

(All amounts in EUR thousand unless otherwise stated)

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

| <u>The Group</u>                 |                                  |  | <u>The Bank</u>                  |                                  |
|----------------------------------|----------------------------------|--|----------------------------------|----------------------------------|
| <u>30<br/>September<br/>2018</u> | <u>30<br/>September<br/>2017</u> |  | <u>30<br/>September<br/>2018</u> | <u>30<br/>September<br/>2017</u> |
|                                  |                                  |  | <b>Notes</b>                     |                                  |
|                                  |                                  | <b>Financing activities</b>                                  |                                  | -                                |
| 2,123                            | -                                | Bonds issued   | 2,123                            | -                                |
| -                                | -                                | Bonds (redeemed)   | -                                | -                                |
| -                                | -                                | Subordinated loans received                                  | -                                | -                                |
| 7,155                            | 6,762                            | Loans received   | 7,155                            | 6,762                            |
| (4,566)                          | (2,375)                          | Loans (repaid)   | (4,566)                          | (2,375)                          |
| <b>4,712</b>                     | <b>4,387</b>                     | <b>Net cash flows from (to) financing activities</b>         | <b>4,712</b>                     | <b>4,387</b>                     |
| 65                               | (227)                            | Effect of exchange rate changes on cash and cash equivalents | 65                               | (227)                            |
| <b>2,032</b>                     | <b>(9,377)</b>                   | <b>Net increase (decrease) in cash and cash equivalents</b>  | <b>2,021</b>                     | <b>(9,377)</b>                   |
| 63,050                           | 52,735                           | Cash and cash equivalents at 1 January                       | 63,007                           | 52,734                           |
| <b>65 082</b>                    | <b>43,358</b>                    | <b>Cash and cash equivalents at 30 September</b>             | <b>65,028</b>                    | <b>43,357</b>                    |
|                                  |                                  |  | 17                               |                                  |
|                                  |                                  | <b>Additional information to operating cash flows</b>        |                                  |                                  |
| 6,727                            | 7,196                            | Interest received  | 6,629                            | 7,182                            |
| (1,080)                          | (1,115)                          | Interest (paid)  | (1,080)                          | (1,115)                          |

The accompanying notes on pages 14 to 41 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

# UAB MEDICINOS BANKAS

## SEPARATE AND CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD AS AT 30TH SEPTEMBER 2018

(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 third quarter of 2018 the Bank had 52 customer service units in different regions of Lithuania.

The financial statements of the Group include the financial statements of the Bank and its fully owned subsidiaries UAB MB Turtas, UAB MB Valda, UAB MB Investicija, UAB TG Invest-1, SIA Nida Capital (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), which were established on 12 August 2009, 30 November 2009 and 16 December 2011 respectively. UAB TG Invest-1 was bought on 17 May 2013, SIA Nida Capital was established on 31 March 2014, and UAB Saugus Kreditas was acquired 17 October 2017.

As at 30 September 2018 the Bank employed 389 employees (383 employees as at 31 December 2017). As at 31 September 2018 the Group employed 402 employees (396 employees as at 31 December 2017).

As at 30 September 2018 and 31 December 2017 the shareholders of the Bank were as follows:

|                        | <b>Ordinary shares held</b> | <b>Per cent of ownership</b> |
|------------------------|-----------------------------|------------------------------|
| Mr. Saulius Karosas    | 123,850                     | 89.91                        |
| Western Petroleum Ltd. | 13,600                      | 9.87                         |
| Other                  | 300                         | 0.22                         |
| <b>Total</b>           | <b>137,750</b>              | <b>100.00</b>                |

The issued share capital consists of 137,750 ordinary shares with the par value of EUR 144.81 each. As at 30 September 2018 and 31 December 2017, all shares were fully paid.

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

#### **Statement of compliance**

The separate and consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU).

#### **Basis of measurement**

The financial statements have been prepared on the historical cost basis except for financial assets at fair value through profit or loss, available-for-sale financial assets and investment property, measured at fair value, and buildings measured at revalued amounts.

#### **Functional and presentation currency**

These financial statements are presented in EUR, which is the Bank's and its subsidiaries' functional currency unless otherwise stated. On 1 January 2015, the Republic of Lithuania joined the euro area and the Lithuanian national currency litas was replaced by the euro.

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

|     | <b>30 September 2018</b> | <b>31 December 2017</b> |
|-----|--------------------------|-------------------------|
| USD | 1,1576                   | 1,1993                  |

**SEPARATE AND CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD AS AT 30TH SEPTEMBER 2018**

(All amounts in EUR thousand unless otherwise stated)

**Note 2 Basis of preparation and significant accounting policies (cont.)**

*The expected credit loss impairment model*

From 1 January 2018 the Bank and the Group adopted IFRS 9. The Group prepared and implemented model of expected credit loss (ECL) evaluation which is applied to financial instruments such as loans to customers, finance lease receivables, debt securities, placements with banks and other financial assets.

Expected credit loss is evaluated depending on changes in credit risk of exposure since the initial recognition, taking into account unbiased future oriented information even if no actual loss was incurred. ECL model is based on past events, current conditions and forecast of future economic conditions which can make impact on expected future cash flows. Therefore credit loss impairment allowances now are more sensitive to changes in forecasts of future economic conditions and can fluctuate more than before the adoption of IFRS 9.

The expected credit loss impairment model is based on the actual credit loss experience over the past seven years. Loan portfolio exposures were segmented to corporates or individuals, and corporates were segmented as those that are linked to the real estate industry (real estate development, rent or selling) or not.

Off-balance sheet exposures are divided into 3 stages the same way as appropriate balance-sheet exposures. ECL's are calculated in the same way as for appropriate balance-sheet exposures.

Estimated impact of IFRS 9 application for the 1 January 2018 is disclosed in the tables below.

**Impact of IFRS 9 application on impairment**

| <b>The Bank</b>                         | <b>31 December 2017<br/>IAS 39</b> | <b>1 January 2018<br/>IFRS 9</b> | <b>Change</b> |
|---|------------------------------------|----------------------------------|---------------|
| Loans and receivables                   | 5,745                              | 6,002                            | 257           |
| Debt securities                         | 0                                  | 24                               | 24            |
| Placements with central and other banks | 0                                  | 20                               | 20            |
| Other financial assets                  | 0                                  | 1                                | 1             |
| <b>Impairment of financial assets</b>   | <b>5,745</b>                       | <b>6,047</b>                     | <b>302</b>    |

  

| <b>The Group</b>                        | <b>31 December 2017<br/>IAS 39</b> | <b>1 January 2018<br/>IFRS 9</b> | <b>Change</b> |
|---|------------------------------------|----------------------------------|---------------|
| Loans and receivables                   | 5,792                              | 6,049                            | 257           |
| Debt securities                         | 0                                  | 24                               | 24            |
| Placements with central and other banks | 0                                  | 20                               | 20            |
| Other financial assets                  | 0                                  | 1                                | 1             |
| <b>Impairment of financial assets</b>   | <b>5,792</b>                       | <b>6,094</b>                     | <b>302</b>    |

# UAB MEDICINOS BANKAS

## SEPARATE AND CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD AS AT 30TH SEPTEMBER 2018

(All amounts in EUR thousand unless otherwise stated)

### Note 3 Debt securities

Held-to-maturity investments are as follows:

| The Group               |                        |   | The Bank                |                        |
|-------------------------|------------------------|---|-------------------------|------------------------|
| 30<br>September<br>2018 | 31<br>December<br>2017 |   | 30<br>September<br>2018 | 31<br>December<br>2017 |
| 34,834                  | 18,017                 | Government bonds of the Republic of Lithuania | 34,834                  | 18,017                 |
| 801                     | 1,220                  | Non-financial company bonds                   | 801                     | 1,220                  |
| 1,565                   | 1,600                  | Government bonds of the Republic of Iceland   | 1,565                   | 1,600                  |
| 1,002                   | 1,869                  | Government bonds of the Kingdom of Spain      | 1,002                   | 1,869                  |
| -                       | 1,943                  | Government bonds of the Republic of Belgium   | -                       | 1,943                  |
| -                       | 1,058                  | Government bonds of the Republic of Croatia   | -                       | 1,058                  |
| 10,126                  | 1,003                  | Government bonds of the Republic of Latvia    | 10,126                  | 1,003                  |
| 2,099                   | 2,127                  | Government bonds of the Republic of Poland    | 2,099                   | 2,127                  |
| 3,164                   | 2,075                  | Government bonds of the Republic of Romania   | 3,164                   | 2,075                  |
| 3,492                   | 2,565                  | Government bonds of the Republic of Slovenia  | 3,492                   | 2,565                  |
| 4,754                   | 3,347                  | Government bonds of the Republic of Sweden    | 4,754                   | 3,347                  |
| 3,026                   | 1,668                  | Government bonds of the Republic of Finland   | 3,026                   | 1,668                  |
| 1,663                   | 1,368                  | Government bonds of the Republic of Hungary   | 1,663                   | 1,368                  |
| <b>66,526</b>           | <b>39,860</b>          | <b>Debt securities</b>                        | <b>66,526</b>           | <b>39,860</b>          |

### Note 4 Investment property

|   | The Bank<br>30 September 2018 | The Bank<br>31 december 2017 |
|---|-------------------------------|------------------------------|
| <b>Balance at the beginning of year</b>           | <b>1,370</b>                  | <b>913</b>                   |
| Additions   | 1,367                         | 1,070                        |
| Disposals   | (761)                         | (568)                        |
| Changes in fair value                             | (180)                         | (45)                         |
| <b>Balance at the end of the reporting period</b> | <b>1,796</b>                  | <b>1,370</b>                 |

  

|   | The Group<br>30 September 2018 | The Group<br>31 december 2017 |
|---|--------------------------------|-------------------------------|
| <b>Balance at the beginning of year</b>           | <b>6,213</b>                   | <b>8,354</b>                  |
| Additions   | 1,392                          | 1,871                         |
| Disposals   | (2,297)                        | (3,332)                       |
| Changes in fair value                             | (956)                          | (680)                         |
| <b>Balance at the end of the reporting period</b> | <b>4,352</b>                   | <b>6,213</b>                  |

The fair value of investment properties owned by subsidiaries:

|                    | 30 September 2018 | 31 december 2017 |
|--------------------|-------------------|------------------|
| UAB MB Turtas      | 101               | 401              |
| UAB MB Valda       | 561               | 831              |
| UAB MB Investicija | 337               | 554              |
| UAB TG Invest-1    | 1,390             | 2,470            |
| SIA Nida Capital   | 167               | 586              |
| <b>Total</b>       | <b>2,556</b>      | <b>4,842</b>     |

# UAB MEDICINOS BANKAS

## SEPARATE AND CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD AS AT 30TH SEPTEMBER 2018

(All amounts in EUR thousand unless otherwise stated)

### Note 5 Investment in subsidiaries

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

|   | <b>The Bank</b><br>30 September 2018 | <b>The Bank</b><br>31 December 2017 |
|---|--------------------------------------|-------------------------------------|
| <b>Balance at the beginning of the year</b>         | <b>6,439</b>                         | <b>14,494</b>                       |
| Additions   | -                                    | 764                                 |
| Increase of authorized capital                      | 1,700                                | -                                   |
| Disposal (nominal value)                            | -                                    | (13,056)                            |
| Reversal of impairment of the disposed assets       | -                                    | 5,377                               |
| Additional impairment of investment in subsidiaries | (923)                                | (1,140)                             |
|   | <b>777</b>                           | <b>(8,055)</b>                      |
| <b>Balance at the end of the report period</b>      | <b>7,216</b>                         | <b>6,439</b>                        |

| Balance as at 31 December 2017 | Ownership (%) | Direct ownership (%) | Nominal amount | Carrying value |                |
|--------------------------------|---------------|----------------------|----------------|----------------|----------------|
|                                |               |                      |                | Impairment     | Carrying value |
| UAB MB Turtas                  | 100           | 22.46                | 753            | (458)          | 295            |
| UAB MB Valda                   | 100           | 32.52                | 1,150          | (239)          | 911            |
| UAB MB Investicija             | 100           | 47.94                | 1,481          | (395)          | 1,086          |
| UAB TG Invest-1                | 100           | 73.22                | 3,567          | (903)          | 2,664          |
| SIA Nida capital               | 100           | 100                  | 850            | (324)          | 526            |
| UAB Saugus Kreditas            | 100           | 100                  | 1,765          | (31)           | 1,734          |
| <b>Total</b>                   |               |                      | <b>9,566</b>   | <b>(2,350)</b> | <b>7,216</b>   |

| Balance as at 31 December 2016 | Ownership (%) | Direct ownership (%) | Nominal amount | Carrying value |                |
|--------------------------------|---------------|----------------------|----------------|----------------|----------------|
|                                |               |                      |                | Impairment     | Carrying value |
| UAB MB Turtas                  | 100           | 22.46                | 753            | (304)          | 449            |
| UAB MB Valda                   | 100           | 32.52                | 1,150          | (116)          | 1,034          |
| UAB MB Investicija             | 100           | 47.94                | 1,481          | (150)          | 1,331          |
| UAB TG Invest-1                | 100           | 73.22                | 3,567          | (527)          | 3,040          |
| SIA Nida Capital               | 100           | 100                  | 850            | (298)          | 552            |
| UAB Saugus Kreditas            | 100           | 100                  | 64             | (31)           | 33             |
| <b>Total</b>                   |               |                      | <b>7,865</b>   | <b>(1,426)</b> | <b>6,439</b>   |

### Note 6 Other assets

Other assets comprise:

| The Group         |                  |  | The Bank          |                  |
|-------------------|------------------|--|-------------------|------------------|
| 30 September 2018 | 31 December 2017 |  | 30 September 2018 | 31 December 2017 |
| 1,497             | 2,006            | Prepayments                                  | 1,483             | 1,997            |
| 78                | 484              | Receivables from customers                   | 26                | 223              |
| 203               | 80               | Receivable value added tax                   | 193               | 56               |
| 177               | 108              | Deferred expenses                            | 176               | 108              |
| 91                | 209              | Other  | 86                | 183              |
| <b>2,046</b>      | <b>2,887</b>     |  | <b>1,964</b>      | <b>2,567</b>     |
| -                 | (38)             | Less: impairment for losses from receivables | -                 | (38)             |
| <b>2,046</b>      | <b>2,849</b>     | <b>Other assets</b>                          | <b>1,964</b>      | <b>2,529</b>     |



# UAB MEDICINOS BANKAS

## SEPARATE AND CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD AS AT 30TH SEPTEMBER 2018

(All amounts in EUR thousand unless otherwise stated)

### Note 7 Due to banks and other credit institutions

| The Group         |                  |   | The Bank          |                  |
|-------------------|------------------|---|-------------------|------------------|
| 30 September 2018 | 31 December 2017 |   | 30 September 2018 | 31 December 2017 |
| -                 | -                | Term deposits   | -                 | -                |
| -                 | 3,000            | Deposits CB (ECB Open market operations)                  | -                 | 3,000            |
| 271               | 600              | Current accounts and overnight deposits                   | 271               | 600              |
| <b>271</b>        | <b>3,600</b>     | <b>Amounts due to banks and other credit institutions</b> | <b>271</b>        | <b>3,600</b>     |

### Note 8 Due to customers

Amounts due to customers comprise:

| The Group         |                  |   | The Bank          |                  |
|-------------------|------------------|---|-------------------|------------------|
| 30 September 2018 | 31 December 2017 |   | 30 September 2018 | 31 December 2017 |
| 170,902           | 165,306          | Term deposits   | 170,902           | 165,306          |
| 93,149            | 77,025           | Bank accounts   | 96,511            | 78,090           |
|                   |                  | Lending funds   |                   |                  |
| 12,101            | 9,426            | UAB Investicijų ir Verslo Garantijos                                  | 12,101            | 9,426            |
| 10                | 98               | Rural Credit Guarantee Fund (UAB Žemės Ūkio Paskolų Garantijų Fondas) | 10                | 98               |
| <b>276,162</b>    | <b>251,855</b>   | <b>Amounts due to customers</b>                                       | <b>279,524</b>    | <b>252,920</b>   |

### Note 9 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.

According to the regulations of the Board of the Bank of Lithuania, the Bank had a permission to include this subordinated loan in the Bank's Tier 2 capital.

#### Debt securities issued

In July 2018 bank have issued subordinated debt securities emission. As of 30 September 2018 net value of issued debt securities is 2 123 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.

As at 31 December 2017, the Bank and the Group have no bonds issued.

# UAB MEDICINOS BANKAS

## SEPARATE AND CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD AS AT 30TH SEPTEMBER 2018

(All amounts in EUR thousand unless otherwise stated)

### Note 10 Other liabilities

Other liabilities comprise:

| The Group         |                  |  | The Bank          |                  |
|-------------------|------------------|--|-------------------|------------------|
| 30 September 2018 | 31 December 2017 |  | 30 September 2018 | 31 December 2017 |
| 5,312             | -                | Customers funds in transit   | 5,312             | -                |
| 1,230             | -                | Due to customers according to insurance events related with Deposit and investment insurance | 1,230             | -                |
| 864               | 510              | Accrued payments to employees  | 842               | 510              |
| 27                | 30               | Prepayments (advance payments)   | -                 | -                |
| 122               | 142              | Accrued expenses   | 122               | 130              |
| 88                | 158              | Deferred income  | 88                | 158              |
| 196               | 184              | Fee payable to the State Social Insurance Board  | 192               | 184              |
| 103               | -                | Liabilities to the State Tax Inspectorate  | 101               | -                |
| 41                | 30               | Payable to the Latvian and Estonian Road Transport Administration                            | 41                | 30               |
| 352               | 204              | Other  | 157               | 140              |
| <b>8,335</b>      | <b>1,258</b>     | <b>Other liabilities</b>   | <b>8,085</b>      | <b>1,152</b>     |

### Note 11 Shareholders' equity

As at 31 December 2017 and 2016, 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 Group         |                  |  | The Bank          |                  |
|-------------------|------------------|--|-------------------|------------------|
| 30 September 2018 | 31 December 2017 |  | 30 September 2018 | 31 December 2017 |
| 2,528             | 2,528            | Special reserve to cover possible losses | 2,528             | 2,528            |
| 184               | 141              | Legal reserve                            | 184               | 141              |
| 5,466             | 3,657            | Reserve capital                          | 5,466             | 3,657            |
| <b>8,178</b>      | <b>6,326</b>     | <b>Total other reserves</b>              | <b>8,178</b>      | <b>6,326</b>     |

# UAB MEDICINOS BANKAS

## SEPARATE AND CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD AS AT 30TH SEPTEMBER 2018

(All amounts in EUR thousand unless otherwise stated)

### Note 12 Net interest income

| The Group      |                |  | The Bank       |                |
|----------------|----------------|--|----------------|----------------|
| 2018-09-30     | 2017-09-30     |  | 2018-09-30     | 2017-09-30     |
| 5,458          | 4,643          | On loans to customers                                      | 5,383          | 4,629          |
| 419            | 449            | On impaired loans to customers                             | 419            | 449            |
| 402            | 335            | Leasing  | 402            | 335            |
| 161            | 81             | Delinquency  | 161            | 81             |
| 390            | 439            | For debt securities  | 390            | 439            |
| -              | -              | On available-for-sale investments                          | -              | -              |
| 58             | 28             | On placements with the banks and other credit institutions | 58             | 28             |
| -              | 32             | On investments at fair value through profit or loss        | -              | 32             |
| <b>6,888</b>   | <b>5,975</b>   | <b>Interest revenue</b>                                    | <b>6,813</b>   | <b>5,961</b>   |
| (907)          | (691)          | On obligations to customers, including letters of credit   | (907)          | (691)          |
| (198)          | (435)          | Deposit insurance  | (198)          | (435)          |
| (15)           | (15)           | On subordinated loans                                      | (15)           | (15)           |
| (130)          | (64)           | On obligations to banks and other credit institutions      | (130)          | (64)           |
| (32)           | -              | For issued debt securities                                 | (32)           | -              |
| (25)           | -              | Other  | (25)           | -              |
| <b>(1,307)</b> | <b>(1,205)</b> | <b>Interest expenses</b>                                   | <b>(1,307)</b> | <b>(1,205)</b> |
| <b>5,581</b>   | <b>4,770</b>   | <b>Net interest income</b>                                 | <b>5,506</b>   | <b>4,756</b>   |

### Note 13 Net service fee and commission income

Net fee and commission income comprises:

| The Group    |              |  | The Bank     |              |
|--------------|--------------|--|--------------|--------------|
| 2018-09-30   | 2017-09-30   |  | 2018-09-30   | 2017-09-30   |
| 1,448        | 513          | Payment services                             | 1,448        | 513          |
| 953          | 940          | Collection of payments                       | 953          | 940          |
| 380          | 331          | Cash operations                              | 380          | 331          |
| 320          | 179          | Administration of bank accounts              | 320          | 179          |
| 347          | 293          | Commission income from currency exchange     | 347          | 293          |
| 247          | 433          | Brokerage income                             | 247          | 433          |
| 318          | 73           | Other  | 318          | 77           |
| <b>4,013</b> | <b>2,762</b> | <b>Service fee and commission income</b>     | <b>4,013</b> | <b>2,766</b> |
| (60)         | (88)         | Rent fee according to agreements             | (60)         | (88)         |
| (195)        | (170)        | Cash operations                              | (195)        | (170)        |
| (88)         | (67)         | Other  | (68)         | (67)         |
| <b>(343)</b> | <b>(325)</b> | <b>Service fee and commission expense</b>    | <b>(323)</b> | <b>(325)</b> |
| <b>3,670</b> | <b>2,437</b> | <b>Net service fee and commission income</b> | <b>3,690</b> | <b>2,441</b> |

### Note 14 Net foreign exchange gain

| The Group    |              |  | The Bank     |              |
|--------------|--------------|--|--------------|--------------|
| 2018-09-30   | 2017-09-30   |  | 2018-09-30   | 2017-09-30   |
| 3,471        | 2,928        | Gain on dealing in foreign currencies                        | 3,471        | 2,928        |
| 65           | (127)        | Revaluation of items in statement of financial position, net | 65           | (127)        |
| <b>3,536</b> | <b>2,801</b> | <b>Net foreign exchange gain</b>                             | <b>3,536</b> | <b>2,801</b> |

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(All amounts in EUR thousand unless otherwise stated)

### Note 15 Net result on operations with investment property

| The Group    |              |  | The Bank     |             |
|--------------|--------------|--|--------------|-------------|
| 2018-09-30   | 2017-09-30   |  | 2018-09-30   | 2017-09-30  |
| 166          | (238)        | Realised gain (loss)                                   | (19)         | (21)        |
| (956)        | (63)         | Changes in fair value                                  | (180)        | -           |
| <b>(790)</b> | <b>(301)</b> | <b>Net result on operations on investment property</b> | <b>(199)</b> | <b>(21)</b> |

### Note 16 Operating expenses

Salaries and benefits and other operating expenses are as follows:

| The Group      |                |  | The Bank       |                |
|----------------|----------------|--|----------------|----------------|
| 2018-09-30     | 2017-09-30     |  | 2018-09-30     | 2017-09-30     |
|                |                | <b>Salaries and benefits</b>                     |                |                |
| (4,391)        | (3,789)        | Salaries and related costs                       | (4,218)        | (3,715)        |
| (1,324)        | (1,178)        | Social security costs                            | (1,270)        | (1,155)        |
| <b>(5,715)</b> | <b>(4,967)</b> | <b>Total salaries and benefits</b>               | <b>(5,488)</b> | <b>(4,870)</b> |
|                |                | <b>Other operating expenses</b>                  |                |                |
| (642)          | (625)          | Rent expenses                                    | (631)          | (624)          |
| (383)          | (323)          | IT maintenance taxes                             | (383)          | (323)          |
| (265)          | (209)          | Expenses for service providers for the bank      | (265)          | (209)          |
| (419)          | (473)          | Taxes other than income tax                      | (383)          | (401)          |
| (190)          | (160)          | Communication                                    | (188)          | (160)          |
| (54)           | (50)           | Debtors management costs                         | (54)           | (50)           |
| (321)          | (277)          | Transport fuel, maintenance, repairs, collection | (321)          | (277)          |
| (90)           | (104)          | Expenses related with investment property        | (18)           | (15)           |
| (76)           | (72)           | Security systems maintenance costs               | (76)           | (72)           |
| (171)          | (80)           | Marketing and advertising                        | (165)          | (80)           |
| (25)           | (8)            | Banks legal services costs                       | (25)           | (8)            |
| (13)           | (19)           | Personnel training                               | (13)           | (19)           |
| (37)           | (25)           | Representation                                   | (36)           | (25)           |
| -              | (235)          | Fine imposed by the Bank of Lithuania            | -              | (235)          |
| (30)           | (81)           | Disposable items                                 | (30)           | (81)           |
| (20)           | (21)           | Stationary supplies                              | (20)           | (21)           |
| (81)           | (44)           | Employees insurance expenses                     | (81)           | (44)           |
| (17)           | (13)           | Participation fees                               | (17)           | (13)           |
| (332)          | (606)          | Other  | (285)          | (327)          |
| <b>(3,166)</b> | <b>(3,425)</b> | <b>Total other operating expenses</b>            | <b>(2,991)</b> | <b>(2,984)</b> |

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### Note 17 Cash and cash equivalents

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

| The Group            |                     |  | The Bank             |                     |
|----------------------|---------------------|--|----------------------|---------------------|
| 30 September<br>2018 | 31 December<br>2017 |  | 30 September<br>2018 | 31 December<br>2017 |
| 28,079               | 24,478              | Cash on hand   | 28,079               | 24,478              |
| 26,669               | 27,099              | Current accounts with the Bank of Lithuania          | 26,669               | 27,099              |
| 7,053                | 6,929               | Current accounts with other credit institutions      | 6,999                | 6,886               |
| 3,281                | 4,544               | Term deposits with credit institutions up to 90 days | 3,281                | 4,544               |
| <b>65,082</b>        | <b>63,050</b>       | <b>Cash and cash equivalents</b>                     | <b>65,028</b>        | <b>63,007</b>       |

### Note 18 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 third quarter.

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### SEPARATE AND CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD AS AT 30TH SEPTEMBER 2018

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#### Note 18 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  | 2018-09-30     |                | 2017-12-31     |                |
|---|----------------|----------------|----------------|----------------|
|   | Carrying value | Fair value     | Carrying value | Fair value     |
| <b>Financial assets</b>                             |                |                |                |                |
| Cash and due from central bank                      | 56,844         | 56,844         | 53,520         | 53,520         |
| Placements with banks and other credit institutions | 11,513         | 11,513         | 11,496         | 11,496         |
| Debt securities                                     | 66,526         | 67,026         | 39,860         | 40,462         |
| Loans and receivables                               | 167,282        | 168,006        | 163,454        | 167,120        |
| Other assets  | 1,964          | 1,964          | 2,529          | 2,529          |
| <b>Total financial assets</b>                       | <b>304,129</b> | <b>305,353</b> | <b>270,859</b> | <b>275,127</b> |
| <b>Financial liabilities</b>                        |                |                |                |                |
| Due to banks and other credit institutions          | 271            | 271            | 3,600          | 3,600          |
| Due to customers, including letters of credit       | 279,524        | 284,342        | 252,920        | 254,196        |
| Debt securities issued                              | 2,123          | -              | -              | -              |
| Subordinated loans                                  | 1,002          | 1,002          | 1,000          | 1,000          |
| Other liabilities                                   | 8,085          | 8,085          | 1,152          | 1,152          |
| <b>Total financial liabilities</b>                  | <b>291,005</b> | <b>293,700</b> | <b>258,672</b> | <b>259,948</b> |
| <b>The Group</b>                                    |                |                |                |                |
|   | 2018-09-30     |                | 2017-12-31     |                |
|   | Carrying value | Fair value     | Carrying value | Fair value     |
| <b>Financial assets</b>                             |                |                |                |                |
| Cash and due from central bank                      | 56,844         | 56,844         | 53,520         | 53,520         |
| Placements with banks and other credit institutions | 11,567         | 11,567         | 11,539         | 11,539         |
| Debt securities                                     | 66,526         | 67,026         | 39,860         | 40,462         |
| Loans and receivables                               | 168,627        | 169,351        | 163,678        | 167,344        |
| Other assets  | 2,046          | 2,046          | 2,849          | 2,849          |
| <b>Total financial assets</b>                       | <b>305,610</b> | <b>308,834</b> | <b>271,446</b> | <b>275,714</b> |
| <b>Financial liabilities</b>                        |                |                |                |                |
| Due to banks and other credit institutions          | 271            | 271            | 3,600          | 3,600          |
| Due to customers, including letters of credit       | 276,162        | 280,980        | 251,855        | 253,131        |
| Debt securities issued                              | 2,123          | -              | -              | -              |
| Subordinated loans                                  | 1,002          | 1,002          | 1,000          | 1,000          |
| Other liabilities                                   | 8,335          | 8,335          | 1,258          | 1,258          |
| <b>Total financial liabilities</b>                  | <b>287,893</b> | <b>290,588</b> | <b>257,713</b> | <b>258,989</b> |

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### SEPARATE AND CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD AS AT 30TH SEPTEMBER 2018

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#### Note 18 Fair values of financial instruments (cont'd)

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

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

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

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

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

#### The Bank (Group)

| <b>As at 30 September 2018</b>   | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b> |
|----------------------------------|----------------|----------------|----------------|--------------|
| <b>Financial assets</b>          |                |                |                |              |
| Derivative financial instruments | -              | 1              | -              | 1            |
| <b>Financial liabilities</b>     |                |                |                |              |
| Derivative financial instruments | -              | 36             | -              | 36           |
| <b>As at 31 December 2017</b>    | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b> |
| <b>Financial assets</b>          |                |                |                |              |
| Derivative financial instruments | -              | 7              | -              | 7            |
| <b>Financial liabilities</b>     |                |                |                |              |
| Derivative financial instruments | -              | 31             | -              | 31           |

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### Note 18 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.

#### Bank

|  | Level 1       | Level 2        | Level 3      | Total carrying amount |
|--|---------------|----------------|--------------|-----------------------|
| <b>30 September 2018</b>                   |               |                |              |                       |
| <b>Assets</b>                              |               |                |              |                       |
| Cash and due from banks                    | 56,844        | 11,513         | -            | 68,357                |
| Debt securities                            | -             | 66,526         | -            | 66,526                |
| Loans to customers                         | -             | 145,747        | 6,786        | 152,533               |
| Receivables with deferred payment          | -             | 1,051          | -            | 1,051                 |
| Loans to financial institutions            | -             | 1,603          | -            | 1,603                 |
| Receivables from leasing                   | -             | 10,193         | 1,902        | 12,095                |
| Other assets                               | -             | 1,964          | -            | 1,964                 |
| <b>Total financial assets</b>              | <b>56,844</b> | <b>238,597</b> | <b>8,688</b> | <b>304,129</b>        |
| <b>Liabilities</b>                         |               |                |              |                       |
| Due to banks and other credit institutions | -             | 271            | -            | 271                   |
| Due to customers                           | -             | 279,524        | -            | 279,524               |
| Debt securities issued                     | -             | 2,123          | -            | 2,123                 |
| Subordinated loan                          | -             | 1,002          | -            | 1,002                 |
| Other liabilities                          | -             | 8,085          | -            | 8,085                 |
| <b>Total financial liabilities</b>         | -             | <b>291,005</b> | -            | <b>291,005</b>        |
| <br>                                       |               |                |              |                       |
| <b>31 December 2017</b>                    |               |                |              |                       |
| <b>Assets</b>                              |               |                |              |                       |
| Cash and due from banks                    | 53,520        | 11,496         | -            | 65,016                |
| Debt securities                            | -             | 39,860         | -            | 39,860                |
| Loans to customers                         | -             | 137,910        | 9,213        | 147,123               |
| Receivables with deferred payment          | -             | 2,657          | -            | 2,657                 |
| Loans to financial institutions            | -             | 1,835          | -            | 1,835                 |
| Receivables from leasing                   | -             | 11,821         | 18           | 11,839                |
| Other assets                               | -             | 2,529          | -            | 2,529                 |
| <b>Total financial assets</b>              | <b>53,520</b> | <b>208,108</b> | <b>9,231</b> | <b>270,859</b>        |
| <b>Liabilities</b>                         |               |                |              |                       |
| Due to banks and other credit institutions | -             | 3,600          | -            | 3,600                 |
| Due to customers                           | -             | 252,920        | -            | 252,920               |
| Debt securities issued                     | -             | -              | -            | -                     |
| Subordinated loans                         | -             | 1,000          | -            | 1,000                 |
| Other liabilities                          | -             | 1,152          | -            | 1,152                 |
| <b>Total financial liabilities</b>         | -             | <b>258,672</b> | -            | <b>258,672</b>        |



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### Note 18 Fair values of financial instruments (cont'd)

#### Group

|  | Level 1       | Level 2        | Level 3      | Total carrying amount |
|--|---------------|----------------|--------------|-----------------------|
| <b>30 September 2018</b>                   |               |                |              |                       |
| <b>Assets</b>                              |               |                |              |                       |
| Cash and due from banks                    | 56,844        | 11,567         | -            | 68,411                |
| Debt securities                            | -             | 66,526         | -            | 66,526                |
| Loans to customers                         | -             | 146,864        | 6,786        | 153,650               |
| Receivables with deferred payment          | -             | 1,279          | -            | 1,279                 |
| Loans to financial institutions            | -             | 1,603          | -            | 1,603                 |
| Receivables from leasing                   | -             | 10,193         | 1,902        | 12,095                |
| Other assets                               | -             | 2,046          | -            | 2,046                 |
| <b>Total financial assets</b>              | <b>56,844</b> | <b>240,078</b> | <b>8,688</b> | <b>305,610</b>        |
| <b>Liabilities</b>                         |               |                |              |                       |
| Due to banks and other credit institutions | -             | 271            | -            | 271                   |
| Due to customers                           | -             | 276,162        | -            | 276,162               |
| Debt securities issued                     | -             | 2,123          | -            | 2,123                 |
| Subordinated loan                          | -             | 1,002          | -            | 1,002                 |
| Other liabilities                          | -             | 8,335          | -            | 8,335                 |
| <b>Total financial liabilities</b>         | <b>-</b>      | <b>287,893</b> | <b>-</b>     | <b>287,893</b>        |
| <br>                                       |               |                |              |                       |
| <b>31 December 2017</b>                    |               |                |              |                       |
| <b>Assets</b>                              |               |                |              |                       |
| Cash and due from banks                    | 53,520        | 11,539         | -            | 65,059                |
| Debt securities                            | -             | 39,860         | -            | 39,860                |
| Loans to customers                         | -             | 138,017        | 9,263        | 147,280               |
| Receivables with deferred payment          | -             | 2,923          | -            | 2,923                 |
| Loans to financial institutions            | -             | 1,636          | -            | 1,636                 |
| Receivables from leasing                   | -             | 11,821         | 18           | 11,839                |
| Other assets                               | -             | 2,849          | -            | 2,849                 |
| <b>Total financial assets</b>              | <b>53,520</b> | <b>208,645</b> | <b>9,281</b> | <b>271,446</b>        |
| <b>Liabilities</b>                         |               |                |              |                       |
| Due to banks and other credit institutions | -             | 3,600          | -            | 3,600                 |
| Due to customers                           | -             | 251,855        | -            | 251,855               |
| Debt securities issued                     | -             | -              | -            | -                     |
| Subordinated loans                         | -             | 1,000          | -            | 1,000                 |
| Other liabilities                          | -             | 1,258          | -            | 1,258                 |
| <b>Total financial liabilities</b>         | <b>-</b>      | <b>257,713</b> | <b>-</b>     | <b>257,713</b>        |

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## SEPARATE AND CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD AS AT 30TH SEPTEMBER 2018

(All amounts in EUR thousand unless otherwise stated)

### Note 19 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 at the year end, and related expense and income for the year are as follows:

| The Bank, 2018  | Shareholders | Subsidiaries | Key management personnel |          |
|---|--------------|--------------|--------------------------|----------|
|   |              |              | Other*                   |          |
| Loans outstanding as at 30 September 2018, net          | -            | -            | 38                       | 4,437    |
| Interest rate,%   | -            | -            | 0-2.66                   | 2.0-4.5  |
| Impairment of loans                                     | -            | -            | -                        | (11)     |
| Term deposits as at 30 September 2018                   | -            | -            | 3                        | 260      |
| Interest rate,%   | -            | -            | 0.3                      | 0.05-6.5 |
| Bank accounts as at 30 September 2018                   | -            | 3,361        | 70                       | 2,858    |
| Bonds issued as at 30 September 2018                    | 96           | -            | -                        | -        |
| Interest rate,%   | 7            | -            | -                        | -        |
| Subordinated loans as at 31 December 2018               | 1 002        | -            | -                        | -        |
| Interest rate,%   | 2            | -            | -                        | -        |
| For nine months period which ended at 30 September 2018 |              |              |                          |          |
| Loan interest income                                    | -            | 2            | 1                        | 91       |
| Deposit interest expenses                               | -            | -            | -                        | (2)      |
| Bond interest expenses                                  | (1)          | -            | -                        | -        |
| Subordinated loans interest expenses                    | (15)         | -            | -                        | -        |
| Service fee and commission revenue                      | 1            | 1            | -                        | 13       |
| Service fee and commission expenses                     | -            | -            | -                        | (2)      |
| <b>The Bank, 2017</b>                                   |              |              |                          |          |
| Loans outstanding as at 31 December 2017, net           | -            | -            | 45                       | 3,894    |
| Interest rate,%   | -            | -            | 0-3.0                    | 0-5.84   |
| Impairment of loans                                     | -            | -            | -                        | 253      |
| Term deposits as at 31 December 2017                    | -            | -            | 3                        | 362      |
| Interest rate,%   | -            | -            | 0.25-0.50                | 0.15-6.5 |
| Bank accounts as at 31 December 2017                    | 80           | 5,893        | 38                       | 4,185    |
| Bonds issued as at 31 December 2017                     | -            | -            | -                        | -        |
| Interest rate,%   | -            | -            | -                        | -        |
| Subordinated loans as at 31 December 2017               | 1,000        | -            | -                        | -        |
| Interest rate,%   | 2            | -            | -                        | -        |
| For nine months period which ended at 30 September 2017 |              |              |                          |          |
| Loan interest income                                    | -            | -            | 1                        | 129      |
| Deposit interest expenses                               | -            | -            | -                        | (2)      |
| Bond interest expenses                                  | -            | -            | -                        | -        |
| Subordinated loans interest expenses                    | (15)         | -            | -                        | -        |
| Service fee and commission revenue                      | -            | -            | -                        | 11       |
| Service fee and commission expenses                     | -            | -            | -                        | (2)      |

# UAB MEDICINOS BANKAS

## SEPARATE AND CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD AS AT 30TH SEPTEMBER 2018

(All amounts in EUR thousand unless otherwise stated)

### Note 19 Related party transactions (cont'd)

| <b>The Group, 2018</b>                                  | <b>Shareholders</b> | <b>Key management personnel</b> | <b>Other*</b> |
|---|---------------------|---------------------------------|---------------|
| Loans outstanding as at 30 September 2018, net          | -                   | 38                              | 4 437         |
| Interest rate,%   | -                   | 0-2.66                          | 2,0-4.5       |
| Impairment of loans                                     | -                   | -                               | (11)          |
| Term deposits as at 30 September 2018                   | -                   | 3                               | 260           |
| Interest rate,%   | -                   | 0.3                             | 0,05–6.5      |
| Demand accounts as at 30 September 2018                 | -                   | 70                              | 2 858         |
| Bonds issued as at 30 September 2018                    | 96                  | -                               | -             |
| Interest rate,%   | 7                   | -                               | -             |
| Subordinated loans as at 30 September 2018              | 1,000               | -                               | -             |
| Interest rate,%   | 2                   | -                               | -             |
| For nine months period which ended at 30 September 2018 |                     |                                 |               |
| Loan interest income                                    | -                   | 1                               | 91            |
| Deposit interest expenses                               | -                   | -                               | (2)           |
| Bond interest expenses                                  | (1)                 | -                               | -             |
| Subordinated loans interest expenses                    | (15)                | -                               | -             |
| Service fee and commission revenue                      | 1                   | -                               | 13            |
| Service fee and commission expenses                     | -                   | -                               | (2)           |
| <b>The Group, 2017</b>                                  | <b>Shareholders</b> | <b>Key management personnel</b> | <b>Other*</b> |
| Loans outstanding as at 31 December 2017, net           | -                   | 42                              | 1 296         |
| Interest rate,%   | -                   | 0–4.0                           | 4.0–4.5       |
| Impairment of loans                                     | -                   | -                               | -             |
| Term deposits as at 31 December 2017                    | -                   | 3                               | 253           |
| Interest rate,%   | -                   | 0.2–0.6                         | 0.15–6.5      |
| Demand accounts as at 31 December 2017                  | 4                   | 82                              | 2 994         |
| Bonds issued as at 31 December 2017                     | -                   | -                               | -             |
| Interest rate,%   | -                   | -                               | -             |
| Subordinated loans as at 31 December 2017               | 1,000               | -                               | -             |
| Interest rate,%   | 2                   | -                               | -             |
| For nine months period which ended at 30 September 2017 |                     |                                 |               |
| Loan interest income                                    | -                   | 1                               | 129           |
| Deposit interest expenses                               | -                   | -                               | (2)           |
| Bond interest expenses                                  | -                   | -                               | -             |
| Subordinated loans interest expenses                    | (15)                | -                               | -             |
| Service fee and commission revenue                      | -                   | -                               | 11            |
| Service fee and commission expenses                     | -                   | -                               | (2)           |

\* 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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## SEPARATE AND CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD AS AT 30TH SEPTEMBER 2018

(All amounts in EUR thousand unless otherwise stated)

### Note 20 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          |                  |
|-------------------|------------------|---|-------------------|------------------|
| 30 September 2018 | 31 December 2017 |   | 30 September 2018 | 31 December 2017 |
| 5,853             | 4,828            | Maximum exposure to a single customer or group of connected customers | 5,853             | 4,828            |
| 26,340            | 21,907           | Eligible capital  | 26,353            | 21,426           |
| <b>22.22</b>      | <b>22.04</b>     | <b>Maximum exposure ratio, %</b>                                      | <b>22.21</b>      | <b>22.53</b>     |

#### 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          |                  |
|-------------------|------------------|--|-------------------|------------------|
| 30 September 2018 | 31 December 2017 |  | 30 September 2018 | 31 December 2017 |
|                   |                  | <b>Statement of financial position items, other than trading and investment activities</b>     |                   |                  |
| 28,765            | 29,042           | Placements with the central bank   | 28,765            | 29 042           |
| 11,567            | 11,539           | Placements with banks  | 11,513            | 11 496           |
| 153,650           | 147,280          | Loans to customers   | 152,533           | 147 123          |
| 1,279             | 2,923            | Receivables with deferred payment  | 1,051             | 2 657            |
| 1,603             | 1,636            | Loans to bank and financial institutions   | 1,603             | 1 835            |
| 12,095            | 11,839           | Finance lease receivable   | 12,095            | 11 839           |
| <b>208,959</b>    | <b>204,259</b>   |  | <b>207,560</b>    | <b>203 992</b>   |
|                   |                  | <b>Off balance sheet items</b>   |                   |                  |
| 913               | 763              | Guarantees   | 913               | 763              |
| 14,804            | 8,994            | Loan commitments   | 14,804            | 8 994            |
| <b>224,676</b>    | <b>214,016</b>   | <b>Total balance and off balance sheet items, other than trading and investment activities</b> | <b>223,277</b>    | <b>213 749</b>   |
|                   |                  | <b>Trading and investment activities</b>   |                   |                  |
| 1                 | 7                | Derivative financial instruments   | 1                 | 7                |
|                   |                  | Financial assets at amortised cost:  |                   |                  |
| 66,526            | 39,860           | Debt securities  | 66,526            | 39,860           |
| <b>66,527</b>     | <b>39,867</b>    | <b>Total trading and investment activities</b>   | <b>66,527</b>     | <b>39,867</b>    |
| <b>142</b>        | <b>170</b>       | <b>Other financial assets</b>  | <b>142</b>        | <b>170</b>       |
| <b>291,345</b>    | <b>254,053</b>   | <b>Total credit risk exposure</b>  | <b>289,946</b>    | <b>253 ,86</b>   |

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(All amounts in EUR thousand unless otherwise stated)

#### Note 20 Risk management (cont.)

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

|                          | The Bank (Group)     |                     |
|--------------------------|----------------------|---------------------|
|                          | 30 September<br>2018 | 31 December<br>2017 |
| Government bonds         | 65,725               | 38,640              |
| Baml and corporate bonds | 801                  | 1,220               |
| Derivatives              | 1                    | 7                   |
| <b>Total</b>             | <b>66,527</b>        | <b>39,867</b>       |

|                         | The Bank (Group)     |                     |
|-------------------------|----------------------|---------------------|
|                         | 30 September<br>2018 | 31 December<br>2017 |
| High grade (A-AAA)      | 60,898               | 32,690              |
| Standard grade (B-BBB+) | 5,628                | 7,170               |
| Not rated               | -                    | -                   |
| <b>Total</b>            | <b>66,526</b>        | <b>39,860</b>       |

Debt securities<sup>1</sup> 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 recognised loss events and POCI (purchased or originated credit-impaired) assets.

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## SEPARATE AND CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD AS AT 30TH SEPTEMBER 2018

(All amounts in EUR thousand unless otherwise stated)

### Note 20 Risk management (cont.)

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

| The Bank<br>30 September 2018           | Not overdue    | Less than 60<br>days | 60-89 days | 90 or more<br>days | Total          |
|---|----------------|----------------------|------------|--------------------|----------------|
| <b>Stage 1</b>                          |                |                      |            |                    |                |
| Loans and receivables                   | 141,042        | 5,496                | 0          | 0                  | 146,538        |
| Debt securities                         | 66,526         | -                    | -          | -                  | 66,526         |
| Placements with central and other banks | 40,278         | -                    | -          | -                  | 40,278         |
| Other financial assets                  | 142            | -                    | -          | -                  | 142            |
| <b>Total</b>                            | <b>247,988</b> | <b>5,496</b>         | <b>0</b>   | <b>0</b>           | <b>253,484</b> |
| <b>Stage 2</b>                          |                |                      |            |                    |                |
| Loans and receivables                   | 8,715          | 533                  | 100        | 0                  | 9 348          |
| Debt securities                         | -              | -                    | -          | -                  | -              |
| Placements with central and other banks | -              | -                    | -          | -                  | -              |
| Other financial assets                  | -              | -                    | -          | -                  | -              |
| <b>Total</b>                            | <b>8,715</b>   | <b>533</b>           | <b>100</b> | <b>0</b>           | <b>9,348</b>   |
| <b>Stage 3</b>                          |                |                      |            |                    |                |
| Loans and receivables                   | 1,584          | 2,512                | 642        | 6,658              | 11,396         |
| Debt securities                         | -              | -                    | -          | -                  | -              |
| Placements with central and other banks | -              | -                    | -          | -                  | -              |
| Other financial assets                  | -              | -                    | -          | -                  | -              |
| <b>Total</b>                            | <b>1,584</b>   | <b>2,512</b>         | <b>642</b> | <b>6,658</b>       | <b>11,396</b>  |
| <b>Total credit risk exposure</b>       | <b>258,287</b> | <b>8,541</b>         | <b>742</b> | <b>6,658</b>       | <b>274,228</b> |
|   |                |                      |            |                    |                |
| The Bank<br>31 December 2017            | Not overdue    | Less than 60<br>days | 60-89 days | 90 or more<br>days | Total          |
| <b>Stage 1</b>                          |                |                      |            |                    |                |
| Loans and receivables                   | 140,312        | 2,622                | -          | -                  | 142,934        |
| Debt securities                         | 39,860         | -                    | -          | -                  | 39,860         |
| Placements with central and other banks | 40,538         | -                    | -          | -                  | 40,538         |
| Other financial assets                  | 170            | -                    | -          | -                  | 170            |
| <b>Total</b>                            | <b>220,880</b> | <b>2,622</b>         | <b>0</b>   | <b>0</b>           | <b>223,502</b> |
| <b>Stage 2</b>                          |                |                      |            |                    |                |
| Loans and receivables                   | 4,887          | 921                  | 99         | 0                  | 5,907          |
| Debt securities                         | -              | -                    | -          | -                  | -              |
| Placements with central and other banks | -              | -                    | -          | -                  | -              |
| Other financial assets                  | -              | -                    | -          | -                  | -              |
| <b>Total</b>                            | <b>4,887</b>   | <b>921</b>           | <b>99</b>  | <b>0</b>           | <b>5,907</b>   |
| <b>Stage 3</b>                          |                |                      |            |                    |                |
| Loans and receivables                   | 1,443          | 3,843                | 464        | 8,863              | 14,613         |
| Debt securities                         | -              | -                    | -          | -                  | -              |
| Placements with central and other banks | -              | -                    | -          | -                  | -              |
| Other financial assets                  | -              | -                    | -          | -                  | -              |
| <b>Total</b>                            | <b>1,443</b>   | <b>3,843</b>         | <b>464</b> | <b>8,863</b>       | <b>14,613</b>  |
| <b>Total credit risk exposure</b>       | <b>227,210</b> | <b>7,386</b>         | <b>563</b> | <b>8,863</b>       | <b>244,022</b> |

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(All amounts in EUR thousand unless otherwise stated)

### Note 20 Risk management (cont.)

| The Group<br>30 September 2018          | Less than 60   |              |            |                 | Total          |
|---|----------------|--------------|------------|-----------------|----------------|
|   | Not overdue    | days         | 60-89 days | 90 or more days |                |
| <b>Stage 1</b>                          |                |              |            |                 |                |
| Loans and receivables                   | 142,314        | 5,513        | 0          | 0               | 147,827        |
| Debt securities                         | 66,526         | -            | -          | -               | 66,526         |
| Placements with central and other banks | 40,332         | -            | -          | -               | 40,332         |
| Other financial assets                  | 142            | -            | -          | -               | 142            |
| <b>Total</b>                            | <b>249,314</b> | <b>5,513</b> | <b>-</b>   | <b>-</b>        | <b>254,827</b> |
| <b>Stage 2</b>                          |                |              |            |                 |                |
| Loans and receivables                   | 8,724          | 545          | 100        | 0               | 9,369          |
| Debt securities                         | -              | -            | -          | -               | -              |
| Placements with central and other banks | -              | -            | -          | -               | -              |
| Other financial assets                  | -              | -            | -          | -               | -              |
| <b>Total</b>                            | <b>8,724</b>   | <b>545</b>   | <b>100</b> | <b>0</b>        | <b>9,369</b>   |
| <b>Stage 3</b>                          |                |              |            |                 |                |
| Loans and receivables                   | 1,585          | 2,512        | 642        | 6,692           | 11,431         |
| Debt securities                         | -              | -            | -          | -               | -              |
| Placements with central and other banks | -              | -            | -          | -               | -              |
| Other financial assets                  | -              | -            | -          | -               | -              |
| <b>Total</b>                            | <b>1,585</b>   | <b>2,512</b> | <b>642</b> | <b>6,692</b>    | <b>11,431</b>  |
| <b>Total credit risk exposure</b>       | <b>259,623</b> | <b>8,570</b> | <b>742</b> | <b>6,692</b>    | <b>275,627</b> |
|   |                |              |            |                 |                |
| The Group<br>31 December 2017           | Less than 60   |              |            |                 | Total          |
|   | Not overdue    | days         | 60-89 days | 90 or more days |                |
| <b>Stage 1</b>                          |                |              |            |                 |                |
| Loans and receivables                   | 140,455        | 2,643        | 0          | 0               | 143,098        |
| Debt securities                         | 39,860         | -            | -          | -               | 39,860         |
| Placements with central and other banks | 40,581         | -            | -          | -               | 40,581         |
| Other financial assets                  | 170            | -            | -          | -               | 170            |
| <b>Total</b>                            | <b>221,066</b> | <b>2,643</b> | <b>0</b>   | <b>0</b>        | <b>223,709</b> |
| <b>Stage 2</b>                          |                |              |            |                 |                |
| Loans and receivables                   | 4,887          | 932          | 105        | 0               | 5,924          |
| Debt securities                         | -              | -            | -          | -               | -              |
| Placements with central and other banks | -              | -            | -          | -               | -              |
| Other financial assets                  | -              | -            | -          | -               | -              |
| <b>Total</b>                            | <b>4,887</b>   | <b>932</b>   | <b>105</b> | <b>0</b>        | <b>5,924</b>   |
| <b>Stage 3</b>                          |                |              |            |                 |                |
| Loans and receivables                   | 1,443          | 3,843        | 464        | 8,906           | 14,656         |
| Debt securities                         | -              | -            | -          | -               | -              |
| Placements with central and other banks | -              | -            | -          | -               | -              |
| Other financial assets                  | -              | -            | -          | -               | -              |
| <b>Total</b>                            | <b>1,443</b>   | <b>3,843</b> | <b>464</b> | <b>8,906</b>    | <b>14,656</b>  |
| <b>Total credit risk exposure</b>       | <b>227,396</b> | <b>7,418</b> | <b>569</b> | <b>8,906</b>    | <b>224,289</b> |

Process of measurement of financial instruments' fair value is disclosed in Notes to Financial statements for the year ended 31 December 2017 and had no significant changes through the reporting period.

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## SEPARATE AND CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD AS AT 30TH SEPTEMBER 2018

(All amounts in EUR thousand unless otherwise stated)

### Note 20 Risk management (cont.)

Breakdown of impairment for financial instruments by stages:

| The Bank<br>30 September 2018           | Collective<br>impairment | Individual<br>impairment | Loan<br>commitments | Guarantees | Total        |
|---|--------------------------|--------------------------|---------------------|------------|--------------|
| <b>Stage 1</b>                          |                          |                          |                     |            |              |
| Loans and receivables                   | 384                      | -                        | 36                  | 2          | 422          |
| Debt securities                         | 40                       | -                        | -                   | -          | 40           |
| Placements with central and other banks | 6                        | -                        | -                   | -          | 6            |
| Other financial assets                  | -                        | -                        | -                   | -          | -            |
| <b>Total</b>                            | <b>430</b>               | <b>-</b>                 | <b>36</b>           | <b>2</b>   | <b>468</b>   |
| <b>Stage 2</b>                          |                          |                          |                     |            |              |
| Loans and receivables                   | 50                       | -                        | -                   | -          | 50           |
| Debt securities                         | -                        | -                        | -                   | -          | -            |
| Placements with central and other banks | -                        | -                        | -                   | -          | -            |
| Other financial assets                  | -                        | -                        | -                   | -          | -            |
| <b>Total</b>                            | <b>50</b>                | <b>-</b>                 | <b>-</b>            | <b>-</b>   | <b>50</b>    |
| <b>Stage 3</b>                          |                          |                          |                     |            |              |
| Loans and receivables                   | -                        | 6,605                    | -                   | -          | 6,605        |
| Debt securities                         | -                        | -                        | -                   | -          | -            |
| Placements with central and other banks | -                        | -                        | -                   | -          | -            |
| Other financial assets                  | -                        | -                        | -                   | -          | -            |
| <b>Total</b>                            | <b>-</b>                 | <b>6,605</b>             | <b>-</b>            | <b>-</b>   | <b>6,605</b> |
| <b>Total impairment</b>                 | <b>480</b>               | <b>6,605</b>             | <b>36</b>           | <b>2</b>   | <b>7,123</b> |
|   |                          |                          |                     |            |              |
| The Bank<br>1 January 2018              | Collective<br>impairment | Individual<br>impairment | Loan<br>commitments | Guarantees | Total        |
| <b>Stage 1</b>                          |                          |                          |                     |            |              |
| Loans and receivables                   | 378                      | -                        | 24                  | 2          | 404          |
| Debt securities                         | 24                       | -                        | -                   | -          | 24           |
| Placements with central and other banks | 20                       | -                        | -                   | -          | 20           |
| Other financial assets                  | 1                        | -                        | -                   | -          | 1            |
| <b>Total</b>                            | <b>423</b>               | <b>-</b>                 | <b>24</b>           | <b>2</b>   | <b>449</b>   |
| <b>Stage 2</b>                          |                          |                          |                     |            |              |
| Loans and receivables                   | 35                       | -                        | -                   | -          | 35           |
| Debt securities                         | -                        | -                        | -                   | -          | -            |
| Placements with central and other banks | -                        | -                        | -                   | -          | -            |
| Other financial assets                  | -                        | -                        | -                   | -          | -            |
| <b>Total</b>                            | <b>35</b>                | <b>-</b>                 | <b>-</b>            | <b>-</b>   | <b>35</b>    |
| <b>Stage 3</b>                          |                          |                          |                     |            |              |
| Loans and receivables                   | -                        | 5,563                    | -                   | -          | 5,563        |
| Debt securities                         | -                        | -                        | -                   | -          | -            |
| Placements with central and other banks | -                        | -                        | -                   | -          | -            |
| Other financial assets                  | -                        | -                        | -                   | -          | -            |
| <b>Total</b>                            | <b>-</b>                 | <b>5,563</b>             | <b>-</b>            | <b>-</b>   | <b>5,563</b> |
| <b>Total impairment</b>                 | <b>458</b>               | <b>5,563</b>             | <b>24</b>           | <b>2</b>   | <b>6,047</b> |



# UAB MEDICINOS BANKAS

## SEPARATE AND CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD AS AT 30TH SEPTEMBER 2018

(All amounts in EUR thousand unless otherwise stated)

### Note 20 Risk management (cont.)

| The Group<br>30 September 2018          | Collective<br>impairment | Individual<br>impairment | Loan<br>commitments | Guarantees | Total        |
|---|--------------------------|--------------------------|---------------------|------------|--------------|
| <b>Stage 1</b>                          |                          |                          |                     |            |              |
| Loans and receivables                   | 392                      | -                        | 36                  | 2          | 430          |
| Debt securities                         | 40                       | -                        | -                   | -          | 40           |
| Placements with central and other banks | 6                        | -                        | -                   | -          | 6            |
| Other financial assets                  | -                        | -                        | -                   | -          | -            |
| <b>Total</b>                            | <b>438</b>               | <b>-</b>                 | <b>36</b>           | <b>2</b>   | <b>476</b>   |
| <b>Stage 2</b>                          |                          |                          |                     |            |              |
| Loans and receivables                   | 50                       | -                        | -                   | -          | 50           |
| Debt securities                         | -                        | -                        | -                   | -          | -            |
| Placements with central and other banks | -                        | -                        | -                   | -          | -            |
| Other financial assets                  | -                        | -                        | -                   | -          | -            |
| <b>Total</b>                            | <b>50</b>                | <b>-</b>                 | <b>-</b>            | <b>-</b>   | <b>50</b>    |
| <b>Stage 3</b>                          |                          |                          |                     |            |              |
| Loans and receivables                   | -                        | 6,640                    | -                   | -          | 6,640        |
| Debt securities                         | -                        | -                        | -                   | -          | -            |
| Placements with central and other banks | -                        | -                        | -                   | -          | -            |
| Other financial assets                  | -                        | -                        | -                   | -          | -            |
| <b>Total</b>                            | <b>-</b>                 | <b>6,640</b>             | <b>-</b>            | <b>-</b>   | <b>6,640</b> |
| <b>Total impairment</b>                 | <b>488</b>               | <b>6,640</b>             | <b>36</b>           | <b>2</b>   | <b>7,166</b> |
|   |                          |                          |                     |            |              |
| The Group<br>1 January 2018             | Collective<br>impairment | Individual<br>impairment | Loan<br>commitments | Guarantees | Total        |
| <b>Stage 1</b>                          |                          |                          |                     |            |              |
| Loans and receivables                   | 379                      | -                        | 24                  | 2          | 405          |
| Debt securities                         | 24                       | -                        | -                   | -          | 24           |
| Placements with central and other banks | 20                       | -                        | -                   | -          | 20           |
| Other financial assets                  | 1                        | -                        | -                   | -          | 1            |
| <b>Total</b>                            | <b>424</b>               | <b>-</b>                 | <b>24</b>           | <b>2</b>   | <b>450</b>   |
| <b>Stage 2</b>                          |                          |                          |                     |            |              |
| Loans and receivables                   | 35                       | 2                        | -                   | -          | 37           |
| Debt securities                         | -                        | -                        | -                   | -          | -            |
| Placements with central and other banks | -                        | -                        | -                   | -          | -            |
| Other financial assets                  | -                        | -                        | -                   | -          | -            |
| <b>Total</b>                            | <b>35</b>                | <b>2</b>                 | <b>-</b>            | <b>-</b>   | <b>37</b>    |
| <b>Stage 3</b>                          |                          |                          |                     |            |              |
| Loans and receivables                   | -                        | 5,607                    | -                   | -          | 5,607        |
| Debt securities                         | -                        | -                        | -                   | -          | -            |
| Placements with central and other banks | -                        | -                        | -                   | -          | -            |
| Other financial assets                  | -                        | -                        | -                   | -          | -            |
| <b>Total</b>                            | <b>-</b>                 | <b>5,607</b>             | <b>-</b>            | <b>-</b>   | <b>5,607</b> |
| <b>Total impairment</b>                 | <b>459</b>               | <b>5,609</b>             | <b>24</b>           | <b>2</b>   | <b>6,094</b> |

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## SEPARATE AND CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD AS AT 30TH SEPTEMBER 2018

(All amounts in EUR thousand unless otherwise stated)

### Note 20 Risk management (cont.)

#### Change of impairment during reporting period

| The Bank<br>30 September 2018                  | Collective<br>impairment | Individual<br>impairment | Loan<br>commitments | Guarantees | Total        |
|--|--------------------------|--------------------------|---------------------|------------|--------------|
| <b>Stage 1</b>                                 |                          |                          |                     |            |              |
| Loans and receivables                          | 6                        | -                        | 12                  | -          | 18           |
| Debt securities                                | 16                       | -                        | -                   | -          | 16           |
| Placements with central and other banks        | (14)                     | -                        | -                   | -          | (14)         |
| Other financial assets                         | (1)                      | -                        | -                   | -          | (1)          |
| <b>Total</b>                                   | <b>7</b>                 | <b>-</b>                 | <b>12</b>           | <b>-</b>   | <b>19</b>    |
| <b>Stage 2</b>                                 |                          |                          |                     |            |              |
| Loans and receivables                          | 15                       | -                        | -                   | -          | 15           |
| Debt securities                                | -                        | -                        | -                   | -          | -            |
| Placements with central and other banks        | -                        | -                        | -                   | -          | -            |
| Other financial assets                         | -                        | -                        | -                   | -          | -            |
| <b>Total</b>                                   | <b>15</b>                | <b>-</b>                 | <b>-</b>            | <b>-</b>   | <b>15</b>    |
| <b>Stage 3</b>                                 |                          |                          |                     |            |              |
| Loans and receivables                          | -                        | 1,042                    | -                   | -          | 1,042        |
| Debt securities                                | -                        | -                        | -                   | -          | -            |
| Placements with central and other banks        | -                        | -                        | -                   | -          | -            |
| Other financial assets                         | -                        | -                        | -                   | -          | -            |
| <b>Total</b>                                   | <b>-</b>                 | <b>1,042</b>             | <b>-</b>            | <b>-</b>   | <b>1,042</b> |
| <b>Total impairment</b>                        | <b>22</b>                | <b>1,042</b>             | <b>12</b>           | <b>-</b>   | <b>1,076</b> |
| Written-off during reporting period            | -                        | -                        | -                   | -          | 102          |
| Income on loans written off in earlier periods | -                        | -                        | -                   | -          | (123)        |
| <b>Total change of impairment</b>              | <b>-</b>                 | <b>-</b>                 | <b>-</b>            | <b>-</b>   | <b>1,055</b> |

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## SEPARATE AND CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD AS AT 30TH SEPTEMBER 2018

(All amounts in EUR thousand unless otherwise stated)

### Note 20 Risk management (cont.)

| The Group<br>30 September 2018                 | Collective<br>impairment | Individual<br>impairment | Loan<br>commitments | Guarantees | Total        |
|--|--------------------------|--------------------------|---------------------|------------|--------------|
| <b>Stage 1</b>                                 |                          |                          |                     |            |              |
| Loans and receivables                          | 13                       | -                        | 12                  | -          | 25           |
| Debt securities                                | 16                       | -                        | -                   | -          | 16           |
| Placements with central and other banks        | (14)                     | -                        | -                   | -          | (14)         |
| Other financial assets                         | (1)                      | -                        | -                   | -          | (1)          |
| <b>Total</b>                                   | <b>14</b>                | <b>-</b>                 | <b>12</b>           | <b>-</b>   | <b>26</b>    |
| <b>Stage 2</b>                                 |                          |                          |                     |            |              |
| Loans and receivables                          | 15                       | (2)                      | -                   | -          | 13           |
| Debt securities                                | -                        | -                        | -                   | -          | -            |
| Placements with central and other banks        | -                        | -                        | -                   | -          | -            |
| Other financial assets                         | -                        | -                        | -                   | -          | -            |
| <b>Total</b>                                   | <b>15</b>                | <b>(2)</b>               | <b>-</b>            | <b>-</b>   | <b>13</b>    |
| <b>Stage 3</b>                                 |                          |                          |                     |            |              |
| Loans and receivables                          | -                        | 1,033                    | -                   | -          | 1,033        |
| Debt securities                                | -                        | -                        | -                   | -          | -            |
| Placements with central and other banks        | -                        | -                        | -                   | -          | -            |
| Other financial assets                         | -                        | -                        | -                   | -          | -            |
| <b>Total</b>                                   | <b>-</b>                 | <b>1,033</b>             | <b>-</b>            | <b>-</b>   | <b>1,033</b> |
| <b>Total impairment</b>                        | <b>29</b>                | <b>1,031</b>             | <b>12</b>           | <b>-</b>   | <b>1,072</b> |
| Written-off during reporting period            |                          |                          |                     |            | 102          |
| Income on loans written off in earlier periods |                          |                          |                     |            | (123)        |
| <b>Total change of impairment</b>              |                          |                          |                     |            | <b>1,051</b> |

# UAB MEDICINOS BANKAS

## SEPARATE AND CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD AS AT 30TH SEPTEMBER 2018

(All amounts in EUR thousand unless otherwise stated)

### Note 20 Risk management (cont.)

#### Liquidity risk

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

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

| The Group         |                  |  | The Bank          |                  |
|-------------------|------------------|--|-------------------|------------------|
| 30 September 2018 | 31 December 2017 |  | 30 September 2018 | 31 December 2017 |
| 123,568           | 90,760           | Liquid assets                          | 123,568           | 90,760           |
| 19,560            | 12,423           | Short-term (up to 30 days) obligations | 20,347            | 12,575           |
| <b>632</b>        | <b>731</b>       | <b>LCR, %</b>                          | <b>607</b>        | <b>722</b>       |

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                             | 30 September 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                               | 63,843            | 32,855            | 9,204           | 55,920             | 70,013        | 66,051        | 22,937           | 320,823 |
| Liabilities and shareholders' equity | 103,343           | 15,990            | 26,556          | 72,637             | 44,982        | 27,530        | 29,785           | 320,823 |
| <b>Net gap</b>                       | <b>(39,500)</b>   | <b>16,865</b>     | <b>(17,352)</b> | <b>(16,717)</b>    | <b>25,031</b> | <b>38,521</b> | <b>(6,848)</b>   | -       |
| Credit commitments                   | -                 | 14,768            | -               | -                  | -             | -             | -                | 14,768  |

  

| The Bank                             | 31 December 2017 |                   |                 |                    |               |               |                  |         |
|--------------------------------------|------------------|-------------------|-----------------|--------------------|---------------|---------------|------------------|---------|
|                                      | 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                               | 60,406           | 13,106            | 17,215          | 37,493             | 63,701        | 70,637        | 23,610           | 286,168 |
| Liabilities and shareholders' equity | 78,710           | 18,104            | 23,639          | 92,800             | 28,223        | 17,224        | 27,468           | 286,168 |
| <b>Net gap</b>                       | <b>(36,085)</b>  | <b>16,729</b>     | <b>(17,280)</b> | <b>(16,439)</b>    | <b>25,597</b> | <b>38,883</b> | <b>(11,405)</b>  | -       |
| Credit commitments                   | -                | 8,994             | -               | -                  | -             | -             | -                | 8,994   |

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(All amounts in EUR thousand unless otherwise stated)

### Note 20 Risk management (cont.)

| Grupė                                | 30 September 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                               | 63,897            | 32,968            | 9,276          | 56,198             | 70,579        | 66,413        | 18,349           | 317,680  |
| Liabilities and shareholders' equity | 99,982            | 16,239            | 26,556         | 72,637             | 44,982        | 27,530        | 29,754           | 317,680  |
| <b>Net gap</b>                       | <b>-36,085</b>    | <b>16,729</b>     | <b>-17,280</b> | <b>-16,439</b>     | <b>25,597</b> | <b>38,883</b> | <b>-11,405</b>   | <b>-</b> |
| Credit commitments                   | -                 | 14,768            | -              | -                  | -             | -             | -                | 14,768   |

  

|                                      | 31 December 2017 |                   |                |                    |               |               |                  | 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                               | 60,449           | 13,442            | 17,245         | 37,378             | 63,840        | 70,743        | 22,088           | 285,185  |
| Liabilities and shareholders' equity | 77,645           | 18,210            | 23,639         | 92,800             | 28,223        | 17,224        | 27,444           | 285,185  |
| <b>Net gap</b>                       | <b>(17,196)</b>  | <b>(4,768)</b>    | <b>(6,394)</b> | <b>(55,422)</b>    | <b>35,617</b> | <b>53,519</b> | <b>(5,356)</b>   | <b>-</b> |
| Credit commitments                   | -                | 8,994             | -              | -                  | -             | -             | -                | 8,994    |

Overdue loans are disclosed under column "Without maturity".

### Market risk

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

### Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Board has established internal limits, monitors compliance with the required limits are monitored 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 |                  |
|----------|----------------------|-------------------------------|------------------|
|          |                      | 30 September 2018             | 31 December 2017 |
| EUR      | + 1%                 | 881                           | 502              |
| USD      | + 1%                 | 84                            | 77               |
| Other    | + 1%                 | 4                             | 5                |
| EUR      | - 1%                 | (881)                         | (502)            |
| USD      | - 1%                 | (84)                          | (77)             |
| Other    | - 1%                 | (4)                           | (5)              |

  

| The Group | Interest rate change | Effect on net interest income |                  |
|-----------|----------------------|-------------------------------|------------------|
|           |                      | 30 September 2018             | 31 December 2017 |
| EUR       | + 1%                 | 885                           | 502              |
| USD       | + 1%                 | 84                            | 77               |
| Other     | + 1%                 | 4                             | 5                |
| EUR       | - 1%                 | (885)                         | (502)            |
| USD       | - 1%                 | (84)                          | (77)             |
| Other     | - 1%                 | (4)                           | (5)              |

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### Note 20 Risk management (cont.)

The table below summarises the Group's and the Bank's exposure to interest rate risk as of 30 September 2018 and 31 December 2017. 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.

|   | 30 September 2018    |                  |                  |                       |                 |                 |          |
|---|----------------------|------------------|------------------|-----------------------|-----------------|-----------------|----------|
| <b>The Bank</b>   | Less than<br>1 month | 1 to 3<br>months | 3 to 6<br>months | 6 months<br>to 1 year | 1 to 3<br>years | Over 3<br>years | Total    |
| <b>Assets:</b>  |                      |                  |                  |                       |                 |                 |          |
| Sensitive assets to interest rate fluctuation                     | 65,914               | 48,630           | 80,467           | 18,596                | 15,621          | 10,999          | 240,227  |
| Non-sensitive assets to interest rate fluctuation                 |                      |                  |                  |                       |                 |                 | 80,596   |
| <b>Liabilities:</b>   |                      |                  |                  |                       |                 |                 |          |
| Sensitive liabilities to interest rate fluctuation                | 14,185               | 24,470           | 28,472           | 43,116                | 43,543          | 27,309          | 181,095  |
| Non-sensitive liabilities and equity to interest rate fluctuation |                      |                  |                  |                       |                 |                 | 139,728  |
| <b>Total interest sensitivity gap</b>                             | <b>51,729</b>        | <b>24,160</b>    | <b>51,995</b>    | <b>(24,520)</b>       | <b>(27,922)</b> | <b>(16,310)</b> | <b>-</b> |
|   | 31 December 2017     |                  |                  |                       |                 |                 |          |
| <b>The Bank</b>   | Less than<br>1 month | 1 to 3<br>months | 3 to 6<br>months | 6 months<br>to 1 year | 1 to 3<br>years | Over 3<br>years | Total    |
| <b>Assets:</b>  |                      |                  |                  |                       |                 |                 |          |
| Sensitive assets to interest rate fluctuation                     | 39,728               | 49,740           | 69,478           | 20,058                | 15,406          | 13,419          | 207,829  |
| Non-sensitive assets to interest rate fluctuation                 |                      |                  |                  |                       |                 |                 | 78,412   |
| <b>Liabilities:</b>   |                      |                  |                  |                       |                 |                 |          |
| Sensitive liabilities to interest rate fluctuation                | 17,930               | 23,038           | 30,194           | 61,540                | 23,282          | 17,091          | 173,075  |
| Non-sensitive liabilities and equity to interest rate fluctuation |                      |                  |                  |                       |                 |                 | 113,166  |
| <b>Total interest sensitivity gap</b>                             | <b>21,798</b>        | <b>26,702</b>    | <b>39,284</b>    | <b>(41,482)</b>       | <b>(7,876)</b>  | <b>(3,672)</b>  | <b>-</b> |
|   | 30 September 2018    |                  |                  |                       |                 |                 |          |
| <b>The Group</b>  | Less than<br>1 month | 1 to 3<br>months | 3 to 6<br>months | 6 months<br>to 1 year | 1 to 3<br>years | Over 3<br>years | Total    |
| <b>Assets:</b>  |                      |                  |                  |                       |                 |                 |          |
| Sensitive assets to interest rate fluctuation                     | 65,945               | 48,702           | 80,745           | 19,162                | 15,983          | 10,999          | 241,536  |
| Non-sensitive assets to interest rate fluctuation                 |                      |                  |                  |                       |                 |                 | 80,596   |
| <b>Liabilities:</b>   |                      |                  |                  |                       |                 |                 |          |
| Sensitive liabilities to interest rate fluctuation                | 14,185               | 24,470           | 28,472           | 43,116                | 43,543          | 27,309          | 181,095  |
| Non-sensitive liabilities and equity to interest rate fluctuation |                      |                  |                  |                       |                 |                 | 139,728  |
| <b>Total interest sensitivity gap</b>                             | <b>51,760</b>        | <b>24,232</b>    | <b>52,273</b>    | <b>(23,954)</b>       | <b>(27,560)</b> | <b>(16,310)</b> | <b>-</b> |

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(All amounts in EUR thousand unless otherwise stated)

### Note 20 Risk management (cont.)

| The Group   | 31 December 2017  |               |               |                    |                |                | Total    |
|---|-------------------|---------------|---------------|--------------------|----------------|----------------|----------|
|   | Less than 1 month | 1 to 3 months | 3 to 6 months | 6 months to 1 year | 1 to 3 years   | Over 3 years   |          |
| <b>Assets:</b>  |                   |               |               |                    |                |                |          |
| Sensitive assets to interest rate fluctuation                     | 39,740            | 49,768        | 69,507        | 19,923             | 15,542         | 13,525         | 208,005  |
| Non-sensitive assets to interest rate fluctuation                 |                   |               |               |                    |                |                | 77,254   |
| <b>Liabilities:</b>   |                   |               |               |                    |                |                |          |
| Sensitive liabilities to interest rate fluctuation                | 17,930            | 23,038        | 30,194        | 61,540             | 23,282         | 17,091         | 173,075  |
| Non-sensitive liabilities and equity to interest rate fluctuation |                   |               |               |                    |                |                | 112,183  |
| <b>Total interest sensitivity gap</b>                             | <b>21,810</b>     | <b>26,730</b> | <b>39,313</b> | <b>(41,617)</b>    | <b>(7,740)</b> | <b>(3,566)</b> | <b>-</b> |

### Currency risk

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

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

| The Group         |                  |   | The Bank          |                  |
|-------------------|------------------|---|-------------------|------------------|
| 30 September 2018 | 31 December 2017 |   | 30 September 2018 | 31 December 2017 |
| 485               | 320              | Long positions                          | 485               | 320              |
| (125)             | (260)            | Short positions                         | (125)             | (260)            |
| 26,340            | 21,907           | Eligible capital                        | 26,353            | 21,426           |
| <b>1.84</b>       | <b>1.46</b>      | <b>Overall net currency position, %</b> | <b>1.84</b>       | <b>1.50</b>      |

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

|                             | 30 September 2018 | 31 December 2017 |
|-----------------------------|-------------------|------------------|
| Increase in FX rates by 10% | 36                | 6                |
| Decrease in FX rates by 10% | (36)              | (6)              |

### Note 21 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 maximise 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 capital requirement level is determined on several levels: the minimum capital requirement on first level, an additional capital adequacy requirement to cover potential losses on the second level and a total capital requirements.

2,2 % the additional capital requirement amount is determined 30 September 2018 during supervisory review by the Bank of Lithuania and evaluation process (SREP). Capital requirement was decreased 1.2 percentage points comparing with applied value at the beginning of the year. 30 September 2018 the Group and the Bank require to maintain common equity Tier 1 capital ratio of 9.2 %, Tier 1 capital ratio of 12.7 % and a total capital adequacy ratio of 12.7 %. The Group and the Bank capital adequacy ratio exceeded the required minimum.

During third quarter 2018 the Bank increased the amount of own funds by 1 million EUR of mail shareholder contributions to the reserve capital and 2.1 million EUR of the distributed subordinated bonds on the market. These securities have increased Tier 2 capital.

## UAB MEDICINOS BANKAS

### SEPARATE AND CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD AS AT 30TH SEPTEMBER 2018

(All amounts in EUR thousand unless otherwise stated)

#### Note 21 Capital (cont.)

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

| The Group         |                  |                        | The Bank          |                  |
|-------------------|------------------|------------------------|-------------------|------------------|
| 30 September 2018 | 31 December 2017 |                        | 30 September 2018 | 31 December 2017 |
| 15.78             | 14.32            | CET 1 Capital ratio    | 15.45             | 13.91            |
| 15.78             | 14.32            | Tier 1 Capital ratio   | 15.45             | 13.91            |
| 17.90             | 15.01            | Capital adequacy ratio | 17.52             | 14.59            |

#### Note 22 Quality of financial assets, profitability rates and other information

Financial assets quality indicators are given in the table below:

| Group                      |  |                          | Bank                       |  |
|----------------------------|--|--------------------------|----------------------------|--|
| Provisions (EUR thousands) | Provisions to financial assets ratio (%) |                          | Provisions (EUR thousands) | Provisions to financial assets ratio (%) |
| 6,837                      | 4.20                                     | Loans to customers       | 6,795                      | 4.21                                     |
| 243                        | 1.97                                     | Finance lease receivable | 243                        | 1.97                                     |
| 40                         | 0.06                                     | Debt securities          | 40                         | 0.06                                     |
| 6                          | 0.05                                     | Placements with banks    | 6                          | 0.05                                     |
| <b>7,126</b>               | <b>2,81</b>                              | <b>Iš viso:</b>          | <b>7,084</b>               | <b>2.81</b>                              |

Main profitability rates of the bank as at 30 September 2018 are provided in the table below:

| Main Profitability Showings | Ratio (%) |
|-----------------------------|-----------|
| Return on assets (ROA)      | 0.65      |
| Return on equity (ROE)      | 6.47      |

#### Action applied to the Bank

During the third quarter 2018 there were no action applied to the Medicinos Bankas.