

UAB MEDICINOS BANKAS

BANK'S SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED
FINANCIAL STATEMENTS FOR THE TWELVE MONTH PERIOD AS AT 31TH
DECEMBER 2018 PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS
AS ADOPTED BY THE EUROPEAN UNION

UAB MEDICINOS BANKAS

SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE TWELVE MONTH PERIOD AS AT 31TH DECEMBER 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 UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE TWELVE MONTH PERIOD AS AT 31TH DECEMBER 2018

(All amounts in EUR thousand unless otherwise stated)

CONDENSED SEPARATE AND CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

<u>The Group</u>				<u>The Bank</u>	
<u>31 December 2018</u>	<u>31 December 2017</u>	Assets	Notes	<u>31 December 2018</u>	<u>31 December 2017</u>
		Cash and due from central bank			
27,304	24,478	<i>Cash</i>		27,304	24,478
<u>30,070</u>	<u>29,042</u>	<i>Placements with the central bank</i>		<u>30,070</u>	<u>29,042</u>
57,374	53,520			57,374	53,520
		Placements with banks and other credit institutions			
13,280	11,539			13,239	11,496
		Financial assets at fair value through profit or loss			
		<i>Derivative financial instruments</i>			
<u>41</u>	<u>7</u>			<u>41</u>	<u>7</u>
41	7			41	7
70,746	39,860	Debt securities	3	70,746	39,860
		Loans and receivables	4		
157,309	147,280	<i>Loans to customers</i>		155,504	147,123
226	2,923	<i>Receivables with deferred payment</i>		-	2,657
		<i>Loans to bank and financial institutions</i>		1,482	1,835
1,482	1,636	<i>Finance lease receivable</i>		<u>12,809</u>	<u>11,839</u>
<u>12,809</u>	<u>11,839</u>			<u>169,795</u>	<u>163,454</u>
171 826	163,678				
-	-	Investments in subsidiaries	6	7,521	6,439
3,018	6,213	Investment property	5	1,050	1,370
5,548	5,343	Property and equipment		5,545	5,338
314	264	Intangible assets		267	243
		Tax assets			
6	15	<i>Current taxes</i>		6	15
<u>1,925</u>	<u>1,897</u>	<i>Deferred taxes</i>		<u>1,925</u>	<u>1,897</u>
1,931	1,912			1,931	1,912
685	2,849	Other assets	7	621	2,529
<u>324,763</u>	<u>285,185</u>	Total assets		<u>328,130</u>	<u>286,168</u>

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The accompanying notes on pages 13 to 45 are an integral part of these financial statements.

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SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE TWELVE MONTH PERIOD AS AT 31TH DECEMBER 2018

(All amounts in EUR thousand unless otherwise stated)

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

31 December 2018	31 December 2017	Liabilities	Notes	31 December 2018	31 December 2017
228	3,600	Due to banks and other credit institutions	8	228	3,600
5	31	Derivative financial instruments		5	31
289,126	251,855	Due to customers	9	290,733	252,920
1,000	1,000	Subordinated loans	10	1,000	1,000
2,167	-	Debt securities issued	10	2,167	
30	-	Impairment		30	-
1,682	1,258	Other liabilities	11	3,368	1,152
294,238	257,744	Total liabilities		297,531	258,703
		Equity			
19,948	19,948	Share capital	12	19,948	19,948
2,064	828	Retained earnings		2,138	852
335	339	Revaluation reserve of property and equipment		335	339
8,178	6,326	Other reserves	12	8,178	6,326
30,525	27,441	Total shareholders' equity		30,599	27,465
324,763	285,185	Total liabilities and shareholders' equity		328,130	286,168

The accompanying notes on pages 13 to 45 are an integral part of these financial statements.

Acting Chairman of the
Board and Chief Executive
Officer

D. Kliškauskienė

Director of Accounting and
Reporting Department,
Chief Accountant

A. Tonkich

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SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE TWELVE MONTH PERIOD AS AT 31TH DECEMBER 2018

(All amounts in EUR thousand unless otherwise stated)

CONDENSED SEPARATE AND CONSOLIDATED INCOME STATEMENTS

<u>The Group</u>				<u>The Bank</u>	
<u>31 December 2018</u>	<u>31 December 2017</u>		<u>Notes</u>	<u>31 December 2018</u>	<u>31 December 2017</u>
9,243	8,224	Interest income	13	9,113	8,161
(1,742)	(1,558)	Interest expenses	13	(1,742)	(1,558)
7,501	6,666	Net interest income		7,371	6,603
5,674	3,742	Service fee and commission income	14	5,675	3,746
(435)	(450)	Service fee and commission expenses	14	(411)	(435)
5,239	3,292	Net service fee and commission income		5,264	3,311
-	-	Net result on equity securities trading		-	(29)
-	9	Net result on securities trading		-	9
4,664	3,822	Net foreign exchange gain	15	4,664	3,822
33	100	Net result from operations with derivatives		33	100
-	-	Impairment of investments into subsidiaries	6	(1,119)	(1,140)
(993)	(974)	Net result on operations on investment property	5, 16	(275)	(56)
169	333	Other income		126	186
16,613	13,248	Total operating income		16,064	12,806
(1,313)	(233)	Impairment of loans and other financial assets		(1,308)	(186)
15,300	13,015	Operating income after impairment		14,756	12,620
(7,866)	(6,777)	Salaries and benefits	17	(7,566)	(6,618)
(486)	(382)	Depreciation		(484)	(382)
(161)	(200)	Amortisation		(146)	(190)
(4,412)	(4,023)	Other operating expenses	17	(4,136)	(3,776)
(12,925)	(11,382)	Total operating expenses		(12,332)	(10,966)
2,375	1,633	Operating profit (loss)		2,424	1,654
11	(7)	Income tax expense		11	(7)
2,386	1,626	Profit (loss) for the year		2,435	1,647
2,386	1,626	Attributable to equity holders of the Bank		2,435	1,647

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SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE TWELVE MONTH PERIOD AS AT 31TH DECEMBER 2018

(All amounts in EUR thousand unless otherwise stated)

CONDENSED SEPARATE AND CONSOLIDATED INCOME STATEMENTS FOR QUARTER

The Group			The Bank	
01/10/2018 - 31/12/2018	01/10/2017 - 31/12/2017		01/10/2018 - 31/12/2018	01/10/2017 - 31/12/2017
			Notes	
2,355	2,249	Interest income	2,300	2,200
(435)	(353)	Interest expenses	(435)	(353)
1,920	1,896	Net interest income	1,865	1,847
1,661	980	Service fee and commission income	1,662	980
(92)	(125)	Service fee and commission expenses	(88)	(110)
1,569	855	Net service fee and commission income	1,574	870
-	-	Net result on equity securities trading	-	-
-	-	Net result on securities trading	-	-
1,128	1,021	Net foreign exchange gain	1,128	1,021
127	72	Net result from operations with derivatives	127	72
-	-	Impairment of investments into subsidiaries	(196)	(856)
(203)	(673)	Net result on operations on investment property	(76)	(35)
53	56	Other income	26	9
4,594	3,227	Total operating income	4,448	2,928
(263)	(356)	Impairment of loans and other financial assets	(253)	(40)
4,331	2,871	Operating income after impairment	4,195	2,888
(2,151)	(1,810)	Salaries and benefits	(2,078)	(1,748)
(127)	(103)	Depreciation	(125)	(103)
(21)	(60)	Amortisation	(19)	(50)
(1,246)	(598)	Other operating expenses	(1,145)	(792)
(3,545)	(2,571)	Total operating expenses	(3,367)	(2,693)
786	300	Operating profit (loss)	828	195
27	12	Income tax expense	27	12
813	312	Profit (loss) at the end of the reporting period	855	207
813	312	Attributable to equity holders of the Bank	855	207

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SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE TWELVE MONTH PERIOD AS AT 31TH DECEMBER 2018

(All amounts in EUR thousand unless otherwise stated)

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

	<u>31 December 2018</u>	<u>31 December 2017</u>
Items that will never be reclassified to profit or loss		
Change in PPE revaluation	5	5
Transfer of depreciation for PPE net of tax	(4)	(4)
Other	-	-
	<u>1</u>	<u>1</u>
Items that are or may be reclassified to profit or loss		
Net amount transferred to profit or loss (available-for-sale financial assets)	-	-
Related tax	-	-
	<u>1</u>	<u>1</u>
Other comprehensive income (expenses), net of tax		
Profit (loss) at the end of the reporting period	2,435	1,647
Total comprehensive income	<u><u>2,436</u></u>	<u><u>1,648</u></u>
Attributable to:		
Equity holders of the Bank	2,436	1,648

The Group

	<u>31 December 2018</u>	<u>31 December 2017</u>
Items that will never be reclassified to profit or loss		
Change in PPE revaluation	4	4
Transfer of depreciation for PPE net of tax	(4)	(4)
Other	-	-
	<u>-</u>	<u>-</u>
Items that are or may be reclassified to profit or loss		
Related tax	-	-
	<u>-</u>	<u>-</u>
Other comprehensive income (expenses), net of tax		
Profit (loss) at the end of the reporting period	2,386	1,626
Total comprehensive income	<u><u>2,386</u></u>	<u><u>1,626</u></u>
Attributable to:		
Equity holders of the Bank	2,386	1,626

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Acting Chairman of the
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Officer

D. Klišauskienė

Director of Accounting and
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Chief Accountant

A. Tonkich

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SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE TWELVE MONTH PERIOD AS AT 31TH DECEMBER 2018

(All amounts in EUR thousand unless otherwise stated)

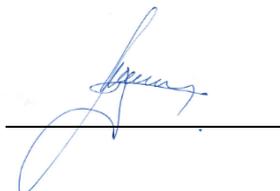
CONDENSED SEPARATE AND CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR QUARTER**The Bank**

	<u>01/10/2018 – 31/12/2018</u>	<u>01/10/2017 – 31/12/2017</u>
Items that will never be reclassified to profit or loss		
Change in PPE revaluation	5	5
Transfer of depreciation for PPE net of tax	(4)	(4)
Other		
	<hr/>	<hr/>
Items that are or may be reclassified to profit or loss	1	1
	<hr/>	<hr/>
Net amount transferred to profit or loss (available-for-sale financial assets)	-	-
Related tax	-	-
	<hr/>	<hr/>
Other comprehensive income (expenses), net of tax	1	1
	<hr/>	<hr/>
Profit (loss) at the end of the reporting period	855	207
Total comprehensive income	856	208
Attributable to:		
Equity holders of the Bank	856	208

The Group

	<u>01/10/2018 – 31/12/2018</u>	<u>01/10/2017 – 31/12/2017</u>
Items that will never be reclassified to profit or loss		
Change in PPE revaluation	4	4
Transfer of depreciation for PPE net of tax	(4)	(4)
Other		-
	<hr/>	<hr/>
Items that are or may be reclassified to profit or loss	-	-
	<hr/>	<hr/>
Related tax	-	-
	<hr/>	<hr/>
Other comprehensive income (expenses), net of tax	-	-
	<hr/>	<hr/>
Profit (loss) at the end of the reporting period	813	312
Total comprehensive income	813	312
Attributable to:		
Equity holders of the Bank	813	312

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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	

UAB MEDICINOS BANKAS

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SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE TWELVE MONTH PERIOD AS AT 31TH DECEMBER 2018

(All amounts in EUR thousand unless otherwise stated)

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

	Share capital	Retained earnings (restated)	Revaluation reserve of property and equipment	Financial assets revaluation reserve	Other reserves	Total
At 1 January 2017	19,948	283	343	-	5,243	25,817
Total comprehensive income						
Profit or loss	-	1,647	-	-	-	1,647
Other comprehensive income (expenses)	-	5	(4)	-	-	1
Transactions with owners of the Bank						
Transfer to reserves	-	(1,083)	-	-	1,083	-
At 31 December 2017	19,948	852	339	-	6,326	27,465
Total comprehensive income						
Impact of change in accounting principles	-	(302)	-	-	-	(302)
At 1 January 2018	19,948	550	339		6 326	27,163
Profit or loss	-	2,435	-	-	-	2,435
Other comprehensive income (expenses)	-	5	(4)	-	-	1
Transactions with owners of the Bank						
Transfer to reserves	-	(852)	-	-	1,852	1,000
At 31 December 2018	19,948	2,138	335	-	8,178	30,599

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SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE TWELVE MONTH PERIOD AS AT 31TH DECEMBER 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
At 1 January 2017	19,948	281	343	-	5,243	25,815
Profit or loss	-	1,626	-	-	-	1,626
Other comprehensive income (expenses)	-	4	(4)	-	-	-
Transactions with owners of the Bank						
Transfer to reserves	-	(1,083)	-	-	1,083	-
At 31 December 2017	19,948	828	339	-	6,326	27,441
Impact of change in accounting principles	-	(302)	-	-	-	(302)
At 1 January 2018	19,948	526	339	-	6,326	27,139
Profit or loss	-	2,386	-	-	-	2,386
Other comprehensive income (expenses)	-	4	(4)	-	-	-
Transactions with owners of the Bank						
Transfer to reserves	-	(852)	-	-	1,852	1,000
At 31 December 2018	19,948	2,064	335	-	8,178	30,525

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Acting Chairman of the Board and Chief Executive Officer

D. Kliškauskienė



Director of Accounting and Reporting Department, Chief Accountant

A. Tonkich



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(All amounts in EUR thousand unless otherwise stated)

CONDENSED SEPARATE AND CONSOLIDATED CASH FLOW STATEMENTS

Group			Bank	
2018 m.	2017 m.	Notes	2018 m.	2017 m.
Cash flows from operating activities				
2 386	1 626	Profit (loss) for the year	2 435	1 647
Non-cash Revenue and Cost Recovery:				
647	582	Depreciation and amortisation	630	572
(129)	158	Loss, gain on the sale of tangible, intangible and investment property	42	(125)
1 283	233	Impairment of loans	1 278	186
-	-	Impairment of investments in subsidiaries	1 119	1 140
1 131	680	Impairment of investment property	242	45
(60)	(35)	Derivatives revaluation	(60)	(35)
58	29	Elimination of accrued vacation pay	38	29
(11)	7	Income tax expenses	(11)	7
(225)	320	Elimination of other non-cash items	(225)	244
5 080	3 600	Cash flows from (to) operating activities before changes in operating assets and liabilities	5 488	3 710
Changes in operating assets and liabilities:				
-	7 763	Changes in trading debt securities	-	7 763
(337)	(49)	Changes in compulsory reserves	(337)	(49)
66	(66)	Changes in amounts due from banks	66	(66)
(13 808)	(3 012)	Loans to customers	(12 472)	(2 754)
1 510	(18 295)	Purchased loan portfolio	1 510	(18 295)
2 697	773	Receivables with deferred payment	2 657	8
154	2 586	Loans to financial institutions	353	2 387
(970)	(1 267)	Finance lease receivable	(970)	(1 267)
(3 372)	(835)	Changes in due to banks and other credit institutions	(3 372)	(835)
34 776	19 551	Changes in due to customers	35 318	14 719
2 535	(291)	Changes in other assets and liabilities	2 311	(80)
28 331	10 458	Net cash flows from operating activities before income tax	30 552	5 241
(6)	-	Income tax (paid)	(6)	-
28 325	10 458	Net cash flows from operating activities after income tax	30 546	5 241
Investing activities				
(1 038)	(1 914)	(Acquisitions) of intangible assets and property and equipment	(997)	(1 878)
(2)	-	(Acquisitions) of investment property	(2)	-
3 263	2 697	Proceeds from sale of tangible, intangible and equipment and investment property	1 423	940
-	-	Investments in subsidiaries	(2 201)	(754)
-	-	Disposal of subsidiaries	-	7 650
-	-	Advances on the sale of subsidiaries	1 781	-
22 526	12 130	Redemption of debt-securities	22 526	12 130
(53 412)	(18 330)	(Acquisitions) of of debt-securities	(53 412)	(18 330)
(28 663)	(5 417)	Net cash flows to investing activities	(30 882)	(242)

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SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE TWELVE MONTH PERIOD AS AT 31TH DECEMBER 2018

(All amounts in EUR thousand unless otherwise stated)

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

Group			Bank	
2018 m.	2017 m.	Notes	2018 m.	2017 m.
Financing activities				
1 000	-	Shareholder contributions to increase reserves	1 000	-
2 167	-	Bonds issued	2 167	-
-	-	Bonds (redeemed)	-	-
-	-	Subordinated loans received	-	-
9 217	8 907	Loans received	9 217	8 907
(6 640)	(3 412)	Loans (repaid)	(6 640)	(3 412)
5 744	5 495	Net cash flows from (to) financing activities	5 744	5 495
(82)	(221)	Effect of exchange rate changes on cash and cash equivalents	(82)	(221)
5 324	10 315	Net increase (decrease) in cash and cash equivalents	5 326	10 273
63 050	52 735	Cash and cash equivalents at 1 January	63 007	52 734
68 374	63 050	Cash and cash equivalents at 31 December	68 333	63 007
Additional information to operating cash flows				
7 600	8 875	Interest received	7 443	8 851
(1 485)	(1 438)	Interest (paid)	(1 485)	(1 435)

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Acting Chairman of the
Board and Chief Executive
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D. Klišauskienė

Director of Accounting and
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Chief Accountant

A. Tonkich

UAB MEDICINOS BANKAS

SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE TWELVE MONTH PERIOD AS AT 31TH DECEMBER 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 31 December 2018 the Bank employed 369 employees (383 employees as at 31 December 2017). As at 31 December 2018 the Group employed 384 employees (396 employees as at 31 December 2017).

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

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

The issued share capital consists of 137,750 ordinary shares with the par value of EUR 144.81 each. As at 31 December 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):

	31 December 2018	31 December 2017
USD	1,1454	1,1993

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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

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

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

In amount of change in loans and receivables (257 thousand euros) included impairment losses on credit liabilities represent 24 thousand euros and guarantees – 2 thousand euros.

The Bank (The Group)	31 December 2017 TAS 39	31 December 2018 TFAS 9	Change
Credit commitments	0	(23)	(23)
Guarantees	0	(3)	(3)
Total impairment of off-balance items	0	(26)	(26)

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Note 3 Debt securities

Held-to-maturity investments are as follows:

The Group			The Bank	
31 December 2018	31 December 2017		31 December 2018	31 December 2017
43,888	18,017	Government bonds of the Republic of Lithuania	43,888	18,017
1,148	-	Non-financial company bonds	1,148	-
1,314	1,220	Financial company bonds	1,314	1,220
1,566	1,600	Government bonds of the Republic of Iceland	1,566	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
4,575	1,003	Government bonds of the Republic of Latvia	4,575	1,003
3,005	2,127	Government bonds of the Republic of Poland	3,005	2,127
3,089	2,075	Government bonds of the Republic of Romania	3,089	2,075
4,172	2,565	Government bonds of the Republic of Slovenia	4,172	2,565
2,619	3,347	Government bonds of the Kingdom of Sweden	2,619	3,347
2,689	1,668	Government bonds of the Republic of Finland	2,689	1,668
1,679	1,368	Government bonds of the Republic of Hungary	1,679	1,368
70,746	39,860	Total	70,746	39,860

Note 4 Loans and receivables

Loans to customers and receivables comprise:

	The Bank	
	31 December 2018	31 December 2017
Loans to customers, including short-term bills of exchange	156,946	152,518
Receivable with deferred payment	-	2,661
Overdrafts	1,814	1,348
Factoring	589	759
Leasing	12,992	11,874
	172,341	169,160
Less: impairment	(2,546)	(5,706)
Loans and receivables, net	169,795	163,454
	The Group	
	31 December 2018	31 December 2017
Loans to customers, including short-term bills of exchange	158,803	152,523
Receivable with deferred payment	227	2,927
Overdrafts	1,814	1,348
Factoring	589	759
Leasing	12,992	11,874
	174,425	169,431
Less: impairment	(2,599)	(5,753)
Loans and receivables, net	171,826	163,678

At IV quarter of 2018 for transferring the claim rights received 5,9 million euros, amount of creditor claims - 10,1 million euros.

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Note 5 Investment property

	The Bank	
	31 December 2018	31 December 2017
Balance at the beginning of year	1,370	913
Additions	1,382	1,070
Disposals	(1,460)	(568)
Changes in fair value	(242)	(45)
Balance at the end of year	1,050	1,370

	The Group	
	31 December 2018	31 December 2017
Balance at the beginning of year	6,213	8,354
Additions	1,407	1,871
Disposals	(3,471)	(3,332)
Changes in fair value	(1,131)	(680)
Balance at the end of year	3,018	6,213

The fair value of investment properties owned by subsidiaries:

	31 December 2018	31 December 2017
UAB MB Turtas	98	401
UAB MB Valda	251	831
UAB MB Investicija	229	554
UAB TG Invest-1	1,390	2,470
SIA Nida Capital	-	586
Total	1,968	4,842

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Note 6 Investment in subsidiaries

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

	The Bank	
	31 December 2018	31 December 2017
Balance at the beginning of the year	6,439	14,494
Additions	2,201	764
Disposal (nominal value)	-	(13,056)
Reversal of impairment of the disposed assets	-	5,377
Additional impairment of investment in subsidiaries	(1,119)	(1,140)
	1,082	(8,055)
Balance at the end of the report period	7,521	6,439

Balance as at 31 December 2018	Ownership (%)	Direct ownership (%)	Nominal amount	Impairment	Carrying value
UAB MB Valda	100	32.52	1,150	(314)	836
UAB MB Investicija	100	47.94	1,481	(469)	1,012
UAB TG Invest-1	100	73.22	3,567	(918)	2,649
SIA Nida capital	100	100	850	(324)	526
UAB Saugus Kreditas	100	100	2,265	(31)	2,234
Total			10,066	(2,545)	7,521

Balance as at 31 December 2017	Ownership (%)	Direct ownership (%)	Nominal amount	Impairment	Carrying value
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
Total			7,865	(1,426)	6,439

Note 7 Other assets

Other assets comprise:

The Group			The Bank	
31 December 2018	31 December 2017		31 December 2018	31 December 2017
308	2,006	Prepayments	291	1,997
46	484	Receivables from customers	11	223
145	80	Receivable value added tax	145	56
120	108	Deferred expenses	120	108
66	209	Other	54	183
685	2,887		621	2,567
-	(38)	Less: impairment for losses from receivables	-	(38)
685	2,849	Other assets	621	2,529

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Note 8 Due to banks and other credit institutions

The Group			The Bank	
31 December 2018	31 December 2017		31 December 2018	31 December 2017
-	-	Term deposits	-	-
-	3,000	Deposits CB (ECB Open market operations)	-	3,000
228	600	Current accounts and overnight deposits	228	600
228	3,600	Amounts due to banks and other credit institutions	228	3,600

Note 9 Due to customers

Amounts due to customers comprise:

The Group			The Bank	
31 December 2018	31 December 2017		31 December 2018	31 December 2017
167,271	165,306	Term deposits	167,271	165,306
109,754	77,025	Current accounts	111,362	78,090
12,101	9,524	Loans from funds	12,101	9,524
289,126	251,855	Amounts due to customers	290,734	252,920
18,475	13,997	Out of which held as security against guarantees and loans	18,475	13,997

Note 10 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 31 December 2018 net value of issued debt securities is 2 167 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.

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Note 11 Other liabilities

Other liabilities comprise:

The Group			The Bank	
31 December 2018	31 December 2017		31 December 2018	31 December 2017
829	510	Accrued payments to employees	809	510
59	30	Prepayments (advance payments)	1,796	-
121	142	Accrued expenses	121	130
77	158	Deferred income	77	158
215	184	Fee payable to the State Social Insurance Board	215	184
		Payable to the Latvian Road Transport Administration	19	30
19	30		19	30
115	-	Debt to customers	94	-
247	204	Other	237	140
1,682	1,258	Other liabilities	3,368	1,152

Note 12 Shareholders' equity

As at 31 December 2018 and 2017, 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	
31 December 2018	31 December 2017		31 December 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
8,178	6,326	Total other reserves	8,178	6,326

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Note 13 Net interest income

The Group			The Bank	
2018	2017		2018	2017
7,341	6,474	On loans to customers	7,213	6,411
545	552	On impaired loans to customers	545	552
562	456	Leasing	562	456
180	130	Delinquency	178	130
539	577	On held-to-maturity investments	539	577
76	35	On placements with the banks and other credit institutions	76	35
9,243	8,224	Interest revenue	9,113	8,161
(1,196)	(954)	On obligations to customers, including letters of credit	(1,196)	(954)
(264)	(499)	Deposit insurance	(264)	(499)
(20)	(20)	On subordinated loans	(20)	(20)
(75)	-	For Debt securities	(75)	-
(20)	-	Loan portfolio guarantee insurance	(20)	-
(167)	(85)	On obligations to banks and other credit institutions	(167)	(85)
(1,742)	(1,558)	Interest expenses	(1,742)	(1,558)
7,501	6,666	Net interest income	7,371	6,603

Note 14 Net service fee and commission income

Net fee and commission income comprises:

The Group			The Bank	
31 December 2018	31 December 2017		31 December 2018	31 December 2017
2,141	771	Payment services	2,141	771
456	387	Commission income from currency exchange	456	387
502	248	Administration of bank accounts	502	248
1,271	1,231	Collection of payments	1,271	1,231
383	522	Brokerage income	383	522
536	462	Cash operations	536	462
385	121	Other	386	125
5,674	3,742	Service fee and commission income	5,675	3,746
(72)	(110)	Rent fee according to agreements	(72)	(110)
(256)	(232)	Cash operations	(256)	(232)
(107)	(108)	Other	(83)	(93)
(435)	(450)	Service fee and commission expense	(411)	(435)
5,239	3,292	Net service fee and commission income	5,264	3,311

Note 15 Net foreign exchange gain

The Group			The Bank	
31 December 2018	31 December 2018		31 December 2018	31 December 2018
4,746	4,043	Gain on dealing in foreign currencies	4,746	4,043
(82)	(221)	Revaluation of items in statement of financial position, net	(82)	(221)
4,664	3,822	Net foreign exchange gain	4,664	3,822

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Note 16 Net result on operations with investment property

The Group			The Bank	
31 December 2018	31 December 2018		31 December 2018	31 December 2018
138	(294)	Realised gain (loss)	(33)	(11)
(1,131)	(680)	Changes in fair value	(242)	(45)
(993)	(974)	Net result on operations on investment property	(275)	(56)

Note 17 Operating expenses

Salaries and benefits and other operating expenses are as follows:

The Group			The Bank	
2018	2017		2018	2017
		Salaries and benefits		
(6,048)	(5,169)	Salaries and bonuses	(5,820)	(5,048)
(1,818)	(1,608)	Social security costs	(1,746)	(1,570)
(7,866)	(6,777)	Total salaries and benefits	(7,566)	(6,618)
		Other operating expenses		
(862)	(854)	Occupancy and rent	(843)	(853)
(605)	(335)	Office supplies	(605)	(335)
(354)	(449)	Expenses for service providers for the bank	(354)	(449)
(547)	(538)	Taxes other than income tax	(503)	(450)
(250)	(296)	Communication	(250)	(296)
-	(53)	Debt recovery costs	-	(53)
(427)	(193)	Transportation expenses	(427)	(193)
(96)	(107)	Expenses related with investment property	(28)	(17)
(98)	(100)	Security	(98)	(100)
(227)	(113)	Marketing and advertising	(219)	(113)
(40)	(43)	Legal and consultancy	(40)	(43)
(27)	(97)	Personnel training	(26)	(97)
(46)	(38)	Representation	(46)	(38)
(63)	(30)	Building repair costs	(63)	(30)
(72)	(74)	Team building event costs	(72)	(74)
(10)	(14)	Charity and support costs	(10)	(14)
(9)	(7)	Business travel and related	(9)	(7)
-	(235)	Fine Imposed by the Bank of Lithuania	-	(235)
(37)	(103)	Disposable items	(37)	(103)
(30)	(28)	Stationary supplies	(30)	(28)
(113)	(67)	Insurance expenses	(113)	(67)
(23)	(18)	Participation fees	(23)	(18)
(476)	(231)	Other	(340)	(163)
4,412	(4,023)	Total other operating expenses	4,136	(3,776)

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Note 18 Cash and cash equivalents

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

The Group			The Bank	
31 December 2018	31 December 2017		31 December 2018	31 December 2017
27,304	24,478	Cash on hand	27,304	24,478
27,790	27,099	Current accounts with the Bank of Lithuania	27,790	27,099
12,099	6,929	Current accounts with other credit institutions	12,058	6,886
1,181	4,544	Term deposits with credit institutions up to 90 days	1,181	4,544
68,374	63,050	Cash and cash equivalents	68,333	63,007

Note 19 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 repricing 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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Note 19 Fair values of financial instruments (cont'd)

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

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

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

The Bank	31 December 2018		31 December 2017	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Cash and due from central bank	57,374	57,374	53,520	53,520
Placements with banks and other credit institutions	13,239	13,239	11,496	11,496
Debt securities	70,746	71,512	39,860	40,462
Loans and receivables	169,795	173,082	163,454	167,120
Other assets	621	621	2,529	2,529
Total financial assets	311,775	315,828	270,859	275,127
Financial liabilities				
Due to banks and other credit institutions	228	228	3,600	3,600
Due to customers, including letters of credit	290,734	292,342	252,920	254,196
Debt securities issued	2,167	3,176	-	-
Subordinated loans	1,000	1,000	1,000	1,000
Other liabilities	3,367	3,367	1,152	1,152
Total financial liabilities	297,496	300,113	258,672	259,948
The Group				
	31 December 2018		31 December 2017	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Cash and due from central bank	57,374	57,374	53,520	53,520
Placements with banks and other credit institutions	13,280	13,280	11,539	11,539
Debt securities	70,746	71,512	39,860	40,462
Loans and receivables	169,795	175,113	163,678	167,344
Other assets	685	685	2,849	2,849
Total financial assets	311,880	317,964	271,446	275,714
Financial liabilities				
Due to banks and other credit institutions	228	228	3,600	3,600
Due to customers, including letters of credit	289,126	290,735	251,855	253,131
Debt securities issued	2,167	3,176	-	-
Subordinated loans	1,000	1,000	1,000	1,000
Other liabilities	1,682	1,682	1,258	1,258
Total financial liabilities	294,203	296,821	257,713	258,989

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Note 19 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)

As at 31 December 2018	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial instruments	-	41	-	41
Financial liabilities				
Derivative financial instruments	-	5	-	5
As at 31 December 2017	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial instruments	-	7	-	7
Financial liabilities				
Derivative financial instruments	-	31	-	31

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Note 19 Fair values of financial instruments (cont'd)

Financial instruments not measured at fair value

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

The Bank

	Level 1	Level 2	Level 3	Total carrying amount
31 December 2018				
Assets				
Cash and due from banks	57,374	13,239	-	70,613
Debt securities	-	70,746	-	70,746
Loans to customers	-	153,042	2,462	155,504
Receivables with deferred payment	-	-	-	-
Loans to financial institutions	-	1,482	-	1,482
Receivables from leasing	-	10,956	1,853	12,809
Other assets	-	621	-	621
Total financial assets	57,374	250,086	4,315	311,775
Liabilities				
Due to banks and other credit institutions	-	228	-	228
Due to customers	-	290,733	-	290,733
Debt securities issued	-	2,167	-	2,167
Subordinated loan	-	1,000	-	1,000
Other liabilities	-	3,368	-	3,368
Total financial liabilities		297,496		297,496
31 December 2017				
Assets				
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
Total financial assets	53,520	208,108	9,231	270,859
Liabilities				
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
Total financial liabilities		258,672		258,672

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Note 19 Fair values of financial instruments (cont'd)

The Group

	Level 1	Level 2	Level 3	Total carrying amount
31 December 2018				
Assets				
Cash and due from banks	57,374	13,280	-	70,654
Debt securities	-	70,746	-	70,746
Loans to customers	-	154,805	2,504	157,309
Receivables with deferred payment	-	226	-	226
Loans to financial institutions	-	1,482	-	1,482
Receivables from leasing	-	10,956	1,853	12,809
Other assets	-	685	-	685
Total financial assets	57,374	252,180	4,357	313,911
Liabilities				
Due to banks and other credit institutions	-	228	-	228
Due to customers	-	289,126	-	289,126
Debt securities issued	-	2,167	-	2,167
Subordinated loan	-	1,000	-	1,000
Other liabilities	-	1,682	-	1,682
Total financial liabilities	-	294,203	-	294,203
	Level 1	Level 2	Level 3	Total carrying amount
31 December 2017				
Assets				
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
Total financial assets	53,520	208,645	9,281	271,446
Liabilities				
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
Total financial liabilities	-	257,713	-	257,713

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Note 20 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:

2018	Key management personnel			
	Shareholders	Subsidiaries	Key management personnel	Other*
Loans outstanding as at 31 December 2018, net	37	-	-	4,372
Interest rate,%	6.5828	-	-	2.0-4.5
Interest income on loans	1	1	1	120
Impairment of loans	-	-	-	(14)
Term deposits as at 31 December 2018	-	-	3	247
Interest expense on deposits	-	-	-	(2)
Interest rate,%	-	-	0.3	0.05-6.5
Demand accounts as at 31 December 2018	99	1,607	88	3,006
Bonds issued as at 31 December 2018	100	-	-	-
Interest expense on bonds	(3)	-	-	-
Interest rate,%	7	-	-	-
Subordinated loans as at 31 December 2018	1,000	-	-	-
Interest expense on subordinated loans	(20)	-	-	-
Interest rate,%	2	-	-	-
Service fee and commission revenue	1	2	-	17
Service fee and commission expenses	-	-	-	(3)
The Bank				
2017	Key management personnel			
	Shareholders	Subsidiaries	Key management personnel	Other*
Loans outstanding as at 31 December 2017, net	-	199	42	1,296
Interest rate,%	-	5	0-4.0	4.0-4.5
Interest income on loans	-	3	1	144
Impairment of loans	-	-	-	-
Term deposits as at 31 December 2017	-	-	3	253
Interest expense on deposits	-	-	-	(3)
Interest rate,%	-	-	0.2-0.6	0.15-6.5
Demand accounts as at 31 December 2017	4	1,065	80	2,996
Bonds issued as at 31 December 2017	-	-	-	-
Interest expense on bonds	-	-	-	-
Interest rate,%	-	-	-	-
Subordinated loans as at 31 December 2017	1,000	-	-	-
Interest expense on subordinated loans	(20)	-	-	-
Interest rate,%	2	-	-	-
Service fee and commission revenue	1	-	-	14
Service fee and commission expenses	-	-	-	(3)

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Note 20 Related party transactions (cont'd)

The Group

2018	Shareholders	Key management personnel	Other*
Loans outstanding as at 31 December 2018, net	37	-	4,372
Interest rate,%	6.5828	-	2.0-4.5
Interest income on loans	1	1	120
Impairment of loans	-	-	(14)
Term deposits as at 31 December 2018	-	3	247
Interest expense on deposits	-	-	(2)
Interest rate,%	-	0.3	0.05-6.5
Demand accounts as at 31 December 2018	99	88	3,006
Bonds issued as at 31 December 2018	100	-	-
Interest expense on bonds	(3)	-	-
Interest rate,%	7	-	-
Subordinated loans as at 31 December 2018	1,000	-	-
Interest expense on subordinated loans	(20)	-	-
Interest rate,%	2	-	-
Service fee and commission revenue	1	-	17
Service fee and commission expenses	-	-	(3)

The Group

2017	Shareholders	Key management personnel	Other*
Loans outstanding as at 31 December 2017, net	-	42	1,296
Interest rate,%	-	0-4.0	4.0-4.5
Interest income on loans	-	1	144
Impairment of loans	-	-	-
Term deposits as at 31 December 2017	-	3	253
Interest expense on deposits	-	-	(3)
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 expense on bonds	-	-	-
Interest rate,%	-	-	-
Subordinated loans as at 31 December 2017	1,000	-	-
Interest expense on subordinated loans	(20)	-	-
Interest rate,%	2	-	-
Service fee and commission revenue	1	-	14
Service fee and commission expenses	-	-	(3)

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

Key management personnel include members of the board and administration and management of subsidiaries.

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Note 21 Risk management

Credit risk

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

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

The Group			The Bank	
31 December 2018	31 December 2017		31 December 2018	31 December 2017
5,832	4,828	Maximum exposure to a single customer or group of connected customers	5,832	4,828
25,773	24,323	Eligible capital	25,639	23,003
22.63	19.85	Maximum exposure ratio, %	22.75	20.99

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

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

The Group			The Bank	
31 December 2018	31 December 2017		31 December 2018	31 December 2017
Statement of financial position items, other than trading and investment activities				
30,070	29,042	Balances with the Bank of Lithuania	30,070	29,042
13,280	11,539	Due from banks	13,239	11,496
157,309	147,280	Loans to customers	155,504	147,123
226	2,923	Receivable with deferred payment	-	2,657
1,482	1,636	Loans to bank and financial institutions	1,482	1,835
12,809	11,839	Receivables from leasing	12,809	11,839
215,176	204,259		213,104	203,992
Off balance sheet items				
2,026	763	Guarantees	2,026	763
8,902	8,994	Loan commitments	8,902	8,994
226,104	214,016	Total balance and off balance sheet items, other than trading and investment activities	224,032	213,749
Trading and investment activities				
Financial assets at fair value through profit or loss				
41	7	Derivative financial instruments	41	7
-	-	Held-to-maturity investments	-	-
70,746	39,860	Debt securities	70,746	39,860
70,787	39,867	Total trading and investment activities	70,787	39,867
55	170	Other financial assets	55	170
296,946	254,053	Total credit exposure	294,874	253,786

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Note 21 Risk management (cont.)

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

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

	The Bank (Group)	
	31 December 2018	31 December 2017
Government bonds	68,284	38,640
Regional government bonds	878	421
Multilateral Development Banks Bonds	1,314	-
Bank and corporate bonds	270	799
Derivatives	41	7
Total	70,787	39,867

Bonds exposure by rating grade	The Bank (Group)	
	31 December 2018	31 December 2017
High grade (AAA-A)	65,709	32,690
Standard grade (B-BBB+)	5,037	7,170
Not rated	-	-
Total	70,746	39,860

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

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

Credit risk assessment

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

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

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Note 21 Risk management (cont.)

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

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

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Note 21 Risk management (cont.)

Credit risk assessment of financial instruments, other than trading activities and off balance items (cont.)

The Bank	Not overdue	1 to 59 days	60 to 89 days	More than 90 days	Total
1 January 2018					
Stage 1					
Loans and receivables	140,312	2,622	-	-	142,934
Placements with LB and other banks	40,538	-	-	-	40,538
Debt securities	39,860	-	-	-	39,860
Other financial assets	170	-	-	-	170
Total	220,880	2,622	-	-	223,502
Stage 2					
Loans and receivables	4,887	921	99	-	5,907
Placements with LB and other banks	-	-	-	-	-
Debt securities	-	-	-	-	-
Other financial assets	-	-	-	-	-
Total	4,887	921	99	-	5,907
Stage 3					
Loans and receivables	1,443	3,843	464	8,863	14,613
Placements with LB and other banks	-	-	-	-	-
Debt securities	-	-	-	-	-
Other financial assets	-	-	-	-	-
Total	1,443	3,843	464	8,863	14,613
Total	227,210	7,386	563	8,863	244,022

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Note 21 Risk management (cont.)

Credit risk assessment of financial instruments, other than trading activities and off balance items (cont.)

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

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Note 21 Risk management (cont.)

Credit risk assessment of financial instruments, other than trading activities and off balance items (cont.)

The Group	Not overdue	1 to 59 days	60 to 89 days	More than 90 days	Total
1 January 2018					
Stage 1					
Loans and receivables	140,455	2,643	-	-	143,098
Placements with LB and other banks	40,581	-	-	-	40,581
Debt securities	39,860	-	-	-	39,860
Other financial assets	170	-	-	-	170
Total	221,066	2,643	-	-	223,709
Stage 2					
Loans and receivables	4,887	932	105	-	5,924
Placements with LB and other banks	-	-	-	-	-
Debt securities	-	-	-	-	-
Other financial assets	-	-	-	-	-
Total	4,887	932	105	-	5,924
Stage 3					
Loans and receivables	1,443	3,843	464	8,906	14,656
Placements with LB and other banks	-	-	-	-	-
Debt securities	-	-	-	-	-
Other financial assets	-	-	-	-	-
Total	1,443	3,843	464	8,906	14,656
Total	227,396	7,418	569	8,906	244,289

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Note 21 Risk management (cont.)

Change of impairment during reporting period

The Group					The Bank					
Collective impairment	Individual impairment	Credit commitments	Guarantees	Total		Collective impairment	Individual impairment	Credit commitments	Guarantees	Total
31 December 2018										
34		2	2	38	Stage 1	19		2	2	23
22	-	2	2	26	Loans and receivables	7	-	2	2	11
(7)	-	-	-	(7)	Placements with LB and other banks	(7)	-	-	-	(7)
19	-	-	-	19	Debt securities	19	-	-	-	19
-	-	-	-	-	Other financial assets	-	-	-	-	-
45	(2)	-	-	43	Stage 2	42	-	-	-	42
45	(2)	-	-	43	Loans and receivables	42	-	-	-	42
-	(3,490)	-	-	(3,490)	Stage 3	-	(3,479)	-	-	(3,479)
-	(3,490)	-	-	(3,490)	Loans and receivables	-	(3,479)	-	-	(3,479)
79	(3,492)	2	2	(3,409)	Total	61	(3,479)	2	2	(3,414)
-	-	-	-	4,837	Write-offs	-	-	-	-	4,837
-	-	-	-	(115)	Income on loans written off in earlier periods	-	-	-	-	(115)
-	-	-	-	1,313	Total change of impairment	-	-	-	-	1,308

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Note 21 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	
31 December 2018	31 December 2017		31 December 2018	31 December 2017
128,502	90,760	Liquid assets	123,568	90,760
13,564	12,423	Short-term (up to 30 days) obligations	20,347	12,575
947	731	LCR, %	607	722

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

The Bank	31 December 2018							
	On demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 3 years	Over 3 years	Without maturity	Total
Assets	69,432	6,318	27,657	50,192	82,310	72,352	19,869	328,130
Liabilities and shareholders' equity	111,790	16,652	18,213	78,562	44,798	27,508	30,607	328,130
Net gap	(42,358)	(10,334)	9,444	(28,370)	37,512	44,844	(10,738)	-
Credit commitments	-	8,876	-	-	-	-	-	8,876

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
Net gap	(18,304)	(4,998)	(6,424)	(55,307)	35,478	53,413	(3,858)	-
Credit commitments	-	8,994	-	-	-	-	-	8,994

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Note 21 Risk management (cont.)

Liquidity risk (cont.)

The Group	31 December 2018							Total
	On demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 3 years	Over 3 years	Without maturity	
Assets	69,473	6,372	27,761	50,602	83,136	72,940	14,479	324,763
Liabilities and shareholders' equity	110,183	14,966	18,213	78,562	44,798	27,508	30,533	324,763
Net gap	(40,710)	(8,594)	9,548	(27,960)	38,338	45,432	(16,054)	-
Credit commitments	-	8,876	-	-	-	-	-	8,876

The Group	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
Net gap	(17,196)	(4,768)	(6,394)	(55,422)	35,617	53,519	(5,356)	-
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.

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Note 21 Risk management (cont.)

Interest rate risk

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

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

The Bank	Interest rate change	Effect on net interest income	
		31 December 2018	31 December 2017
EUR	+ 1 proc.	890	502
USD	+ 1 proc.	64	77
Other	+ 1 proc.	4	5
EUR	- 1 proc.	(890)	(502)
USD	- 1 proc.	(64)	(77)
Other	- 1 proc.	(4)	(5)

The Group	Interest rate change	Effect on net interest income	
		31 December 2018	31 December 2017
EUR	+ 1 proc.	955	502
USD	+ 1 proc.	64	77
Other	+ 1 proc.	4	5
EUR	- 1 proc.	(955)	(502)
USD	- 1 proc.	(64)	(77)
Other	- 1 proc.	(4)	(5)

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Note 21 Risk management (cont.)

Interest rate risk (cont.)

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

The Bank	31 December 2018						Total
	Less than 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	Over 3 years	
Assets:							
Sensitive assets to interest rate fluctuation	36,977	72,275	75,972	24,179	26,868	9,926	246,197
Non-sensitive assets to interest rate fluctuation							81,933
Liabilities:							
Sensitive liabilities to interest rate fluctuation	12,084	16,681	24,716	53,325	44,456	27,784	179,046
Non-sensitive liabilities and equity to interest rate fluctuation							149,085
Total interest sensitivity gap	24,893	55,594	51,256	(29,146)	(17,588)	(17,858)	-

The Bank	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	
Assets:							
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
Liabilities:							
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
Total interest sensitivity gap	21,798	26,702	39,284	(41,482)	(7,876)	(3,672)	-

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

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Note 21 Risk management (cont'd)

Interest rate risk (cont'd)

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	
Assets:							
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
Liabilities:							
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
Total interest sensitivity gap	21,810	26,730	39,313	(41,617)	(7,740)	(3,566)	-

Currency risk

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

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

The Group			The Bank	
31 December 2018	31 December 2017		31 December 2018	31 December 2017
534	320	Long positions	534	320
(515)	(260)	Short positions	(515)	(260)
25,776	21,907	Eligible capital	25,639	21,426
2.07	1.46	Overall net currency position, %	2.08	1.50

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

	31 December 2018	31 December 2017
Increase in FX rates by 10%	2	6
Decrease in FX rates by 10%	(2)	(6)

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Note 22 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 from 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. From 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. From 31 December 2018 came into force anti-cycling buffer requirement 0.5 percent for positions located in Lithuania.

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

The Group			The Bank	
31 December 2018	31 December 2017		31 December 2018	31 December 2017
15.50	14.32	CET 1 Capital ratio	15.03	13.91
15.50	14.32	Tier 1 Capital ratio	15.03	13.91
17.66	15.01	Capital adequacy ratio	17.14	14.59

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Note 23 Segment information

A summary of major indicators for the main business segments of the Group included in the Statement of financial position as at 31 December 2018 and in the Statement of comprehensive income for the year then ended is presented in the table below.

	31 December 2018				
	Traditional banking operations and lending	Treasury	Other activities	Eliminations	Total
Internal	2	-	-	(2)	-
External	8,673	561	9	-	9,243
Interest income	8,675	561	9	(2)	9,243
Internal	(2)	0	-	2	0
External	(1,479)	(263)	-	-	(1,742)
Interest expenses	(1,481)	(263)	-	2	(1,742)
Internal	-	-	-	-	-
External	7,194	298	9	-	7,501
Net interest income	7,194	298	9	-	7,501
Internal	-	-	-	-	-
External	5,241	-	(2)	-	5,239
Net fee and commission income	5,241	-	(2)	-	5,239
Internal	-	-	-	-	-
External	12,435	298	7	-	12,740
Net interest, fee and commissions income	12,435	298	7	-	12,740
Internal	-	-	(1,130)	1,130	-
External	(11,576)	(277)	(425)	-	(12,278)
Operating expenses	(11,576)	(277)	(1,555)	1,130	(12,278)
Amortisation charges	(161)	-	-	-	(161)
Depreciation charges	(486)	-	-	-	(486)
Internal	(6)	-	-	-	(6)
External	(1,251)	(56)	-	-	(1,307)
Impairment expenses	(1,257)	(56)	-	-	(1,313)
Internal	-	-	-	-	(675)
External	4,299	398	(824)	-	4,548
Net other income	4,299	398	(824)	-	3,873
Profit (loss) before tax	3,254	363	(2,372)	1,130	2,375
Income tax	11	-	-	-	11
Profit (loss) per segment after tax	3,265	363	(2,372)	1,130	2,386
Non-controlling interest	-	-	-	-	-
Profit (loss) for the year attributable to the owners of the Bank	3,265	363	(2,372)	1,130	2,386
Total segment assets	215,095	115,162	13,080	(18,574)	324,763
Total segment liabilities	289,856	7,709	76	(3,403)	294,238
Net segment assets (shareholders equity)	(74,761)	107,453	13,004	(15,171)	30,525

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Note 23 Segment information (cont'd)

A summary of major indicators for the main business segments of the Group included in the Statement of financial position as at 31 December 2017 and in the statement of comprehensive income for the year then ended is presented below.

	31 December 2017				
	Traditional banking operations and lending	Treasury	Other activities	Eliminations	Total
Internal	3	-	-	(3)	-
External	7,649	575	-	-	8,224
Interest income	7,652	575	-	(3)	8,224
Internal	(3)	-	-	3	-
External	(1,454)	(104)	-	-	(1,558)
Interest expenses	(1,457)	(104)	-	3	(1,558)
Internal	-	-	-	-	-
External	6,195	471	-	-	6,666
Net interest income	6,195	471	-	-	6,666
Internal	-	-	-	-	-
External	3,296	-	(4)	-	3,292
Net fee and commission income	3,296	-	(4)	-	3,292
Internal	-	-	-	-	-
External	9,491	471	(4)	-	9,958
Net interest, fee and commissions income	9,491	471	(4)	-	9,958
Internal	-	-	(1,379)	1,379	-
External	(10,202)	(207)	(391)	-	(10,800)
Operating expenses	(10,202)	(207)	(1,770)	1,379	(10,800)
Amortisation charges	(200)	-	-	-	(200)
Depreciation charges	(382)	-	-	-	(382)
Internal	-	-	-	-	-
External	(233)	-	-	-	(233)
Impairment expenses	(233)	-	-	-	(233)
Internal	-	-	-	-	-
External	4,090	(159)	(641)	-	3,290
Net other income	4,090	(159)	(641)	-	3,290
Profit (loss) before tax	2,564	105	(2,415)	1,379	1,633
Income tax	(7)	-	-	-	(7)
Profit (loss) per segment after tax	2,557	105	(2,415)	1,379	1,626
Non-controlling interest	-	-	-	-	-
Profit (loss) for the year attributable to the owners of the Bank	2,557	105	(2,415)	1,379	1,626
Total segment assets	204,585	81,791	14,254	(15,445)	285,185
Total segment liabilities	254,316	4,600	183	(1,355)	257,744
Net segment assets (shareholders equity)	(49,731)	77,191	14,071	(14,090)	27,441

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Note 23 Segment information (cont'd)

Distribution of the Group's assets and revenue according to geographical segmentation

All Bank's and Group's non-current assets other than financial instruments are located in Lithuania. No material revenue is earned by the Group in foreign countries.

Note 24 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 (%)
2.416	1.50	Loans to customers	2,363	1.48
183	1.41	Finance lease receivable	183	1.41
42	0.06	Debt securities	42	0.06
13	0.10	Placements with banks	13	0.10
2654	1.03	Iš viso:	2,601	1.01

Main profitability rates of the bank as at 31 December 2018 are provided in the table below:

Main Profitability Showings

	Ratio (%)
Return on assets (ROA)	0.75
Return on equity (ROE)	7.04

Action applied to the Bank

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