

UAB MEDICINOS BANKAS

BANK'S SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED
FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD AS AT 30TH JUNE
2019 PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS
AS ADOPTED BY THE EUROPEAN UNION

UAB MEDICINOS BANKAS

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

SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD AS AT 30TH JUNE 2019

(All amounts in EUR thousand unless otherwise stated)

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(All amounts in EUR thousand unless otherwise stated)

CONDENSED SEPARATE AND CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

<u>The Group</u>				<u>The Bank</u>	
<u>30 June 2019</u>	<u>31 December 2018</u>	Assets	Notes	<u>30 June 2019</u>	<u>31 December 2018</u>
24,530	27,304	Cash and due from central bank <i>Cash</i>		24,530	27,304
<u>25,732</u>	<u>30,070</u>	<i>Placements with the central bank</i>		<u>25,732</u>	<u>30,070</u>
50,262	57,374	Placements with banks and other credit institutions		50,262	57,374
17,675	13,280			17,637	13,239
		Financial assets at fair value through profit or loss			
<u>3</u>	<u>41</u>	<i>Derivative financial instruments</i>		<u>3</u>	<u>41</u>
3	41			3	41
56,681	70,746	Debt securities	3	56,681	70,746
184,972	159,017	Loans and receivables <i>Loans to customers</i>	4	180,533	156,986
<u>16,061</u>	<u>12,809</u>	<i>Finance lease receivable</i>		<u>16,061</u>	<u>12,809</u>
201,033	171,826			196,594	169,795
-	-	Investments in subsidiaries	7	7,229	7,521
2,213	3,018	Investment property	5	659	1,050
7,336	5,548	Property and equipment	6	7,310	5,545
385	314	Intangible assets		352	267
		Tax assets			
19	6	<i>Current taxes</i>		19	6
<u>1,639</u>	<u>1,925</u>	<i>Deferred taxes</i>		<u>1,639</u>	<u>1,925</u>
1,658	1,931			1,658	1,931
945	685	Other assets	8	900	621
<u>338,191</u>	<u>324,763</u>	Total assets		<u>339,285</u>	<u>328,130</u>

(continued on the next page)

The accompanying notes on pages 11 to 45 are an integral part of these financial statements.

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SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD AS AT 30TH JUNE 2019

(All amounts in EUR thousand unless otherwise stated)

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

30 June 2019	31 December 2018	Liabilities	Notes	30 June 2019	31 December 2018
6,034	228	Due to banks and other credit institutions	9	6,034	228
21	5	Derivative financial instruments		21	5
287,332	289,126	Due to customers	10	288,336	290,733
1,004	1,000	Subordinated loans	11	1,004	1,000
2,174	2,167	Debt securities issued	11	2,174	2,167
59	30	Impairment		76	30
104	-	Tax assets		104	-
-	-	Current taxes		-	-
104	-	Deferred taxes		104	-
9,560	1,682	Other liabilities	12	9,379	3,368
306,288	294,238	Total liabilities		307,128	297,531
		Equity			
19,948	19,948	Share capital	13	19,948	19,948
1,304	2,064	Retained earnings		1,558	2,138
335	335	Revaluation reserve of property and equipment		335	335
10,316	8,178	Other reserves	13	10,316	8,178
31,903	30,525	Total shareholders' equity		32,157	30,599
338,191	324,763	Total liabilities and shareholders' equity		339,285	328,130

The accompanying notes on pages 11 to 45 are an integral part of these financial statements.

Acting Chairman of the
Board and Chief Executive
Officer

D. Klišauskienė

Director of Accounting and
Reporting Department,
Chief Accountant

A. Tonkich

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SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD AS AT 30TH JUNE 2019

(All amounts in EUR thousand unless otherwise stated)

CONDENSED SEPARATE AND CONSOLIDATED INCOME STATEMENTS

The Group				The Bank	
30 June 2019	30 June 2018		Notes	30 June 2019	30 June 2018
5,069	4,532	Interest income	14	4,873	4,493
(877)	(863)	Interest expenses	14	(877)	(863)
4,192	3,669	Net interest income		3,996	3,630
3,282	2,501	Service fee and commission income	15	3,367	2,501
(225)	(219)	Service fee and commission expenses	15	(192)	(204)
3,057	2,282	Net service fee and commission income		3 175	2,297
-	-	Net result on equity securities trading		-	-
2,183	2,126	Net foreign exchange gain	16	2,183	2,126
(143)	(59)	Net result from operations with derivatives		(143)	(59)
-	-	Impairment of investments into subsidiaries		(320)	(718)
(202)	(535)	Net result on operations on investment property	5, 17	(15)	(49)
47	73	Other income		127	66
9,134	7,556	Total operating income		9,003	7,293
(445)	(756)	Impairment of loans and other financial assets		(398)	(761)
8,689	6,800	Operating income after impairment		8,605	6,532
(4,322)	(3,717)	Salaries and benefits		(4,145)	(3,560)
(553)	(233)	Depreciation		(551)	(233)
(61)	(94)	Amortisation		(46)	(86)
(1,998)	(2,051)	Other operating expenses	18	(1,928)	(1,929)
(6,934)	(6,095)	Total operating expenses		(6,670)	(5,808)
1,755	705	Operating profit (loss)		1,935	724
(377)	(13)	Income tax expense		(377)	(13)
1,378	692	Profit (loss) for the year		1,558	711
1,378	692	Attributable to equity holders of the Bank		1,558	711

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SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD AS AT 30TH JUNE 2019

(All amounts in EUR thousand unless otherwise stated)

CONDENSED SEPARATE AND CONSOLIDATED INCOME STATEMENTS FOR QUARTER

The Group			The Bank	
01-04-2019- 30-06-2019	01-04-2018- 30-06-2018		01-04-2019- 30-06-2019	01-04-2018- 30-06-2018
		Notes		
2,690	2,306	Interest income	2,571	2,287
(443)	(434)	Interest expenses	(443)	(434)
2,247	1,872	Net interest income	2,128	1,853
1,736	1,421	Service fee and commission income	1,791	1,421
(116)	(107)	Service fee and commission expenses	(95)	(101)
1,620	1,314	Net service fee and commission income	1,696	1,320
-	-	Net result on equity securities trading	-	-
1,098	1,175	Net foreign exchange gain	1,098	1,175
10	6	Net result from operations with derivatives	10	6
-	-	Impairment of investments into subsidiaries	(273)	(511)
(182)	(367)	Net result on operations on investment property	(3)	(27)
16	54	Other income	101	51
4,809	4,054	Total operating income	4,757	3,867
(336)	(502)	Impairment of loans and other financial assets	(315)	(506)
4,473	3,552	Operating income after impairment	4,442	3,361
(2,264)	(1,889)	Salaries and benefits	(2,164)	(1,820)
(285)	(117)	Depreciation	(283)	(117)
(36)	(47)	Amortisation	(26)	(42)
(1,033)	(1,071)	Other operating expenses	(982)	(995)
(3,618)	(3,124)	Total operating expenses	(3,455)	(2,974)
855	428	Operating profit (loss)	987	387
(234)	-	Income tax expense	(234)	-
621	428	Profit (loss) at the end of the reporting period	753	387
621	428	Attributable to equity holders of the Bank	753	387

The accompanying notes on pages 11 to 45 are an integral part of these financial statements.

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Officer

D. Klišauskienė

Director of Accounting and
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Chief Accountant

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SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD AS AT 30TH JUNE 2019

(All amounts in EUR thousand unless otherwise stated)

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

	<u>30 June 2019</u>	<u>30 June 2018</u>
Items that will never be reclassified to profit or loss		
Change in PPE revaluation	-	-
Transfer of depreciation for PPE net of tax	-	-
Other		(1)
	<u>-</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>-</u>	<u>(1)</u>
Other comprehensive income (expenses), net of tax	<u>-</u>	<u>(1)</u>
Profit (loss) at the end of the reporting period	1,558	711
Total comprehensive income	<u><u>1,558</u></u>	<u><u>710</u></u>
Attributable to:		
Equity holders of the Bank	1,558	710

The Group

	<u>30 June 2019</u>	<u>30 June 2018</u>
Items that will never be reclassified to profit or loss		
Change in PPE revaluation	-	-
Transfer of depreciation for PPE net of tax	-	-
Other	-	(1)
	<u>-</u>	<u>(1)</u>
Items that are or may be reclassified to profit or loss		
Related tax	-	-
	<u>-</u>	<u>(1)</u>
Other comprehensive income (expenses), net of tax	<u>-</u>	<u>(1)</u>
Profit (loss) at the end of the reporting period	1,378	692
Total comprehensive income	<u><u>1,378</u></u>	<u><u>691</u></u>
Attributable to:		
Equity holders of the Bank	1,378	691

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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 UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD AS AT 30TH JUNE 2019

(All amounts in EUR thousand unless otherwise stated)

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

	<u>01-04-2019 - 30-06-2019</u>	<u>01-04-2018 - 30-06-2018</u>
Items that will never be reclassified to profit or loss		
Change in PPE revaluation	-	-
Transfer of depreciation for PPE net of tax	-	-
Other	-	-
	<hr/>	<hr/>
Items that are or may be reclassified to profit or loss	-	-
	<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	-	-
	<hr/>	<hr/>
Profit (loss) at the end of the reporting period	753	387
Total comprehensive income	<u>753</u>	<u>387</u>
Attributable to:		
Equity holders of the Bank	753	387

The Group

	<u>01-04-2019 - 30-06-2019</u>	<u>01-04-2018 - 30-06-2018</u>
Items that will never be reclassified to profit or loss		
Change in PPE revaluation	-	-
Transfer of depreciation for PPE net of tax	-	-
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	621	428
Total comprehensive income	<u>621</u>	<u>428</u>
Attributable to:		
Equity holders of the Bank	621	428

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A. Tonkich



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SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD AS AT 30TH JUNE 2019

(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>
At 31 December 2017	19,948	852	339	-	6,326	27,465
Apskaitos principų pasikeitimo įtaka	-	(302)	-	-	-	(302)
At 1 January 2018	19,948	550	339	-	6,326	27,163
Profit or loss	-	711	-	-	-	711
Other comprehensive income (expenses)	-	(1)	-	-	-	(1)
Transactions with owners of the Bank						
Transfer to reserves	-	(852)	-	-	852	-
At 30 June 2018	19,948	408	339	-	7,178	27,873
Profit or loss	-	1,724	-	-	-	1,724
Other comprehensive income (expenses)	-	6	(4)	-	-	2
Transactions with owners of the Bank						
Transfer to reserves	-	-	-	-	1,000	1,000
At 31 December 2018	19,948	2,138	335	-	8,178	30,599
Profit or loss	-	1,558	-	-	-	1,558
Transactions with owners of the Bank						
Transfer to reserves	-	(2,138)	-	-	2,138	-
At 30 June 2019	19,948	1,558	335	-	10,316	32,157

(tęsinys kitame puslapyje)

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SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD AS AT 30TH JUNE 2019

(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 31 December 2017	19,948	828	339	-	6,326	27,441
Apskaitos principų pasikeitimo įtaka	-	(302)	-	-	-	(302)
At 1 January 2018	19,948	526	339	-	6,326	27,139
Profit or loss	-	264	-	-	-	264
Other comprehensive income (expenses)	-	(1)	-	-	-	(1)
Transactions with owners of the Bank	-	(852)	-	-	852	-
Transfer to reserves	-	-	-	-	-	-
At 30 June 2018	19,948	365	339	-	7,178	27,830
Profit or loss	-	1,694	-	-	-	1,694
Other comprehensive income (expenses)	-	5	(4)	-	-	1
Transactions with owners of the Bank	-	-	-	-	1,000	1,000
Transfer to reserves	-	-	-	-	1,000	1,000
At 31 December 2018	19,948	2,064	335	-	8,178	30,525
Profit or loss	-	1,378	-	-	-	1,378
Transactions with owners of the Bank	-	(2,138)	-	-	2,138	-
Transfer to reserves	-	(2,138)	-	-	2,138	-
At 30 June 2018	19,948	1,304	335	-	10,316	31,903

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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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SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD AS AT 30TH JUNE 2019

(All amounts in EUR thousand unless otherwise stated)

CONDENSED SEPARATE AND CONSOLIDATED CASH FLOW STATEMENTS

Group			Bank	
30 June 2019	30 June 2018		30 June 2019	30 June 2018
		Cash flows from operating activities		
1,378	692	Profit (loss) for the year	1,558	711
		Non-cash Revenue and Cost Recovery:		
614	327	Depreciation and amortisation	597	319
44	(74)	Loss, gain on the sale of tangible, intangible and investment property	44	9
369	730	Impairment of loans	352	735
-	-	Impairment of investments in subsidiaries	320	718
187	599	Impairment of investment property	-	30
54	(68)	Derivatives revaluation	54	(68)
127	65	Elimination of accrued vacation pay	112	65
234	13	Income tax expenses	234	13
(1,721)	(296)	Elimination of other non-cash items	(1,704)	(297)
1,286	1,988	Cash flows from (to) operating activities before changes in operating assets and liabilities	1,567	2,235
		Changes in operating assets and liabilities:		
85	(214)	Changes in compulsory reserves	85	(214)
-	2,223	Changes in amounts due from banks	-	2,223
(27,028)	(6,105)	Loans to customers	(24,603)	(5,660)
734	(1,111)	Purchased loan portfolio	734	(1,111)
(3,255)	(94)	Finance lease receivable	(3,255)	(94)
5,806	(3,443)	Changes in due to banks and other credit institutions	5,806	(3,443)
(1,682)	16,256	Changes in due to customers	(2,285)	17,236
7,500	7,827	Changes in other assets and liabilities	5,629	7,684
(16,554)	17,327	Net cash flows from operating activities before income tax	(16,322)	18,856
-	(6)	Income tax (paid)	-	(6)
(16,554)	17,321	Net cash flows from operating activities after income tax	(16,322)	18,850
		Investing activities		
(649)	(546)	(Acquisitions) of intangible assets and property and equipment	(623)	(529)
-	(2)	(Acquisitions) of investment property	-	(2)
611	1,555	Proceeds from sale of tangible, intangible and equipment and investment property	384	702
-	-	Investments in subsidiaries	(2,335)	(701)
-	-	Sold subsidiaries	1,781	-
-	-	Liquidation of subsidiaries	526	-
38,194	20,692	Redemption of debt-securities	38,194	20,692
(24,129)	(32,832)	(Acquisitions) of of debt-securities	(24,129)	(32,832)
14,027	(11,133)	Net cash flows to investing activities	13,798	(12,670)

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UAB MEDICINOS BANKAS

SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD AS AT 30TH JUNE 2019

(All amounts in EUR thousand unless otherwise stated)

Note 1 Background information

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

Pamėnkalnio St. 40,
Vilnius, Lithuania.

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

At the end of the first quarter of 2019 the Bank had 51 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. Bank-controlled subsidiary SIA Nida Capital is in liquidation (established March 31, 2014).

As at 30 June 2019 the Bank employed 356 employees (369 employees as at 31 December 2018). As at 30 June 2019 the Group employed 370 employees (384 employees as at 31 December 2018).

As at 30 June 2019 the shareholders of the Bank were as follows:

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

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

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

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

The issued share capital consists of 137,750 ordinary shares with the par value of EUR 144.81 each. As at 30 June 2019 and 31 December 2018, 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.

UAB MEDICINOS BANKAS

SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD AS AT 30TH JUNE 2019

(All amounts in EUR thousand unless otherwise stated)

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

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 end of report period were as follows (EUR units to currency unit):

	<u>30 June 2019</u>	<u>31 December 2018</u>
USD	1.1380	1.1454

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 data from 01-01-2010. 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 (Group)	<u>31 December 2017 IAS 39</u>	<u>1 January 2018 IFRS 9</u>	<u>Change</u>
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	<u>5,745</u>	<u>6,047</u>	<u>302</u>

In amount of change in loans and receivables (257 thousand euros) included impairment losses on credit liabilities represent 23 thousand euros and guarantees – 3 thousand euros.

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

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Note 3 Debt securities, net

	The Bank (Group)	
	30 June 2019	31 December 2018
Government bonds of the Republic of Lithuania	36,447	43,888
Government bonds of the Republic of Latvia	6,772	4,575
Government bonds of the Republic of Poland	4,279	3,005
Government bonds of the Kingdom of Sweden	3,527	2,619
Government bonds of the Republic of Romania	2,056	3,089
Government bonds of the Republic of Iceland	1,569	1,566
Government bonds of the Kingdom of Spain	-	1,002
Government bonds of the Republic of Slovenia	-	4,172
Government bonds of the Republic of Finland	-	2,689
Government bonds of the Republic of Hungary	-	1,679
Financial company bonds	1,761	1,314
Non-financial company bonds	270	1,148
Total	56,681	70,746

Note 4 Loans and receivables

Loans to customers and receivables comprise:

	The Bank	
	30 June 2019	31 December 2018
Loans to customers, including short-term bills of exchange	180,638	156,946
Overdrafts	1,989	1,814
Factoring	325	589
Leasing	16,424	12,992
	199,376	172,341
Less: impairment	(2,782)	(2,546)
Loans and receivables, net	196,594	169,795

	The Group	
	30 June 2019	31 December 2018
Loans to customers, including short-term bills of exchange	185,156	159,030
Overdrafts	1,989	1,814
Factoring	325	589
Leasing	16,424	12,992
	203,894	174,425
Less: impairment	(2,861)	(2,599)
Loans and receivables, net	201,033	171,826

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Note 5 Investment property

	The Bank	
	30 June 2019	31 December 2018
Balance at the beginning of year	1,050	1,370
Additions	3	1,382
Disposals	(394)	(1,460)
Changes in fair value	-	(242)
Balance at the end of year	659	1,050

	The Group	
	30 June 2019	31 December 2018
Balance at the beginning of year	3,018	6,213
Additions	3	1,407
Disposals	(621)	(3,471)
Changes in fair value	(187)	(1,131)
Balance at the end of year	2,213	3,018

The fair value of investment properties owned by subsidiaries:

	30 June 2019	31 December 2018
UAB MB Turtas	97	98
UAB MB Valda	184	251
UAB MB Investicija	101	229
UAB TG Invest-1	1,172	1,390
Total	1,554	1,968

Note 6 Property and equipment

Non-current material assets as at 2019 June 30 amounted to 7,310 thousand EUR (As of 31 December 2018 5,545 thousand EUR).

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

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

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Note 7 Investment in subsidiaries

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

	The Bank	
	30 June 2019	31 December 2018
Balance at the beginning of the year	7,521	6,439
Additions	2,335	2,201
Disposal (nominal value)	(1,781)	-
Liquidation of SIA „Nida capital“	(526)	-
Additional impairment of investment in subsidiaries	(320)	(1,119)
	(292)	1,082
Balance at the end of the report period	7,229	7,521

	Ownership (%)	Direct ownership (%)	Nominal amount	Impairment	Carrying value
Balance as at 30 June 2019					
UAB MB Turtas	100	9.45	317	(259)	58
UAB MB Valda	100	32.52	1,150	(354)	796
UAB MB Investicija	100	8.86	274	(157)	117
UAB TG Invest-1	100	51.00	2,484	(796)	1,688
UAB Saugus Kreditas	100	100	4,601	(31)	4,570
Total			8,826	(1,597)	7,229
Balance as at 31 December 2018					
UAB MB Turtas	100	22.46	753	(489)	264
UAB MB Valda	100	32.52	1,150	(314)	836
UAB MB Investicija	100	47.94	1,481	(469)	1,012
UAB TG Invest-1	100	73.22	3,567	(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

Note 8 Other assets, net

Other assets comprise:

The Group			The Bank	
30 June 2019	31 December 2018		30 June 2019	31 December 2018
338	308	Prepayments	323	291
355	145	VAT receivable	355	145
27	46	Buyers' debts	24	11
108	120	Costs for future periods	103	120
117	66	Other	95	54
945	685	Other assets	900	621

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Note 9 Due to banks and other credit institutions

	The Bank (Group)	
	30 June 2019	31 December 2018
Deposits with LB (Eurosystem Monetary Policy Operations)	6,000	-
Current accounts and overnight deposits	34	228
Amounts due to banks and other credit institutions	6 034	228

Note 10 Due to customers

Amounts due to customers comprise:

The Group			The Bank	
30 June 2019	31 December 2018		30 June 2019	31 December 2018
166,021	167,271	Term deposits	166,021	167,271
109,449	109,754	Current accounts	110,453	111,361
11,862	12,101	Loans from funds	11,862	12,101
287,332	289,126	Amounts due to customers	288,336	290,733
16,223	18,475	Out of which held as security against guarantees and loans	16,223	18,475

Note 11 Subordinated loans and issued debt securities (the Bank)

Subordinated loans

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

As of 30 June 2019 there was accrued interest of 4 thous.EUR related with subordinated loan.

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.

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Note 12 Other liabilities

Other liabilities comprise:

The Group			The Bank	
30 June 2019	31 December 2018		30 June 2019	31 December 2018
4 339	-	Customer funds payable	4 339	-
1 273	829	Accrued payments to employees	1 225	809
209	59	Prepayments (advance payments)	155	1,796
1 631	121	Accrued expenses	1 631	121
		Amounts due to customers by insurance events		
668	-	from deposit and investment insurance	668	-
250	-	AML suspended funds	250	-
373	-	Sales VAT	369	-
124	77	Deferred income	124	77
122	-	Fee payable to the State Social Insurance Board	117	-
149	215	Commitments to the State Social Fund Board	143	215
		Payable to the Lithuanian Road Transport		
49	-	Administration	49	4
		Payable to the Latvian and Estonian Road		
29	21	Transport Administration	29	21
72	115	Debt to customers	29	94
272	245	Other	251	231
9 560	1,682	Other liabilities	9 379	3,368

Note 13 Shareholders' equity

As at 30 June 2019 and 31 December 2018, the share capital of the Group and the Bank consisted of 137,750 ordinary shares with the par value of EUR 144.81 each. All shares are issued, authorised and fully paid. The shares are not listed.

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

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

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

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Note 14 Net interest income

The Group			The Bank	
30 June 2019	30 June 2018		30 June 2019	30 June 2018
4,274	3,680	On loans to customers	4,078	3,641
70	236	On impaired loans to customers	70	236
313	250	Leasing	313	250
79	86	Delinquency	79	86
289	258	On held-to-maturity investments	289	258
44	22	On placements with the banks and other credit institutions	44	22
5,069	4,532	Interest revenue	4,873	4,493
(556)	(612)	On obligations to customers, including letters of credit	(556)	(612)
(136)	(131)	Deposit insurance	(136)	(131)
(10)	(10)	On subordinated loans	(10)	(10)
(85)	-	For Debt securities	(85)	-
(48)	(94)	Loan portfolio guarantee insurance	(48)	(94)
(8)	(16)	On obligations to banks and other credit institutions	(8)	(16)
(34)	-	Lease of property	(34)	-
(877)	(863)	Interest expenses	(877)	(863)
4,192	3,669	Net interest income	3,996	3,630

Note 15 Net service fee and commission income

Net fee and commission income comprises:

The Group			The Bank	
30 June 2019	30 June 2018		30 June 2019	30 June 2018
1,175	863	Payment services	1,175	863
188	215	Commission income from currency exchange	188	215
387	192	Administration of bank accounts	387	192
846	634	Collection of payments	846	634
275	161	Brokerage income	275	161
285	240	Cash operations	285	240
126	196	Other	211	196
3,282	2,501	Service fee and commission income	3,367	2,501
(33)	(41)	Rent fee according to agreements	(33)	(41)
(121)	(116)	Cash operations	(121)	(116)
(71)	(62)	Other	(38)	(47)
(225)	(219)	Service fee and commission expense	(192)	(204)
3,057	2,282	Net service fee and commission income	3,175	2,297

Note 16 Net foreign exchange gain

	The Bank (Group)	
	30 June 2019	30 June 2018
Gain on dealing in foreign currencies	2,056	2,069
Revaluation of items in statement of financial position, net	127	57
Net foreign exchange gain	2,183	2,126

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Note 17 Net result on operations with investment property

The Group			The Bank	
30 June 2019	30 June 2018		30 June 2019	30 June 2018
(15)	64	Realised gain (loss)	(15)	(19)
(187)	(599)	Changes in fair value	-	(30)
(202)	(535)	Net result on operations on investment property	(15)	(49)

Note 18 Operating expenses

Operating expenses are as follows:

The Group			The Bank	
30 June 2019	30 June 2018		30 June 2019	30 June 2018
		Other operating expenses		
(198)	(443)	Occupancy and rent	(189)	(433)
(364)	(247)	Office supplies	(364)	(247)
(123)	(186)	Expenses for service providers for the bank	(123)	(186)
(371)	(228)	Taxes other than income tax	(361)	(207)
(115)	(129)	Communication	(114)	(128)
(1)	(5)	Debt recovery costs	(1)	(5)
(166)	(210)	Transportation expenses	(165)	(209)
(22)	(12)	Expenses related with investment property	(13)	(12)
(56)	(53)	Security	(56)	(53)
(143)	(107)	Marketing and advertising	(137)	(103)
(18)	(10)	Legal and consultancy	(14)	(10)
(4)	(11)	Personnel training	(4)	(11)
(16)	(28)	Representation	(16)	(28)
(26)	(30)	Building repair costs	(26)	(30)
(4)	0	Charity and support costs	(4)	0
(30)	(5)	Business travel and related	(30)	(5)
(23)	(21)	Disposable items	(23)	(21)
(13)	(13)	Stationary supplies	(13)	(13)
(72)	(52)	Insurance expenses	(70)	(51)
(13)	(11)	Participation fees	(13)	(11)
(40)	(33)	Team building expenses	(40)	(33)
(180)	(217)	Other	(152)	(133)
(1,998)	(2,051)	Total other operating expenses	(1,928)	(1,929)

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Note 19 Cash and cash equivalents

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

The Group			The Bank	
30 June 2019	31 December 2018		30 June 2019	31 December 2018
24,530	27,304	Cash on hand	24,530	27,304
23,537	27,790	Current accounts with the Bank of Lithuania	23,537	27,790
10,428	12,099	Current accounts with other credit institutions	10,390	12,058
7,247	1,181	Term deposits with credit institutions up to 90 days	7,247	1,181
65,742	68,374	Cash and cash equivalents	65,704	68,333

Note 20 Fair values of financial instruments

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

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

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

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

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

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

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

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Note 20 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	30 June 2019		31 December 2018	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Cash and due from central bank	50,262	50,262	57,374	57,374
Placements with banks and other credit institutions	17,637	17,637	13,239	13,239
Debt securities	56,681	57,467	70,746	71,512
Loans and receivables	196,594	200,566	169,795	173,082
Other assets	900	900	621	621
Total financial assets	322,074	326,832	311,775	315,828
Financial liabilities				
Due to banks and other credit institutions	6,034	6,034	228	228
Due to customers, including letters of credit	288,336	290,190	290,733	292,342
Debt securities issued	2,174	3,111	2,167	2,288
Subordinated loans	1,004	1,004	1,000	1,000
Other liabilities	9,379	9,379	3,368	3,367
Total financial liabilities	306,927	309,718	297,496	299,225
The Group				
	30 June 2019		31 December 2018	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Cash and due from central bank	50,262	44,471	57,374	57,374
Placements with banks and other credit institutions	17,675	17,675	13,280	13,280
Debt securities	56,681	57,467	70,746	71,512
Loans and receivables	201,033	205,006	171,826	175,113
Other assets	945	945	685	685
Total financial assets	326,596	325,564	313,911	317,964
Financial liabilities				
Due to banks and other credit institutions	6,034	6,034	228	228
Due to customers, including letters of credit	287,332	289,186	289,126	290,735
Debt securities issued	2,174	3,111	2,167	2,288
Subordinated loans	1,004	1,004	1,000	1,000
Other liabilities	9,664	9,664	1,682	1,682
Total financial liabilities	306,208	308,999	294,203	295,933

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Note 20 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 30 June 2019	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial instruments	-	3	-	3
Financial liabilities				
Derivative financial instruments	-	21	-	21
As at 31 December 2018				
Financial assets				
Derivative financial instruments	-	41	-	41
Financial liabilities				
Derivative financial instruments	-	5	-	5

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Note 20 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

30 June 2019	Level 1	Level 2	Level 3	Total carrying amount
Assets				
Cash and due from banks	50,262	17,637	-	67,899
Debt securities	-	56,681	-	56,681
Loans to customers	-	178,262	2,271	180,533
Receivables from leasing	-	14,382	1,679	16,061
Other assets	-	900	-	900
Total financial assets	50,262	267,862	3,950	322,074
Liabilities				
Due to banks and other credit institutions	-	6,034	-	6,034
Due to customers	-	288,336	-	288,336
Debt securities issued	-	2,174	-	2,174
Subordinated loan	-	1,004	-	1,004
Other liabilities	-	9,560	-	9,560
Total financial liabilities		307,108		307,108

The Bank

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

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Note 20 Fair values of financial instruments (cont'd)

The Group

30 June 2019	Level 1	Level 2	Level 3	Total carrying amount
Assets				
Cash and due from banks	50,262	17,675	-	67,937
Debt securities	-	56,681	-	56,681
Loans to customers	-	182,649	2,323	184,972
Receivables from leasing	-	14,382	1,679	16,061
Other assets	-	945	-	945
Total financial assets	50,262	272,332	4,002	326,596
Liabilities				
Due to banks and other credit institutions	-	6,034	-	6,034
Due to customers	-	287,332	-	287,332
Debt securities issued	-	2,174	-	2,174
Subordinated loan	-	1,004	-	1,004
Other liabilities	-	9,560	-	9,560
Total financial liabilities	-	306,104	-	306,104

The Group

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

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Note 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 in 31 December 2018 and 30 June 2019 and related expense and income are included in the profit and loss account for the six-month period ended 30 June of the respectively year is set out below:

	Key management personnel			
	Shareholders	Subsidiaries	Key management personnel	Other*
Loans outstanding as at 30 June 2019, net	35	248	-	4,203
Interest rate,%	6.5828	4.2	-	2.0-4.5
Impairment of loans	-	(1)	-	(11)
Term deposits as at 30 June 2019	20	-	2	249
Interest rate,%	6.5	-	0.3	0.05-0.3
Demand accounts as at 30 June 2019	173	1,004	93	3,220
Bonds issued as at 30 June 2019	100	-	-	-
Interest rate,%	7	-	-	-
Subordinated loans as at 30 June 2019	1,004	-	-	-
Interest rate,%	2	-	-	-
For first two quarters of 2019 which ended at 30 June 2019				
Interest income on loans	1	1	-	55
Interest expense on deposits	-	-	-	(1)
Interest expense on bonds	(4)	-	-	-
Interest expense on subordinated loans	(10)	-	-	-
Service fee and commission revenue	-	88	-	7
Service fee and commission expenses	-	-	-	-

	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
Impairment of loans	-	-	-	(14)
Term deposits as at 31 December 2018	-	-	3	247
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 rate,%	7	-	-	-
Subordinated loans as at 31 December 2018	1,000	-	-	-
Interest rate,%	2	-	-	-
For first two quarters of 2018 which ended at 30 June 2018				
Interest income on loans	-	2	1	62
Interest expense on deposits	-	-	-	(1)
Interest expense on bonds	-	-	-	-
Interest expense on subordinated loans	(10)	-	-	-
Service fee and commission revenue	1	-	-	9
Service fee and commission expenses	-	-	-	-

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Note 20 Related party transactions (cont'd)

The Group

	Shareholders	Key management personnel	Other*
Loans outstanding as at 30 June 2019, net	35	-	4,203
Interest rate,%	6.5828	-	2.0-4.5
Impairment of loans	-	-	(11)
Term deposits as at 30 June 2019	20	2	249
Interest rate,%	6,5	0.3	0.05–0.3
Demand accounts as at 30 June 2019	173	93	3,220
Bonds issued as at 30 June 2019	100	-	-
Interest rate,%	7	-	-
Subordinated loans as at 30 June 2019	1,004	-	-
Interest rate,%	2	-	-
For first two quarters of 2019 which ended at 30 June 2019			
Interest income on loans	1	-	55
Interest expense on deposits	-	-	(1)
Interest expense on bonds	(4)	-	-
Interest expense on subordinated loans	(10)	-	-
Service fee and commission revenue	-	-	7
Service fee and commission expenses	-	-	-

The Group

	Shareholders	Key management personnel	Other*
Loans outstanding as at 31 December 2018, net	37	-	4,372
Interest rate,%	6.5828	-	2.0-4.5
Impairment of loans	-	-	(14)
Term deposits as at 31 December 2018	-	3	247
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 rate,%	7	-	-
Subordinated loans as at 31 December 2018	1,000	-	-
Interest rate,%	2	-	-
For first two quarters of 2018 which ended at 30 June 2018			
Interest income on loans	-	1	62
Interest expense on deposits	-	-	(1)
Interest expense on bonds	-	-	-
Interest expense on subordinated loans	(10)	-	-
Service fee and commission revenue	1	-	9
Service fee and commission expenses	-	-	-

* 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	
30 June 2019	31 December 2018		30 June 2019	31 December 2018
5,614	5,832	Maximum exposure to a single customer or group of connected customers	5,614	5,832
30,586	25,773	Eligible capital	30,515	25,639
18.35	22.63	Maximum exposure ratio, %	18.40	22.75

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

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

The Group			The Bank	
30 June 2019	31 December 2018		30 June 2019	31 December 2018
		Statement of financial position items, other than trading and investment activities		
25,732	30,070	Balances with the Bank of Lithuania	25,732	30,070
17,675	13,280	Due from banks	17,637	13,239
184,972	159,017	Loans to customers	180,533	156,986
16,061	12,809	Receivables from leasing	16,061	12,809
244,440	215,176		239,963	213,104
		Off balance sheet items		
1,762	2,026	Guarantees	1,762	2,026
16,407	8,902	Loan commitments	20,140	8,902
262,609	226,104	Total balance and off balance sheet items, other than trading and investment activities	261,865	224,032
		Trading and investment activities		
		Financial assets at fair value through profit or loss		
3	41	Derivative financial instruments	3	41
56,682	70,746	Debt securities at amortized cost	56,682	70,746
56,685	70,787	Total trading and investment activities	56,685	70,787
28	55	Other financial assets	28	55
319,322	296,946	Total credit exposure	318,578	294,874

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Note 21 Risk management (cont.)

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

	The Bank (Group)	
	30 June 2019	31 December 2018
Government bonds	54,650	68,284
Regional government bonds	0	878
Multilateral Development Banks Bonds	1,761	1,314
Bank and corporate bonds	270	270
Derivatives	3	41
Total	56,684	70,787

Bonds exposure by rating grade	The Bank (Group)	
	30 June 2019	31 December 2018
High grade (AAA-A)	54,353	65,709
Standard grade (B-BBB+)	2,328	5,037
Not rated	-	-
Total	56,681	70,746

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

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

Credit risk assessment

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

- Stage 1 – all performing loans, unless there has been a significant increase in credit risk since the initial recognition, and it's expected that the borrower has strong capacity to meet contractual future cash flows.
- Stage 2 – loans when there has been a significant increase in credit risk since initial recognition.
- Stage 3 – all defaulted loans with 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
30 June 2019					
Stage 1					
Loans and receivables	175,567	2,157	-	-	177,724
Placements with LB and other banks	43,369	-	-	-	43,369
Debt securities	56,681	-	-	-	56,681
Other financial assets	28	-	-	-	28
Total	275,645	2,157	-	-	277,802
Stage 2					
Loans and receivables	9,150	2,202	257	-	11,609
Placements with LB and other banks	-	-	-	-	-
Debt securities	-	-	-	-	-
Other financial assets	-	-	-	-	-
Total	9,150	2,202	257	-	11,609
Stage 3					
Loans and receivables	2,147	2,706	213	2,196	7,262
Placements with LB and other banks	-	-	-	-	-
Debt securities	-	-	-	-	-
Other financial assets	-	-	-	-	-
Total	2,147	2,706	213	2,196	7,262
Total	286,942	7,065	470	2,196	296,673

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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 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 Group	Not overdue	1 to 59 days	60 to 89 days	More than 90 days	Total
30 June 2019					
Stage 1					
Loans and receivables	179,521	2,314	-	-	181,935
Placements with LB and other banks	43,407	-	-	-	43,407
Debt securities	56,681	-	-	-	56,681
Other financial assets	28	-	-	-	28
Total	279,637	2,314	-	-	281,951
Stage 2					
Loans and receivables	9,167	2,461	257	-	11,885
Placements with LB and other banks	-	-	-	-	-
Debt securities	-	-	-	-	-
Other financial assets	-	-	-	-	-
Total	9,167	2,461	257	-	11,885
Stage 3					
Loans and receivables	2,152	2,709	230	2,223	7,314
Placements with LB and other banks	-	-	-	-	-
Debt securities	-	-	-	-	-
Other financial assets	-	-	-	-	-
Total	2,152	2,709	230	2,223	7,314
Total	290,956	7,484	487	2,223	301,150

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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.)

Provisions calculated by risk levels

	31 December 2018					30 June 2019				
	Collective impairment	Individual impairment	Credit commitments	Guarantees	Total	Collective impairment	Individual impairment	Credit commitments	Guarantees	Total
The Bank										
Stage 1	441		26	4	471	498		72	3	573
Loans and receivables	385	-	26	4	415	442	-	72	3	517
Placements with LB and other banks	13	-	-	-	13	22	-	-	-	22
Debt securities	43	-	-	-	43	34	-	-	-	34
Other financial assets	-	-	-	-	-	-	-	-	-	-
Stage 2	78	-	-	-	78	80	-	-	-	80
Loans and receivables	78	-	-	-	78	80	-	-	-	80
Stage 3	-	2,083	-	-	2,083	-	2,261	-	-	2,261
Loans and receivables	-	2,083	-	-	2,083	-	2,261	-	-	2,261
Total	519	2,083	26	4	2,632	578	2,261	72	3	2,914
The Group										
Stage 1	459	-	26	4	489	453	-	72	3	617
Loans and receivables	403	-	26	4	433	486	-	72	3	561
Placements with LB and other banks	13	-	-	-	13	22	-	-	-	22
Debt securities	43	-	-	-	43	34	-	-	-	34
Other financial assets	-	-	-	-	-	-	-	-	-	-
Stage 2	79	-	-	-	79	82	-	-	-	82
Loans and receivables	79	-	-	-	79	82	-	-	-	82
Stage 3	-	2,118	-	-	2,118	-	2,294	-	-	2,294
Loans and receivables	-	2,118	-	-	2,118	-	2,294	-	-	2,294
Total	538	2,118	26	4	2,686	624	2,294	72	3	2,993

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Note 21 Risk management (cont.)

Provisions calculated by risk levels (cont.)

Change of provisions during year 2019

The Group					The Bank					
Collective impairment	Individual impairment	Credit commitments	Guarantees	Total		Collective impairment	Individual impairment	Credit commitments	Guarantees	Total
					30 June 2019					
83	-	46	(1)	128	Stage 1	55	-	46	(1)	100
83	-	46	(1)	128	Loans and receivables	55	-	46	(1)	100
9	-	-	-	9	Placements with LB and other banks	9	-	-	-	9
(9)	-	-	-	(9)	Debt securities	(9)	-	-	-	(9)
-	-	-	-	-	Other financial assets	-	-	-	-	-
3	-	-	-	3	Stage 2	3	-	-	-	3
3	-	-	-	3	Loans and receivables	3	-	-	-	3
-	176	-	-	176	Stage 3	-	178	-	-	178
-	176	-	-	176	Loans and receivables	-	178	-	-	178
86	176	46	(1)	307	Total	58	178	46	(1)	281
-	147	-	-	147	Write-offs	-	147	-	-	147
-	(30)	-	-	(30)	Income on loans written off in earlier periods	-	(30)	-	-	(30)
-	-	-	-	424	Total change of impairment	-	-	-	-	398

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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	
30 June 2019	31 December 2018		30 June 2019	31 December 2018
102,438	128,502	Liquid assets	102,438	128,502
18,484	13,564	Short-term (up to 30 days) obligations	18,687	13,791
554	947	LCR, %	548	932

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

The Bank	30 June 2019							
	On demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 3 years	Over 3 years	Without maturity	Total
Assets	60,660	15,776	7,825	64,908	82,674	85,853	21,589	339,285
Liabilities and shareholders' equity	116,027	13,573	26,595	85,261	36,580	29,013	32,236	339,285
Net gap	(55,367)	2,203	(18,770)	(20,353)	46,094	56,840	(10,647)	-
Credit commitments	-	20,140	-	-	-	-	-	20,140

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

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Note 21 Risk management (cont.)

Liquidity risk (cont.)

The Group	30 June 2019							Total
	On demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 3 years	Over 3 years	Without maturity	
Assets	60,698	15,894	8,034	65,768	84,467	87,280	16,050	338,191
Liabilities and shareholders equity	115,024	13,753	26,595	85,261	36,580	29,013	31,965	338,191
Net gap	(54,326)	2,141	(18,561)	(19,493)	47,887	58,267	(15,915)	-
Credit commitments	-	20,140	-	-	-	-	-	20,140

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

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	
		30 June 2019	31 December 2018
EUR	+ 1 proc.	940	890
USD	+ 1 proc.	99	64
Other	+ 1 proc.	(3)	(4)
EUR	- 1 proc.	(940)	(890)
USD	- 1 proc.	(99)	(64)
Other	- 1 proc.	3	4

The Group	Interest rate change	Effect on net interest income	
		30 June 2019	31 December 2018
EUR	+ 1 proc.	946	955
USD	+ 1 proc.	99	64
Other	+ 1 proc.	(3)	(4)
EUR	- 1 proc.	(946)	(955)
USD	- 1 proc.	(99)	(64)
Other	- 1 proc.	3	4

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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 30 June 2019 and 31 December 2018. The table below includes the Group's and the Bank's assets and liabilities at carrying amounts, classified by the earlier of contractual re-pricing or maturity dates.

The Bank	30 June 2019						Total
	Less than 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	Over 3 years	
Assets:							
Sensitive assets to interest rate fluctuation	49,467	54,138	99,795	32,923	20,344	7,989	264,656
Non-sensitive assets to interest rate fluctuation							74,629
Liabilities:							
Sensitive liabilities to interest rate fluctuation	9,536	20,495	32,299	52,507	36,237	31,057	182,131
Non-sensitive liabilities and equity to interest rate fluctuation							157,154
Total interest sensitivity gap	39,931	33,643	67,496	(19,584)	(15,893)	(23,068)	-

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	27,783	179,045
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)	(17,857)	-

The Group	30 June 2019						Total
	Less than 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	Over 3 years	
Assets:							
Sensitive assets to interest rate fluctuation	49,585	54,346	100,092	33,485	22,137	9,664	269,309
Non-sensitive assets to interest rate fluctuation							68,882
Liabilities:							
Sensitive liabilities to interest rate fluctuation	9,537	20,495	32,299	52,507	36,237	31,057	182,132
Non-sensitive liabilities and equity to interest rate fluctuation							156,059
Total interest sensitivity gap	40,048	33,851	67,793	(19,022)	(14,100)	(21,393)	-

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Note 21 Risk management (cont'd)

Interest rate risk (cont'd)

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)	-

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 June 2019	31 December 2018		30 June 2019	31 December 2018
488	534	Long positions	488	534
(165)	(515)	Short positions	(165)	(515)
30,586	25,776	Eligible capital	30,517	25,639
1.59	2.07	Overall net currency position, %	1.60	2.08

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

	30 June 2019	31 December 2018
Increase in FX rates by 10%	32	2
Decrease in FX rates by 10%	(32)	(2)

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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 maximize the shareholders' value.

The Group's and the Bank's capital management procedures are based on the regulatory capital requirements contained in the Capital Requirements Directive (CRD) and in the Capital Requirements Regulation (CRR) No. 575/2013. According to these requirements 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 requirement.

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 2018. From 31 December 2018 came into force anti-cycling buffer requirement 0.5 percent, but from 30 June 2019 buffer requirement increased until 1 percent.

30 June 2019 the Group and the Bank require to maintain total capital adequacy ratio of 12.7 %. The Group and the Bank capital adequacy ratio exceeded the required minimum.

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

The Group			The Bank	
30 June 2019	31 December 2018		30 June 2019	31 December 2018
15.82	15.50	CET 1 Capital ratio	15.57	15.03
15.82	15.50	Tier 1 Capital ratio	15.57	15.03
17.57	17.66	Capital adequacy ratio	17.31	17.14

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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 30 June 2019 and in the Statement of comprehensive income for the six month period then ended is presented in the table below:

	30 June 2019				
	Traditional banking operations and lending	Treasury	Other activities	Eliminations	Total
Internal	0	0	0	0	0
External	4,902	165	3	(1)	5,069
Interest income	4,902	165	3	(1)	5,069
Internal	0	0	0	0	0
External	(810)	(68)	0	1	(877)
Interest expenses	(810)	(68)	0	1	(877)
Internal	0	0	0	0	0
External	4,092	97	3	0	4,192
Net interest income	4,092	97	3	0	4,192
Internal	0	0	0	0	0
External	3,140	0	(7)	(76)	3,057
Net fee and commission income	3,140	0	(7)	(76)	3,057
Internal	0	0	0	0	0
External	7,232	97	(4)	(76)	7,249
Net interest, fee and commissions income	7,232	97	(4)	(76)	7,249
Internal	0	0	(7,839)	7,839	0
External	(8,132)	(112)	1,925	0	(6,319)
Operating expenses	(8,132)	(112)	(5,914)	7,839	(6,319)
Amortisation charges	(553)	0	0	0	(553)
Depreciation charges	(61)	0	0	0	(61)
Internal	0	0	0	0	0
External	(463)	0	0	18	(445)
Impairment expenses	(463)	0	0	18	(445)
Internal	0	0	0	0	0
External	1,845	195	(156)	0	1,884
Net other income	1,845	195	(156)	0	1,884
Profit (loss) before tax	(132)	180	(6,074)	7,781	1,755
Income tax	(377)	0	0	0	(377)
Profit (loss) per segment after tax	(509)	180	(6,074)	7,781	1,378
Non-controlling interest	0	0	0	0	0
Profit (loss) for the year attributable to the owners of the Bank	(509)	180	(6,074)	7,781	1,378
Total segment assets	240,787	103,233	4,553	(10,382)	338,191
Total segment liabilities	298,196	9,270	93	(1,271)	306,288
Net segment assets (shareholders equity)	(57,409)	93,963	4,460	(9,111)	31,903

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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 30 June 2018 and in the Statement of comprehensive income for the six month period then ended is presented in the table below:

	30 June 2018				
	Traditional banking operations and lending	Treasury	Other activities	Eliminations	Total
Internal	0	0	0	0	0
External	4,374	155	5	(2)	4,532
Interest income	4,374	155	5	(2)	4,532
Internal	0	0	0	0	0
External	(814)	(51)	0	2	(863)
Interest expenses	(814)	(51)	0	2	(863)
Internal	0	0	0	0	0
External	3,560	104	5	0	3,669
Net interest income	3,560	104	5	0	3,669
Internal	0	0	0	0	0
External	2,284	0	(2)	0	2,282
Net fee and commission income	2,284	0	(2)	0	2,282
Internal	0	0	0	0	0
External	5,844	104	3	0	5,951
Net interest, fee and commissions income	5,844	104	3	0	5,951
Internal	0	0	(718)	718	0
External	(5,808)	(133)	173	0	(5,768)
Operating expenses	(5,808)	(133)	(545)	718	(5,768)
Amortisation charges	(233)	0	0	0	(233)
Depreciation charges	(94)	0	0	0	(94)
Internal	0	0	0	0	0
External	(756)	0	0	0	(756)
Impairment expenses	(756)	0	0	0	(756)
Internal	0	0	0	0	0
External	1,892	175	(462)	0	1,605
Net other income	1,892	175	(462)	0	1,605
Profit (loss) before tax	845	146	(1,004)	718	705
Income tax	(13)	0	0	0	(13)
Profit (loss) per segment after tax	832	146	(1,004)	718	692
Non-controlling interest	0	0	0	0	0
Profit (loss) for the year attributable to the owners of the Bank	832	146	(1,004)	718	692
Total segment assets	211,623	99,373	13,744	(16,117)	308,623
Total segment liabilities	272,407	10,099	332	(2,045)	280,793
Net segment assets (shareholders equity)	(60,784)	89,274	13,412	(14,072)	27,830

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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 as at 30 June 2019 are given in the table below:

Group			Bank	
Provisions (EUR thousands)	Provisions to financial assets ratio (%)		Provisions (EUR thousands)	Provisions to financial assets ratio (%)
2,498	1.33	Loans to customers	2,419	1.32
363	2.21	Finance lease receivable	363	2.21
34	0.06	Debt securities	34	0.06
22	0.12	Placements with banks	22	0.12
2,917	1.05	Iš viso:	2,838	1.04

Main profitability rates of the bank as at 30 June 2019 are provided in the table below:

Main Profitability Showings	Ratio (%)
Return on assets (ROA)	1.39
Return on equity (ROE)	13.01

Action applied to the Bank

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

CONFIRMATION FROM THE RESPONSIBLE PERSONS

We, Acting Chairman of the Board and Chief Executive Officer of UAB Medicinos bankas Dalia Klišauskienė and Director of Accounting and Reporting Department, Chief Accountant Aleksejus Tonkich, confirm that as far as we know, the financial statements for six months of 2019 are formed in compliance with the applicable accounting standards, correspond the reality and correctly reflect the total assets, liabilities, financial status, activity result and cash flow of UAB Medicinos bankas and consolidated companies.

Acting Chairman of the Board and
Chief Executive Officer

D. Klišauskienė

Director of Accounting and Reporting
Department, Chief Accountant

A. Tonkich