UAB MEDICINOS BANKAS

BANK’S SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD AS AT 30TH SEPTEMBER 2019 PREPARED IN ACCORDANCE WITH

INTERNATIONAL FINANCIAL REPORTING STANDARDS

AS ADOPTED BY THE EUROPEAN UNION

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## CONDENSED SEPARATE AND CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **The Group** | | |  |  |  |  | **The Bank** | | |
| **30 September**  **2019** |  | **31 December 2018** |  | **Assets** | **Notes** |  | **30 September**  **2019** |  | **31 December 2018** |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  | Cash and due from central bank |  |  |  |  |
| *25,439* |  | *27,304* |  | *Cash* |  |  | *25,439* |  | *27,304* |
| *28,926* |  | *30,070* |  | *Placements with the central bank* |  |  | *28,926* |  | *30,070* |
| 54,365 |  | 57,374 |  |  |  |  | 54,365 |  | 57,374 |
| 18,109 |  | 13,280 |  | Placements with banks and other credit institutions |  |  | 18,077 |  | 13,239 |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  | Financial assets at fair value through profit or loss |  |  |  |  |  |
| *7* |  | *41* |  | *Derivative financial instruments* |  |  | *7* |  | *41* |
| *7* |  | *41* |  |  |  |  | *7* |  | *41* |
|  |  |  |  |  |  |  |  |  |  |
| 52,154 |  | 70,746 |  | Debt securities | 4 |  | 52,154 |  | 70,746 |
|  |  |  |  | Loans and receivables | 5 |  |  |  |  |
| *193,440* |  | *159,017* |  | *Loans to customers* |  |  | *189,046* |  | *156,986* |
| *17,076* |  | *12,809* |  | *Finance lease receivable* |  |  | *17,076* |  | *12,809* |
| 210,516 |  | 171,826 |  |  |  |  | 206,122 |  | 169,795 |
|  |  |  |  |  |  |  |  |  |  |
| - |  | - |  | Investments in subsidiaries | 8 |  | 6,687 |  | 7,521 |
|  |  |  |  |  |  |  |  |  |  |
| 1,932 |  | 3,018 |  | Investment property | 6 |  | 498 |  | 1,050 |
|  |  |  |  |  |  |  |  |  |  |
| 7,090 |  | 5,548 |  | Property and equipment | 7 |  | 7,066 |  | 5,545 |
|  |  |  |  |  |  |  |  |  |  |
| 393 |  | 314 |  | Intangible assets |  |  | 369 |  | 267 |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  | Tax assets |  |  |  |  |  |
| *19* |  | 6 |  | *Current taxes* |  |  | *19* |  | 6 |
| *1,375* |  | *1,925* |  | *Deferred taxes* |  |  | *1,375* |  | *1,925* |
| 1,394 |  | 1,931 |  |  |  |  | 1,394 |  | 1,931 |
|  |  |  |  |  |  |  |  |  |  |
| 916 |  | 685 |  | Other assets | 9 |  | 838 |  | 621 |
|  |  |  |  |  |  |  |  |  |  |
| **346,876** |  | **324,763** |  | **Total assets** |  |  | **347,577** |  | **328,130** |

*(continued on the next page)*

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

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

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  | |
| **30 September**  **2019** | | |  | | **31 December 2018** |  | **Liabilities** | **Notes** |  | **30 September**  **2019** |  | **31 December 2018** |
|  | | |  | |  |  |  |  |  |  |  |
| 8,536 | | |  | | 228 |  | Due to banks and other credit institutions | 10 |  | 8,536 |  | 228 |
|  | | |  | |  |  |  |  |  |  |  |  |
| 10 | | |  | | 5 |  | Derivative financial instruments |  |  | 10 |  | 5 |
|  | | |  | |  |  |  |  |  |  |  |  |
| 297,659 | | |  | | 289,126 |  | Due to customers | 11 |  | 298,563 |  | 290,733 |
| 1,000 | | |  | | 1,000 |  | Subordinated loans | 12 |  | 1,000 |  | 1,000 |
|  | | |  | |  |  |  |  |  |  |  |  |
| 2,140 | | |  | | 2,167 |  | Debt securities issued | 12 |  | 2,140 |  | 2,167 |
|  | | |  | |  |  |  |  |  |  |  |  |
| 32 | | |  | | 30 |  | Impairment |  |  | 42 |  | 30 |
|  | | |  | |  |  |  |  |  |  |  |  |
|  | | |  | |  |  | Tax assets |  |  |  |  |  |
| *217* | | |  | | - |  | *Current taxes* |  |  | *217* |  | - |
| - | | |  | | - |  | *Deferred taxes* |  |  | - |  | - |
| 217 | | |  | | - |  |  |  |  | 217 |  | - |
|  | | |  | |  |  |  |  |  |  |  |  |
|  | | |  | | 1,682 |  | Other liabilities | 13 |  | 3,917 |  | 3,368 |
| 4,127 | | |  | |  |  |  |  |  |  |  |  |
|  | | |  | | **294,238** |  | **Total liabilities** |  |  | **314,425** |  | **297,531** |
| **313,721** | | |  | |  |  |  |  |  |  |  |  |
|  | | |  | |  |  | **Equity** |  |  |  |  |  |
|  | | |  | |  |  |  |  |  |  |  |  |
|  | | |  | | 19,948 |  | Share capital | 14 |  | 19,948 |  | 19,948 |
| 19,948 | | |  | |  |  |  |  |  |  |  |  |
|  | | |  | | 2,064 |  | Retained earnings |  |  | 2,553 |  | 2,138 |
| 2,556 | | |  | |  |  |  |  |  |  |  |  |
| 335 | | |  | | 335 |  | Revaluation reserve of property and equipment |  |  | 335 |  | 335 |
|  | | |  | |  |  |  |  |  |  |  |  |
| 10,316 | | |  | | 8,178 |  | Other reserves | 14 |  | 10,316 |  | 8,178 |
|  | | |  | |  |  |  |  |  |  |  |  |
| **33,155** | | |  | | **30,525** |  | **Total shareholders’ equity** |  |  | **33,152** |  | **30,599** |
|  | | |  | |  |  |  |  |  |  |  |  |
| **346,876** | | |  | | **324,763** |  | **Total liabilities and shareholders’ equity** |  |  | **347,577** |  | **328,130** |

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. Klišauskienė |  |  |  |  |
|  |  |  |  |  |  |  |
| Director of Accounting and Reporting Department, Chief Accountant |  | A. Tonkich |  |  |  |  |

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### CONDENSED SEPARATE AND CONSOLIDATED INCOME STATEMENTS

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **The Group** | | | |  | |  | | **The Bank** | | | | | |
| **30 September**  **2019** |  | **30 September**  **2018** | |  | | **Notes** | | | **30 September**  **2019** | |  | **30 September**  **2018** | |
|  |  |  | |  | |  | |  | | |  |  | |
| 7,985 |  | | 6,888 | | Interest income | | 15 | | | 7,627 |  | | 6,813 | |
| (1,329) |  | | (1,307) | | Interest expenses | | 15 | | | (1,329) |  | | (1,307) | |
| **6,656** |  | | **5,581** | | **Net interest income** | |  | | | **6,298** |  | | **5,506** | |
|  |  | |  | |  | |  | | |  |  | |  | |
| 4,991 |  | | 4,013 | | Service fee and commission income | | 16 | | | 5,139 |  | | 4,013 | |
| (365) |  | | (343) | | Service fee and commission expenses | | 16 | | | (317) |  | | (323) | |
| **4,626** |  | | **3,670** | | **Net service fee and commission income** | |  | | | **4,822** |  | | **3,690** | |
|  |  | |  | |  | |  | | |  |  | |  | |
| - |  | | - | | Net result on equity securities trading | |  | | | (740) |  | | - | |
| 3,708 |  | | 3,536 | | Net foreign exchange gain | | 17 | | | 3,708 |  | | 3,536 | |
| (117) |  | | (94) | | Net result from operations with derivatives | |  | | | (117) |  | | (94) | |
| - |  | | - | | Impairment of investments into subsidiaries | |  | | | 109 |  | | (923) | |
| (470) |  | | (790) | | Net result on operations on investment property | | 6, 18 | | | (296) |  | | (199) | |
| 55 |  | | 116 | | Other income | |  | | | 142 |  | | 100 | |
| **14,458** |  | | **12,019** | | **Total operating income** | |  | | | **13,926** |  | | **11,616** | |
|  |  | |  | |  | |  | | |  |  | |  | |
| (675) |  | | (1,050) | | Impairment of loans and other financial assets | |  | | | (599) |  | | (1,055) | |
| **13,783** |  | | **10,969** | | **Operating income after impairment** | |  | | | **13,327** |  | | **10,561** | |
|  |  | |  | |  | |  | | |  |  | |  | |
| (6,444) |  | | (5,715) | | Salaries and benefits | |  | | | (6,192) |  | | (5,488) | |
| (843) |  | | (359) | | Depreciation | |  | | | (839) |  | | (359) | |
| (100) |  | | (140) | | Amortisation | |  | | | (75) |  | | (127) | |
| (3,012) |  | | (3,166) | | Other operating expenses | | 19 | | | (2,914) |  | | (2,991) | |
| **(10,399)** |  | | **(9,380)** | | **Total operating expenses** | |  | | | **(10,020)** |  | | **(8,965)** | |
|  |  | |  | |  | |  | | |  |  | |  | |
| **3,384** |  | | **1,589** | | **Operating profit (loss)** | |  | | | **3,307** |  | | **1,596** | |
|  |  |  | |  | |  | |  | | |  |  | |
| **(754)** |  | **(16)** | | **Income tax expense** | |  | | **(754)** | | |  | **(16)** | |
|  |  |  | |  | |  | |  | | |  |  | |
| **2,630** |  | **1,573** | | **Profit (loss) for the year** | |  | | **2,553** | | |  | **1,580** | |
|  |  |  | |  | |  | |  | | |  |  | |
| **2,630** |  | **1,573** | | **Attributable to equity holders of the Bank** | |  | | **2,553** | | |  | **1,580** | |
|  |  |  | |  | |  | |  | | |  |  | |

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. Klišauskienė |  |  |  |  |
|  |  |  |  |  |  |  |
| Director of Accounting and Reporting Department, Chief Accountant |  | A. Tonkich |  |  |  |  |

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### CONDENSED SEPARATE AND CONSOLIDATED INCOME STATEMENTS FOR QUARTER

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **The Group** | | |  |  | **The Bank** | | | |
| **01-07-2019-30-09-2019** |  | **01-07-2018-30-09-2018** |  | **Notes** | | **01-07-2019-30-09-2019** |  | **01-07-2018-30-09-2018** |
|  |  |  |  |  |  | |  |  |
| 2,916 |  | 2,356 | Interest income |  | 2,754 | |  | 2,320 |
| (452) |  | (444) | Interest expenses |  | (452) | |  | (444) |
| **2,464** |  | **1,912** | **Net interest income** |  | **2,302** | |  | **1,876** |
|  |  |  |  |  |  | |  |  |
| 1,709 |  | 1,512 | Service fee and commission income |  | 1,772 | |  | 1,512 |
| (140) |  | (124) | Service fee and commission expenses |  | (125) | |  | (119) |
| **1,569** |  | **1,388** | **Net service fee and commission income** |  | **1,647** | |  | **1,393** |
|  |  |  |  |  |  | |  |  |
| - |  | - | Net result on equity securities trading |  | (740) | |  | - |
| 1,525 |  | 1,410 | Net foreign exchange gain |  | 1,525 | |  | 1,410 |
| 26 |  | (35) | Net result from operations with derivatives |  | 26 | |  | (35) |
| - |  | - | Impairment of investments into subsidiaries |  | 429 | |  | (205) |
| (268) |  | (255) | Net result on operations on investment property |  | (281) | |  | (150) |
| 8 |  | 43 | Other income |  | 15 | |  | 34 |
| **5,324** |  | **4,463** | **Total operating income** |  | **4,923** | |  | **4,323** |
|  |  |  |  |  |  | |  |  |
| (230) |  | (294) | Impairment of loans and other financial assets |  | (201) | |  | (294) |
| **5,094** |  | **4,169** | **Operating income after impairment** |  | **4,722** | |  | **4,029** |
|  |  |  |  |  |  | |  |  |
| (2,122) |  | (1,998) | Salaries and benefits |  | (2,047) | |  | (1,928) |
| (290) |  | (126) | Depreciation |  | (288) | |  | (126) |
| (39) |  | (46) | Amortisation |  | (29) | |  | (41) |
| (1,014) |  | (1,115) | Other operating expenses |  | (986) | |  | (1,062) |
| **(3,465)** |  | **(3,285)** | **Total operating expenses** |  | **(3,350)** | |  | **(3,157)** |
|  |  |  |  |  |  | |  |  |
| **1,629** |  | **884** | **Operating profit (loss)** |  | **1,372** | |  | **872** |
|  |  |  |  |  |  | |  |  |
| **(377)** |  | **(3)** | **Income tax expense** |  | **(377)** | |  | **(3)** |
|  |  |  |  |  |  | |  |  |
| **1,252** |  | **881** | **Profit (loss) at the end of the reporting period** |  | **995** | |  | **869** |
|  |  |  |  |  |  | |  |  |
| **1,252** |  | **881** | **Attributable to equity holders of the Bank** |  | **995** | |  | **869** |
|  |  |  |  |  |  | |  |  |

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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 |  |  |  |  |

### CONDENSED SEPARATE AND CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **The Bank** |  | | **30 September**  **2019** | |  | **30 September**  **2018** | |
|  |  | |
| **Items that will never be reclassified to profit or loss** |  | |  | |  |  | |
| Change in PPE revaluation |  | | - | |  | - | |
| Transfer of depreciation for PPE net of tax |  | | - | |  | - | |
| Other |  | |  | |  | - | |
|  |  | |  | |  |  | |
| **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 |  | | - | |  | - | |
|  |  | |  | |  |  | |
| **Other comprehensive income (expenses), net of tax** |  | | **-** | |  | - | |
|  |  | |  | |  |  | |
| Profit (loss) at the end of the reporting period |  | | 2,553 | |  | 1,580 | |
| **Total comprehensive income** |  | | **2,553** | |  | **1,580** | |
| **Attributable to:** |  | |  | |  |  |
| **Equity holders of the Bank** | |  | | **2,553** |  | **1,580** |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **The Group** | | **30 September**  **2019** |  |  |
| **30 September**  **2018** |
| **Items that will never be reclassified to profit or loss** |  |  |  |  |
| Change in PPE revaluation |  | - |  | - |
| Transfer of depreciation for PPE net of tax |  | - |  | - |
| Other |  | - |  | - |
|  |  |  |  |  |
| **Items that are or may be reclassified to profit or loss** |  | **-** |  | - |
|  |  |  |  |  |
| Related tax |  | - |  | - |
|  |  |  |  |  |
| **Other comprehensive income (expenses), net of tax** |  | **-** |  | - |
|  |  |  |  |  |
| Profit (loss) at the end of the reporting period |  | 2,630 |  | 1,573 |
| **Total comprehensive income** |  | **2,630** |  | **1,573** |
| **Attributable to:** |  |  |  |  |
| **Equity holders of the Bank** |  | **2,630** |  | **1,573** |  |

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. Klišauskienė |  |  |  |  | |
|  |  |  |  |  |  |  |  |
| Director of Accounting and Reporting Department, Chief Accountant |  | A. Tonkich |  |  |  |  | |

### CONDENSED SEPARATE AND CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR QUARTER

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **The Bank** |  | **01-07-2019 - 30-09-2019** | | |  | **01-07-2018 - 30-09-2018** | |
|  |  |
| **Items that will never be reclassified to profit or loss** |  |  | | |  |  | |
| Change in PPE revaluation |  | - | | |  | - | |
| Transfer of depreciation for PPE net of tax |  | - | | |  | - | |
| Other |  |  | | |  | - | |
|  |  |  | | |  |  | |
| **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 |  | - | | |  | - | |
|  |  |  | | |  |  | |
| **Other comprehensive income (expenses), net of tax** |  | **-** | | |  | **-** | |
|  |  |  | | |  |  | |
| Profit (loss) at the end of the reporting period |  | 995 | | |  | 869 | |
| **Total comprehensive income** |  | **995** | | |  | **869** | |
| **Attributable to:** |  |  | | |  |  |
| **Equity holders of the Bank** | | |  | **995** |  | **869** |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **The Group** | **01-07-2019 - 30-09-2019** | | |  |  |
| **01-07-2018 - 30-09-2018** |
| **Items that will never be reclassified to profit or loss** | |  |  |  |  |
| Change in PPE revaluation | |  | - |  | - |
| Transfer of depreciation for PPE net of tax | |  | - |  | - |
| Other | |  |  |  | - |
|  | |  |  |  |  |
| **Items that are or may be reclassified to profit or loss** | |  | **-** |  | **-** |
|  | |  |  |  |  |
| Related tax | |  | - |  | - |
|  | |  |  |  |  |
| **Other comprehensive income (expenses), net of tax** | |  | **-** |  | **-** |
|  | |  |  |  |  |
| Profit (loss) at the end of the reporting period | |  | 1,252 |  | 881 |
| **Total comprehensive income** | |  | **1,252** |  | **881** |
| **Attributable to:** | |  |  |  |  |
| **Equity holders of the Bank** | |  | **1,252** |  | **881** |  |

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. Klišauskienė |  |  |  |  | |
|  |  |  |  |  |  |  |  |
| Director of Accounting and Reporting Department, Chief Accountant |  | A. Tonkich |  |  |  |  | |

### CONDENSED SEPARATE AND CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

**The Bank**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Share capital** | | |  | **Retained earnings (restated)** | |  | | **Revaluation reserve of property and equipment** | |  |  | | **Other reserves** |  | **Total** | |  |  |
|  | |  |  | | |  |  |  | | |  | |  | |  |  | |  |  | |
| **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 | | - |  | | | 1,580 |  | | | - |  | | - | |  | **1,580** | |  |
| **Transactions with owners of the Bank** | |  |  | | |  |  | | |  |  | |  | |  |  |
| Transfer to reserves | | - |  | | | (852) |  | | | - |  | | 1,852 | |  | **1,000** | |  |
|  | |  |  | | |  |  | | |  |  | |  | |  |  | |  |
| **At 30 September 2018** | | **19,948** |  | | | **1,278** |  | | | **339** |  | | **8,178** | |  | **29,743** | |  |
| Profit or loss | | - |  | | | 855 |  | | | - |  | | - | |  | **855** | |
| Other comprehensive income (expenses) | |  |  | | | 5 |  | | | (4) |  | |  | |  | **1** | |
|  | |  |  | | |  |  | | |  |  | |  | |  |  | |
| **At 31 December 2018** | | **19,948** |  | | | **2,138** |  | | | **335** |  | | **8,178** | |  | **30,599** | |

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Profit or loss | - |  | 2,553 |  | - |  |  | - |  | **2,553** | |
| **Transactions with owners of the Bank** |  |  |  |  |  |  |  |  |  |  |
| Transfer to reserves | - |  | (2,138) |  | - |  |  | 2,138 |  | **-** | |
|  |  |  |  |  |  |  |  |  |  |  | |
| **At 30 September 2019** | **19,948** |  | **2,553** |  | **335** |  |  | **10,316** |  | **33,152** | |

*(continued on the next page)*

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

**CONDENSED SEPARATE AND CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONT’D)**

**The Group**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Share capital** | | |  | **Retained earnings (restated)** | |  | | **Revaluation reserve of property and equipment** | |  |  | | **Other reserves** |  | **Total** | |  |  |
|  | |  |  | | |  |  |  | | |  | |  | |  |  | |  |  | |
| **At 31 December 2017** | | **19,948** |  | | | **828** |  | **339** | | |  | | **6,326** | |  | **27,441** | |  |  | |
| Apskaitos principų pasikeitimo įtaka | | - |  | | | (302) |  | - | | |  | | - | |  | **(302)** | |  |  | |
| **At 1 January 2018** | | **19,948** |  | | | **526** |  | | | **339** |  | | **6,326** | |  | **27,139** | |  |
| Profit or loss | | - |  | | | 1,573 |  | | | - |  | | - | |  | **1,573** | |  |
| **Transactions with owners of the Bank** | |  |  | | |  |  | | |  |  | |  | |  |  |
| Transfer to reserves | | - |  | | | (852) |  | | | - |  | | 1 852 | |  | **1 000** | |  |
|  | |  |  | | |  |  | | |  |  | |  | |  |  | |  |
| **At 30 September 2018** | | **19,948** |  | | | **1,247** |  | | | **339** |  | | **8,178** | |  | **29,712** | |  |
| Profit or loss | | - |  | | | 812 |  | | | - |  | | - | |  | **812** | |
| Other comprehensive income (expenses) | |  |  | | | 5 |  | | | (4) |  | |  | |  | **1** | |
|  | |  |  | | |  |  | | |  |  | |  | |  |  | |
| **At 31 December 2018** | | **19,948** |  | | | **2,064** |  | | | **335** |  | | **8,178** | |  | **30,525** | |

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Profit or loss | - |  | 2,630 |  | - |  |  | - |  | **2,630** | |
| **Transactions with owners of the Bank** |  |  |  |  |  |  |  |  |  |  |
| Transfer to reserves | - |  | (2,138) |  | - |  |  | 2,138 |  | **-** | |
|  |  |  |  |  |  |  |  |  |  |  | |
| **At 30 September 2019** | **19,948** |  | **2,556** |  | **335** |  |  | **10,316** |  | **33,155** | |

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. Klišauskienė |  |  |  |  |
|  |  |  |  |  |  |  |
| Director of Accounting and Reporting Department, Chief Accountant |  | A. Tonkich |  |  |  |  |

### 

### CONDENSED SEPARATE AND CONSOLIDATED CASH FLOW STATEMENTS

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Group** | | |  |  | |  | | **Bank** | | | |
| **30 September**  **2019** |  | **30 September**  **2018** |  |  | | **Notes** | | **30 September**  **2019** | |  | **30 September**  **2018** |
|  |  |  |  | **Cash flows from operating activities** | |  | |  | |  |  |
| 2,630 |  | 1,573 |  | Profit (loss) for the year | |  | | 2,553 | |  | 1,580 |  |
|  |  |  |  | **Non-cash Revenue and Cost Recovery:** | |  | |  | |  |  |
| 943 |  | 499 |  | | Depreciation and amortisation | |  | | 914 |  | 486 |
| (73) |  | (84) |  | | Loss, gain on the sale of tangible, intangible and investment property | |  | | (60) |  | (84) |
| 675 |  | 1,050 |  | | Impairment of loans | |  | | 599 |  | 1,055 |
| - |  | - |  | | Impairment of investments in subsidiaries | |  | | (109) |  | 923 |
| 479 |  | (170) |  | | Impairment of investment property | |  | | 293 |  | 102 |
| 39 |  | 11 |  | | Derivatives revaluation | |  | | 39 |  | 11 |
| (25) |  | (16) |  | | Elimination of accrued vacation pay | |  | | (34) |  | (16) |
| 754 |  | 16 |  | | Income tax expenses | |  | | 754 |  | 16 |
| 15 |  | 760 |  | | Elimination of other non-cash items | |  | | 15 |  | 760 |
| 5,437 |  | 3,639 |  | | Cash flows from (to) operating activities before changes in operating assets and liabilities | |  | | 4,964 |  | 4,833 |
|  |  |  |  | |  | |  | |  |  |  |
|  |  |  |  | | **Changes in operating assets and liabilities:** | |  | |  |  |  |
| 149 |  | (153) |  | | Changes in compulsory reserves | |  | | 149 |  | (153) |
| - |  | (1,167) |  | | Changes in amounts due from banks | |  | | - |  | (1,167) |
| (34,581) |  | (7,159) |  | | Loans to customers | |  | | (32,160) |  | (6,018) |
| (4,870) |  | (256) |  | | Finance lease receivable | |  | | (4,799) |  | (256) |
| (191) |  | (3,329) |  | | Changes in due to banks and other credit institutions | |  | | (192) |  | (3,329) |
| 9,320 |  | 21,655 |  | | Changes in due to customers | |  | | 8 617 |  | 23,952 |
| 350 |  | 7,892 |  | | Changes in other assets and liabilities | |  | | (1,522) |  | 7,510 |
| (24,386) |  | 21,122 |  | | Net cash flows from operating activities before income tax | |  | | (24,943) |  | 25,372 |
|  |  |  |  | |  | |  | |  |  |  |
| - |  | - |  | | Income tax (paid) | |  | | - |  | - |
|  |  |  |  | |  | |  | |  |  |  |
| **(24,386)** |  | **21,122** |  | | **Net cash flows from operating activities after income tax** | |  | | **(24,943)** |  | **25,372** |
|  |  |  |  |  | |  | |  | |  |  |
|  |  |  |  | **Investing activities** | |  | |  | |  |  |
| (731) |  | (752) |  | (Acquisitions) of intangible assets and property and equipment | |  | | (704) | |  | (727) |
| - |  | (2) |  | (Acquisitions) of investment property | |  | | - | |  | (2) |
| 808 |  | 3,553 |  | Proceeds from sale of tangible, intangible and equipment and investment property | |  | | 404 | |  | 967 |  |
| - |  | - |  | Investments in subsidiaries | |  | | (2,335) | |  | (1,700) |
| - |  | - |  | Sold subsidiaries | |  | | 526 | |  | - |
| - |  |  |  | Liquidation of subsidiaries | |  | | 2 752 | |  |  |
| 39,097 |  | 21,755 |  | Redemption of debt-securities | |  | | 39,097 | |  | 21,755 |
| (20,505) |  | (48,421) |  | (Acquisitions) of of debt-securities | |  | | (20,505) | |  | (48,421) |
| **18,669** |  | **(23,867)** |  | **Net cash flows to investing activities** | |  | | **19,235** | |  | **(28,128)** |
|  |  |  |  |  | |  | |  | |  |  |

*(continued on the next page)*

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

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

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Group** | | |  |  |  | **Bank** | | |
| **30 September**  **2019** |  | **30 September**  **2018** |  |  | **Notes** | **30 September**  **2019** |  | **30 September**  **2018** |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  | **Financing activities** |  |  |  |  |
| - |  | 2,123 |  | Bonds issued |  | - |  | 2,123 |
| (27) |  | - |  | Bonds (redeemed) |  | (27) |  | - |
| 8,500 |  | - |  | Loans received according to Eurosystem Open market operations |  | 8,500 |  | - |
| (6,793) |  | 7,155 |  | Loans received |  | (6,793) |  | 7,155 |
| 5,920 |  | (4,566) |  | Loans (repaid) |  | 5,920 |  | (4,566) |
| **7,600** |  | **4,712** |  | **Net cash flows from (to) financing activities** |  | **7,600** |  | **4,712** |
|  |  |  |  |  |  |  |  |  |
| 86 |  | 65 |  | Effect of exchange rate changes on cash and cash equivalents |  | 86 |  | 65 |
|  |  |  |  |  |  |  |  |  |
| **1,969** |  | **2,032** |  | **Net increase (decrease) in cash and cash equivalents** |  | **1,978** |  | **2,021** |
|  |  |  |  |  |  |  |  |  |
| 68,374 |  | 63,050 |  | Cash and cash equivalents at 1 January |  | 68,333 |  | 63,007 |
| **70,343** |  | **65,082** |  | **Cash and cash equivalents at 30 September** | 20 | **70,311** |  | **65,028** |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  | **Additional information to operating cash flows** |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| 8,339 |  | 6,727 |  | Interest received |  | 8,012 |  | 6,629 |
| (990) |  | (1,080) |  | Interest (paid) |  | (990) |  | (1,080) |

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. Klišauskienė |  |  |  |  |
|  |  |  |  |  |  |  |
| Director of Accounting and Reporting Department, Chief Accountant |  | A. Tonkich |  |  |  |  |

### 

### 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 2019 the Bank had 49 customer service units in different regions of Lithuania.

The consolidated financial statements of the Group include the financial statements of the Bank and its fully owned subsidiaries UAB MB Turtas, UAB MB Valda, UAB MB Investicija, UAB TG Invest-1 (main activity of the companies – real estate management and development) and UAB Saugus Kreditas (main activity of the company – granting of consumer credit to natural persons), 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 and UAB Saugus Kreditas was acquired 17 October 2017. Bank-controlled subsidiary SIA Nida Capital liquidated on 10 September 2019 (established March 31, 2014).

As at 30 September 2019 the Bank employed 353 employees (369 employees as at 31 December 2018). As at 30 September 2019 the Group employed 367 employees (384 employees as at 31 December 2018).

As at 30 September 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 September 2019 and 31 December 2018, all shares were fully paid.

### Basis of preparation and significant accounting policies

***Statement of compliance***

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

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

**New and changed standards and interpretations**

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

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

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

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

***Functional and presentation currency***

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

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

|  |  |  |
| --- | --- | --- |
|  | **30 September 2019** | **31 December 2018** |
| USD | 1.0935 | 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 alloowances 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. Note 2 Basis of preparation and significant accounting policies (cont’d) **Impact of IFRS 9 application on impairment**   |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | **The Bank (Group)** | **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** | | | |

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

thousand EUR.

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

### Funds in banks and other credit institutions

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **The Group** | | |  | **The Bank** | | |
| **30 September 2019** |  | **31 December 2018** |  | **30 September 2019** |  | **31 December 2018** |
|  |  |  |  |  |  |  |
| 10,941 |  | 12,099 | Funds in correspondent accounts | 10,909 |  | 12,058 |
| 7,168 |  | 1,181 | Term deposits | 7,168 |  | 1,181 |
| **18,109** |  | **13,280** | **Funds in banks and other credit institutions** | **18,077** |  | **13,239** |

### Debt securities, net

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | | **The Bank (Group)** | | |
|  | | **30 September 2019** |  | **31 December 2018** |
|  | |  |  |  |
| Government bonds of the Republic of Lithuania | | 36,508 |  | 43,888 |
| Government bonds of the Republic of Latvia | | 7,754 |  | 4,575 |
| Government bonds of the Republic of Romania | | 2,032 |  | 3,089 |
| Government bonds of the Republic of Poland | | 1,563 |  | 3,005 |
| Government bonds of the Republic of Iceland | | 1,533 |  | 1,566 |
| Government bonds of the Kingdom of Sweden | | 918 |  | 2,619 |
| Government bonds of the Republic of Croatia | | 660 |  | - |
| Government bonds of the Kingdom of Spain | | - |  | 1,002 |
| Government bonds of the Republic of Slovenia | | - |  | 4,172 |
| Government bonds of the Republic of Finland | | - |  | 2,689 |
| Government bonds of the Republic of Hungary | | - |  | 1,679 |
| Financial company bonds |  | 916 |  | 1,314 |
| Non-financial company bonds |  | 270 |  | 1,148 |
| **Total** | | **52,154** |  | **70,746** |

Debt securities outstanding in 2019 September 30 decreased due to redemption at maturity.

### Loans and receivables

Loans to customers and receivables comprise:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **The Bank** | | |
|  | **30 September 2019** |  | **31 December 2018** |
|  |  |  |  |
| Loans to customers, including short-term bills of exchange | 189,662 |  | 156,946 |
| Overdrafts | 1,231 |  | 1,814 |
| Factoring | 1,145 |  | 589 |
| Leasing | 17,136 |  | 12,992 |
|  | **209,174** |  | **172,341** |
| Less: impairment | (3,052) |  | (2,546) |
| **Loans and receivables, net** | **206,122** |  | **169,795** |

|  |  |  |  |
| --- | --- | --- | --- |
|  | **The Group** | | |
|  | **30 September 2019** |  | **31 December 2018** |
|  |  |  |  |
| Loans to customers, including short-term bills of exchange | 194,144 |  | 159,030 |
| Overdrafts | 1,231 |  | 1,814 |
| Factoring | 1,145 |  | 589 |
| Leasing | 17,136 |  | 12,992 |
|  | **213,656** |  | **174,425** |
| Less: impairment | (3,140) |  | (2,599) |
| **Loans and receivables, net** | **210,516** |  | **171,826** |



### Investment property

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **The Bank** | | |
|  |  | **30 September 2019** |  | **31 December 2018** |
|  |  |  |  |  |
| **Balance at the beginning of year** |  | **1,050** |  | **1,370** |
| Additions |  | 532 |  | 1,382 |
| Disposals |  | (791) |  | (1,460) |
| Changes in fair value |  | (293) |  | (242) |
| **Balance at the end of year** |  | **498** |  | **1,050** |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **The Group** | | |
|  |  | **30 September 2019** |  | **31 December 2018** |
|  |  |  |  |  |
| **Balance at the beginning of year** |  | **3,018** |  | **6,213** |
| Additions |  | 603 |  | 1,407 |
| Disposals |  | (1,210) |  | (3,471) |
| Changes in fair value |  | (479) |  | (1,131) |
| **Balance at the end of year** |  | **1,932** |  | **3,018** |

The fair value of investment properties owned by subsidiaries:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **30 September 2019** |  | **31 December 2018** |
| UAB MB Turtas |  | 63 |  | 98 |
| UAB MB Valda |  | 160 |  | 251 |
| UAB MB Investicija |  | 42 |  | 229 |
| UAB TG Invest-1 |  | 1,169 |  | 1,390 |
| **Total** |  | **1,434** |  | **1,968** |

### Property and equipment

Non-current material assets as at 2019 September 30 amounted to 7,066 thousand EUR including usage rights assets worth 1,430 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.

### Investment in subsidiaries

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **The Bank** | | | |
|  | **30 September 2019** | |  | **31 December 2018** |
| **Balance at the beginning of the year** | **7,521** | |  | **6,439** |
| Additions | 2,335 | |  | 2,201 |
| Disposal (nominal value) | (2,752) | |  | - |
| Liquidation of SIA „Nida capital“ | (526) | - | | |
| Additional impairment of investment in subsidiaries | 109 | |  | (1,119) |
|  | (834) | |  | 1,082 |
| **Balance at the end of the report period** | **6,687** | |  | **7,521** |

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

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Balance as at 30 September 2019** | **Ownership (%)** | **Direct ownership (%)** | **Nominal amount** | **Impairment** | **Carrying value** |
| UAB „MB Turtas“ | 100 | 0 | 0 | 0 | 0 |
| UAB „MB Valda“ | 100 | 0 | 0 | 0 | 0 |
| UAB „MB Investicija“ | 100 | 0 | 0 | 0 | 0 |
| SIA „Nida capital“ | 100 | 0 | 0 | 0 | 0 |
| UAB TG Invest-1 | 100 | 51.00 | 2,484 | (367) | 2,117 |
| UAB Saugus Kreditas | 100 | 100 | 4,601 | (31) | 4,570 |
| **Total** |  |  | **7,085** | **(398)** | **6,687** |
| **Balance as at 31 December 2018** | **Ownership (%)** | **Direct ownership (%)** | **Nominal amount** | **Impairment** | **Carrying value** |
| UAB MB Turtas | 100 | 22.46 | 753 | (489) | 264 |
| UAB MB Valda | 100 | 32.52 | 1,150 | (314) | 836 |
| UAB MB Investicija | 100 | 47.94 | 1,481 | (469) | 1,012 |
| UAB TG Invest-1 | 100 | 73.22 | 3,587 | (938) | 2,649 |
| SIA Nida Capital | 100 | 100 | 850 | (324) | 526 |
| UAB Saugus Kreditas | 100 | 100 | 2,265 | (31) | 2,234 |
| **Total** |  |  | **10,086** | **(2,565)** | **7,521** |

### Other assets, net

Other assets comprise:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **The Group** | | |  | **The Bank** | | |
| **30 September**  **2019** |  | **31 December 2018** |  | **30 September**  **2019** |  | **31 December 2018** |
|  |  |  |  |  |  |  |
| 326 |  | 308 | Prepayments | 311 |  | 291 |
| 147 |  | 145 | VAT receivable | 147 |  | 145 |
| 55 |  | 46 | Buyers' debts | 11 |  | 11 |
| 257 |  | 120 | Costs for future periods | 257 |  | 120 |
| 131 |  | 66 | Other | 112 |  | 54 |
| **916** |  | **685** | **Other assets** | **838** |  | **621** |

### Due to banks and other credit institutions

|  |  |  |  |
| --- | --- | --- | --- |
|  | **The Bank (Group)** | | |
|  | **30 September**  **2019** |  | **31 December 2018** |
| Loans received according to Eurosystem Open market operations | 8,500 |  | - |
| Current accounts and overnight deposits | 36 |  | 228 |
| **Amounts due to banks and other credit institutions** | **8,536** |  | **228** |

2019 September 30 the Bank has loans transactions with the Bank of Lithuania worth 8,500 thousand EUR. Eurosystem monetary policy operations maturing in 2019.

### Due to customers

Amounts due to customers comprise:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **The Group** | | |  | **The Bank** | | |
| **30 Septmber**  **2019** |  | **31 December 2018** |  | **30 September**  **2019** |  | **31 December 2018** |
|  |  |  |  |  |  |  |
| 166,123 |  | 167,271 | Term deposits | 166,123 |  | 167,271 |
| 120,309 |  | 109,754 | Current accounts | 121,213 |  | 111,361 |
| 11,227 |  | 12,101 | Loans from funds | 11,227 |  | 12,101 |
| **297,659** |  | **289,126** | **Amounts due to customers** | **298,563** |  | **290,733** |
| **20,057** |  | **18,475** | **Out of which held as security against guarantees and loans** | **20,057** |  | **18,475** |

### Subordinated loans and issued debt securities (the Bank)

*Subordinated loans*

In November 2016 the Bank received a subordinated loan of EUR 1 million from the major shareholder of the Bank. The term of the subordinated loan is until 1 December 2023 with a fixed 2 percent annual interest rate.

Subordinated loan is amortized in accordance with Article 64 of CRR 575 Regulation.

*Debt securities issued*

In July 2018 bank have issued subordinated debt securities emission. As of 31 December 2018 net value of issued debt securties 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.

### Other liabilities

Other liabilities comprise:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **The Group** | | |  | **The Bank** | | |
| **30 September**  **2019** |  | **31 December 2018** |  | **30 September**  **2019** |  | **31 December 2018** |
|  |  |  |  |  |  |  |
| 1,320 |  | 829 | Accrued payments to employees | 1,280 |  | 809 |
| 143 |  | 59 | Prepayments (advance payments) | 49 |  | 1,796 |
| 1,541 |  | 121 | Accrued expenses | 1,541 |  | 121 |
| 260 |  | - | AML suspended funds | 260 |  | - |
| 166 |  | - | Sales VAT | 165 |  | - |
| 93 |  | 77 | Deferred income | 93 |  | 77 |
| 115 |  |  | Fee payable to the State Social Insurance Board | 111 |  | - |
| 141 |  | 215 | Commitments to the State Social Fund Board | 136 |  | 215 |
| 20 |  | 4 | Payable to the Lithuanian Road Transport Administration | 20 |  | 4 |
| 28 |  | 21 | Payable to the Latvian and Estonian Road Transport Administration | 28 |  | 21 |
| 112 |  | 115 | Debt to customers | 53 |  | 94 |
| 188 |  | 241 | Other | 181 |  | 231 |
| **4,127** |  | **1,682** | **Other liabilities** | **3,917** |  | **3,368** |

### 

### Shareholders’ equity

As at 30 September 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 September**  **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** |

### Net interest income

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **The Group** | | | |  | **The Bank** | | |
| **30 September**  **2019** | |  | **30 September**  **2018** |  | **30 September**  **2019** |  | **30 September**  **2018** |
|  |  | |  |  |  |  |  |
| 6,731 |  | | 5,458 | On loans to customers | 6,378 |  | 5,383 |
| 112 |  | | 419 | On impaired loans to customers | 107 |  | 419 |
| 548 |  | | 402 | Leasing | 548 |  | 402 |
| 115 |  | | 161 | Delinquency | 115 |  | 161 |
| 396 |  | | 390 | On held-to-maturity investments | 396 |  | 390 |
| 83 |  | | 58 | On placements with the banks and other credit institutions | 83 |  | 58 |
| **7,985** |  | | **6,888** | **Interest revenue** | **7,627** |  | **6,813** |
| (841) |  | | (907) | On obligations to customers, including letters of credit | (841) |  | (907) |
| (206) |  | | (198) | Deposit insurance | (206) |  | (198) |
| (15) |  | | (15) | On subordinated loans | (15) |  | (15) |
| (128) |  | | (32) | For Debt securities | (128) |  | (32) |
| (80) |  | | (130) | On obligations to banks and other credit institutions | (80) |  | (130) |
| (10) |  | | - | Loan portfolio guarantee insurance | (10) |  | **-** |
| (49) |  | | - | Lease of property | (49) |  | **-** |
| - |  | | (25) | Other | - |  | (25) |
| **(1,329)** |  | | **(1,307)** | **Interest expenses** | **(1,329)** |  | **(1,307)** |
| **6,656** |  | | **5,581** | **Net interest income** | **6,298** |  | **5,506** |

### Net service fee and commission income

Net fee and commission income comprises:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **The Group** | | |  | **The Bank** | | |
| **30 September**  **2019** |  | **30 September**  **2018** |  | **30 September**  **2019** |  | **30 September**  **2018** |
|  |  |  |  |  |  |  |
| 1,843 |  | 1,448 | Payment services | 1,843 |  | 1,448 |
| 299 |  | 347 | Commission income from currency exchange | 299 |  | 347 |
| 582 |  | 320 | Administration of bank accounts | 582 |  | 320 |
| 1,242 |  | 953 | Collection of payments | 1,242 |  | 953 |
| 427 |  | 247 | Brokerage income | 427 |  | 247 |
| 452 |  | 380 | Cash operations | 452 |  | 380 |
| 146 |  | 318 | Other | 294 |  | 318 |
| **4,991** |  | **4,013** | **Service fee and commission income** | **5,139** |  | **4,013** |
| (54) |  | (60) | Rent fee according to agreements | (54) |  | (60) |
| (209) |  | (195) | Cash operations | (209) |  | (195) |
| (102) |  | (88) | Other | (54) |  | (68) |
| **(365)** |  | **(343)** | **Service fee and commission expense** | **(317)** |  | **(323)** |
| **4,626** |  | **3,670** | **Net service fee and commission income** | **4,822** |  | **3,690** |

### 

### Net foreign exchange gain

|  |  |  |  |
| --- | --- | --- | --- |
|  | **The Bank (Group)** | | |
|  | **30 September**  **2019** |  | **30 September**  **2018** |
|  |  |  |  |
| Gain on dealing in foreign currencies | 3,622 |  | 3,471 |
| Revaluation of items in statement of financial position, net | 86 |  | 65 |
| **Net foreign exchange gain** | **3,708** |  | **3,536** |

### Net result on operations with investment property

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **The Group** | | |  | **The Bank** | | |
| **30 September**  **2019** |  | **30 September**  **2018** |  | **30 September**  **2019** |  | **30 September**  **2018** |
|  |  |  |  |  |  |  |
| 9 |  | 166 | Realised gain (loss) | (3) |  | (19) |
| (479) |  | (956) | Changes in fair value | (293) |  | (180) |
| **(470)** |  | **(790)** | **Net result on operations on investment property** | **(296)** |  | **(199)** |

### Operating expenses

Operating expenses are as follows:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **The Group** | | |  | **The Bank** | | | |
| **30 September**  **2019** |  | **30 September**  **2018** |  | **30 September**  **2019** | |  | **30 September**  **2018** |
|  |  |  |  |  | |  |  |
|  |  |  | **Other operating expenses** | |  |  |  | |
| (265) |  | (642) | Occupancy and rent | | (251) |  | (631) | |
| (532) |  | (383) | Office supplies | | (527) |  | (383) | |
| (237) |  | (265) | Expenses for service providers for the bank | | (237) |  | (265) | |
| (569) |  | (419) | Taxes other than income tax | | (554) |  | (383) | |
| (173) |  | (190) | Communication | | (172) |  | (188) | |
| - |  | (23) | Debt recovery costs | | - |  | (23) | |
| (260) |  | (321) | Transportation expenses | | (259) |  | (321) | |
| (32) |  | (90) | Expenses related with investment property | | (16) |  | (18) | |
| (73) |  | (76) | Security | | (73) |  | (76) | |
| (219) |  | (171) | Marketing and advertising | | (219) |  | (165) | |
| (26) |  | (25) | Legal and consultancy | | (23) |  | (25) | |
| (14) |  | (13) | Personnel training | | (14) |  | (13) | |
| (42) |  | (37) | Representation | | (42) |  | (36) | |
| (38) |  | (47) | Building repair costs | | (38) |  | (47) | |
| (6) |  | (2) | Charity and support costs | | (6) |  | (2) | |
| (35) |  | (8) | Business travel and related | | (34) |  | (8) | |
| (31) |  | (30) | Disposable items | | (31) |  | (30) | |
| (19) |  | (20) | Stationary supplies | | (19) |  | (20) | |
| (110) |  | (81) | Insurance expenses | | (109) |  | (81) | |
| (19) |  | (17) | Participation fees | | (19) |  | (17) | |
| (40) |  | (33) | Team building expenses | | (40) |  | (33) | |
| (272) |  | (273) | Other | | (231) |  | (226) | |
| **(3,012)** |  | **(3,166)** | **Total other operating expenses** | | **(2,914)** |  | **(2,991)** | |

### 

### Cash and cash equivalents

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

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **The Group** | | |  | **The Bank** | | |
| **30 September**  **2019** |  | **31 December 2018** |  | **30 September**  **2019** |  | **31 December 2018** |
|  |  |  |  |  |  |  |
| 25,439 |  | 27,304 | Cash on hand | 25,439 |  | 27,304 |
| 26,795 |  | 27,790 | Current accounts with the Bank of Lithuania | 26,795 |  | 27,790 |
| 10,941 |  | 12,099 | Current accounts with other credit institutions | 10,909 |  | 12,058 |
| 7,168 |  | 1,181 | Term deposits with credit institutions up to 90 days | 7,168 |  | 1,181 |
| **70,343** |  | **68,374** | Cash and cash equivalents | **70,311** |  | **68,333** |

### 

### Fair values of financial instruments

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

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

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

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

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

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

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

**Note 21** **Fair values of financial instruments (cont’d)**

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

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

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

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **The Bank** | **30 September 2019** | | |  | **31 December 2018** | | |
| **Carrying value** |  | **Fair value** |  | **Carrying value** |  | **Fair value** |
| **Financial assets** |  |  |  |  |  |  |  |
| Cash and due from central bank | 54,365 |  | 54,365 |  | 57,374 |  | 57,374 |
| Placements with banks and other credit institutions | 18,077 |  | 18,077 |  | 13,239 |  | 13,239 |
| Debt securities | 52,154 |  | 52,882 |  | 70,746 |  | 71,512 |
| Loans and receivables | 206,122 |  | 207,309 |  | 169,795 |  | 173,082 |
| Other assets | 838 |  | 838 |  | 621 |  | 621 |
| **Total financial assets** | **331,556** |  | **333,471** |  | **311,775** |  | **315,828** |
|  |  |  |  |  |  |  |  |
| **Financial liabilities** |  |  |  |  |  |  |  |
| Due to banks and other credit institutions | 8,536 |  | 8,536 |  | 228 |  | 228 |
| Due to customers, including letters of credit | 298,563 |  | 300,488 |  | 290,733 |  | 292,342 |
| Debt securities issued | 2,140 |  | 3,024 |  | 2,167 |  | 2,288 |
| Subordinated loans | 1,000 |  | 1,000 |  | 1,000 |  | 1,000 |
| Other liabilities | 3,917 |  | 3,917 |  | 3,368 |  | 3,367 |
| **Total financial liabilities** | **314,156** |  | **316,965** |  | **297,496** |  | **299,225** |

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **The Group** | | **30 September 2019** | | | |  | | **31 December 2018** | | | |
|  | | **Carrying value** | |  | **Fair value** |  | | **Carrying value** | |  | **Fair value** |
| **Financial assets** | |  | |  |  |  | |  | |  |  |
| Cash and due from central bank | | 54,365 | |  | 54,365 |  | | 57,374 | |  | 57,374 |
| Placements with banks and other credit institutions | | 18,109 | |  | 18,109 |  | | 13,280 | |  | 13,280 |
| Debt securities | | 52,154 | |  | 52,154 |  | | 70,746 | |  | 71,512 |
| Loans and receivables | | 210,516 | |  | 211,703 |  | | 171,826 | |  | 175,113 |
| Other assets | | 916 | |  | 916 |  | | 685 | |  | 685 |
| **Total financial assets** | | **336,060** | |  | **337,247** |  | | **313,911** | |  | **317,964** |
|  | |  | |  |  |  | |  | |  |  |
| **Financial liabilities** | |  | |  |  |  | |  | |  |  |
| Due to banks and other credit institutions | | 8,537 | |  | 8,537 |  | | 228 | |  | 228 |
| Due to customers, including letters of credit | | 297,659 | |  | 299,584 |  | | 289,126 | |  | 290,735 |
| Debt securities issued | | 2,140 | |  | 3,024 |  | | 2,167 | |  | 2,288 |
| Subordinated loans | | 1,000 | |  | 1,000 |  | | 1,000 | |  | 1,000 |
| Other liabilities | | 4,126 | |  | 4,126 |  | | 1,682 | |  | 1,682 |
| **Total financial liabilities** | | **313,462** | |  | **316,271** |  | | **294,203** | |  | **295,933** |

**Note 21** **Fair values of financial instruments (cont’d)**

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

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

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

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

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

**The Bank (Group)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **As at 30 September 2019** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| **Financial assets** |  |  |  |  |
| Derivative financial instruments | - | 7 |  | 7 |
| **Financial liabilities** |  |  |  |  |
| Derivative financial instruments | - | 10 | - | 10 |

**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 |

**Note 21** **Fair values of financial instruments (cont’d)**

**Financial instruments not measured at fair value**

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

**The Bank**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **30 September 2019** | **Level 1** | **Level 2** | **Level 3** | **Total carrying amount** | |
| **Assets** |  |  |  |  | |
| Cash and due from banks | 54,365 | 18,077 | - | 72,442 | |
| Debt securities | - | 52,154 | - | 52,154 | |
| Loans to customers | - | 187,213 | 1,833 | 189,046 | |
| Receivables from leasing | - | 15,653 | 1,423 | 17,076 | |
| Other assets | - | 838 | - | 838 | |
| **Total financial assets** | **54,365** | **273,935** | **3,256** | **331,556** |
| **Liabilities** |  |  |  |  | |
| Due to banks and other credit institutions | - | 8,536 | - | 8,536 | |
| Due to customers | - | 298,563 | - | 298,563 | |
| Debt securities issued | - | 2,140 | - | 2,140 | |
| Subordinated loan |  | 1,000 |  | 1,000 | |
| Other liabilities | - | 3,917 | - | 3,917 | |
| **Total financial liabilities** |  | **314,156** |  | **314,156** |
|  |  |  |  |  |
| **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** | |

**Note 21** **Fair values of financial instruments (cont’d)**

**The Group**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **30 September 2019** | **Level 1** | | **Level 2** | | **Level 3** | | **Total carrying amount** | | |
| **Assets** |  | |  | |  | |  | | |
| Cash and due from banks | 54,365 | | 18,077 | | - | | 72,442 | | |
| Debt securities | - | | 52,154 | | - | | 52,154 | | |
| Loans to customers | - | | 191,582 | | 1,858 | | 193,440 | | |
| Receivables from leasing | - | | 15,653 | | 1,423 | | 17,076 | | |
| Other assets | - | | 916 | | - | | 916 | | |
| **Total financial assets** | **54,365** | | **278,382** | | **3,281** | | **336,028** | | |
| **Liabilities** |  | |  | |  | |  | | |
| Due to banks and other credit institutions | - | | 8,537 | | - | | 8,537 | | |
| Due to customers | - | | 297,659 | | - | | 297,659 | | |
| Debt securities issued | - | | 2,140 | | - | | 2,140 | | |
| Subordinated loan |  | | 1,000 | |  | | 1,000 | | |
| Other liabilities | - | | 4,126 | | - | | 4,126 | | |
| **Total financial liabilities** |  | | **313,462** | |  | | **313,462** | |
|  |  | |  | |  | |  | |
| **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** | | |

### 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 September 2019 and related expense and income are included in the profit and loss account for the nine-month period ended 30 September of the respectively year is set out below:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **The Bank** | **Shareholders** |  | **Subsidiaries** |  | **Key management**  **personnel** |  | **Other\*** |
|  |  |  |  |  |  |  |  |
| Loans outstanding as at 30 September 2019, net | 34 |  | 1,846 |  | - |  | 4,011 |
| Interest rate,% | 6.5828 |  | 4.2 |  | - |  | 2.0-4.5 |
| Impairment of loans | - |  | (8) |  | - |  | (11) |
|  |  |  |  |  |  |  |  |
| Term deposits as at 30 September 2019 | 20 |  | - |  | 2 |  | 1,203 |
| Interest rate,% | 6.5 |  | - |  | 0.3 |  | 0.05–0.35 |
| Demand accounts as at 30 September 2019 | 49 |  | 904 |  | 156 |  | 3,441 |
|  |  |  |  |  |  |  |  |
| Bonds issued as at 30 September 2019 | 100 |  | - |  | - |  | - |
| Interest rate,% | 7 |  | - |  | - |  | - |
|  |  |  |  |  |  |  |  |
| Subordinated loans as at 30 September 2019 | 1,000 |  | - |  | - |  | - |
| Interest rate,% | 2 |  | - |  | - |  | - |
| For nine month period which ended at 30 September 2019 |  |  |  |  |  |  |  |
| Interest income on loans | 1 |  | 14 |  | - |  | 82 |
| Interest expense on deposits | - |  | - |  | - |  | (2) |
| Interest expense on bonds | (5) |  | - |  | - |  | - |
| Interest expense on subordinated loans | (15) |  | - |  | - |  | - |
| Service fee and commission revenue | - |  | 153 |  | - |  | 12 |
| Service fee and commission expenses | - |  | - |  | - |  | - |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **The Bank** | **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 nine month period which ended at 30 September 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 | - |  | - |  | - |  | - |

### 

### Note 22 Related party transactions (cont’d)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **The Group** | **Shareholders** |  | **Key management personnel** |  | **Other\*** |
|  |  |  |  |  |  |
| Loans outstanding as at 30 September 2019, net | 34 |  | - |  | 4,011 |
| Interest rate,% | 6.5828 |  | - |  | 2.0-4.5 |
| Impairment of loans | - |  | - |  | (11) |
|  |  |  |  |  |  |
| Term deposits as at 30 September 2019 | 20 |  | 2 |  | 1 203 |
| Interest rate,% | 6.5 |  | 0.3 |  | 0.05–0.35 |
| Demand accounts as at 30 September 2019 | 49 |  | 160 |  | 3,437 |
|  |  |  |  |  |  |
| Bonds issued as at 30 September 2019 | 100 |  | - |  | - |
| Interest rate,% | 7 |  | - |  | - |
|  |  |  |  |  |  |
| Subordinated loans as at 30 September 2019 | 1,000 |  | - |  | - |
| Interest rate,% | 2 |  | - |  | - |
| For nine month period which ended at 30 September 2019 |  |  |  |  |  |  |  |
| Interest income on loans | 1 |  | - |  | 82 |  | 32 |
| Interest expense on deposits | - |  | - |  | (2) |  | (1) |
| Interest expense on bonds | (5) |  | - |  | - |  | - |
| Interest expense on subordinated loans | (15) |  | - |  | - |  | - |
| Service fee and commission revenue | - |  | - |  | 12 |
| 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 nine month period which ended at 30 September 2018 |  |  |  |  |  |
| Interest income on loans | - |  | 1 |  | 91 |
| Interest expense on deposits | - |  | - |  | (2) |
| Interest expense on bonds | (1) |  | - |  | - |
| Interest expense on subordinated loans | (15) |  | - |  | - |
| Service fee and commission revenue | 1 |  | - |  | 13 |
| Service fee and commission expenses | - |  | - |  | (2) |

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

### 

### 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 September 2019 and in the Statement of comprehensive income for the nine month period then ended is presented in the table below:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **30 September 2019** | | | | | |
|  | **Traditional banking operations and lending** | **Treasury** | **Other activities** | **Eliminations** | **Total** |
|  |
| Internal | - | - | - | - | - |
| External | 7,514 | 480 | 5 | (14) | 7,985 |
| **Interest income** | **7,514** | **480** | **5** | **(14)** | **7,985** |
| Internal | - | - | - | - | - |
| External | (1,135) | (208) | - | 14 | (1,329) |
| **Interest expenses** | **(1,135)** | **(208)** | **-** | **14** | **(1,329)** |
| Internal | - | - | - | - | - |
| External | 6,379 | 272 | 5 | - | 6,656 |
| **Net interest income** | **6,379** | **272** | **5** | **-** | **6,656** |
| Internal | - | - | - | - | - |
| External | 4,761 | - | (9) | (126) | 4,626 |
| **Net fee and commission income** | **4,761** | **-** | **(9)** | **(126)** | **4,626** |
| Internal | - | - | - | - | - |
| External | 11,140 | 272 | (4) | (126) | 11,282 |
| **Net interest, fee and commissions income** | **11,140** | **272** | **(4)** | **(126)** | **11,282** |
| Internal | - | - | (6,425) | 6,425 | - |
| External | (7,609) | (164) | (1,683) | - | (9,456) |
| **Operating expenses** | **(7,609)** | **(164)** | **(8,108)** | **6,425** | **(9,456)** |
|  |  |  |  |  |  |
| Amortisation charges | (100) | - | - | - | (100) |
| Deprecation charges | (843) | - | - | - | (843) |
|  |  |  |  |  |  |
| Internal | - | - | - | - | - |
| External | (675) | - | - | - | (675) |
| **Impairment expenses** | **(675)** | **-** | **-** | **-** | **(675)** |
| Internal | - | - | - | - | - |
| External | 3,208 | 380 | (412) | - | 3,176 |
| **Net other income** | **3,208** | **380** | **(412)** | **-** | **3,176** |
| **Profit (loss) before tax** | **5,121** | **488** | **(8,524)** | **6,299** | **3,384** |
| Income tax | (754) | - | - | - | (754) |
| **Profit (loss) per segment after tax** | **4,367** | **488** | **(8,524)** | **6,299** | **2,630** |
| Non-controlling interest | - | - | - | - | - |
| **Profit (loss) for the year attributable to the owners of the Bank** | **4,367** | **488** | **(8,524)** | **6,299** | **2,630** |
| Total segment assets | 250,127 | 103,853 | 4,541 | (11,645) | 346,876 |
| Total segment liabilities | 307,993 | 8,403 | 119 | (2,794) | 313,721 |
| **Net segment assets (shareholders equity)** | **(57,866)** | **95,450** | **4,422** | **(8,851)** | **33,155** |

**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 September 2018 and in the Statement of comprehensive income for the nine month period then ended is presented in the table below:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **30 September 2018** | | | | |
|  | **Traditional banking operations and lending** | **Treasury** | **Other activities** | **Eliminations** | **Total** |
|  |
| Internal | - | - | - | - | - |
| External | 6,435 | 448 | 7 | (2) | 6,888 |
| **Interest income** | **6,435** | **448** | **7** | **(2)** | **6,888** |
| Internal | - | - | - | - | - |
| External | (1,147) | (162) | - | 2 | (1,307) |
| **Interest expenses** | **(1,147)** | **(162)** | **-** | **2** | **(1,307)** |
| Internal | - | - | - | - | - |
| External | 5,288 | 286 | 7 | - | 5,581 |
| **Net interest income** | **5,288** | **286** | **7** | **-** | **5,581** |
| Internal | - | - | - | - | - |
| External | 3,672 | - | (2) | - | 3,670 |
| **Net fee and commission income** | **3,672** | **-** | **(2)** | **-** | **3,670** |
| Internal | - | - | - | - | - |
| External | 8,960 | 286 | 5 | - | 9,251 |
| **Net interest, fee and commissions income** | **8,960** | **286** | **5** | **-** | **9,251** |
| Internal | - | - | (923) | 923 | - |
| External | (6,963) | (204) | (1,714) | - | (8,881) |
| **Operating expenses** | **(6,963)** | **(204)** | **(2,637)** | **923** | **(8,881)** |
|  |  |  |  |  |  |
| Amortisation charges | (140) | - | - | - | (140) |
| Deprecation charges | (359) | - | - | - | (359) |
|  |  |  |  |  |  |
| Internal | - | - | - | - | - |
| External | (1,050) | - | - | - | (1,050) |
| **Impairment expenses** | **(1,050)** | **-** | **-** | **-** | **(1,050)** |
| Internal | - | - | - | - | - |
| External | 3,171 | 271 | (674) | - | 2,768 |
| **Net other income** | **3,171** | **271** | **(674)** | **-** | **2,768** |
| **Profit (loss) before tax** | **3,619** | **353** | **(3,306)** | **923** | **1,589** |
| Income tax | (16) | - | - | - | (16) |
| **Profit (loss) per segment after tax** | **3,603** | **353** | **(3,306)** | **923** | **1,573** |
| Non-controlling interest | - | - | - | - | - |
| **Profit (loss) for the year attributable to the owners of the Bank** | **3,603** | **353** | **(3,306)** | **923** | **1,573** |
| Total segment assets | 214,432 | 108,002 | 13,472 | (18,228) | 317,678 |
| Total segment liabilities | 277,859 | 13,231 | 239 | (3,367) | 287,962 |
| **Net segment assets (shareholders equity)** | **(63,427)** | **94,771** | **13,233** | **(14,861)** | **29,716** |

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

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

### Risk management

**Credit risk**

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

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

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **The Group** | | |  |  |  |  | **The Bank** | | |
| **30 September**  **2019** |  | **31 December 2018** |  |  |  |  | **30 September**  **2019** |  | **31 December 2018** |
| 6,989 |  | 5,832 |  | Maximum exposure to a single customer or group of connected customers |  |  | 6,989 |  | 5,832 |
| 30,037 |  | 25,773 |  | Eligible capital |  |  | 30,101 |  | 25,639 |
| **23.27** |  | **22.63** |  | **Maximum exposure ratio, %** |  |  | **23.22** |  | **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 September**  **2019** |  | **31 December 2018** |  | **30 September**  **2019** | |  | **31 December 2018** |
|  |  |  |  |  | |  |  |
|  |  |  | **Statement of financial position items, other than trading and investment activities** |  | |  |  |
| 28,926 |  | 30,070 | Balances with the Bank of Lithuania | 28,926 | |  | 30,070 |
| 18,109 |  | 13,280 | Due from banks | 18,077 | |  | 13,239 |
| 193,440 |  | 159,017 | Loans to customers | 189,046 | |  | 156,986 |
| 17,076 |  | 12,809 | Receivables from leasing | 17,076 | |  | 12,809 |
| **257,551** |  | **215,176** |  | **253,125** | |  | **213,104** |
|  |  |  | **Off balance sheet items** |  | |  |  |
| 1,530 |  | 2,022 | Guarantees | 1,530 | |  | 2,022 |
| 8,129 |  | 8,876 | Loan commitments | 10,269 | |  | 8,876 |
| **267,210** |  | **226,074** | **Total balance and off balance sheet items, other than trading and investment activities** | **264,924** | |  | **224,002** |
|  |  |  |  |  | |  |  |
|  |  |  | **Trading and investment activities** |  | |  |  |
|  |  |  | Financial assets at fair value through profit or loss |  |  | |  |
| *7* |  | *41* | *Derivative financial instruments* | *7* |  | | *41* |  |
| *-* |  | *-* | Held-to-maturity investments | *-* |  | | *-* |  |
| *52,154* |  | *70,746* | *Debt securities* | *52,154* |  | | *70,746* |  |
| **52,161** |  | **70,787** | **Total trading and investment activities** | **52,161** | |  | **70,787** |
| **46** |  | **55** | Other financial assets | **46** | |  | **55** |
| **319,417** |  | **296,916** | **Total credit exposure** | **317,131** | |  | **294,844** |

**Note 24 Risk management (cont’d)**

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

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

|  |  |  |  |
| --- | --- | --- | --- |
|  | **The Bank (Group)** | | |
|  | **30 September 2019** |  | **31 December 2018** |
|  |  |  |  |
| Government bonds | 50,967 |  | 68,284 |
| Regional government bonds | 0 |  | 878 |
| Multilateral Development Banks Bonds | 916 |  | 1,314 |
| Bank and corporate bonds | 271 |  | 270 |
| Derivatives | 7 |  | 41 |
| **Total** | **52,161** |  | **70,787** |

|  |  |  |  |
| --- | --- | --- | --- |
| **Bonds exposure by rating grade** | **The Bank (Group)** | | |
| **30 September 2019** |  | **31 December 2018** |
|  |  |  |  |
| High grade (AAA-A) | 49,191 |  | 65,709 |
| Standard grade (B-BBB+) | 2,963 |  | 5,037 |
| Not rated | - |  | - |
| **Total** | **52,154** |  | **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.

**Note 24 Risk management (cont’d)**

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

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **The Bank**  **30 September 2019** |  | **Not overdue** |  | **1 to 59 days** |  | **60 to 89 days** |  | **More than 90 days** |  | **Total** |
| **Stage 1** |  |  |  |  |  |  |  |  |  |  |
| Loans and receivables |  | 186,153 |  | 1,812 |  | - |  | - |  | **187,965** |
| Placements with LB and other banks |  | 47,002 |  | - |  | - |  | - |  | **47,002** |
| Debt securities |  | 52,154 |  | - |  | - |  | - |  | **52,154** |
| Other financial assets |  | 46 |  | - |  | - |  | - |  | **46** |
| **Total** |  | **285,355** |  | **1,812** |  | **-** |  | **-** |  | **287,167** |
|  |  |  |  |  |  |  |  |  |  |  |
| **Stage 2** |  |  |  |  |  |  |  |  |  |  |
| Loans and receivables |  | 8,625 |  | 1,813 |  | 44 |  | - |  | **10,482** |
| Placements with LB and other banks |  | - |  | - |  | - |  | - |  | - |
| Debt securities |  | - |  | - |  | - |  | - |  | - |
| Other financial assets |  | - |  | - |  | - |  | - |  | **-** |
| **Total** |  | **8,625** |  | **1,813** |  | **44** |  | **-** |  | **10,482** |
|  |  |  |  |  |  |  |  |  |  |  |
| **Stage 3** |  |  |  |  |  |  |  |  |  |  |
| Loans and receivables |  | 2,038 |  | 2,866 |  | 457 |  | 2,315 |  | **7,676** |
| Placements with LB and other banks |  | - |  | - |  | - |  | - |  | - |
| Debt securities |  | - |  | - |  | - |  | - |  | - |
| Other financial assets |  | - |  | - |  | - |  | - |  | **-** |
| **Total** |  | **2,038** |  | **2,866** |  | **457** |  | **2,315** |  | **7,676** |
|  |  |  |  |  |  |  |  |  |  |  |
| **Total** |  | **296,018** |  | **6,491** |  | **501** |  | **2,315** |  | **305,325** |
| **Note 24 Risk management (cont’d)**  Credit risk assessment of financial instruments, other than trading activities and off balance items (cont.) | | | | | | | | | | |
| **The Bank**  **1 December 2018** |  | **Not overdue** |  | **1 to 59 days** |  | **60 to 89 days** |  | **More than 90 days** |  | **Total** |
| **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** |

**Note 24 Risk management (cont’d)**

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

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **The Group**  **30 September 2019** |  | **Not overdue** |  | **1 to 59 days** |  | **60 to 89 days** |  | **More than 90 days** |  | **Total** |
| **Stage 1** |  |  |  |  |  |  |  |  |  |  |
| Loans and receivables |  | 190,005 |  | 1,978 |  | - |  | - |  | **191,983** |
| Placements with LB and other banks |  | 47,034 |  | - |  | - |  | - |  | **47,034** |
| Debt securities |  | 52,154 |  | - |  | - |  | - |  | **52,154** |
| Other financial assets |  | 46 |  | - |  | - |  | - |  | **46** |
| **Total** |  | **289,239** |  | **1,978** |  | **-** |  | **-** |  | **291,217** |
|  |  |  |  |  |  |  |  |  |  |  |
| **Stage 2** |  |  |  |  |  |  |  |  |  |  |
| Loans and receivables |  | 8,660 |  | 1,888 |  | 44 |  | - |  | **10,592** |
| Placements with LB and other banks |  | - |  | - |  | - |  | - |  | - |
| Debt securities |  | - |  | - |  | - |  | - |  | - |
| Other financial assets |  | - |  | - |  | - |  | - |  | **-** |
| **Total** |  | **8,660** |  | **1,888** |  | **44** |  | **-** |  | **10,592** |
|  |  |  |  |  |  |  |  |  |  |  |
| **Stage 3** |  |  |  |  |  |  |  |  |  |  |
| Loans and receivables |  | 2,044 |  | 2,890 |  | 488 |  | 2,520 |  | **7,942** |
| Placements with LB and other banks |  | - |  | - |  | - |  | - |  | - |
| Debt securities |  | - |  | - |  | - |  | - |  | - |
| Other financial assets |  | - |  | - |  | - |  | - |  | **-** |
| **Total** |  | **2,044** |  | **2,890** |  | **488** |  | **2,520** |  | **7,942** |
|  |  |  |  |  |  |  |  |  |  |  |
| **Total** |  | **299,943** |  | **6,756** |  | **532** |  | **2,520** |  | **309,751** |
|  |  |  |  |  |  |  |  |  |  |  |
| **Note 24 Risk management (cont’d)**  Credit risk assessment of financial instruments, other than trading activities and off balance items (cont.) | | | | | | | | | | |
| **The Group**  **31 December 2018** |  | **Not overdue** |  | **1 to 59 days** |  | **60 to 89 days** |  | **More than 90 days** |  | **Total** |
| **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** |

**Note 24 Risk management (cont’d)**

Breakdown of impairment for financial instruments by stages:

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **31 December 2018** | | | | |  | **30 September 2019** | | | | |
| **The Bank** | **Collective impairment** | **Individual impairment** | **Credit commitments** | **Guarantees** | **Total** |  | **Collective impairment** | **Individual impairment** | **Credit commitments** | **Guarantees** | **Total** |
| **Stage 1** | **441** |  | **26** | **4** | **471** |  | **534** | **-** | **39** | **2** | **575** |
| Loans and receivables | 385 | - | 26 | 4 | **415** |  | 484 | - | 39 | 2 | **525** |
| Placements with LB and other banks | 13 | - |  |  | **13** |  | 18 | - | - | - | **18** |
| Debt securities | 43 | - | - | - | **43** |  | 31 | - | - | - | 31 |
| Other financial assets | - | - | - | - | **-** |  | 1 | - | - | - | 1 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **Stage 2** | **78** | **-** | **-** | **-** | **78** |  | **58** | **-** | **-** | **-** | **58** |
| Loans and receivables | 78 | - | - | - | **78** |  | 58 | - | - | - | **58** |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **Stage 3** | **-** | **2,083** | **-** | **-** | **2,083** |  | **-** | **2,510** | **-** | **-** | **2,510** |
| Loans and receivables | - | 2,083 | - | - | **2,083** |  | - | 2,510 | - | - | **2,510** |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **Total** | **519** | **2,083** | **26** | **4** | **2,632** |  | **592** | **2,510** | **39** | 2 | **3,143** |

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **31 December 2018** | | | | |  | **30 September 2019** | | | | |
| **The Group** | **Collective impairment** | **Individual impairment** | **Credit commitments** | **Guarantees** | **Total** |  | **Collective impairment** | **Individual impairment** | **Credit commitments** | **Guarantees** | **Total** |
| **Stage 1** | **459** | **-** | **26** | **4** | **489** |  | **593** | **-** | **39** | **2** | **634** |
| Loans and receivables | 403 | - | 26 | 4 | **433** |  | 543 | - | 39 | 2 | **584** |
| Placements with LB and other banks | 13 | - | - | - | **13** |  | 18 | - | - | - | **18** |
| Debt securities | 43 | - | - | - | **43** |  | 31 | - | - | - | **31** |
| Other financial assets | - | - | - | - | **-** |  | 1 | - | - | - | 1 |
|  |  | - | - | - | - |  |  |  |  |  |  |
| **Stage 2** | **79** | **-** | **-** | **-** | **79** |  | **61** | **-** | **-** | **-** | **61** |
| Loans and receivables | 79 | - | - | - | **79** |  | 61 | - | - | - | 61 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **Stage 3** | **-** | **2,118** | **-** | **-** | **2,118** |  | **-** | **2,536** | **-** | **-** | **2,536** |
| Loans and receivables | - | 2,118 | - | - | **2,118** |  | - | 2,536 | - | - | **2,536** |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **Total** | **538** | **2,118** | **26** | **4** | **2,686** |  | **654** | **2,536** | **39** | **2** | **3,231** |
|  |  |  |  |  |  |  |  |  |  |  |  |

**Note 24 Risk management (cont’d)**

Change of impairment during reporting period

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **The Group** | | | | |  | **The Bank** | | | | |  |
| **Collective impairment** | **Individual impairment** | **Credit commitments** | **Guarantees** | **Total** | **30 September 2019** | **Collective impairment** | **Individual impairment** | **Credit commitments** | **Guarantees** | **Total** |
| **134** | **-** | **13** | **(2)** | **145** | **Stage 1** | **93** | **-** | **13** | **(2)** | **104** |
| 140 | - | 13 | (2) | **151** | Loans and receivables | 99 | - | 13 | (2) | **110** |
| 5 | - | - | - | **5** | Placements with LB and other banks | 5 | - | - | - | **5** |
| (12) | - | - | - | **(12)** | Debt securities | (12) | - | - | - | **(12)** |
| 1 | - | - | - | **1** | Other financial assets | 1 | - | - | - | **1** |
|  |  |  |  |  |  |  |  |  |  |  |
| **(18)** | **-** | **-** | **-** | **(18)** | **Stage 2** | **(20)** | **-** | **-** | **-** | **(20)** |
| **(18)** |  |  |  | **(18)** | Loans and receivables | (20) | - | - | - | **(20)** |
|  |  |  |  |  |  |  |  |  |  |  |
| **-** | **418** | **-** | **-** | **418** | **Stage 3** | **-** | **426** | **-** | **-** | **426** |
| **-** | 418 | - | - | **418** | Loans and receivables | - | 426 | - | - | **426** |
|  |  |  |  |  |  |  |  |  |  |  |
| **116** | **418** | 13 | **(2)** | **545** | **Total** | **73** | **426** | **13** | **(2)** | **510** |
| - | **147** | **-** | **-** | **147** | Write-offs | - | **147** | **-** | **-** | **147** |
| - | **(57)** | - | - | **(57)** | Income on loans written off in earlier periods | - | **(57)** | - | - | **(57)** |
| **-** | **-** | **-** | **-** | **635** | **Total change of impairment** | **-** | **-** | **-** | **-** | **600** |

**Note 24 Risk management (cont’d)**

**Liquidity risk**

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

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

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **The Group** | | |  | **The Bank** | | |
| **30 September**  **2019** |  | **31 December 2018** |  | **30 September**  **2019** |  | **31 December 2018** |
| 99,437 |  | 128,502 | Liquid assets | 99,437 |  | 128,502 |
| 10,194 |  | 13,564 | Short-term (up to 30 days) obligations | 10,604 |  | 13,791 |
| **975** |  | **947** | **LCR, %** | **938** |  | **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 September 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 | 65,275 | 14,799 | 14,950 | 59,818 | 83,020 | 91,151 | 18,564 | 347,577 |
| Liabilities and shareholders‘ equity | 121,658 | 18,340 | 27,865 | 79,916 | 37,029 | 29,573 | 33,196 | 347,577 |
| **Net gap** | **(56,383)** | **(3,541)** | **(12,915)** | **(20,098)** | **45,991** | **61,578** | **(14,632)** | - |
| Credit commitments | - | 10,254 | - | - | - | - | - | 10,254 |

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

**Note 24 Risk management (cont’d)**

Liquidity risk (cont.)

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **The Group** | **30 September 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 | 65,307 | 14,953 | 15,211 | 60,913 | 83,487 | 93,536 | 13,469 | **346,876** |
| Liabilities and shareholders equity | 120,754 | 18,336 | 27,865 | 79,916 | 37,029 | 29,573 | 33,403 | **346,876** |
| **Net gap** | **(55,447)** | **(3,383)** | **(12,654)** | **(19,003)** | **46,458** | **63,963** | **(19,934)** | **-** |
| Credit commitments | - | 8,114 | - | - | - | - | - | 8,114 |

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **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 | 69,473 | 6,413 | 27,761 | 50,602 | 83,136 | 72,940 | 14,438 | 324,763 |
| Liabilities and shareholders equity | 110,183 | 14,966 | 18,213 | 78,562 | 44,798 | 27,508 | 30,533 | 324,763 |
| **Net gap** | **(40,710)** | **(8,553)** | **9,548** | **(27,960)** | **38,338** | **45,432** | **(16,095)** | **-** |
| Credit commitments | - | 8,876 | - | - | - | - | - | 8,876 |

Overdue loans are disclosed under column “Without maturity”.

**Market risk**

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

**Note 24 Risk management (cont’d)**

**Interest rate risk**

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

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

|  |  |  |  |
| --- | --- | --- | --- |
| **The Bank** |  | **Effect on net interest income** | |
|  | **Interest rate change** | **30 September 2019** | **31 December 2018** |
| EUR | + 1 proc. | 1,111 | 890 |
| USD | + 1 proc. | 67 | 64 |
| Other | + 1 proc. | 3 | (4) |
| EUR | - 1 proc. | (1,111) | (890) |
| USD | - 1 proc. | (67) | (64) |
| Other | - 1 proc. | (3) | 4 |

|  |  |  |  |
| --- | --- | --- | --- |
| **The Group** |  | **Effect on net interest income** | |
|  | **Interest rate change** | **30 September 2019** | **31 December 2018** |
| EUR | + 1 proc. | 1,118 | 896 |
| USD | + 1 proc. | 67 | 64 |
| Other | + 1 proc. | 3 | (4) |
| EUR | - 1 proc. | (1,118) | (896) |
| USD | - 1 proc. | (67) | (64) |
| Other | - 1 proc. | (3) | 4 |

**Note 24 Risk management (cont’d)**

Interest rate risk (cont.)

The table below summa rises the Group’s and the Bank’s exposure to interest rate risk as of 30 September 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.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **30 September 2019** | | | | | | |
| **The Bank** | **Less than**  **1 month** | **1 to 3 months** | **3 to 6 months** | **6 months to 1 year** | **1 to 3 years** | **Over 3 years** | **Total** |
| **Assets:** |  |  |  |  |  |  |  |
| Sensitive assets to interest rate fluctuation | 62,700 | 70,862 | 90,425 | 22,614 | 17,426 | 7,552 | 271,579 |
| Non-sensitive assets to interest rate fluctuation |  |  |  |  |  |  | 75,998 |
|  |  |  |  |  |  |  |  |
| **Liabilities:** |  |  |  |  |  |  |  |
| Sensitive liabilities to interest rate fluctuation | 12,138 | 22,214 | 35,257 | 44,251 | 36,656 | 31,629 | 182,145 |
| Non-sensitive liabilities and equity to interest rate fluctuation |  |  |  |  |  |  | 165,432 |
|  |  |  |  |  |  |  |  |
| **Total interest sensitivity gap** | **50,562** | **48,648** | **55,168** | **(21,637)** | **(19,230)** | **(24,077)** | **-** |

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

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **30 September 2019** | | | | | | |
| **The Group** | **Less than**  **1 month** | **1 to 3 months** | **3 to 6 months** | **6 months to 1 year** | **1 to 3 years** | **Over 3 years** | **Total** |
| **Assets:** |  |  |  |  |  |  |  |
| Sensitive assets to interest rate fluctuation | 62,859 | 71,123 | 90,805 | 23,328 | 19,734 | 9,936 | 277,785 |
| Non-sensitive assets to interest rate fluctuation |  |  |  |  |  |  | 69,091 |
|  |  |  |  |  |  |  |  |
| **Liabilities:** |  |  |  |  |  |  |  |
| Sensitive liabilities to interest rate fluctuation | 12,138 | 22,214 | 35,257 | 44,251 | 36,656 | 31,629 | 182,145 |
| Non-sensitive liabilities and equity to interest rate fluctuation |  |  |  |  |  |  | 164,731 |
|  |  |  |  |  |  |  |  |
| **Total interest sensitivity gap** | **50,721** | **48,909** | **55,548** | **(20,923)** | **(16,922)** | **(21,693)** | **-** |

**Note 24 Risk management (cont’d)**

Interest rate risk (cont’d)

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

**Currency risk**

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

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

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **The Group** | | |  |  |  | **The Bank** | | |
| **30 September 2019** |  | **31 December 2018** |  |  |  | **30 September 2019** |  | **31 December 2018** |
| 548 |  | 534 |  | Long positions |  | 548 |  | 534 |
| (115) |  | (515) |  | Short positions |  | (115) |  | (515) |
| 30,037 |  | 25,773 |  | Eligible capital |  | 30,101 |  | 25,639 |
| **1.82** |  | **2.07** |  | **Overall net currency position, %** |  | **1.82** |  | **2.08** |

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

|  |  |  |  |
| --- | --- | --- | --- |
|  | **30 September 2019** |  | **31 December 2018** |
| Increase in FX rates by 10% | 43 |  | 2 |
| Decrease in FX rates by 10% | (43) |  | (2) |

### 

### 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 September**  **2019** |  | **31 December 2018** |  |  |  | **30 September**  **2019** |  | **31 December 2018** |
| 15.22 |  | 15.50 |  | CET 1 Capital ratio |  | 15.09 |  | 15.03 |
| 15.22 |  | 15.50 |  | Tier 1 Capital ratio |  | 15.09 |  | 15.03 |
| **16.90** |  | 17.66 |  | Capital adequacy ratio |  | **16.74** |  | 17.14 |

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

Financial assets quality indicators as at 30 September 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 (%)** |
| 3,080 |  | 1.57 |  | Loans to customers |  | 2,992 |  | 1.56 |
| 60 |  | 0.35 |  | Finance lease receivable |  | 60 |  | 0.35 |
| 31 |  | 0.06 |  | Debt securities |  | 31 |  | 0.06 |
| 18 |  | 0.10 |  | Placements with banks |  | 18 |  | 0.10 |
| **3,189** |  | **1.12** |  | **Iš viso:** |  | **3,101** |  | **1.11** |

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

|  |  |
| --- | --- |
| **Main Profitability Showings** | **Ratio (%)** |
|  |  |
| Return on assets (ROA) | 0.97 |
| Return on equity (ROE) | 8.81 |

**Action applied to the Bank**

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

**CONFIRMATION OF RESPONSIBLE PERSONS**

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

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Acting Chairman of the Board and Chief Executive Officer |  | D. Klišauskienė |  |  |  |  |
|  |  |  |  |  |  |  |
| Director of Accounting and Reporting Department, Chief Accountant |  | A. Tonkich |  |  |  |  |