

UAB MEDICINOS BANKAS

BANK'S SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED
FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AS AT 31ST
MARCH 2022 PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS
AS ADOPTED BY THE EUROPEAN UNION

UAB MEDICINOS BANKAS

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

SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AS AT 31 MARCH 2022

(All amounts in EUR thousand unless otherwise stated)

CONTENTS OF FINANCIAL STATEMENTS

CONDENSED SEPARATE AND CONSOLIDATED STATEMENTS OF FINANCIAL POSITION.....	3
CONDENSED SEPARATE AND CONSOLIDATED INCOME STATEMENTS	5
CONDENSED SEPARATE AND CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME	6
CONDENSED SEPARATE AND CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY.....	7
CONDENSED SEPARATE AND CONSOLIDATED CASH FLOW STATEMENTS	9
Note 1 Background information.....	11
Note 2 Basis of preparation and significant accounting policies.....	12
Note 3 Placements with banks and other credit institutions	13
Note 4 Debt securities	13
Note 5 Loans and receivables.....	13
Note 6 Investment in subsidiaries	14
Note 7 Amounts due to customers.....	14
Note 8 Subordinated loans and issued debt securities (the Bank)	14
Note 9 Other liabilities	15
Note 10 Shareholders' equity.....	15
Note 11 Net interest income.....	16
Note 12 Net service fee and commission income.....	16
Note 13 Net foreign exchange gain.....	17
Note 14 Operating expenses	17
Note 15 Cash and cash equivalents	18
Note 16 Fair values of financial instruments	18
Note 17 Related party transactions.....	23
Note 18 Segment information	25
Note 19 Risk management.....	27
Note 20 Capital.....	41
Note 21 Quality of financial assets, profitability rates and other information	42
Note 22 Events after the reporting date	43
CONFIRMATION OF RESPONSIBLE PERSONS	43

UAB MEDICINOS BANKAS

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

SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AS AT 31 MARCH 2022

(All amounts in EUR thousand unless otherwise stated)

CONDENSED SEPARATE AND CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

<u>The Group</u>				<u>The Bank</u>	
<u>31 March 2022</u>	<u>31 December 2021</u>	Assets	Notes	<u>31 March 2022</u>	<u>31 December 2021</u>
		Cash and due from central bank			
23,867	30,803	<i>Cash</i>		23,867	30,803
64,139	78,962	<i>Placements with the central bank</i>		64,139	78,962
<u>88,006</u>	<u>109,765</u>			<u>88,006</u>	<u>109,765</u>
17,154	12,809	Placements with banks and other credit institutions	3	17,126	12,537
		Financial assets at fair value through profit or loss			
17	-	<i>Derivative financial instruments</i>		17	-
<u>17</u>	<u>-</u>			<u>17</u>	<u>-</u>
57,653	59,177	Debt securities	4	57,653	59,177
		Loans and receivables	5		
217,882	203,359	<i>Loans to customers</i>		210,103	196,036
14,963	14,516	<i>Finance lease receivable</i>		14,963	14,516
<u>232,845</u>	<u>217,875</u>			<u>225,066</u>	<u>210,552</u>
-	-	Investments in subsidiaries	6	8,342	8,342
27	27	Other equity instruments		27	27
210	234	Investment property		208	232
6,075	6,097	Property and equipment		6,072	6,093
763	740	Intangible assets		746	720
		Tax assets			
-	-	<i>Current taxes</i>		-	-
15	156	<i>Deferred taxes</i>		15	156
<u>15</u>	<u>156</u>			<u>15</u>	<u>156</u>
1,119	1,073	Other assets		787	849
<u>403,884</u>	<u>407,953</u>	Total assets		<u>404,065</u>	<u>408,450</u>

(continued on the next page)

The accompanying notes on pages 11 to 43 are an integral part of these financial statements.

UAB MEDICINOS BANKAS

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

SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AS AT 31 MARCH 2022

(All amounts in EUR thousand unless otherwise stated)

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

31 March 2022	31 December 2021	Liabilities and shareholders' equity	Notes	The Bank	
				31 March 2022	31 December 2021
		Liabilities			
101	101	Due to banks and other credit institutions		101	101
30	87	Derivative financial instruments		30	87
346,241	355,454	Due to customers	7	346,562	355,985
1,000	1,000	Subordinated loans	8	1,000	1,000
2,183	2,218	Debt securities issued	8	2,183	2,218
118	57	Impairment		151	108
		Tax liabilities			
107	163	Current taxes		96	163
-	-	Deferred taxes		-	-
107	163			96	163
		Other liabilities	9		
10,626	6,269			10,255	5,942
360,406	365,349	Total liabilities		360,378	365,604
		Shareholders' equity			
19,948	19,948	Share capital	10	19,948	19,948
11,719	11,429	Retained earnings		11,947	11,690
322	322	Revaluation reserve of property and equipment		322	322
11,489	10,905	Other reserves	10	11,470	10,886
43,478	42,604	Total shareholders' equity		43,687	42,846
403,884	407,953	Total liabilities and shareholders' equity		404,065	408,450

The accompanying notes on pages 11 to 43 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

L. Bertašienė

UAB MEDICINOS BANKAS

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

SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AS AT 31 MARCH 2022

(All amounts in EUR thousand unless otherwise stated)

CONDENSED SEPARATE AND CONSOLIDATED INCOME STATEMENTS

The Group				The Bank	
31 March 2022	31 March 2021		Notes	31 March 2022	31 March 2021
3,265	3,053	Interest income	11	2,926	2,735
(501)	(486)	Interest expenses	11	(501)	(486)
2,764	2,567	Net interest income		2,425	2,249
1,329	1,217	Service fee and commission income	12	1,389	1,329
(207)	(221)	Service fee and commission expenses	12	(149)	(187)
1,122	996	Net service fee and commission income		1,240	1,142
-	-	Net result on equity securities trading		-	200
895	1,194	Net foreign exchange gain	13	895	1,194
53	(340)	Net result from operations with derivatives		53	(340)
-	-	Impairment of investments into subsidiaries		-	(33)
(3)	3	Net result on operations on investment property		(3)	-
21	60	Other income		24	66
4,852	4,480	Total operating income		4,634	4,478
(226)	(128)	Impairment of loans and other financial assets		(178)	(36)
4,626	4,352	Operating income after impairment		4,456	4,442
(2,249)	(2,065)	Salaries and benefits		(2,176)	(1,943)
(265)	(284)	Depreciation		(265)	(282)
(94)	(57)	Amortisation		(90)	(52)
(953)	(777)	Other operating expenses	14	(908)	(736)
(3,561)	(3,183)	Total operating expenses		(3,439)	(3,013)
1,065	1,169	Operating profit (loss)		1,017	1,429
(191)	(244)	Income tax		(176)	(244)
874	925	Profit (loss) for the year		841	1,185
874	925	Attributable to shareholders of the Bank		841	1,185

The accompanying notes on pages 11 to 43 are an integral part of these financial statements.

Acting Chairman of the
Board and Chief Executive
Officer

D. Kliškauskienė

Director of Accounting and
Reporting Department,
Chief Accountant

L. Bertašienė

UAB MEDICINOS BANKAS

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

SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AS AT 31 MARCH 2022

(All amounts in EUR thousand unless otherwise stated)

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

	<u>31 March 2022</u>	<u>31 March 2021</u>
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	<u>-</u>	<u>-</u>
Net amount transferred to profit or loss (available-for-sale financial assets)	-	-
Related tax	-	-
Other comprehensive income (expenses), after tax	<u>-</u>	<u>-</u>
Profit (loss) at the end of the reporting period	841	1,185
Total comprehensive income	<u><u>841</u></u>	<u><u>1,185</u></u>
Attributable to:		
Shareholders of the Bank	841	1,185

The Group

	<u>31 March 2022</u>	<u>31 March 2021</u>
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	<u>-</u>	<u>-</u>
Net amount transferred to profit or loss (available-for-sale financial assets)	-	-
Related tax	-	-
Other comprehensive income (expenses), after tax	<u>-</u>	<u>-</u>
Profit (loss) at the end of the reporting period	874	925
Total comprehensive income	<u><u>874</u></u>	<u><u>925</u></u>
Attributable to:		
Shareholders of the Bank	874	925

The accompanying notes on pages 11 to 43 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

L. Bertašienė



UAB MEDICINOS BANKAS

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

SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AS AT 31 MARCH 2022

(All amounts in EUR thousand unless otherwise stated)

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

	Share capital	Retained earnings (restated)	Revaluation reserve of property and equipment	Other reserves	Total
As at 31 December 2020	19,948	7,608	326	10,316	38,198
Profit or loss	-	1,185	-	-	1,185
Other comprehensive income (expense)	-	-	-	-	-
Transfer to reserves	-	(570)	-	570	-
As at 31 March 2021	19,948	8,223	326	10,886	39,383
Profit or loss	-	3,462	-	-	3,462
Other comprehensive income (expense)	-	5	(4)	-	1
Transfer to reserves	-	-	-	-	-
As at 31 December 2021	19,948	11,690	322	10,886	42,846
Profit or loss	-	841	-	-	841
Other comprehensive income (expense)	-	-	-	-	-
Transfer to reserves	-	(584)	-	584	-
As at 31 March 2022	19,948	11,947	322	11,470	43,687

(continued on the next page)

The accompanying notes on pages 11 to 43 are an integral part of these financial statements.

UAB MEDICINOS BANKAS

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

SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AS AT 31 MARCH 2022

(All amounts in EUR thousand unless otherwise stated)

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

	Share capital	Retained earnings (restated)	Revaluation reserve of property and equipment	Other reserves	Total
As at 31 December 2020	19,948	7,622	326	10,316	38,212
Profit or loss	-	925	-	-	925
Other comprehensive income (expense)	-	-	-	-	-
Transfer to reserves	-	(589)	-	589	-
As at 31 March 2021	19,948	7,958	326	10,905	39,137
Profit or loss	-	3,466	-	-	3,466
Other comprehensive income (expense)	-	5	(4)	-	1
Transfer to reserves	-	-	-	-	-
As at 31 December 2021	19,948	11,429	322	10,905	42,604
Profit or loss	-	874	-	-	874
Other comprehensive income (expense)	-	-	-	-	-
Transfer to reserves	-	(584)	-	584	-
As at 31 March 2022	19,948	11,719	322	11,489	43,478

The accompanying notes on pages 11 to 43 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

L. Bertašienė

UAB MEDICINOS BANKAS

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

SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AS AT 31 MARCH 2022

(All amounts in EUR thousand unless otherwise stated)

CONDENSED SEPARATE AND CONSOLIDATED CASH FLOW STATEMENTS

Group			Bank	
31 March 2022	31 March 2021		31 March 2022	31 March 2021
			Notes	
		Cash flows from operating activities		
874	925	Profit (loss) for the year	841	1,185
		Non-cash Revenue and Cost Recovery		
359	341	Depreciation and amortisation	355	334
3	(57)	Loss, gain on the sale of tangible, intangible and investment property	3	(54)
226	128	Impairment of loans	178	36
-	-	Impairment of investments in subsidiaries	-	33
(74)	(41)	Derivatives revaluation	(74)	(41)
141	84	Elimination of accrued vacation pay	138	100
191	244	Income tax expenses	176	244
(33)	81	Elimination of other non-cash items	79	(127)
1 687	1,705	Cash flows from (to) operating activities before changes in operating assets and liabilities	1 696	1,710
		Changes in operating assets and liabilities		
34	(102)	Changes in compulsory reserves	34	(102)
(370)		Changes in bank's balances	(370)	-
(14,688)	(7,855)	Loans to customers	(14,202)	(6,959)
(447)	(1,708)	Finance lease receivable	(447)	(1,708)
-	-	Changes in due to banks and other credit institutions	-	-
(9,106)	(10,974)	Changes in due to customers	(9,316)	(11,518)
4,434	1,181	Changes in other assets and liabilities	4,389	1,138
(18,456)	(17,753)	Net cash flows from operating activities before income tax	(18,216)	(17,439)
(102)	(155)	Income tax paid	(102)	(155)
(18,558)	(17,908)	Net cash flows from operating activities after income tax	(18,318)	(17,594)
		Investing activities		
(377)	(479)	Acquisitions of intangible assets and property and equipment	(377)	(479)
21	375	Proceeds from sale of property and equipment and investment property	21	252
(218)	(131)	Part of the main amount of rent payments	(214)	(131)
5,335	10,402	Redemption of debt-securities	5,335	10,402
(3,811)	(14,035)	Acquisitions of of debt-securities	(3,811)	(14,035)
950	(3,868)	Net cash flows to investing activities	954	(3,991)

(continued on the next page)

The accompanying notes on pages 11 to 43 are an integral part of these financial statements.

UAB MEDICINOS BANKAS

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

SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AS AT 31 MARCH 2022

(All amounts in EUR thousand unless otherwise stated)

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

Group			Bank	
31 March 2022	31 March 2021		31 March 2022	31 March 2021
		Notes		
		Financing activities		
-	-	Bonds issued	-	-
(35)	(25)	Bonds redeemed	(35)	(25)
1,960	2,115	Loans received	1,960	2,115
(1,988)	(2,122)	Loans repaid	(1,988)	(2,122)
(63)	(32)	Net cash flows from (to) financing activities	(63)	(32)
(79)	(335)	Effect of exchange rate changes on cash and cash equivalents	(79)	(335)
17,750	21,473	Net increase (decrease) in cash and cash equivalents	17,506	21,282
<u>119,893</u>	<u>117,700</u>	Cash and cash equivalents at 1 January	<u>119,621</u>	<u>117,465</u>
<u>102,143</u>	<u>96,227</u>	Cash and cash equivalents at 31 March	<u>102,115</u>	<u>96,183</u>
		15		
		Additional information to operating cash flows		
3,471	2,981	Interest received	3,119	2,674
(526)	(499)	Interest paid	(526)	(499)

The accompanying notes on pages 11 to 43 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

L. Bertašienė

UAB MEDICINOS BANKAS

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

SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AS AT 31 MARCH 2022

(All amounts in EUR thousand unless otherwise stated)

Note 1 Background information

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

Pamėnkalnio St. 40,
Vilnius, Lithuania.

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

At the end of fourth quarter of 2022 the Bank had 38 customer service units in different regions of Lithuania.

The consolidated financial statements of the Group include the financial statements of the Bank and its fully owned subsidiaries UAB TG Invest-1 (main activity of the company – real estate management and development) and UAB Saugus Kreditas (main activity of the company – granting of consumer loans to private persons). UAB "TG Invest-1" acquired on 17 May 2013, and UAB "Saugus kreditas" on 17 October 2017.

As at 31 March 2022 the Bank employed 296 employees (296 employees as at 31 December 2021). As at 31 March 2022 the Group employed 307 employees (307 employees as at 31 December 2021).

As at 31 March 2022 the shareholders of the Bank were as follows:

	Ordinary shares held	Per cent of ownership
Mr. Konstantinas Karosas	124,150	90.13
Western Petroleum Ltd.	13,600	9.87
Total	137,750	100.00

As at 31 December 2021 the shareholders of the Bank were as follows:

	Ordinary shares held	Per cent of ownership
Mr. Konstantinas Karosas	124,150	90.13
Western Petroleum Ltd.	13,600	9.87
Total	137,750	100.00

Konstantinas Karosas has acquired 89,91 percent of the Bank's shares by inheritance. Till the decision of the supervisory authority, Konstantinas Karosas didn't have voting rights attaching to the shares at the Bank's General Meeting of Shareholders.

As at 15 March 2021 shareholders of UAB Medicinos Bankas (hereafter - the Bank) Mr. Konstantinas Karosas and Western Petroleum Ltd. informed the Bank that on 5 March 2021, the European Central Bank (hereafter the ECB) has adopted a decision regarding the acquisition of a qualifying holding of the Bank's shares by Konstantinas Karosas and Western Petroleum Ltd. (hereinafter 'Decision I'). According to the Decision I ECB has decided not to raise any objections to the following actions:

- Mr. Konstantinas Karosas will acquire the Bank's qualified share of the Bank's authorized capital and voting rights, exceeding 50 percent ;
- Western Petroleum Ltd. (company is owned by Mr. Konstantinas Karosas) would acquire a qualified share of the Bank's authorized capital and voting rights (to have the right of significant influence).

Decision I is valid with the condition, that both p. Konstantinas Karosas and Western Petroleum Limited will transfer all voting rights at the General Meeting of Shareholders of the Bank to UAB MB valdymas, legal entity code 305663422, registered office address Vokiečių st. 28-24, Vilnius, Republic of Lithuania (company is owned by Mr. Konstantinas Karosas).

Also in 5 March 2021 The ECB adopted a decision regarding the proposed acquisition of the qualified voting rights of UAB MB valdymas at the General Meeting of Shareholders of the Bank (hereafter - Decision II). According to Decision II, the ECB decided not to oppose the acquisition by the UAB MB valdymas of a qualifying holding in excess of 50 percent of the voting rights at the General Meeting of Shareholders of the Bank due to the above-mentioned transfer of voting rights.

On 12 March 2021 Konstantinas Karosas and Western Petroleum Limited, according to the agreement, transferred all voting rights at the General Meeting of Shareholders of the Bank to UAB MB Valdymas.

Upon the transfer of voting rights, UAB MB Valdymas will have the right to vote with all the shares of the Bank at General Meeting of Shareholders.

UAB MEDICINOS BANKAS

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

SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AS AT 31 MARCH 2022

(All amounts in EUR thousand unless otherwise stated)

Note 1 Background information (cont'd)

On 15th December, 2021, Konstantinas Karosas and Western Petroleum Limited have entered into an agreement to sell 137,750 (one hundred thirty seven thousand seven hundred fifty) ordinary registered shares, constituting 100% of the share capital of Medicinos bankas UAB to the purchaser AAA Capital, UAB which is controlled by the Open-ended investment company with variable capital intended for informed investors "Mūsų ateities investicijos" and the ultimate key investor of which is Marius Jakulis Jason.

The transaction is scheduled to be completed once the approvals of the Bank of Lithuania, the Commission for Coordination of Protection of Objects Important for Ensuring National Security and the Competition Council of the Republic of Lithuania will be received.

The issued share capital consists of 137,750 ordinary shares with the par value of EUR 144.81 each. As at 31 March 2022 and 31 December 2021, all shares were fully paid.

Capital and liquidity positions remain strong and prudential standards comply with regulations with a reserve. As at 2022 March 31, the Bank complied with the established prudential standards.

Note 2 Basis of preparation and significant accounting policies

Statement of compliance

The separate and consolidated financial statements have been prepared in accordance with International Reporting Standards IRS 34 as adopted by the European Union (EU). The condensed intermediate separate financial statements and consolidated financial statements should be read in conjunction with the annual separate and consolidated financial statements for the year ended at 2021. Financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. Despite the principles mentioned below the accounting policies applied in the preparation of this condensed intermediate financial information are consistent with the accounting policies applied by the Bank in 2021 in the annual financial statements.

New and modified standards and interpretations

Board of the Bank and Group don't expect that newly published standards which are mandatory for accounting periods from 1 January 2021 or later will have major impact to the Bank and Group financial information. Also there is no any new standards which should be mandatory for the Bank and Group from year 2021 and which might have noticeable impact for financial information.

While preparing interim separate and consolidated financial statements according to IFRS some assumptions and estimations are applied. They have impact for accounted assets, amounts of liabilities and uncertain assets, liabilities at the day of report and also have impact for amount of income and costs at reporting period. Despite the fact that all these estimations are based on the knowledge of Board in the end results can be different. While preparing interim separate and consolidated financial statements there was applied the same assumptions and estimations which were used while preparing annual separate and consolidated financial statements for 31 December 2021.

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

There are no significant amounts of income and expenses of the Bank and the Group that would be characterized by significant seasonality.

Functional and presentation currency

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

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

	<u>31 March 2022</u>	<u>31 December 2021</u>
USD	1.1126	1.1334

UAB MEDICINOS BANKAS

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

SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AS AT 31 MARCH 2022

(All amounts in EUR thousand unless otherwise stated)

Note 3 Placements with banks and other credit institutions

The Group			The Bank	
31 March 2022	31 December 2021		31 March 2022	31 December 2021
9,999	8,859	Cash in correspondent accounts	9,971	8,587
7,155	3,950	Term deposits	7,155	3,950
17,154	12,809	Placements with banks and other credit institutions	17,126	12,537

Note 4 Debt securities**The Bank (Group)**

	31 March 2022	31 December 2021
Government bonds of the Republic of Lithuania	35,672	41,037
Government bonds of the Republic of Slovenia	6,168	4,251
Government bonds of the Republic of Croatia	5,901	4,923
Government bonds of the Republic of Romania	5,423	5,421
Government bonds of the Republic of Hungary	2,659	2,626
Government bonds of the Republic of Poland	1,830	919
Debt securities	57,653	59,177

Note 5 Loans and receivables

Loans to customers and receivables comprise of:

	The Bank	
	31 March 2022	31 December 2021
Loans to customers, including short-term bills of exchange	211,402	196,903
Overdrafts	492	372
Factoring	749	1,169
Leasing	15,334	14,887
	227,977	213,331
Less: impairment	(2,911)	(2,779)
Loans and receivables, net	225,066	210,552

	The Group	
	31 March 2022	31 December 2021
Loans to customers, including short-term bills of exchange	219,623	204,639
Overdrafts	492	372
Factoring	749	1,169
Leasing	15,334	14,887
	236,198	221,067
Less: impairment	(3,353)	(3,192)
Loans and receivables, net	232,845	217,875

UAB MEDICINOS BANKAS

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

SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AS AT 31 MARCH 2022

(All amounts in EUR thousand unless otherwise stated)

Note 6 Investment in subsidiaries

The main activities of established subsidiaries are real estate management and development and granting of consumer loans to private persons.

	The Bank	
	2022	2021
Balance at the beginning of the year	8,342	6,406
Acquisitions	-	2,000
Additional impairment of investment in subsidiaries	-	(64)
Balance at the end of the reporting period	8,342	8,342

Balance as at 31 March 2022	Ownership	Direct	Nominal	Impairment	Carrying
	(percent)	ownership	amount		value
UAB TG Invest-1	100	100	3,033	(1,261)	1,772
UAB Saugus Kreditas	100	100	6,601	(31)	6,570
Total			9,634	(1,292)	8,342
Balance as at 31 December 2021	Ownership	Direct	Nominal	Impairment	Carrying
	(percent)	ownership	amount		value
UAB TG Invest-1	100	100	3,033	(1,261)	1,772
UAB Saugus Kreditas	100	100	6,601	(31)	6,570
Total			9,634	(1,292)	8,342

Note 7 Amounts due to customers

Amounts due to customers comprise of:

The Group			The Bank	
31 March 2022	31 December 2021		31 March 2022	31 December 2021
159,071	165,753	Term deposits	159,071	165,753
174,667	177,170	Current accounts	174,988	177,701
12,503	12,531	Loans from funds	12,503	12,531
346,241	355,454	Total	346,562	355,985
29,574	37,261	Out of which held as security against guarantees and loans	29,574	37,261

Note 8 Subordinated loans and issued debt securities (the Bank)

Subordinated loans

In November 2016 the Bank received a subordinated loan of 1 mln EUR 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.

Debt securities issued

In July 2018 the Bank have issued subordinated debt securities emission. As of 31 March 2021 net value of issued debt securities is 2,183 thous. EUR (as of 31 December 2021 2,218 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. Interest rate – 7percent, with a payment twice a year. Maturity date – 24 July 2025.

UAB MEDICINOS BANKAS

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

SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AS AT 31 MARCH 2022

(All amounts in EUR thousand unless otherwise stated)

Note 9 Other liabilities

Other liabilities comprise of:

The Group			The Bank	
31 March 2022	31 December 2021		31 March 2022	31 December 2021
1,730	1,895	Accrued payments to employees	1,680	1,856
222	216	Prepayments	-	-
1,960	1,997	Accrued expenses	1,960	1,997
5,321	1,585	AML suspended funds	5,321	1,585
115	-	Liabilities to the State Tax Inspectorate	111	-
289	-	Liabilities to the Board of the State Social Fund	283	-
55	1	Sales VAT	55	1
99	77	Deferred income	99	77
		Payable to the Latvian and Estonian Road		
48	33	Transport Administration	48	33
208	265	Debt to suppliers	132	204
579	200	Other	566	189
10,626	6,269	Total	10,255	5,942

Note 10 Shareholders' equity

As at 31 March 2022 and 31 December 2021, the share capital of the Group and the Bank consisted of 137,750 ordinary shares with the par value of 144.81 EUR each. All shares are issued, authorised and fully paid. The shares are not listed.

Each share is entitled to equal voting rights, dividends and participation in distribution of residual assets in the event of a winding-up.

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

	The Bank	
	31 March 2022	31 December 2021
Special reserve to cover possible losses	2,528	2,528
Legal reserve	1,445	861
Reserve capital	7,497	7,497
Total other reserves	11,470	10,886

	The Group	
	31 March 2022	31 December 2021
Special reserve to cover possible losses	2,528	2,528
Legal reserve	1,464	880
Reserve capital	7,497	7,497
Total other reserves	11,489	10,905

UAB MEDICINOS BANKAS

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

SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AS AT 31 MARCH 2022

(All amounts in EUR thousand unless otherwise stated)

Note 11 Net interest income

The Group			The Bank	
31 March 2022	31 March 2021		31 March 2022	31 March 2021
2,905	2,708	On loans to customers	2,572	2,394
53	52	On impaired loans to customers including interest on arrears	47	48
205	182	Leasing including interest on arrears	205	182
18	10	Other Interest on arrears (not including leasing's and impaired loans)	18	10
67	78	On debt securities	67	78
17	23	On placements with the banks and other credit institutions	17	23
3,265	3,053	Interest revenue	2,926	2,735
(294)	(283)	On obligations to customers, including letters of credit	(294)	(283)
(76)	(64)	Deposit and guarantee insurance	(76)	(64)
(5)	(5)	On subordinated loans	(5)	(5)
(43)	(52)	For debt securities issued	(43)	(52)
(69)	(70)	On obligations to banks and other credit institutions	(69)	(70)
(14)	(12)	Lease of property	(14)	(12)
(501)	(486)	Interest expenses	(501)	(486)
2,764	2,567	Net interest income	2,425	2,249

Note 12 Net service fee and commission income

Net fee and commission income comprises:

The Group			The Bank	
31 March 2022	31 March 2021		31 March 2022	31 March 2021
427	492	Payment services	427	492
46	23	Income from currency exchange	46	23
224	198	Administration of bank accounts	224	198
314	312	Collection of payments	314	312
5	1	Brokerage income	65	114
186	124	Cash operations	186	124
127	66	Other	127	66
1,329	1,217	Service fee and commission income	1,389	1,329
(3)	(3)	Rent cost under contracts	(3)	(3)
(87)	(122)	Cash operations	(87)	(122)
(46)	(46)	Money transfer operations	(46)	(46)
(58)	(34)	Brokerage costs	-	-
(13)	(16)	Other	(13)	(16)
(207)	(221)	Service fee and commission expense	(149)	(187)
1,122	996	Net service fee and commission income	1,240	1,142

UAB MEDICINOS BANKAS

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

SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AS AT 31 MARCH 2022

(All amounts in EUR thousand unless otherwise stated)

Note 13 Net foreign exchange gain

	The Bank (Group)	
	31 March 2022	31 March 2021
Gain on dealing in foreign currencies	974	859
Revaluation of items in statement of financial position, net	79	335
Net foreign exchange gain	895	1,194

Note 14 Operating expenses

Operating expenses are as follows:

The Group		The Bank	
31 March 2022	31 March 2021	31 March 2022	31 March 2021
(90)	(61)	(84)	(58)
(207)	(206)	(204)	(199)
(74)	(58)	(74)	(58)
(134)	(144)	(122)	(134)
(77)	(56)	(75)	(55)
(53)	(57)	(53)	(57)
(1)	(2)	(1)	(2)
(26)	(25)	(26)	(25)
(45)	(21)	(45)	(21)
(5)	(8)	(1)	(6)
(9)	(3)	(9)	(3)
(8)	(3)	(8)	(3)
(11)	(10)	(11)	(10)
(50)	(1)	(50)	(1)
(15)	(11)	(15)	(11)
(5)	(4)	(5)	(4)
(36)	(33)	(35)	(33)
(6)	(5)	(6)	(5)
(40)	(34)	(28)	(22)
(61)	(35)	(55)	(29)
(953)	(777)	(908)	(736)

UAB MEDICINOS BANKAS

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

SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AS AT 31 MARCH 2022

(All amounts in EUR thousand unless otherwise stated)

Note 15 Cash and cash equivalents

Cash and cash equivalents in the cash flow statement comprise of:

The Group			The Bank	
31 March 2022	31 March 2021		31 March 2022	31 March 2021
23,867	24,412	Cash on hand	23,867	24,412
61,492	62,481	Current accounts with the Bank of Lithuania	61,492	62,481
9,999	8,600	Current accounts with other credit institutions	9,971	8,556
6,785	734	Term deposits with credit institutions up to 90 days	6,785	734
102,143	96,227	Cash and cash equivalents	102,115	96,183

Note 16 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 approximates 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 2022 first quarter.

UAB MEDICINOS BANKAS

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

SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AS AT 31 MARCH 2022

(All amounts in EUR thousand unless otherwise stated)

Note 16 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 by discounting of scheduled future cash flows using current market rates.

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

The Bank	31 March 2022		31 December 2021	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Cash and due from central bank	88,006	88,006	109,765	109,765
Placements with banks and other credit institutions	17,126	17,126	12,537	12,537
Debt securities	57,653	56,954	59,177	59,221
Loans and receivables	225,066	227,924	210,552	213,486
Other assets	-	-	-	-
Total financial assets	387,851	390,010	392,031	395,009
Financial liabilities				
Due to banks and other credit institutions	101	101	101	101
Due to customers, including letters of credit	346,562	348,773	355,985	358,173
Debt securities issued	2,183	2,587	2,218	2,656
Subordinated loans	1,000	1,000	1,000	1,000
Other liabilities	10,255	10,255	5,942	5,942
Total financial liabilities	360,101	362,716	365,246	367,872
The Group				
Financial assets				
Cash and due from central bank	88,006	88,006	109,765	109,765
Placements with banks and other credit institutions	17,154	17,154	12,809	12,809
Debt securities	57,653	56,954	59,177	59,221
Loans and receivables	232,845	232,184	217,875	216,737
Other assets	-	-	-	-
Total financial assets	395,658	394,298	399,626	398,532
Financial liabilities				
Due to banks and other credit institutions	101	101	101	101
Due to customers, including letters of credit	346,241	348,452	355,454	357,642
Debt securities issued	2,183	2,587	2,218	2,656
Subordinated loans	1,000	1,000	1,000	1,000
Other liabilities	10,636	10,636	6,269	6,269
Total financial liabilities	360,161	362,776	365,042	367,668

UAB MEDICINOS BANKAS

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

SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AS AT 31 MARCH 2022

(All amounts in EUR thousand unless otherwise stated)

Note 16 Fair values of financial instruments (cont'd)

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

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

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

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

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

The Bank (Group)

As at 31 March 2022	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial instruments	-	17	-	17
Financial liabilities				
Derivative financial instruments	-	30	-	30

The Bank (Group)

As at 31 December 2021	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial instruments	-	-	-	-
Financial liabilities				
Derivative financial instruments	-	87	-	87

UAB MEDICINOS BANKAS

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

SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AS AT 31 MARCH 2022

(All amounts in EUR thousand unless otherwise stated)

Note 16 Fair values of financial instruments (cont'd)**Financial instruments not measured at fair value**

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

The Bank

31 March 2022	Level 1	Level 2	Level 3	Total carrying amount
Assets				
Cash and due from banks	105,132	-	-	105,132
Debt securities	57,653	-	-	57,653
Loans to customers	-	-	210,103	210,103
Receivables from leasing	-	-	14,963	14,963
Other assets	-	-	-	-
Total financial assets	162,785	-	225,066	387,851
Liabilities				
Due to banks and other credit institutions	-	101	-	101
Due to customers	-	346,562	-	346,562
Debt securities issued	-	2,183	-	2,183
Subordinated loan	-	-	1,000	1,000
Other liabilities	-	-	10,255	10,255
Total financial liabilities	-	348,846	11,255	360,101

The Bank

31 December 2021	Level 1	Level 2	Level 3	Total carrying amount
Assets				
Cash and due from banks	122,302	-	-	122,302
Debt securities	59,177	-	-	59,177
Loans to customers	-	-	196,036	196,036
Receivables from leasing	-	-	14,516	14,516
Other assets	-	-	-	-
Total financial assets	181,479	-	210,552	392,031
Liabilities				
Due to banks and other credit institutions	-	101	-	101
Due to customers	-	355,985	-	355,985
Debt securities issued	-	2,218	-	2,218
Subordinated loans	-	-	1,000	1,000
Other liabilities	-	-	5,942	5,942
Total financial liabilities	-	358,304	6,942	365,246

UAB MEDICINOS BANKAS

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

SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AS AT 31 MARCH 2022

(All amounts in EUR thousand unless otherwise stated)

Note 16 Fair values of financial instruments (cont'd)**The Group**

31 March 2022	Level 1	Level 2	Level 3	Total carrying amount
Assets				
Cash and due from banks	105,160	-	-	105,160
Debt securities	57,653	-	-	57,653
Loans to customers	-	-	217,882	217,882
Receivables from leasing	-	-	14,963	14,963
Other assets	-	-	-	-
Total financial assets	162,813	-	232,845	395,658
Liabilities				
Due to banks and other credit institutions	-	101	-	101
Due to customers	-	346,241	-	346,241
Debt securities issued	-	2,183	-	2,183
Subordinated loan	-	-	1,000	1,000
Other liabilities	-	-	10,637	10,637
Total financial liabilities	-	348,525	11,637	360,162

The Group

31 December 2021	Level 1	Level 2	Level 3	Total carrying amount
Assets				
Cash and due from banks	122,574	-	-	122,574
Debt securities	59,177	-	-	59,177
Loans to customers	-	-	203,359	203,359
Receivables from leasing	-	-	14,516	14,516
Other assets	-	-	-	-
Total financial assets	181,751	-	217,875	399,626
Liabilities				
Due to banks and other credit institutions	-	101	-	101
Due to customers	-	355,454	-	355,454
Debt securities issued	-	2,218	-	2,218
Subordinated loans	-	-	1,000	1,000
Other liabilities	-	-	6,269	6,269
Total financial liabilities	-	357,773	7,269	365,042

UAB MEDICINOS BANKAS

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

SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AS AT 31 MARCH 2022

(All amounts in EUR thousand unless otherwise stated)

Note 17 Related party transactions

Transactions among 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 between 31 March 2022 and 31 December related expense and income, included in the profit and loss statement, are set out below:

The Bank	Supervisory Board and Key Management Personnel			
	Shareholders	Subsidiaries	Supervisory Board and Key Management Personnel	Other*
Loans outstanding as at 31 March 2022, net	-	19,491	17	423
Interest rate, percent	-	8.0	4.0	4.0-4.7
Impairment of loans	-	(223)	-	(5)
Term deposits as at 31 March 2022	-	-	10	1,186
Interest rate, percent	-	-	0.3	0.05-0.35
Current accounts as at 31 March 2022	192	321	167	3,285
Bonds issued as at 31 March 2022	100	-	-	-
Interest rate, percent	7.0	-	-	-
Subordinated loans as at 31 March 2022	1,000	-	-	-
Interest rate, percent	2.0	-	-	-
For three month period as at 31 March 2022				
Interest income on loans	-	390	-	4
Interest expense on deposits	-	-	-	(1)
Interest expense on bonds	(2)	-	-	-
Interest expense on subordinated loans	(5)	-	-	-
Dividend revenue from subsidiaries	-	-	-	-
Service fee and commission revenue	-	62	-	2
Service fee and commission expenses	-	-	-	-
The Bank	Supervisory Board and Key Management Personnel			
	Shareholders	Subsidiaries	Supervisory Board and Key Management Personnel	Other*
Loans outstanding as at 31 December 2021, net	-	17,855	19	313
Interest rate, percent	-	9.0	4.0	4.0
Impairment of loans	-	(205)	-	(2)
Term deposits as at 31 December 2021	-	-	10	2,135
Interest rate, percent	-	-	0.3	0.05-0.35
Current accounts as at 31 December 2021	40	531	196	3,373
Bonds issued as at 31 December 2021	100	-	-	-
Interest rate, percent	7.0	-	-	-
Subordinated loans as at 31 December 2021	1,000	-	-	-
Interest rate, percent	2.0	-	-	-
For three month period as at 31 March 2021				
Interest income on loans	-	235	-	22
Interest expense on deposits	-	-	-	(1)
Interest expense on bonds	(2)	-	-	-
Interest expense on subordinated loans	(5)	-	-	-
Dividend revenue from subsidiaries	-	-	-	-
Service fee and commission revenue	-	115	-	2
Service fee and commission expenses	-	-	-	-

UAB MEDICINOS BANKAS

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

SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AS AT 31 MARCH 2022

(All amounts in EUR thousand unless otherwise stated)

Note 17 Related party transactions (cont'd)**The Group**

	Shareholders	Supervisory Board and Key Management Personnel	Other*
Loans outstanding as at 31 March 2022, net	-	17	423
Interest rate, percent	-	4.0	4.0-4.7
Impairment of loans	-	-	(5)
Term deposits as at 31 March 2022	-	10	1,186
Interest rate, percent	-	0.3	0.05-0.35
Current accounts as at 31 March 2022	192	224	3,228
Bonds issued as at 31 March 2022	100	-	-
Interest rate, percent	7.0	-	-
Subordinated loans as at 31 March 2022	1,000	-	-
Interest rate, percent	2.0	-	-
For three month period as at 31 March 2022			
Interest income on loans	-	-	4
Interest expense on deposits	-	-	(1)
Interest expense on bonds	(2)	-	-
Interest expense on subordinated loans	(5)	-	-
Service fee and commission revenue	-	-	2
Service fee and commission expenses	-	-	-

The Group

	Shareholders	Supervisory Board and Key Management Personnel	Other*
Loans outstanding as at 31 December 2021, net	-	19	313
Interest rate, percent	-	4.0	4.0
Impairment of loans	-	-	(2)
Term deposits as at 31 December 2021	-	10	2,135
Interest rate, percent	-	0.3	0.05-0.35
Current accounts as at 31 December 2021	40	253	3,317
Bonds issued as at 31 December 2021	100	-	-
Interest rate, percent	7.0	-	-
Subordinated loans as at 31 December 2021	1,000	-	-
Interest rate, percent	2.0	-	-
For three month period as at 31 March 2021			
Interest income on loans	-	-	22
Interest expense on deposits	-	-	(1)
Interest expense on bonds	(2)	-	-
Interest expense on subordinated loans	(5)	-	-
Service fee and commission revenue	-	-	2
Service fee and commission expenses	-	-	-

* Other related parties are entities, controlled by the members of the Management of the Group and the Bank or Shareholders of the Bank and other related parties.

UAB MEDICINOS BANKAS

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

SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AS AT 31 MARCH 2022

(All amounts in EUR thousand unless otherwise stated)

Note 18 Segment information

A summary of major indicators for the main business segments of the Group included in the Statement of financial position as at 31 March 2022 and in the Statement of comprehensive income as at 31 March 2022 is presented in the table below:

	31 March 2022				
	Traditional banking operations and lending	Treasury	Other activities	Eliminations	Total
Internal	413	-	(24)	(389)	-
External	3,156	85	24	-	3,265
Interest income	3,569	85	-	(389)	3,265
Internal	(413)	-	-	413	-
External	(383)	(118)	-	-	(501)
Interest expenses	(796)	(118)	-	413	(501)
Internal	-	-	(24)	24	-
External	2,773	(33)	24	-	2,764
Net interest income	2,773	(33)	-	24	2,764
Internal	-	-	-	-	-
External	1,131	-	-	(9)	1,122
Net fee and commission income	1,131	-	-	(9)	1,122
Internal	-	-	(24)	24	-
External	3,904	(33)	24	(9)	3,886
Net interest, fee and commissions income	3,904	(33)	24	15	3,886
Internal	-	-	-	-	-
External	(3,175)	(24)	(3)	-	(3,202)
Operating expenses	(3,175)	(24)	(3)	-	(3,202)
Amortisation charges	(94)	-	-	-	(94)
Depreciation charges	(265)	-	-	-	(265)
Internal	-	-	-	-	-
External	(226)	-	-	-	(226)
Impairment expenses	(226)	-	-	-	(226)
Internal	-	-	-	-	-
External	745	204	18	-	967
Net other income	745	204	18	-	967
Profit (loss) before tax	889	147	15	15	1,066
Income tax	(191)	-	-	-	(191)
Profit (loss) per segment after tax	698	147	15	15	874
Non-controlling interest	-	-	-	-	-
Profit (loss) for the year attributable to the owners of the Bank	698	147	15	15	874
Total segment assets	272,640	159,754	1,859	(30,369)	403,884
Total segment liabilities	375,379	6,685	42	(21,700)	360,406
Net segment assets (shareholders equity)	(102,739)	153,069	1,817	(8,669)	43,478

UAB MEDICINOS BANKAS

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

SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AS AT 31 MARCH 2022

(All amounts in EUR thousand unless otherwise stated)

Note 18 Segment information (cont'd)

A summary of major indicators for the main business segments of the Group included in the Statement of financial position as at 31 March 2021 and in the Statement of comprehensive income as at 31 March 2021 is presented in the table below:

	31 March 2021				
	Traditional banking operations and lending	Treasury	Other activities	Eliminations	Total
Internal	246	-	(11)	(235)	-
External	2,939	101	12	-	3,053
Interest income	3,185	102	1	(235)	3,053
Internal	(246)	-	-	246	-
External	(364)	(123)	-	-	(487)
Interest expenses	(610)	(123)	-	246	(487)
Internal	-	-	(11)	11	-
External	2,576	(21)	12	-	2,567
Net interest income	2,576	(21)	1	11	2,567
Internal	-	-	-	-	-
External	1,065	-	(1)	(68)	996
Net fee and commission income	1,065	-	(1)	(68)	996
Internal	-	-	(11)	11	-
External	3,641	(21)	11	(68)	3,563
Net interest, fee and commissions income	3,641	(21)	-	(7)	3,563
Internal	-	-	(33)	33	-
External	(2,795)	(50)	3	-	(2,842)
Operating expenses	(2,795)	(50)	(30)	33	(2,842)
Amortisation charges	(57)	-	-	-	(57)
Depreciation charges	(284)	-	-	-	(284)
Internal	-	-	-	-	-
External	(128)	-	-	-	(128)
Impairment expenses	(128)	-	-	-	(128)
Internal	-	-	-	-	-
External	730	125	62	-	917
Net other income	730	125	62	-	917
Profit (loss) before tax	1,107	54	32	(24)	1,169
Income tax	(244)	-	-	-	(244)
Profit (loss) per segment after tax	863	54	32	(24)	925
Non-controlling interest	-	-	-	-	-
Profit (loss) for the year attributable to the owners of the Bank	863	54	32	(24)	925
Total segment assets	252,374	148,827	1,845	(23,222)	379,824
Total segment liabilities	346,204	10,907	96	(16,521)	340,686
Net segment assets (shareholders equity)	(93,830)	137,920	1,749	(6,701)	39,138

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.

UAB MEDICINOS BANKAS

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

SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AS AT 31 MARCH 2022

(All amounts in EUR thousand unless otherwise stated)

Note 19 Risk management

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 percent of the Bank's and Group's eligible capital. According to Regulation (EU) No 876/2019, effective since 28 June 2021, the maximum exposure ratio is calculated based on Tier 1 capital.

Compliance to this requirement is disclosed in the table below:

The Group			The Bank	
31 March 2022	31 December 2021		31 March 2022	31 December 2021
8,616	8,941	Maximum exposure to a single customer or group of connected customers	8,616	8,941
41,609	36,322	Eligible capital	41,989	36,640
20.71	24.62	Maximum exposure ratio, percent	20.52	24.40

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

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

The Group			The Bank	
31 March 2022	31 December 2021		31 March 2022	31 December 2021
		Statement of financial position items, other than trading and investment activities		
64,139	78,962	Balances with the Bank of Lithuania	64,139	78,962
17,154	12,809	Due from banks	17,126	12,537
217,882	203,359	Loans to customers	210,103	196,036
14,963	14,516	Receivables from leasing	14,963	14,516
314,138	309,646		306,331	302,051
		Off balance sheet items		
2,176	2,548	Guarantees	2,175	2,548
22,078	9,616	Loan commitments	24,945	14,125
338,391	321,810	Total balance and off balance sheet items, other than trading and investment activities	333,451	318,724
		Trading and investment activities		
		Financial assets at fair value through profit or loss		
17	-	- Derivative financial instruments	17	-
-	-	- Held-to-maturity investments	-	-
57,653	59,177	<i>Debt securities</i>	57,653	59,177
57,670	59,177	Total trading and investment activities	57,670	59,177
-	-	Other financial assets	-	-
396,061	380,987	Total credit exposure	391,121	377,901

UAB MEDICINOS BANKAS

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

SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AS AT 31 MARCH 2022

(All amounts in EUR thousand unless otherwise stated)

Note 19 Risk management (cont'd)

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

	The Bank (Group)	
	31 March 2022	31 December 2021
Government bonds	57,653	59,177
Derivatives	17	-
Total	57,670	59,177

Bonds exposure by rating grade	The Bank (Group)	
	31 March 2022	31 December 2021
High grade (AAA-A)	43,670	46,207
Standard grade (B-BBB+)	13,983	12,970
Not rated	-	-
Total	57,653	59,177

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

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

Credit risk assessment

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

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

UAB MEDICINOS BANKAS

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

SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AS AT 31 MARCH 2022

(All amounts in EUR thousand unless otherwise stated)

Note 19 Risk management (cont'd)**Credit risk assessment of financial instruments, other than trading activities and off balance items**

The Bank	Not overdue	1 to 59 days	60 to 89 days	More than 90 days	Total
31 March 2022					
Stage 1					
Loans and receivables	171,035	1,197	-	-	172,232
Placements with LB and other banks	81,265	-	-	-	81,265
Debt securities	57,653	-	-	-	57,653
Other financial assets	-	-	-	-	-
Total	309,953	1,197	-	-	311,150
Stage 2					
Loans and receivables	47,529	649	28	-	48,206
Placements with LB and other banks	-	-	-	-	-
Debt securities	-	-	-	-	-
Other financial assets	-	-	-	-	-
Total	4,529	649	28	-	48,206
Stage 3					
Loans and receivables	3,167	1,123	119	219	4,628
Placements with LB and other banks	-	-	-	-	-
Debt securities	-	-	-	-	-
Other financial assets	-	-	-	-	-
Total	3,167	1,123	119	219	4,628
Total	360,649	2,969	147	219	363,984

UAB MEDICINOS BANKAS

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

SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AS AT 31 MARCH 2022

(All amounts in EUR thousand unless otherwise stated)

Note 19 Risk management (cont'd)Credit risk assessment of financial instruments, other than trading activities and off balance items (cont.)

The Bank	Not overdue	1 to 59 days	60 to 89 days	More than 90 days	Total
31 December 2021					
Stage 1					
Loans and receivables	153,432	3,270	-	-	156,702
Placements with LB and other banks	91,499	-	-	-	91,499
Debt securities	59,177	-	-	-	59,177
Other financial assets	-	-	-	-	-
Total	304,108	3,270	-	-	307,378
Stage 2					
Loans and receivables	47,968	941	116	-	49,025
Placements with LB and other banks	-	-	-	-	-
Debt securities	-	-	-	-	-
Other financial assets	-	-	-	-	-
Total	47,968	941	116	-	49,025
Stage 3					
Loans and receivables	3,930	144	340	411	4,825
Placements with LB and other banks	-	-	-	-	-
Debt securities	-	-	-	-	-
Other financial assets	-	-	-	-	-
Total	3,930	144	340	411	4,825
Total	356,006	4,355	456	411	361,228

UAB MEDICINOS BANKAS

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

SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AS AT 31 MARCH 2022

(All amounts in EUR thousand unless otherwise stated)

Note 19 Risk management (cont'd)Credit risk assessment of financial instruments, other than trading activities and off balance items (cont.)

The Group	Not overdue	1 to 59 days	60 to 89 days	More than 90 days	Total
31 March 2022					
Stage 1					
Loans and receivables	177,112	1,609	-	-	178,721
Placements with LB and other banks	81,293	-	-	-	81,293
Debt securities	57,653	-	-	-	57,653
Other financial assets	-	-	-	-	-
Total	316,058	1,609	-	-	313,785
Stage 2					
Loans and receivables	48,175	1,122	106	-	49,403
Placements with LB and other banks	-	-	-	-	-
Debt securities	-	-	-	-	-
Other financial assets	-	-	-	-	-
Total	48,175	1,122	106	-	49,403
Stage 3					
Loans and receivables	3,178	1,131	127	285	4,721
Placements with LB and other banks	-	-	-	-	-
Debt securities	-	-	-	-	-
Other financial assets	-	-	-	-	-
Total	3,178	1,131	127	285	4,721
Total	367,411	3,862	233	285	371,791

UAB MEDICINOS BANKAS

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

SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AS AT 31 MARCH 2022

(All amounts in EUR thousand unless otherwise stated)

Note 19 Risk management (cont'd)Credit risk assessment of financial instruments, other than trading activities and off balance items (cont.)

The Group	Not overdue	1 to 59 days	60 to 89 days	More than 90 days	Total
31 December 2021					
Stage 1					
Loans and receivables	159,187	3,650	-	-	162,837
Placements with LB and other banks	91,771	-	-	-	91,771
Debt securities	59,177	-	-	-	59,177
Other financial assets	-	-	-	-	-
Total	310,135	3,650	-	-	313,785
Stage 2					
Loans and receivables	48,583	1,368	176	-	50,127
Placements with LB and other banks	-	-	-	-	-
Debt securities	-	-	-	-	-
Other financial assets	-	-	-	-	-
Total	48,583	1,368	176	-	50,127
Stage 3					
Loans and receivables	3,934	150	344	483	4,911
Placements with LB and other banks	-	-	-	-	-
Debt securities	-	-	-	-	-
Other financial assets	-	-	-	-	-
Total	3,934	150	344	483	4,911
Total	362,652	5,168	520	483	368,823

UAB MEDICINOS BANKAS

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

SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AS AT 31 MARCH 2022

(All amounts in EUR thousand unless otherwise stated)

Note 19 Risk management (cont'd)Change of impairment during reporting period

The Group					The Bank					
Collective impairment	Individual impairment	Credit commitments	Guarantees	Total		Collective impairment	Individual impairment	Credit commitments	Guarantees	Total
31 March 2021										
114	-	44	(2)	156	Stage 1	96	-	25	(2)	119
109	-	44	(2)	151	Loans and receivables	91	-	25	(2)	114
5	-	-	-	5	Placements with LB and other banks	5	-	-	-	5
-	-	-	-	-	Debt securities	-	-	-	-	-
-	-	-	-	-	Other financial assets	-	-	-	-	-
92	-	19	-	111	Stage 2	88	-	19	-	107
92	-	19	-	111	Loans and receivables	88	-	19	-	107
-	(40)	-	-	(40)	Stage 3	-	(47)	-	-	(47)
-	(40)	-	-	(40)	Loans and receivables	-	(47)	-	-	(47)
-	-	-	-	-	Other financial assets	-	-	-	-	-
206	(40)	63	(2)	227		184	(47)	44	(2)	179
-	-	-	-	-	Write-offs	-	-	-	-	-
-	-	-	-	-	Out of which were written off by selling the portfolio	-	-	-	-	-
-	-	-	-	(1)	Income on loans written off in earlier periods	-	-	-	-	(1)
-	-	-	-	226	Total change of impairment	-	-	-	-	178

As of 31 March, 2022, loans, that were the most affected by COVID-19 pandemic and were reclassified as a separate homogeneous subgroup and assigned to the Stage 2, portfolio amounted to net value of EUR 9.20 million, and provisions EUR 0,16 million.

The Bank is monitoring the tense geopolitical situation in order to properly and timely assess and determine the potential impact of the Russian invasion in Ukraine on the loan portfolio due to the emerging risks to customers. The Bank does not operate in Russia, Belarus or Ukraine and does not have significant direct positions in these countries. During the first quarter of 2022, the Bank conducted a customer assessment to determine the customer's dependence on a war affected countries and impact on credit risk. The results showed that share of clients, related to war affected countries and having business transactions there, is 5 percent of the total portfolio of the Bank.

UAB MEDICINOS BANKAS

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

SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AS AT 31 MARCH 2022

(All amounts in EUR thousand unless otherwise stated)

Note 19 Risk management (cont'd)

Liquidity risk

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

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

The Group			The Bank	
31 March 2022	31 December 2021		31 March 2022	31 December 2021
144,960	168,986	Liquid assets	144,960	168,986
28,255	29,639	Short-term (up to 30 days) obligations	29,681	32,159
513	570	LCR, percent	488	525

Furthermore, according to the Regulation (EU) No 2019/876 of the European Parliament and of the Council, the net stable funding ratio should be at least of 100% starting from 28 June 2021. Net stable funding ratios of the Bank and the Group are as follows:

The Group			The Bank	
31 March 2022	31 December 2021		31 March 2022	31 December 2021
353,018	361,948	Available stable funding	353,486	362,398
203,479	190,683	Required stable funding	209,701	196,980
173	190	NSFR, percent	169	184

UAB MEDICINOS BANKAS

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

SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AS AT 31 MARCH 2022

(All amounts in EUR thousand unless otherwise stated)

Note 19 Risk management (cont'd)

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

The Bank	31 March 2022							Total
	On demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 3 years	Over 3 years	Without maturity	
Assets	97,977	12,945	10,488	34,536	133,081	97,356	17,682	404,065
Liabilities and shareholders' equity	180,851	11,344	14,808	74,429	52,720	26,046	43,867	404,065
Net gap	(82,874)	1,601	(4,320)	(39,893)	74,005	64,645	(26,219)	-
Credit commitments	-	24,945	-	-	-	-	-	24,945

	31 December 2021							Total
	On demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 3 years	Over 3 years	Without maturity	
Assets	118,354	6,726	12,233	33,939	129,175	91,220	16,803	408,450
Liabilities and shareholders' equity	179,447	18,028	19,313	66,895	55,170	26,575	43,022	408,450
Net gap	(61,093)	(11,302)	(7,080)	(32,956)	74,005	64,645	(26,219)	-
Credit commitments	-	14,125	-	-	-	-	-	14,125

UAB MEDICINOS BANKAS

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

SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AS AT 31 MARCH 2022

(All amounts in EUR thousand unless otherwise stated)

Note 19 Risk management (cont'd)Liquidity risk (cont.)

The Group	31 March 2022							Total
	On demand	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 3 years	Over 3 years	Without maturity	
Assets	98,005	13,364	11,389	38,478	123,026	109,857	9,765	403,884
Liabilities and shareholders equity	180,530	11,727	14,808	74,429	52,720	26,046	43,624	403,884
Net gap	(82,525)	1,637	(3,419)	(35,951)	70,306	83,811	(33,859)	-
Credit commitments	-	20,078	-	-	-	-	-	20,078

The Group	31 December 2021							Total
	On,demand	Less,than 1 month	1 to 3 months	3 months to 1 year	1 to 3 years	Over 3 years	Without maturity	
Assets	118,626	7,096	13,072	37,568	119,899	102,931	8,761	407,953
Liabilities and shareholders equity	178,916	18,357	19,313	66,895	55,170	26,575	42,727	407,953
Net gap	(60,290)	(11,261)	(6,241)	(29,327)	64,729	76,356	(33,966)	-
Credit commitments	-	9,616	-	-	-	-	-	9,616

Overdue loans are disclosed under column "Without maturity".

Market risk

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

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Board has established internal limits, monitors compliance with the required limits are monitored at the intervals set by the Bank. 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 in the yield curve.

The table below summarises the Group's and the Bank's exposure to interest rate risk as of 31 March 2022 and 31 December 2021. 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.

UAB MEDICINOS BANKAS

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

SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AS AT 31 MARCH 2022

(All amounts in EUR thousand unless otherwise stated)

Note 19 Risk management (cont'd)Interest rate risk (cont'd)

The Bank	31 March 2022						Total
	Less than 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	Over 3 years	
Assets:							
Sensitive assets to interest rate fluctuation	38,025	67,593	119,594	6,045	45,694	2,946	279,897
Non-sensitive assets to interest rate fluctuation							124,168
Liabilities:							
Sensitive liabilities to interest rate fluctuation	6,862	14,393	22,718	50,871	51,587	28,422	174,853
Non-sensitive liabilities and equity to interest rate fluctuation							229,212
Interest sensitivity gap	31,163	53,200	96,876	(44,826)	(5,893)	(25,476)	-

The Bank	31 December 2021						Total
	Less than 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	Over 3 years	
Assets:							
Sensitive assets to interest rate fluctuation	42,921	82,757	90,120	5,100	45,420	3,027	269,345
Non-sensitive assets to interest rate fluctuation							139,105
Liabilities:							
Sensitive liabilities to interest rate fluctuation	31,764	20,198	43,396	38,710	23,835	23,751	181,654
Non-sensitive liabilities and equity to interest rate fluctuation							226,796
Interest sensitivity gap	11,157	62,559	46,724	(33,610)	21,585	(20,724)	-

UAB MEDICINOS BANKAS

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

SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AS AT 31 MARCH 2022

(All amounts in EUR thousand unless otherwise stated)

Note 19 Risk management (cont'd)

The Group	31 March 2022						Total
	Less than 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	Over 3 years	
Assets:							
Sensitive assets to interest rate fluctuation	38,574	68,493	101,322	8,653	55,007	15,447	287,496
Non-sensitive assets to interest rate fluctuation							116,388
Liabilities:							
Sensitive liabilities to interest rate fluctuation	6,862	14,393	22,718	50,871	51,587	28,422	174,853
Non-sensitive liabilities and equity to interest rate fluctuation							229,031
Interest sensitivity gap	31,712	54,100	78,604	(42,218)	3,420	(12,975)	-

Interest rate risk (cont'd)

The Group	31 December 2020						Total
	Less than 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	Over 3 years	
Assets:							
Sensitive assets to interest rate fluctuation	43,429	83,595	73,413	7,489	53,869	14,738	276,533
Non-sensitive assets to interest rate fluctuation							131,420
Liabilities:							
Sensitive liabilities to interest rate fluctuation	31,764	20,198	43,396	38,710	23,835	23,751	181,654
Non-sensitive liabilities and equity to interest rate fluctuation							226,299
Interest sensitivity gap	11,665	63,397	30,017	(31,221)	30,034	(9,013)	-

UAB MEDICINOS BANKAS

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

SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AS AT 31 MARCH 2022

(All amounts in EUR thousand unless otherwise stated)

Note 19 Risk management (cont'd)

Currency risk

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

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

The Group			The Bank	
31 March 2022	31 December 2021		31 March 2022	31 December 2021
177	187	Long positions	177	187
(453)	(364)	Short positions	(453)	(364)
43,389	38,286	Eligible capital	43,769	38,604
1.04	0.95	Overall net currency position, percent	1.04	0.94

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

	31 March 2022	31 December 2021
Increase in FX rates by 10 percent	28	18
Decrease in FX rates by 10 percent	(28)	(18)

UAB MEDICINOS BANKAS

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

SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AS AT 31 MARCH 2022

(All amounts in EUR thousand unless otherwise stated)

Note 20 Capital

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

The Group's and the Bank's capital management procedures are based on the regulatory capital requirements contained in the Capital Requirements Directive (CRD) and in the Capital Requirements Regulation (CRR) No. 575/2013. According to these requirements, there is a need to accumulate addition conservation buffer reserve, which is equal to 2.5 percent from generally evaluated risk amount.

As per the European Banking Authority's (EBA) recommendation, the 3% leverage ratio requirement has become binding from 28 June 2021. As of 31 December 2021, the Bank's leverage ratio of 9.74 percent (the Group – 9.72 percentage) exceeded the minimum requirement.

Based on 2021 Supervisory Review and Evaluation Process (SREP), the Board of the Bank of Lithuania set an additional own funds requirement (Pillar II) of 1.7 percent.

Taking into consideration Regulation (EU) No. 575/2013 of the European Parliament and of the Council and capital adequacy requirements, the Bank's and the Group's total capital adequacy ratio should not be less than 12.2 percent. The Group and the Bank capital adequacy ratio exceeded the required minimum.

After the general meeting of shareholders, full-year 2021 profit was included in 31-12-2021 Common Equity Tier 1.

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

The Group			The Bank	
31 March 2022	31 December 2021		31 March 2022	31 December 2021
20.41	19.11	CET 1 Capital ratio	19.89	18.50
20.41	19.11	Tier 1 Capital ratio	19.89	18.50
21.28	20.14	Capital adequacy ratio	20.74	19.49

UAB MEDICINOS BANKAS

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

SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AS AT 31 MARCH 2022

(All amounts in EUR thousand unless otherwise stated)

Note 21 Quality of financial assets, profitability rates and other information

Financial assets quality indicators as at 31 March 2022 are given in the table below:

The Group			The Bank	
Provisions (EUR) thousands	Provisions to financial assets ratio (percent)		Provisions (EUR) thousands	Provisions to financial assets ratio (percent)
2,982	1.35	Loans to customers	2,540	1.19
371	2.42	Finance lease receivable	371	2.42
35	0.06	Debt securities	35	0.06
17	0.10	Placements with banks	17	0.10
3,405	1.09	Total:	2,963	0.98

Financial assets quality indicators as at 31 December 2021:

The Group			The Bank	
Provisions (EUR) thousands	Provisions to financial assets ratio (percent)		Provisions (EUR) thousands	Provisions to financial assets ratio (percent)
2,821	1.37	Loans to customers	2,408	1.21
371	2.49	Finance lease receivable	371	2.49
35	0.06	Debt securities	35	0.06
13	0.10	Placements with banks	13	0.10
3,240	1.10	Total:	2,827	0.99

Main profitability rates) of the Bank and Group are provided in the table below, percent:

The Group			The Bank	
31 March 2022	31 December 2021		31 March 2022	31 December 2021
0.86	1.12	Return on assets (ROA)	0.82	1.18
8.10	10.88	Return on equity (ROE)	7.74	11.44

Action applied to the Bank

During the fourth quarter of 2021 any measures of effect which can affect these financial statements or which should be expanded for more details were not applied to the Medicinos Bankas.

UAB MEDICINOS BANKAS

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

SEPARATE AND CONSOLIDATED CONDENSED UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD AS AT 31 MARCH 2022

(All amounts in EUR thousand unless otherwise stated)

Note 22 Events after the reporting date

There were no material subsequent events during the first quarter of year 2022 that would require adjustment of or disclosure in those financial statements of the Group and the Bank.

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 Lina Bertašienė, confirm that the financial statements for first quarter of 2022 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

L. Bertašienė

