

CONFIRMATION FROM THE RESPONSIBLE PERSONS

We, Chief Executive Officer of Šiaulių bankas AB Vytautas Sinius and Chief Accountant Vita Adomaitytė, confirm that as far as we know, the financial statements for 9 months of 2014 are formed in compliance with the applicable accounting standards, correspond the reality and correctly reflect the total assets, liabilities, financial status, activity result and cash flow of Šiaulių bankas AB and consolidated companies.

Chief Executive Officer



Vytautas Sinius

Chief Accountant



Vita Adomaitytė

20-11-2014



A PARTNER OF SMALL AND MEDIUM-SIZED BUSINESS

CONDENSED INTERIM FINANCIAL STATEMENTS

for the nine month period ended 30 September 2014

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(All amounts are in LTL thousand, unless otherwise stated)

THE GROUP'S AND THE BANK'S STATEMENTS OF FINANCIAL POSITION


	Notes	30-09-2014		31-12-2013	
		Group	Bank	Group	Bank
ASSETS					
Cash and cash equivalents		455 231	455 229	481 002	480 999
Due from other banks		13 622	13 622	5 995	5 995
Trading securities	2	108 975	208 975	70 648	193 648
Derivative financial instruments		24 396	23 057	22 347	21 008
Loans to customers	1	2 395 007	2 763 018	2 375 700	2 723 662
Finance lease receivables	1	186 068	19 395	205 093	20 779
Investment securities:					
- available-for-sale	2	80 515	79 531	188 203	186 432
- held-to-maturity	2	1 601 380	1 579 702	1 309 375	1 300 833
Investments in subsidiaries and associates	2	-	42 901	-	51 562
Intangible assets		1 561	1 227	1 178	887
Property, plant and equipment		37 758	34 600	45 546	35 914
Investment property	3	59 360	15 582	86 637	47 565
Current income tax prepayment		-	-	10	-
Deferred income tax asset		1 983	-	6 183	4 723
Other assets	3	174 081	33 713	147 657	21 525
Assets classified as held for sale	2	383 488	154 547	388 360	155 296
Total assets		5 523 425	5 425 099	5 333 934	5 250 828
LIABILITIES					
Due to other banks and financial institutions		265 205	287 841	264 234	301 206
Liabilities at fair value through profit or loss	12	67 803	67 803	68 855	68 855
Due to customers	4	4 688 780	4 689 621	4 529 237	4 530 021
Special and lending funds		2 233	2 233	7 354	7 354
Current income tax liabilities		1 969	1 314	1 028	-
Deferred income tax liabilities		5 657	1 314	4 952	-
Other liabilities		37 377	16 908	41 467	22 167
Liabilities related to assets classified as held for sale	2	91 572	-	92 620	-
Total liabilities		5 160 596	5 067 034	5 009 747	4 929 603
EQUITY					
Share capital	6	270 000	270 000	250 000	250 000
Share premium	6	12 719	12 719	32 719	32 719
Reserve capital		2 611	2 611	2 611	2 611
Statutory reserve		5 005	4 403	3 243	2 641
Financial assets revaluation reserve		1 953	1 953	(1 990)	(1 990)
Retained earnings		70 541	66 379	37 104	35 244
Non-controlling interest		-	-	500	-
Total equity		362 829	358 065	324 187	321 225
Total liabilities and equity		5 523 425	5 425 099	5 333 934	5 250 828

The notes on pages 10-35 constitute an integral part of these financial statements.

Chief Executive Officer

Chief Accountant

20 November 2014

Vytautas Sinius

Vita Adomaitytė

(All amounts are in LTL thousand, unless otherwise stated)

THE GROUP'S AND THE BANK'S INCOME STATEMENTS

	Notes	for the nine month period ended			
		30-09-2014		30-09-2013	
		Group	Bank	Group (represented)	Bank
Interest and similar income	7	143 752	144 987	127 078	126 559
Interest expense and similar charges	7	(62 112)	(62 149)	(78 020)	(78 136)
Net interest income		81 640	82 838	49 058	48 423
Fee and commission income	8	22 559	23 092	19 315	19 604
Fee and commission expense	8	(10 000)	(8 895)	(8 429)	(7 353)
Net fee and commission income		12 559	14 197	10 886	12 251
Net loss from embedded derivatives	11	(8 475)	(8 475)	(3 859)	(3 859)
Net loss from financial liabilities at fair value through profit or loss		(114)	(114)	-	-
Net gain from operations with securities		8 202	8 136	6 259	6 259
Net foreign exchange gain		7 835	7 836	5 133	5 134
Net gain from derecognition of financial assets	11	23 181	23 181	-	-
Net gain from disposal of assets		1 153	804	537	29
Other operating income	11	18 980	2 244	23 390	1 305
Salaries and related expenses		(33 963)	(30 385)	(28 515)	(25 130)
Depreciation and amortization expenses		(3 587)	(3 004)	(3 563)	(2 775)
Other expenses	9	(33 127)	(18 794)	(33 457)	(16 006)
Operating profit before impairment losses		74 284	78 464	25 869	25 631
Impairment losses on loans and other assets	10	(52 358)	(35 424)	(16 318)	(18 897)
Impairment losses on investments in subsidiaries	10	-	(24 553)	-	-
Dividends from investments in subsidiaries		-	21 053	-	2 400
Profit from continuing operations before income tax		21 926	39 540	9 551	9 134
Profit from discontinued operations	2	19 274	-	6 681	-
Income tax (expense)		(6 001)	(6 643)	(1 878)	(1 132)
Net profit for the period		35 199	32 897	14 354	8 002
Net profit attributable to:					
Owners of the Bank		35 199	32 897	14 315	8 002
from continuing operations		15 925	32 897	7 634	8 002
from discontinued operations		19 274	-	6 681	-
Non-controlling interest (from continuing operations)		-	-	39	-
Basic earnings per share (in LTL per share) attributable to owners of the Bank		0,14		0,06	
from continuing operations		0,06		0,03	
from discontinued operations		0,08		0,03	
Diluted earnings per share (in LTL per share) attributable to owners of the Bank		0,12		0,06	
from continuing operations		0,06		0,03	
from discontinued operations		0,06		0,03	

The notes on pages 10-35 constitute an integral part of these financial statements.

Chief Executive Officer

Chief Accountant

20 November 2014



Vytautas Sinius

Vita Adomaitytė

(All amounts are in LTL thousand, unless otherwise stated)

THE GROUP'S AND THE BANK'S STATEMENTS OF COMPREHENSIVE INCOME



	for the nine month period ended			
	30-09-2014		30-09-2013	
	Group	Bank	Group	Bank
Net profit	35 199	32 897	14 354	8 002
Other comprehensive income (loss):				
<i>Items that may be subsequently reclassified to profit or loss:</i>				
Gain (loss) from revaluation of financial assets	4 649	4 649	(8 120)	(8 120)
Deferred income tax on gain (loss) from revaluation of financial assets	(706)	(706)	1 206	1 206
Other comprehensive income (loss), net of deferred tax	3 943	3 943	(6 914)	(6 914)
Total comprehensive income	39 142	36 840	7 440	1 088
Total comprehensive income attributable to:				
Owners of the Bank	39 142	36 840	7 401	1 088
from continuing operations	19 868	36 840	720	1 088
from discontinued operations	19 274	-	6 681	-
Non-controlling interest	-	-	39	-

The notes on pages 10-35 constitute an integral part of these financial statements.

Chief Executive Officer

Chief Accountant

20 November 2014

 Vytautas Sinius
 Vita Adomaitytė

(All amounts are in LTL thousand, unless otherwise stated)

THE GROUP'S AND THE BANK'S INCOME STATEMENTS FOR THE PERIOD

	01-07-2014 - 30-09-2014		01-07-2013 - 30-09-2013	
	Group (represented)	Bank	Group (represented)	Bank
Interest and similar income	48 592	48 888	46 023	47 490
Interest expense and similar charges	(20 180)	(20 191)	(26 790)	(26 804)
Net interest income	28 412	28 697	19 233	20 686
Fee and commission income	8 369	8 566	7 441	7 608
Fee and commission expense	(3 629)	(3 420)	(3 015)	(2 690)
Net fee and commission income	4 740	5 146	4 426	4 918
Net loss from embedded derivatives	(2 248)	(2 248)	(1 365)	(1 365)
Net gain from financial liabilities at fair value through profit or loss	(252)	(252)	-	-
Net gain from operations with securities	1 304	1 304	1 360	1 360
Net foreign exchange gain	3 391	3 392	2 221	2 222
Gain from derecognition of financial assets	17 708	17 708	-	-
Net gain from disposal of assets	182	300	264	42
Other operating income	3 356	683	9 421	574
Salaries and related expenses	(10 906)	(9 776)	(9 721)	(8 537)
Depreciation and amortization expenses	(1 182)	(975)	(1 245)	(987)
Other expenses	(9 490)	(7 234)	(12 174)	(5 526)
Operating profit before impairment losses	35 015	36 745	12 420	13 387
Impairment losses on loans and other assets	(26 030)	(14 638)	(7 176)	(11 363)
Impairment losses on investments in subsidiaries	-	(9 900)	-	-
Dividends from investments in subsidiaries	-	-	-	-
Profit from continuing operations before income tax	8 985	12 207	5 244	2 024
Profit from discontinued operations	6 823	-	3 240	-
Income tax (expense)	(2 993)	(3 558)	(655)	(299)
Net profit for the period	12 815	8 649	7 829	1 725
Net profit attributable to:				
Owners of the Bank	12 815	8 649	7 803	1 725
from continuing operations	5 992	8 649	4 563	1 725
from discontinued operations	6 823	-	3 240	-
Non-controlling interest (from continuing operations)	-	-	26	-

(All amounts are in LTL thousand, unless otherwise stated)

THE GROUP'S STATEMENT OF CHANGES IN EQUITY

	Notes	Attributable to the owners of the Bank						Non-controlling interest	Total equity	
		Share capital	Share premium	Reserve capital	Financial assets revaluation reserve	Statutory reserve	Retained earnings			Total
31 December 2012		234 858	47 861	2 611	5 194	1 891	21 206	313 621	835	314 456
Increase in share capital	6	15 142	(15 142)	-	-	-	-	-	-	-
Payment of dividends	6	-	-	-	-	-	(1 174)	(1 174)	-	(1 174)
Transfer to statutory reserve		-	-	-	-	1 352	(1 352)	-	-	-
Acquisition of subsidiary	2	-	-	-	-	-	-	-	(414)	(414)
Total comprehensive income (loss)		-	-	-	(6 914)	-	14 315	7 401	39	7 440
30 September 2013		250 000	32 719	2 611	(1 720)	3 243	32 995	319 848	460	320 308
Acquisition of subsidiary	2	-	-	-	-	-	-	-	(14)	(14)
Total comprehensive income		-	-	-	(270)	-	4 109	3 839	54	3 893
31 December 2013		250 000	32 719	2 611	(1 990)	3 243	37 104	323 687	500	324 187
Increase in share capital	6	20 000	(20 000)	-	-	-	-	-	-	-
Acquisition of subsidiary	2	-	-	-	-	-	-	-	(500)	(500)
Transfer to statutory reserve		-	-	-	-	1 762	(1 762)	-	-	-
Total comprehensive income		-	-	-	3 943	-	35 199	39 142	-	39 142
30 September 2014		270 000	12 719	2 611	1 953	5 005	70 541	362 829	-	362 829

(All amounts are in LTL thousand, unless otherwise stated)

THE BANK'S STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital	Share premium	Reserve capital	Financial assets revaluation reserve	Statutory reserve	Retained earnings	Total
31 December 2012		234 858	47 861	2 611	5 194	1 289	27 043	318 856
Increase in share capital	6	15 142	(15 142)	-	-	-	-	-
Payment of dividends	6	-	-	-	-	-	(1 174)	(1 174)
Transfer to statutory reserve		-	-	-	-	1 352	(1 352)	-
Total comprehensive income (loss)		-	-	-	(6 914)	-	8 002	1 088
30 September 2013		250 000	32 719	2 611	(1 720)	2 641	32 519	318 770
Total comprehensive income		-	-	-	(270)	-	2 725	2 455
31 December 2013		250 000	32 719	2 611	(1 990)	2 641	35 244	321 225
Increase in share capital	6	20 000	(20 000)	-	-	-	-	-
Transfer to statutory reserve		-	-	-	-	1 762	(1 762)	-
Total comprehensive income		-	-	-	3 943	-	32 897	36 840
30 September 2014		270 000	12 719	2 611	1 953	4 403	66 379	358 065

(All amounts are in LTL thousand, unless otherwise stated)

THE GROUP'S AND THE BANK'S STATEMENTS OF CASH FLOWS

	for the nine month period ended			
	30-09-2014		30-09-2013	
	Group	Bank	Group	Bank
Operating activities				
Interest received	108 367	104 883	89 950	87 433
Interest paid	(62 112)	(62 149)	(78 020)	(78 136)
Net cash received from service and commission fees	12 559	14 197	10 886	12 251
Cash inflows from trade in trading securities	5 122	5 122	9 309	9 309
Net inflows from foreign exchange operations	8 777	8 778	4 627	4 628
Recoveries on loans previously written off	567	55	472	126
Salaries and related payments to and on behalf of employees	(33 248)	(29 471)	(29 233)	(24 567)
Other net cash receipts (payments)	27 608	3 952	(1 080)	(15 556)
Income tax paid	(1 194)	-	(92)	-
Net cash flow from operating activities before change in operating assets and liabilities	66 446	45 367	6 819	(4 512)
Change in operating assets and liabilities:				
(Increase) in trading securities	(33 785)	(5 152)	(65 488)	(188 512)
(Increase) in loans to credit and financial institutions	(7 627)	(7 627)	(877)	(877)
(Increase) in loans to customers	(54 400)	(85 464)	(828 961)	(859 502)
(Increase) in other assets	(26 412)	(12 627)	(262 481)	(18 154)
(Decrease) in liabilities to credit and financial institutions	(195)	(14 531)	(18 342)	(20 623)
Increase in deposits, special and leanding funds	154 422	154 479	2 270 952	2 314 528
Decrease (increase) in other liabilities	(5 842)	(6 162)	100 246	7 265
Change	26 161	22 916	1 195 049	1 234 125
Net cash flow from from operating activities	92 607	68 283	1 201 868	1 229 613
Investing activities				
(Acquisition) of tangible and intangible assets	(8 541)	(3 034)	(54 685)	(42 833)
Disposal of tangible and intangible assets	37 697	37 697	5 506	1 389
(Acquisition) of held-to-maturity securities	(638 525)	(625 389)	(1 147 411)	(1 138 912)
Proceeds from redemption of held-to-maturity securities	376 255	376 255	132 527	132 527
(Acquisition) of available-for-sale securities	(46 263)	(46 170)	(333 042)	(332 991)
Disposal of available-for-sale securities	161 352	161 346	330 749	330 744
(Acquisition) of subsidiaries	-	(15 892)	(97 278)	(144 092)
Dividends received	158	21 145	-	2 400
Net cash from (used in) investing activities	(117 867)	(94 042)	(1 163 634)	(1 191 768)
Financing activities				
Payment of dividends	(11)	(11)	(1 149)	(1 149)
Payment to minority shareholders	(500)	-	(374)	-
Redemption of debt securities in issue	-	-	(22 912)	(22 912)
Net cash flow from financing activities	(511)	(11)	(24 435)	(24 061)
Net increase in cash and cash equivalents	(25 771)	(25 770)	13 799	13 784
Cash and cash equivalents at 1 January	481 002	480 999	221 855	221 805
Cash and cash equivalents at 30 September	455 231	455 229	235 654	235 589

(All amounts are in LTL thousand, unless otherwise stated)

GENERAL INFORMATION

Šiaulių Bankas AB was registered as a public company in the Enterprise Register of the Republic of Lithuania on 4 February 1992. The Bank is licensed by the Bank of Lithuania to perform all banking operations provided for in the Law on Commercial Banks of the Republic of Lithuania and the Statute of the Bank. In this document, Šiaulių Bankas AB is referred to as the Bank, Šiaulių Bankas AB and its subsidiaries - the Group.

The Head Office of the Bank is located in Šiauliai, Tilžės str. 149, LT-76348. The bank has 14 branches in Kelmė, Klaipėda, Kuršėnai, Mažeikiai, Palanga, Šilutė, Vilnius, Alytus, Utena, Kaunas, Druskininkai, Panevėžys, Šiauliai, Radviliškis and 60 client service units. As of 30 September 2014 the Bank had 677 employees (31 December 2013: 680). As of 30 September 2014 the Group (except subsidiaries held for sale) had 758 employees (31 December 2013 (represented): 761 employees).

The Bank's shares are listed on the Official List of the Vilnius Stock Exchange - NASDAQ OMX Vilnius AB.

As of 30 September 2014 the Bank owned the following directly controlled subsidiaries:

1. Šiaulių Banko Lizingas UAB (finance and operating lease activities),
2. Šiaulių Banko Investicijų Valdymas UAB (investment management activities),
3. Šiaulių Banko Turto Fondas UAB (real estate management activities),
4. Minera UAB (real estate management activities),
5. SBTF UAB (real estate management activities),
6. Pavasaris UAB (development of the area of multi-apartment residential houses),

As of 30 September 2014 the Bank owned directly controlled subsidiaries held for sale:

7. Ūkio Banko Lizingas UAB* (finance lease activities),
8. Bonum Publicum GD UAB* (life insurance activities),
9. Eastern Europe Development Fund UAB (real estate management activities),
10. Sporto Klubų Investicijos UAB (real estate management activities),
11. Trade Project UAB (real estate management activities),
12. Investicinio Turto Valdymas UAB (real estate management activities),
- 13-17. ŽSA 1 UAB, ŽSA 2 UAB, ŽSA 3 UAB, ŽSA 4 UAB, ŽSA 5 UAB (real estate management activities),

As of 30 September 2014 the Bank had the indirectly controlled subsidiaries held for sale:

18. Kėdainių Oda UAB** (leather processing, production activities),
19. Žalgirio Sporto Arena UAB (real estate management activities),
20. Nacionalinis Futbolo Stadionas UAB (development of the football stadium).

As of 31 December 2013 the Bank owned the following subsidiaries:

1. Šiaulių Banko Lizingas UAB (finance and operating lease activities),
2. Šiaulių Banko Investicijų Valdymas UAB (investment management activities),
3. Šiaulių Banko Turto Fondas UAB (real estate management activities),
4. Minera UAB (real estate management activities),
5. SBTF UAB (real estate management activities),
6. Pavasaris UAB (development of the area of multi-apartment residential houses),
7. Kėdainių Oda UAB** (indirect control; leather processing, production activities).

As of 31 December 2013 the Bank owned directly controlled subsidiaries held for sale:

8. Ūkio Banko Lizingas UAB* (finance lease activities),
9. Bonum Publicum GD UAB* (life insurance activities),
10. Eastern Europe Development Fund UAB (real estate management activities),
11. Sporto Klubų Investicijos UAB (real estate management activities),
12. Trade Project UAB (real estate management activities),
13. Investicinio Turto Valdymas UAB (real estate management activities),
- 14-18. ŽSA 1 UAB, ŽSA 2 UAB, ŽSA 3 UAB, ŽSA 4 UAB, ŽSA 5 UAB (real estate management activities),

As of 31 December 2013 the Bank had the indirectly controlled subsidiaries held for sale:

19. Žalgirio Sporto Arena UAB (real estate management activities),
20. Nacionalinis Futbolo Stadionas UAB (development of the football stadium).

(All amounts are in LTL thousand, unless otherwise stated)

* In October 2014, the Bank changed its plans regarding two entities (Ūkio Banko Lizingas UAB and Bonum Publicum GD UAB) that were included in subsidiaries held for sale and decided to classify these entities as consolidated subsidiaries. More details are presented in Note 16.

** In the financial statements for the nine month period ended 30 September 2014, Kėdainių Oda UAB was reclassified from consolidated subsidiaries to subsidiaries held for sale. This reclassification caused restatements in the comparative financial information of the Group for the nine month period ended 30 September 2013, which was represented to include the activity results of Kėdainių Oda UAB in Discontinued operations, i.e. the same accounting treatment as in financial statements for the nine month period ended 30 September 2014 (total activity result of the Group was not affected by this representation, amounts were represented between the results of Continuing and Discontinued operations). The tables in the financial statement, which have been impacted by this representation, are marked with the word "represented" in the header.

According to the agreement signed among Šiaulių Bankas AB, administrator of Ūkio Bankas AB and a state-owned enterprise Indėlių ir Investicijų Draudimas signed 23 February 2013 and its subsequent amendments (details on the transaction are disclosed in financial statements of Šiaulių bankas for the year 2013), 2 February 2014 was the date of the expiration of the option held by Ūkio Bankas to purchase back a part of assets acquired by Šiaulių Bankas.

None of the five options, under which a part of the assets acquired by Šiaulių Bankas from Ūkio Bankas could be sold, was realised.

The expiration of the options did not cause changes in the accounting of Šiaulių Bankas.

This condensed interim financial information for the nine month period ended 30 September 2014 has been prepared in accordance with IAS 34, "Interim Financial Reporting" as adopted by the EU. The condensed interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2013, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by EU. The accounting policies applied by the Group and the Bank in these condensed interim financial statements are the same as those applied by the Group and the Bank in their financial statements as at and for the year ended 31 December 2013, which were prepared in accordance with IFRS as adopted by the EU.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current event and actions, actual results ultimately may differ from those estimates. In preparing these condensed interim financial statements, the significant judgements made in applying Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements as at and for the year ended 31 December 2013.

These financial statements combine the consolidated financial statements for the Group and stand-alone financial statements of the Bank. Such format of reporting was adopted to ensure consistency of presentation with the format prescribed by the Bank of Lithuania and applied for statutory reporting.

Amounts shown in these financial statements are presented in the local currency, Litas (LTL). Since 2 February 2002 the exchange rate of the litas was pegged to the euro at a rate of LTL 3.4528 = EUR 1.

No significant amounts of the Group's and the Bank's income or expenses are of a substantial seasonal nature.

(All amounts are in LTL thousand, unless otherwise stated)

NOTE 1 LOANS TO CUSTOMERS AND FINANCE LEASE RECEIVABLES

Credit risk is defined as the risk for the Group to incur losses due to the Group's customers' failure to fulfil their financial obligations towards the Group. Credit exposures arise principally in lending activities and it is the most significant risk in the Group's banking activities. There is also credit risk in investment activities that arise from debt securities and in the Group's asset portfolio as well as in the off-balance sheet financial instruments, such as loan commitments, guarantees and letters of credit.

The Bank regularly reviews its credit risk management policies which include lending policies, credit risk limit control, other credit risk mitigation measures as well as the internal control and internal audit of credit risk management.

The Bank takes risks only in the fields, which are well known to it and where it has long-term experience, trying to avoid excessive risk in transactions that can have negative influence to the big portion of shareholders' equity but seeks the sufficient profitability which, in terms of increasing competition, would ensure the stable Bank's position in the market and would increase the Bank's value. In assessing exposure to credit risk, the Bank adheres to the principle of prudence.

The aim of the Bank's credit risk management policy is to ensure that the conflict between interests of staff or structural units is avoided. With respect to provision of credits to clients, the principle stating that profit should not be earned at the expense of excessive credit risk is observed.

Maximum exposure to credit risk before collateral held or other credit enhancements

	30-09-2014		31-12-2013	
	Group	Bank	Group	Bank
Loans and advances to banks	13 622	13 622	5 995	5 995
Loans and advances to customers:	2 395 007	2 763 018	2 375 700	2 723 662
- Loans and advances to financial institutions	33	204 071	-	215 734
- Loans to individuals (Retail)	220 034	198 048	227 319	195 246
- Loans to business customers	2 174 940	2 360 899	2 148 381	2 312 682
Finance lease receivables	186 068	19 395	205 093	20 779
Trading assets:				
- Debt securities	108 588	208 588	70 146	193 146
Derivative financial instruments	24 396	23 057	22 347	21 008
Securities available for sale:				
- Debt securities	77 728	77 728	184 663	184 663
Investment securities held to maturity:				
- Debt securities	1 601 380	1 579 702	1 309 375	1 300 833
Other financial assets	31 748	29 593	7 695	423
Credit risk exposures relating to off-balance sheet items are as follows:				
- Financial guarantees	105 787	106 018	103 673	104 473
- Letters of credit	864	864	7 039	7 039
- Loan commitments and other credit related liabilities	304 389	316 223	243 202	252 847
Total	4 849 577	5 137 808	4 534 928	4 814 868

(All amounts are in LTL thousand, unless otherwise stated)

Loans to customers

	30-09-2014		31-12-2013	
	Group	Bank	Group	Bank
Loans to individuals	2 681 090	3 067 099	2 739 281	3 120 652
Loans to business customers	233 884	210 754	252 854	219 695
Subtract: Fair value revaluation on acquisition*	(377 018)	(377 018)	(473 782)	(473 782)
Gross	2 537 956	2 900 835	2 518 353	2 866 565
Subtract: Allowance for impairment	(142 949)	(137 817)	(142 653)	(142 903)
Net	2 395 007	2 763 018	2 375 700	2 723 662

	30-09-2014		31-12-2013	
	Group	Bank	Group	Bank
Neither past due not impaired	2 081 470	2 454 816	1 957 779	2 305 869
Past due but not impaired	233 341	227 287	344 608	342 075
Impaired	223 145	218 732	215 966	218 621
Gross	2 537 956	2 900 835	2 518 353	2 866 565
Subtract: Allowance for impairment	(142 949)	(137 817)	(142 653)	(142 903)
Net	2 395 007	2 763 018	2 375 700	2 723 662

* Fair value revaluation on acquisition is the difference between the estimated fair value by appraisers of the loans acquired under the transaction transfer of assets, rights, transactions and liabilities of Ūkio Bankas and the gross value of the above-mentioned loans.

Loans and advances neither past due not impaired are loans which are not impaired and payments of which are not past due.

Past due but not impaired loans are loans for which principal or interest is past due but no allowance for impairment is recognized.

Impaired loan is a loan to which a loss event is recognized and allowance for impairment is made.

The list of loss events:

- 1) significant financial difficulties of the debtor or issuer, i.e. the borrower's financial status is evaluated as poor or bad;
- 2) violation of the loan agreement (non-payment of the periodic loan payments (the part of the loan or interest)) for more than 30 days;
- 3) the loan is being recovered;
- 4) funds granted to the borrower are used not according to the loan purpose and the implementation terms of investment project are violated or decrease in collateral value, when repayment terms of the evaluated loans directly depend on the value of the object of security measure;
- 5) third parties related to the borrower do not fulfil their obligations, which impacts the borrower's ability to fulfil its financial obligations;
- 6) other loss events (termination or cancellation of the licence validity of the borrower or issuer engaged in licensed activity; the death of the borrower or issuer).

Loans and advances past due but not impaired

	30-09-2014		31-12-2013	
	Group	Bank	Group	Bank
Past due up to 7 days	54 077	53 195	79 942	78 595
Past due 8 to 30 days	46 477	45 717	44 497	43 418
Past due 31-60 days	23 515	23 493	11 818	11 740
Past due 61-90 days	5 135	5 127	31 218	31 196
Past due more than 90 days	104 137	99 755	177 133	177 126
Total Net loans:	233 341	227 287	344 608	342 075
Fair value of collateral	222 448	218 066	302 636	302 636

(All amounts are in LTL thousand, unless otherwise stated)

Loans and advances impaired

	30-09-2014		31-12-2013	
	Group	Bank	Group	Bank
Impaired loans	223 145	218 732	215 966	218 621
Allowance for impairment	(142 949)	(137 817)	(142 653)	(142 903)
Fair value of collateral	119 822	123 643	98 283	102 410

Unsecured loans also include loans secured by other types of collateral (e.g. future inflow of funds into the borrowers' Bank accounts (controlled by the Bank), third party warrantees, bills of exchange, etc.).

Finance lease receivables

Šiaulių Banko Lizingas UAB was established on 16th August 1999. The main business of the company is financial lease.

Leasing activities mainly depend on the attracted financial resources. The funds allocated to provide funding to leasing operations are formed from two following sources: own funds and bank's loans. The leasing company pays interest to the bank for the borrowed funds

In 2013, the Bank acquired some finance lease agreements from Ūkio bankas.

Segment information

	2014-09-30		2013-12-31	
	Group	Bank	Group	Bank
By type of customer:				
Business customers	235 711	82 371	265 121	87 632
Individuals	14 021	-	10 108	-
Subtract: Fair value revaluation on acquisition*	(62 863)	(62 863)	(66 853)	(66 853)
Gross	186 869	19 508	208 376	20 779
Neither past due not impaired	154 271	10 627	162 943	11 028
Past due but not impaired	31 247	8 660	34 149	9 751
Impaired	1 351	221	11 284	-
Gross	186 869	19 508	208 376	20 779
Subtract: Allowance for impairment	(801)	(113)	(3 283)	-
Net	186 068	19 395	205 093	20 779

* Fair value revaluation on acquisition is the difference between the estimated fair value by appraisers of the finance lease receivables acquired under the transaction transfer of assets, rights, transactions and liabilities of Ūkio Bankas.

(All amounts are in LTL thousand, unless otherwise stated)

	30-09-2014			31-12-2013		
	Individuals	Business customers	Total	Individuals	Business customers	Total
Finance lease receivables by type of assets leased (Group):						
- transport vehicles	11 267	50 808	62 075	6 863	49 100	55 963
- real estate	1 738	93 606	95 344	1 670	108 087	109 757
- airplanes	-	5 491	5 491	-	-	-
- railway equipment	-	-	-	-	6 114	6 114
- production equipment	4	5 352	5 356	9	11 512	11 521
- other equipment	331	15 557	15 888	1 247	4 927	6 174
- other assets	681	2 034	2 715	319	18 528	18 847
Total	14 021	172 848	186 869	10 108	198 268	208 376

	2014-09-30			2013-12-31		
	Individuals	Business customers	Total	Individuals	Business customers	Total
Finance lease receivables by type of assets leased (Bank):						
- transport vehicles	-	143	143	-	267	267
- real estate	-	18 503	18 503	-	20 450	20 450
- airplanes	-	-	-	-	-	-
- railway equipment	-	-	-	-	-	-
- production equipment	-	818	818	-	12	12
- other equipment	-	44	44	-	50	50
- other assets	-	-	-	-	-	-
Total	-	19 508	19 508	-	20 779	20 779

(All amounts are in LTL thousand, unless otherwise stated)

NOTE 2 SECURITIES

Trading securities

	30-09-2014		31-12-2013	
	Group	Bank	Group	Bank
Debt securities:				
Government bonds	70 826	70 826	18 884	18 884
Bonds of private entities	29 035	129 035	44 405	167 405
Bonds of state controlled entities	8 727	8 727	6 857	6 857
Equities:				
Listed	385	385	397	397
Unlisted	2	2	-	-
Investment fund units	-	-	105	105
Total	108 975	208 975	70 648	193 648

Group 30-09-2014	Government debt securities	Corporate debt securities	Corporate equity securities	Investment fund units
From AA- to AAA	-	6 137	-	-
From A- to A+	62 765	10 397	-	-
From BBB- to BBB+	8 061	21 228	-	-
From BB- to BB+	-	-	-	-
Lower than BB-	-	-	-	-
No rating	-	-	387	-
Total	70 826	37 762	387	-

Group 31-12-2013	Government debt securities	Corporate debt securities	Corporate equity securities	Investment fund units
From AA- to AAA	7 344	19 190	-	-
From A- to A+	-	5 677	-	-
From BBB- to BBB+	11 540	22 963	-	-
From BB- to BB+	-	3 432	-	-
Lower than BB-	-	-	-	-
No rating	-	-	397	105
Total	18 884	51 262	397	105

Bank 30-09-2014	Government debt securities	Corporate debt securities	Corporate equity securities	Investment fund units
From AA- to AAA	-	6 137	-	-
From A- to A+	62 765	10 397	-	-
From BBB- to BBB+	8 061	21 228	-	-
From BB- to BB+	-	-	-	-
Lower than BB-	-	-	-	-
No rating	-	100 000	387	-
Total	70 826	137 762	387	-

Bank 31-12-2013	Government debt securities	Corporate debt securities	Corporate equity securities	Investment fund units
From AA- to AAA	7 344	19 190	-	-
From A- to A+	-	5 677	-	-
From BBB- to BBB+	11 540	22 963	-	-
From BB- to BB+	-	3 432	-	-
Lower than BB-	-	-	-	-
No rating	-	123 000	397	105
Total	18 884	174 262	397	105

(All amounts are in LTL thousand, unless otherwise stated)

Investment securities
Securities available-for-sale

	30-09-2014		31-12-2013	
	Group	Bank	Group	Bank
Debt securities:				
Lithuanian government bonds	13 146	13 146	31 574	31 574
Foreign government bonds	8 708	8 708	30 332	30 332
Foreign corporate bonds	55 874	55 874	122 757	122 757
Equity securities:				
Listed	-	-	-	-
Unlisted	2 375	1 391	3 162	1 391
Investment fund units	412	412	378	378
Total	80 515	79 531	188 203	186 432

Securities held-to-maturity

	30-09-2014		31-12-2013	
	Group	Bank	Group	Bank
Debt securities:				
Lithuanian corporate bonds	21 678	-	8 542	-
Lithuanian government bonds	1 068 556	1 068 556	995 595	995 595
Foreign government bonds	78 016	78 016	45 019	45 019
Foreign corporate bonds	433 130	433 130	260 219	260 219
Total	1 601 380	1 579 702	1 309 375	1 300 833

	Securities available-for-sale				Securities held-to-maturity	
	Government bonds	Corporate debt securities	Corporate equity securities	Investment fund units	Government bonds	Corporate debt securities
Group 30-09-2014						
From AA- to AAA	-	4 043	-	-	20 043	55 841
From A- to A+	15 831	18 834	-	-	1 021 637	180 438
From BBB- to BBB+	6 023	32 997	-	-	97 503	185 829
From BB- to BB+	-	-	-	-	7 389	11 022
Lower than BB-	-	-	-	-	-	-
No rating	-	-	2 375	412	-	21 678
Total	21 854	55 874	2 375	412	1 146 572	454 808

	Securities available-for-sale				Securities held-to-maturity	
	Government bonds	Corporate debt securities	Corporate equity securities	Investment fund units	Government bonds	Corporate debt securities
Group 31-12-2013						
From AA- to AAA	22 195	27 319	-	-	18 480	59 428
From A- to A+	-	49 703	-	-	17 752	128 191
From BBB- to BBB+	36 070	41 958	-	-	998 982	61 765
From BB- to BB+	1 875	3 777	-	-	5 400	10 835
Lower than BB-	1 766	-	-	-	-	-
No rating	-	-	3 162	3 617	-	8 542
Total	61 906	122 757	3 162	3 617	1 040 614	268 761

	Securities available-for-sale				Securities held-to-maturity	
	Government bonds	Corporate debt securities	Corporate equity securities	Investment fund units	Government bonds	Corporate debt securities
Bank 30-09-2014						
From AA- to AAA	-	4 043	-	-	20 043	55 841
From A- to A+	15 831	18 834	-	-	1 021 637	180 438
From BBB- to BBB+	6 023	32 997	-	-	97 503	185 829
From BB- to BB+	-	-	-	-	7 389	11 022
Lower than BB-	-	-	-	-	-	-
No rating	-	-	1 391	412	-	-
Total	21 854	55 874	1 391	412	1 146 572	433 130

(All amounts are in LTL thousand, unless otherwise stated)

	Securities available-for-sale				Securities held-to-maturity	
	Government bonds	Corporate debt securities	Corporate equity securities	Investment fund units	Government bonds	Corporate debt securities
Bank 31-12-2013						
From AA- to AAA	22 195	27 319	-	-	18 480	59 428
From A- to A+	-	49 703	-	-	17 752	128 191
From BBB- to BBB+	36 070	41 958	-	-	998 982	61 765
From BB- to BB+	1 875	3 777	-	-	5 400	10 835
Lower than BB-	1 766	-	-	-	-	-
No rating	-	-	1 391	378	-	-
Total	61 906	122 757	1 391	378	1 040 614	260 219

During the nine month period ended 30 September 2014, no reclassifications between portfolios of securities were performed. During the nine month period ended 30 September 2013, debt securities with a value of LTL 69.6 million were reclassified from Available-for-sale to Held-to-maturity portfolio. Management of the Bank assessed it has an intention to hold these reclassified securities to maturity.

Investments in consolidated directly controlled subsidiaries

	30-09-2014			31-12-2013		
	Share in equity, %	Acquisition cost	Carrying amount	Share in equity, %	Acquisition cost	Carrying amount
Šiaulių Banko Lizingas UAB	100	13 500	3 000	100	5 000	3 000
Šiaulių Banko Investicijų Valdymas UAB	100	14 040	1 076	100	7 040	1 076
Šiaulių Banko Turto Fondas UAB	100	5 117	4 271	100	5 117	4 271
Minera UAB	100	5 505	5 505	100	5 505	5 505
SBTF UAB	100	2 000	2 000	100	2 000	2 000
Pavasaris UAB	100	36 102	27 049	99	35 710	35 710
Total		76 264	42 901		60 372	51 562

Investments in consolidated indirectly controlled subsidiaries

	31-12-2013		
	Share in equity, %	Acquisition cost	Carrying amount
Kėdainių Oda UAB	100	12 000	9 180

During the nine month period ended 30 September 2014 the Bank acquired 1.09% shares of Pavasaris UAB thus increased its holding from 98.91% to 100.00% and became the sole shareholder of the company. This acquisition resulted in a gain of LTL 114 thousand, which is included in the income statement line "Other operating income".

During the nine month period ended 30 September 2014 the Bank recognized impairment losses to the following investments in subsidiaries: LTL 9 053 thousand investment in Pavasaris UAB (value of the investment reduced by the amount of dividends paid by Pavasaris UAB and recognized in the income statement of the Bank); LTL 8 500 thousand investment in Šiaulių Banko Lizingas UAB (Bank covered losses of the subsidiary); LTL 7 000 thousand investment in Šiaulių Banko Investicijų Valdymas UAB (Bank covered losses of the subsidiary).

In 2013, the Bank recognised an impairment loss of LTL 3,582 thousand on an investment in Šiaulių Banko Investicijų Valdymas UAB (the Bank covered subsidiary's losses in amount of LTL 3,000 thousand and recognized additional impairment of LTL 582 thousand).

In the financial statements for the nine month period ended 30 September 2014, Kėdainių Oda UAB was reclassified from consolidated subsidiaries to subsidiaries held for sale.

(All amounts are in LTL thousand, unless otherwise stated)

Assets classified as held for sale
Subsidiaries held for sale

3 March 2013, under the agreement on the transfer of assets, rights, transactions and liabilities of Ūkio Bankas, based on which a part of assets, rights, transactions and liabilities of Ūkio Bankas was transferred to Šiaulių Bankas, Šiaulių Bankas AB acquired 100 % control over following subsidiaries:

i) subsidiaries engaged in real estate development activities: Eastern Europe Development Fund UAB, Sporto Klubų Investicijos UAB, Trade Project UAB, Investicinio Turto Valdymas UAB, ŽSA 1 UAB, ŽSA 2 UAB, ŽSA 3 UAB, ŽSA 4 UAB and ŽSA 5 UAB (ŽSA 1 UAB, ŽSA 2 UAB, ŽSA 3 UAB, ŽSA 4 UAB and ŽSA 5 UAB together own 100% shares of Žalgirio Sporto Arena UAB; Žalgirio Sporto Arena UAB owns 100% shares of Nacionalinis Futbolo Stadionas UAB) and

ii) subsidiaries engaged in other activities: Ūkio Banko Lizingas UAB and Bonum Publicum GD UAB.

Above-mentioned subsidiaries are classified as subsidiaries held for sale. Initially, they are accounted at acquisition value which is equal to their fair value and subsequently adjusted by the amount of activity result (in case of profit, the value is increased; in case of loss, the value is decreased).

	30-09-2014		
	Entities engaged in real estate development	Entities engaged in other activities	Total:
Assets held for sale attributable to the group of entities	124 861	254 496	379 357
Liabilities attributable to assets held for sale attributable to the group of entities	12 249	77 641	89 890
Profit (loss) of the current year	(222)	20 354	20 132

	31-12-2013		
	Entities engaged in real estate development	Entities engaged in other activities	Total:
Assets held for sale attributable to the group of entities	131 235	255 929	387 164
Liabilities attributable to assets held for sale attributable to the group of entities	21 450	71 170	92 620
Profit (loss) of the current year from the date of acquisition of the entities (for the period from 03-03-2013 to 30-09-2013)	(1 014)	11 619	10 605

In the financial statements for the nine month period ended 30 September 2014, Kėdainių Oda UAB was reclassified from consolidated subsidiaries to subsidiaries held for sale. As of 30 September 2014, Assets held for sale attributable to Kėdainių Oda UAB amounted to LTL 3 684 thousand, Liabilities attributable to assets held for sale amounted to LTL 1 682 thousand. Losses attributable to this entity included in the Discontinued operations: for the nine month period ended 30 September 2014 - LTL 858 thousand; for the nine month period ended 30 September 2013 - LTL 1 104 thousand.

In October 2014, the Bank changed its plans regarding two entities (Ūkio Banko Lizingas UAB and Bonum Publicum GD UAB) that were included in subsidiaries held for sale and decided to classify these entities as consolidated subsidiaries. More details are presented in Note 16.

During the nine month period ended 30 September 2014, the Group incurred a LTL 5 433 thousand loss related to the measurement to fair value less costs to sell or on the disposal of the subsidiaries held for sale. The whole amount is attributable to the repricing of Kėdainių Oda UAB to fair value. It is included in Income statement line "Impairment losses on loans and other assets". During the nine month period ended 30 September 2013, an impairment of an investment in Kėdainių Oda UAB of LTL 2 820 thousand was recognized. In Group's financial statements, it is included in the result of Discontinued operations.

Property, plant and equipment held for sale

In addition to the subsidiaries held for sale, real estate properties, which are expected by the Bank to be sold during the year from the inclusion in this item are also included in assets held for sale. The fair value of real estate properties included in assets held for sale was LTL 447 thousand as of 30 September 2014 (31 December 2013: LTL 1 196 thousand).

(All amounts are in LTL thousand, unless otherwise stated)

NOTE 3 SIGNIFICANT INFORMATION ON CHANGES IN OTHER ASSET LINE ITEMS

Investment property

During the nine month period ended 30 September 2014, the carrying amount of the Group's investment property reduced by LTL 27 277 thousand, from LTL 86 637 thousand at the beginning of the period to LTL 59 360 thousand at the end of the period. The sale of the investment property is the main cause of this change (properties acquired under the transaction transfer of assets, rights, transactions and liabilities of Ūkio Bankas comprise the major share of the properties sold).

Other assets

	30-09-2014		31-12-2013	
	Group	Bank	Group	Bank
Assets held for sale	113 202	-	111 629	-
Amounts receivable	30 010	28 732	7 695	423
Deferred expenses	2 945	1 729	4 580	3 261
Prepayments	1 738	861	16 042	13 884
Foreclosed assets	19 260	2 025	2 288	2 045
Other assets	6 926	366	5 423	1 912
Total	174 081	33 713	147 657	21 525

NOTE 4 DUE TO CUSTOMERS

	30-09-2014		31-12-2013	
	Group	Bank	Group	Bank
Demand deposits:				
National government institutions	27 908	27 908	30 636	30 636
Local government institutions	122 577	122 577	67 136	67 136
Governmental and municipal companies	17 399	17 399	16 175	16 175
Corporate entities	346 594	347 435	307 676	308 460
Non-profit organisations	23 795	23 795	23 507	23 507
Individuals	546 831	546 831	443 191	443 191
Unallocated amounts due to customers	24 334	24 334	15 419	15 419
Total demand deposits:	1 109 438	1 110 279	903 740	904 524
Time deposits:				
National government institutions	1 476	1 476	1 939	1 939
Local government institutions	2 466	2 466	2 331	2 331
Governmental and municipal companies	10 672	10 672	10 540	10 540
Corporate entities	184 987	184 987	174 242	174 242
Non-profit organisations	13 848	13 848	14 321	14 321
Individuals	3 365 893	3 365 893	3 422 124	3 422 124
Total time deposits:	3 579 342	3 579 342	3 625 497	3 625 497
Total:	4 688 780	4 689 621	4 529 237	4 530 021

NOTE 5 SIGNIFICANT INFORMATION ON CHANGES IN OTHER LIABILITY LINE ITEMS

Debt securities in issue

During the nine month period ended 30 September 2014 the Bank did not issue debt securities. As of 30 September 2014 and as of 31 December 2013, the Bank did not have any liabilities related to holders of its debt securities.

(All amounts are in LTL thousand, unless otherwise stated)

NOTE 6 CAPITAL

As of 30 September 2014 the Bank's share capital comprised 270 000 000 ordinary registered shares with par value of LTL 1 each. The Articles of Association of the Bank with an increased authorised capital were registered in the Register of Legal Entities on 3 June 2014, using Bank's own resources (share premium), from which a new share issue of 20 000 000 ordinary shares was issued. The shares were distributed among Bank's shareholders using the proportion of their stakes at the accounting date of the shares (11 April 2014) of the ordinary meeting of shareholders of Šiaulių bankas that took place on 28 March 2014.

As at 30 September 2014, the Bank had 3 598 shareholders. A share of capital and votes held by Bank's shareholders by the place of residence: residents 65.66%, non-residents 34.34% (as at 31 December 2013: 3 592 shareholders, of which residents 66.36%, non-residents 33.64%).

As of 30 September 2014, the shareholders holding over 5% of the Bank's shares and votes are listed in the table below:

Shareholder	Share of votes held, %
The European Bank for Reconstruction and Development (EBRD);	19.57
Gintaras Kateiva	6.24
Total	25.81

Another 18 shareholders had less than 5 % but more than 1% of the Bank's share capital.

Shareholders of the Bank including the shareholders that have signed shareholders agreement (The European Bank for Reconstruction and Development, UAB prekybos namai „Aiva“, UAB „Mintaka“, Įmonių grupė „Alita“ AB, Arvydas Salda, Sigitas Baguckas, Vigintas Butkus, Vytautas Junevičius, Gintaras Kateiva, Kastytis Jonas Vyšniauskas, Algirdas Butkus) and other shareholders votes of which are calculated together based on the legal acts of Republic of Lithuania, form a group votes of which are calculated together. As of 30 September 2014, this group possessed 42.30 percent of the authorised capital and votes of the Bank.

AB "Eglės" sanatorija, UAB "Visnorus" and UAB "Namila" form a group, which possessed 5.37 percent of the authorised capital and votes of the Bank as of 30 September 2014.

Dividends

In 2014 the annual general meeting of shareholders decided to not to pay dividends. On 28 March 2013 the ordinary general meeting of shareholders made a decision to pay LTL 0.005 dividends per one ordinary registered share with LTL 1 nominal value each.

NOTE 7 NET INTEREST INCOME

	01-01-2014 - 30-09-2014		01-01-2013 - 30-09-2013	
	Group	Bank	Group (represented)	Bank
Interest income:				
on loans to other banks and financial institutions and placements with credit institutions	3 227	8 224	1 378	6 372
on loans to customers	95 810	94 550	85 756	82 938
on debt securities	35 512	40 012	31 815	35 467
on finance leases	9 203	2 201	8 129	1 782
Total interest income	143 752	144 987	127 078	126 559
Interest expense:				
on liabilities to other banks and financial institutions and amounts due to credit institutions	(7 177)	(7 214)	(8 273)	(8 273)
on customer deposits and other repayable funds	(39 491)	(39 491)	(56 004)	(56 120)
on debt securities issued	-	-	(122)	(122)
compulsory insurance of deposits	(15 444)	(15 444)	(13 621)	(13 621)
Total interest expense	(62 112)	(62 149)	(78 020)	(78 136)
Net interest income	81 640	82 838	49 058	48 423

(All amounts are in LTL thousand, unless otherwise stated)

NOTE 8 NET FEE AND COMMISSION INCOME

	01-01-2014 - 30-09-2014		01-01-2013 - 30-09-2013	
	Group	Bank	Group	Bank
Fee and commission income:				
for money transfer operations	12 677	12 908	11 059	11 209
for payment card services	2 828	2 828	2 074	2 074
for base currency exchange	3 745	3 747	2 381	2 383
for operations with securities	324	603	212	329
other fee and commission income	2 985	3 006	3 589	3 609
Total fee and commission income	22 559	23 092	19 315	19 604
Fee and commission expense:				
for payment card services	(5 508)	(5 508)	(5 231)	(5 231)
for money transfer operations	(3 282)	(3 254)	(2 044)	(2 014)
for operations with securities	(123)	(123)	(104)	(104)
for base currency exchange	(1)	(1)	(3)	(3)
other fee and commission expenses	(1 086)	(9)	(1 047)	(1)
Total fee and commission expense	(10 000)	(8 895)	(8 429)	(7 353)
Net fee and commission income	12 559	14 197	10 886	12 251

NOTE 9 OTHER EXPENSES

	01-01-2014 - 30-09-2014		01-01-2013 - 30-09-2013	
	Group	Bank	Group (represented)	Bank
Rent of buildings and premises	(2 697)	(2 675)	(2 369)	(2 334)
Utility services for buildings and premises	(2 128)	(2 017)	(2 026)	(1 896)
Other expenses related to buildings and premises	(967)	(882)	(840)	(803)
Transportation expenses	(1 141)	(1 534)	(1 259)	(1 412)
Legal costs	(259)	(191)	(1 164)	(1 061)
Personnel and training expenses	(187)	(132)	(157)	(130)
IT and communication expenses	(4 363)	(4 156)	(2 835)	(2 797)
Marketing expenses	(726)	(400)	(657)	(477)
Service organisation expenses	(2 466)	(3 143)	(2 965)	(3 356)
Non-income taxes, fines	(1 344)	(519)	(2 472)	(326)
Costs incurred due to debt recovery	(1 861)	(1 766)	(429)	(393)
Construction works	(12 827)	-	(14 850)	-
Charity	(152)	(150)	(125)	(118)
Other expenses	(2 009)	(1 229)	(1 309)	(903)
Total other expenses	(33 127)	(18 794)	(33 457)	(16 006)

(All amounts are in LTL thousand, unless otherwise stated)

NOTE 10 IMPAIRMENT LOSSES

	01-01-2014 - 30-09-2014		01-01-2013 - 30-09-2013	
	Group	Bank	Group (represented)	Bank
Impairment losses on loans	(34 320)	(35 406)	(15 041)	(16 034)
Recoveries of loans previously written-off	567	55	126	126
Impairment losses on finance lease receivables	(63)	(113)	(947)	-
Recovered previously written-off finance lease receivables	-	-	346	-
Impairment losses on investment in subsidiaries	-	(24 553)	-	(3 000)
Impairment losses on other assets	(18 542)	40	(802)	11
Recoveries of other assets previously written-off	-	-	-	-
Total	(52 358)	(59 977)	(16 318)	(18 897)

	01-01-2014 - 30-09-2014		01-01-2013 - 30-09-2013	
	Group	Bank	Group (represented)	Bank
Allowance for impairment of loans				
As at 1 January	142 653	142 903	111 599	110 431
Change in allowance for loan impairment	34 320	35 406	15 041	16 034
Loans written off during the period	(42 046)	(41 435)	(1 637)	(1 124)
Other factors (reclassification, FX rate shift, etc.)	8 022	943	(89)	(89)
As at 30 September	142 949	137 817	124 914	125 252

Allowance for impairment of finance lease receivables

	01-01-2014 - 30-09-2014		01-01-2013 - 30-09-2013	
	Group	Bank	Group (represented)	Bank
As at 1 January	3 283	-	1 749	-
Change in allowance for loan impairment	63	113	947	-
Loans written off during the period	(2 545)	-	(285)	-
Other factors (reclassification, FX rate shift, etc.)	-	-	-	-
As at 30 September	801	113	2 411	-

NOTE 11 SIGNIFICANT INFORMATION ON OTHER INCOME STATEMENT LINE ITEMS
Net loss from embedded derivatives

Net loss from embedded derivatives is related to revaluation and derecognition of embedded derivatives separated from variable rate loans to customers, which have a floor for interest rate set in the agreements. The increase in amount of net losses from LTL 3 859 thousand for the nine month period ended 30 September 2013 to LTL 8 475 thousand for the nine month period ended 30 September 2014 is mainly attributable to premature repayment of certain loans which caused derecognition of embedded derivatives related to those loans.

Net gain from derecognition of financial assets

Net gain from derecognition of financial assets of LTL 23 181 thousand during the nine month period ended 30 September 2014 is attributable to the derecognition of the acquisition value adjustment (i.e. the difference between acquisition value and the gross value) for the fully or partially repaid/refinanced or sold loans that were acquired under the transaction of transfer of assets, rights, transactions and liabilities of Ūkio Bankas.

Other operating income

	01-01-2014 - 30-09-2014		01-01-2013 - 30-09-2013	
	Group	Bank	Group	Bank
Revenue from sale of apartments	14 696	-	20 067	-
Income from lease of assets	2 685	1 320	2 354	1 030
Other income	1 599	924	969	275
Total	18 980	2 244	23 390	1 305

(All amounts are in LTL thousand, unless otherwise stated)

NOTE 12 RELATED-PARTY TRANSACTIONS

Related parties with the Bank are classified as follows:

- members of the Bank's Supervisory Council and Board (which also are the main decision makers of the Group), their close family members and companies that are controlled, jointly controlled or significantly influenced over by these related parties. For some companies the presumed significant influence threshold of 20% voting rights has been reduced if other evidence shows that a person/ entity can exercise significant influence by additional means (e.g. by holding a seat in the Board of Directors of a particular entity);
- subsidiaries of the Bank;
- the Shareholders holding over 5% of the Bank's share capital.

During 2013, 2014 a certain number of banking transactions were entered into with related parties in the ordinary course of business. These transactions include settlements, loans, deposits and foreign currency transactions.

The balances of loans granted to and deposits accepted from the Bank's related parties, except for subsidiaries, were as follows:

	30-09-2014 Balances of loans (incl.off-balance sheet credit commitments)		31-12-2013 Balances of loans (incl.off-balance sheet credit commitments)	
	Balances of deposits	Balances of deposits	Balances of deposits	Balances of deposits
Members of the Council and the Board	2 118	4 596	1 303	6 896
Other related parties (excluding subsidiaries of the Bank)	7 893	129 414	6 418	146 180
Total	10 011	134 010	7 721	153 076

Transactions with EBRD:

The Bank has a subordinated loan received from European Bank for Reconstruction and Development (hereinafter -- EBRD), book value of which was LTL 67 803 thousand as of 30 September 2014 (31 December 2013: LTL 68 855 thousand). The agreement for the loan was signed at the end of February 2013. Loan amount is EUR 20 million, term – 10 years. Loan agreement provides a prepayment option to Šiaulių bankas in 2018, and a conversion option to EBRD which can be carried out until 2018 by the terms prescribed in the agreement. Because of the latter option, the loan is accounted for as Financial liabilities at fair value through profit or loss. During the nine month period ended 30 September 2014, subordinated loan related interest expenses amounted to LTL 3 425 thousand, a loss of LTL 114 thousand related to revaluation of the liability (during the nine month period ended 30 September 2013 - interest expenses of LTL 2 594 thousand).

As of 31 December 2012, LTL 78 109 thousand loan from EBRD was outstanding. It was repaid in 2013. Interest and other expenses related to this loan amounted to LTL 1 045 thousand during the nine month period ended 30 September 2013.

Balances of transactions with the subsidiaries (including subsidiaries held for sale) are presented below:

	30-09-2014 Balances of loans, debt securities (incl.off- balance sheet credit commitments)		31-12-2013 Balances of loans, debt securities (incl.off-balance sheet credit commitments)	
	Balances of deposits	Balances of deposits	Balances of deposits	Balances of deposits
Non-financial institutions	840	209 017	783	192 754
Financial institutions	22 637	311 692	36 973	341 536
Total	23 477	520 709	37 756	534 290

(All amounts are in LTL thousand, unless otherwise stated)

Transactions with subsidiaries:

Assets	30-09-2014	31-12-2013
Loans	407 314	411 290
Debt securities	100 000	123 000
Other assets	65	102
Liabilities and shareholders' equity		
Deposits	23 477	37 756
Bank's investment in subsidiaries	42 901	51 562
Bank's investment in subsidiaries classified as assets held for sale	154 100	154 100
Other liabilities	400	330
Income	01-01-2014 - 30-09-2014	01-01-2013 - 30-09-2013
Interest	14 763	13 107
Commission income	562	326
Income from foreign exchange operations	1	-
Dividends	21 053	2 400
Income from sale of assets	59	-
Other income	379	185
Expenses		
Interest	(37)	(143)
Commission expense	-	-
Expenses from foreign exchange operations	-	-
Operating expenses	(1 380)	(1 161)
Impairment of loans	(1 810)	(1 492)
Impairment of an investment to subsidiaries	(24 553)	(3 000)

NOTE 13 LIQUIDITY, MARKET AND OPERATIONAL RISKS

Liquidity risk

Liquidity risk means the risk that the Bank is unable to meet its financial obligations in time or that it will not manage to receive financial resources during a short time by borrowing or selling the assets.

Liquidity risk management process

The liquidity risk management depends on the Bank's ability to cover the cash shortage by borrowing from the market and the liquidity of the market itself. Liquidity risk management is regulated by the Procedures for Liquidity Risk Management approved by the Board of the Bank. The management of the current and non-current liquidity risk is distinguished in the mentioned procedures. The current liquidity is based on the control of the incoming and outgoing cash flow. The non-current liquidity is managed on the limit system basis.

As of 30 September 2014 the Group's liquidity ratio was 55.10 (31-12-2013 - 54.07), and the Bank's - 55.02 (31-12-2013 - 53.94).

Tables below present the assets and liabilities according to their remaining maturity defined in the agreements. However, actual maturity of the particular types of assets and liabilities may be longer as, for example a portion of loans and deposits is extended and thus the real repayment terms of short-term loans and demand deposits move forward.

(All amounts are in LTL thousand, unless otherwise stated)

The structure of the Group's liabilities by maturity as of 30 September 2014 was as follows:

	Demand	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	More than 3 years	Maturity undefined	Total
Total assets	297 266	262 451	146 100	376 107	591 741	1 271 917	1 897 395	680 448	5 523 425
Total liabilities and equity	1 111 603	401 409	790 982	948 112	1 228 722	429 779	137 055	475 763	5 523 425
Net liquidity gap	(814 337)	(138 958)	(644 882)	(572 005)	(636 981)	842 138	1 760 340	204 685	-

The structure of the Group's liabilities by maturity as of 31 December 2013 was as follows:

	Demand	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	More than 3 years	Maturity undefined	Total
Total assets	471 161	69 486	162 942	252 955	422 218	1 153 869	2 029 961	771 342	5 333 934
Total liabilities and equity	922 180	499 831	583 848	855 212	1 449 589	424 599	166 659	432 016	5 333 934
Net liquidity gap	(451 019)	(430 345)	(420 906)	(602 257)	(1 027 371)	729 270	1 863 302	339 326	-

The structure of the Bank's liabilities by maturity as of 30 September 2014 was as follows:

	Demand	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	More than 3 years	Maturity undefined	Total
Total assets	296 937	286 977	176 779	519 744	688 960	1 211 529	1 854 030	390 143	5 425 099
Total liabilities and equity	1 132 986	398 240	788 596	947 789	1 225 969	419 749	136 654	375 116	5 425 099
Net liquidity gap	(836 049)	(111 263)	(611 817)	(428 045)	(537 009)	791 780	1 717 376	15 027	-

The structure of the Bank's liabilities by maturity as of 31 December 2013 was as follows:

	Demand	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	More than 3 years	Maturity undefined	Total
Total assets	471 044	97 466	295 435	302 855	528 541	1 122 109	1 933 737	499 641	5 250 828
Total liabilities and equity	957 335	495 542	582 653	853 950	1 448 301	416 159	166 256	330 632	5 250 828
Net liquidity gap	(486 291)	(398 076)	(287 218)	(551 095)	(919 760)	705 950	1 767 481	169 009	-

(All amounts are in LTL thousand, unless otherwise stated)

Market risk

The Group takes on exposure to market risk, which means the risk for the Bank to incur losses due to the adverse fluctuations in the market parameters such as currency exchange rates (foreign currency risk), interest rates (interest rate risk) or equities prices (equity risk). The most significant market risk for a Group is interest rate risk while other market risks are of lower significance.

Foreign exchange risk

The management of the currency exchange risk is regulated by the Currency Exchange Risk Management Procedures, which specify the principles allowing the Group to reduce the incurred foreign currency fluctuation risk to minimum. The Group is not engaged in any speculative transactions through which it could expect to earn profit from the open currency positions after changes in currency rate. Based on proposal from Risk Committee of the Bank, the Board of the Bank approves maximal limits set to the open currency positions for the Bank and for other subsidiary companies of the Group. The Treasury Department of the Bank bears responsibility for the Group's compliance with the Currency Exchange Risk Management Procedures.

Sensitivity of foreign exchange risk

Foreign exchange (FX) risk is limited by amounts of open FX positions. For calculation of sensitivity to FX risk all exposures shall be converted into possible loss, i.e. open FX position is multiplied by possible FX rate change. The FX risk parameters for the Group (Bank) have been established in view of the maximum fluctuations of currency exchange rate in 2013 and forecast that exchange rate fluctuations will reduce in 2014. The Group does not evaluate FX risk on open EUR position as LTL is pegged to EUR at a fixed rate (see General information).

Currency	Annual reasonable shift 2014
CHF	2%
GBP	4%
NOK	8%
USD	4%
Other currencies	6%

The following table presents Group (Bank) sensitivities of profit and loss and equity to reasonably possible changes in exchange rates applied at the balance sheet date, with all other variables held constant:

	30-09-2014		31-12-2013	
	Impact on profit or loss, on equity		Impact on profit or loss, on equity	
	Group	Bank	Group	Bank
CHF	4	4	1	1
GBP	17	17	1	1
NOK	7	7	95	95
USD	82	82	80	80
Other currencies	95	95	272	272
Total	205	205	449	449

The presumable FX rate change makes an impact on the Group's / Bank's profit LTL 205 thousand in 2014 (2013: LTL 449 thousand).

(All amounts are in LTL thousand, unless otherwise stated)

The Group's open positions of prevailing currencies as of 30 September 2014 were as follows:

	USD	Others currencies	Total currencies:	EUR	LTL	Total:
Assets	212 760	40 520	253 280	1 335 178	3 934 967	5 523 425
Liabilities and equity	208 832	36 259	245 091	1 350 382	3 927 952	5 523 425
Net balance sheet position	3 928	4 261	8 189	(15 204)	7 015	-
Currency swaps	(5 986)	(3 007)	(8 993)	9 013	-	20
Net open position	(2 058)	1 254	(804)	(6 191)	7 015	20

The Group's open positions of prevailing currencies as of 31 December 2013 were as follows:

	USD	Others currencies	Total currencies:	EUR	LTL	Total:
Assets	182 650	46 526	229 176	1 215 648	3 889 110	5 333 934
Liabilities and equity	174 375	36 727	211 102	1 233 320	3 889 512	5 333 934
Net balance sheet position	8 275	9 799	18 074	(17 672)	(402)	-
Currency swaps	(6 275)	(4 241)	(10 516)	10 524	-	8
Net open position	2 000	5 558	7 558	(7 148)	(402)	8

The Bank's open positions of prevailing currencies as of 30 September 2014 were as follows:

	USD	Others currencies	Total currencies:	EUR	LTL	Total:
Assets	212 759	40 520	253 279	1 336 405	3 835 415	5 425 099
Liabilities and equity	208 832	36 259	245 091	1 350 382	3 829 626	5 425 099
Net balance sheet position	3 927	4 261	8 188	(13 977)	5 789	-
Currency swaps	(5 986)	(3 007)	(8 993)	9 013	-	20
Net open position	(2 059)	1 254	(805)	(4 964)	5 789	20

The Bank's open positions of prevailing currencies as of 31 December 2013 were as follows:

	USD	Others currencies	Total currencies:	EUR	LTL	Total:
Assets	182 649	46 526	229 175	1 215 601	3 806 052	5 250 828
Liabilities and equity	174 375	36 727	211 102	1 233 320	3 806 406	5 250 828
Net balance sheet position	8 274	9 799	18 073	(17 719)	(354)	-
Currency swaps	(6 275)	(4 241)	(10 516)	10 524	-	8
Net open position	1 999	5 558	7 557	(7 195)	(354)	8

(All amounts are in LTL thousand, unless otherwise stated)

Interest rate risk

Interest rate risk is the risk to incur loss because of uncoordinated re-evaluation of the Bank's assets and liabilities. The risk management is regulated by the Interest Rate Risk Management Procedures which define the risk assessment approaches as well as risk management measures. The present procedure specifies that the Bank shall avoid guessing the future interest rates. The scope of the risk is assessed referring to the interest rate gap model.

Sensitivity of interest rate risk

Assessing the sensitivity of the Group's profit towards the change of interest rates, it has been assumed that interest is to change by 1 percentage point.

The data provided in the table below specify the Group and the Bank's interest rate risk when the assets and liabilities shown at the carrying amount are allocated by the date of the interest rate review or by maturity of assets and liabilities, depending on which comes first. The scenarios presented in the table show the changes in Group's/Bank's profit in the event of interest rate increase by the number specified. In case interest rates decreased, the values of the changes in profit would be opposite.

Group 30 September 2014:

	Demand and less than 1 month	1 to 3 months	3 to 6 months	6 to 12 monthsn.	More than 1 year	Non monetary	ITotal
Assets	559 326	576 098	1 208 600	356 716	1 628 823	1 193 862	5 523 425
Liabilities and equity	523 762	844 679	944 140	1 182 992	329 767	1 698 085	5 523 425
Net interest sensitivity gap	35 564	(268 581)	264 460	(826 276)	1 299 056	(504 223)	-
Higher/lower impact on profit from balance sheet assets and liabilities	341	(2 238)	1 653	(2 066)	-	-	(2 310)

Group 31 December 2013:

	Demand and less than 1 month	1 to 3 months	3 to 6 months	6 to 12 monthsn.	More than 1 year	Non monetary	ITotal
Assets	484 601	645 017	939 613	207 404	1 609 447	1 447 852	5 333 934
Liabilities and equity	633 238	675 767	837 096	1 393 232	320 092	1 474 509	5 333 934
Net interest sensitivity gap	(148 637)	(30 750)	102 517	(1 185 828)	1 289 355	(26 657)	-
Higher/lower impact on profit from balance sheet assets and liabilities	(1 424)	(256)	641	(2 965)	-	-	(4 005)

(All amounts are in LTL thousand, unless otherwise stated)

Bank 30 September 2014:

	Demand and less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months.	More than 1 year	Non monetary	ITotal
Assets	584 787	608 153	1 366 634	460 920	1 591 081	813 524	5 425 099
Liabilities and equity	523 762	844 684	944 140	1 182 992	329 767	1 599 754	5 425 099
Net interest sensitivity gap	61 025	(236 531)	422 494	(722 072)	1 261 314	(786 230)	-
Higher/lower impact on profit from balance sheet assets and liabilities	585	(1 971)	2 641	(1 805)	-	-	(551)

Bank 31 December 2013:

	Demand and less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months.	More than 1 year	Non monetary	ITotal
Assets	511 293	746 580	925 030	339 219	1 644 069	1 084 637	5 250 828
Liabilities and equity	633 238	675 772	837 096	1 394 540	320 092	1 390 090	5 250 828
Net interest sensitivity gap	(121 945)	70 808	87 934	(1 055 321)	1 323 977	(305 453)	-
Higher/lower impact on profit from balance sheet assets and liabilities	(1 169)	590	550	(2 638)	-	-	(2 667)

Operational risk

Objectives of the operational risk management of the Bank are: to properly identify and assess the operational risk; to prevent the occurrence of major events and losses by implementing effective internal controls; to properly organize and maintain the internal control environment by regularly reviewing internal control methods; to concentrate time and resources on the identification and management of key sources of operational risk of the Bank across all lines of its activity; to assure the enforcement of the compliance legislation.

In view of operational risk management system, the Bank's activities are grouped into the following categories: credit facilities, other financial services to customers, cash and other valuables, tangible assets, areas not related to the provision of financial services to customers, and information security.

The bank distinguishes a reputation risk as an operational risk sub-group. The reputation risk is the existing or foreseen risk, which might have a negative impact on the Bank's income and (or) capital with regard to unfavourable opinion about the Bank's reputation and which is made by the clients, parties of the agreement, shareholders and investors.

(All amounts are in LTL thousand, unless otherwise stated)

The following key sources of the operational risk are distinguished within the Bank based on the type and volume of the activity:

1. internal fraud;
2. external fraud;
3. working conditions and occupational safety;
4. customers, products and business environment;
5. damage of tangible assets;
6. verslo procesų sutrikimai ir sistemų klaidos;
7. execution, delivery and process management.

The Bank accumulates the historical data related to operational risk and losses caused by it with the aim to gather information on operational risk events. For this purpose, the Bank developed a system the operation of which is described by the Operational Risk Events Registration Instruction.

To ensure continuity of the activities the Bank has prepared and approved the Activity Continuity Plan and Procedures for Provision of Banking Products, in case of the incident occurring in the Bank's Information Systems. According to the policies mentioned above the particular procedures and actions are taken in case of a contingency event and emergency cases seeking to minimize and avoid operational risks and loss of values if the daily activities of the Bank are disturbed.

(All amounts are in LTL thousand, unless otherwise stated)

NOTE 14 FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

Types of inputs used in valuation techniques determine the following fair value hierarchy:

- Level I – Quoted prices (unadjusted) or public price quotations in active markets for identical assets or liabilities;
- Level II – Inputs other than quoted prices included within Level I that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);
- Level III – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

During the nine month period ended 30 September 2014, the process of fair value measurement did not change significantly as compared to the process described in the annual financial statements for the year 2013. For the valuation of financial assets and liabilities purposes, estimates, valuation techniques and inputs used to develop those measurements have not changed significantly during the nine month period ended 30 September 2014, no new circumstances that could have a significant impact on the fair values of financial assets and liabilities were identified during the period.

Measurement of financial assets and liabilities according to the fair value hierarchy

	30-09-2014		31-12-2013	
	Group	Bank	Group	Bank
LEVEL I				
Financial assets at fair value through profit or loss	108 973	108 973	70 648	70 648
Available for sale financial assets	78 140	78 140	185 041	185 041
Total Level I Financial assets	187 113	187 113	255 689	255 689
LEVEL III				
Financial assets at fair value through profit or loss	24 398	123 059	22 347	144 008
Available for sale financial assets	2 375	1 391	3 162	1 391
Total Level III Financial assets	26 773	124 450	25 509	145 399
Financial liabilities at fair value through profit or loss	67 803	67 803	68 855	68 855
Total Level III Financial liabilities	67 803	67 803	68 855	68 855

There were no transfers between fair value hierarchy levels during 2014 and 2013.

The changes in Level III instruments during the nine month period ended 30 September:

Group	Financial assets at fair value through profit or loss		Available for sale financial assets		Financial liabilities at fair value through profit or loss																
	01-01-2014 - 30-09-2014	01-01-2013 - 30-09-2013	01-01-2014 - 30-09-2014	01-01-2013 - 30-09-2013	01-01-2014 - 30-09-2014	01-01-2013 - 30-09-2013															
Value as of 1 January	22 347	13 693	3 162	3 617	68 855	-															
Additions	10 526	-	92	46	-	-															
Disposals	-	(1)	(6)	-	-	-															
Changes due to interest accrued/paid	-	-	-	-	(938)	-															
Revaluations through profit or loss	(8 475)	(3 859)	(873)	-	(114)	-															
Value as of 30 September	24 398	9 833	2 375	3 663	67 803	-															
Bank																					
	Financial assets at fair value through profit or loss		Available for sale financial assets		Financial liabilities at fair value through profit or loss																
	01-01-2014 - 30-09-2014	01-01-2013 - 30-09-2013	01-01-2014 - 30-09-2014	01-01-2013 - 30-09-2013	01-01-2014 - 30-09-2014	01-01-2013 - 30-09-2013															
Value as of 1 January	144 008	13 693	1 391	1 391	68 855	-															
Additions	10 526	123 000	-	-	-	-															
Disposals	(23 000)	(1)	-	-	-	-															
Changes due to interest accrued/paid	-	23	-	-	(938)	-															
Revaluations through profit or loss	(8 475)	(3 859)	-	-	(114)	-															
Value as of 30 September	123 059	132 856	1 391	1 391	67 803	-															
<table border="1" style="width: 100%; margin-top: 10px;"> <thead> <tr> <th></th> <th colspan="2">01-01-2014 - 30-09-2014</th> <th colspan="2">01-01-2013 - 30-09-2013</th> </tr> <tr> <th></th> <th>Group</th> <th>Bank</th> <th>Group</th> <th>Bank</th> </tr> </thead> <tbody> <tr> <td>Total result from revaluation of Level III instruments included in the income statement</td> <td>(9 462)</td> <td>(8 589)</td> <td>(3 859)</td> <td>(3 859)</td> </tr> </tbody> </table>								01-01-2014 - 30-09-2014		01-01-2013 - 30-09-2013			Group	Bank	Group	Bank	Total result from revaluation of Level III instruments included in the income statement	(9 462)	(8 589)	(3 859)	(3 859)
	01-01-2014 - 30-09-2014		01-01-2013 - 30-09-2013																		
	Group	Bank	Group	Bank																	
Total result from revaluation of Level III instruments included in the income statement	(9 462)	(8 589)	(3 859)	(3 859)																	

(All amounts are in LTL thousand, unless otherwise stated)

NOTE 15 SEGMENT INFORMATION

Business segments

A summary of major indicators for the main business segments of the Group included in the statement of financial position as at 30 September 2014 and in the income statement for the nine month period ended 30 September 2014 is presented below:

	Banking	Leasing	Investment management	Other activity	Eliminations	Total
Internal	14 726	(4 362)	200	(1 789)	(8 775)	-
External	68 112	11 394	168	1 966	-	81 640
Net interest income	82 838	7 032	368	177	(8 775)	81 640
Internal	15 288	(4 530)	200	(1 524)	(9 434)	-
External	81 747	10 318	168	1 966	-	94 199
Net interest, fee and commission income	97 035	5 788	368	442	(9 434)	94 199
Internal	(1 380)	(146)	(18)	(17)	1 561	-
External	(47 799)	(2 802)	(411)	(16 078)	-	(67 090)
Operating expenses	(49 179)	(2 948)	(429)	(16 095)	1 561	(67 090)
Amortisation charges	(293)	(9)	(4)	(4)	-	(310)
Depreciation charges	(2 711)	(314)	(13)	(239)	-	(3 277)
Internal	(26 363)	-	-	-	26 363	-
External	(33 614)	(12 067)	(6 756)	79	-	(52 358)
Impairment expenses	(59 977)	(12 067)	(6 756)	79	26 363	(52 358)
Internal	21 492	(1)	228	257	(21 976)	-
External	33 173	210	25	17 354	-	50 762
Net other income	54 665	209	253	17 611	(21 976)	50 762
Profit before tax	39 540	(9 341)	(6 581)	1 794	(3 486)	21 926
Profit from discontinued operations	-	-	-	-	19 274	19 274
Income tax	(6 643)	724	-	(82)	-	(6 001)
Profit per segment after tax	32 897	(8 617)	(6 581)	1 712	15 788	35 199
Profit for the period attributable to owners of the Bank						35 199
Profit for the period attributable to non-controlling interest						-
Total segment assets	5 425 099	212 059	25 755	236 983	(376 471)	5 523 425
Total segment liabilities	5 067 034	209 469	22 996	196 225	(335 128)	5 160 596
Net segment assets (shareholders' equity)	358 065	2 590	2 759	40 758	(41 343)	362 829

(All amounts are in LTL thousand, unless otherwise stated)

A summary of major indicators for the main business segments of the Group (represented) included in the statement of financial position as at 30 September 2013 and in the income statement for the nine month period ended 30 September 2013 is presented below:

	Banking	Leasing	Investment management	Other activity	Eliminations	Total
Internal	12 964	(4 434)	(114)	(2 606)	(5 810)	-
External	35 459	11 372	143	2 084	-	49 058
Net interest income	48 423	6 938	29	(522)	(5 810)	49 058
Internal	13 290	(4 605)	-	(2 398)	(6 287)	-
External	47 384	10 313	149	2 098	-	59 944
Net interest, fee and commission income	60 674	5 708	149	(300)	(6 287)	59 944
Internal	(1 161)	(108)	(11)	(15)	1 295	-
External	(39 975)	(2 572)	(349)	(19 076)	-	(61 972)
Operating expenses	(41 136)	(2 680)	(360)	(19 091)	1 295	(61 972)
Amortisation charges	(216)	(12)	-	(1)	-	(229)
Depreciation charges	(2 559)	(596)	(12)	(167)	-	(3 334)
Internal	(4 492)	-	(2 820)	-	7 312	-
External	(14 405)	(1 675)	(46)	(192)	-	(16 318)
Impairment expenses	(18 897)	(1 675)	(2 866)	(192)	7 312	(16 318)
Internal	2 585	-	26	254	(2 865)	-
External	8 683	531	139	22 107	-	31 460
Net other income	11 268	531	165	22 361	(2 865)	31 460
Profit before tax	9 134	1 276	(2 924)	2 610	(545)	9 551
Profit from discontinued operations	-	-	-	-	6 681	6 681
Income tax	(1 132)	(329)	-	(417)	-	(1 878)
Profit per segment after tax	8 002	947	(2 924)	2 193	6 136	14 354
Profit for the period attributable to owners of the Bank						14 315
Profit for the period attributable to non-controlling interest						39
Total segment assets	5 210 316	213 308	24 515	222 506	(391 070)	5 279 575
Total segment liabilities	4 891 546	209 809	21 561	184 409	(348 058)	4 959 267
Net segment assets (shareholders' equity)	318 770	3 499	2 954	38 097	(43 012)	320 308

(All amounts are in LTL thousand, unless otherwise stated)

NOTE 16 EVENTS AFTER THE REPORTING PERIOD

In October 2014, the Bank changed its plans regarding two entities (Ūkio Banko Lizingas UAB and Bonum Publicum GD UAB) that were included in subsidiaries held for sale and decided to classify these entities as consolidated subsidiaries.

The impact of reclassification on financial reports of the Group and the Bank: reclassification of the activity results of the entities from Discontinued activities to Continuing activities by full consolidation, and reclassification of assets and liabilities of the entities from Assets held for sale and Liabilities attributable to assets held for sale categories to respective lines in the statement of financial position by full consolidation. As of 30 September 2014, the amounts in above mentioned categories included:

	Group	Bank
Activity results included in Discontinued operations attributable to Ūkio Banko Lizingas UAB and Bonum Publicum GD UAB	20 354	-
Assets held for sale attributable to Ūkio Banko Lizingas UAB and Bonum Publicum GD UAB	254 496	59 600
Liabilities attributable to assets held for sale attributable to Ūkio Banko Lizingas UAB and Bonum Publicum GD UAB	77 641	-



A PARTNER OF SMALL AND MEDIUM-SIZED BUSINESS

ADDITIONAL INFORMATION

1. CONTACT INFORMATION OF ŠIAULIŲ BANKAS AB (HEREINAFTER - THE BANK)

Name	Šiaulių bankas AB
Legal form	limited liability public company
Registration date	04/02/1992
Registrar	State Enterprise Centre of Registers
Company's code	112025254
Domicile address	Tilžės str. 149, 76348 Šiauliai

Contacts:
Tilžės str. 149, 76348 Šiauliai
Tel.: + 370 41 595 607, fax +370 41 430 774
E-mail info@sb.lt, www.sb.lt

2. CONTACT INFORMATION OF ŠIAULIŲ BANKAS AB GROUP (HEREINAFTER - THE BANK' GROUP) COMPANIES

Name	„Šiaulių banko lizingas“ UAB
Legal form	limited liability private company
Registration date	16/08/1999
Registrar	State Enterprise Centre of Registers
Company's code	145569548
Domicile address	Vilniaus str. 167, 76352 Šiauliai

Contacts:
Vilniaus str. 167, 76352 Šiauliai
Tel. : +370 41 420 855, +370 5 272 3015 fax +370 41 423 437
E-mail lizingas@sb.lt, www.sblizingas.lt

Name	„Šiaulių banko turto fondas“ UAB
Legal form	limited liability private company
Registration date	13/08/2002
Registrar	State Enterprise Centre of Registers
Company's code	145855439
Domicile address	Vilniaus str. 167, 76352 Šiauliai

Contacts:
Vilniaus str. 167, 76352 Šiauliai
Tel.: + 370 41 525 322, fax +370 41 525 321
E-mail turtofondas@sb.lt, www.sbp.lt

Name	„Šiaulių banko investicijų valdymas“ UAB
Legal form	limited liability private company
Registration date	31/08/2000
Registrar	State Enterprise Centre of Registers
Company's code	145649065
Domicile address	Vilniaus str. 167, 76352 Šiauliai

Contacts:
Šeimyniškių str. 1A, 09312 Vilnius
Tel.: + 370 5 272 2477, fax +370 5 263 6144
E-mail sbiv@sb.lt, www.sbp.lt

Name	„SBTF“ UAB
Legal form	limited liability private company
Registration date	24/11/2004
Registrar	State Enterprise Centre of Registers
Company's code	300069309
Domicile address	Vilniaus str. 167, 76352 Šiauliai

Contacts:
Vilniaus str. 167, 76352 Šiauliai
Tel.: + 370 41 525 322, fax +370 41 525 321
E-mail sbrf@sb.lt, www.sbp.lt

Name	„Minera“ UAB
Legal form	limited liability private company
Registration date	30/09/1992
Registrar	State Enterprise Centre of Registers
Company's code	121736330
Domicile address	Vilniaus str. 167, 76352 Šiauliai

Contacts:
Vilniaus str. 167, 76352 Šiauliai
Tel.: + 370 41 399 423, fax +370 41 399 423
E-mail info@minera.lt, www.sbp.lt

Name	„Pavasaris“ UAB
Legal form	limited liability private company
Registration date	25/09/1992
Registrar	State Enterprise Centre of Registers
Company's code	121681115
Domicile address	Šiltnamių str. 27, 04130 Vilnius

Contacts:
Jonažolių str. 7-132, 04138 Vilnius
Tel.: + 370 5 244 8096, fax +370 5 240 1623
E-mail info@pavasaris.net, www.pavasaris.net

As of 30 September 2014 the Bank controlled all the subsidiary companies directly.

As of 30 September 2014 the Bank had 100 per cent control over 14 subsidiaries held for sale . These subsidiaries included „Kėdainių oda“ UAB and companies that were gained by the Bank under the Agreement on the Transfer of part of Ūkio bankas` assets rights, transactions and liabilities. Under the Agreement on the Transfer of Assets, Rights, Transactions and Liabilities of Ūkio Bankas, based on which part of the assets, rights, transactions and liabilities of Ūkio Bankas was transferred to the Bank it gained 100 per cent control over the following subsidiaries:

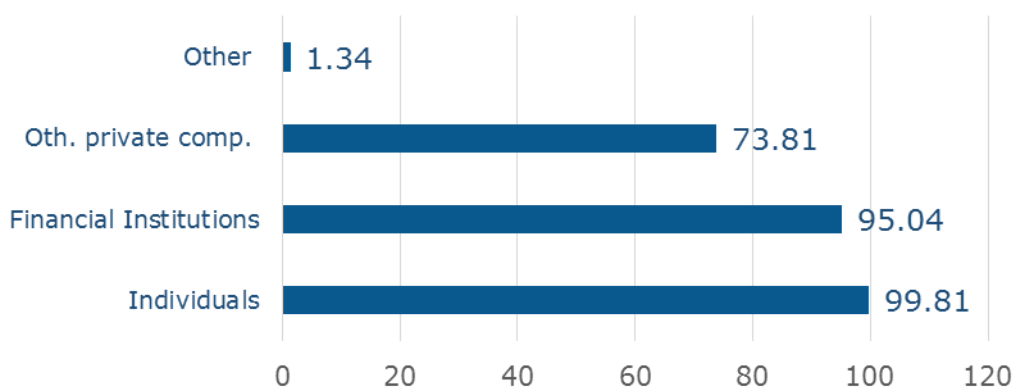
- ✓ subsidiaries engaged in real estate development activities: Eastern Europe Development Fund UAB, Sporto Klubų Investicijos UAB, Trade Project UAB, Investicinio Turto Valdymas UAB, ŽSA 1 UAB, ŽSA 2 UAB, ŽSA 3 UAB, ŽSA 4 UAB and ŽSA 5 UAB (ŽSA 1 UAB, ŽSA 2 UAB, ŽSA 3 UAB, ŽSA 4 UAB and ŽSA 5 UAB all together control 100 per cent Žalgirio Sporto Arena UAB; Žalgirio Sporto Arena UAB owns 100% shares of Nacionalinis Futbolo Stadionas UAB);
- ✓ the subsidiaries engaged in other activities: Ūkio banko lizingas" UAB and life insurance "Bonum publicum" UAB.

In compliance with the agreement signed by the Bank AB, temporary administrator of Ūkio bankas and the state undertaking "Deposit and Investment Insurance" dated 23 February 2013 with its further amendments the call option rights of Ūkio bankas AB to acquire the part of the assets taken over by the Bank from the failed Ūkio bankas AB expired on 2 February 2014. Neither of five call options, during which the part of the assets taken over by the Bank from Ūkio bankas were exposed to sale until 02 February 2014, had been realized.

3. AUTHORIZED CAPITAL AND SHAREHOLDERS OF THE BANK

The authorized capital of the Bank is LTL 270 000 000. The amendments of the Charter related to the capital increase were registered the Register of Legal Entities on 03 June 2014. The Bank increased its authorized capital by LTL 20.00 from the Bank's own funds following the resolution of the General meeting of shareholders as of 28/03/2014 and distributed the shares to the shareholders proportionately to the number of shares owned by them (8 per cent) on the day of accounting of rights (11/04/2014).

Authorized capital by types of shareholders (LTL mln)
as of 30 September 2014:



Authorized capital of the Bank:

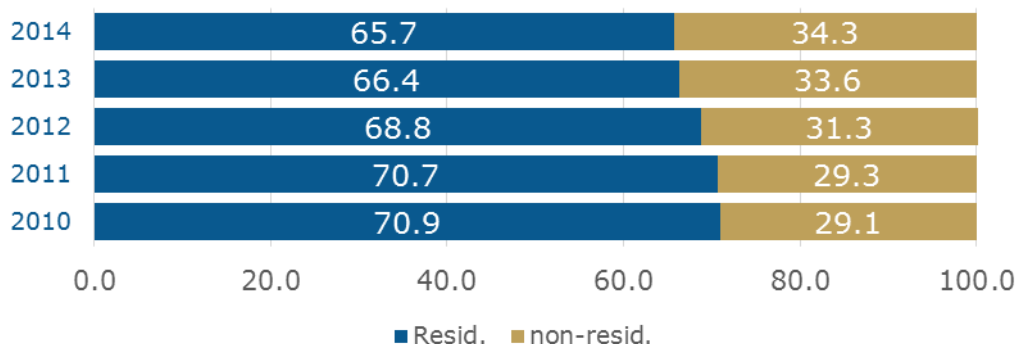
Date	14/05/2008	22/06/2010	04/08/2011	31/05/2013	03/06/2014
Capital size, LTL	180 357 533	204 857 533	234 857 533	250 000 000	270 000 000

Structure of the Bank's authorized capital:

Type of shares	Number of shares	Total nominal value, LTL	Total nominal value, LTL
Ordinary registered shares, ISIN LT0000102253	270 000 000	1	270 000 000

As of 30 September 2014 the number of the Bank's shareholders comprised 3 598 (late in 2013 – 3 592). All issued shares grant the shareholders equal rights foreseen by the Law on Companies and the Charter of the Bank.

A share of capital size managed by the Bank's shareholders by the place of residence (per cent):



The shareholders of the Bank who owned more than 5 per cent of the authorized capital of the Bank as of 30 September 2014 are as follows:

	Shareholder	Number of shares under the right of ownership, units	Share of authorized capital under the right of ownership, %	Share of votes under the right of ownership, %	Share of votes together with the related persons, %
1.	European Bank for Reconstruction and Development (ERPB) address One Exchange Square, London, United Kingdom	53 843 282	19.57	19.57	42.30
2.	Gintaras Kateiva	16 853 868	6.24	6.24	42.30
3.	Sanatorium "Eglės" AB, address Eglės str. 1, Druskininkai	7 177 000	2.66	2.66	5.37
4.	„Visnorus“ UAB, adr. Šeimyniškių str. 1A, 09312 Vilnius	2 616 091	0.97	0.97	5.37
5.	„Namila“ UAB, adr. Priegliaus str. 17-48, Vilnius	4 700 895	1.74	1.74	5.37

European Bank for Reconstruction and Development (EBRD), Trade House „Aiva“, UAB, „Mintaka“ UAB, Enterprise group „Alita“ AB, Sigitas Baguckas, Algirdas Butkus, Vigintas Butkus, Vytautas Junevičius, Gintaras Kateiva, Arvydas Salda ir Kastytis Jonas Vyšniauskas who have signed the Shareholders' Agreement as well as other shareholders whose votes are calculated together in compliance with the law of the Republic of Lithuania form a group that owned 42.30 per cent of the Bank's authorized capital and votes as of 30 September 2014.

4. TRADE IN SHARES OF THE COMPANIES OF THE BANK GROUP IN REGULATED MARKETS

In the Official trading list of AB NASDAQ OMX Vilnius, only the shares of the Bank are quoted. ISIN code LT0000102253; the number of shares: 270 000 000. Shares of the Bank's subsidiary companies are issued for non-public circulation.

Since 01/07/2014 the Bank's shares are included in to the OMX Baltic 10 which consists of shares of the 10 the most liquid companies enrolled into the trading list of the OMX Baltic. Shares issued by the Bank are also included in the comparative index of the OMX Baltic states securities market OMX Baltic Benchmark, which comprises shares of the highest capitalization and most liquid companies as well as in indices OMX Vilnius, OMX Baltic, OMX Baltic Financials, and OMX Baltic Benchmark Cap. Besides, shares issued by the Bank are included in the indices STOXX Eastern Europe TMI, STOXX Eastern Europe TMI Small, STOXX EU Enlarged TMI, STOXX Global Total Market and STOXX Lithuania Total Market.

The change of share price between the period of 30/09/2009 and 30/09/2014 (euros):



Source: NASDAQ OMX Vilnius AB website

<http://www.nasdaqomxbaltic.com/market/?instrument=LT0000102253&list=2&pg=details&tab=historical&lang=lt¤cy=0&downloadcsv=0&date=&start=2009.09.30&end=2014.09.30>

Turnover the the Bank's shares during the period between 2009 and 30/09/2014:

Year	Price of the last trading session, EUR	Max. price, EUR	Min. price, EUR	Average price, EUR	Amount of shares, units	Turnover, EUR mln
2009	0.324	0.446	0.180	0.267	20 746 641	5.54
2010	0.337	0.345	0.264	0.318	17 784 012	5.65
2011	0.245	0.372	0.225	0.298	17 899 502	5.34
2012	0.231	0.285	0.230	0.256	11 106 241	2.48
2013	0.266	0.31	0.227	0.266	20 496 506	5.45
IIIQ 2014	0.288	0.316	0.255	0.294	20 135 560	5.92

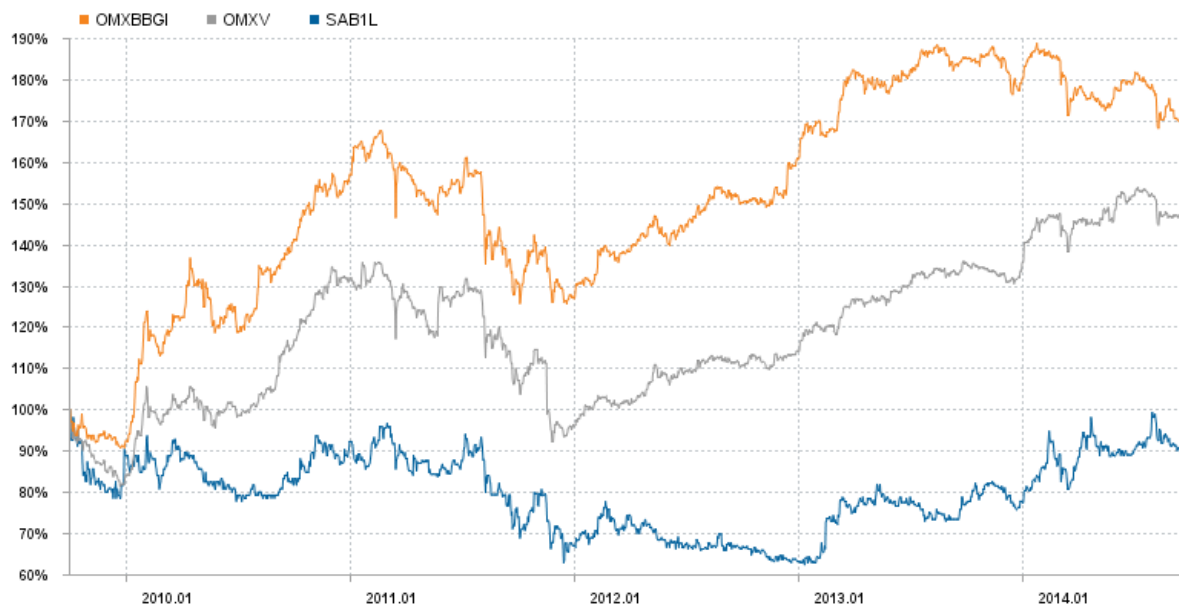
Turnover and price of the Bank's shares over the accounting period (in euros):



Source: NASDAQ OMX Vilnius AB website

<http://www.nasdaqomxbaltic.com/market/?instrument=LT0000102253&list=2&pg=details&tab=historical&lang=lt¤cy=0&downloadcsv=0&date=&start=2014.01.01&end=2014.09.30&start=2014.01.01&end=2014.09.30>

The charts of the share price changes of OMX Vilnius index, OMX Baltic Benchmark and Bank's shares during the period between 30/09/2009 and 30/09/2014 are provided below:



The Chart's data:

Index/Shares	30/09/2009	30/09/2014	+/-, %
■ OMX Baltic Benchmark GI	338.59	577.22	70.48
■ OMX Vilnius	308.57	458.10	48.46
■ SAB1L	0.31 EUR	0.29 EUR	-6.29

Source: NASDAQ OMX Vilnius AB website

http://www.nasdaqomxbaltic.com/market/?pg=charts&lang=lt&idx_main%5B%5D=OMXBBGI&idx_main%5B%5D=OMXV&add_index=OMXBBPI&add_equity=LT0000102253&idx_equity%5B%5D=LT0000102253&period=other&start=2009.09.30&end=2014.09.30

The capitalization of shares of the Bank and the total capitalization of shares quoted on the Baltic regulated markets as of 30/09/2009 and 30/09/2014:

The list of the Baltic shares	01/09/2009	30/09/2014	Change
Šiaulių bankas – SAB1L	68 816 292 EUR	77 760 000 EUR	+18.15 %
The Baltic regulated market in total	7 048 351 096 EUR	5 917 903 131 EUR	-16.04 %

Source: NASDAQ OMX Vilnius AB website

<http://www.nasdaqomxbaltic.com/market/?pg=capital&list%5B%5D=BAMT&list%5B%5D=BAIT&list%5B%5D=BAFN&period=other&start=2009.09.30&end=2014.09.30>

The indicator of the relation between the Bank's share market price and profit P/E:

Indicator	31/12/2009	31/12/2010	31/12/2011	31/12/2012	31/12/2013	30/09/2014
P/E	negative	negative	14.10	13.29	22.96	5.32

5. INFORMATION ABOUT THE AGREEMENTS WITH THE FOLLOWING INTERMEDIARIES IN PUBLIC CIRCULATION OF SECURITIES

The Bank's Securities Accounting Department is in charge of accounting of the securities issued by the Bank.

To execute and account other transactions with securities the Bank has entered into agreements with the following intermediaries in public circulation of securities:

- ✓ with the bankas Finasta AB - Investment service provision agreement;
- ✓ with the Lithuanian branch of Danske Bank A/S - Investment service provision agreement.
- ✓ with DNB bankas AB - Agreement regarding management of financial instrument account and execution of orders.
- ✓ with „Swedbank“, AB - Agreements of securities account management and brokerage.
- ✓ with SEB bankas AB - Agreements of securities account management.
- ✓ with „Credit Suisse“ bank - Order transfer and execution agreement.

6. ACQUISITION OF OWN SHARES

The Bank and its subsidiary companies or persons acting at the instruction of the subsidiary companies do not hold any shares of the Bank. The Bank has not acquired its own shares and has not transferred them to others over the accounting period. The shares to those employees who in compliance with the Bank's Remuneration Policy should receive the shares are purchased at the NASDAQ OMX Vilnius stock exchange on behalf of the group by the joint order which is covered from the Bank's funds.

7. RATINGS ASSIGNED BY INTERNATIONAL AGENCIES

The credit rating agencies are registered and certified in accordance with Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies. The credit rating of the Bank is determined by the international rating agency Moody's Investors Service LTD, the licence of which was updated on 31 October 2011.

The international rating agency Moody's Investors Service updated the rating of Šiaulių bankas on 20 March 2013 as follows:

Long-term credit rating	B1
Short-term credit rating	NP
Financial strength rating	E+
Rating outlook	developing

8. INFORMATION ON COMPLIANCE WITH THE PRUDENTIAL REQUIREMENTS SET TO THE BANK

The Bank and the Group complied with all the prudential requirements. The topical information on compliance with the prudential requirements is provided on the Bank's internet site at: <http://www.sb.lt/en/about-bank/investors/prospectus-and-reports/> "Prudential standards"

The Group of the Bank assumes, manages, analyses and evaluates the risks arising from its activities. The purpose of risk management in the group of the Bank is to ensure sufficient return on equity by managing risks in a conservative manner. By implementing an advanced risk management policy, the Group of the Bank seeks not only minimization of potential risks, but also improvement of pricing and assurance of effective distribution of capital.

The risk management policy is confirmed by the Bank's Supervisory Council and its implementation controlled by the Board of the Bank. It defines the risks encountered in the activities of the Bank Group as well as principles of the risk management system. Creation of an appropriate risk management system, its on-going improvement and application of its measures in daily activities are one of the key assumptions ensuring the successful performance of the Bank in the long-term run. The procedures for the management of various types of risks prepared on the basis of the policy help to ensure the integrity of the risk management process throughout the group of the Bank.

The most important types of risks encountered by the Bank Group include credit, market, liquidity, concentration and operational risks. The market risk encompasses the risk of currency exchange rate, interest rate, and price of securities.

The Bank Group revises its risk management policies and systems regularly, not less than once a year, with regard to market changes, new products, and newly applied principles best practices.

9. OPERATIONAL RISK MANAGEMENT

The goals of operational risk management at the Bank cover such areas as development of the internal control, processes of operational risk mitigation and measures taken, prevention of events and loss; correct identification and assessment of the operational risk; focus of funds and time on identification of key risk sources and their management in all areas of Bank's activities; appropriate arrangement of the internal control environment and monitoring reviewing applicable methods on regular basis and learning form the past.

From the point of view of the Operational risk management system all Bank's performance is classified into such fields of the Bank's activities as credits, financial services to the clients, cash and cash office valuables, tangible assets, areas not related to provision of financial services to the clients and protection of information.

The distinguishes reputation risk as a sub-group of the operational risk. Reputaion risk is the actual or supposed risk, which may adversely affect the Bank's income and (or) the capital due to unfavourable opinion of the Bank's reputation, consisting of customers, counter-parties, shareholders and investors.

Considering the character and scope of the banking activities, the Bank distinguishes the following operational key risk types:

1. internal fraud;
2. external fraud;
3. labour relations and working place security;
4. clients, products and business practices;
5. damage to tangible assets;
6. business process disturbances and system errors;
7. execution, delivery and process management.

The Bank collects information about the operational risk events. For this purpose, there is a system developed at the Bank the operation of which is revealed in the registration system of the Operational risk events.

To ensure continuity of its performance the Bank has prepared and approved Business Continuity Plan and the Procedures for Provision of Banking Products in the event of an incident in the area of the Bank's IT system which set the procedures and actions in case of the unforeseen circumstances and emergencies in order to minimize and avoid operational risk and loss of assets in case of disorder of the Bank's daily activities.

The Bank's operational risk management system is supplemented by the Bank's Business Continuity Plan and the Guide of Information Security Management System.

10. ASSESSMENT OF INTERNAL CONTROL AND RISK MANAGEMENT

The risk management system of the Bank Group includes the risk management strategy, policy, the system of the risk limits, internal control and internal audit.

The risks incurred in the activities of the Bank's Group as well as the principles of their management are defined in the Risk Management Policy. The Bank distinguishes the following activity risk areas: concentration, credit, liquidity, operational risk and market risk. Due to the fact he risks experienced by the Bank are interdependent their management is centralized. Arrangement and coordination of the experienced credit risk management system is one of the main goals of the Bank's Risk Management Committee. Seeking to avoid the conflict of interest, the Bank's units performing the risk management functions are separated from the units, the direct performance of which are related to the emergence of various types of the Bank's risks.

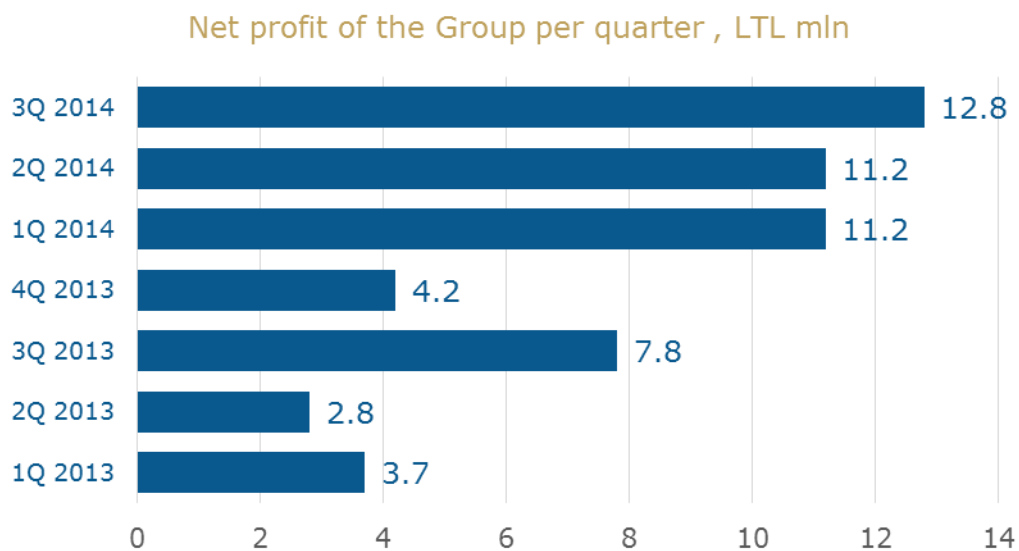
Compliance with and arrangement of the internal control as well as its monitoring are considered as one of the integral parts of the Bank's operational risk management process. The internal control is integral and continuous part

of the Bank's daily activities. It operates in every level of the Bank's management and in each process, its elements are integrated into procedures of each process. The internal activity control at the Bank is ensured through the internal control system which consists of the Bank's organizational structure allowing to ensure the separation of functions, "BIS Forpost " operating within the Bank ensuring the collection, processing and usage of data on real time basis. Business continuity plans are prepared for unforeseen emergency in the Bank. The existing internal control system allows identifying and assessing the key risks faced by the Bank in its activities and ensures the timely delivery of internal and external information in appropriate form.

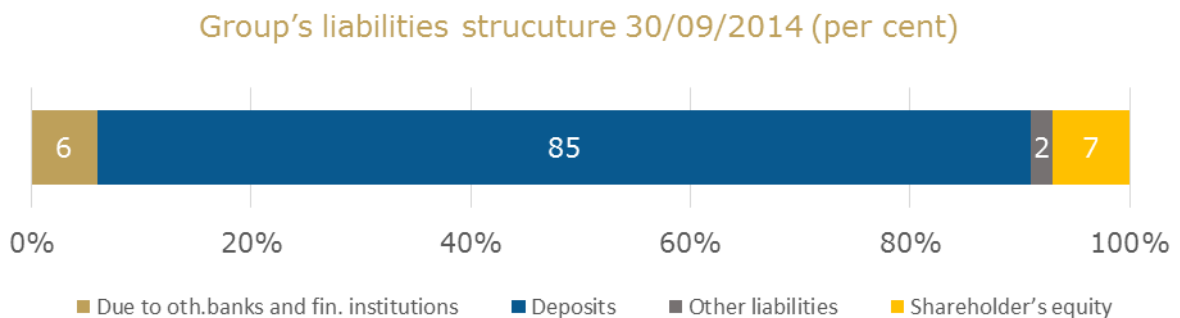
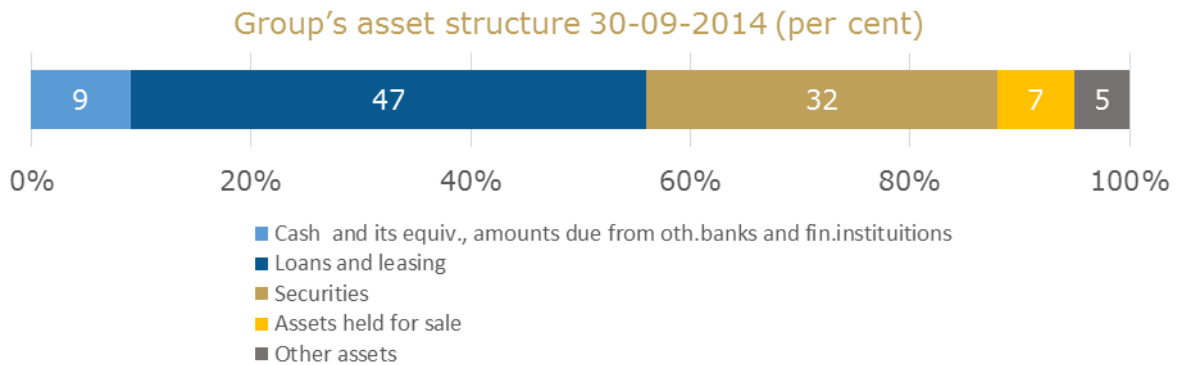
The internal audit of the Bank's internal control system and assessment of the internal risk management is performed by the Bank's Internal Audit Division, which informs the Bank's Internal Audit Committee and the Bank's Board regarding the detected shortcoming and violations.

11. INFORMATION ON RESULTS OF PERFORMANCE

Key performance indicators show that the biggest Lithuanian-capital bank and its Group, is on a path of stable growth. The Bank Group's unaudited net profit for nine months of this year more than doubled to LTL 35.2 million, from LTL 14.4 million in the same period of 2013. The unaudited result of the Bank amounted to LTL 32.9 million. The Bank's net profit reached LTL 8 million during the comparable period a year ago.

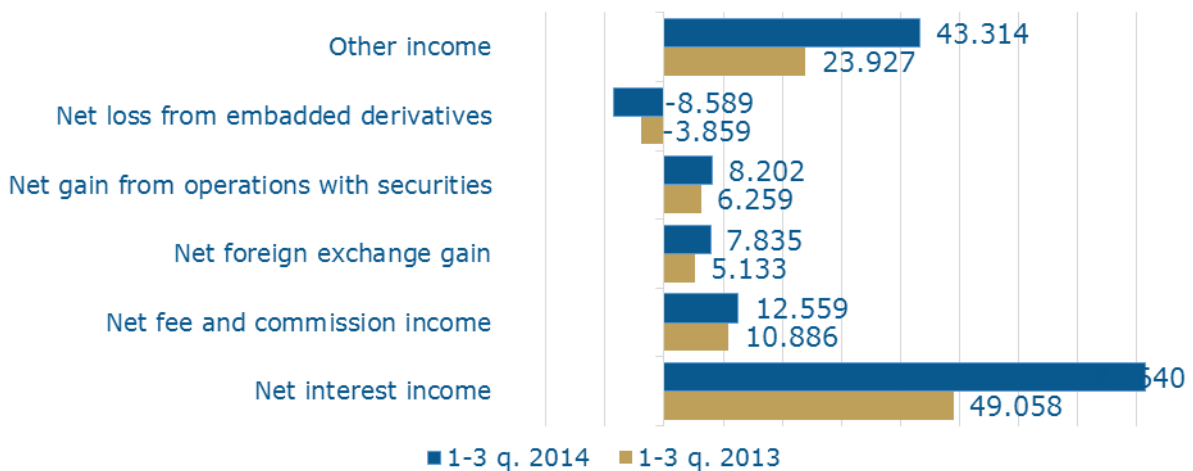


The Bank granted more than LTL 600 million in loans to its customers over the nine months of the year. During the third quarter the Group's loan portfolio grew by LTL 71 million and at the end of September of 2014 comprised LTL 2.4 billion. This growth has been achieved despite the disposed problem loans.

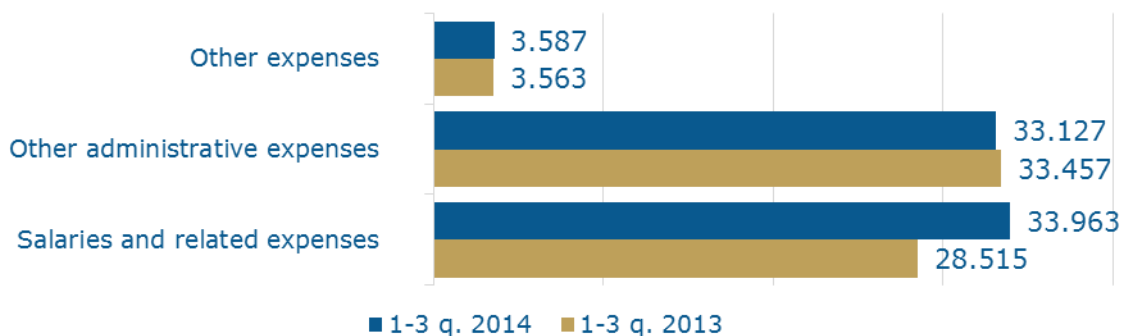


Preparing for the Euro adoption more and more depositors trust their funds to the Bank. This is also reflected in the bank's deposit portfolio which has increased by LTL 160 million during the first nine months of the year and reached LTL 4.9 billion. According to the data as at the end of IH of this year, the Bank owned 5 per cent of country's loan market and 9.2 per cent of the deposit market.

Operating income (LTL thou)

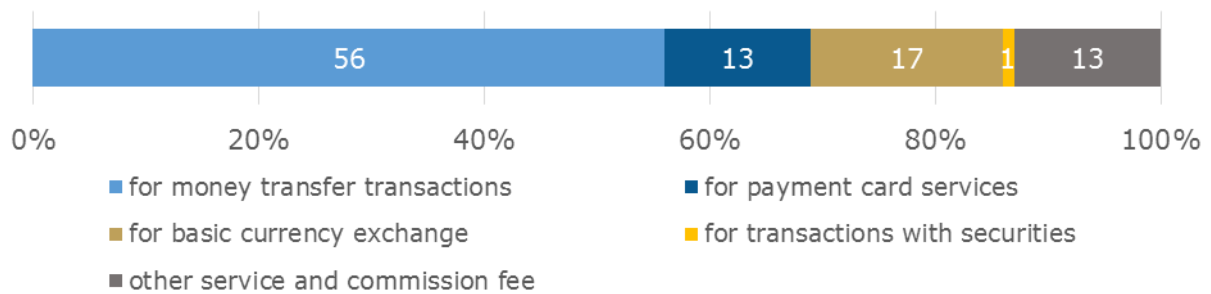


Operating expenses (LTL thou)

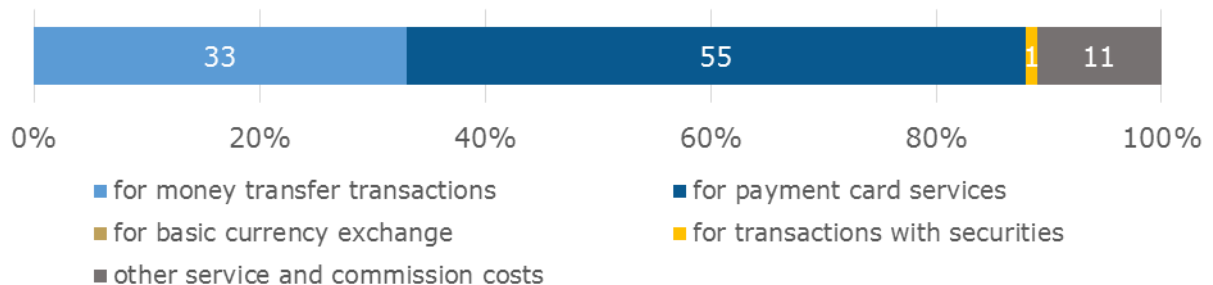


The Bank Group's income from the net fee and commission income had been further growing - the third quarter brought a 13 per cent increase in comparison to the second one while over the period of nine months the net fee and commission income increased by 15 per cent - up to LTL 12.6 million (*note 8*). Increased customer activity had a positive impact on not only on the net fee and commission income received by the Bank's Group, but also on the result from foreign currency operations - almost LTL 3.4 million was earned in the third quarter.

Service and commission fee 30/09/2014 (per cent)



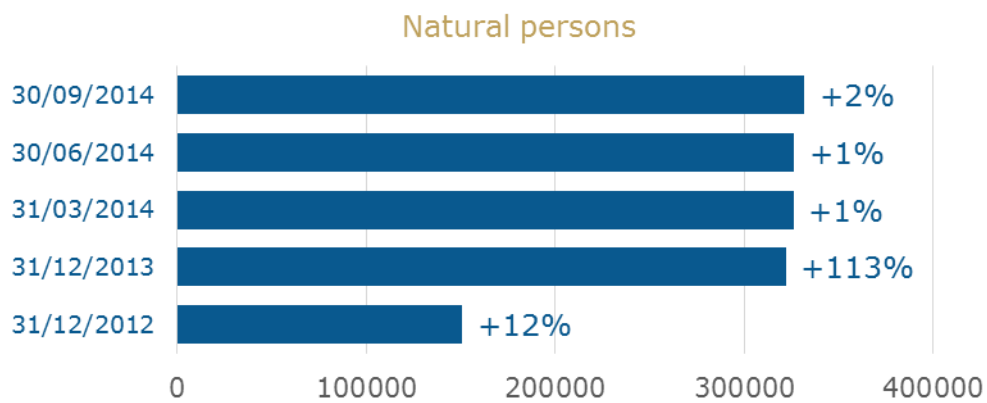
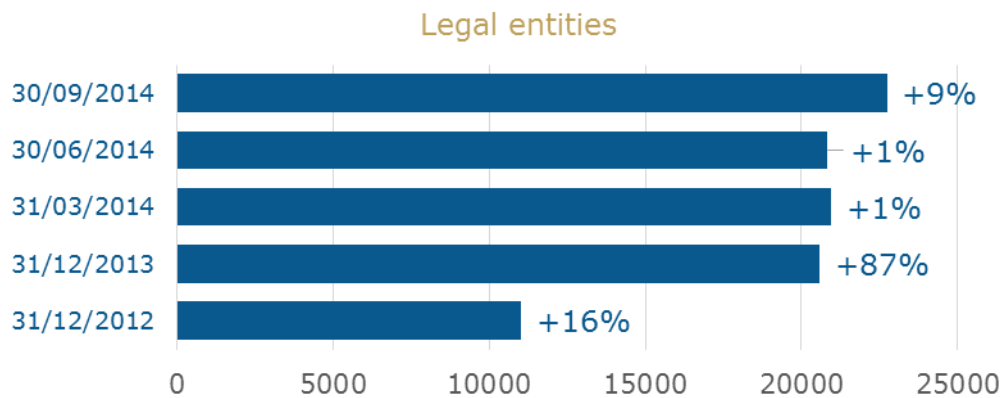
Service and commission costs 30/09/2014 (per cent)



Realization of the problem assets had a positive impact on the growth of the the Bank Group's income. The activities carried out by the Bank's subsidiary companies led to decline of the costs incurred by the Bank's Group (*note 9*). Although impairment of loans and other assets (*note 10*) still had a negative impact on the Bank Group's results, however the ratio of non-performing loans to the loan portfolio reflecting the quality of the loan portfolio improved for the second consecutive quarter in turn.

The cost to income ratio decreased by 26 percentage points over the year and comprised 48.8 per cent at the end of third quarter in 2014. The return on equity ratio increased more than twice during the year and at the end of September reached 13.6 per cent. The dynamics of the profitability ratios is provided on the Bank's internet site at: <http://www.sb.lt/lt/apie-banka/investuotuojuams/finansines-ataskaitos%2C-rodikliai-ir-prospektai/>, in the rubric „Profitability ratios“.

For convenience of its customers the Bank retains one of the largest network of territorial units - it operates through 74 customer service points in 39 towns of Lithuanian. The Bank's customers can use 230 ATMs of the joint ATM network of four banks which operates in 46 cities and towns throughout Lithuania, moreover, the customer can cash their funds or place them to the payment card accounts through more than 1800 terminals of "Perlo paslaugos" UAB all over Lithuania.



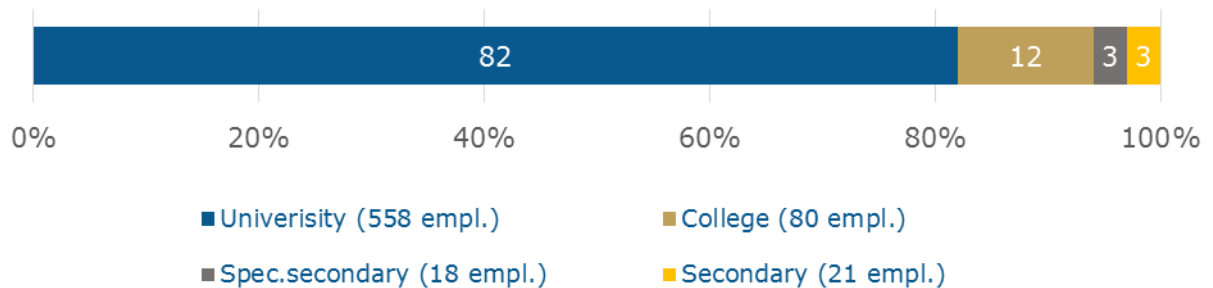
12. EMPLOYEES

On 30 September 2014 the Bank employed 677 staff members (as of 1 January 2014 the Bank had 680 employees). The Group employed 758 staff members in total at the end of the accounting period (as of 1 January 2014 the Bank's Group had 761 employees).

82.4 per cent of the total number of the Bank's employees had university education, appr.12 per cent gained college education, 2.6 per cent had secondary education and 3 per cent – special secondary education.

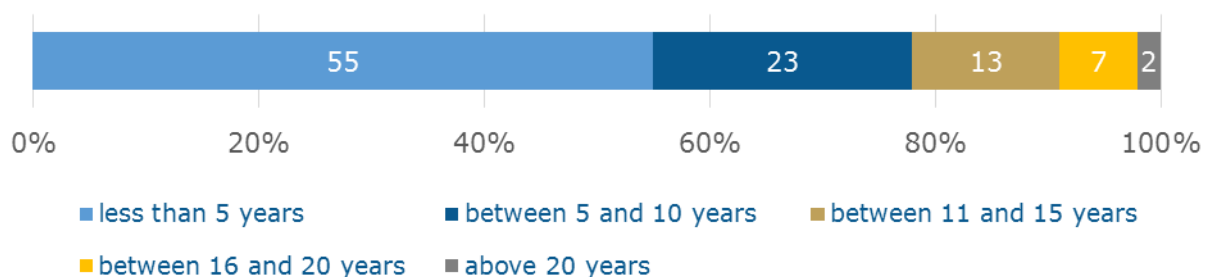
As of 30 September 2014 the structure of the employees' education by the level of education:

Structure of Employees' Education (per cent)

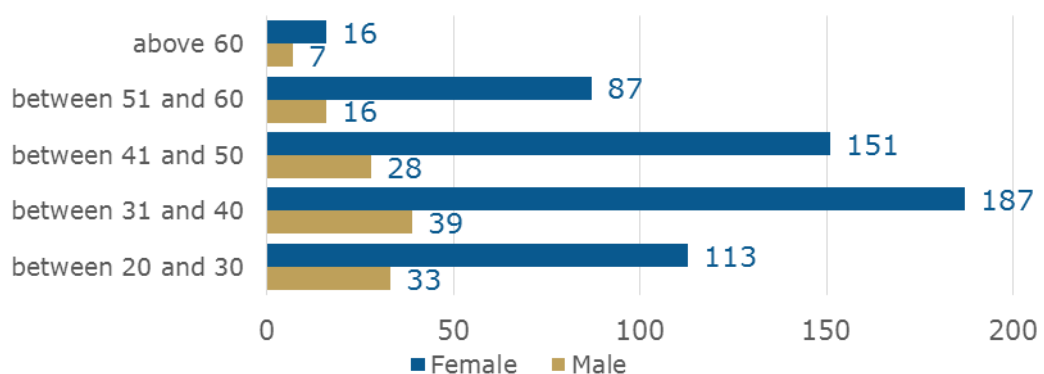


In 2014 to increase personnel management efficiency and to improve the motivation the Bank introduced a single system of discussion of annual performance results which allowed to assess the employees' achievements and the current skills as well as to agree with the employees about the future goals. To maintain high-quality, professional long-term relationships with the Bank's clients the "Customer Service Standard" was substantially updated. A publication "We and Our Customers" was issued. Those employees who directly service the customers participated in workshops allowing to gain deeper perception of the Standards provisions.

Employees' work experience as of 30/09/2014 (per cent)



Employees' structure by age and gender as of 30/09/2014



13. MEMBERS OF THE COMMITTEES FORMED WITHIN THE BANK, THE AREAS OF THEIR PERFORMANCE

The Loan, Internal Audit, Risk Management and Remuneration Committees are formed within the Bank. The functions, procedures of formation and the policy of activities of these committees are defined by the legal acts of the Republic of Lithuania, legal acts of the Bank of Lithuania as well as provisions of the certain committees approved by the Management Board or Supervisory Council of the Bank.

The Loan Committee analyses loan application documents, decides regarding granting of loans and amendment of their terms, assesses risks of loans, suggests regarding loan granting, loan interest rates, improvement of loan administration procedures and performs other functions foreseen by its provisions.

The Internal Audit Committee monitors and discusses the process of financial statement preparation, the efficiency of the Bank's internal control, risk management and internal audit systems, the processes of the audit and internal audit performance on regular basis and performs other functions foreseen by the legal acts of the supervisory authority and provisions of the Internal Audit Committee. The composition, competences and arrangement of activities of the internal Audit Committee are defined by the provisions of the internal Audit Committee approved by the Bank's Supervisory Council.

The Risk Management Committee performs the functions related to the efficiency of the Bank's activities taking into consideration the parameters of the acceptable risks and integrating the management of the interest rates, capital and liquidity, also, performs other functions foreseen by its provisions.

The Remuneration Committee evaluates the Policy of variable remuneration, practice and incentives created to manage the risks accepted by the Bank, its capital and liquidity, supervises the variable remuneration of the employees responsible for risk management and control of compliance, prepares draft resolutions regarding variable remunerations and performs other functions foreseen by its provisions.

Data of the members of the committees as of 30 September 2014:

Name, surname	Beginning / end of tenure	Share of capital under the right of ownership, %	Place of Work
Internal Audit Committee			
Ramunė Vilija Zabulienė	29/03/2012 / 2016	0.00	Public Undertaking „ArsDomina“
Sigitas Baguckas	29/03/2012 / 2016	0.65	„Namų statyba“ UAB
Vytautas Junevičius	29/03/2012 / 2016	0.13	Enterprise Group „Alita“ AB
Rimantas Purtulis	29/03/2012 / 2016	0.10	Certificate of the Lithuanian resident for individual activity
Risk Management Committee			
Donatas Savickas	12/03/2014 / operating on a continuous basis	0.08	Šiaulių bankas AB
Jolanta Dūdaitė	12/03/2014 / operating on a continuous basis	0.00	Šiaulių bankas AB
Pranas Gedgaudas	12/03/2014 / operating on a continuous basis	0.02	Šiaulių bankas AB
Morena Liachauskienė	12/03/2014 / operating on a continuous basis	0.00	Šiaulių bankas AB
Edas Mirijauskas	12/03/2014 / operating on a continuous basis	0.01	Šiaulių bankas AB
Loan Committee			
Vytautas Sinius	27/03/2012 / operating on a continuous basis	0.09	Šiaulių bankas AB
Edas Mirijauskas	27/03/2012 / operating on a continuous basis	0.01	Šiaulių bankas AB
Danutė Gaubienė	27/03/2012 / operating on a continuous basis	<0.01	Šiaulių bankas AB
Daiva Kiburienė	27/03/2012 / operating on a continuous basis	0.08	Šiaulių bankas AB
Aurelija Geležiuinė	27/03/2012 / operating on a continuous basis	0.01	Šiaulių bankas AB
Giedrius Sarapinas	27/03/2012 / operating on a continuous basis	0.01	Šiaulių bankas AB
Donatas Savickas	27/03/2012 / operating on a continuous basis	0.08	Šiaulių bankas AB
Remuneration Committee			
Gintaras Kateiva	02/05/2013 / operating on a continuous basis	6.24	„Litagra“ UAB
Pranas Gedgaudas	13/08/2012 / operating on a continuous basis	0.02	Šiaulių bankas AB
Ernesta Laurinavičienė	09/05/2011 / operating on a continuous basis	0.00	Šiaulių bankas AB
Živilė Skibarkienė	09/05/2011 / operating on a continuous basis	0.07	Šiaulių bankas AB

14. BANK'S MANAGEMENT BODIES

The management bodies of the Bank are as follows: the General Meeting of the Shareholders of the Bank, Council of the Bank, Board of the Bank and Chief Executive Officer (Head of the Bank).

General Meeting of Shareholders takes place annually, within three months after the end of fiscal year. The shareholders, having no less than 1/10 of all the votes, as well as the Board and Council have an initiative right of convening the meeting. The Law on Companies specifies the cases when a general meeting can be convened by other persons.

General Meeting of Shareholders is organized, voting is carried out and resolutions passed in compliance with the Law on Companies. If the meeting cannot take place due to lack of a quorum (more than 1/2 of the total votes), the re-convened meeting of shareholders with the valid agenda of the previous meeting shall be summoned.

Exclusively the General Shareholders' Meeting:

- amends Charter of the Bank, except in cases, provided in the laws;
- amend the Bank's head office;
- elects the Bank's Supervisory Council members;
- recalls the Bank's Supervisory Council or its individual members;
- elects and recalls the audit company to audit the annual financial statements, sets the terms of payment for audit services;
- approves the set annual financial statements of the Bank;
- sets class, number, par value and minimum issue price of the shares, issued by the Bank;
- adopts resolution regarding:
 - issuing of convertible bonds;
 - cancellation of the preference right to purchase shares or convertible bonds of the Bank of a given emission to all of the shareholders;
 - conversion of the Bank's shares of one class into another, approval of the conversion order;
 - allocation of profit (loss);
 - making, use, reduction and cancellation of reserves;
 - increase of authorized capital;
 - reduction of authorized capital, except of the cases, provided in the laws;
 - purchase by the Bank of its own shares;
 - reorganization or demerge of the Bank, approving terms of such reorganization or demerge;
 - restructuring of the Bank;
 - liquidation of the Bank, cancellation of liquidation, except cases, provided in the laws;
- to select and cancel the Bank's liquidator, except cases, provided in the laws.

The Supervisory Council of the Bank is a collegial body supervising the activities of the Bank. The Supervisory Council is directed by its Chairman. The Supervisory Council consisting of eight members is elected by the General Meeting of Shareholders for a term of four years. The initiators of the Meeting or the shareholders holding shares that grant at least 1/20 of the Bank's shares, shall have the right of proposing the members of the Supervisory Council. The candidates are proposed before the Meeting or during such Meeting. Each candidate to the Supervisory Council's members shall inform the Meeting

participants about his current capacity and how his activities are related to the Bank or to other legal entities associated with the Bank. While electing the Supervisory Council's members each shareholder shall have such number of votes which is equal to the product of the numbers of votes granted to him by the shares owned and number of the Supervisory Council's members to be elected. These votes are allocated by the shareholder at his own discretion - for one or several candidates. The candidates who receive the biggest number of votes are elected. 1 independent member is elected to the current tenure of the Supervisory Council. In accordance with the Bank's Charter the number of tenures of the Council member is not limited.

The functions of the Supervisory Council are as follows:

- elect members of the Board and remove them from office, make recommendations to the Board regarding the candidature for the Chairman of the Board. Prior approval of the Council is necessary to obtain before setting salaries of the Board members who hold other positions in the Bank, Chief Executive Officer and his deputies, as well as other terms of labour contract. If the Bank operates at a loss, the Council must consider the suitability of the Board members for their positions;
- elect members of the Internal Audit Committee;
- supervise activities of the Board and the Chief Executive Officer;
- supervise the implementation of business plans of the Bank, analysis the Bank's income and expenses, own investments and capital adequacy issues;
- adopt Supervisory Council's work regulation;
- approve business plans of the Bank and annual budget;
- approve any type of policies related to the Bank's activities including the risk management policy;
- approve the business strategy of every entity controlled by the Bank;
- ensure the effective internal control system in the Bank;
- make proposals and comments to the General Shareholders' Meeting on the Bank's work strategy, the Bank's annual financial statements, the draft of the profit (loss) distribution and the report on the Bank's activities as well as activities of the Board and the Chief Executive Officer of the Bank;
- approve loan granting policy and set order of borrowing subject to Supervisory Council's approval;
- make proposals to the Board and the Chief Executive Officer to cancel their resolutions that contradict the laws and other legal acts, this Charter or resolutions of the Meeting;
- set the list of transactions and resolutions, making or implementation of which is subject to the Council's approval;
- adopt resolutions, assigned to the Supervisory Council's competence according to the orders, approved by the Supervisory Council; such order shall be adopted by the Council following the laws, this Charter or resolutions of the General Meeting of Shareholders;
- consider other matters, subject to its consideration or solution of the Supervisory Council, provided for in the laws of this Charter or in the resolutions adopted by the Meeting.

The Management Board of the Bank is a collegial Bank's management body, consisting of eight members. It manages the Bank, handles its matters and answers under the laws for the execution of the Bank's financial services. Order of the Board's work is set by the Board work regulations. The Board of the Bank is elected by the Council for a term of 4 years. The Board members are elected, recalled and supervised by the Bank's Supervisory Council. The Board of the Bank is elected by the Council for a term of 4 years - the number of tenures is

not limited. If individual Board members are elected, they are elected till the end of the active Board's term.

The Board shall consider and approve:

- the consolidated annual report of the Bank
- the structure of the Bank management and positions; posts in which persons are employed only by holding competitions;
- regulations of the branches, representatives and other separate subdivisions of the Bank;
- order of the Bank's loans granting, following the loan granting policy, approved by the Supervisory Council;
- order of issuing guarantees, securities and taking of other liabilities;
- order of writing-off of the loans and other debt liabilities;
- regulations of the Loan Committee and Risk Management Committee of the Bank.
- the Board shall elect and remove from office the Chief Executive Officer and his deputies. The Board sets salary and other terms of labour contract with the Chief Executive Officer, approves his Staff Regulations, induces and imposes sanctions to the Chief Executive Officer;
- the Board determines the information to be considered commercial secret of the Bank.

The Board shall adopt:

- decisions on the Bank becoming the incorporator, member of other legal entities;
- decisions on opening branches, representatives and other separate subdivisions of the Bank as well as on cancellation of their activities;
- decisions on the investment, transfer or lease of long-term assets the balance-sheet whereof amounts to over 1/20 of the Bank's authorized capital (calculating separately for each kind of transaction);
- decisions on the mortgage or hypothec of long-term assets the value whereof amounts to over 1/20 of the Bank's authorized capital (calculating separately for each kind of transaction);
- decisions on offering guarantee or surety for the discharge of obligations of other entities, when the amount of the obligations exceeds 1/20 of the Bank's authorized capital;
- decisions on the acquisition of long-term assets the price whereof exceeds 1/20 of the Bank's authorized capital;
- decisions on issuing of non-convertible bonds;
- Board work regulation;
- decisions on other matters it has to consider or solve under the Laws or Charter of the Bank.

The Board shall set:

- terms for the shares issue of the Bank;
- order for issue of the bonds of the Bank. When the General Shareholders' Meeting adopts a resolution regarding the issuing of convertible bonds, the Board is entitled to set additional terms of issuing and to approve bond subscription agreements, signed by the Chief Executive Officer or his authorized person;
- order and cases of employment in the Bank, when the employees are engaged with the Board's approval.

The Board shall analysis and evaluate the material submitted by the Chief Executive Officer on:

- implementation of the Bank's activities strategy;
- arrangement of the Bank's activities;
- financial state of the Bank;
- results of economic activities, income and expenditure estimates, stock-taking data and other records of valuables.

The Board shall also analysis, assess the Bank's draft annual financial statements and draft of the profit (loss) allocation and submit them to the Board and Meeting. The Board shall solve other matters of the Bank's activities, if they are out of the other managing bodies' competence under the laws and this Charter.

The Board shall convene and hold the General Shareholders' Meetings in due time.

Chief Executive Officer arranges everyday activities of the Bank and performs other actions necessary to perform his functions, to implement the decisions of the Bank's bodies and to ensure the Bank's activities.

Chief Executive Officer:

- arranges everyday activities of the Bank;
- engages and discharges employees, makes work contracts with them and terminates them, induces them and imposes sanctions. The Head of the Bank is entitled to authorize another Bank employee to perform actions listed therein;
- without special authorization represents the Bank in its relations with other persons, in court and arbitrage;
- grants and cancels powers of attorney and procurements;
- issues orders;
- performs other actions, necessary to perform his functions, to implement decisions of the Bank's bodies and to ensure Bank's activities.

Chief Executive Officer is responsible for:

- arrangement of the Bank's activity and implementation of its aims;
- making of annual financial statements and preparation of the Bank's annual report;
- making of a contract with the audit company;
- delivery of information and documents to the Meeting, Board and Supervisory Council in the cases, provided for in the laws or upon request;
- delivery of the Bank's documents and data to the custodian of the Register of Legal Entities;
- delivery of the documents to the Securities Commission and to the Central Securities Depository of Lithuania;
- publication of the information, prescribed by the laws and other legal acts, in the newspapers, stated in this Charter;
- information delivery to the shareholders;
- execution of other duties, prescribed by the laws and legal acts, this Charter and Staff regulations of the Chief Executive Officer.

The Chief Executive Officer acts on the Bank's behalf and is entitled to make transactions at his sole discretion, except for the exceptions, stated therein or in the resolutions of the bodies of the Bank.

15. THE MEMBERS OF BANK'S COLLEGIAL BODIES

Supervisory Council of the Bank:

Arvydas Salda



Member of the Supervisory Council of the Bank since 1991, Chairman of the Supervisory Council of the Bank since 1999.

Education:

Kaunas Institute of Technology.
Vilnius university, applicable mathematics..

Work experience (not less than 5 years):

Consultant of „Šiaulių banko turto fondas“ UAB since 2004, Consultant of „Eglės“ AB sanatorium since August 2014.

Sigitas Baguckas



Deputy Chairman of Supervisory Council of the Bank since 2000, Member of Supervisory Council of the Bank 1991.

Education:

Vilnius Civic Engineering Institute, an engineer-constructor.

Work experience (not less than 5 years):

Procurist and director at „Namų statyba“ UAB since 2007.

Gintaras Kateiva



Member of the Supervisory Council of the Bank since 2008.

Education:

Vilnius Pedagogic Institute, a teacher.

Work experience (not less than 5 years):

Chairman of the Board of "Litagra" UAB since 2005, director of "Litagros prekyba" UAB until 2008, director of "Litagros mažmena" UAB since 2008.

Vigintas Butkus



Member of the Supervisory Council of the Bank since 2004.

Education:

Marijampole School of Culture, a director.

Work experience (not less than 5 years):

Director of "Mintaka" UAB since 2000, Director of Trade House "Aiva" UAB since 2002.

Vytautas Junevičius



Member of the Supervisory Council of the Bank since 2006.

Education:

Kaunas Institute of Technology, an engineer-economist.
Vilnius University, a specialist of international economy relations.

Work experience (not less than 5 years):

Director General of "Alita" AB until 2009, the Consultant of the Director General of the Company's Group "Alita", 2009-2011.

Peter Reiniger



Member of the Supervisory Council of the Bank since 2011

Education:

Technical University of Budapest, an engineer-mechanic, an engineer of production organization.

Work experience (not less than 5 years):

European Bank for Reconstruction and Development (EBRD), the Director of the Business Group until 2010, the RBRD Managing director 2010-2011, EBRD Chief Advisor of the First Vice-president and Executive Committee since 2011.

Ramunė Vilija Zabulienė



Independent member of the Supervisory Council of the Bank since May 2012.

Education:

Vilnius University, an engineer-economist.

Work experience (not less than 5 years):

Work experience: the member of the Board of the Bank of Lithuania, Deputy Chairman until 2011.

Acts in compliance with the certificate of the Lithuanian resident for individual activity. Director of the Public Undertaking „ArsDomina“.

Valdas Vitkauskas



Member of the Supervisory Council of the Bank since April 2014.

Education:

Vytautas Magnus University, Master of Business Administration and Management; Southern Methodist University (USA), Master.

Work experience (not less than 5 years):

Head of the EBRD representative office in Minsk until 2011, EBRD senior banker since 2011, member of the Council of the bank belonging to the Societe Generale Group in Mobiasbanka (Moldova).

The Management Board of the Bank:

Algirdas Butkus



Chairman of the Board.

Education:

Kaunas Technology Institute, Master of economy.

Work experience:

Chairman of the Board, Chief Executive Officer of the Bank from 1999 to February 2011, Deputy Chief Executive Officer since February 2011.

Vytautas Sinius



The Deputy Chairman of the Board, Chief Executive Officer.

Education:

Vilnius Higher School of Economics.

Vilnius University, a bachelor of economy.

Vytautas Magnus University, Master of Business Administration and Management.

Work experience:

Head of Retail banking Division of SEB bankas AB, Head of Corporate Banking Division of the Bank since 2011, Chief Executive Officer since February 2014.

Donatas Savickas



Deputy Chairman of the Board, Deputy Chief Executive Officer, Head of Finance and Risk Management Division.

Education:

Vilnius University, Bachelor of Economy.

Vytautas Magnus University, Master of Business Administration and Management.

Work experience:

Deputy Chairman of the Board of the Bank since 1995, Deputy Chief Executive Officer, Head of Finance and Credit Division, Head of Finance and Risk Management Division.

Daiva Kiburienė



Member of the Board, Deputy Chief Executive Officer, Head of Business Development Division.

Education:

Vilnius University, Bachelor of Economy.

Vytautas Magnus University, Master of Business Administration and Management.

Work experience:

Deputy Chairperson of the Board since 1998, Deputy Chief Executive Officer of the Bank, Head of Corporate and Retail Banking Division, Head of Šiauliai region, Head of Business Development Division since 2014.

Vita Adomaitytė



Member of the Board, Chief Financial Officer, Head of Accounting and Reporting Division.

Education:

Vilnius University, a master of finance and credit.

Work experience:

Chief Financial Officer of the Bank since 2002, Head of Accounting and Reporting Division since 2005.

Jonas Bartkus



Member of the Board since 29/03/2012, Head of the IT Division.

Education:

Vilnius University, a master in mathematics.

Work experience:

Head of Computerization of Šiaulių bankas AB since 2001, Head of Business Development Division since, Head of the IT Division.

Iлона Baranauskienė



Member of the Board since February 2014; Head of the Assets Restructuring Division.

Education:

Kaunas University of Technology, a bachelor of Business Administration and Management; Šiauliai University, a master of economy.

Work experience:

Director General of "SLEZVB" UAB until 2013, Deputy Director of "SBTF" UAB since 2006, Director of the Special Financing Department of the Bank.

Audrius Žiugžda



Deputy Chairman of the Board and Chief Executive Officer 31/01/2014.

Education:

Vytautas Magnus University, a master of Business Administration and Management.

Work experience:

Chairman of the Board and President of SEB AB 2006-2009, the Advisor of the Director General TEO LT, AB 2010-2011 m., the Chief Executive Officer of the Bank since 2011 to 31/01/2014.

Name, surname	Beginning / end of tenure	Share of capital under the right of ownership, %	Share of votes together with the related persons, %
Arvydas Salda	beginning 29/03/2012 end 2016	2.59	42.30
Sigitas Baguckas	beginning 29/03/2012 end 2016	0.65	42.30
Vigintas Butkus	beginning 29/03/2012 end 2016	0.08	42.30
Vytautas Junevičius	beginning 29/03/2012 end 2016	0.13	42.30
Gintaras Kateiva	beginning 29/03/2012 end 2016	6.24	42.30
Peter Reiniger	beginning 29/03/2012 end 2016	-	-
Valdas Vitkauskas	beginning 01/04/2014 end 2016	-	-
Ramunė Vilija Zabulienė	beginning 04/05/2012 end 2016	-	-
Algirdas Butkus	beginning 29/03/2012 end 2016	3.82	42.30
Vytautas Sinius	beginning 29/03/2012 end 2016	0.09	42.30
Donatas Savickas	beginning 29/03/2012 end 2016	0.08	42.30
Vita Adomaitytė	beginning 29/03/2012 end 2016	0.04	42.30
Jonas Bartkus	beginning 29/03/2012 end 2016	0.06	42.30
Iлона Baranauskienė	beginning 12/02/2014 end 2016	0.03	42.30
Daiva Kiburienė	beginning 29/03/2012 end 2016	0.08	42.30
Audrius Žiugžda	beginning 29/03/2012 end 31/01/2014	0.58	-

Loans granted to the members of the Bank's Supervisory Council and Board as of 30 September 2014:

Members of the Management Bodies	Loans granted, in LTL thou LTL
The Supervisory Council of the Bank	3 966
The members of the Board of the Bank	630
Total:	4 596

16. TRANSACTIONS WITH RELATED PARTIES

Implementing its usual activities the Bank concludes the banking transactions with the members of the Council and Board, other related parties and subsidiary companies. The related parties of the Bank are as follows:

- ✓ the members of the Bank's Supervisory Council and the Bank's Board, their close family members and companies where the related parties own more than 5 per cent of shares and/or take managing positions;
- ✓ the Bank's subsidiaries;
- ✓ the Bank's shareholders owning more than 5 per cent of the Bank's shares. of the Bank's shares.

The members of the Bank's Supervisory Council and the Management Board work for the benefit of the shareholders avoiding the conflicts of interest. The Bank has adopted policies to avoid the conflicts of interest establishing the internal procedures and requirements for measures to identify and manage the circumstances that may lead to a conflict of interests in the Bank's provision of investment services and specifying the methods of avoidance of such conflicts of interest or actions to be taken in case they arise. All transactions with the Bank's senior management are entered under the market conditions.

At the Bank the transactions with the senior management through the IT measures are distinguished from the other transactions, the comprehensive description on these transactions is provided in 12 note of the explanatory note of the Bank's interim financial statements as of 30 September 2014.

17. THE MOST IMPORTANT EVENTS OVER THE ACCOUNTING PERIOD

- On 30 January the companies that achieved the best results cooperating with the investors as well as the most active market participants were announced and honoured during the Baltic Market Awards arranged by NASDAQ OMX in Vilnius, Tallinn and Riga. Šiaulių bankas received a nomination of "The Challenge of the Year".
- On 19 March a scholarship of the Bank for academic achievements and constant striving for improvement in the field of studies was granted to the first year master student of the Marketing and International Commerce studies at the VMU Faculty of Economics and Management.
- A resolution to increase the bank's authorized capital by LTL 20 million from the bank's own funds and to distribute the newly issued shares among the shareholders free of charge was passed during the General meeting of shareholders of the Bank held on 28 March.
- On March 31 provision of the mobile e-signature service was started.
- On 14 April a new Bank's customer service point opened in already 39th town of Lithuania - in Šilalė.
- On 23 June nominal scholarship of the Bank was granted to one more student of the Vytautas Magnus University, future master in Economics and Management, for his academic achievements.
- On 30 June the Bank and Lithuanian Agricultural Advisory Service signed two collaboration agreements.
- On 17 July the Bank signed a Memorandum of Understanding on Good Practice during the Preparation for the Adoption of the Euro.
- In July the donations boxes have been placed in 66 units of the Bank in cooperation with the public undertaking "Projects of Goodwill".
- On 18 August the Bank joined a a Memorandum of Good Business Practice during the the Adoption of the Euro by which it confirmed its obligation to act in

compliance with the memorandum principles during the adoption of euro in Lithuania.

- In August the German bank Commerzbank has awarded the Bank with Straight-Through Processing Award 2013 for a fully automated and top quality performance of international transactions for the third year in turn.
- On 28 August the Bank completed the integration process of two banks' IT systems after the transaction of takeover of part of Ūkio bankas' assets and liabilities in 2013 - all accounting processes related to the taken over assets and liabilities were transferred to the Bank' s system.
- In September the international business and finance magazine Global Finance announced the Bank as the safest bank in Lithuania'2014 in the country-by-country category .
- In September in cooperation with the Bank of Lithuania, the Bank arranged seminars on preparation for the euro adoption in Lithuania since 01 January 2015 for business people from Vilnius, Kaunas, and Klaipėda.

18. DATA ON THE PUBLICLY DISCLOSED INFORMATION

The following information was publicly disclosed over the first half a year of 2014:

- 06/01/2014 - the calendar of the Bank's information was announced to the investors;
- 04/02/2014 - notification regarding the expiry of the call options rights with regard to the assets taken over from Ūkio bankas;
- 12/02/2014 - information regarding amendments in the Bank's Council and Management Board;
- 12/02/2014 - the calendar of the Bank's information was announced to the investors;
- 17/02/2014 - a pre-audited activity result of the Bank and the Group for 2013;
- 24/02/2014 - interim financial information of the Bank for 12 months of 2013;
- 07/03/2014 - convocation of the Ordinary General Meeting of Shareholders;
- 07/03/2014 - the draft resolutions prepared by the Board for the Ordinary General Meeting of Shareholders held on 28-03-2012;
- 10/03/2014 - notification regarding sales transactions of real estate;
- 28/03/2014 - resolutions of the Ordinary General Meeting of Shareholders held on 28/03/2014;
- 28/03/2014 - annual information;
- 20/04/2014 - a pre-audited activity result of the Bank and the Bank Group for IQ of 2014;
- 19/05/2014 - interim information for 3 months of 2014;
- 21/05/2014 - report regarding concluded transactions, related to payment of the variable remuneration in the Bank's shares;
- 03/06/2014 - notification regarding the amendments of the Bank's Charter after registering the increased authorized capital;
- 21/07/2014 - an unaudited activity result of the Bank and the Bank Group for IH of 2014;
- 20/08/2014 - interim information for 6 months of 2014;
- 26/08/2014 - notification regarding the acquisition of the voting rights.
- reports regarding the transactions with the Banks shares entered by the Bank's senior managers.

In accordance with the procedures set by the Charter of the Bank and the legal acts of the Republic of Lithuania all the stock events are announced in the Central regulated information base and on the Bank's website www.sb.lt. Reports on the Meetings of Shareholders are additionally announced in the daily newspaper "Lietuvos rytas".

Chief Executive Officer

20 November 2014



Vytautas Sinius