



CONDENSED INTERIM
FINANCIAL STATEMENTS
(unaudited)

for the three month period ended 31 March 2017

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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 three months of 2017 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

8 May 2017

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


	Notes	31 March 2017		31 December 2016	
		Group	Bank	Group	Bank
ASSETS					
Cash and cash equivalents		128,583	125,176	153,867	152,111
Securities at fair value through profit or loss	2	46,534	16,707	57,427	26,103
Due from other banks		5,454	5,454	5,337	5,337
Derivative financial instruments		5,676	5,414	8,983	8,687
Loans to customers	1	945,358	983,805	953,609	994,155
Finance lease receivables	1	72,127	54,156	69,807	48,170
Investment securities:		-	-	-	-
available-for-sale -	2	19,473	17,767	19,168	17,504
held-to-maturity -	2	603,364	603,364	524,054	524,054
Investments in subsidiaries and associates	2	-	27,425	-	26,665
Intangible assets		4,089	1,147	4,180	1,210
Property, plant and equipment		11,245	10,337	11,469	10,532
Investment property		16,766	1,105	16,804	1,112
Current income tax prepayment		76	-	70	-
Deferred income tax asset		475	-	665	-
Other assets	3	30,707	9,254	35,838	7,941
Assets classified as held for sale	2	-	3	-	58
Total assets		1,889,927	1,861,114	1,861,278	1,823,639
LIABILITIES					
Due to other banks and financial institutions		79,780	81,164	89,793	92,079
Derivative financial instruments		1,014	1,014	175	175
Due to customers	4	1,536,038	1,545,313	1,495,087	1,495,478
Special and lending funds	5	7,239	7,239	28,326	28,326
Subordinated loan	12	22,594	22,594	22,064	22,064
Current income tax liabilities		7,147	6,781	4,790	4,650
Deferred income tax liabilities		559	32	468	30
Liabilities related to insurance activities		26,165	-	25,515	-
Other liabilities		18,163	10,569	15,539	7,894
Liabilities related to assets classified as held for sale	2	7	-	4	-
Total liabilities		1,698,706	1,674,706	1,681,761	1,650,696
EQUITY					
Share capital	6	109,472	109,472	109,472	109,472
Share premium		-	-	-	-
Reserve capital		754	756	756	756
Statutory reserve	6	7,179	7,071	4,157	4,157
Financial assets revaluation reserve		468	403	311	277
Retained earnings		73,348	68,706	64,821	58,281
Non-controlling interest		-	-	-	-
Total equity		191,221	186,408	179,517	172,943
Total liabilities and equity		1,889,927	1,861,114	1,861,278	1,823,639

The notes on pages 9 to 28 constitute an integral part of these financial statements.

Chief Executive Officer

Chief Accountant

8 May 2017



Vytautas Sinius



Vita Adomaitytė

THE GROUP'S AND THE BANK'S CONDENSED INCOME STATEMENTS

	for the three month period ended				
	Notes	31 March 2017		31 March 2016	
		Group	Bank	Group	Bank
Continuing operations					
Interest and similar income	7	17,082	13,898	18,166	16,269
Interest expense and similar charges	7	(2,924)	(2,926)	(3,243)	(3,244)
Net interest income		14,158	10,972	14,923	13,025
Fee and commission income	8	3,777	3,667	3,291	3,199
Fee and commission expense	8	(1,249)	(1,214)	(1,062)	(980)
Net fee and commission income		2,528	2,453	2,229	2,219
Net gain from operations with securities		825	226	728	774
Net gain from foreign exchange and related derivatives		1,041	1,190	588	766
Net loss from other derivatives		(634)	(600)	(1,105)	(1,105)
Net loss from changes in fair value of subordinated loan		(533)	(533)	800	800
Net gain from derecognition of financial assets	11	2,606	2,606	10,395	10,395
Net gain from disposal of tangible assets		433	1	391	282
Revenue related to other activities of Group companies	11	3,502	-	3,333	-
Other operating income		343	119	366	145
Salaries and related expenses		(4,949)	(4,085)	(4,685)	(4,036)
Depreciation and amortization expenses		(491)	(373)	(412)	(311)
Expenses related to other activities of Group companies	11	(3,321)	-	(2,541)	-
Other operating expenses	9	(2,079)	(1,547)	(2,102)	(1,506)
Operating profit before impairment losses		13,429	10,429	22,908	21,448
Allowance for impairment losses on loans and other assets	10	2,905	1,898	(2,106)	(1,914)
Allowance for impairment losses on investments in subsidiary and loss on remeasurement of subsidiaries classified as held for sale	2,10	-	705	-	529
Dividends from investments in subsidiaries and subsidiaries classified as held for sale		-	4,556	-	3,517
Profit from continuing operations before income tax		16,334	17,588	20,802	23,580
Income tax expense		(2,895)	(2,362)	(3,053)	(2,904)
Profit from continuing operations		13,439	15,226	17,749	20,676
Profit (loss) from discontinued operations, net of tax		(5)	-	(16)	-
Net profit for the year		13,434	15,226	17,733	20,676
Net profit attributable to:					
Owners of the Bank		13,434	15,226	17,733	20,676
From continuing operations		13,439	15,226	17,749	20,676
From discontinued operations		(5)	-	(16)	-
Non-controlling interest		-	-	-	-
Basic earnings per share (in EUR per share) attributable to owners of the Bank		0.04		0.05	
From continuing operations		0.04		0.05	
From discontinued operations		(0.00)		(0.00)	
Diluted earnings per share (in EUR per share) attributable to owners of the Bank		0.04		0.05	
From continuing operations		0.04		0.05	
From discontinued operations		(0.00)		(0.00)	

The notes on pages 9 to 28 constitute an integral part of these financial statements.

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

for the three month period ended

	31 March 2017		31 March 2016	
	Group	Bank	Group	Bank
<i>Net profit for the period</i>	13,434	15,226	17,733	20,676
<i>Other comprehensive income</i>				
<i>Items that may be subsequently reclassified to profit or loss:</i>				
Gain from revaluation of financial assets	184	148	898	898
Deferred income tax on gain from revaluation of financial assets	(27)	(22)	(159)	(159)
<i>Other comprehensive income, net of deferred tax</i>	157	126	739	739
<i>Total comprehensive income for the period</i>	13,591	15,352	18,472	21,415
<i>Total comprehensive income (loss) attributable to:</i>				
Owners of the Bank	13,591	15,352	18,472	21,415
from continuing operations	13,596	15,352	18,488	21,415
from discontinued operations	(5)	-	(16)	-
Non-controlling interest	-	-	-	-
	13,591	15,352	18,472	21,415

The notes on pages 9 to 28 constitute an integral part of these financial statements.

THE GROUP'S CONDENSED STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital	Reserve capital	Financial assets revaluation reserve	Statutory reserve	Retained earnings	Total	Non-controlling interest	Total equity	
		Attributable to the owners of the Bank								
1 January 2016		91,226	756	896	2,468	41,718	137,064	-	137,064	
Transfer to/from statutory reserve		-	-	-	1,689	(1,689)	-	-	-	
Payment of dividends	6	-	-	-	-	(628)	(628)	-	(628)	
Total comprehensive income		-	-	739	-	17,733	18,472	-	18,472	
31 March 2016		91,226	756	1,635	4,157	57,134	154,908	-	154,908	
Increase in share capital through bonus issue of shares	6	18,246	-	-	-	(18,246)	-	-	-	
Total comprehensive income		-	-	(1,324)	-	25,933	24,609	-	24,609	
31 December 2016		109,472	756	311	4,157	64,821	179,517	-	179,517	
Transfer to statutory reserve		-	-	-	3,020	(3,020)	-	-	-	
Payment of dividends	6	-	-	-	-	(1,887)	(1,887)	-	(1,887)	
Total comprehensive income		-	-	157	-	13,434	13,591	-	13,591	
31 March 2017		109,472	756	468	7,177	73,348	191,221	-	191,221	

THE BANK'S CONDENSED STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital	Reserve capital	Financial assets revaluation reserve	Statutory reserve	Retained earnings	Total
1 January 2016		91,226	756	896	2,290	37,345	132,513
Transfer to statutory reserve		-	-	-	1,867	(1,867)	-
Payment of dividends	6	-	-	-	-	(628)	(628)
Total comprehensive income		-	-	739	-	20,676	21,415
31 March 2016		91,226	756	1,635	4,157	55,526	153,300
Increase in share capital through bonus issue of shares	6	18,246	-	-	-	(18,246)	-
Total comprehensive income		-	-	(1,358)	-	21,001	19,643
31 December 2016		109,472	756	277	4,157	58,281	172,943
Transfer to statutory reserve		-	-	-	2,914	(2,914)	-
Payment of dividends	6	-	-	-	-	(1,887)	(1,887)
Total comprehensive income		-	-	126	-	15,226	15,352
31 March 2017		109,472	756	403	7,071	68,706	186,408

The notes on pages 9 to 28 constitute an integral part of these financial statements.

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

for the three month period ended

	Notes	31 March 2017		31 March 2016	
		Group	Bank	Group	Bank
Operating activities					
Interest received on loans and advances		13,702	11,100	14,179	12,456
Interest received on debt securities at fair value through profit or loss		476	380	337	337
Interest paid		(2,701)	(2,703)	(4,071)	(4,072)
Fees and commissions received		3,777	3,667	3,291	3,199
Fees and commissions paid		(1,249)	(1,214)	(1,062)	(980)
Net cash inflows from trade in securities at fair value through profit or loss		12,291	9,661	7,222	6,942
Net inflows from foreign exchange operations		4,497	4,646	2,647	2,825
Net inflows from derecognition of financial assets		1,134	1,134	10,395	10,395
Cash inflows related to other activities of Group companies		3,845	119	3,699	145
Cash outflows related to other activities of Group companies		(3,321)	-	(2,541)	-
Recoveries on loans previously written off		386	159	278	19
Salaries and related payments to and on behalf of employees		(4,738)	(3,874)	(4,167)	(3,518)
Payments related to operating and other expenses		(1,973)	(1,948)	(2,735)	(1,612)
Income tax paid		(294)	(253)	(486)	(315)
Net cash flow from operating activities before change in operating assets and liabilities		25,832	20,874	26,986	25,821
Change in operating assets and liabilities:					
Decrease (increase) in due from other banks		102	(117)	555	246
(Increase) in loans to customers and finance lease receivables		7,559	5,579	(18,890)	(31,484)
Decrease (increase) in other assets		6,355	(1,313)	1,856	(806)
Decrease (increase) in due to banks and financial institutions		(9,977)	(11,412)	2,760	1,078
Increase (decrease) increase in due to customers		41,222	50,106	(5,878)	856
Increase in special and lending funds		(21,087)	(21,087)	(1,731)	(1,731)
Increase (decrease) in other liabilities		3,082	2,480	(173)	(5,813)
Change		27,256	24,236	(21,501)	(37,654)
Net cash flow from (used in) from operating activities		53,088	45,110	5,485	(11,833)
Investing activities					
Acquisition of property, plant and equipment, investment property and intangible assets		(1,694)	(146)	(306)	(211)
Disposal of property, plant and equipment, investment property and intangible assets		188	411	1,368	1,038
Acquisition of held-to-maturity securities		(102,214)	(102,214)	(72,976)	(72,976)
Proceeds from redemption of held-to-maturity securities		22,904	22,904	33,535	33,535
Interest received on held-to-maturity securities		2,709	2,709	6,738	6,738
Dividends received		-	4,556	32	3,549
Acquisition of available-for-sale securities		(2,668)	(2,668)	(1,165)	(1,159)
Sale or redemption of available-for-sale securities		2,234	2,234	1,723	1,531
Interest received on available-for-sale securities		169	169	248	248
Disposal of subsidiaries		-	-	-	-
Inflows from subsidiaries held for sale		-	-	-	13,985
Business acquisition		-	-	-	-
Instalments to cover losses and to strengthen the capital of subsidiaries		-	-	-	-
Net cash flow (used in) from investing activities		(78,372)	(72,045)	(30,803)	(13,722)
Financing activities					
Payment of dividends		-	-	-	-
Net cash flow (used in) financing activities		-	-	-	-
Net increase (decrease) in cash and cash equivalents		(25,284)	(26,935)	(25,318)	(25,555)
Cash and cash equivalents at 1 January		153,867	152,111	105,012	104,286
Cash and cash equivalents at 31 March		128,583	125,176	79,694	78,731

The notes on pages 9 to 28 constitute an integral part of these financial statements.

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 Banks of the Republic of Lithuania and the Charter 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. At the end of the reporting period the Bank had 67 customer service outlets (31 December 2016: 68 outlets). As at 31 March 2017 the Bank had 721 employees (31 December 2016: 722). As at 31 March 2017 the Group (except subsidiaries held for sale) had 826 employees (31 December 2016: 829 employees).

The Bank accepts deposits, issues loans, makes money transfers and documentary settlements, exchanges currencies for its clients, issues and processes debit and credit cards, is engaged in trade finance and is investing and trading in securities, as well as performs other activities set forth in the Law on Banks of the Republic of Lithuania and the Charter of the Bank.

The Bank's shares are listed on the Baltic Main List of the Nasdaq Stock Exchange.

As of 31 March 2017 the Bank owned the following directly controlled subsidiaries:

1. Bonum Publicum GD UAB (life insurance activities),
2. Minera UAB (real estate management activities),
3. Pavasaris UAB (development of the area of multi-apartment residential houses),
4. SB Lizingas UAB (consumer financing activities),
5. SBTF UAB (real estate management activities),
6. Šiaulių Banko Investicijų Valdymas UAB (investment management activities),
7. Šiaulių Banko Lizingas UAB (finance and operating lease activities),
8. Šiaulių Banko Turto Fondas UAB (real estate management activities).

As of 31 March 2017 the Bank owned the following indirectly controlled subsidiaries:

9. Apželdinimas UAB (real estate management activities),
10. Sandworks UAB (real estate management activities).

As of 31 March 2017 the Bank owned directly controlled subsidiaries held for sale:

- 11-15. ŽSA 1 UAB, ŽSA 2 UAB, ŽSA 3 UAB, ŽSA 4 UAB, ŽSA 5 UAB (real estate management activities).

As of 31 December 2016 the Bank owned the following directly controlled subsidiaries:

1. Bonum Publicum GD UAB (life insurance activities),
2. Minera UAB (real estate management activities),
3. Pavasaris UAB (development of the area of multi-apartment residential houses),
4. SB Lizingas UAB (consumer financing activities),
5. SBTF UAB (real estate management activities),
6. Šiaulių Banko Investicijų Valdymas UAB (investment management activities),
7. Šiaulių Banko Lizingas UAB (finance and operating lease activities),
8. Šiaulių Banko Turto Fondas UAB (real estate management activities).

As of 31 December 2016 the Bank owned the following indirectly controlled subsidiaries:

9. Apželdinimas UAB (real estate management activities),
10. Sandworks UAB (real estate management activities),

As of 31 December 2016 the Bank owned directly controlled subsidiaries held for sale:

- 11.-15. ŽSA 1 UAB, ŽSA 2 UAB, ŽSA 3 UAB, ŽSA 4 UAB, ŽSA 5 UAB (real estate management activities).

As of 31 December 2016 the Bank had the indirectly controlled subsidiary held for sale:

16. Žalgirio Sporto Arena UAB (real estate management activities).

Investments in subsidiaries are described in more detail in Note 2 *Securities*.

This condensed interim financial information for the three month period ended 31 March 2017 has been prepared in accordance with 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 2016, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by EU. Except for the points described below, all the accounting policies applied in the preparation of this condensed interim financial information are consistent with those of the annual financial statements of the Bank for the year ended 31 December 2016.

Income tax

Income tax in the interim periods is accrued using the tax rate that would be applicable to expected total annual earnings.

New and amended standards, and interpretations

There are no new standards, amendments and interpretations that are mandatory for the Bank with effect from 2017, and that would have a material impact on the Bank's financial information. The Bank's management do not believe the newly published standards, amendments and interpretations that are mandatory for the Bank's reporting periods beginning on or after 1 January 2018 will have a material impact on the Bank's financial statements.

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 2016.

GENERAL INFORMATION (continued)

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.

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

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:

	31 March 2017		31 December 2016	
	Group	Bank	Group	Bank
<i>Loans and advances to banks</i>	5,454	5,454	5,337	5,337
<i>Loans and advances to customers:</i>	945,358	983,805	953,609	994,155
<i>Loans and advances to financial institutions</i>	18	55,266	17	58,862
<i>Loans to individuals (Retail)</i>	117,261	68,173	116,564	67,458
<i>Loans to business customers</i>	828,079	860,366	837,028	867,835
<i>Finance lease receivables</i>	72,127	54,156	69,807	48,170
<i>Debt securities at fair value through profit or loss</i>	28,022	16,178	39,785	25,658
<i>Derivative financial instruments</i>	5,676	5,414	8,983	8,687
<i>Debt securities available for sale</i>	17,311	16,904	17,034	16,631
<i>Debt securities held to maturity</i>	603,364	603,364	524,054	524,054
<i>Other assets subject to credit risk</i>	5,787	4,134	4,136	3,078
<i>Credit risk exposures relating to off-balance sheet items are as follows:</i>				
<i>Financial guarantees</i>	21,253	21,320	21,253	21,320
<i>Letters of credit</i>	2,185	2,185	2,185	2,185
<i>Loan commitments and other credit related liabilities</i>	116,403	140,416	116,403	140,416
Total	1,822,940	1,853,330	1,762,586	1,789,691

LOANS TO CUSTOMERS AND FINANCE LEASE RECEIVABLES (continued)

Loans to customers

Loans and advances are summarised as follows:

	31 March 2017		31 December 2016	
	Group	Bank	Group	Bank
<i>Loans to business customers</i>	856,500	944,046	867,355	957,018
<i>Loans to individuals</i>	123,887	70,200	123,056	69,577
Gross	980,387	1,014,246	990,411	1,026,595
<i>Less: allowance for impairment</i>	(35,029)	(30,441)	(36,802)	(32,440)
<i>of which: for individually assessed loans</i>	(33,848)	(29,688)	(35,435)	(31,500)
<i>of which: for collectively assessed loans</i>	(1,181)	(753)	(1,367)	(940)
Net	945,358	983,805	953,609	994,155

	31 March 2017		31 December 2016	
	Group	Bank	Group	Bank
<i>Neither past due nor individually impaired</i>	861,208	910,320	871,480	922,637
<i>Past due but not individually impaired</i>	64,007	56,556	60,372	52,930
<i>Individually impaired</i>	55,172	47,370	58,559	51,028
Gross	980,387	1,014,246	990,411	1,026,595
<i>Less: allowance for impairment</i>	(35,029)	(30,441)	(36,802)	(32,440)
<i>of which: for individually assessed loans</i>	(33,848)	(29,688)	(35,435)	(31,500)
<i>of which: for collectively assessed loans</i>	(1,181)	(753)	(1,367)	(940)
Net	945,358	983,805	953,609	994,155

Loans and advances neither past due nor 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

	31 March 2017		31 December 2016	
	Group	Bank	Group	Bank
<i>Past due up to 7 days</i>	21,274	19,156	23,608	21,506
<i>Past due 8 to 30 days</i>	13,972	10,014	17,333	13,374
<i>Past due 31-60 days</i>	3,330	3,328	2,812	2,803
<i>Past due 61-90 days</i>	5,650	5,649	777	775
<i>Past due more than 90 days</i>	19,781	18,409	15,842	14,472
Total	64,007	56,556	60,372	52,930
<i>Allowance for impairment of collectively assessed loans</i>	(275)	(48)	(179)	(54)
<i>Fair value of collateral</i>	54,928	54,928	48,812	48,812

NOTE 1

LOANS TO CUSTOMERS AND FINANCE LEASE RECEIVABLES (continued)

Loans and advances individually impaired

	31 March 2017		31 December 2016	
	Group	Bank	Group	Bank
Impaired loans	55,172	47,370	58,559	51,028
Allowance for impairment of individually assessed loans	(33,848)	(29,688)	(35,435)	(31,500)
Allowance for impairment of collectively assessed loans	(15)	(15)	(197)	(197)
<i>Fair value of collateral</i>	33,398	33,398	44,626	44,626

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

Segment information

	31 March 2017		31 December 2016	
	Group	Bank	Group	Bank
<i>Business customers</i>	60,553	45,598	58,904	41,044
<i>Individuals</i>	12,958	8,759	12,211	7,327
Gross	73,511	54,357	71,115	48,371
<i>Neither past due not impaired</i>	53,824	40,026	53,104	35,661
<i>Past due but not impaired</i>	17,714	14,068	16,188	12,469
<i>Impaired</i>	1,973	263	1,823	241
Gross	73,511	54,357	71,115	48,371
<i>Subtract: Allowance for impairment</i>	(1,384)	(201)	(1,308)	(201)
<i>of which: for individually assessed finance lease receivables</i>	(1,338)	(155)	(1,256)	(150)
<i>of which: for collectively assessed finance lease receivables</i>	(46)	(46)	(52)	(51)
Net	72,127	54,156	69,807	48,170

	Group			Group		
	31 March 2017			31 December 2016		
	Individuals	Business customers	Total	Individuals	Business customers	Total
<i>Unsecured finance lease receivables</i>	335	9,610	9,945	346	3,453	3,799
<i>Finance lease receivables secured by:</i>						
<i>transport vehicles -</i>	11,705	25,988	37,693	10,924	23,729	34,653
<i>real estate -</i>	807	17,542	18,349	820	24,047	24,867
<i>airplanes -</i>	-	620	620	-	625	625
<i>production equipment -</i>	-	1,384	1,384	-	1,437	1,437
<i>other equipment -</i>	57	5,375	5,432	55	5,569	5,624
<i>other assets -</i>	54	34	88	66	44	110
Total	12,958	60,553	73,511	12,211	58,904	71,115

	Bank			Bank		
	31 March 2017			31 December 2016		
	Individuals	Business customers	Total	Individuals	Business customers	Total
<i>Unsecured finance lease receivables</i>	118	2,541	2,659	125	2,585	2,710
<i>Finance lease receivables secured by:</i>						
<i>transport vehicles -</i>	7,915	21,789	29,704	6,501	18,014	24,515
<i>real estate -</i>	697	17,231	17,928	682	16,463	17,145
<i>airplanes -</i>	-	-	-	-	-	-
<i>production equipment -</i>	-	-	-	-	-	-
<i>other equipment -</i>	29	4,037	4,066	19	3,982	4,001
<i>other assets -</i>	-	-	-	-	-	-
Total	8,759	45,598	54,357	7,327	41,044	48,371

NOTE 2
SECURITIES

Securities at fair value through profit or loss

	31 March 2017		31 December 2016	
	Group	Bank	Group	Bank
Debt securities:	28,022	16,178	39,785	25,658
Government bonds	16,605	9,065	27,090	18,131
Corporate bonds	11,417	7,113	12,695	7,527
Equity securities	18,512	529	17,642	445
Total securities at fair value through profit or loss	46,534	16,707	57,427	26,103
	31 March 2017		31 December 2016	
	Group	Bank	Group	Bank
Trading securities:				
Debt securities	26,562	16,179	38,314	25,658
from AA- to AAA	2,203	2,203	4,356	4,356
from A- to A+	9,391	6,976	12,897	11,023
from BBB- to BBB+	9,440	4,432	15,231	7,580
from BB- to BB+	4,989	2,159	5,313	2,315
lower than BB-	330	200	253	120
no rating	209	209	264	264
Equity securities	528	528	445	445
listed	497	497	409	409
unlisted	1	1	5	5
units of investment funds	30	30	31	31
Total trading securities	27,090	16,707	38,759	26,103
Securities designated at fair value through profit or loss at initial recognition:				
Debt securities	1,461	-	1,471	-
from AA- to AAA	156	-	125	-
from A- to A+	860	-	430	-
from BBB- to BBB+	445	-	916	-
from BB- to BB+	-	-	-	-
lower than BB-	-	-	-	-
no rating	-	-	-	-
Equity securities	17,983	-	17,197	-
listed	-	-	-	-
unlisted	-	-	-	-
units of investment funds	17,983	-	17,197	-
Total securities designated at fair value through profit or loss at initial recognition	19,444	-	18,668	-
TOTAL	46,534	16,707	57,427	26,103

Group's securities designated at fair value through profit or loss at initial recognition portfolio consists of securities that cover technical insurance provisions under unit-linked insurance contacts of life insurance subsidiary.

Investment securities

	31 March 2017		31 December 2016	
	Group	Bank	Group	Bank
Securities available for sale:				
Debt securities:	17,311	16,904	17,034	16,631
Government bonds	-	-	-	-
Corporate bonds	17,311	16,904	17,034	16,631
Equity securities	2,162	863	2,454	2,209
Total securities available for sale	19,473	17,767	19,488	18,840
Held-to-maturity securities:				
Debt securities:	603,364	603,364	524,054	524,054
Government bonds	428,382	428,382	420,755	420,755
Corporate bonds	174,982	174,982	103,299	103,299
Total held-to-maturity securities	603,364	603,364	524,054	524,054

NOTE 2
SECURITIES (continued)

	31 March 2017		31 December 2016	
	Group	Bank	Group	Bank
Securities available for sale:				
<i>Debt securities</i>	17,311	16,904	17,034	16,631
<i>from AA- to AA+</i>	468	468	483	483
<i>from A- to A+</i>	4,317	4,317	4,350	4,350
<i>from BBB- to BBB+</i>	8,044	8,044	9,715	9,715
<i>from BB- to BB+</i>	4,075	4,075	2,083	2,083
<i>lower than BB-</i>	-	-	-	-
<i>no rating</i>	407	-	403	-
<i>Equities</i>	2,162	863	2,134	873
<i>listed</i>	-	-	-	-
<i>unlisted</i>	1,076	754	1,087	766
<i>units of investment funds</i>	1,086	109	1,047	107
Total securities available for sale	19,473	17,767	19,168	17,504
Held-to-maturity securities:				
<i>Debt securities</i>	603,364	603,364	524,054	524,054
<i>from AA- to AA+</i>	14,167	14,167	10,349	10,349
<i>from A- to A+</i>	419,767	419,767	402,509	402,509
<i>from BBB- to BBB+</i>	158,560	158,560	100,236	100,236
<i>from BB- to BB+</i>	10,870	10,870	8,295	8,295
<i>lower than BB-</i>	-	-	2,665	2,665
<i>no rating</i>	-	-	-	-
Total held-to-maturity securities	603,364	603,364	524,054	524,054

During the three month periods ended 31 March 2017 and 2016, no reclassifications between portfolios of securities were performed.

Investments in subsidiaries

	31 March 2017			31 December 2016		
	Share in equity	Acquisition cost	Carrying amount	Share in equity	Acquisition cost	Carrying amount
Bank						
<i>Investments in consolidated directly controlled subsidiaries</i>						
Šiaulių Banko Lizingas UAB	100.00%	4,460	69	100.00%	4,460	69
Šiaulių Banko Investicijų Valdymas UAB	100.00%	5,044	312	100.00%	5,044	312
Šiaulių Banko Turto Fondas UAB	100.00%	3,999	3,554	100.00%	3,999	2,794
SBTF UAB	100.00%	1,029	579	100.00%	1,029	579
Pavasaris UAB	100.00%	10,456	3,084	100.00%	10,456	3,084
Minera UAB	100.00%	5,165	2,566	100.00%	5,165	2,566
Bonum Publicum GD UAB	100.00%	8,399	8,399	100.00%	8,399	8,399
SB Lizingas UAB	100.00%	8,862	8,862	100.00%	8,862	8,862
Iš viso:		47,414	27,425		47,414	26,665
Bank						
<i>Investments in consolidated indirectly controlled subsidiaries:</i>						
Sandworks UAB *	100.00%	3	3	100.00%	3	3
Apželdinimas UAB **	100.00%	300	300	100.00%	300	300

*Indirectly controlled by subsidiary Šiaulių Banko Investicijų Valdymas UAB

** Indirectly controlled by subsidiary Šiaulių Banko Turto Fondas UAB

During the three month period ended 31 March 2017 the Bank reversed an EUR 760 thousand impairment of investment in Šiaulių Banko Turto Fondas UAB.

During the three month period ended 31 March 2017 the Bank incurred a EUR 55 thousand revaluation loss on investment in subsidiaries held for sale (during the three month period ended 31 March 2016 the Bank recorded a EUR 529 thousand revaluation gain by reversing previously recognized revaluation loss on investment in subsidiaries held for sale). During the first quarter of 2017 Žalgirio Sporto Arena UAB, a subsidiary held for sale, was liquidated, the remaining subsidiaries held for sale did not perform active operations and had no material assets or liabilities.

NOTE 3

SIGNIFICANT INFORMATION ON CHANGES IN OTHER ASSET ITEMS

Other assets

	31 March 2017		31 December 2016	
	Group	Bank	Group	Bank
Amounts receivable	5,787	4,134	4,136	3,078
Inventories	18,062	-	24,936	-
Deferred charges	684	616	615	539
Assets under reinsurance and insurance contracts	686	-	697	-
Prepayments	3,887	3,378	3,979	3,428
Foreclosed assets	1,083	749	989	628
Other	518	377	486	268
Total	30,707	9,254	35,838	7,941

NOTE 4

DUE TO CUSTOMERS

	31 March 2017		31 December 2016	
	Group	Bank	Group	Bank
<i>Demand deposits:</i>				
National government institutions	9,398	9,398	10,543	10,543
Local government institutions	74,501	74,501	42,682	42,682
Governmental and municipal companies	5,582	5,582	5,780	5,780
Corporate entities	234,046	243,045	230,215	230,591
Non-profit organisations	10,374	10,374	10,602	10,602
Individuals	264,571	264,571	270,241	270,241
Unallocated amounts due to customers	26,595	26,871	29,445	29,460
Total demand deposits	625,067	634,342	599,508	599,899
<i>Time deposits:</i>				
National government institutions	6,236	6,236	359	359
Local government institutions	1,085	1,085	1,067	1,067
Governmental and municipality companies	764	764	615	615
Corporate entities	46,413	46,413	37,690	37,690
Non-profit organisations	2,573	2,573	2,455	2,455
Individuals	853,900	853,900	853,393	853,393
Total time deposits	910,971	910,971	895,579	895,579
Total	1,536,038	1,545,313	1,495,087	1,495,478

NOTE 5

SIGNIFICANT INFORMATION ON CHANGES IN OTHER LIABILITY ITEMS

Special and lending funds

The special funds consist of the funds from the mandatory social and health insurance funds. The special funds have to be returned to the institutions which have placed them upon the first requirement of the latter. The decrease in special and lending funds from EUR 28,326 thousand in the beginning of the year to EUR 7,239 thousand is attributable to routine fluctuations in these funds.

NOTE 6

CAPITAL

As of 31 March 2017 and 31 December 2016 the Bank's share capital amounted to EUR 109,471,658.33, it comprised 377,488,477 ordinary registered shares with par value of EUR 0.29 each.

The ordinary meeting of shareholders of Šiaulių bankas that took place on 30 March 2017 passed a resolution to increase Bank's share capital by EUR 21,894 thousand (20%) using Bank's own resources (retained earnings). The bonus shares will be distributed among Bank's shareholders using the proportion of their stakes at the end of the day of accounting of rights of the Meeting (13 April 2017).

The ordinary meeting of shareholders of Šiaulių bankas that took place on 30 March 2016 passed a resolution to increase Bank's share capital by EUR 18,245 thousand (20%) using Bank's own resources (retained earnings). The amended Charter of the Bank with an increased authorised capital was registered in the Register of Legal Entities on 26 May 2016, the bonus shares were distributed among Bank's shareholders using the proportion of their stakes at the end of the day of accounting of rights of the Meeting (13 April 2016).

NOTE 6
CAPITAL (continued)

The shareholders holding over 5% of the Bank's shares are listed in the table below:

	Share of the authorized capital held, % 31 March 2017	Share of the authorized capital held, % 31 December 2016
<i>European Bank for Reconstruction and Development</i>	18.24	18.24
<i>Invalda INVL AB</i>	6.79	6.79
<i>Gintaras Kateiva</i>	5.82	5.82

Shareholders of the Bank that have signed shareholders agreement - European Bank for Reconstruction and Development, Prekybos namai Aiva UAB, Mintaka UAB, Įmonių Grupė Alita AB, Sigitas Baguckas, Algirdas Butkus, Vigintas Butkus, Vytautas Junevičius, Gintaras Kateiva, Arvydas Saldas, Kastytis Jonas Vyšniauskas - and other shareholders votes of which are calculated together based on the legal acts of Republic of Lithuania, form a group of acting together shareholders. As of 31 March 2017, this group possessed 39.05 percent (31 December 2016: 39.10 percent) of the authorised capital and votes of the Bank.

As at 31 March 2017, the Bank had 3,493 shareholders (as at 31 December 2016: 3,401).

Dividends:

On 30 March 2017 the ordinary general meeting of shareholders made a decision to pay EUR 0.005 (i.e. 1.72%) dividends per one ordinary registered share with EUR 0.29 nominal value each. On 30 March 2016 the ordinary general meeting of shareholders made a decision to pay EUR 0.002 (i.e. 0.69%) dividends per one ordinary registered share with EUR 0.29 nominal value each.

Statutory Reserve:

According to the Law of the Republic of Lithuania on Banks, allocations to the statutory reserve shall be compulsory and shall not be less than 1/20 of the profit available for appropriation. The statutory reserve may, by a decision of extraordinary general or annual meeting of the shareholders, be used only to cover losses of the activities.

NOTE 7
NET INTEREST INCOME

	1 January - 31 March 2017		1 January - 31 March 2016	
	Group	Bank	Group	Bank
<i>Interest income:</i>				
<i>on loans to other banks and financial institutions and placements with credit institutions</i>	116	738	149	1,087
<i>on loans to customers</i>	12,979	9,606	13,979	12,032
<i>on debt securities</i>	3,059	2,949	3,159	3,038
<i>on finance leases</i>	928	605	879	112
Total interest income	17,082	13,898	18,166	16,269
<i>Interest expense:</i>				
<i>on financial liabilities designated at fair value through profit or loss</i>	(243)	(243)	(357)	(357)
<i>on financial liabilities measured at amortised cost</i>	(2,613)	(2,615)	(2,886)	(2,887)
<i>on other liabilities</i>	(68)	(68)	-	-
Total interest expense	(2,924)	(2,926)	(3,243)	(3,244)
Net interest income	14,158	10,972	14,923	13,025

NOTE 8
NET FEE AND COMMISSION INCOME

	1 January - 31 March 2017		1 January - 31 March 2016	
	Group	Bank	Group	Bank
<i>Fee and commission income:</i>				
<i>for administration of loans of third parties</i>	1,005	1,005	1,106	1,106
<i>for settlement services</i>	937	940	773	781
<i>for cash operations</i>	718	718	508	508
<i>for account administration</i>	463	463	301	301
<i>for guarantees, letters of credit, documentary collection</i>	81	81	99	99
<i>for collection of utility and similar payments</i>	93	98	113	119
<i>for services related to securities</i>	264	299	209	242
<i>other fee and commission income</i>	216	63	182	43
Total fee and commission income	3,777	3,667	3,291	3,199
<i>Fee and commission expense:</i>				
<i>for payment cards</i>	(749)	(749)	(632)	(632)
<i>for cash operations</i>	(211)	(199)	(139)	(139)
<i>for correspondent bank and payment system fees</i>	(87)	(60)	(158)	(84)
<i>for services of financial data vendors</i>	(47)	(47)	(34)	(34)
<i>for services related to securities</i>	(109)	(113)	(68)	(67)
<i>other fee and commission expenses</i>	(46)	(46)	(31)	(24)
Total fee and commission expense	(1,249)	(1,214)	(1,062)	(980)
Net fee and commission income	2,528	2,453	2,229	2,219

NOTE 9
OTHER OPERATING EXPENSES

	1 January - 31 March 2017		1 January - 31 March 2016	
	Group	Bank	Group	Bank
<i>Rent of buildings and premises</i>	(348)	(300)	(368)	(318)
<i>Utility services for buildings and premises</i>	(200)	(181)	(232)	(211)
<i>Other expenses related to buildings and premises</i>	(50)	(50)	(69)	(53)
<i>Transportation expenses</i>	(102)	(103)	(90)	(107)
<i>Legal costs</i>	(7)	(7)	(15)	(15)
<i>Personnel and training expenses</i>	(27)	(23)	(20)	(11)
<i>IT and communication expenses</i>	(468)	(420)	(447)	(406)
<i>Marketing and charity expenses</i>	(305)	(148)	(227)	(56)
<i>Service organisation expenses</i>	(241)	(208)	(236)	(224)
<i>Non-income taxes, fines</i>	(100)	(1)	(159)	(25)
<i>Costs incurred due to debt recovery</i>	(75)	(46)	(57)	(16)
<i>Other expenses</i>	(156)	(60)	(182)	(64)
Total	(2,079)	(1,547)	(2,102)	(1,506)

NOTE 10 IMPAIRMENT LOSSES

	1 January - 31 March 2017		1 January - 31 March 2016	
	Group	Bank	Group	Bank
<i>Impairment losses on loans</i>	1,480	1,731	(2,312)	(1,937)
<i>Recoveries of loans previously written-off</i>	352	159	233	19
<i>(Impairment losses)/Reversal of impairment losses on finance lease receivables</i>	(77)	-	(51)	(11)
<i>Recovered previously written-off finance lease receivables</i>	34	-	35	-
<i>Impairment losses on subsidiaries</i>	-	760	-	-
<i>Revaluation of subsidiaries classified as held for sale</i>	-	(55)	-	529
<i>(Impairment losses)/Reversal of impairment losses on other assets</i>	1,116	8	(11)	15
<i>Recoveries of other assets previously written-off</i>	-	-	-	-
<i>Reversal of provisions for off-balance sheet items</i>	-	-	-	-
Total	2,905	2,603	(2,106)	(1,385)

	1 January - 31 March 2017		1 January - 31 March 2016	
	Group	Bank	Group	Bank
<u>Allowance for impairment of loans</u>				
As at 1 January	36,802	32,440	42,666	37,940
<i>Change in allowance for loan impairment</i>	(1,480)	(1,731)	2,312	1,937
<i>Loans written off during the period</i>	(296)	(271)	(327)	(327)
<i>Other factors (reclassification, FX rate shift, etc.)</i>	3	3	2	2
As at 31 March	35,029	30,441	44,653	39,552
<u>Allowance for impairment of finance lease receivables</u>				
As at 1 January	1,308	201	1,450	62
<i>Change in allowance for impairment of finance lease receivables</i>	77	-	51	11
<i>Finance lease receivables written off during the period</i>	-	-	-	-
<i>Other factors (reclassification, FX rate shift, etc.)</i>	(1)	-	-	-
As at 31 March	1,384	201	1,501	73

NOTE 11 SIGNIFICANT INFORMATION ON OTHER INCOME STATEMENT ITEMS

Net gain from derecognition of financial assets

Net gain from derecognition of financial assets of EUR 2,606 thousand during the three month period ended 31 March 2017 (three month period ended 31 March 2016: EUR 10,395 thousand) is mainly 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.

Revenues and expenses related to other activities of Group companies

	1 January - 31 March 2017		1 January - 31 March 2016	
	Group	Bank	Group	Bank
<i>Revenue related to insurance activities</i>	1,519	-	1,440	-
<i>Revenue from sale of apartments</i>	1,983	-	1,893	-
Total revenue related to other activities of Group companies	3,502	-	3,333	-
<i>Part of the change of the technical insurance provisions that covers the result of investment of assets under unit-linked contracts*</i>	(417)	-	307	-
<i>Other changes of the technical insurance provisions and other expenses related to insurance activities</i>	(949)	-	(1,084)	-
<i>Cost of apartments sold</i>	(1,955)	-	(1,764)	-
Total expenses related to other activities of Group companies	(3,321)	-	(2,541)	-

* The investment result of the insurance company assets under unit-linked contracts is included in the following income statement lines:

	1 January - 31 March 2017		1 January - 31 March 2016	
	Group	Bank	Group	Bank
<i>Interest and similar income</i>	10	-	13	-
<i>Net gain (loss) from operations with securities</i>	551	-	(149)	-
<i>Net gain (loss) from foreign exchange</i>	(144)	-	(171)	-
Total	417	-	(307)	-

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 and subsidiaries held for sale;
- the shareholders holding over 5 % of the Bank's share capital.

During 2017 and 2016, 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:

	31 March 2017		31 December 2016	
	Balances of deposits	Balances of loans and debt securities (incl.off-balance sheet credit commitments)	Balances of deposits	Balances of loans and debt securities (incl.off-balance sheet credit commitments)
<i>Members of the Council and the Board</i>	952	1,008	950	1,009
<i>Other related parties (excluding subsidiaries of the Bank)</i>	17,348	55,064	14,561	53,447
Total	18,300	56,072	15,511	54,456

Transactions with EBRD:

The Group/Bank has a subordinated loan received from European Bank for Reconstruction and Development (hereinafter – EBRD), book value of which was EUR 22,594 thousand as of 31 March 2017 (31 December 2016: EUR 22,064 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 conversion option to EBRD, under which EBRD has a right to convert a part of or the whole loan to ordinary shares of the Bank at a price, which at certain scenarios could be more favourable than the market price (but in any case, not less than the nominal value of the share). Because of this option, which is an embedded derivative, the Bank chose to account for the whole instrument as a financial liability at fair value through profit or loss. Subordinated loan related interest expenses amounted to EUR 243 thousand, a loss of EUR 533 thousand related to revaluation of the liability to fair value was recorded in profit (loss) statement for the three month period ended 31 March 2017 (three month period ended 31 March 2016: interest expenses EUR 357 thousand, revaluation gain EUR 800 thousand).

NOTE 12 RELATED-PARTY TRANSACTIONS (continued)

Transactions with subsidiaries:

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

	31 March 2017		31 December 2016	
	Balances of deposits	Balances of loans, debt securities (incl.off-balance sheet credit commitments)	Balances of deposits	Balances of loans, debt securities (incl.off-balance sheet credit commitments)
<i>Non-financial institutions</i>	9,011	29,685	376	38,421
<i>Financial institutions</i>	1,648	72,234	2,301	81,465

Bank's total balances with subsidiaries:

	31 March 2017	31 December 2016
Assets		
<i>Loans</i>	93,287	95,641
<i>Other assets</i>	1,027	88
<i>Bank's investment in subsidiaries</i>	27,425	26,665
<i>Bank's investment in subsidiaries classified as assets held for sale</i>	3	58
Liabilities and shareholders' equity		
<i>Deposits</i>	10,659	2,677
<i>Other liabilities</i>	641	646

Income and expenses arising from transactions with subsidiaries:

	1 January– 31 March 2017	1 January– 31 March 2016
Income		
<i>Interest</i>	840	1,035
<i>Commission income</i>	62	64
<i>Dividends</i>	4,556	3,517
<i>Other income</i>	33	54
Expenses		
<i>Interest</i>	(2)	(1)
<i>Operating expenses</i>	(27)	(54)
<i>Impairment of loans</i>	-	-
<i>Impairment of investment in subsidiaries</i>	705	529

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.

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.

NOTE 13 LIQUIDITY, MARKET AND OPERATIONAL RISKS (continued)

The structure of the Group's assets and liabilities by maturity as at 31 March 2017 was as follows:

	On demand	Less than 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	129,472	34,070	57,166	142,389	144,485	504,492	782,249	95,604	1,889,927
Total liabilities and shareholders' equity	638,195	97,995	156,882	191,887	381,145	166,189	62,698	194,936	1,889,927
Net liquidity gap	(508,723)	(63,925)	(99,716)	(49,498)	(236,660)	338,303	719,551	(99,332)	-

The structure of the Group's assets and liabilities by maturity as at 31 December 2016 was as follows:

	On demand	Less than 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	154,453	36,668	66,226	80,566	208,363	522,103	697,168	95,731	1,861,278
Total liabilities and shareholders' equity	629,464	134,105	143,794	199,330	358,069	142,331	74,668	179,517	1,861,278
Net liquidity gap	(475,011)	(97,437)	(77,568)	(118,764)	(149,706)	379,772	622,500	(83,786)	-

The structure of the Bank's assets and liabilities by maturity as at 31 March 2017 was as follows:

	On demand	Less than 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	126,065	43,987	55,175	141,023	179,677	475,214	758,765	81,208	1,861,114
Total liabilities and shareholders' equity	647,124	93,315	156,109	191,183	380,273	164,434	38,909	189,767	1,861,114
Net liquidity gap	(521,059)	(49,328)	(100,934)	(50,160)	(200,596)	310,780	719,856	(108,559)	-

The structure of the Bank's assets and liabilities by maturity as at 31 December 2016 was as follows:

	On demand	Less than 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	152,691	29,676	97,471	94,838	212,141	484,683	672,633	79,506	1,823,639
Total liabilities and shareholders' equity	630,319	128,756	142,470	199,688	356,895	141,047	51,521	172,943	1,823,639
Net liquidity gap	(477,628)	(99,080)	(44,999)	(104,850)	(144,754)	343,636	621,112	(93,437)	-

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.

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.

NOTE 13 LIQUIDITY, MARKET AND OPERATIONAL RISKS (continued)

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 31 March 2017:

	<i>Demand and less than 1 month</i>	<i>1 to 3 months</i>	<i>3 to 6 months</i>	<i>6 to 12 months</i>	<i>More than 1 year</i>	<i>Non monetary</i>	<i>Total</i>
<i>Assets</i>	178,958	268,124	442,273	63,322	642,961	294,289	1,889,927
<i>Liabilities and equity</i>	76,835	163,192	189,527	376,814	189,194	894,365	1,889,927
<i>Net interest sensitivity gap</i>	102,123	104,932	252,746	(313,492)	453,767	(600,076)	-
<i>Higher/lower impact on profit from balance sheet assets and liabilities</i>	979	874	1,580	(784)	-	-	2,649

Group 31 December 2016:

	<i>Demand and less than 1 month</i>	<i>1 to 3 months</i>	<i>3 to 6 months</i>	<i>6 to 12 months</i>	<i>More than 1 year</i>	<i>Non monetary</i>	<i>Total</i>
<i>Assets</i>	199,704	269,284	399,786	94,755	580,395	317,354	1,861,278
<i>Liabilities and equity</i>	121,663	156,228	189,154	352,819	150,077	891,337	1,861,278
<i>Net interest sensitivity gap</i>	78,041	113,056	210,632	(258,064)	430,318	(573,983)	-
<i>Higher/lower impact on profit from balance sheet assets and liabilities</i>	748	942	1,316	(645)	-	-	2,361

Bank 31 December 2016:

	<i>Demand and less than 1 month</i>	<i>1 to 3 months</i>	<i>3 to 6 months</i>	<i>6 to 12 months</i>	<i>More than 1 year</i>	<i>Non monetary</i>	<i>Total</i>
<i>Assets</i>	189,436	263,463	433,385	106,832	614,994	253,004	1,861,114
<i>Liabilities and equity</i>	76,586	163,085	189,447	376,235	164,684	891,077	1,861,114
<i>Net interest sensitivity gap</i>	112,850	100,378	243,938	(269,403)	450,310	(638,073)	-
<i>Higher/lower impact on profit from balance sheet assets and liabilities</i>	1,081	836	1,525	(674)	-	-	2,768

Duomenys apie Banko palūkanų normos riziką 2016 m. gruodžio 31 d. pateikti toliau:

	<i>Demand and less than 1 month</i>	<i>1 to 3 months</i>	<i>3 to 6 months</i>	<i>6 to 12 months</i>	<i>More than 1 year</i>	<i>Non monetary</i>	<i>Total</i>
<i>Assets</i>	192,039	294,138	406,446	108,909	551,758	270,349	1,823,639
<i>Liabilities and equity</i>	121,663	156,230	189,194	352,819	150,677	853,056	1,823,639
<i>Net interest sensitivity gap</i>	70,376	137,908	217,252	(243,910)	401,081	(582,707)	-
<i>Higher/lower impact on profit from balance sheet assets and liabilities</i>	674	1,149	1,358	(610)	-	-	2,571

Operational risk

The Bank defines operational risk as the risk to incur losses due to inadequate internal control processes or incorrect process implementation, errors and/or illegal actions of employees, malfunctioning of information systems or external incidents.

The principles for management operational risk in the Bank: proper identification and assessment of operational risk; preventing larger operational risk and losses by implementation of efficient internal control; proper organisation and supervision of internal control environment by continuous revision of applicable control methods; concentration of resources and time towards identification and management of main sources of operational risk in all the areas of Bank's activity.

NOTE 13

LIQUIDITY, MARKET AND OPERATIONAL RISKS (continued)

Bank's operational risk management procedure, which is an integral part of the Bank's risk management policy, defines the principles of operational risk management applicable to the Bank and its subsidiaries.

The operational risk management methods are implemented in the Bank – the system for registration of operational risk events in the administrative information system (AIS), functioning of which is regulated by the Instruction for registration of Operational risk events; the system of operational risk indicators and monitoring of limits of these indicators; operational risk self assessment performed by the Bank annually; evaluation of new products.

In 2016, the Bank continued to develop systems of operational risk management, prepared regulations on the principles for reliable and appropriate internal control system, improved the process for conducting investigations on very important operational risk events. The spectre of operational risk indicators was expanded, their use for the Bank was increased, the risk indicators used were supplemented with the registers to trace continuous monitoring and control actions. The Guidelines for Business Continuity Organization, which regulate the business continuity plans and measures and protect Bank's activity from adverse impact of the incidents were introduced. Employees perception of operational risk was strengthened by organizing operational risk training of new employees. In 2016, the Bank intends to continue development of operational risk management system and improving internal control system and its components.

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 three month period ended 31 March 2017, the process of fair value measurement did not change significantly as compared to the process described in the annual financial statements for the year 2016. 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 three month period ended 31 March 2017, 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

	31 March 2017		31 December 2016	
	Group	Bank	Group	Bank
LEVEL I				
<i>Financial assets at fair value through profit or loss</i>	46,483	16,706	57,372	26,048
<i>Available for sale financial assets</i>	18,397	17,013	18,081	16,738
Total Level I financial assets	64,880	33,719	89,245	60,453
LEVEL II				
<i>Financial assets at fair value through profit or loss</i>	852	852	3,417	3,417
<i>Financial liabilities at fair value through profit or loss</i>	(1,014)	(1,014)	(175)	(175)
LEVEL III				
<i>Financial assets at fair value through profit or loss</i>	4,875	4,563	5,621	5,325
<i>Available for sale financial assets</i>	1,076	754	1,087	766
Total Level III financial assets	5,951	5,317	10,522	9,739
<i>Financial liabilities at fair value through profit or loss</i>	22,594	22,594	22,064	22,064
Total Level III financial liabilities	22,594	22,594	20,457	20,457

There were no transfers between fair value hierarchy levels during 2017 and 2016.

NOTE 14
FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (continued)

Changes in Level III instruments during the three month period ended 31 March:

Group	Financial assets at fair value through profit or loss		Available for sale financial assets		Financial liabilities at fair value through profit or loss	
	1 Jan - 31 Mar 2017	1 Jan - 31 Mar 2016	1 Jan - 31 Mar 2017	1 Jan - 31 Mar 2016	1 Jan - 31 Mar 2017	1 Jan - 31 Mar 2016
As at 1 January	5,621	8,208	1,087	2,314	22,064	20,457
Additions	-	-	-	-	-	-
Disposals	(95)	(519)	-	(160)	-	-
Changes due to interest accrued/paid	-	-	-	-	(3)	(1)
Changes in fair value	(651)	(1,105)	(11)	(18)	533	(800)
As at 31 March	4,875	6,584	1,076	2,136	22,594	19,656

Bank	Financial assets at fair value through profit or loss		Available for sale financial assets		Financial liabilities at fair value through profit or loss	
	1 Jan - 31 Mar 2017	1 Jan - 31 Mar 2016	1 Jan - 31 Mar 2017	1 Jan - 31 Mar 2016	1 Jan - 31 Mar 2017	1 Jan - 31 Mar 2016
As at 1 January	5,325	7,670	766	2,069	22,064	20,457
Additions	-	-	-	-	-	-
Disposals	(145)	(519)	-	-	-	-
Changes due to interest accrued/paid	-	-	-	-	(3)	(1)
Changes in fair value	(617)	(1,105)	(12)	-	533	(800)
As at 31 March	4,563	6,046	754	2,069	22,594	19,656

	1 January – 31 March 2017		1 January – 31 March 2016	
	Group	Bank	Group	Bank
Total result from revaluation of Level III instruments included in the income statement	(1,195)	(1,162)	(323)	(305)

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 31 March 2017 and in the Statement of comprehensive income for the three month period then ended is presented in the table below.

	Banking	Leasing	Real estate development and other	Eliminations	Total
Continuing operations					
Internal	-	-	3	(3)	-
External	12,389	1,791	(22)	-	14,158
Net interest income	12,389	1,791	(19)	(3)	14,158
Internal	54	-	(38)	(16)	-
External	2,526	-	2	-	2,528
Net fee and commissions income	2,580	-	(36)	(16)	2,528
Internal	54	-	(35)	(19)	-
External	14,915	1,791	(20)	-	16,686
Net interest, fee and commissions income	14,969	1,791	(55)	(19)	16,686
Internal	(46)	(3)	(4)	53	-
External	(5,831)	(560)	(3,958)	-	(10,349)
Operating expenses	(5,877)	(563)	(3,962)	53	(10,349)
Amortisation charges	(93)	(8)	(13)	-	(114)
Depreciation charges	(285)	(29)	(63)	-	(377)
Internal	-	-	705	(705)	-
External	1,849	-	1,056	-	2,905
Impairment expenses	1,849	-	1,761	(705)	2,905
Internal	35	-	4,560	(4,595)	-
External	600	226	6,757	-	7,583
Net other income	635	226	11,317	(4,595)	7,583
Profit (loss) from continuing operations before tax	11,198	1,417	8,985	(5,266)	16,334
Profit (loss) from discontinued operations	-	-	-	(5)	(5)
Income tax	(2,442)	(236)	(217)	-	(2,895)
Profit (loss) per segment after tax	8,756	1,181	8,768	(5,271)	13,434
Non-controlling interest	-	-	-	-	-
Profit (loss) for the period attributable to the owners of the Bank	8,756	1,181	8,768	(5,271)	13,434
Total segment assets	1,117,574	768,487	134,150	(130,284)	1,889,927
Total segment liabilities	1,001,696	691,381	111,108	(105,479)	1,698,706
Net segment assets (shareholders' equity)	115,878	77,106	23,042	(24,805)	191,221

NOTE 15
SEGMENT INFORMATION (continued)

A summary of major indicators for the main business segments of the Group included in the Statement of financial position as at 31 March 2016 and in the statement of comprehensive income for the three month period then ended is presented below:

	<i>Banking</i>	<i>Leasing</i>	<i>Real estate development and other</i>	<i>Eliminations</i>	<i>Total</i>
<i>Continuing operations</i>					
<i>Internal</i>	21	-	(101)	80	-
<i>External</i>	9,705	1,767	3,451	-	14,923
<i>Net interest income</i>	9,726	1,767	3,350	80	14,923
<i>Internal</i>	51	-	(29)	(22)	-
<i>External</i>	2,239	-	(10)	-	2,229
<i>Net fee and commissions income</i>	2,290	-	(39)	(22)	2,229
<i>Internal</i>	72	-	(130)	58	-
<i>External</i>	11,944	1,767	3,441	-	17,152
<i>Net interest, fee and commissions income</i>	12,016	1,767	3,311	58	17,152
<i>Internal</i>	(100)	(5)	(10)	115	-
<i>External</i>	(5,459)	(549)	(3,320)	-	(9,328)
<i>Operating expenses</i>	(5,559)	(554)	(3,330)	115	(9,328)
<i>Amortisation charges</i>	(60)	(6)	(5)	-	(71)
<i>Depreciation charges</i>	(260)	(25)	(56)	-	(341)
<i>Internal</i>	-	-	529	(529)	-
<i>External</i>	(2,116)	-	10	-	(2,106)
<i>Impairment expenses</i>	(2,116)	-	539	(529)	(2,106)
<i>Internal</i>	58	-	3,531	(3,589)	-
<i>External</i>	(360)	773	15,083	-	15,496
<i>Net other income</i>	(302)	773	18,614	(3,589)	15,496
<i>Profit (loss) from continuing operations before tax</i>	3,719	1,955	19,073	(3,945)	20,802
<i>Profit (loss) from discontinued operations</i>	-	-	-	(16)	(16)
<i>Income tax</i>	(2,749)	(290)	(14)	-	(3,053)
<i>Profit (loss) per segment after tax</i>	970	1,665	19,059	(3,961)	17,733
<i>Non-controlling interest</i>	-	-	-	-	-
<i>Profit (loss) for the period attributable to the owners of the Bank</i>	970	1,665	19,059	(3,961)	17,733
<i>Total segment assets</i>	1,066,410	671,407	127,711	(155,500)	1,710,028
<i>Total segment liabilities</i>	969,588	609,998	101,792	(126,257)	1,555,121
<i>Net segment assets (shareholders' equity)</i>	96,822	61,409	25,919	(29,243)	154,907

NOTE 16
SELECTED INFORMATION OF FINANCIAL GROUP

As of 31 March 2017 and 31 December 2016 the Bank owned the following directly controlled subsidiaries included in the prudential scope of consolidation (the Bank and these subsidiaries comprised the Financial group):

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. SB Lizingas UAB (consumer financing activities).

In the Financial Group financial statements, the subsidiaries of the Bank that are not included in the Financial Group are not consolidated in full as would be required by IFRS 10 but presented on the consolidated balance sheet of the Financial Group as investments in subsidiaries at cost less impairment, in the same way as presented on the balance sheet of the Bank. The investments in subsidiaries held for sale are presented on the balance sheet of the Financial Group at a lower of cost and fair value less cost to sell, in the same way as presented on the balance sheet of the Bank. Assets, liabilities and results of these subsidiaries are not consolidated in the financial information of the Financial Group. This presentation is consistent with the regulatory reporting made by the Bank according to the Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms (CRR).

Financial Group's condensed statement of financial position

	31 March 2017	31 December 2016
ASSETS		
Cash and cash equivalents	125,482	152,851
Securities at fair value through profit or loss	16,707	26,103
Due from other banks	5,454	5,337
Derivative financial instruments	5,676	8,983
Loans to customers	967,324	975,316
Finance lease receivables	72,127	69,807
Investment securities:		
available-for-sale -	19,270	18,966
held-to-maturity -	603,364	524,054
Investments in subsidiaries and associates	14,931	14,931
Intangible assets	1,287	1,375
Property, plant and equipment	10,748	10,974
Investment property	4,620	4,633
Current income tax prepayment	76	70
Deferred income tax asset	314	493
Other assets	15,550	18,345
Assets classified as held for sale	3	58
Total assets	1,862,933	1,832,296
LIABILITIES		
Due to other banks and financial institutions	80,422	90,428
Derivative financial instruments	1,014	175
Due to customers	1,538,157	1,495,477
Special and lending funds	7,239	28,326
Subordinated loan	22,594	22,064
Current income tax liabilities	6,879	4,721
Deferred income tax liabilities	412	217
Liabilities related to insurance activities	-	-
Other liabilities	16,099	13,177
Liabilities related to assets classified as held for sale	-	-
Total liabilities	1,672,816	1,654,585
EQUITY		
Share capital	109,472	109,472
Share premium	-	-
Reserve capital	755	756
Statutory reserve	7,072	4,157
Financial assets revaluation reserve	468	311
Retained earnings	72,350	63,015
Non-controlling interest	-	-
Total equity	190,117	177,711
Total liabilities and equity	1,862,933	1,832,296

NOTE 16
SELECTED INFORMATION OF FINANCIAL GROUP (continued)

Financial Group's condensed income statement

	for the three month period ended	
	31 March 2017	31 March 2016
Continuing operations		
Interest and similar income	17,110	18,062
Interest expense and similar charges	(2,926)	(3,266)
Net interest income	14,184	14,796
Fee and commission income	3,806	3,325
Fee and commission expense	(1,241)	(1,052)
Net fee and commission income	2,565	2,273
Net gain from operations with securities	226	756
Net gain from foreign exchange and related derivatives	1,190	766
Net loss from other derivatives	(634)	(1,105)
Net loss from changes in fair value of subordinated loan	(533)	800
Net gain from derecognition of financial assets	2,606	10,395
Net gain from disposal of tangible assets	343	330
Revenue related to other activities of Group companies	-	-
Other operating income	227	240
Salaries and related expenses	(4,685)	(4,381)
Depreciation and amortization expenses	(440)	(368)
Expenses related to other activities of Group companies	-	-
Other operating expenses	(1,884)	(1,801)
Operating profit before impairment losses	13,165	22,701
Allowance for impairment losses on loans and other assets	2,834	(2,112)
Allowance for impairment losses on investments in subsidiaries and loss on remeasurement of subsidiaries classified as held for sale	(55)	529
Dividends from investments in subsidiaries and subsidiaries classified as held for sale	1,056	217
Profit from continuing operations before income tax	17,000	21,335
Income tax expense	(2,864)	(3,039)
Profit from continuing operations	14,136	18,296
Profit (loss) from discontinued operations, net of tax	-	-
Net profit for the year	14,136	18,296
Net profit attributable to:		
Owners of the Bank	14,136	18,296
From continuing operations	14,136	18,296
From discontinued operations	-	-
Non-controlling interest	-	-

Financial Group's condensed statement of comprehensive income

	for the three month period ended	
	31 March 2017	31 March 2016
Net profit for the period	14,136	18,296
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss:		
Gain from revaluation of financial assets	184	898
Deferred income tax on gain from revaluation of financial assets	(27)	(159)
Other comprehensive income, net of deferred tax	157	739
Total comprehensive income for the period	14,293	19,035
Total comprehensive income (loss) attributable to:		
Owners of the Bank	14,293	19,035
from continuing operations	14,293	19,035
from discontinued operations	-	-
Non-controlling interest	-	-
	14,293	19,035

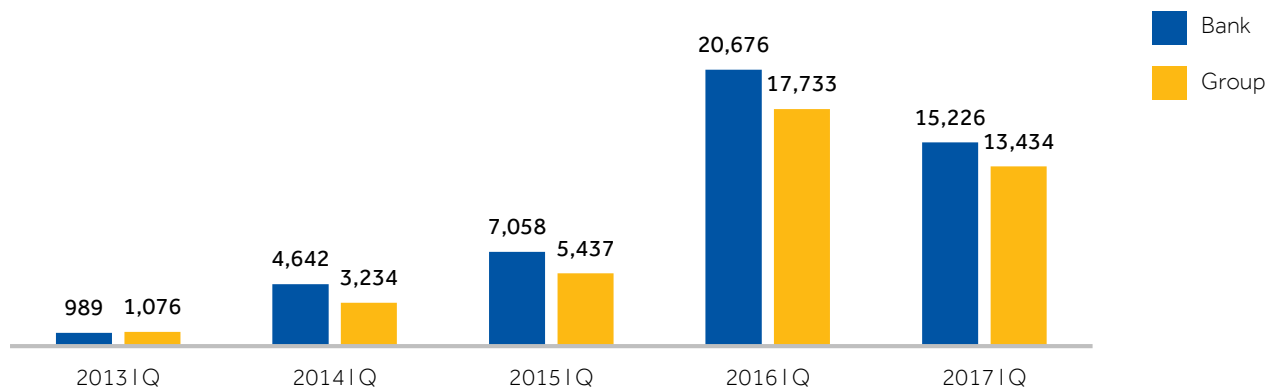


ADDITIONAL INFORMATION

Operating result

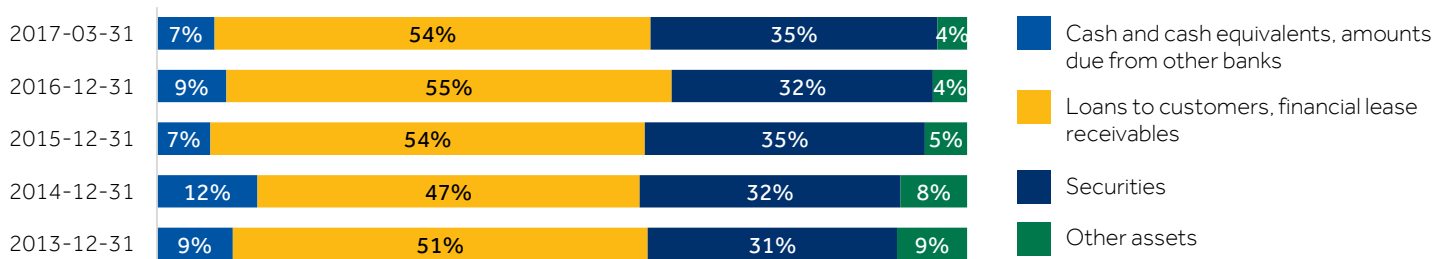
The Group earned an unaudited net profit of 13.4 million euros in the first quarter of 2017, while the Bank's three-month net profit was 15.2 million euros. The operations of subsidiary companies contributed significantly to the Group's results and dividends they paid increased the Bank's profit.

Net Profit Earned by the Bank and the Group, in thousand EUR



In the first quarter this year the Bank gave great attention to the Bank's main areas of activity: financing businesses and consumers, and expanding saving and investment services while improving their quality. New loan agreements for more than 100 million euros were signed over the three months. The loan and financial lease portfolio grew 10 per cent from a year earlier.

Structure of Group's Assets, in per cent



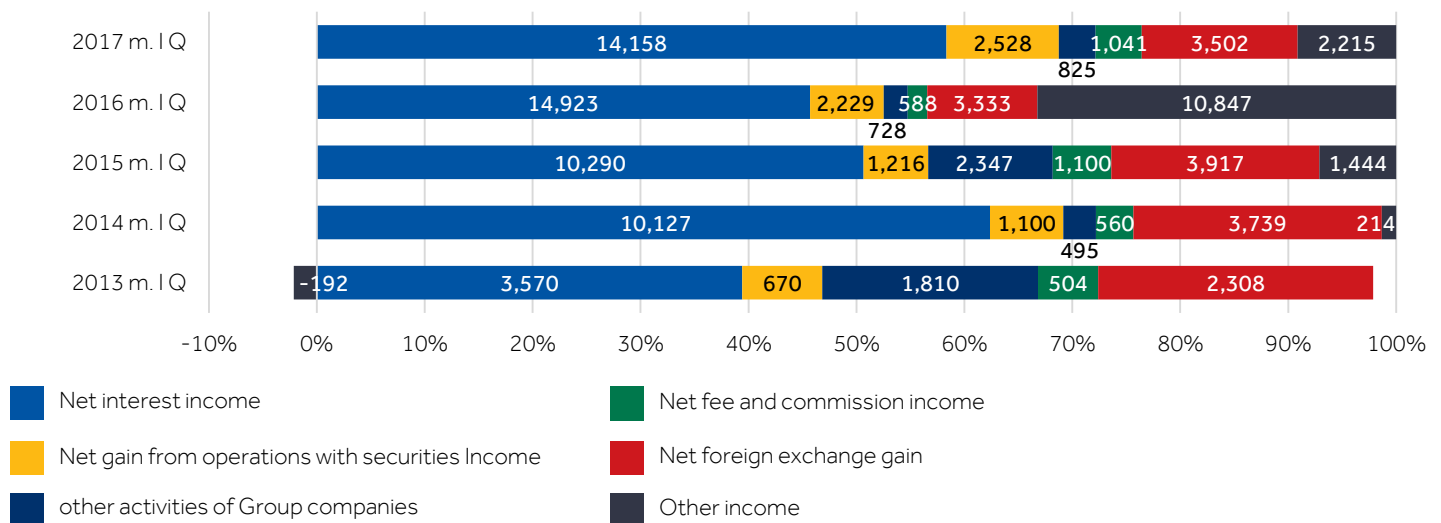
The Bank had success with its offer of an alternative to traditional saving products – a fixed-term deposit whose interest rate is tied to changes in the price of certain financial assets. The Group's deposit portfolio has grown 7 per cent over the last 12 months and at the end of March 2017 exceeded 1.5 billion euros.

Structure of Group's Liabilities, in per cent



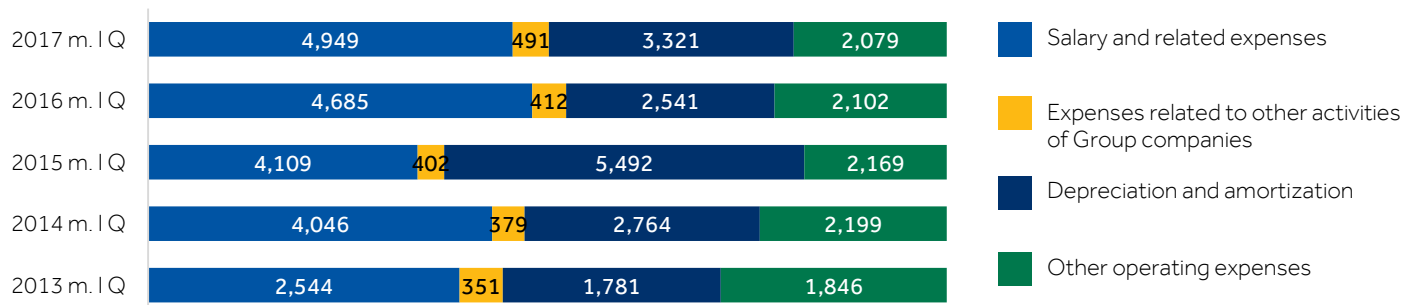
An increased volume of payments and sustained turnover in cash transactions positively influenced the growth of net service fees and commission income, which was up 13 per cent from the same period last year. A significant factor here was client activity in choosing new service plans for private and corporate clients which were introduced at the start of the year.

Structure of the Group's Operating Income, in EUR thousand



Successful work related to problem loans not only led to an overall improvement of loan portfolio quality indicators, but also positively impacted the Group's operating results: a gain of 2.9 million euros for recovery of impairment charges on loans and other assets has been recognised on the income statement for the first quarter of this year.

Structure of the Group's Operating Expenses, in EUR thousand



With income growing faster than expenses, operating efficiency remains strong. The Group had a cost-to-income ratio of 44 per cent at the end of March 2017.

The Bank's profitability ratios are available on the Bank's website www.sb.lt in the section Financial statements, ratios and prospectuses -> [Profitability ratios](#).

Capital and liquidity positions remain strong – prudential requirements are being met with appropriate breathing room. According to the data as of 31 March 2017 the Bank complied with all the prudential requirements set out by the Bank of Lithuania. This information is available on the Bank's website www.sb.lt in the section Financial statements, ratios and prospectuses -> [Profitability ratios](#).

The Bank retains its leadership in the multi-apartment building renovation (modernization) programme. A new agreement with the European Bank for Reconstruction and Development on support for renovation in Lithuania was signed on 16 March 2017, under which the Bank will allocate 60 million euros to the programme. The agreement will help at least 350 multi-apartment buildings achieve higher standards of energy efficiency.

As of 31 March 2017 the Bank's clientèle totalled to 350 thousand - 324 thousand of individuals and 26 thousand of corporate customers.

The customer service network of the Bank consisted of 67 units operating in 38 locations throughout Lithuania. The Bank's clients could use 208 ATMs (14 of them are ATMs accepting cash) belonging to Bank's network operating in 48 places in Lithuania. They could withdraw cash or place their funds to the payment card accounts through 2 045 terminals of Perlo paslaugos UAB all over Lithuania. The banking transactions are also available via the Bank's on-line system SB Linija and mobile application Šiaulių Bankas.

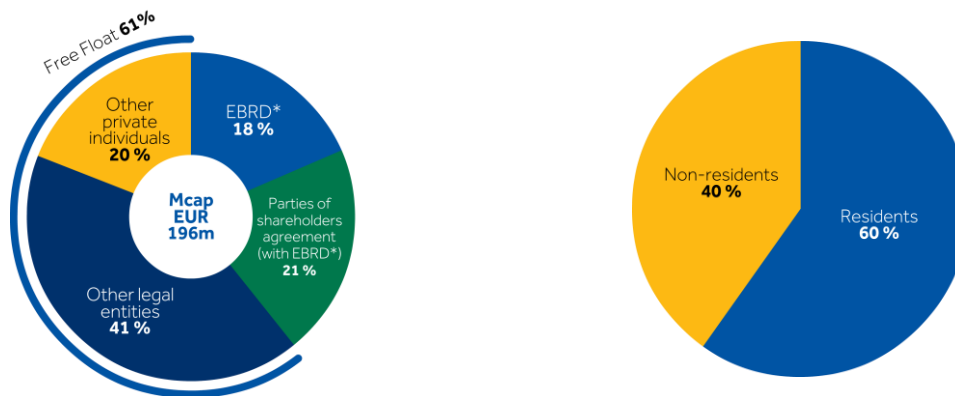
Ratings assigned by international agencies

The credit rating of the Bank is determined by the international rating agency Moody's Investors Service LTD which updated the Bank's ratings on 16 June 2016:

Long-term credit rating	Ba1
Short-term credit rating	NP
Rating outlook	Stable

Authorized Capital and Shareholders

As of 31 March 2017 the authorized capital of the Bank totalled to EUR 109,471,658.33 and is comprised of 377,488,477 units of ordinary registered shares with a nominal value of EUR 0.29 each. The number of the Bank's shareholders comprised 3,493 (at the end 2016 – 3,401).

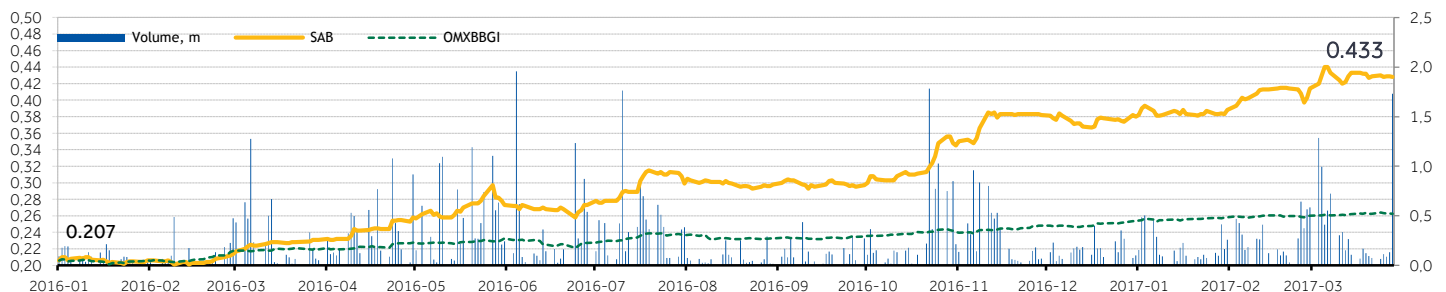


* EBRD – European Bank for Reconstruction and Development

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 39.05 per cent of the Bank's authorized capital and votes as of 31 March 2017.

General meeting of shareholders held on 30 March 2017 passed a resolution to increase the authorized capital of the Bank by EUR 21,894,331.55 from unallocated profit issuing 75,497,695 ordinary registered shares with EUR 0.29 nominal value. To distribute issued shares to the shareholders free of charge in proportion to the total nominal value of shares owned by them at the end of the day of accounting of rights of the Meeting on 13 April 2017 (20%). Moreover, shareholders of the Bank approved the Board's resolution to pay EUR 1.9 million in dividends.

Turnover and price of the Bank's shares



Source: [Nasdaq Baltic](http://NasdaqBaltic)

	2012	2013	2014	2015	2016	2017-03-31
Capitalisation, mEur	54.2	66.5	71.8	93.7	169.5	195.9
Turnover, mEur	2.8	5.5	8.1	12.7	23.1	11.0
P/BV	0.6	0.7	0.7	0.7	1.0	1.1
P/E	14.3	12.4	6.1	3.9	3.9	3.04
Share dividends, %	6.5	8.0	8.6	20.0	20.0	
Cash dividends, %	0.5	-	0.25	0.69	1.72	

Bank's management

The 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 (hereinafter - CEO). The management bodies of the Bank are as follows: Board of the Bank and Chief Executive Officer.

30 March 2017 Peter Reiniger resigned from the Bank's Supervisory Council members. During the General meeting of shareholders held on 30 March 2017 Miha Košak was elected as a new member of the Supervisory Council who would start taking his office only upon receiving the permission from the Bank of Lithuania.

Supervisory Council of the Bank



Arvydas Saldas

Member since 1991, Chairman since 1999



Gintaras Kateiva

Member since 2008



Valdas Vitkauskas

Member since 2014



Ramunė Vilija Zabulienė

Independent member since 2012



Darius Šulnis

Member since 2016



Martynas Česnavičius

Member since 2016

Share of capital under the right of ownership, % (31 March 2017)

2.42

5.82

-

-

-

-

The Management Board of the Bank



Algirdas Butkus

Chairman, Deputy Chief Executive Officer



Vytautas Sinius

Member, Chief Executive Officer



Donatas Savickas

Member, Head of Finance and Risk Management Division



Daiva Šorienė

Member, Head of Business Development Division



Vita Adomaitytė

Member, Head of Accounting and Tax Division



Jonas Bartkus

Member, Head of IT Division



Ilona Baranauskienė

Member, Head of the Assets Restructuring Division

Share of capital under the right of ownership, % (31 March 2017)

3,22

0,10

0,10

0,07

0,06

0,09

0,01

Significant events

Reports on stock events are available on the Bank's website www.sb.lt at [Reports on stock events](#), other events are published at [Significant events and dates](#).

Chief Executive Officer
8 May 2017



Vytautas Sinius