

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 3 months of 2016 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 May 2016



CONDENSED INTERIM  
FINANCIAL STATEMENTS

for the three month period ended 31 March 2016

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

	Notes	31 March 2016		31 December 2015	
		Group	Bank	Group	Bank
<b>ASSETS</b>					
Cash and cash equivalents		79,694	78,731	105,012	104,286
Securities at fair value through profit or loss	2	64,535	36,344	71,116	42,726
Due from other banks		6,282	6,253	6,529	6,499
Derivative financial instruments		6,591	6,053	9,292	8,754
Loans to customers	1	864,862	935,082	851,296	912,669
Finance lease receivables	1	61,721	9,489	57,812	1,145
Investment securities:		-	-	-	-
available-for-sale -	2	20,380	19,906	20,468	19,821
held-to-maturity -	2	530,154	530,154	494,645	494,645
Investments in subsidiaries and associates	2	-	32,175	-	32,175
Intangible assets		3,735	741	3,770	798
Property, plant and equipment		11,050	10,122	10,946	10,023
Investment property		17,568	2,531	18,348	3,291
Current income tax prepayment		47	-	46	-
Deferred income tax asset		1,293	174	1,385	46
Other assets	3	41,735	7,916	44,105	7,091
Assets classified as held for sale	2	381	400	270	13,888
<b>Total assets</b>		<b>1,710,028</b>	<b>1,676,071</b>	<b>1,695,040</b>	<b>1,657,857</b>
<b>LIABILITIES</b>					
Due to other banks and financial institutions		53,225	54,550	50,376	53,383
Derivative financial instruments		1,097	1,097	136	136
Due to customers	4	1,429,594	1,430,726	1,436,388	1,436,712
Special and lending funds		6,460	6,460	8,191	8,191
Subordinated loan	12	19,656	19,656	20,457	20,457
Current income tax liabilities		3,844	3,505	1,322	947
Deferred income tax liabilities		697	-	977	-
Liabilities related to insurance activities		23,713	-	23,515	-
Other liabilities		13,140	6,778	13,085	5,518
Liabilities related to assets classified as held for sale	2	3,695	-	3,529	-
<b>Total liabilities</b>		<b>1,555,121</b>	<b>1,522,772</b>	<b>1,557,976</b>	<b>1,525,344</b>
<b>EQUITY</b>					
Share capital	6	91,226	91,226	91,226	91,226
Share premium		-	-	-	-
Reserve capital		754	756	756	756
Statutory reserve		4,159	4,157	2,468	2,290
Financial assets revaluation reserve		1,635	1,635	896	896
Retained earnings		57,133	55,525	41,718	37,345
Non-controlling interest		-	-	-	-
<b>Total equity</b>		<b>154,907</b>	<b>153,299</b>	<b>137,064</b>	<b>132,513</b>
<b>Total liabilities and equity</b>		<b>1,710,028</b>	<b>1,676,071</b>	<b>1,695,040</b>	<b>1,657,857</b>

The notes on pages 8-26 constitute an integral part of these financial statements.

Chief Executive Officer  
Chief Accountant

20 May 2016



Vytautas Sinius  
Vita Adomaitytė

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

	for the three month period ended				
	Notes	31 March 2016		31 March 2015	
		Group	Bank	Group	Bank
<b>Continuing operations</b>					
Interest and similar income	7	18,166	16,269	15,363	13,460
Interest expense and similar charges	7	(3,243)	(3,244)	(5,073)	(5,074)
<b>Net interest income</b>		<b>14,923</b>	<b>13,025</b>	<b>10,290</b>	<b>8,386</b>
Fee and commission income	8	3,291	3,199	2,279	2,253
Fee and commission expense	8	(1,062)	(980)	(1,063)	(964)
<b>Net fee and commission income</b>		<b>2,229</b>	<b>2,219</b>	<b>1,216</b>	<b>1,289</b>
Net gain from operations with securities		728	774	2,347	1,053
Net gain from foreign exchange and related derivatives		588	766	1,100	436
Net loss from embedded derivatives		(1,105)	(1,105)	(1,231)	(1,231)
Net gain (loss) from changes in fair value of subordinated loan		800	800	(41)	(41)
Net gain from derecognition of financial assets	11	10,395	10,395	386	386
Net gain from disposal of tangible assets		391	282	1,942	1,933
Revenue related to other activities of Group companies	11	3,333	-	3,917	-
Other operating income		366	145	388	205
Salaries and related expenses		(4,685)	(4,036)	(4,109)	(3,319)
Depreciation and amortization expenses		(412)	(311)	(402)	(263)
Expenses related to other activities of Group companies	11	(2,541)	-	(5,492)	-
Other operating expenses	9	(2,102)	(1,506)	(2,169)	(1,773)
<b>Operating profit before impairment losses</b>		<b>22,908</b>	<b>21,448</b>	<b>8,142</b>	<b>7,061</b>
Allowance for impairment losses on loans and other assets	10	(2,106)	(1,914)	(1,606)	(2,091)
Allowance for impairment losses on investments in subsidiaries and loss on remeasurement of subsidiaries classified as held for sale	10	-	529	-	-
Dividends from investments in subsidiaries and subsidiaries classified as held for sale		-	3,517	-	2,896
<b>Profit from continuing operations before income tax</b>		<b>20,802</b>	<b>23,580</b>	<b>6,536</b>	<b>7,866</b>
Income tax expense		(3,053)	(2,904)	(1,027)	(808)
<b>Profit from continuing operations</b>		<b>17,749</b>	<b>20,676</b>	<b>5,509</b>	<b>7,058</b>
Profit (loss) from discontinued operations, net of tax		(16)	-	(72)	-
<b>Net profit for the period</b>		<b>17,733</b>	<b>20,676</b>	<b>5,437</b>	<b>7,058</b>
<b>Net profit attributable to:</b>					
Owners of the Bank		17,733	20,676	5,437	7,058
From continuing operations		17,749	20,676	5,509	7,058
From discontinued operations		(16)	-	(72)	-
Non-controlling interest		-	-	-	-
Basic earnings per share (in EUR per share) attributable to owners of the Bank		0.06		0.02	
From continuing operations		0.06		0.02	
From discontinued operations		(0.00)		(0.00)	
Diluted earnings per share (in EUR per share) attributable to owners of the Bank		0.05		0.02	
From continuing operations		0.05		0.02	
From discontinued operations		(0.00)		(0.00)	

Notes on pages 8 to 26 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 2016		31 March 2015	
	Group	Bank	Group	Bank
<b>Net profit for the period</b>	<b>17,733</b>	<b>20,676</b>	<b>5,437</b>	<b>7,058</b>
<b>Other comprehensive income</b>				
<i>Items that may be subsequently reclassified to profit or loss:</i>				
Gain from revaluation of financial assets	898	898	233	233
Deferred income tax on gain from revaluation of financial assets	(159)	(159)	(35)	(35)
<b>Other comprehensive income, net of deferred tax</b>	<b>739</b>	<b>739</b>	<b>198</b>	<b>198</b>
<b>Total comprehensive income for the period</b>	<b>18,472</b>	<b>21,415</b>	<b>5,635</b>	<b>7,256</b>
<b>Total comprehensive income (loss) attributable to:</b>				
Owners of the Bank	18,472	21,415	5,635	7,256
from continuing operations	18,488	21,415	5,707	7,256
from discontinued operations	(16)	-	(72)	-
Non-controlling interest	-	-	-	-
	18,472	21,415	5,635	7,256

Notes on pages 8 to 26 constitute an integral part of these financial statements.

## THE GROUP'S CONDENSED STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital	Share premium	Reserve capital	Financial assets revaluation reserve	Statutory reserve	Retained earnings	Total	Non-controlling interest	Total equity	
		Attributable to the owners of the Bank									
<b>1 January 2015</b>		<b>78,197</b>	<b>3,684</b>	<b>756</b>	<b>516</b>	<b>1,450</b>	<b>22,009</b>	<b>106,612</b>	-	<b>106,612</b>	
Transfer to statutory reserve		-	-	-	-	1,018	(1,018)	-	-	-	
Payment of dividends	6	-	-	-	-	-	(196)	(196)	-	(196)	
Total comprehensive income		103	-	-	198	-	5,437	5,738	-	5,738	
<b>31 March 2015</b>		<b>78,300</b>	<b>3,684</b>	<b>756</b>	<b>714</b>	<b>2,468</b>	<b>26,232</b>	<b>112,154</b>	-	<b>112,154</b>	
Increase in share capital through bonus issue of shares	6	6,734	(3,684)	-	-	-	(3,050)	-	-	-	
Increase in share capital on business combination	6	6,192	-	-	-	-	257	6,449	-	6,449	
Total comprehensive income		-	-	-	182	-	18,279	18,461	-	18,461	
<b>31 December 2015</b>		<b>91,226</b>	-	<b>756</b>	<b>896</b>	<b>2,468</b>	<b>41,718</b>	<b>137,064</b>	-	<b>137,064</b>	
Transfer to/from statutory reserve		-	-	-	-	1,689	(1,689)	-	-	-	
Payment of dividends	6	-	-	-	-	-	(629)	(629)	-	(629)	
Total comprehensive income		-	-	-	739	-	17,733	18,472	-	18,472	
<b>31 March 2016</b>		<b>91,226</b>	-	<b>756</b>	<b>1,635</b>	<b>4,157</b>	<b>57,133</b>	<b>154,907</b>	-	<b>154,907</b>	

## THE BANK'S CONDENSED STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital	Share premium	Reserve capital	Financial assets revaluation reserve	Statutory reserve	Retained earnings	Total
<b>1 January 2015</b>		<b>78,197</b>	<b>3,684</b>	<b>756</b>	<b>516</b>	<b>1,275</b>	<b>20,301</b>	<b>104,729</b>
Transfer to statutory reserve		-	-	-	-	1,015	(1,015)	-
Payment of dividends	6	-	-	-	-	-	(196)	(196)
Total comprehensive income		103	-	-	198	-	7,058	7,359
<b>31 March 2015</b>		<b>78,300</b>	<b>3,684</b>	<b>756</b>	<b>714</b>	<b>2,290</b>	<b>26,148</b>	<b>111,892</b>
Increase in share capital through bonus issue of shares	6	6,734	(3,684)	-	-	-	(3,050)	-
Increase in share capital on business combination	6	6,192	-	-	-	-	257	6,449
Total comprehensive income		-	-	-	182	-	13,990	14,172
<b>31 December 2015</b>		<b>91,226</b>	-	<b>756</b>	<b>896</b>	<b>2,290</b>	<b>37,345</b>	<b>132,513</b>
Transfer to statutory reserve		-	-	-	-	1,867	(1,867)	-
Payment of dividends	6	-	-	-	-	-	(629)	(629)
Total comprehensive income		-	-	-	739	-	20,676	21,415
<b>31 March 2016</b>		<b>91,226</b>	-	<b>756</b>	<b>1,635</b>	<b>4,157</b>	<b>55,525</b>	<b>153,299</b>

Notes on pages 8 to 26 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

	31 March 2016		31 March 2015	
	Group	Bank	Group	Bank
<b>Operating activities</b>				
Interest received on loans and advances	14,179	12,456	10,486	8,443
Interest received on debt securities at fair value through profit or loss	337	337	574	438
Interest paid	(4,071)	(4,072)	(5,073)	(6,089)
Net fee and commission income	2,229	2,219	1,216	1,289
Cash inflows from trade in securities at fair value through profit or loss	88	134	2,332	1,038
Net inflows from foreign exchange operations	2,647	2,825	1,446	774
Recoveries on loans previously written off	278	19	246	19
Salaries and related payments to and on behalf of employees	(4,167)	(3,518)	(3,881)	(3,035)
Other net cash receipts (payments)	8,818	8,928	(1,244)	466
Income tax paid	(486)	(315)	(488)	-
<b>Net cash flow from operating activities before change in operating assets and liabilities</b>	<b>19,852</b>	<b>19,013</b>	<b>5,614</b>	<b>3,343</b>
<b>Change in operating assets and liabilities:</b>				
Decrease (increase) in securities at fair value through profit or loss	7,134	6,808	(27,403)	4,006
Decrease (increase) in loans to credit and financial institutions	555	246	(17,682)	(17,801)
(Decrease) increase in loans to customers	(18,890)	(31,484)	2,912	(32,656)
Decrease (Increase) in other current assets	1,856	(806)	(10,517)	(6,111)
Increase (decrease) in liabilities to credit and financial institutions	2,760	1,078	(197)	(1,474)
Increase (decrease) in deposits	(5,878)	856	(2,254)	3,307
Decrease in special and lending funds	(1,731)	(1,731)	(1,752)	(1,752)
Increase (decrease) in other liabilities	(173)	(5,813)	3,724	(451)
<b>Change</b>	<b>(14,367)</b>	<b>(30,846)</b>	<b>(53,169)</b>	<b>(52,932)</b>
<b>Net cash flow from (used in) operating activities</b>	<b>5,485</b>	<b>(11,833)</b>	<b>(47,555)</b>	<b>(49,589)</b>
<b>Investing activities</b>				
Acquisition of property, plant and equipment, investment property and intangible assets	(306)	(211)	(112)	(61)
Disposal of property, plant and equipment, investment property and intangible assets	1,368	1,038	5,813	5,159
Acquisition of held-to-maturity securities	(72,976)	(72,976)	(82,222)	(82,222)
Proceeds from redemption of held-to-maturity securities	33,535	33,535	46,787	46,692
Interest received on held-to-maturity securities	6,738	6,738	7,132	7,091
Dividends received	32	3,549	-	2,896
Acquisition of available-for-sale securities	(1,165)	(1,159)	(13,436)	(13,419)
Sale of available-for-sale securities	1,723	1,531	3,377	3,377
Interest received on available-for-sale securities	248	248	214	214
Inflows from subsidiaries held for sale	-	13,985	-	-
<b>Net cash flow used in investing activities</b>	<b>(30,803)</b>	<b>(13,722)</b>	<b>(32,447)</b>	<b>(30,273)</b>
<b>Financing activities</b>				
Payment of dividends	-	-	-	-
<b>Net cash flow from financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(25,318)</b>	<b>(25,555)</b>	<b>(80,002)</b>	<b>(79,862)</b>
Cash and cash equivalents at 1 January	105,012	104,286	197,436	196,481
Cash and cash equivalents at 31 March	79,694	78,731	117,434	116,619

Notes on pages 8 to 26 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 70 customer service outlets (31 December 2015: 70 outlets). As at 31 March 2016 the Bank had 733 employees (31 December 2015: 719). As at 31 March 2016 the Group (except subsidiaries held for sale) had 843 employees (31 December 2015: 861 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 2016 and 31 December 2015 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),
7. SB Lizingas UAB (consumer financing activities),
8. Bonum Publicum GD UAB (life insurance activities).

**As of 31 March 2016 and 31 December 2015 the Bank owned directly controlled subsidiaries held for sale:**

10. Trade Project UAB (real estate management activities),
11. 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 31 March 2016 and 31 December 2015 the Bank had the indirectly controlled subsidiary held for sale:**

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

**As of 31 March 2016 and 31 December 2015 the Bank owned the following indirectly controlled subsidiary:**

9. Sandworks UAB (real estate management activities).

This condensed interim financial information for the three month period ended 31 March 2016 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 2015, 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 2015.

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 2016, 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 2017 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 2015.

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 2016		31 December 2015	
	Group	Bank	Group	Bank
<i>Loans and advances to banks</i>	6,282	6,253	6,529	6,499
<i>Loans and advances to customers:</i>	<b>864,862</b>	<b>935,082</b>	<b>851,296</b>	<b>912,669</b>
<i>Loans and advances to financial institutions</i>	25	94,059	27	98,986
<i>Loans to individuals (Retail)</i>	108,807	61,416	110,019	61,528
<i>Loans to business customers</i>	756,030	779,607	741,250	752,155
<i>Finance lease receivables</i>	61,721	9,489	57,812	1,145
<i>Debt securities at fair value through profit or loss</i>	49,306	36,024	55,730	42,388
<i>Derivative financial instruments</i>	6,591	6,053	9,292	8,754
<i>Debt securities available for sale</i>	18,108	17,701	18,014	17,612
<i>Debt securities held to maturity</i>	530,154	530,154	494,645	494,645
<i>Other assets subject to credit risk</i>	7,393	6,397	6,658	5,557
<i>Credit risk exposures relating to off-balance sheet items are as follows:</i>				
<i>Financial guarantees</i>	22,075	22,102	22,255	22,282
<i>Letters of credit</i>	10,493	10,493	5,929	5,929
<i>Loan commitments and other credit related liabilities</i>	104,870	114,274	111,967	116,259
<b>Total</b>	<b>1,681,855</b>	<b>1,694,022</b>	<b>1,640,127</b>	<b>1,633,739</b>

**NOTE 1**

**LOANS TO CUSTOMERS AND FINANCE LEASE RECEIVABLES**  
(continued)

Loans to customers

Loans and advances are summarised as follows:

	31 March 2016		31 December 2015	
	Group	Bank	Group	Bank
<i>Loans to business customers</i>	793,418	911,000	777,220	887,014
<i>Loans to individuals</i>	116,058	63,632	116,742	63,595
<b>Gross</b>	<b>909,476</b>	<b>974,632</b>	<b>893,962</b>	<b>950,609</b>
<i>Less: allowance for impairment</i>	(44,614)	(39,550)	(42,666)	(37,940)
<i>of which: for individually assessed loans</i>	(43,218)	(38,484)	(41,395)	(37,000)
<i>of which: for collectively assessed loans</i>	(1,396)	(1,066)	(1,271)	(940)
<b>Net</b>	<b>864,862</b>	<b>935,082</b>	<b>851,296</b>	<b>912,669</b>

	31 March 2016		31 December 2015	
	Group	Bank	Group	Bank
<i>Neither past due nor individually impaired</i>	773,819	852,163	720,915	788,302
<i>Past due but not individually impaired</i>	64,877	60,530	105,111	102,409
<i>Individually impaired</i>	70,780	61,939	67,936	59,898
<b>Gross</b>	<b>909,476</b>	<b>974,632</b>	<b>893,962</b>	<b>950,609</b>
<i>Less: allowance for impairment</i>	(44,614)	(39,550)	(42,666)	(37,940)
<i>of which: for individually assessed loans</i>	(43,218)	(38,484)	(41,395)	(37,000)
<i>of which: for collectively assessed loans</i>	(1,396)	(1,066)	(1,271)	(940)
<b>Net</b>	<b>864,862</b>	<b>935,082</b>	<b>851,296</b>	<b>912,669</b>

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:**

- significant financial difficulties of the debtor or issuer, i.e. the borrower's financial status is evaluated as poor or bad;
- violation of the loan agreement (non-payment of the periodic loan payments (the part of the loan or interest)) for more than 30 days;
- the loan is being recovered;
- 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;
- third parties related to the borrower do not fulfil their obligations, which impacts the borrower's ability to fulfil its financial obligations;
- 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 2016		31 December 2015	
	Group	Bank	Group	Bank
<i>Past due up to 7 days</i>	20,004	18,523	68,405	67,039
<i>Past due 8 to 30 days</i>	14,737	12,785	12,513	11,192
<i>Past due 31-60 days</i>	4,466	4,459	2,175	2,170
<i>Past due 61-90 days</i>	2,933	2,927	1,573	1,569
<i>Past due more than 90 days</i>	22,737	21,836	20,445	20,439
<b>Total</b>	<b>64,877</b>	<b>60,530</b>	<b>105,111</b>	<b>102,409</b>
<i>Allowance for impairment of collectively assessed loans</i>	(153)	(79)	(171)	(106)
<i>Fair value of collateral</i>	57,207	55,860	46,840	46,840

**NOTE 1**  
**LOANS TO CUSTOMERS AND FINANCE LEASE RECEIVABLES**  
(continued)

Loans and advances individually impaired

	31 March 2016		31 December 2015	
	Group	Bank	Group	Bank
<b>Impaired loans</b>	<b>70,780</b>	<b>61,939</b>	<b>67,936</b>	<b>59,898</b>
Allowance for impairment of individually assessed loans	(43,218)	(38,484)	(41,395)	(37,000)
Allowance for impairment of collectively assessed loans	(31)	(31)	(23)	(23)
<i>Fair value of collateral</i>	43,812	43,812	41,305	41,305

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 2016		31 December 2015	
	Group	Bank	Group	Bank
<i>Business customers</i>	54,058	8,124	50,729	1,207
<i>Individuals</i>	9,164	1,438	8,533	-
<b>Gross</b>	<b>63,222</b>	<b>9,562</b>	<b>59,262</b>	<b>1,207</b>
<i>Neither past due not impaired</i>	53,186	9,213	44,325	1,095
<i>Past due but not impaired</i>	7,745	239	12,141	1
<i>Impaired</i>	2,291	110	2,796	111
<b>Gross</b>	<b>63,222</b>	<b>9,562</b>	<b>59,262</b>	<b>1,207</b>
<i>Subtract: Allowance for impairment</i>	(1,501)	(73)	(1,450)	(62)
<i>of which: for individually assessed finance lease receivables</i>	(1,487)	(61)	(1,447)	(61)
<i>of which: for collectively assessed finance lease receivables</i>	(14)	(12)	(3)	(1)
<b>Net</b>	<b>61,721</b>	<b>9,489</b>	<b>57,812</b>	<b>1,145</b>

	Group					
	31 March 2016			31 December 2015		
	Individuals	Business customers	Total	Individuals	Business customers	Total
<i>Unsecured finance lease receivables</i>	345	2,629	2,974	441	2,355	2,796
<i>Finance lease receivables secured by:</i>						
<i>transport vehicles -</i>	7,808	18,050	25,858	7,056	16,947	24,003
<i>real estate -</i>	855	25,310	26,165	870	23,030	23,900
<i>airplanes -</i>	-	1,061	1,061	-	1,157	1,157
<i>production equipment -</i>	-	1,942	1,942	-	2,147	2,147
<i>other equipment -</i>	82	4,968	5,050	79	4,951	5,030
<i>other assets -</i>	74	98	172	87	142	229
<b>Total</b>	<b>9,164</b>	<b>54,058</b>	<b>63,222</b>	<b>8,533</b>	<b>50,729</b>	<b>59,262</b>
	Bank					
	31 March 2016			31 December 2015		
	Individuals	Business customers	Total	Individuals	Business customers	Total
<i>Unsecured finance lease receivables</i>	11	71	82	-	28	28
<i>Finance lease receivables secured by:</i>						
<i>transport vehicles -</i>	1,412	3,257	4,669	-	29	29
<i>real estate -</i>	-	4,032	4,032	-	1,011	1,011
<i>airplanes -</i>	-	-	-	-	-	-
<i>production equipment -</i>	-	119	119	-	131	131
<i>other equipment -</i>	15	645	660	-	8	8
<i>other assets -</i>	-	-	-	-	-	-
<b>Total</b>	<b>1,438</b>	<b>8,124</b>	<b>9,562</b>	<b>-</b>	<b>1,207</b>	<b>1,207</b>

Securities at fair value through profit or loss

	31 March 2016		31 December 2015	
	Group	Bank	Group	Bank
<b>Debt securities:</b>	<b>49,306</b>	<b>36,024</b>	<b>55,730</b>	<b>42,388</b>
Government bonds	33,447	27,005	37,597	29,634
Corporate bonds	15,859	9,019	18,133	12,754
<b>Equity securities</b>	<b>15,229</b>	<b>320</b>	<b>15,386</b>	<b>338</b>
<b>Total securities at fair value through profit or loss</b>	<b>64,535</b>	<b>36,344</b>	<b>71,116</b>	<b>42,726</b>
	31 March 2016		31 December 2015	
	Group	Bank	Group	Bank
<b>Trading securities:</b>				
<b>Debt securities</b>	<b>47,667</b>	<b>36,024</b>	<b>54,115</b>	<b>42,388</b>
from AA- to AAA	-	-	1,733	1,733
from A- to A+	25,197	23,254	27,710	24,951
from BBB- to BBB+	17,932	10,183	20,591	13,179
from BB- to BB+	3,986	2,035	3,754	2,198
lower than BB-	-	-	-	-
no rating	552	552	327	327
<b>Equity securities</b>	<b>320</b>	<b>320</b>	<b>338</b>	<b>338</b>
listed	263	263	301	301
unlisted	4	4	7	7
units of investment funds	53	53	30	30
<b>Total trading securities</b>	<b>47,987</b>	<b>36,344</b>	<b>54,453</b>	<b>42,726</b>
<b>Securities designated at fair value through profit or loss at initial recognition:</b>				
<b>Debt securities</b>	<b>1,639</b>	<b>-</b>	<b>1,615</b>	<b>-</b>
from AA- to AAA	154	-	300	-
from A- to A+	538	-	573	-
from BBB- to BBB+	947	-	742	-
from BB- to BB+	-	-	-	-
lower than BB-	-	-	-	-
no rating	-	-	-	-
<b>Equity securities</b>	<b>14,909</b>	<b>-</b>	<b>15,048</b>	<b>-</b>
listed	-	-	-	-
unlisted	-	-	-	-
units of investment funds	14,909	-	15,048	-
<b>Total securities designated at fair value through profit or loss at initial recognition</b>	<b>16,548</b>	<b>-</b>	<b>16,663</b>	<b>-</b>
<b>TOTAL</b>	<b>64,535</b>	<b>36,344</b>	<b>71,116</b>	<b>42,726</b>

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 2016		31 December 2015	
	Group	Bank	Group	Bank
<b>Securities available for sale:</b>				
<b>Debt securities:</b>	<b>18,108</b>	<b>17,701</b>	<b>18,014</b>	<b>17,612</b>
Government bonds	187	187	256	256
Corporate bonds	17,921	17,514	17,758	17,356
<b>Equity securities</b>	<b>2,272</b>	<b>2,205</b>	<b>2,454</b>	<b>2,209</b>
<b>Total securities available for sale</b>	<b>20,380</b>	<b>19,906</b>	<b>20,468</b>	<b>19,821</b>
<b>Held-to-maturity securities:</b>				
<b>Debt securities:</b>	<b>530,154</b>	<b>530,154</b>	<b>494,645</b>	<b>494,645</b>
Government bonds	417,551	417,551	381,943	381,943
Corporate bonds	112,603	112,603	112,702	112,702
<b>Total held-to-maturity securities</b>	<b>530,154</b>	<b>530,154</b>	<b>494,645</b>	<b>494,645</b>

NOTE 2  
SECURITIES  
(continued)

	31 March 2016		31 December 2015	
	Group	Bank	Group	Bank
<b>Securities available for sale:</b>				
<b>Debt securities</b>	<b>18,108</b>	<b>17,701</b>	<b>18,014</b>	<b>17,612</b>
from AA- to AA+	462	462	463	463
from A- to A+	3,720	3,720	5,758	5,758
from BBB- to BBB+	13,376	13,376	11,250	11,250
from BB- to BB+	143	143	141	141
lower than BB-	-	-	-	-
no rating	407	-	402	-
<b>Equities</b>	<b>2,272</b>	<b>2,205</b>	<b>2,454</b>	<b>2,209</b>
listed	-	-	-	-
unlisted	2,136	2,069	2,314	2,069
units of investment funds	136	136	140	140
<b>Total securities available for sale</b>	<b>20,380</b>	<b>19,906</b>	<b>20,468</b>	<b>19,821</b>
<b>Held-to-maturity securities:</b>				
<b>Debt securities</b>	<b>530,154</b>	<b>530,154</b>	<b>494,645</b>	<b>494,645</b>
from AA- to AA+	14,616	14,616	15,207	15,207
from A- to A+	388,677	388,677	359,917	359,917
from BBB- to BBB+	114,788	114,788	109,431	109,431
from BB- to BB+	9,472	9,472	10,090	10,090
lower than BB-	2,601	2,601	-	-
no rating	-	-	-	-
<b>Total held-to-maturity securities</b>	<b>530,154</b>	<b>530,154</b>	<b>494,645</b>	<b>494,645</b>

During the three month periods ended 31 March 2016 and 2015, no reclassifications between portfolios of securities were performed.

### Investments in subsidiaries

	31 March 2016, 31 December 2015		
	Share in equity	Acquisition cost	Carrying amount
<b>Bank</b>			
<i>Investments in consolidated directly controlled subsidiaries</i>			
Šiaulių Banko Lizingas UAB	100.00%	3,910	69
Šiaulių Banko Investicijų Valdymas UAB	100.00%	5,044	312
Šiaulių Banko Turto Fondas UAB	100.00%	3,999	3,554
SBTF UAB	100.00%	1,029	579
Pavasaris UAB	100.00%	10,456	7,834
Minera UAB	100.00%	5,165	2,566
Bonum Publicum GD UAB	100.00%	8,399	8,399
SB Lizingas UAB	100.00%	8,862	8,862
<b>Total</b>		<b>46,864</b>	<b>32,175</b>
<i>Investments in consolidated indirectly controlled subsidiaries:</i>			
Sandworks UAB*	100.00%	9	9

\* Indirectly controlled by subsidiary Šiaulių Banko Investicijų Valdymas UAB

## 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 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 owned 100% shares of Žalgirio Sporto Arena UAB; Žalgirio Sporto Arena UAB owned 100% shares of Nacionalinis Futbolo Stadionas 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).

In the first quarter of 2015, Nacionalinis Futbolo Stadionas UAB was liquidated. In the second quarter of 2015, Kėdainių Oda UAB, indirectly owned subsidiary held for sale, and Semelitas UAB, indirectly owned subsidiary, were sold.

Investment in subsidiaries classified as held for sale, as of 31 March 2016 and result of discontinued operations in the first quarter of 2016:

	Entities acquired under the agreement on the transfer of assets, rights, transactions and liabilities of Ūkio Bankas	Other entities held for sale	TOTAL
Assets held for sale attributable to entity/ group of entities	381	-	381
Liabilities attributable to assets held for sale attributable to entity/ group of entities	3,695	-	3,695
Profit (loss) of the year (recorded in Discontinued operations line of the income statement)	(16)	-	(16)
of which: gain on disposal of entities	-	-	-

Investment in subsidiaries classified as held for sale, as of 31 December 2015 and result of discontinued operations in the first quarter of 2015:

	Entities acquired under the agreement on the transfer of assets, rights, transactions and liabilities of Ūkio Bankas	Other entities held for sale	TOTAL
Assets held for sale attributable to entity/ group of entities	238	-	238
Liabilities attributable to assets held for sale attributable to entity/ group of entities	3,529	-	3,529
Profit (loss) of the year (recorded in Discontinued operations line of the income statement)	25	97	(72)
of which: gain on disposal of entities	-	-	-

During the first quarter of 2016 and 2015, the Group did not incur any gain or loss related to the measurement to fair value less cost to sell of the subsidiaries held for sale. During the first quarter of 2016, the Bank reversed a revaluation of entities acquired under the agreement on the transfer of assets, rights, transactions and liabilities of Ūkio Bankas in the amount of EUR 529 thousand (no such gains or losses were incurred during the first quarter of 2015).

As all of the entities attributed to assets held for sale are 100%-owned, the whole amount of the profit (loss) from discontinued operations is attributable to equity owners of the Group.

### Real estate held for sale:

In addition to the subsidiaries held for sale, real estate properties that are planned to be sold within one year are included in assets classified as held for sale. As of 31 March 2016, carrying amount of such real estate assets was nil (31 December 2015: EUR 32 thousand).

## NOTE 3

### SIGNIFICANT INFORMATION ON CHANGES IN OTHER ASSET ITEMS

#### Other assets

	31 March 2016		31 December 2015	
	Group	Bank	Group	Bank
Amounts receivable	3,527	3,049	2,551	2,169
Inventories	28,038	-	30,490	-
Deferred charges	645	504	793	711
Assets under reinsurance and insurance contracts	599	-	607	-
Prepayments	3,866	3,348	4,107	3,388
Foreclosed assets	4,190	692	4,081	603
Other	870	323	1,476	220
<b>Total</b>	<b>41,735</b>	<b>7,916</b>	<b>44,105</b>	<b>7,091</b>

## NOTE 4

### DUE TO CUSTOMERS

	31 March 2016		31 December 2015	
	Group	Bank	Group	Bank
<i>Demand deposits:</i>				
National government institutions	8,122	8,122	9,541	9,541
Local government institutions	39,345	39,345	28,950	28,950
Governmental and municipal companies	7,313	7,313	5,993	5,993
Corporate entities	173,466	174,484	175,084	175,408
Non-profit organisations	10,979	10,979	10,102	10,102
Individuals	238,617	238,617	237,824	237,824
Unallocated amounts due to customers	16,054	16,168	20,531	20,531
<b>Total demand deposits</b>	<b>493,896</b>	<b>495,028</b>	<b>488,025</b>	<b>488,349</b>
<i>Time deposits:</i>				
National government institutions	456	456	456	456
Local government institutions	470	470	531	531
Governmental and municipality companies	757	757	769	769
Corporate entities	45,751	45,751	39,041	39,041
Non-profit organisations	2,731	2,731	2,736	2,736
Individuals	885,533	885,533	904,830	904,830
<b>Total time deposits</b>	<b>935,698</b>	<b>935,698</b>	<b>948,363</b>	<b>948,363</b>
<b>Total</b>	<b>1,429,594</b>	<b>1,430,726</b>	<b>1,436,388</b>	<b>1,436,712</b>

## NOTE 5

### SIGNIFICANT INFORMATION ON CHANGES IN OTHER LIABILITY ITEMS

#### Debt securities in issue

As at 31 March 2016 and 31 December 2015, the Bank had deposit certificates issued (this liability was acquired in Finasta acquisition transaction), carrying amount of which was EUR 58 thousand, maturity term – December 2016. Held for trading governments bonds with a carrying value of EUR 53 thousand were pledged as collateral for deposit certificates.



## NOTE 6 CAPITAL

As of 31 March 2016 and 31 December 2015 the Bank's share capital comprised 314,573,731 ordinary registered shares with par value of EUR 0.29 each.

According to local legislation, on 1 January 2015, as the Bank adopted euro, the nominal value of shares was rounded to two decimal digits, from EUR 0.28962 to EUR 0.29. This caused an increase in Bank's share capital by EUR 103 thousand, from EUR 78,197 thousand to EUR 78,300 thousand. The difference was accounted as change in retained earnings.

The ordinary meeting of shareholders of Šiaulių bankas that took place on 27 March 2015 passed a resolution to increase Bank's share capital by EUR 6,734 thousand (8.6%) using Bank's own resources (share premium and retained earnings). The amended Charter of the Bank with an increased authorised capital was registered in the Register of Legal Entities on 26 May 2015, the shares were distributed among Bank's shareholders using the proportion of their stakes at the end of accounting date of the shares (13 April 2015).

On 14 September 2015, the increase in share capital by additional contributions was registered as 21,353,731 ordinary registered shares (nominal value EUR 6,192 thousand) were distributed to one shareholder - Invalda INVL AB. This way, the Bank settled for the Finasta acquisition transaction. The difference between the fair value and nominal value of shares issued (EUR 257 thousand) was accounted for as change in retained earnings.

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 (20.0%) using Bank's own resources (retained earnings). The shares will be distributed among Bank's shareholders using the proportion of their stakes at the end of accounting date of the shares (13 April 2016).

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

	<i>Share of the authorized capital held, %</i> 31 March 2016	<i>Share of the authorized capital held, %</i> 31 December 2015
<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

Another 16 shareholders had less than 5% but more than 1% of the Bank's share capital. The remaining shareholders on an individual basis had less than 1% of the Bank's shares and voting rights.

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, Arvydas Salda, Sigita 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 of acting together shareholders. As of 31 March 2015, this group possessed 39.41 percent of the authorised capital and votes of the Bank.

As at 31 March 2016, the Bank had 3,667 shareholders (as at 31 December 2015: 3,476).

### Dividends:

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. On 27 March 2015 the ordinary general meeting of shareholders made a decision to pay EUR 0.000725 dividends per one ordinary registered share with EUR 0.29 nominal value each (i.e. 0.25% of the nominal value of the share).

## NOTE 7 NET INTEREST INCOME

	1 January - 31 March 2016		1 January - 31 March 2015	
	Group	Bank	Group	Bank
<i>Interest income:</i>				
<i>on loans to other banks and financial institutions and placements with credit institutions</i>	149	1,087	142	604
<i>on loans to customers</i>	13,979	12,032	10,803	8,808
<i>on debt securities</i>	3,159	3,038	3,537	3,893
<i>on finance leases</i>	879	112	881	155
<b>Total interest income</b>	<b>18,166</b>	<b>16,269</b>	<b>15,363</b>	<b>13,460</b>
<i>Interest expense:</i>				
<i>on financial liabilities designated at fair value through profit or loss</i>	(357)	(357)	(367)	(367)
<i>on financial liabilities measured at amortised cost</i>	(2,886)	(2,887)	(4,706)	(4,707)
<i>on other liabilities</i>	-	-	-	-
<b>Total interest expense</b>	<b>(3,243)</b>	<b>(3,244)</b>	<b>(5,073)</b>	<b>(5,074)</b>
<b>Net interest income</b>	<b>14,923</b>	<b>13,025</b>	<b>10,290</b>	<b>8,386</b>

## NOTE 8 NET FEE AND COMMISSION INCOME

	1 January - 31 March 2016		1 January - 31 March 2015	
	Group	Bank	Group	Bank
<i>Fee and commission income:</i>				
for administration of loans of third parties	1,106	1,106	556	556
for settlement services	773	781	671	688
for cash operations	508	508	416	416
for payment administration	301	301	314	314
for guarantees, letters of credit, documentary collection	99	99	118	118
for collection of utility and similar payments	113	119	77	77
for services related to securities	209	242	59	59
other fee and commission income	182	43	68	25
<b>Total fee and commission income</b>	<b>3,291</b>	<b>3,199</b>	<b>2,279</b>	<b>2,253</b>
<i>Fee and commission expense:</i>				
for payment cards	(632)	(632)	(593)	(593)
for cash operations	(139)	(139)	(291)	(291)
for correspondent bank and payment system fees	(158)	(84)	(97)	(39)
for services of financial data vendors	(34)	(34)	(28)	(28)
for services related to securities	(68)	(67)	(11)	(11)
other fee and commission expenses	(31)	(24)	(43)	(2)
<b>Total fee and commission expense</b>	<b>(1,062)</b>	<b>(980)</b>	<b>(1,063)</b>	<b>(964)</b>
<b>Net fee and commission income</b>	<b>2,229</b>	<b>2,219</b>	<b>1,216</b>	<b>1,289</b>

## NOTE 9 OTHER OPERATING EXPENSES

	1 January - 31 March 2016		1 January - 31 March 2015	
	Group	Bank	Group	Bank
Rent of buildings and premises	(368)	(318)	(288)	(276)
Utility services for buildings and premises	(232)	(211)	(260)	(245)
Other expenses related to buildings and premises	(69)	(53)	(67)	(55)
Transportation expenses	(90)	(107)	(106)	(138)
Legal costs	(15)	(15)	(23)	(23)
Personnel and training expenses	(20)	(11)	(13)	(9)
IT and communication expenses	(447)	(406)	(369)	(332)
Marketing and charity expenses	(227)	(56)	(206)	(105)
Service organisation expenses	(236)	(224)	(279)	(290)
Non-income taxes, fines	(159)	(25)	(155)	(45)
Costs incurred due to debt recovery	(57)	(16)	(120)	(76)
Other expenses	(182)	(64)	(283)	(179)
<b>Total</b>	<b>(2 102)</b>	<b>(1 506)</b>	<b>(2 169)</b>	<b>(1 773)</b>

## NOTE 10 IMPAIRMENT LOSSES

	1 January - 31 March 2016		1 January - 31 March 2015	
	Group	Bank	Group	Bank
<i>Impairment losses on loans</i>	(2,312)	(1,937)	(2,279)	(2,049)
<i>Recoveries of loans previously written-off</i>	233	19	206	19
<i>Impairment losses on finance lease receivables</i>	(51)	(11)	449	(62)
<i>Recovered previously written-off finance lease receivables</i>	35	-	40	-
<i>Impairment losses on subsidiaries</i>	-	-	-	-
<i>Revaluation of subsidiaries classified as held for sale</i>	-	529	-	-
<i>Impairment losses on other assets</i>	(11)	15	(22)	1
<i>Recoveries of other assets previously written-off</i>	-	-	-	-
<b>Total</b>	<b>(2,106)</b>	<b>(1,385)</b>	<b>(1,606)</b>	<b>(2,091)</b>

	1 January - 31 March 2016		1 January - 31 March 2015	
	Group	Bank	Group	Bank
<b><u>Allowance for impairment of loans</u></b>				
<b>As at 1 January</b>	<b>42,666</b>	<b>37,940</b>	<b>47,636</b>	<b>41,664</b>
<i>Change in allowance for loan impairment</i>	2,312	1,937	2,279	2,049
<i>Loans written off during the period</i>	(327)	(327)	(6,905)	(6,905)
<i>Other factors (reclassification, FX rate shift, etc.)</i>	2	2	155	235
<b>As at 31 March</b>	<b>44,653</b>	<b>39,552</b>	<b>43,165</b>	<b>37,043</b>
<b><u>Allowance for impairment of finance lease receivables</u></b>				
<b>As at 1 January</b>	<b>1,450</b>	<b>61</b>	<b>1,943</b>	<b>61</b>
<i>Change in allowance for impairment of finance lease receivables</i>	51	11	(449)	62
<i>Finance lease receivables written off during the period</i>	-	-	-	-
<i>Other factors (reclassification, FX rate shift, etc.)</i>	-	1	-	-
<b>As at 31 March</b>	<b>1,501</b>	<b>73</b>	<b>1,494</b>	<b>123</b>

## 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 10,395 thousand during the three month period ended 31 March 2016 (three month period ended 31 March 2015: EUR 386 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 2016		1 January - 31 March 2015	
	Group	Bank	Group	Bank
<i>Revenue related to insurance activities</i>	1,440	-	1,399	-
<i>Revenue from sale of apartments</i>	1,893	-	2,518	-
<i>Expenses related to insurance activities</i>	(777)	-	(3,064)	-
<i>Cost of apartments sold</i>	(1,764)	-	(2,428)	-

The result from assets of life insurance subsidiary, which cover liabilities under unit-linked insurance contracts are not included in income-expense items presented in the table above. The result from the assets mentioned above is included in following items of income statement for the three month period ended 31 March 2016: Interest and similar income EUR 13 thousand, Net gain (loss) from operations with securities - a loss of EUR 149 thousand, Net foreign exchange gain - a loss of EUR 171 thousand (for the three month period ended 31 March 2015: Interest and similar income EUR 20 thousand, Net gain from operations with securities - a gain of EUR 1 159 thousand, Net foreign exchange gain - a gain of EUR 662 thousand).

## NOTE 12 RELATED-PARTY TRANSACTIONS

Related parties with the Bank are classified as follows:

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

During 2016 and 2015, 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 2016		31 December 2015	
	Balances of deposits	Balances of loans (incl.off-balance sheet credit commitments)	Balances of deposits	Balances of loans (incl.off-balance sheet credit commitments)
<i>Members of the Council and the Board</i>	485	1,068	682	1,075
<i>Other related parties (excluding subsidiaries of the Bank)</i>	5,934	84,399	4,080	48,121
<b>Total</b>	<b>6,419</b>	<b>85,467</b>	<b>4,762</b>	<b>49,196</b>

### 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 19,656 thousand as of 31 December 2015 (31 December 2015: EUR 20,457 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 357 thousand, a gain of EUR 800 thousand related to revaluation of the liability to fair value was recorded in profit (loss) statement for the three month period ended 31 March 2016 (three month period ended 31 March 2015: interest expenses EUR 367 thousand, revaluation loss EUR 41 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 2016		31 December 2015	
	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)
Non-financial institutions	1,028	32,185	323	20,891
Financial institutions	1,325	100,725	2,937	100,735

### Bank's total balances with subsidiaries:

	31 March 2016	31 December 2015
<b>Assets</b>		
Loans	123,725	116,154
Other assets	38	22
Bank's investment in subsidiaries	32,175	32,175
Bank's investment in subsidiaries classified as assets held for sale	400	13,856
<b>Liabilities and shareholders' equity</b>		
Term deposits	663	23
Demand deposits	1,794	3,237
Other liabilities	6	39

### Income and expenses arising from transactions with subsidiaries:

	1 January–31 March 2016	1 January–31 March 2015
<b>Income</b>		
Interest	1,035	1,333
Commission income	64	50
Dividends	3,517	2,896
Other income	54	53
<b>Expenses</b>		
Interest	(1)	(1)
Operating expenses	(54)	(135)
Reversal of impairment of loans	-	10
Revaluation of an investment to subsidiaries classified as held for sale	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 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	73,472	57,754	50,175	61,741	145,262	501,778	722,361	97,485	1,710,028
Total liabilities and shareholders' equity	496,631	118,108	164,528	220,320	372,510	119,631	55,354	162,946	1,710,028
Net liquidity gap	(423,159)	(60,354)	(114,353)	(158,579)	(227,248)	382,148	667,007	(65,461)	0

*The structure of the Group's assets and liabilities by maturity as at 31 December 2015 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	80,998	54,647	79,750	71,495	126,336	480,448	679,559	121,807	1,695,040
Total liabilities and shareholders' equity	502,104	141,252	153,935	215,501	362,608	118,057	56,047	145,536	1,695,040
Net liquidity gap	(421,106)	(86,605)	(74,185)	(144,006)	(236,272)	362,391	623,512	(23,729)	-

*The structure of the Bank's assets and liabilities by maturity as at 31 March 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	72,456	67,906	44,188	67,682	202,782	452,730	678,111	90,216	1,676,071
Total liabilities and shareholders' equity	497,512	113,889	163,489	219,706	371,704	118,751	33,702	157,318	1,676,071
Net liquidity gap	(425,056)	(45,983)	(119,301)	(152,024)	(168,922)	333,979	644,409	(67,102)	-

*The structure of the Bank's assets and liabilities by maturity as at 31 December 2015 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	79,941	59,249	106,110	75,678	140,714	434,628	634,506	127,031	1,657,857
Total liabilities and shareholders' equity	504,560	136,961	153,591	215,282	361,495	116,573	34,519	134,876	1,657,857
Net liquidity gap	(424,619)	(77,712)	(47,481)	(139,604)	(220,781)	318,055	599,987	(7,845)	-

## 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 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>
Assets	217,853	236,832	383,318	55,681	598,426	217,918	1,710,028
Liabilities and equity	112,515	173,655	207,764	363,454	139,274	713,366	1,710,028
Net interest sensitivity gap	105,338	63,177	175,554	(307,773)	459,152	(495,448)	-
Higher/lower impact on profit from balance sheet assets and liabilities	1,009	526	1,097	(769)	-	-	1,864

Group 31 December 2015:

	<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>
Assets	234,917	248,996	388,850	41,553	554,353	226,371	1,695,040
Liabilities and equity	143,261	169,961	209,612	339,125	145,887	687,194	1,695,040
Net interest sensitivity gap	91,656	79,035	179,238	(297,572)	408,466	(460,823)	-
Higher/lower impact on profit from balance sheet assets and liabilities	878	659	1,120	(744)	-	-	1,913

Bank 31 March 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>
Assets	218,612	220,151	368,243	122,538	570,523	176,004	1,676,071
Liabilities and equity	112,330	173,473	207,703	363,059	116,426	703,080	1,676,071
Net interest sensitivity gap	106,282	46,678	160,540	(240,521)	454,097	(527,076)	-
Higher/lower impact on profit from balance sheet assets and liabilities	1,019	389	1,003	(601)	-	-	1,810

Bank 31 December 2015:

	<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>
Assets	235,395	260,523	369,794	69,345	527,214	195,586	1,657,857
Liabilities and equity	143,052	169,916	209,490	338,759	123,114	673,526	1,657,857
Net interest sensitivity gap	92,343	90,607	160,304	(269,414)	404,100	(477,940)	-
Higher/lower impact on profit from balance sheet assets and liabilities	885	755	1,002	(674)	-	-	1,968

#### 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; assuring the compliance with the requirements set by legal acts.

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.

## NOTE 13

### LIQUIDITY, MARKET AND OPERATIONAL RISKS (continued)

The operational risk management methods are implemented in the Bank – the system for registration of operational risk events, 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 with the aim to distinguish the most risky areas of Bank's division/process which can cause to increase the level of operational risk in the Bank; evaluation of new products with the aim to ensure that the Bank does not take up activities with the risk unforeseen by the Bank, or the risk that cannot be managed.

In 2016, the Bank continued to develop and improve systems of operational risk management and internal control.

## 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 2016, the process of fair value measurement did not change significantly as compared to the process described in the annual financial statements for the year 2015. 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 2016, 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 2016		31 December 2015	
	Group	Bank	Group	Bank
<b>LEVEL I</b>				
<i>Financial assets at fair value through profit or loss</i>	64,531	36,340	71,091	42,701
<i>Available for sale financial assets</i>	18,244	17,837	18,154	17,752
<b>Total Level I financial assets</b>	<b>82,775</b>	<b>54,177</b>	<b>89,245</b>	<b>60,453</b>
<b>LEVEL II</b>				
<i>Financial assets at fair value through profit or loss</i>	11	11	1,109	1,109
<i>Financial liabilities at fair value through profit or loss</i>	(1,097)	(1,097)	(136)	(136)
<b>LEVEL III</b>				
<i>Financial assets at fair value through profit or loss</i>	6,584	6,046	8,208	7,670
<i>Available for sale financial assets</i>	2,136	2,069	2,314	2,069
<b>Total Level III financial assets</b>	<b>8,720</b>	<b>8,115</b>	<b>10,522</b>	<b>9,739</b>
<i>Financial liabilities at fair value through profit or loss</i>	19,656	19,656	20,457	20,457
<b>Total Level III financial liabilities</b>	<b>19,656</b>	<b>19,656</b>	<b>20,457</b>	<b>20,457</b>

There were no transfers between fair value hierarchy levels during 2016 and 2015.



**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 2016	1 Jan - 31 Mar 2015	1 Jan - 31 Mar 2016	1 Jan - 31 Mar 2015	1 Jan - 31 Mar 2016	1 Jan - 31 Mar 2015
Value as of 1 January	8,208	7,097	2,314	677	20,457	19,295
Additions	-	489	-	26	-	-
Disposals	(519)	-	(160)	(13)	-	-
Changes due to interest accrued/paid	-	-	-	-	(1)	-
Changes in fair value	(1,105)	(1,231)	(18)	4	(800)	41
<b>Value as of 31 March</b>	<b>6,584</b>	<b>6,355</b>	<b>2,136</b>	<b>694</b>	<b>19,656</b>	<b>19,336</b>

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 2016	1 Jan - 31 Mar 2015	1 Jan - 31 Mar 2016	1 Jan - 31 Mar 2015	1 Jan - 31 Mar 2016	1 Jan - 31 Mar 2015
Value as of 1 January	7,670	35,612	2,069	403	20,457	19,295
Additions	-	488	-	-	-	-
Disposals	(519)	(28,962)	-	-	-	-
Changes due to interest accrued/paid	-	-	-	-	(1)	-
Changes in fair value	(1,105)	(1,231)	-	-	(800)	41
<b>Likutis kovo 31 d.</b>	<b>6,046</b>	<b>5,907</b>	<b>2,069</b>	<b>403</b>	<b>19,656</b>	<b>19,336</b>

	1 January – 31 March 2016		1 January – 31 March 2015	
	Group	Bank	Group	Bank
Total result from revaluation of Level III instruments included in the income statement	(323)	(305)	(1,268)	(1,272)

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 2016 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
<i>Continuing operations</i>					
<i>Internal</i>	1,034	(917)	(197)	80	-
<i>External</i>	11,991	2,721	211	-	14,923
<i>Net interest income</i>	13,025	1,804	14	80	14,923
<i>Internal</i>	1,098	(930)	(226)	58	-
<i>External</i>	14,146	2,805	201	-	17,152
<i>Net interest, fee and commissions income</i>	<b>15,244</b>	<b>1,875</b>	<b>(25)</b>	<b>58</b>	<b>17,152</b>
<i>Internal</i>	(54)	(51)	(10)	115	-
<i>External</i>	(5,488)	(520)	(3,320)	-	(9,328)
<i>Operating expenses</i>	<b>(5,542)</b>	<b>(571)</b>	<b>(3,330)</b>	<b>115</b>	<b>(9,328)</b>
<i>Amortisation charges</i>	(56)	(10)	(5)	-	(71)
<i>Depreciation charges</i>	(255)	(30)	(56)	-	(341)
<i>Internal</i>	529	-	-	(529)	-
<i>External</i>	(1,914)	(202)	10	-	(2,106)
<i>Impairment expenses</i>	<b>(1,385)</b>	<b>(202)</b>	<b>10</b>	<b>(529)</b>	<b>(2,106)</b>
<i>Internal</i>	3,571	4	14	(3,589)	-
<i>External</i>	12,003	33	3,460	-	15,496
<i>Net other income</i>	<b>15,574</b>	<b>37</b>	<b>3,474</b>	<b>(3,589)</b>	<b>15,496</b>
<i>Profit (loss) from continuing operations before tax</i>	<b>23,580</b>	<b>1,099</b>	<b>68</b>	<b>(3,945)</b>	<b>20,802</b>
<i>Profit (loss) from discontinued operations</i>	-	-	-	(16)	(16)
<i>Income tax</i>	(2,904)	(135)	(14)	-	(3,053)
<i>Profit (loss) per segment after tax</i>	<b>20,676</b>	<b>964</b>	<b>54</b>	<b>(3,961)</b>	<b>17,733</b>
<i>Non-controlling interest</i>	-	-	-	-	-
<i>Profit (loss) for the period attributable to the owners of the Bank</i>	20,676	964	54	(3,961)	17,733
<i>Total segment assets</i>	1,676,071	107,696	81,761	(155,500)	1,710,028
<i>Total segment liabilities</i>	1,522,772	98,561	60,045	(126,257)	1,555,121
<i>Net segment assets (shareholders' equity)</i>	153,299	9,135	21,716	(29,243)	154,907

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 2015 and in the statement of comprehensive income for the three month period then ended is presented below:

	Banking	Leasing	Real estate development and other	Eliminations	Total
<i>Continuing operations</i>					
<i>Internal</i>	1,332	(1,045)	(154)	(133)	-
<i>External</i>	7,054	2,891	345	-	10,290
<i>Net interest income</i>	8,386	1,846	191	(133)	10,290
<i>Internal</i>	1,382	(1,061)	(153)	(168)	-
<i>External</i>	8,293	2,868	345	-	11,506
<i>Net interest, fee and commissions income</i>	9,675	1,807	192	(168)	11,506
<i>Internal</i>	(135)	(30)	(22)	187	-
<i>External</i>	(4,957)	(672)	(6,141)	-	(11,770)
<i>Operating expenses</i>	(5,092)	(702)	(6,163)	187	(11,770)
<i>Amortisation charges</i>	(32)	(10)	(6)	-	(48)
<i>Depreciation charges</i>	(231)	(45)	(78)	-	(354)
<i>Internal</i>	10	-	-	(10)	-
<i>External</i>	(2,101)	530	(35)	-	(1,606)
<i>Impairment expenses</i>	(2,091)	530	(35)	(10)	(1,606)
<i>Internal</i>	2,949	-	31	(2,980)	-
<i>External</i>	2,688	53	6,067	-	8,808
<i>Net other income</i>	5,637	53	6,098	(2,980)	8,808
<i>Profit (loss) from continuing operations before tax</i>	7,866	1,633	8	(2,971)	6,536
<i>Profit (loss) from discontinued operations</i>	-	-	-	(72)	(72)
<i>Income tax</i>	(808)	(218)	(1)	-	(1,027)
<i>Profit (loss) per segment after tax</i>	7,058	1,415	7	(3,043)	5,437
<i>Non-controlling interest</i>	-	-	-	-	-
<i>Profit (loss) for the period attributable to the owners of the Bank</i>	7,058	1,415	7	(3,043)	5,437
<i>Total segment assets</i>	1,617,248	110,322	107,236	(188,774)	1,646,032
<i>Total segment liabilities</i>	1,505,356	99,663	88,230	(159,371)	1,533,878
<i>Net segment assets (shareholders' equity)</i>	111,892	10,659	19,006	(29,403)	112,154

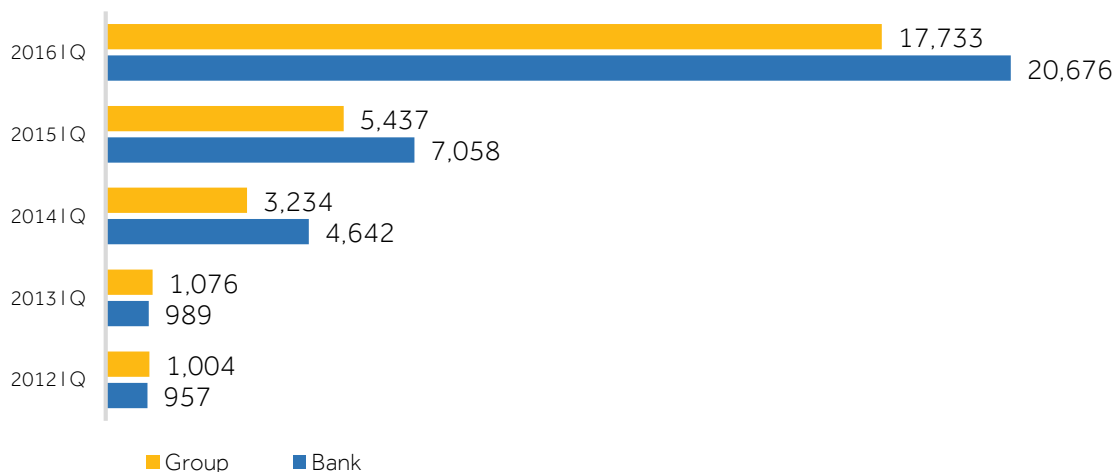


ADDITIONAL INFORMATION

## 1. Information on Performance Results

With the record result achieved in 2015 Šiaulių Bankas Group continues to operate successfully. In the first quarter of this year Šiaulių Bankas Group earned an unaudited net profit of 17.7 million euros – i.e. three times more than in the same period of 2015 when 5.4 million euros were earned. The net profit of Šiaulių Bankas amounted to 20.7 million euros for the three month period of this year. The Bank earned 7.1 million euros in the same period of the last year. The difference between the profit earned by the Group and the Bank was mainly caused by dividends paid by the leasing subsidiary.

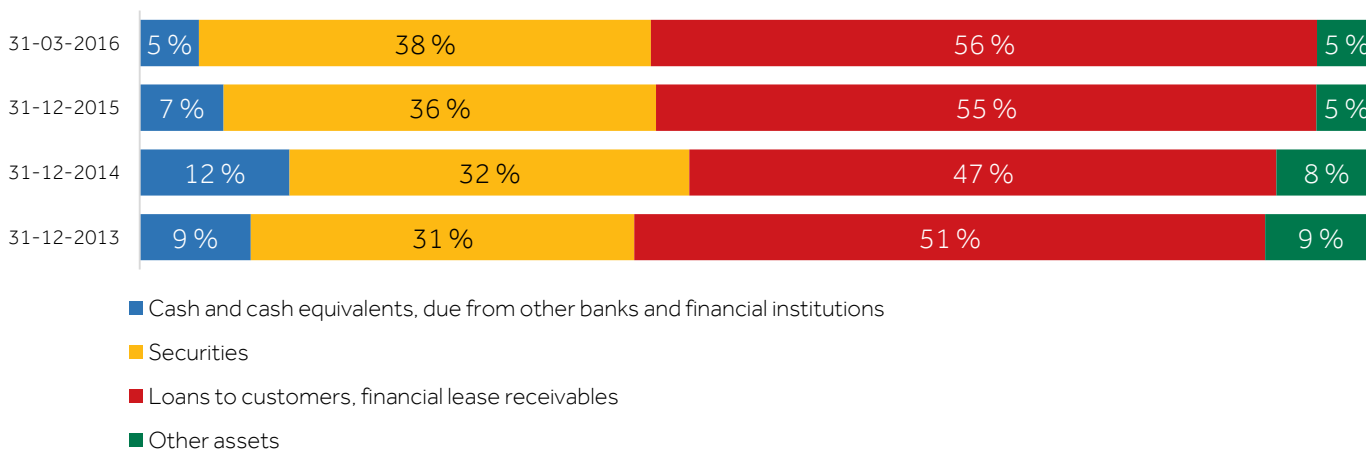
Net Profit earned by the Bank and the Group, in thousand euros:



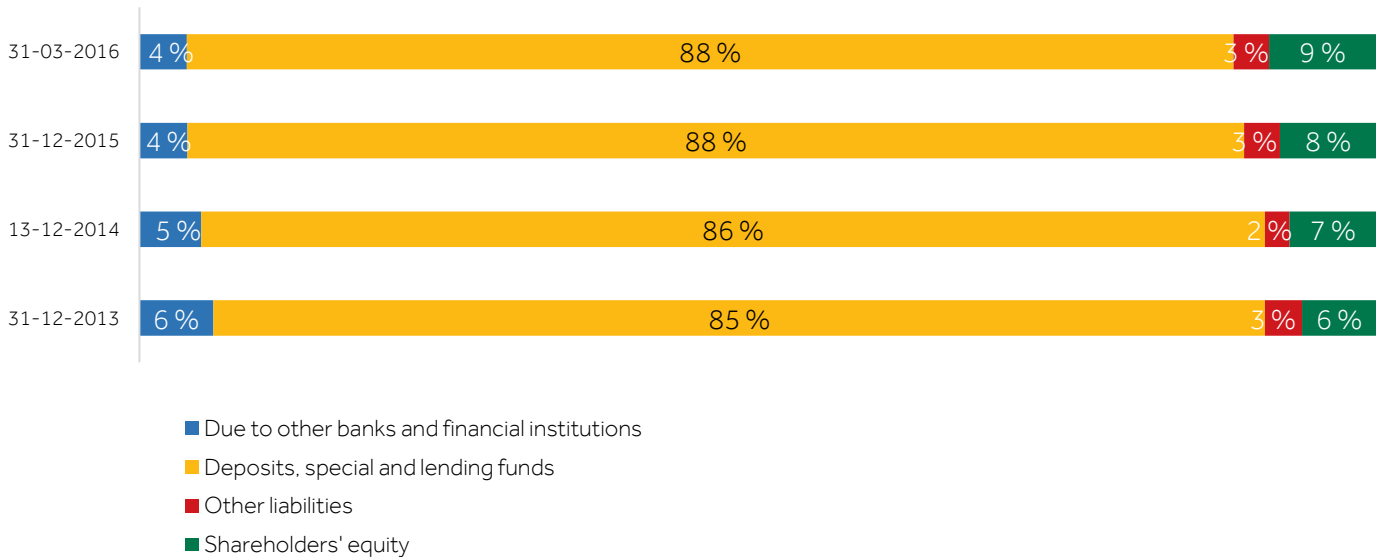
An excellent annual result of Šiaulių Bankas Group as well as its development potential have been welcomed by the investors - the bank's share price grew by 18 per cent from the beginning of the year. The bank's shares are among the most liquid ones among the Baltic listed companies quoted on NASDAQ Vilnius stock exchange.

The trend of consistent growth of loan and finance lease portfolio of Šiaulių Bankas Group continued from the previous year. Over the last twelve months the total amount of loans increased by 20 per cent, or by 151 million euros, and increased by 2 per cent from the beginning of this year. The Bank issued more than 110 million euros in new loans in the three months of the year. Due to the low interest rate environment, there was a little change in the deposit portfolio of the Group, which amounted to 1.44 billion euros at the end of March.

### Structure of the Group's Assets (per cent)



Structure of the Group's Liabilities (per cent):

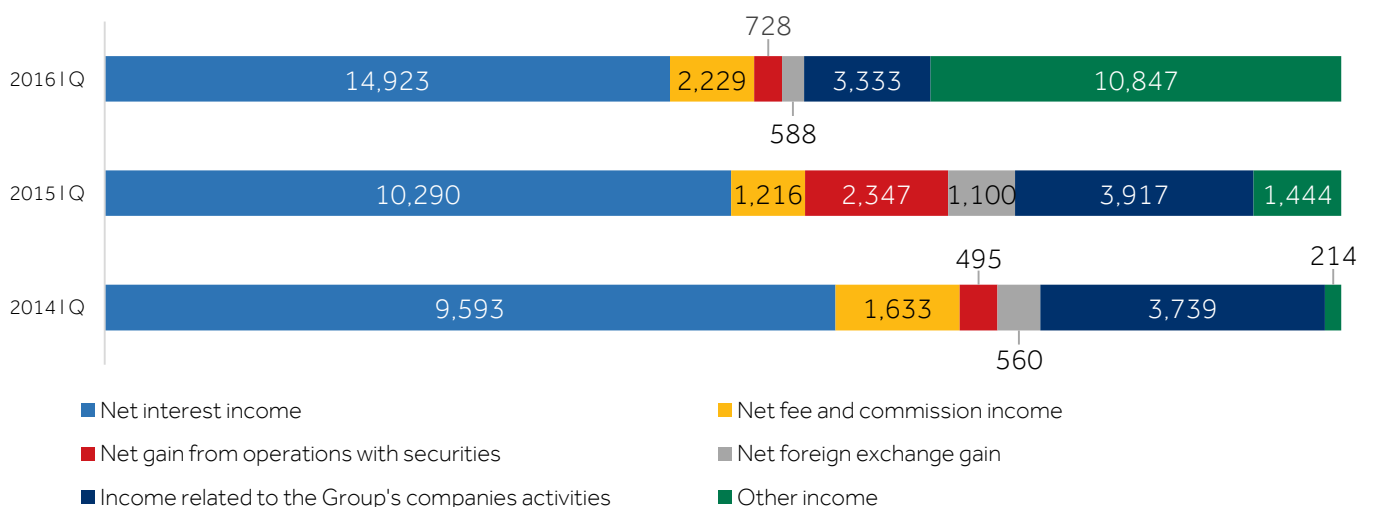


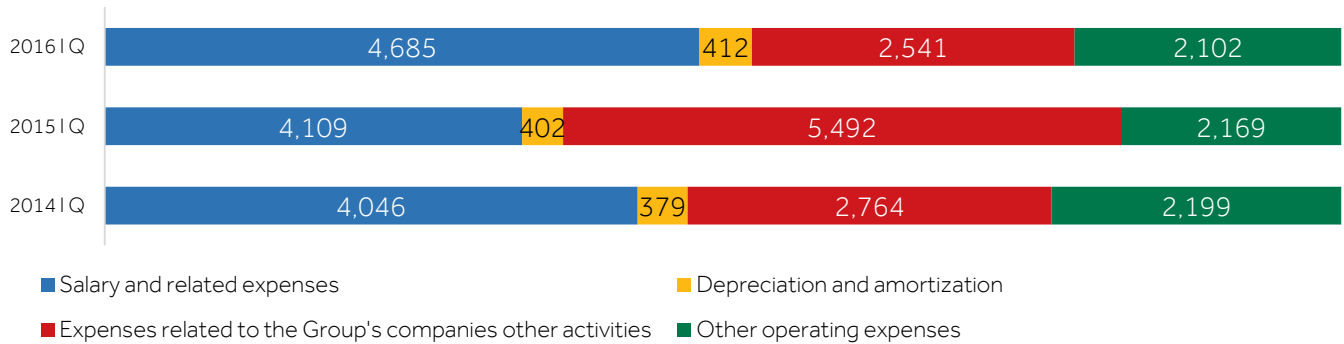
The Bank currently ranks fourth in terms of loans and deposits among the banks operating in Lithuania.

The growth of interest income was boosted by active provision of financing services to private and corporate customers. The interest income increased by 18 per cent over three months of 2016 as compared to the first quarter of previous year. Decreasing costs of deposits resulted in 36 per cent lower interest expenses in comparison with previous year. The net interest income grew significantly - it increased by 45 per cent and reached 14.9 million euros at the end of the first quarter in 2016.

A change in the net service fee and commission income was also remarkable – it increased by 83 per cent y-o-y. Very active involvement in the multi-apartment building modernization programme, increased variety of investment options offered to the customers through new securities trading and brokerage services contributed to this growth.

Structure of the Group's Operating Income (EUR thousand):



**Structure of the Group's Operating Expenses (EUR thousand):**


The loan portfolio impairment loss, which used to grow over the recent quarters, decreased in the first quarter of the current year and amounted to 2.1 million euros. Early repayment or refinancing of the loans and finance lease receivables resulted in a significant income of 10.4 million euros generated by the Bank.

During Q1 2016 the Group's expenses grew by 20 per cent in comparison with the respective period last year and amounted to EUR 9.7 million in total. 48 per cent of operating expenses consisted of salary and related expenses, i.e. EUR 4.7 million (43 per cent in Q1 2015). During the reporting period the Group incurred EUR 2.1 million impairment in loans and other assets (EUR 1.6 million in IQ of 2015).

According to the data as of 31 March 2016 the Bank complied with all the prudential requirements set by the Bank of Lithuania. This information is available on the Bank's [internet site](#) in the rubric "Prudential standards"

Information on the profitability ratios is available on the Bank's [internet site](#) in the rubric „Profitability ratios“.

At the end of Q1 of 2016 the customer service network of the Bank consisted of 70 units operating in 38 towns throughout Lithuania. The Bank's customers may use 211 ATMs of the joint ATM network and more than 1 972 terminals of Perlo Paslaugos UAB all over Lithuania.

## 2. The Bank's Authorized Capital and Shareholders

The authorized capital of the Bank is EUR 91 226 381.99. The amendments of the Charter related to the capital increase were registered the Register of Legal Entities on 14 September 2015.

64.03 per cent of the Bank's authorized capital is owned by the private persons and companies incorporated in Lithuania. - The major shareholder of the Bank is the European Bank for Reconstruction and Development (EBRD) that owns 18.24 of the Bank's shares.

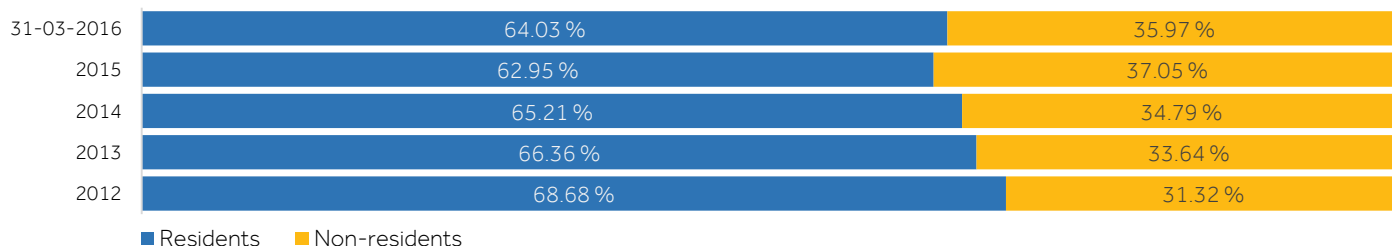
**Authorized capital by types of shareholders as of 31 March 2016 (EUR mln):**


Structure of the Bank's authorized capital as of 31 March 2016:

Type of shares	Number of shares, units	Nominal value, EUR	Total nominal value, EUR
Ordinary registered shares, ISIN LT0000102253	314,573,731	0.29	91,226,381.99

As of 31 March 2016 the number of the Bank's shareholders comprised 3 677 (as of 31 December 2015 – 3 476). All issued shares grant the shareholders equal rights foreseen by the Law on Companies of the Republic of Lithuania and the Charter of the Bank.

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



### 3. Trade in shares of the companies of the bank group in regulated markets

In the Main trading list of NASDAQ OMX Vilnius AB, only the shares of the Bank are quoted. ISIN code LT0000102253; the number of shares: 314 573 731. Shares of the Bank's subsidiary companies are issued for non-public circulation.

The Bank's shares are included in to the trading index OMX Baltic 10 (OMXB10) which consists of the shares of the 10 the most liquid companies of the Baltic states traded on the stock exchanges of the Baltic NASDAQ. Shares issued by the Bank are also included in the comparative index of the OMX Baltic states securities market *OMX Baltic Benchmark Gross Index (OMXBBGI)*, which is comprised of the shares of the highest capitalization and most liquid companies as well as in such indexes as *OMX Baltic All Share Price Index (OMXBPI)*, *OMX Baltic Benchmark Capped Price (OMXBBCPP)* and *OMX Baltic Benchmark Price (OMXBBPI)*. Besides, shares issued by the Bank are included in the indices STOXX All Europe Total Market, STOXX Eastern Europe TMI, STOXX Eastern Europe TMI Small, STOXX EU Enlarged TMI, STOXX Global Total Market and STOXX Lithuania Total Market.

The share price changes over the period between 31 March 2013 and 31 March 2016:

Source: [NASDAQ OMX Vilnius AB website](http://NASDAQ OMX Vilnius AB website)





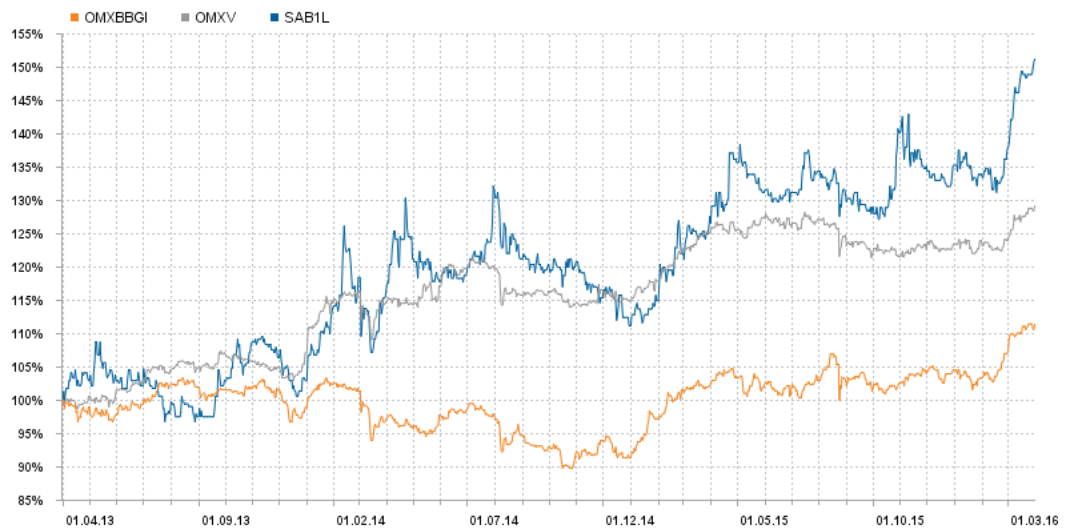
Turnover and price of the Bank's shares over the accounting period (EUR):

Source: [NASDAQ OMX Vilnius AB website](http://NASDAQ OMX Vilnius AB website)



The share price changes of OMX Vilnius index, OMX Baltic Benchmark and Bank's shares during the period between 31 March 2013 and 31 March 2016 are provided below:

Source: [NASDAQ OMX Vilnius AB website](http://NASDAQ OMX Vilnius AB website)



The Chart's data:

Index/Shares	2013 -31 -01	31/03/2016	+/-, %
„OMX Baltic Benchmark GI“	620.05	690.82	11.41
„OMX Vilnius“	393.63	508.34	29.14
SAB1L	EUR 0.220	EUR 0.333	51.18

The capitalization the Bank and the total capitalization of shares quoted on the NASDAQ OMX Vilnius AB as of the last trading day of 31 March 2013 and 31 March 2016 is provided below:

The list of the Baltic shares	31/12/2013	31/03/2016	Change	NASDAQ OMX Vilnius AB website
Šiaulių Bankas – SAB1L	EUR 64,585,821.58	EUR 104,753,052.42	62.19 %	<a href="http://market.lt.omxgroup.com/market/?pg=capital&amp;list%5B%5D=BAMT&amp;list%5B%5D=BAIT&amp;list%5B%5D=BAFN&amp;period=other&amp;start=2013.03.31&amp;end=2016.03.31">http://market.lt.omxgroup.com/market/?pg=capital&amp;list%5B%5D=BAMT&amp;list%5B%5D=BAIT&amp;list%5B%5D=BAFN&amp;period=other&amp;start=2013.03.31&amp;end=2016.03.31</a>
The Baltic regulated market in total	EUR 6 195,624,914.06	EUR 6,335,100,094.55	2.25 %	

Price/Earnings (P/E) indicator of the Group:

	31/12/2013	31/12/2014	31/12/2015	31/03/2016
P/E	13.12	6.12	3.73	1.67

#### 4. 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 OMX Vilnius stock exchange on behalf of the group by the joint order which is covered from the Bank's funds.

#### 5. Agreements with 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 concluded agreements with the following intermediaries in public circulation of securities:

- 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.
- with Raiffeisen Bank International AG - Agreements of securities account management and brokerage.
- with Privredna banka Zagreb – Agreement on custody service and storage and administration of financial instruments of the clients;
- with ERSTE Securities Polska SA – Brokerage services agreement for custodian clients;
- with Bank of Georgia – Subcustodial services agreement;
- with State Street Banque SA – Custodial account agreement;
- with Caceis bank Deutschland – Custody agreement;
- with Commerzbank AG –Custodial account agreement;
- with Karoll AD – Brokerage agreement;
- with JSC BG Capital – Agency and service agreement

#### 6. Ratings assigned by the 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.

<i>Long-term credit rating</i>	<b>Ba2</b>
<i>Short-term credit rating</i>	NP
<i>Rating outlook</i>	Stable

#### 7. Management bodies of the Bank

**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 (hereinafter - Head of the Bank).

**General Meeting of Shareholders** takes place annually, within 3 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 of the Republic of Lithuania 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. The Chief Executive Officer and the members of the Board and Supervisory Council participate in the general meetings of shareholders.

**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 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 (one) 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 Board of the Bank** is a collegial Bank management body, consisting of seven 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 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.

**Chief Executive Officer** is a single person management body of the Bank who 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.

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.

## 8. The members of the bank's collegial bodies

Supervisory Council of the Bank:

### *Arvydas Salda*



Member of the Supervisory Council of Šiaulių Bankas AB since 1991. Chairman of the Supervisory Council since 1999.

**Education:**

Kaunas Institute of Technology, Vilnius University, Master in applicable mathematics.

**Work experience (not less than 5 years):**

A consultant of SB Turto Fondas UAB since 2004.

### *Gintaras Kateiva*



Member of the Supervisory Council of Šiaulių Bankas AB 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.

### *Valdas Vitkauskas*



Member of the Supervisory Council of Šiaulių Bankas AB since 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 Mobiasbank (Moldova).

### *Peter Reiniger*



Member of the Supervisory Council of Šiaulių Bankas AB since 2011.

**Education:**

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

**Work experience (not less than 5 years):**

Director of the EBRD Business Group until 2010, the Managing Director since 2010, Chief Advisor of the First Vice-president and Executive Committee since 2011.

### *Ramunė Vilija Zabulienė*



Independent member of the Supervisory Council of Šiaulių Bankas AB since May 2012.

**Education:**

Vilnius University, an engineer-economist.

**Work experience (not less than 5 years):**

Member of the Board of the Bank of Lithuania, Deputy Chairman of the Board until 2011. Counsellor to the Minister at Ministry of Culture of the Republic of Lithuania since 2014.

During the General meeting of shareholders held on 30 March 2016 the Supervisory Council was elected for the new four year tenure. After expiry of the previous tenure, Vigintas Butkus and Sigitas Baguckas ceased to hold their offices. On 09 May 2016, after receiving authorization from the Bank of Lithuania, two members Darius Šulnis and Martynas Česnavičius newly elected in the Supervisory Council of the Bank started taking their offices.

The Management Board of the Bank:

*Algirdas Butkus*



Chairman of the Board of Šiaulių Bankas AB.

**Education:**

Kaunas Technology Institute, Master of Economy.

**Work experience (not less than 5 years):**

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

*Vytautas Sinius*



Member of the Board, Chief Executive Officer of Šiaulių Bankas AB from 1 February 2014.

**Education:**

Vilnius Higher School of Economics, a bank officer. Vilnius University, Bachelor of Economy. Vytautas Magnus University, Master of Business Administration and Management.

**Work experience (not less than 5 years):**

Director of Retail Banking Division of SEB AB 2006-2010, Head of Corporate Banking Division of Šiaulių Bankas AB 2011 - 2014.

*Donatas Savickas*



Member of the Board of Šiaulių Bankas AB, 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 (not less than 5 years):**

Deputy Chairman of the Board of Šiaulių bankas AB since 1995, Deputy Chief Executive Officer, Head of Finance and Credit Division since 2005, Head of Finance and Risk Management Division since 2011.

*Daiva Šorienė*



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

**Education:**

Vilnius University, Master of Economy. Vytautas Magnus University, Master of Business Administration and Management.

**Work experience (not less than 5 years):**

Deputy Chairperson of the Board of Šiaulių Bankas AB since 1998, Deputy Chief Executive Officer, Head of Corporate and Retail Banking Division since 2005, Head of Business Development Division since 2014.

*Vita Adomaitytė*



Member of the Board of Šiaulių Bankas AB, Chief Financial Officer, Head of Accounting and Tax Division.

**Education:**

Vilnius University, Master of Finance and Credit.

**Work experience (not less than 5 years):**

Chief Accountant of Šiaulių Bankas since 2002, Head of Accounting and Tax Division since 2005.

*Jonas Bartkus*



Member of the Board of Šiaulių Bankas AB, Head of IT Division.

**Education:**

Vilnius University, Master of mathematics.

**Work experience (not less than 5 years):**

Head of Business Development Division of the Bank since 2005, Head of the IT Division since 2011.

*Ilona Baranauskienė*



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

**Education:**

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

**Work experience (not less than 5 years):**

Director General of SLEZVB UAB until 2013, Director of Šiaulių Banko Turto Fondas UAB since 2004, Deputy Director of SBTf UAB since 2006, Director of the Special Financing Department of Šiaulių Bankas AB since 2013.



Information on the share of Bank's capital and votes owned under the right of ownership by the members of the collegial bodies and chief accountant together with the related parties:

<i>Name, surname</i>	<i>Beginning / end of tenure</i>	<i>Share of capital under the right of ownership, %</i>	<i>Share of votes together with the related persons, %</i>
<i>Arvydas Salda</i>	beginning 30/03/2016/ end 2020	2.42	39.41
<i>Sigitas Baguckas</i>	beginning 29/03/2012 /end 30/03/2016.	0.61	39.41
<i>Vigintas Butkus</i>	beginning 29/03/2012 /end 30/03/2016.	0.03	39.41
<i>Gintaras Kateiva</i>	beginning 30/03/2016/ end 2020	5.82	39.41
<i>Peter Reiniger</i>	beginning 30/03/2016/ end 2020	—	—
<i>Ramunė Vilija Zabulienė</i>	beginning 30/03/2016/ end 2020	—	—
<i>Valdas Vitkauskas</i>	beginning 30/03/2016/ end 2020	—	—
<i>Algirdas Butkus</i>	beginning 30/03/2016/ end 2020	3.60	39.41
<i>Vytautas Sinius</i>	beginning 30/03/2016/ end 2020	0.11	39.41
<i>Donatas Savickas</i>	beginning 30/03/2016/ end 2020	0.09	39.41
<i>Daiva Šorienė</i>	beginning 30/03/2016/ end 2020	0.06	39.41
<i>Vita Adomaitytė</i>	beginning 30/03/2016/ end 2020	0.05	39.41
<i>Jonas Bartkus</i>	beginning 30/03/2016/ end 2020	0.07	39.41
<i>Ilna Baranauskienė</i>	beginning 30/03/2016/ end 2020	0.02	39.41

## 9. The most important events over the accounting period

The Bank has started the year 2016 successfully implementing all changes associated with accession to the Single Euro Payments Area (SEPA) allowing the clients in Lithuania as well as in other member states belonging to the SEPA to transfer the funds in euros in unified formats, scope of information and in compliance with the same regulations.

From 01 January the range of financing services provided by the Bank will encompass leasing services with respect to vehicles and other large assets rendered to private and corporate customers previously rendered by Šiaulių Banko Lizingas UAB.

On January 11, the Bank announced about a new e-invoice service which replaced a direct debit services previously rendered by the Bank and currently not meeting the requirements set to the payment orders in euros in the SEPA environment.

On January 25, it was announced that big companies may receive the loans issued by the Ban with the guarantees provided by Investicijų ir verslo garantijos UAB.

On January 29, in order to ensure higher security of electronic settlement transactions, the Bank provided the possibility to register payment cards on the secure on-line payment programme MasterCard SecureCode.

On January 23, the results of the research carried out by the rehearser Dive Lietuva during November - December were announced. These results showed that over the last year the general customer service quality indicator had exceeded a banking-sector average of 87.6 % and reached even 90.3 % which corresponded the highest level of the customer servicing. The Bank made the biggest progress among the banks operating in Lithuania.

On February 23, it was announced that in order to increase on-line payment security the clients would have to sign some of the transaction on the on-line banking system SB Linija with an additional password sent by SMS.

On February 29, the activity result of the Group for 2015 was announced. According to Chief Executive Officer of the Bank Vytautas Sinius the year might be called as a record year in terms of development and results.

On 18 March, on the eve of the Clients' Day, the Bank thanked for trust that enabled it to win an international recognition - a magazine The Banker issued by an influential daily newspaper The Financial Times elected Šiaulių Bankas as the Bank of the Year 2016 in Lithuania.

On 21 March, the magazine Global Finance selected top banking performers in emerging markets in Central and Eastern Europe for the twenty-third year and recognized Šiaulių Bankas as the best bank in Lithuania in 2015.

Annual information for 2015 consisting of the audited financial statements of the Bank and the Group, the independent auditor's report and the consolidated annual report was published on 30 March.

A resolution to increase the Bank's authorized capital by 18.2 million euros from the Bank's retained earnings was passed during the General Meeting of Shareholders of the Bank held on 30 March. After the share issue the authorized capital of the Bank will grow up to 109.5 million euros.

## 10. Data on publicly disclosed information

The following information was publicly disclosed over the first quarter of 2016:

26/02/2016	the interim information for twelve months of the Bank and the Group for 2015;
09/03/2016	convocation of the Ordinary General Meeting of Shareholders;
09/03/2016	the draft resolutions prepared by the Board for the Ordinary General Meeting of Shareholders held on 30 March 2016;
30/03/2016	resolutions of the Ordinary General Meeting of Shareholders held on 30 March 2016;
30/03/2016	announcement of the annual information;
31/03/2016	Announcement about resolutions passed by the Supervisory Council and Management Board of the Bank (regarding election of the Chairman of the Supervisory Council and members of the Management Board).

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 site [www.sb.lt](http://www.sb.lt). Reports on the Meetings of Shareholders were additionally announced in the daily newspaper *Lietuvos rytas*.

Chief Executive Officer

20 May 2016



Vytautas Sinius