

INTERIM INFORMATION

for the nine months period ended 30 September 2021

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CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

for nine months period ended 30 September 2021

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

	Notes	30 September 2021		31 December 2020	
		Group	Bank	Group	Bank
ASSETS					
Cash and cash equivalents		850,953	850,038	432,584	431,649
Securities in the trading book	2	41,858	10,041	37,068	9,582
Due from other banks		1,131	1,131	1,598	1,598
Derivative financial instruments		2,421	2,421	445	445
Loans to customers	1	1,846,180	1,827,556	1,605,663	1,592,363
Finance lease receivables	1	188,987	188,744	155,457	155,290
Investment securities at fair value	2	56,995	56,906	34,342	34,215
Investment securities at amortized cost	2	717,667	704,992	709,454	697,136
Investments in subsidiaries and associates	2	-	31,049	-	29,135
Intangible assets		5,074	3,401	5,729	4,230
Property, plant and equipment		15,947	14,466	16,484	15,852
Investment property		2,245	346	5,552	362
Current income tax prepayment		950	923	48	8
Deferred income tax asset		1,123	776	2,078	1,690
Other non-financial assets	3	19,586	16,708	14,796	9,541
Assets held for sale	3	635	635	7,547	4,573
Total assets		3,751,752	3,710,133	3,028,845	2,987,669
LIABILITIES					
Due to other banks and financial institutions	5	703,758	707,980	227,823	231,270
Derivative financial instruments		268	268	3,840	3,840
Due to customers	4	2,549,315	2,553,045	2,347,427	2,349,021
Special and lending funds	5	6,610	6,599	5,749	5,749
Debt securities in issue		20,947	20,947	20,027	20,027
Current income tax liabilities		967	635	1,092	737
Deferred income tax liabilities		1,417	-	1,251	-
Liabilities related to insurance activities	17	39,565	-	36,275	-
Other non-financial liabilities		32,929	23,485	30,197	21,461
Liabilities related to assets classified as held for sale	3	-	-	98	-
Total liabilities		3,355,776	3,312,959	2,673,779	2,632,105
EQUITY					
Share capital	6	174,211	174,211	174,211	174,211
Share premium		3,428	3,428	3,428	3,428
Treasury shares (-)	6	(516)	(516)	-	-
Reserve capital		756	756	756	756
Statutory reserve	6	21,893	21,770	14,427	14,246
Reserve for acquisition of own shares	6	10,000	10,000	10,000	10,000
Financial instruments revaluation reserve		(99)	(110)	388	375
Other equity	6	3,385	2,967	2,359	2,066
Retained earnings		182,918	184,668	149,497	150,482
Non-controlling interest		-	-	-	-
Total equity		395,976	397,174	355,066	355,564
Total liabilities and equity		3,751,752	3,710,133	3,028,845	2,987,669

The notes on pages 10 - 33 constitute an integral part of these condensed interim financial statements.

Chief Executive Officer

Chief Financial Officer

29 October 2021



Vytautas Sinius



Donatas Savickas

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

	Notes	for nine months period ended			
		30 September 2021		30 September 2020	
		Group	Bank	Group	Bank
<i>Interest revenue calculated using the effective interest method</i>	7	60,217	50,507	58,426	48,532
<i>Other similar income</i>	7	6,314	6,211	5,605	5,544
<i>Interest expense and similar charges</i>	7	(7,796)	(7,786)	(7,480)	(7,478)
Net interest income		58,735	48,932	56,551	46,598
<i>Fee and commission income</i>	8	18,064	18,451	16,782	17,076
<i>Fee and commission expense</i>	8	(5,284)	(5,117)	(4,772)	(4,592)
Net fee and commission income		12,780	13,334	12,010	12,484
<i>Net gain from trading activities</i>	11	8,755	6,740	7,725	9,166
<i>Net gain (loss) from derecognition of financial assets</i>		4,163	2,677	954	155
<i>Net gain (loss) from disposal of tangible assets</i>		3,618	69	517	45
<i>Revenue related to insurance activities</i>		5,865	-	5,316	-
<i>Other operating income</i>		573	389	650	242
<i>Salaries and related expenses</i>		(19,565)	(17,013)	(16,572)	(14,357)
<i>Depreciation and amortization expenses</i>		(3,339)	(2,984)	(3,036)	(2,611)
<i>Expenses related to insurance activities</i>	11	(5,383)	-	(2,533)	-
<i>Other operating expenses</i>	9	(11,086)	(8,107)	(10,313)	(7,642)
Operating profit before impairment losses		55,116	44,037	51,269	44,080
<i>Allowance for impairment losses on loans and other assets</i>	10	(1,521)	1,103	(9,117)	(7,649)
<i>Allowance for impairment losses on investments in subsidiaries</i>		-	-	-	-
<i>Share of the profit or loss of investments in subsidiaries accounted for using the equity method</i>	12	-	8,211	-	4,611
Profit before income tax		53,595	53,351	42,152	41,042
<i>Income tax expense</i>		(9,404)	(8,337)	(7,907)	(6,876)
Net profit for the period		44,191	45,014	34,245	34,166
<i>Profit (loss) from discontinued operations, net of tax</i>		-	-	-	-
Net profit for the period		44,191	45,014	34,245	34,166
Net profit attributable to:					
<i>Owners of the Bank</i>		44,191	45,014	34,245	34,166
<i>From continuing operations</i>		44,191	45,014	34,245	34,166
<i>From discontinued operations</i>		-	-	-	-
<i>Non-controlling interest</i>		-	-	-	-
<i>Basic earnings per share (in EUR per share) attributable to owners of the Bank</i>	6	0.07		0.06	
<i>Diluted earnings per share (in EUR per share) attributable to owners of the Bank</i>	6	0.07		0.06	

The notes on pages 10 - 33 constitute an integral part of these condensed interim financial statements.

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

	for three months period				
		1 July - 30 September 2021		1 July - 30 September 2020	
	Notes	Group	Bank	Group	Bank
<i>Interest revenue calculated using the effective interest method</i>		20,876	17,543	19,960	16,537
<i>Other similar income</i>		2,290	2,257	1,788	1,794
<i>Interest expense and similar charges</i>		(2,424)	(2,410)	(2,636)	(2,631)
Net interest income		20,742	17,390	19,112	15,700
<i>Fee and commission income</i>		6,265	6,391	5,794	5,912
<i>Fee and commission expense</i>		(1,914)	(1,859)	(1,464)	(1,404)
Net fee and commission income		4,351	4,532	4,330	4,508
<i>Net gain from trading activities</i>		2,578	2,317	4,431	4,057
<i>Net gain (loss) from derecognition of financial assets</i>		4,212	2,495	2	(102)
<i>Net gain (loss) from disposal of tangible assets</i>		72	9	60	(24)
<i>Revenue related to insurance activities</i>		2,004	-	1,826	-
<i>Other operating income</i>		188	101	215	76
<i>Salaries and related expenses</i>		(6,722)	(5,830)	(5,888)	(5,102)
<i>Depreciation and amortization expenses</i>		(1,105)	(995)	(1,047)	(908)
<i>Expenses related to insurance activities</i>		(1,753)	-	(1,837)	-
<i>Other operating expenses</i>		(4,136)	(2,901)	(3,909)	(2,828)
Operating profit before impairment losses		20,431	17,118	17,295	15,377
<i>Allowance for impairment losses on loans and other assets</i>		(580)	641	(835)	(538)
<i>Allowance for impairment losses on investments in subsidiaries</i>		-	-	-	-
<i>Share of the profit or loss of investments in subsidiaries accounted for using the equity method</i>		-	2,271	-	1,353
Profit before income tax		19,851	20,030	16,460	16,192
<i>Income tax expense</i>		(3,546)	(3,245)	(3,099)	(2,773)
Net profit for the period		16,305	16,785	13,361	13,419
<i>Profit (loss) from discontinued operations, net of tax</i>		-	-	-	-
Net profit for the year		16,305	16,785	13,361	13,419
Net profit attributable to:					
<i>Owners of the Bank</i>		16,305	16,785	13,361	13,419
<i>From continuing operations</i>		16,305	16,785	13,361	13,419
<i>From discontinued operations</i>		-	-	-	-
<i>Non-controlling interest</i>		-	-	-	-

The notes on pages 10 - 33 constitute an integral part of these condensed interim financial statements.

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

	for nine months period ended			
	30 September 2021		30 September 2020	
	Group	Bank	Group	Bank
Net profit for the period	44,191	45,014	34,245	34,166
Other comprehensive income				
<i>Items that may be subsequently reclassified to profit or loss:</i>				
Gain from revaluation of financial assets	(609)	(606)	191	191
Deferred income tax on gain from revaluation of financial assets	122	121	-	-
<i>Items that may not be subsequently reclassified to profit or loss:</i>				
Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in their credit risk	-	-	-	-
Other comprehensive income, net of deferred tax	(487)	(485)	191	191
Total comprehensive income for the period	43,704	44,529	34,436	34,357
Total comprehensive income (loss) attributable to:				
Owners of the Bank	43,704	44,529	34,436	34,357
Non-controlling interest	-	-	-	-
	43,704	44,529	34,436	34,357

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

	for three months period			
	1 July - 30 September 2021		1 July - 30 September 2020	
	Group	Bank	Group	Bank
Net profit for the period	16,305	16,785	13,361	13,419
Other comprehensive income (loss)				
<i>Items that may be subsequently reclassified to profit or loss:</i>				
Gain (loss) from revaluation of financial assets	75	78	155	155
Deferred income tax on gain (loss) from revaluation of financial assets	(15)	(16)	(46)	(46)
<i>Items that may not be subsequently reclassified to profit or loss:</i>				
Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in their credit risk	-	-	-	-
Other comprehensive income (loss), net of deferred tax	60	62	109	109
Total comprehensive income for the period	16,365	16,847	13,470	13,528
Total comprehensive income (loss) attributable to:				
Owners of the Bank	16,365	16,847	13,470	13,528
Non-controlling interest	-	-	-	-
	16,365	16,847	13,470	13,528

The notes on pages 10 - 33 constitute an integral part of these condensed interim financial statements.

THE GROUP'S CONDENSED STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital	Share premium	Treasury shares (-)	Reserve capital	Financial instruments revaluation	Statutory reserve	Reserve for acquisition of own shares	Other equity	Retained earnings	Total	Non-controlling interest	Total equity
Attributable to Bank shareholders													
1 January 2020		174,211	3,428	-	756	(9)	14,468	10,000	1,536	106,414	310,804	-	310,804
Transfer to/from statutory reserve		-	-	-	-	-	(41)	-	-	41	-	-	-
Acquisition of own shares	6	-	-	-	-	-	-	(320)	-	-	(320)	-	(320)
Share-based payment	6	-	-	-	-	-	-	320	823	-	1,143	-	1,143
Total comprehensive income		-	-	-	-	191	-	-	-	34,245	34,436	-	34,436
30 September 2020		174,211	3,428	-	756	182	14,427	10,000	2,359	140,700	346,063	-	346,063
Total comprehensive income		-	-	-	-	206	-	-	-	8,797	9,003	-	9,003
31 December 2020		174,211	3,428	-	756	388	14,427	10,000	2,359	149,497	355,066	-	355,066
Transfer to statutory reserve		-	-	-	-	-	7,466	-	-	(7,466)	-	-	-
Acquisition of own shares	6	-	-	(516)	-	-	-	(234)	-	-	(750)	-	(750)
Share-based payment	6	-	-	-	-	-	-	234	1,026	-	1,260	-	1,260
Payment of dividends	6	-	-	-	-	-	-	-	-	(3,304)	(3,304)	-	(3,304)
Total comprehensive income		-	-	-	-	(487)	-	-	-	44,191	43,704	-	43,704
30 September 2021		174,211	3,428	(516)	756	(99)	21,893	10,000	3,385	182,918	395,976	-	395,976

THE BANK'S CONDENSED STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital	Share premium	Treasury shares (-)	Reserve capital	Financial instruments revaluation reserve	Statutory reserve	Reserve for acquisition of own shares	Other equity	Retained earnings	Total
1 January 2020		174,211	3,428	-	756	(22)	14,246	10,000	1,345	107,387	311,351
Acquisition of own shares	6	-	-	-	-	-	-	(320)	-	-	(320)
Share-based payment	6	-	-	-	-	-	-	320	721	-	1,041
Total comprehensive income		-	-	-	-	191	-	-	-	34,166	34,357
30 September 2020		174,211	3,428	-	756	169	14,246	10,000	2,066	141,553	346,429
Total comprehensive income		-	-	-	-	206	-	-	-	8,929	9,135
31 December 2020		174,211	3,428	-	756	375	14,246	10,000	2,066	150,482	355,564
Transfer to statutory reserve		-	-	-	-	-	7,524	-	-	(7,524)	-
Acquisition of own shares	6	-	-	(516)	-	-	-	(234)	-	-	(750)
Share-based payment	6	-	-	-	-	-	-	234	901	-	1,135
Payment of dividends	6	-	-	-	-	-	-	-	-	(3,304)	(3,304)
Total comprehensive income		-	-	-	-	(485)	-	-	-	45,014	44,529
30 September 2021		174,211	3,428	(516)	756	(110)	21,770	10,000	2,967	184,668	397,174

The notes on pages 10 - 33 constitute an integral part of these condensed interim financial statements.

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

	Notes	for nine months period ended			
		30 September 2021		30 September 2020	
		Group	Bank	Group	Bank
Operating activities				restated	restated
Interest received on loans and advances		67,311	57,498	59,734	49,795
Interest received on securities in the trading book		253	160	336	336
Interest paid		(8,790)	(8,787)	(6,169)	(6,158)
Fees and commissions received		18,029	18,451	16,747	17,076
Fees and commissions paid		(5,284)	(5,117)	(4,583)	(4,592)
Net cash inflows from trade in securities in the trading book		2,334	(1,565)	6,799	9,126
Net inflows from foreign exchange operations		4,603	4,643	8,894	6,305
Net inflows from derecognition of financial assets		4,163	2,677	1,320	521
Net inflows from derecognition of non-financial assets		3,618	69	1,550	801
Cash inflows related to other activities of Group companies		6,438	389	5,966	242
Cash outflows related to other activities of Group companies		(4,810)	-	(2,533)	-
Recoveries on loans previously written off		1,073	504	9,612	7,028
Salaries and related payments to and on behalf of employees		(20,179)	(17,627)	(15,995)	(13,780)
Payments related to operating and other expenses		(11,936)	(9,756)	(8,761)	(7,642)
Income tax paid		(6,110)	(5,960)	(5,405)	(4,619)
Net cash flow from operating activities before change in operating assets and liabilities		50,713	35,579	67,512	54,439
Change in operating assets and liabilities:					
Decrease (increase) in due from other banks		467	467	(1,169)	(1,164)
(Increase) in loans to customers and finance lease receivables		(218,823)	(205,978)	(78,067)	(68,910)
(Increase)/decrease in finance lease receivables		(62,069)	(65,486)	3,031	2,687
Decrease (increase) in other assets		2,470	510	(12,588)	(11,649)
Decrease (increase) in due to banks and financial institutions		475,940	476,715	122,163	122,275
Increase (decrease) increase in due to customers		202,901	205,037	238,564	237,973
Increase in special and lending funds		861	850	(2,619)	(2,619)
Increase (decrease) in other liabilities		(2,120)	(2,425)	(7,123)	(6,267)
Change		399,627	409,690	262,192	272,326
Net cash flow from (used in) from operating activities		450,340	445,269	329,704	326,765
Investing activities					
Acquisition of property, plant and equipment, investment property and intangible assets		(571)	(418)	(2,956)	(2,894)
Disposal of property, plant and equipment, investment property and intangible assets		476	476	553	601
Acquisition of debt securities at amortized cost		(276,236)	(275,876)	(368,489)	(366,536)
Proceeds from redemption of debt securities at amortized cost		263,846	260,855	205,083	205,068
Interest received on debt securities at amortized cost		3,738	3,842	5,118	4,902
Dividends received		-	5,000	2	4,002
Acquisition of investment securities at fair value		(49,254)	(38,493)	(28,293)	(29,323)
Sale or redemption of investment securities at fair value		24,431	16,370	4,905	4,609
Interest received on investment securities at fair value		400	208	151	151
Disposal of subsidiaries		5,478	5,428	-	-
Net cash flow (used in) from investing activities		(27,692)	(22,608)	(183,926)	(179,420)
Financing activities					
Payment of dividends		(3,382)	(3,382)	(9)	(9)
Principal elements of lease payments		(897)	(890)	(963)	(963)
Net cash flow (used in) financing activities		(4,279)	(4,272)	(972)	(972)
Net increase (decrease) in cash and cash equivalents		418,369	418,389	144,806	146,373
Cash and cash equivalents at 1 January		432,584	431,649	184,917	181,582
Cash and cash equivalents at 30 September		850,953	850,038	329,723	327,955

The notes on pages 10 - 33 constitute an integral part of these condensed interim 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 (described in more detail in Note 2) - 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 56 customer service outlets (31 December 2020: 59 outlets). As at 30 September 2021 the Bank had 785 employees (31 December 2020: 756). As at 30 September 2021 the Group had 876 employees (31 December 2020: 849 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.

This condensed interim financial information for the nine months period ended 30 September 2021 has been prepared in accordance with IAS 34, "Interim Financial Reporting" as adopted by the EU. The condensed interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2020, 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 and the Group for the year ended 31 December 2020.

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

Newly published standards, amendments and interpretations that are mandatory for the Bank's and the Group's reporting periods beginning on or after 1 January 2021 did not have a material impact on the Bank's and the Group's financial statements, also there are no new standards, amendments and interpretations that are mandatory for the Bank with effect from 2021, and that would have a material impact on the Bank's and the Group's financial information.

Critical accounting estimates and judgements

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 2020, except for judgements and estimations used for calculation of impairment, which were revised to reflect the most recent economic forecasts. These judgements and estimates are described in more detail in Notes 1 and 10. It should be noted that at the moment of producing the financial reports there was no full clarity regarding further development scenarios of Covid-19 pandemic and uncertainties regarding further global, country and sector development trends existed, therefore there is a significant probability that actual results may deviate from the estimated.

These financial statements combine the consolidated financial statements for the Group and stand-alone financial statements of the Bank.

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 and the Group 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 and the Group 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 and Group's position in the market and would increase the Bank's and Group's value. In assessing exposure to credit risk, the Bank and the Group adheres to the principle of prudence.

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

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

	30 September 2021		31 December 2020	
	Group	Bank	Group	Bank
<i>Cash equivalents</i>	782,394	781,557	363,088	362,251
<i>Loans and advances to banks</i>	1,131	1,131	1,598	1,598
<i>Loans and advances to customers:</i>	1,846,180	1,827,556	1,605,663	1,592,363
<i>Loans and advances to financial institutions</i>	-	117,427	-	107,574
<i>Loans to individuals (Retail)</i>	653,100	522,578	547,122	426,374
<i>Loans to business customers</i>	1,193,080	1,187,551	1,058,541	1,058,415
<i>Finance lease receivables</i>	188,987	188,744	155,457	155,290
<i>Debt securities at fair value through profit or loss</i>	14,661	9,105	14,540	8,844
<i>Derivative financial instruments</i>	2,421	2,421	445	445
<i>Debt securities at fair value through other comprehensive income</i>	52,421	52,421	30,429	30,429
<i>Debt securities at amortized cost</i>	717,667	704,992	709,454	697,136
<i>Other assets subject to credit risk</i>	5,620	5,511	4,695	4,278
<i>Credit risk exposures relating to off-balance sheet items are as follows:</i>				
<i>Financial guarantees</i>	50,836	50,897	48,790	48,851
<i>Letters of credit</i>	1,890	1,890	3,522	3,522
<i>Loan commitments and other credit related liabilities</i>	348,860	365,079	281,765	300,768
Total	4,013,068	3,991,304	3,219,446	3,205,775

NOTE 1

LOANS TO CUSTOMERS AND FINANCE LEASE RECEIVABLES (CONTINUED)

Loans to customers

Loans and advances are summarized as follows:

	30 September 2021		31 December 2020	
	Group	Bank	Group	Bank
Gross	1,880,478	1,854,594	1,648,446	1,630,184
<i>Less: allowance for impairment</i>	(34,297)	(27,037)	(42,783)	(37,821)
Net	1,846,180	1,827,556	1,605,663	1,592,363

The distribution of loans by stages and days past due:

	30 September 2021					31 December 2020				
	Not past due	Past due <= 30 days	Past due 31-90 days	Past due >90 days	Total	Not past due	Past due <= 30 days	Past due 31-90 days	Past due >90 days	Total
Stage 1:										
<i>Gross amount</i>	1,491,602	59,608	456	5	1,551,671	1,258,537	24,002	14	29	1,282,582
<i>Allowance for impairment</i>	(8,557)	(1,088)	(1)	-	(9,646)	(6,517)	(1,056)	-	(1)	(7,574)
Net amount	1,483,045	58,520	455	5	1,542,025	1,252,020	22,946	14	28	1,275,008
Stage 2:										
<i>Gross amount</i>	239,863	6,681	6,319	3	252,866	241,246	5,117	5,482	5	251,850
<i>Allowance for impairment</i>	(4,187)	(162)	(1,382)	-	(5,731)	(5,130)	(248)	(1,610)	(1)	(6,989)
Net amount	235,676	6,519	4,937	3	247,135	236,116	4,869	3,872	4	244,861
Stage 3:										
<i>Gross amount</i>	37,064	12,145	3,919	22,813	75,941	61,559	6,658	3,160	42,637	114,014
<i>Allowance for impairment</i>	(4,177)	(2,158)	(1,463)	(11,123)	(18,921)	(6,249)	(1,107)	(1,018)	(19,846)	(28,220)
Net amount	32,887	9,987	2,456	11,690	57,020	55,310	5,551	2,142	22,791	85,794
Total:										
<i>Gross amount</i>	1,768,529	78,434	10,694	22,821	1,880,478	1,561,342	35,777	8,656	42,671	1,648,446
<i>Allowance for impairment</i>	(16,921)	(3,408)	(2,846)	(11,123)	(34,298)	(17,896)	(2,411)	(2,628)	(19,848)	(42,783)
Net amount	1,751,608	75,026	7,848	11,698	1,846,180	1,543,446	33,366	6,028	22,823	1,605,663

	30 September 2021					31 December 2020				
	Not past due	Past due <= 30 days	Past due 31-90 days	Past due >90 days	Total	Not past due	Past due <= 30 days	Past due 31-90 days	Past due >90 days	Total
Stage 1:										
<i>Gross amount</i>	1,375,159	46,180	456	5	1,421,800	1,256,789	11,159	14	10	1,267,972
<i>Allowance for impairment</i>	(5,704)	(122)	(1)	-	(5,827)	(3,747)	(79)	-	-	(3,826)
Net amount	1,369,455	46,058	455	5	1,415,973	1,253,042	11,080	14	10	1,264,146
Stage 2:										
<i>Gross amount</i>	351,782	6,681	2,604	3	361,070	241,247	5,117	1,206	-	247,570
<i>Allowance for impairment</i>	(4,187)	(162)	(81)	-	(4,430)	(5,130)	(248)	(57)	-	(5,435)
Net amount	347,595	6,519	2,523	3	356,640	236,117	4,869	1,149	-	242,135
Stage 3:										
<i>Gross amount</i>	35,771	11,227	2,687	22,038	71,723	65,546	5,835	1,732	41,529	114,642
<i>Allowance for impairment</i>	(3,523)	(1,699)	(850)	(10,708)	(16,780)	(8,310)	(688)	(291)	(19,271)	(28,560)
Net amount	32,248	9,528	1,837	11,330	54,943	57,236	5,147	1,441	22,258	86,082
Total:										
<i>Gross amount</i>	1,762,712	64,088	5,747	22,046	1,854,593	1,563,582	22,111	2,952	41,539	1,630,184
<i>Allowance for impairment</i>	(13,414)	(1,983)	(932)	(10,708)	(27,037)	(17,187)	(1,015)	(348)	(19,271)	(37,821)
Net amount	1,749,298	62,105	4,815	11,338	1,827,556	1,546,395	21,096	2,604	22,268	1,592,363

NOTE 1

LOANS TO CUSTOMERS AND FINANCE LEASE RECEIVABLES (CONTINUED)

Loans are assigned to stages using the following principles (a deviation from these principles is allowed in the process of individual loan assessment based on contract-specific circumstances if it would result in more precise assessment of the risk of the contract):

Stage 1 loans: loans with no significant increase in credit risk observed.

Stage 2 loans: loans with an increase in credit risk observed. Main reasons for determining an increase in credit risk are: deterioration of borrower's financial status from the initial (this criteria is not applicable to the low credit risk loans, i.e. loans that have internal borrower's financial status assessment grades "very good" or "good" or investment grade credit ratings by external credit rating agencies), payment delay of over 30 days, and other objective criteria showing an increase in credit risk.

Stage 3 loans: defaulted loans. Main reasons for determining a default are: payment delay of over 90 days, bankruptcy of the borrower, termination of the contract, start of the foreclosure procedures and other objective criteria.

During the first quarter of 2021, internal credit rating procedures were enhanced: an updated legal customer financial status methodology was implemented. Main change in the methodology – increased number of grades: there were 5 internal grades under previous methodology, updated methodology has 11 grades. This allows for more granular assessment of borrowers. Clear links between internal credit grades and credit stages have been established – exposures assigned to internal credit rating grades 7 – 9 are in credit stage 2, exposures assigned internal grades 10 – 11 are in credit stage 3.

In April 2020 the Bank joined the moratoria initiated by the Association of Lithuanian Banks (ALB) that offer principal repayment deferral solutions for individual and business customers. Moratoria ended on 30 September 2020, but, taking into account Covid-19 developments in Lithuania, they were renewed in January 2021 until 31 March 2021. As interest rate is not modified as a condition for moratoria, no material result from contract modifications was recorded (during nine months period ended 30 September 2021, loan modifications resulted in net loss of EUR 5 thousand, which was included in income statement line "Other operating income"). Renewed moratoria did not reach significant volumes – extensions according to the renewed moratoria were applied for loans and finance lease receivables with carrying amount of EUR 2,831 thousand. Major part of the loans that had extensions according to moratoria have returned to their original payment schedules – as of 30 September 2021 there were no loans and finance lease receivables with unexpired payment deferrals according to moratoria (including renewed moratoria). Also, loans and finance lease receivables with carrying amount of EUR 12,012 thousand had other extension measures that were not under moratoria and had not returned to the original payment schedules.

Finance lease receivables

Information on finance lease receivables is summarized in the tables below:

	30 September 2021		31 December 2020	
	Group	Bank	Group	Bank
<i>Business customers</i>	166,620	165,629	133,358	132,448
<i>Individuals</i>	26,317	26,317	26,684	26,684
Gross	192,937	191,946	160,042	159,132
<i>Less: Allowance for impairment</i>	(3,951)	(3,203)	(4,585)	(3,842)
Net	188,987	188,744	155,457	155,290

NOTE 1

LOANS TO CUSTOMERS AND FINANCE LEASE RECEIVABLES (CONTINUED)

The distribution of finance lease receivables by stages and days past due:

	30 September 2021					31 December 2020				
	Not past due	Past due <= 30 days	Past due 31-90 days	Past due >90 days	Total	Not past due	Past due <= 30 days	Past due 31-90 days	Past due >90 days	Total
Group										
Stage 1:										
<i>Gross amount</i>	151,920	14,583	27	-	166,530	113,772	4,868	-	-	118,640
<i>Allowance for impairment</i>	(814)	(82)	-	-	(896)	(764)	(36)	-	-	(800)
Net amount	151,106	14,501	27	-	165,634	113,008	4,832	-	-	117,840
Stage 2:										
<i>Gross amount</i>	16,592	744	742	-	18,078	29,376	1,415	597	-	31,388
<i>Allowance for impairment</i>	(640)	(36)	(28)	-	(704)	(833)	(63)	(35)	-	(931)
Net amount	15,952	708	714	-	17,374	28,543	1,352	562	-	30,457
Stage 3:										
<i>Gross amount</i>	6,308	275	112	1,634	8,329	6,685	1,068	191	2,070	10,014
<i>Allowance for impairment</i>	(1,233)	(4)	(21)	(1,092)	(2,350)	(1,125)	(36)	(86)	(1,607)	(2,854)
Net amount	5,075	271	91	542	5,979	5,560	1,032	105	463	7,160
Total:										
<i>Gross amount</i>	174,820	15,602	881	1,634	192,937	149,833	7,351	788	2,070	160,042
<i>Allowance for impairment</i>	(2,687)	(122)	(49)	(1,092)	(3,950)	(2,722)	(135)	(121)	(1,607)	(4,585)
Net amount	172,133	15,480	832	542	188,987	147,111	7,216	667	463	155,457

	30 September 2021					31 December 2020				
	Not past due	Past due <= 30 days	Past due 31-90 days	Past due >90 days	Total	Not past due	Past due <= 30 days	Past due 31-90 days	Past due >90 days	Total
Bank										
Stage 1:										
<i>Gross amount</i>	151,726	14,583	27	-	166,336	113,660	4,867	-	-	118,527
<i>Allowance for impairment</i>	(813)	(82)	-	-	(895)	(763)	(36)	-	-	(799)
Net amount	150,913	14,501	27	-	165,441	112,897	4,831	-	-	117,728
Stage 2:										
<i>Gross amount</i>	16,592	744	742	-	18,078	29,376	1,415	597	-	31,388
<i>Allowance for impairment</i>	(640)	(36)	(28)	-	(704)	(833)	(63)	(35)	-	(931)
Net amount	15,952	708	714	-	17,374	28,543	1,352	562	-	30,457
Stage 3:										
<i>Gross amount</i>	6,308	275	112	837	7,532	6,685	1,068	191	1,273	9,217
<i>Allowance for impairment</i>	(1,233)	(5)	(21)	(344)	(1,603)	(1,125)	(36)	(86)	(865)	(2,112)
Net amount	5,075	270	91	493	5,929	5,560	1,032	105	408	7,105
Total:										
<i>Gross amount</i>	174,626	15,602	881	837	191,946	149,721	7,350	788	1,273	159,132
<i>Allowance for impairment</i>	(2,686)	(123)	(49)	(344)	(3,202)	(2,721)	(135)	(121)	(865)	(3,842)
Net amount	171,940	15,479	832	493	188,744	147,000	7,215	667	408	155,290

**NOTE 2
SECURITIES**

Securities in the trading book

Securities in the trading book are comprised of Bank's trading securities and other securities that cover technical insurance provisions under unit-linked insurance contracts of life insurance subsidiary. These securities are measured at fair value through profit or loss.

	30 September 2021		31 December 2020	
	Group	Bank	Group	Bank
Debt securities:	14,661	9,105	14,540	8,844
Government bonds	7,444	5,471	6,403	4,182
Corporate bonds	7,216	3,633	8,137	4,662
Equity securities	27,197	936	22,528	738
Total	41,858	10,041	37,068	9,582

	30 September 2021		31 December 2020	
	Group	Bank	Group	Bank
Trading securities:				
Debt securities	12,254	9,105	11,806	8,844
from AA- to AAA	-	-	-	-
from A- to A+	5,571	5,382	3,968	3,771
from BBB- to BBB+	1,838	1,210	1,665	1,035
from BB- to BB+	783	267	973	610
lower than BB-	74	74	270	270
no rating	3,988	2,172	4,930	3,158
Equity securities	936	936	738	738
listed	936	936	732	732
unlisted	-	-	6	6
units of investment funds	-	-	-	-
Total trading securities	13,190	10,041	12,544	9,582
Other trading book securities:				
Debt securities	2,406	-	2,734	-
from AA- to AAA	-	-	-	-
from A- to A+	205	-	216	-
from BBB- to BBB+	2,008	-	1,614	-
from BB- to BB+	93	-	97	-
lower than BB-	-	-	-	-
no rating	100	-	807	-
Equity securities	26,262	-	21,790	-
listed	-	-	-	-
unlisted	-	-	-	-
units of investment funds	26,262	-	21,790	-
Total other trading book securities	28,668	-	24,524	-
TOTAL	41,858	10,041	37,068	9,582

NOTE 2
SECURITIES (CONTINUED)

Investment securities

	30 September 2021		31 December 2020	
	Group	Bank	Group	Bank
Securities at fair value:				
Debt securities:	52,421	52,421	30,429	30,429
Government bonds	35,104	35,104	17,709	17,709
Corporate bonds	17,317	17,317	12,720	12,720
Equity securities	4,574	4,485	3,913	3,786
Total	56,995	56,906	34,342	34,215
Securities at amortized cost:				
Debt securities:	717,667	704,992	709,454	697,136
Government bonds	547,886	542,107	532,501	526,700
Corporate bonds	169,781	162,885	176,953	170,436
Total	717,667	704,992	709,454	697,136

	30 September 2021		31 December 2020	
	Group	Bank	Group	Bank
Securities at fair value:				
Debt securities	52,421	52,421	30,429	30,429
from AA- to AA+	-	-	-	-
from A- to A+	35,771	35,771	16,971	16,971
from BBB- to BBB+	5,183	5,183	11,837	11,837
from BB- to BB+	10,467	10,467	1,621	1,621
lower than BB-	-	-	-	-
no rating	1,000	1,000	-	-
Equities	4,574	4,485	3,913	3,786
listed	-	-	-	-
unlisted	458	458	525	398
units of investment funds	4,116	4,027	3,388	3,388
Total	56,995	56,906	34,342	34,215
Securities at amortized cost:				
Debt securities	717,667	704,992	709,454	697,136
from AA- to AA+	6,253	6,048	6,116	5,910
from A- to A+	556,489	550,456	535,155	529,095
from BBB- to BBB+	153,412	148,489	167,269	162,131
from BB- to BB+	1,514	-	914	-
lower than BB-	-	-	-	-
no rating	-	-	-	-
Total	717,667	704,992	709,454	697,136

Credit stages of investment debt securities:

	30 September 2021		31 December 2020	
	Group	Bank	Group	Bank
Stage 1:				
Gross amount	770,425	757,739	739,065	726,933
Allowance for impairment	(337)	(326)	(316)	(306)
Net amount	770,088	757,413	738,749	726,627
Stage 2:				
Gross amount	115	-	1,173	974
Allowance for impairment	(115)	-	(39)	(36)
Net amount	-	-	1,134	938
Stage 3:				
Gross amount	1,021	-	1,016	-
Allowance for impairment	(1,021)	-	(1,016)	-
Net amount	-	-	-	-
Total	770,088	757,413	739,883	727,565

During the nine months periods ended 30 September 2021 and 30 September 2020, no material reclassifications between portfolios of securities were performed.

NOTE 2
SECURITIES (CONTINUED)

Investments in subsidiaries

As of 30 September 2021 and 31 December 2020 the Bank owned the following directly controlled subsidiaries:

1. GD UAB SB Draudimas (life insurance activities),
2. SB Lizingas UAB (consumer financing activities),
3. Šiaulių Banko Lizingas UAB (finance and operating lease activities),
4. SB Turto Fondas UAB (real estate management activities, name changed from Šiaulių Banko Turto Fondas UAB).

As of 30 September 2021 the Bank owned the following indirectly controlled subsidiaries:

1. Šiaulių Banko Investicijų Valdymas UAB (investment management activities),
2. Sandworks UAB (real estate management activities).

As of 31 December 2020 the Bank owned the following indirectly controlled subsidiaries:

1. Apželdinimas UAB (real estate management activities),
2. Sandworks UAB (real estate management activities).

During nine months period ended 30 September 2021, Bank's share in Minera UAB and Šiaulių Banko Investicijų Valdymas UAB was sold. The result of Minera disposal is included in Group's result from derecognition of financial assets (result of sale is nil in Bank's accounts). The result of Šiaulių Banko Investicijų Valdymas disposal is included in Bank's result from derecognition of financial assets (result of disposal is nil in Group's accounts as share were sold to SB Turto Fondas). During nine months period ended 30 September 2021, SB Turto Fondas share in Apželdinimas UAB was sold. The result of Apželdinimas disposal is included in Group's result from derecognition of financial assets.

<i>Investment in subsidiaries disposal results for period ended 30 September 2021</i>	Minera UAB	Apželdinimas UAB	Šiaulių Banko Investicijų Valdymas UAB	Total
<i>Result of disposal</i>	(348)	1,852	-	1,504

Bank's investments in subsidiaries consisted of:

	Share in equity	30 September 2021	31 December 2020
<i>SB draudimas GD UAB</i>	100%	11,852	10,513
<i>SB lizingas UAB</i>	100%	12,570	13,274
<i>Šiaulių Banko Lizingas UAB</i>	100%	1,074	1,074
<i>SB Turto Fondas UAB</i>	100%	5,553	4,274
Total		31,049	29,135

Bank's subsidiary SB draudimas GD UAB was tested for impairment using embedded value approach as of 31 December 2020 and 31 December 2019. No impairment indications were determined at these dates. During first three quarters of year 2021 the subsidiary is in line with forecasted operating results therefore no indications of impairment were identified at 30 September 2021 as well.

NOTE 3
SIGNIFICANT INFORMATION ON CHANGES IN OTHER ASSET ITEMS

Other assets

	30 September 2021		31 December 2020	
	Group	Bank	Group	Bank
<i>Amounts receivable</i>	5,620	5,511	4,695	4,278
<i>Inventories</i>	626	-	1,391	-
<i>Deferred charges</i>	1,174	1,160	748	736
<i>Assets under reinsurance and insurance contracts</i>	1,527	-	1,315	-
<i>Prepayments</i>	2,564	2,071	3,477	1,469
<i>Foreclosed assets</i>	203	154	509	431
<i>Other</i>	7,872	7,812	2,661	2,627
Total	19,586	16,708	14,796	9,541

NOTE 3

**SIGNIFICANT INFORMATION ON CHANGES IN OTHER ASSET ITEMS
(CONTINUED)**

Assets held for sale and liabilities related to assets held for sale

Assets held for sale consist of:

	30 September 2021		31 December 2020	
	Group	Bank	Group	Bank
<i>Assets related to subsidiaries classified as held for sale</i>	-	-	6,687	3,713
<i>Real estate classified as held for sale</i>	635	635	860	860
Total assets classified as held for sale	635	635	7,547	4,573
<i>Liabilities attributable to subsidiaries classified as held for sale</i>	-	-	98	-

By implementing its strategic plan, the Bank optimizes the structure of its subsidiaries, therefore in fourth quarter of 2020 following subsidiaries were included in subsidiaries held for sale: Minera UAB (intension to sell shares) and Šiaulių Banko Investicijų Valdymas UAB (intension to liquidate). As all of the entities attributed to assets held for sale are 100%-owned, the whole amount of the profit (loss) from discontinued operations was attributable to equity owners of the Group. During nine months period ended 30 September 2021 Bank's management has revised definition of assets held for sale therefore at 30 September 2021 none of subsidiaries are classified as assets held for sale and their profit (losses) are no longer attributed to results from discontinued operations.

<i>Investment in subsidiaries classified as held for sale, as of 31 December 2020</i>	Minera UAB	Šiaulių Banko Investicijų Valdymas UAB	Total
<i>Assets held for sale attributable to entity</i>	5,294	1,393	6,687
<i>Liabilities attributable to assets held for sale attributable to entity</i>	74	24	98

NOTE 4

DUE TO CUSTOMERS

	30 September 2021		31 December 2020	
	Group	Bank	Group	Bank
<i>Demand deposits:</i>				
<i>National government institutions</i>	67,776	67,776	49,085	49,085
<i>Local government institutions</i>	140,347	140,347	72,992	72,992
<i>Governmental and municipal companies</i>	24,616	24,616	23,135	23,135
<i>Corporate entities</i>	680,680	684,389	636,651	638,224
<i>Non-profit organizations</i>	37,677	37,677	22,791	22,791
<i>Individuals</i>	726,146	726,146	643,878	643,878
<i>Unallocated amounts due to customers</i>	28,395	28,416	11,887	11,908
Total demand deposits	1,705,637	1,709,367	1,460,419	1,462,013
<i>Time deposits:</i>				
<i>National government institutions</i>	3,016	3,016	1,059	1,059
<i>Local government institutions</i>	4,074	4,074	761	761
<i>Governmental and municipality companies</i>	2,409	2,409	2,259	2,259
<i>Corporate entities</i>	49,263	49,263	46,309	46,309
<i>Non-profit organizations</i>	2,975	2,975	3,371	3,371
<i>Individuals</i>	781,941	781,941	833,249	833,249
Total term deposits	843,678	843,678	887,008	887,008
Total	2,549,315	2,553,045	2,347,427	2,349,021

NOTE 5

SIGNIFICANT INFORMATION ON CHANGES IN OTHER LIABILITIES ITEMS

Due to other banks and financial institutions

As at 30 September 2021, the outstanding borrowing on the balance sheet under third series of the targeted longer-term refinancing operations (TLTRO-III) program of the European Central Bank amounted to EUR 629 million. On 29 September 2021 Bank has borrowed additional EUR 479 million via ECB's latest TLTRO III.9 operation. Loan maturity date is on 25 September 2024 with early repayment option started on 29 June 2022. The Bank has not used early repayment option. Interest rate on TLTRO III is -0.5% from June 2020 to June 2021 and for banks meeting the lending thresholds, the interest rate can be as low as -1%. The Bank does not include the bonus on the special interest period in its effective interest recognition. The TLTRO-III negative interest is recorded in the income statement line "Interest income". Securities with a carrying value of EUR 594,275 thousand were placed as a collateral for these borrowings.

Special and lending funds

The special funds consist of the funds from the mandatory social and health insurance funds. The special funds have to be returned to the institutions which have placed them upon the first requirement of the latter. The increase in special and lending funds from EUR 5,749 thousand in the beginning of the year to EUR 6,610 thousand (for Group) and EUR 6,559 thousand (for Bank) in the end of the reporting period is attributable to routine fluctuations in these funds.

NOTE 6
CAPITAL

As of 30 September 2021 and 31 December 2020 the Banks's share capital amounted to EUR 174,210,616.27, it comprised 600,726,263 ordinary registered shares with par value of EUR 0.29 each.

At 30 September 2021 and 31 December 2020, the European Bank for Reconstruction and Development possessed 26.02% of the authorized capital and votes of the Bank.

As at 30 September 2021, the Bank had 15,989 shareholders (as at 31 December 2020: 9,053).

Dividends:

On 31 March 2021 the ordinary general meeting of shareholders made a decision to pay EUR 0.0055 (i.e. 1.9%) dividends per one ordinary registered share with EUR 0.29 nominal value each.

On 31 March 2020 the ordinary general meeting of shareholders did not approve draft profit distribution therefore no dividends were paid out for year 2019 and all the profit that the Bank has earned for 2019 remains undistributed.

Reserve for acquisition of own shares:

On 28 March 2019 the ordinary general meeting of shareholders made a decision to form a reserve for acquisition of own shares from retained earnings. The reserve can be used for two purposes – to preserve the market price of Bank's shares and to acquire the shares that will be granted to Group's employees as part of variable remuneration.

During the nine months period ended 30 September 2021 the Bank acquired 1,000 thousand units of own shares for EUR 750 thousand. The acquired shares were granted to the employees of the Bank and its subsidiaries as a deferred part of variable remuneration for 2017. As of 30 September 2021, the Bank held 687 thousand own shares with carrying value of EUR 516 thousand.

During the nine months period ended 30 September 2020 the Bank acquired 780 thousand units of own shares for EUR 320 thousand. The acquired shares were granted to the employees of the Bank and its subsidiaries as a deferred part of variable remuneration for 2016 and 2017. As of 30 September 2020, the Bank did not possess its own shares.

NOTE 6
CAPITAL (CONTINUED)

Other equity:

Other equity consists of amount that corresponds to the obligation to present Bank's shares to Group's employees as part of variable remuneration.

The Group's remuneration policy prescribes two main elements of remuneration – fixed remuneration and variable remuneration, and various additional benefits. Employees whose professional activities and/or decisions might have a significant impact on the risk accepted by the Group, receive deferred variable remuneration. The remuneration amounts are accrued as staff expenses in income statement. Until 2018, Group's incentive scheme included deferred payments in shares and cash of not less than 40% of variable remuneration being paid in equal instalments during three-year period. From 2019 under the Group's incentive scheme employees whose professional activities and/or decisions may have a significant impact on the risk assumed by the Group receive 50% of the annual long-term incentive program in cash and 50% in form of Bank's shares options executable after 3 years. The number of share options is based on the currency value of the achieved results divided by the weighted average price at which the Bank's shares are traded on Nasdaq Vilnius during the period of five months prior the approval of remuneration. Each option is convertible into one ordinary share.

The Group has assessed fair value of shares option by the Black-Scholes model which is attributable to Level 3 in fair value hierarchy. The model inputs include:

- For the option granted 31 March 2021: grant date (31 March 2021), expiry day (12 April 2024), share price 0.538 on grant day, exercise price 0.498, expected price volatility of the bank's shares 25%, risk free interest rate - 0.1%;
- For the option granted 31 March 2020: grant date (31 March 2020), expiry day (15 April 2023), share price 0.510 on grant day, exercise price 0.449, expected price volatility of the bank's shares 21%, risk free interest rate - 0.1%

The value of the option is included in other equity line in the statement of financial position. Other equity consists of:

	30 September 2021		31 December 2020	
	Group	Bank	Group	Bank
Options	3,385	2,967	2,233	1,959
Shares distributable to employees	-	-	126	107
Total	3,385	2,967	2,359	2,066

No options were forfeited, exercised or expired during periods ended 30 September 2021 and 31 December 2020.

Basic earnings per share:

Basic earnings per share are calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue during the period. There were no potential ordinary shares at 30 September 2021 and 30 September 2020, therefore the Group had no dilutive potential ordinary shares and diluted earnings per share are equal to basic earnings per share.

The number of shares in issue for the year ended 30 September 2021 and 30 September 2020 was 600,726 thousand. Weighted average number of shares in issue for the period ended 30 September 2021 was 600,636 thousand (30 September 2020: 600,717 thousand).

Group

	30 September 2021	30 September 2020
Net profit from continuing operations attributable to equity holders	44,191	34,245
Net profit (loss) from discontinued operations attributable to equity holders	-	-
Net profit attributable to equity holders	44,191	34,245
Weighted average number of shares in issue during the period (thousand units)	600,636	600,717
Basic earnings per share (EUR)	0.07	0.06
Basic earnings per share (EUR) from continuing operations	0.07	0.06
Basic earnings per share (EUR) from discontinued operations	-	-

NOTE 7
NET INTEREST INCOME

	1 January - 30 September 2021		1 January - 30 September 2020	
	Group	Bank	Group	Bank
Interest revenue calculated using the effective interest method (on financial assets at amortized cost and fair value through other comprehensive income):	60,217	50,507	58,426	48,532
<i>on loans to other banks and financial institutions and placements with credit institutions</i>	820	2,856	602	2,825
<i>on loans to customers</i>	55,168	43,607	52,541	40,633
<i>on debt securities at amortized cost</i>	3,983	3,842	5,033	4,902
<i>on debt securities at fair value through other comprehensive income</i>	246	202	250	172
<i>Other similar income:</i>	6,314	6,211	5,605	5,544
<i>on debt securities at fair value through profit or loss</i>	255	160	215	163
<i>on finance leases</i>	5,559	5,544	5,316	5,307
<i>other interest income</i>	500	507	74	74
Total interest income	66,531	56,718	64,031	54,076
<i>Interest expense:</i>				
<i>on financial liabilities designated at fair value through profit or loss</i>	-	-	-	-
<i>on financial liabilities measured at amortized cost</i>	(6,564)	(6,559)	(7,404)	(7,404)
<i>on other liabilities</i>	(1,232)	(1,227)	(76)	(74)
Total interest expense	(7,796)	(7,786)	(7,480)	(7,478)
Net interest income	58,735	48,932	56,551	46,598

NOTE 8
NET FEE AND COMMISSION INCOME

	1 January - 30 September 2021		1 January - 30 September 2020	
	Group	Bank	Group	Bank
Fee and commission income:				
<i>for administration of loans of third parties</i>	3,387	3,387	3,426	3,426
<i>for settlement services</i>	4,067	4,073	3,732	3,735
<i>for cash operations</i>	3,633	3,634	3,760	3,760
<i>for account administration</i>	3,176	3,176	3,024	3,024
<i>for guarantees, letters of credit, documentary collection</i>	707	707	581	581
<i>for collection of utility and similar payments</i>	203	203	200	203
<i>for services related to securities</i>	2,317	2,405	1,382	1,479
<i>other fee and commission income</i>	574	866	677	868
Total fee and commission income	18,064	18,451	16,782	17,076
Fee and commission expense:				
<i>for payment cards</i>	(3,033)	(3,033)	(2,456)	(2,456)
<i>for cash operations</i>	(863)	(863)	(910)	(910)
<i>for correspondent bank and payment system fees</i>	(462)	(320)	(477)	(314)
<i>for services of financial data vendors</i>	(160)	(160)	(132)	(132)
<i>for services related to securities</i>	(477)	(477)	(523)	(523)
<i>other fee and commission expenses</i>	(289)	(264)	(274)	(257)
Total fee and commission expense	(5,284)	(5,117)	(4,772)	(4,592)
Net fee and commission income	12,780	13,334	12,010	12,484

NOTE 9
OTHER OPERATING EXPENSES

	1 January - 30 September 2021		1 January - 30 September 2020	
	Group	Bank	Group	Bank
<i>Rent of buildings and premises</i>	(204)	(203)	(222)	(167)
<i>Utility services for buildings and premises</i>	(614)	(555)	(516)	(463)
<i>Other expenses related to buildings and premises</i>	(595)	(595)	(800)	(799)
<i>Transportation expenses</i>	(231)	(177)	(246)	(193)
<i>Legal costs</i>	(209)	(209)	(214)	(214)
<i>Personnel and training expenses</i>	(259)	(231)	(186)	(164)
<i>IT and communication expenses</i>	(4,392)	(3,878)	(3,496)	(3,053)
<i>Marketing and charity expenses</i>	(1,702)	(664)	(1,729)	(624)
<i>Service organization expenses</i>	(1,210)	(1,115)	(1,478)	(1,386)
<i>Non-income taxes, fines</i>	(402)	68	(186)	135
<i>Costs incurred due to debt recovery</i>	(210)	(71)	(291)	(79)
<i>Other expenses</i>	(1,058)	(477)	(949)	(635)
Total	(11,086)	(8,107)	(10,313)	(7,642)

NOTE 10
IMPAIRMENT LOSSES

	1 January - 30 September 2021		1 January - 30 September 2020	
	Group	Bank	Group	Bank
<i>(Impairment losses) / reversal of impairment losses on loans</i>	(2,985)	(5)	(8,740)	(6,428)
<i>Recoveries of loans previously written-off</i>	801	505	883	274
<i>Reversal of impairment losses / (impairment losses) on finance lease receivables</i>	634	639	(1,694)	(1,694)
<i>Recovered previously written-off finance lease receivables</i>	1	-	143	-
<i>(Impairment losses) on debt securities</i>	(111)	16	(73)	(42)
<i>Reversal of impairment losses on due from banks</i>	(38)	(38)	(15)	(15)
<i>Reversal of impairment losses / (impairment losses) on other financial assets</i>	(66)	(8)	229	225
<i>(Impairment losses) on subsidiaries</i>	-	-	-	-
<i>(Impairment losses) / reversal of impairment losses on other non-financial assets</i>	821	(5)	31	31
<i>Recoveries of other non-financial assets previously written-off</i>	-	-	-	-
<i>Provisions for other liabilities</i>	(577)	-	119	-
Total	(1,521)	1,103	(9,117)	(7,649)

NOTE 10
IMPAIRMENT LOSSES (CONTINUED)

	1 January - 30 September 2021		1 January - 30 September 2020	
	Group	Bank	Group	Bank
Allowance for impairment of loans				
As at 1 January	42,783	37,821	38,509	32,065
Change in allowance for loan impairment	2,985	5	8,740	6,428
Loans written off during the period	(11,475)	(10,793)	(5,649)	(3,743)
Other factors (reclassification, FX rate shift, etc.)	5	5	(12)	(12)
As at 30 September	34,298	27,038	41,588	34,738
Allowance for impairment of finance lease receivables				
As at 1 January	4,585	3,842	3,961	3,187
Change in allowance for impairment of finance lease receivables	(634)	(639)	1,694	1,694
Finance lease receivables written off during the period	-	-	-	-
Other factors (reclassification, FX rate shift, etc.)	-	-	-	-
As at 30 September	3,951	3,203	5,655	4,881
Allowance for impairment of debt securities				
As at 1 January	1,372	342	1,317	290
Change in allowance for impairment of debt securities	111	(16)	73	42
Debt securities written off during the period	-	-	-	-
Other factors (reclassification, FX rate shift, etc.)	(10)	-	(2)	(1)
As at 30 September	1,473	326	1,388	331
Allowance for impairment of due from banks				
As at 1 January	42	42	23	23
Change in allowance for impairment of due from banks	38	38	15	15
Due from banks written off during the period	-	-	-	-
Other factors (reclassification, FX rate shift, etc.)	-	-	(1)	(1)
As at 30 September	80	80	37	37
Allowance for impairment of other financial assets				
As at 1 January	161	153	517	505
Change in allowance for impairment of other financial assets	66	8	(229)	(225)
Other financial assets written off during the period	(15)	(13)	6	6
Other factors (reclassification, FX rate shift, etc.)	-	-	(2)	-
As at 30 September	212	148	292	286

As environmental factors changed, assumptions and estimates used in probability of default (PD) estimations were changed. The scenarios used to calculate PDs were based on the latest available economic change scenarios published by institutions, Group's management assigned judgement-based probabilities to these scenarios.

Scenario probabilities and weighted average GDP growth:

	2021		2022		2023		2024		2025	
	GDP	Probability	GDP	Probability	GDP	Probability	GDP	Probability	GDP	Probability
At 30 September 2021:										
Base scenario	4.90%	50%	3.80%	50%	3.10%	50%	2.40%	50%	2.40%	50%
Pessimistic scenario	3.50%	45%	3.50%	45%	1.10%	45%	1.10%	45%	1.10%	45%
Optimistic scenario	6.00%	5%	6.00%	5%	3.80%	5%	3.80%	5%	3.80%	5%
Weighted average GDP growth	4.4%		3.9%		2.2%		2.2%		2.2%	
At 31 December 2020:										
Base scenario	-4.00 %	21 %	-4.00 %	19 %	-4.00 %	20 %	-4.00 %	21 %	-4.00 %	22 %
Pessimistic scenario	-6.60 %	10 %	-6.60 %	5 %	-6.60 %	5 %	-6.60 %	5 %	-6.60 %	5 %
Optimistic scenario	5.88 %	66 %	5.88 %	75 %	5.88 %	74 %	5.88 %	73 %	5.88 %	72 %
Stressed scenario	-15.30 %	3 %	-15.30 %	1 %	-15.30 %	1 %	-15.30 %	1 %	-15.30 %	1 %
Weighted average GDP growth	1.9%		3.2%		3.1%		3.0%		2.9%	

Recovery rates used to derive LGD parameters were also revised to take into account latest available collateral sales data. Group's impairment expenses due to changes in accounting estimates amounted to: for the nine months period ended 30 September 2021 – an impairment loss of EUR 3,042 thousand (all attributable to change in calculation parameters), for the nine months period ended 30 September 2020 – an impairment loss of EUR 6,197 thousand (EUR 4,370 thousand due to change in calculation parameters, and EUR 1,827 thousand due to the contracts that the significant credit risk increase was recognized based on the collective assessment of Covid-19 influence to sector).

NOTE 11

SIGNIFICANT INFORMATION ON OTHER INCOME STATEMENT ITEMS

Net gain from trading activities

	1 January - 30 September 2021		1 January - 30 September 2020	
	Group	Bank	Group	Bank
<i>Net gain from operations with securities</i>	3,422	1,447	2,394	3,851
<i>Net gain from foreign exchange and related derivatives</i>	(922)	(962)	7,595	7,579
<i>Net gain (loss) from other derivatives</i>	6,255	6,255	(2,264)	(2,264)
Total	8,755	6,740	7,725	9,166

Net gain from trading activities includes investment result of the insurance company assets under unit-linked contracts (see below): a net gain of EUR 2,064 thousand for the nine months period ended 30 September 2021; a net loss of EUR 1,539 thousand for the nine months period ended 30 September 2020.

Expenses related to insurance activities

	1 January - 30 September 2021		1 January - 30 September 2020	
	Group	Bank	Group	Bank
<i>Part of the change of the technical insurance provisions that covers the result of investment of assets under unit-linked contracts*</i>	(2,064)	-	1,539	-
<i>Other changes of the technical insurance provisions and other expenses related to insurance activities</i>	(3,319)	-	(4,072)	-
Total expenses related to insurance activities	(5,383)	-	(2,533)	-

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

	1 January - 30 September 2021		1 January - 30 September 2020	
	Group	Bank	Group	Bank
<i>Interest and similar income</i>	44	-	44	-
<i>Net gain (loss) from operations with securities</i>	1,980	-	(1,599)	-
<i>Net gain (loss) from foreign exchange</i>	40	-	16	-
Total	2,064	-	(1,539)	-

NOTE 12

RELATED-PARTY TRANSACTIONS

Related parties with the Bank are classified as follows:

- members of the Bank's Supervisory Council and Board (which also are the main decision makers of the Group), their close family members and companies that are controlled, jointly controlled over by these related parties;
- subsidiaries of the Bank;
- the shareholders holding over 20% of the Bank's share capital or being a part of a voting group acting in concert that holds over 20% of voting rights therefore presumed to have a significant influence over the Group.

During 2021 and 2020, 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. According to the local legislation, the information on executed material transactions with related parties is published on Bank's website (www.sb.lt › About bank › Information › Reports regarding the transactions with related parties).

NOTE 12

RELATED-PARTY TRANSACTIONS (CONTINUED)

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

	30 September 2021		31 December 2020	
	Balances of deposits	Balances of loans (incl.off-balance sheet credit commitments)	Balances of deposits	Balances of loans and debt securities (incl.off-balance sheet credit commitments)
<i>Members of the Council and the Board</i>	1,686	86	1,606	88
<i>Other related parties (excluding subsidiaries of the Bank)</i>	5,903	16,100	4,306	18,166
Total	7,589	16,186	5,912	18,254

As of 30 September 2021, the balance of individual allowance for impairment losses on loans to related parties, except subsidiaries, amounted to EUR 111 thousand (31 December 2020: EUR 51 thousand).

Transactions with subsidiaries:

Balances of transactions with the subsidiaries are presented below:

	30 September 2021		31 December 2020	
	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>Non-financial institutions</i>	6,826	-	2,575	5,767
<i>Financial institutions</i>	1,126	136,238	2,466	129,132
	7,952	136,238	5,041	134,899

Bank's total balances with subsidiaries:

	30 September 2021	31 December 2020
Assets		
<i>Loans</i>	111,922	107,468
<i>Other assets</i>	-	93
<i>Bank's investment in subsidiaries</i>	31,049	29,135
<i>Bank's investment in subsidiaries classified as held for sale</i>	-	3,713
Liabilities and shareholders' equity		
<i>Deposits</i>	7,952	5,041
<i>Other liabilities</i>	-	-

Income and expenses arising from transactions with subsidiaries:

	1 January – 30 September 2021	1 January – 30 September 2020
Income		
<i>Interest</i>	1,826	2,424
<i>Commission income</i>	395	384
<i>FX gain (loss)</i>	(2)	5
<i>Share of the profit or loss of investments in subsidiaries accounted for using the equity method</i>	8,211	4,611
<i>Other income</i>	188	84
Expenses		
<i>Interest</i>	(11)	(13)
<i>Operating expenses</i>	-	(1)
<i>(Impairment losses)/ reversal of impairment losses on loans</i>	2,672	(150)
<i>Allowance for impairment losses on investments in subsidiaries</i>	114	-

As of 30 September 2021, the balance of individual allowance for impairment losses on loans to subsidiaries amounted to EUR 30 thousand (31 December 2020: EUR 2,672 thousand).

NOTE 13

LIQUIDITY, MARKET AND OPERATIONAL RISKS

Liquidity risk

Liquidity risk means the risk that the Bank and the Group 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 and the Group'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.

No Bank's and Group's liquidity situation deterioration was observed during Covid-19 epidemic situation.

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.

The structure of the Group's assets and liabilities by maturity as at 30 September 2021 was as follows:

	Less than 1 month	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
<i>Total assets</i>	852,650	68,621	90,949	118,065	274,207	1,139,873	1,123,558	83,829	3,751,752
<i>Total liabilities and shareholders' equity</i>	1,774,040	75,342	133,230	190,048	276,948	792,121	114,046	395,977	3,751,752
<i>Net liquidity gap</i>	(921,390)	(6,721)	(42,281)	(71,983)	(2,741)	347,752	1,009,512	(312,148)	-

The structure of the Group's assets and liabilities by maturity as at 31 December 2020 was as follows:

	Less than 1 month	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
<i>Total assets</i>	434,913	56,306	72,912	115,651	243,296	1,003,560	1,016,339	85,868	3,028,845
<i>Total liabilities and shareholders' equity</i>	1,525,924	96,438	126,636	158,671	290,531	356,600	118,979	355,066	3,028,845
<i>Net liquidity gap</i>	(1,091,011)	(40,132)	(53,724)	(43,020)	(47,235)	646,960	897,360	(269,198)	-

The structure of the Bank's assets and liabilities by maturity as at 30 September 2021 was as follows:

	Less than 1 month	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
<i>Total assets</i>	851,735	62,573	79,950	211,779	254,089	1,090,163	1,087,001	72,843	3,710,133
<i>Total liabilities and shareholders' equity</i>	1,780,813	68,322	132,728	189,466	275,013	789,888	76,729	397,174	3,710,133
<i>Net liquidity gap</i>	(929,078)	(5,749)	(52,778)	22,313	(20,924)	300,275	1,010,272	(324,331)	-

NOTE 13

LIQUIDITY, MARKET AND OPERATIONAL RISKS (CONTINUED)

The structure of the Bank's assets and liabilities by maturity as at 31 December 2020 was as follows:

	Less than 1 month	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
<i>Total assets</i>	433,978	49,423	159,971	102,766	218,464	961,141	984,594	77,332	2,987,669
<i>Total liabilities and shareholders' equity</i>	1,528,408	89,581	126,300	158,476	289,318	353,245	86,777	355,564	2,987,669
<i>Net liquidity gap</i>	(1,094,430)	(40,158)	33,671	(55,710)	(70,854)	607,896	897,817	(278,232)	-

Operational risk

Operational risk is 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. Unlike other risks (credit, market, liquidity), which are not being taken on purposefully, with anticipation of benefits, operational risk occurs naturally in the course of Bank's and Group's business.

Covid-19 epidemic situation significantly impacted the organization of Bank's activities and activated certain business continuity management processes. Much attention was devoted to assurance of continuity of services, management of risk factors related to organization of activities during the quarantine. Due to quarantine restrictions servicing in physical customer service points was reorganized, customers encouraged to use electronic service channel when possible. Possibility to work from home was organized for some employees, additional security measures were organized for employees. Currently the larger part of the closed client service units have renewed their activities.

In 2021, Bank's and Group's attention will be devoted to management of Bank's and Group's reputational risk, business continuity and outsourcing services. In order to ensure effective reputational risk management, reputational risk management procedure was approved in the end of 2020. Update of Bank's business continuity documentation and preparation for testing of components of Business Continuity Plan is currently being performed. After the approval of outsourcing service procurement procedure in the management board, amendments of important outsourcing agreements with Suppliers were initiated.

To properly implement risk management measures related with climate change and environmental risks, a review of Bank's Extreme Situation Management plan and operational / reputational risk management documentation is planned.

NOTE 14

FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

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

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

During the nine months period ended 30 September 2021, the process of fair value measurement did not change significantly as compared to the process described in the annual financial statements for the year 2020. For the valuation of financial assets and liabilities purposes, estimates, valuation techniques and inputs used to develop those measurements have not changed significantly during the nine months period ended 30 September 2021.

NOTE 14

FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (CONTINUED)

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

	30 September 2021		31 December 2020	
	Group	Bank	Group	Bank
LEVEL I				
Trading book securities	38,584	8,177	33,459	7,327
Investment securities at fair value	52,421	52,421	30,888	30,888
Total Level I financial assets	91,005	60,598	64,347	38,215
LEVEL II				
Derivative financial instruments - assets	2,421	2,421	445	445
Derivative financial instruments - liabilities	(268)	(268)	(3,840)	(3,840)
LEVEL III				
Trading book securities	3,274	1,864	3,609	2,255
Investment securities at fair value	4,574	4,485	3,454	3,327
Total Level III financial assets	7,848	6,349	7,063	5,582

There were no transfers between fair value hierarchy levels during 2021 and 2020.

Changes in Level III instruments during the nine months period ended 30 September:

Group	Trading book securities		Investment securities at fair value	
	1 Jan - 30 Sep 2021	1 Jan - 30 Sep 2020	1 Jan - 30 Sep 2021	1 Jan - 30 Sep 2020
As at 31 December	3,609	1,519	3,454	5,190
Impact of change in accounting principles	-	-	-	-
As at 1 January	3,609	1,519	3,454	5,190
Additions	5,906	2,935	1,076	848
Disposals / redemption / derecognition	(6,338)	(3,627)	(127)	(1,594)
Changes due to interest accrued/paid	40	(9)	-	8
Changes in fair value	57	2	171	266
As at 30 September	3,274	820	4,574	4,718

Bank	Trading book securities		Investment securities at fair value	
	1 Jan - 30 Sep 2021	1 Jan - 30 Sep 2020	1 Jan - 30 Sep 2021	1 Jan - 30 Sep 2020
As at 31 December	2,255	1,519	3,327	622
Impact of change in accounting principles	-	-	-	-
As at 1 January	2,255	1,519	3,327	622
Additions	5,906	2,330	987	840
Disposals / redemption / derecognition	(6,338)	(3,627)	-	-
Changes due to interest accrued/paid	40	(5)	-	-
Changes in fair value	1	3	171	478
As at 30 September	1,864	220	4,485	1,940

	1 January – 30 September 2021		1 January – 30 September 2020	
	Group	Bank	Group	Bank
Total result from revaluation of Level III instruments included in the income statement	228	172	268	481

Fair value of investment securities held to collect cash flows:

The fair value for Group's investment securities at amortized cost is based on market prices or broker/dealer price quotations – i.e. it is estimated using valuation technique attributable to Level 1 in the fair value hierarchy.

	30 September 2021		31 December 2020	
	Carrying value	Fair value	Carrying value	Fair value
Investment securities at amortized cost	717,667	728,879	709,454	725,022

NOTE 15
SEGMENT INFORMATION

Business segments

A summary of major indicators for the main business segments of the Group included in the Statement of financial position as at 30 September 2021 and in the Statement of comprehensive income for the nine months period then ended is presented in the table below.

	Traditional banking operations and lending	Treasury	Non-core banking activities	Other activities	Eliminations	Total
<i>Internal</i>	(423)	-	34	(37)	426	-
<i>External</i>	56,166	1,969	340	260	-	58,735
Net interest income	55,743	1,969	374	223	426	58,735
<i>Internal</i>	279	-	-	20	(299)	-
<i>External</i>	12,945	-	-	(165)	-	12,780
Net fee and commissions income	13,224	-	-	(145)	(299)	12,780
<i>Internal</i>	(144)	-	34	(17)	127	-
<i>External</i>	69,111	1,969	340	95	-	71,515
Net interest, fee and commissions income	68,967	1,969	374	78	127	71,515
<i>Internal</i>	(72)	-	-	(75)	147	-
<i>External</i>	(26,035)	(2,512)	-	(7,487)	-	(36,034)
Operating expenses	(26,107)	(2,512)	-	(7,562)	147	(36,034)
<i>Amortisation charges</i>	(878)	(98)	-	(36)	-	(1,012)
<i>Depreciation charges</i>	(1,904)	(201)	-	(222)	-	(2,327)
<i>Internal</i>	-	-	1,998	(822)	(1,176)	-
<i>External</i>	(1,575)	-	(31)	85	-	(1,521)
Impairment expenses	(1,575)	-	1,967	(737)	(1,176)	(1,521)
<i>Internal</i>	4,441	-	4,375	(815)	(8,001)	-
<i>External</i>	9,419	1,447	(1,240)	13,348	-	22,974
Net other income	13,860	1,447	3,135	12,533	(8,001)	22,974
Profit (loss) before tax from continuing operations	52,363	605	5,476	4,054	(8,903)	53,595
<i>Income tax</i>	(8,354)	(834)	-	(216)	-	(9,404)
Profit (loss) per segment after tax from continuing operations	44,009	(229)	5,476	3,838	(8,903)	44,191
<i>Profit or (loss) per segment after tax from discontinued operations</i>	-	-	-	-	-	-
Profit (loss) per segment	44,009	(229)	5,476	3,838	(8,903)	44,191
<i>Non-controlling interest</i>	-	-	-	-	-	-
Profit (loss) for the period attributable to the owners of the Bank	44,009	(229)	5,476	3,838	(8,903)	44,191
<i>Total segment assets</i>	2,208,297	1,630,889	5,553	59,266	(152,253)	3,751,752
<i>Total segment liabilities</i>	1,972,537	1,456,300	4,959	41,735	(119,755)	3,355,776
Net segment assets (shareholders' equity)	235,760	174,589	594	17,531	(32,498)	395,976

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 30 September 2020 and in the Statement of comprehensive income for the nine months period then ended is presented in the table below.

	Traditional banking operations and lending	Treasury	Non-core banking activities	Other activities	Eliminations	Total
Continuing operations						
Internal	(184)	-	188	(176)	172	-
External	51,655	3,075	1,560	261	-	56,551
Net interest income	51,471	3,075	1,748	85	172	56,551
Internal	266	-	-	31	(297)	-
External	12,171	-	-	(161)	-	12,010
Net fee and commissions income	12,437	-	-	(130)	(297)	12,010
Internal	82	-	188	(145)	(125)	-
External	63,826	3,075	1,560	100	-	68,561
Net interest, fee and commissions income	63,908	3,075	1,748	(45)	(125)	68,561
Internal	(31)	-	(1)	(52)	84	-
External	(23,026)	(2,200)	-	(4,192)	-	(29,418)
Operating expenses	(23,057)	(2,200)	(1)	(4,244)	84	(29,418)
Amortisation charges	(707)	(78)	-	(33)	-	(818)
Depreciation charges	(1,760)	(182)	-	(276)	-	(2,218)
Internal	-	-	(150)	4	146	-
External	(9,553)	-	343	93	-	(9,117)
Impairment expenses	(9,553)	-	193	97	146	(9,117)
Internal	4,428	-	279	(30)	(4,677)	-
External	6,377	3,851	163	4,771	-	15,162
Net other income	10,805	3,851	442	4,741	(4,677)	15,162
Profit (loss) before tax from continuing operations	39,636	4,466	2,382	240	(4,572)	42,152
Income tax	(7,244)	(688)	-	25	-	(7,907)
Profit (loss) per segment after tax from continuing operations	32,392	3,778	2,382	265	(4,572)	34,245
Profit or (loss) per segment after tax from discontinued operations	-	-	-	-	-	-
Profit (loss) per segment	32,392	3,778	2,382	265	(4,572)	34,245
Non-controlling interest	-	-	-	-	-	-
Profit (loss) for the period attributable to the owners of the Bank	32,392	3,778	2,382	265	(4,572)	34,245
Total segment assets	1,907,749	1,071,155	17,016	62,756	(147,997)	2,910,679
Total segment liabilities	1,679,339	941,875	14,962	45,714	(117,274)	2,564,616
Net segment assets (shareholders' equity)	228,410	129,280	2,054	17,042	(30,723)	346,063

NOTE 16

SELECTED INFORMATION OF FINANCIAL GROUP

According to local legislation the Bank is required to disclose certain information for the Financial group. As of 30 September 2021 and 31 December 2020 the Bank owned the following controlled subsidiaries included in the prudential scope of consolidation (the Bank and four subsidiaries comprised the Financial group, all of the entities attributable to Financial Group operate in Lithuania):

1. Šiaulių Banko Lizingas UAB (finance and operating lease activities),
2. Šiaulių Banko Investicijų Valdymas UAB (investment management activities),
3. SB Turto Fondas UAB (real estate management activities, name changed from Šiaulių Banko Turto Fondas UAB),
4. SB Lizingas UAB (consumer financing activities).

In the Financial Group financial statements, the subsidiaries of the Bank that are not included in the Financial Group are not consolidated in full as would be required by IFRS 10 but presented on the consolidated balance sheet of the Financial Group as investments in subsidiaries using equity method, in the same way as presented on the balance sheet of the Bank. This presentation is consistent with the regulatory reporting made by the Bank according to the Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms (CRR).

Financial Group's condensed statement of financial position

	30 September 2021	31 December 2020
ASSETS		
<i>Cash and cash equivalents</i>	850,311	328,287
<i>Securities in the trading book</i>	10,041	4,165
<i>Due from other banks</i>	1,131	1,444
<i>Derivative financial instruments</i>	2,421	1,214
<i>Loans to customers</i>	1,846,180	1,591,712
<i>Finance lease receivables</i>	188,987	153,225
<i>Investment securities at fair value</i>	56,995	37,227
<i>Investment securities at amortized cost</i>	704,992	696,947
<i>Investments in subsidiaries and associates</i>	11,887	14,564
<i>Intangible assets</i>	3,402	3,000
<i>Property, plant and equipment</i>	15,493	15,182
<i>Investment property</i>	2,245	2,944
<i>Current income tax prepayment</i>	923	-
<i>Deferred income tax asset</i>	1,121	1,764
<i>Other assets</i>	18,648	28,272
Total assets	3,714,777	2,879,947
LIABILITIES		
<i>Due to other banks and financial institutions</i>	705,649	197,826
<i>Derivative financial instruments</i>	268	2,423
<i>Due to customers</i>	2,550,830	2,275,952
<i>Special and lending funds</i>	6,599	4,441
<i>Debt securities in issue</i>	20,947	20,947
<i>Current income tax liabilities</i>	792	1,593
<i>Deferred income tax liabilities</i>	1,417	1,242
<i>Other liabilities</i>	32,216	28,520
Total liabilities	3,318,718	2,532,944
EQUITY		
<i>Share capital</i>	174,211	174,211
<i>Share premium</i>	3,428	3,428
<i>Treasury shares (-)</i>	(516)	-
<i>Reserve capital</i>	756	756
<i>Statutory reserve</i>	21,770	14,246
<i>Reserve for acquisition of own shares</i>	10,000	10,000
<i>Financial instruments revaluation reserve</i>	(110)	169
<i>Financial instruments revaluation reserve</i>	3,339	2,325
<i>Retained earnings</i>	183,181	141,868
<i>Non-controlling interest</i>	-	-
Total equity	396,059	347,003
Total liabilities and equity	3,714,777	2,879,947

SELECTED INFORMATION OF FINANCIAL GROUP (CONTINUED)

Financial Group's condensed income statement

	for nine months period ended	
	30 September 2021	30 September 2020
<i>Interest revenue calculated using the effective interest method</i>	60,105	58,425
<i>Other similar income</i>	6,228	5,553
<i>Interest expense and similar charges</i>	(7,787)	(7,488)
Net interest income	58,546	56,490
<i>Fee and commission income</i>	18,160	16,883
<i>Fee and commission expense</i>	(5,216)	(4,712)
Net fee and commission income	12,944	12,171
<i>Net gain from trading activities</i>	6,712	8,953
<i>Net gain (loss) from changes in fair value of subordinated loan</i>	-	-
<i>Net gain (loss) from derecognition of financial assets</i>	4,535	1,320
<i>Net gain (loss) from disposal of tangible assets</i>	839	297
<i>Revenue related to insurance activities</i>	-	-
<i>Other operating income</i>	539	530
<i>Salaries and related expenses</i>	(18,660)	(15,688)
<i>Depreciation and amortization expenses</i>	(3,142)	(2,793)
<i>Expenses related to insurance activities</i>	-	-
<i>Other operating expenses</i>	(10,752)	(9,894)
Operating profit before impairment losses	51,561	51,386
<i>Allowance for impairment losses on loans and other assets</i>	(287)	(9,383)
<i>Allowance for impairment losses on investments in subsidiaries</i>	-	-
<i>Share of the profit or loss of investments in subsidiaries accounted for using the equity method</i>	1,235	158
Profit before income tax	52,509	42,161
<i>Income tax expense</i>	(9,229)	(7,949)
Net profit for the period	43,280	34,212
<i>Profit (loss) from discontinued operations, net of tax</i>	-	-
Net profit for the year	43,280	34,212
Net profit attributable to:		
<i>Owners of the Bank</i>	43,280	34,212
<i>From continuing operations</i>	43,280	34,212
<i>From discontinued operations</i>	-	-
<i>Non-controlling interest</i>	-	-

Financial Group's condensed statement of comprehensive income

	for nine months period ended	
	30 September 2021	30 September 2020
Net profit for the period	43,280	34,212
Other comprehensive income		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
<i>Gain from revaluation of financial assets</i>	(606)	191
<i>Deferred income tax on gain from revaluation of financial assets</i>	121	-
Other comprehensive income, net of deferred tax	(485)	191
Total comprehensive income for the period	42,795	34,403
Total comprehensive income (loss) attributable to:		
<i>Owners of the Bank</i>	42,795	34,403
<i>Non-controlling interest</i>	-	-
	42,795	34,403

NOTE 17
LIABILITIES RELATED TO INSURANCE ACTIVITIES

Technical insurance provisions

Bank's subsidiary SB draudimas UAB is engaged in life insurance business. For the periods ended 30 September 2021 and 31 December 2020 the technical insurance provisions and their changes were as follows:

	<i>Unearned premiums</i>	<i>Claims outstanding</i>	<i>Mathematical</i>	<i>Unit-linked</i>	<i>Investment units</i>	<i>Total</i>
Gross:						
<i>At 1 January 2020</i>	15	144	9,291	23,045	1,003	33,498
<i>Change during period</i>	(1)	120	1,242	604	813	2,778
<i>At 31 December 2020</i>	14	264	10,533	23,649	1,816	36,276
<i>Change during period</i>	(2)	(36)	(345)	2,876	796	3,289
<i>At 30 September 2021</i>	12	228	10,188	26,525	2,612	39,565
Reinsurance share:						
<i>At 1 January 2020</i>	(25)	-	(5)	-	-	(30)
<i>Change during period</i>	(3)	(16)	-	-	-	(19)
<i>At 31 December 2020</i>	(28)	(16)	(5)	-	-	(49)
<i>Change during period</i>	1	14	-	-	-	15
<i>At 30 September 2021</i>	(27)	(8)	(5)	-	-	(40)
Net value						
<i>At 31 December 2020</i>	(14)	248	10,528	23,649	1,816	36,227
<i>At 30 September 2021</i>	(15)	220	10,183	26,525	2,612	39,525

During first half of year 2021 methodology of technical provisions calculation used in financial statements preparation was improved. Main change in methodology was inclusion of investment return to forecasted future cashflows when assessing Liabilities adequacy test. After these changes in methodology were made, mathematical technical provision has decreased by EUR 479 thousand. Other changes in insurance technical provisions were influenced by risk free interest rate curve increase; increase in value of investment units; increased operations level (change in portfolio).

Liabilities under unit-linked insurance contracts are fully covered with assets: other securities in the trading book and cash (30 September 2021: securities EUR 28,668 thousand, cash EUR 469 thousand, 31 December 2020: securities EUR 24,525 thousand, cash EUR 940 thousand).

NOTE 18
SUBSEQUENT EVENTS

On 29 September 2021 Bank has issued EUR 75 million senior preferred bonds. Settlement date for this bonds emission was on 7 October 2021 therefore results of the emission will be recognized in financial statements of the Bank in next quarter. From 8 October 2021 these bonds are listed on Baltic Bonds List by decision of Nasdaq Vilnius board.

After end of reporting period there were no other significant events which would have impact to these financial statements.

ADDITIONAL INFORMATION

for the nine months period ended 30 September 2021

The present additional information of Šiaulių Bankas AB (hereinafter — the Bank) covers the period 01 January 2021 to 30 September 2021.

The description of alternative performance indicators is available on the Bank's website at:

[Homepage](#) > [Bank Investors](#) > [Financial Information](#) > [Alternative Performance Measures](#)

ACTIVITY RESULTS

- In the Q3, Šiaulių Bankas Group earned the most this year - EUR 16.3 million of unaudited net profit and EUR 44.2 million during the first three quarters of 2021
- Due to the increase in the volume of financing for business and private clients, the loan portfolio has grown by 7% during the Q3 and exceeded EUR 2 billion
- As the number of services available on the Internet bank and Mobile app is increasing, the number of digital channel users is constantly growing
- The long-term funding structure was strengthened with the issuance of EUR 75 million in bonds and the borrowing of almost EUR 500 million from the ECB

“As the country's economy remains active, the gained financing momentum is also reflected in the results of this quarter - the business financing portfolio is growing, private customers remain highly interested in the housing loans and demand for the financing modernization of multi-apartment buildings is constantly increasing. This quarter was exceptional for the Bank because by issuing the bonds we took the first step into the international bond market, which helped to strengthen the structure of long-term liabilities and increased the investor base,” said Vytautas Sinius, CEO of Šiaulių Bankas.

Šiaulių Bankas Group earned EUR 44.2 million of unaudited net profit during the first three quarters of this year (29% more than a year ago, when the profit amounted to EUR 34.2 million). The profit of the Q3 was EUR 16.3 million and was 22% higher than a year ago (EUR 13.4 million).

In the first nine months of this year, operating revenue increased compared to the corresponding period of 2020 - net interest income increased by 4% and reached EUR 58.7 million and net fee and commission income grew by 6% and reached EUR 12.8 million.

Provisions for possible impairment losses on loans and other assets amounted to EUR 1.5 million in the first nine months of this year and is mainly a result of estimated credit loss model parameters changes. Due to possible impact of the COVID-19, provisions for the same period of the last year amounted to EUR 9.1 million. At the end of September, the cost of risk ratio was 0.1% (0.7% during Q1-3 2020).

Business and Private Clients Financing

As the economic certainty continued to rise, both private and business clients were actively financed. New contracts worth EUR 884 million were signed over the course of 9 months. i.e., twice as much as during the corresponding period last year. The Group's total loan and leasing portfolio grew by 7% (EUR 125 million) during the Q3 and by 16% (EUR 274 million) since the beginning of the year and exceeded EUR 2.0 billion.

High volume of business loan agreements signed is being maintained, which is almost three times higher than in the first 9 months of the previous year, and their value reaches EUR 488 million. The business financing portfolio grew by 4% (EUR 49 million) during the Q3 and by 11% (EUR 115 million) since the beginning of the year and reached EUR 1.17 billion. The non-performing business loan portfolio continues to decrease and at the end of September amounted to EUR 74 million (decreased by EUR 39 million or by 34% since the beginning of the year).

During the Q3, the Bank managed to maintain similar results of new residential mortgage sales as during the second quarter – agreements in amount of EUR 53 million were signed (EUR 54 million during the Q2). After very active Q1 and Q2, a decreased number of primary market offers in the larger cities is observed, and new construction projects are often not started or postponed due to rising prices of building materials and their supply chain disruptions. For this reason, even the customers who are ready to buy new houses have nothing to choose from and, after assessing their ability to borrow, continue to search and wait for suitable projects. In nine months, new mortgage loan agreements worth EUR 148 million were signed (132% more than in the corresponding period of 2020). The housing loan portfolio grew by 13% (EUR 47 million) during the Q3 and by 40% (EUR 117 million) since the beginning of the year and reached EUR 414.5 million.

This year, consumer financing agreements were signed for the same amount as in the corresponding period last year, i.e., for EUR 91 million. The consumer loan portfolio grew by 2% during the Q3 and by 3% since the beginning of the year and reached EUR 165 million.

Financing for energy-efficient projects also remains high – multi-apartment building modernization agreements worth EUR 37 million were signed in the Q3 and their total value amounts to EUR 96 million since the beginning of the year (71% more than in the corresponding period last year). By having an option and following the higher-than-expected interest of investors wishing to participate in the multi-

apartment house modernisation fund, the size of the fund was increased to EUR 275 million (from EUR 200 million). It is planned to complete negotiations with investors and establish the fund at the end of 2021 or the beginning of next year.

Daily banking

Net fee and commission income increased by 6% compared to the first nine months of last year and reached EUR 12.8 million. The increasing number of clients use card payments and shop online. Revenue from payments services grew by 9% over the last year. Although the total number of payment cards increased only slightly, the number of credit cards increased by 25% during last 12 months. In the Q3, 4.5 thousand new customers started using the Bank’s services, and the number of customers subscribed to the service plans grew steadily and exceeded 170 thousand.

By taking into the account clients’ needs, the Bank is constantly developing digital channels. The number of services on the Internet bank and in the Mobile application was increased in the Q3. It is becoming common practice to serve customers remotely - the number of calls and remote requests has remained high since the beginning of the pandemic, and the number of customers who are identified remotely is increasing.

Saving and Investing

The deposit portfolio has increased by 9% (EUR 202 million) over the first three quarters and amounted to EUR 2.5 billion at the end of September. The demand deposits accounting for most of the portfolio increased by 17% or EUR 245 million, while the term deposit portfolio decreased by 5% or EUR 43 million. Customers continue to use the Bank’s investment services more actively - fee and commission income from investment-related services reached EUR 2.3 million in three quarters (157% more than in the corresponding period of 2020).

In Q3, the Bank has successfully completed an issue of EUR 75 million of senior preferred bonds. The bonds were issued with four years maturity, with the Bank’s optional redemption date after three years. The new bonds issue is the first time that the Bank has tapped international debt markets. It is an important step to meet the Bank’s future regulatory MREL requirements, while also strengthening liability structure and increasing the investor base.

At the end of the Q3, the Bank borrowed via the ECB’s latest TLTRO III operation EUR 478.81 million for the 3-year term. The Bank aims to receive an interest rate of -1.0% until 23 June 2022 for the loans received under the TLTRO operations after achieving adequate net lending during the special reporting period.

COVID-19

In April 2020 the Bank joined the moratoria initiated by the Association of Lithuanian Banks (ALB) that offer principal repayment deferral solutions for individual and business customers. Moratoria ended on 30 September 2020, but, taking into account Covid-19 developments in Lithuania, they were renewed in January 2021 until 31 March 2021. As interest rate is not modified as a condition for moratoria, no material result from contract modifications was recorded (during nine months period ended 30 September 2021, loan modifications resulted in net loss of EUR 5 thousand, which was included in income statement line “Other operating income”). Renewed moratoria did not reach significant volumes – extensions according to the renewed moratoria were applied for loans and finance lease receivables with carrying amount of EUR 2,831 thousand. Major part of the loans that had extensions according to moratoria have returned to their original payment schedules – as of 30 September 2021 there were no loans and finance lease receivables with unexpired payment deferrals according to moratoria (including renewed moratoria). Also, loans and finance lease receivables with carrying amount of EUR 12,012 thousand had other extension measures that were not under moratoria and had not returned to the original payment schedules.

RATINGS

On February 22, 2021, the international rating agency Moody’s Investor Service (Moody’s) affirmed Šiaulių Bankas’ previous long-term debt rating Baa2 and changed its outlook to positive from stable. The bank was also affirmed with a short-term rating of P-2.

Long-term rating	Baa2
Short-term rating	P-2
Outlook	Positive

The rating outlook improvement reflected expectations that Šiaulių Bankas would maintain a strong capital position, ensure resilient profitability as well as successfully manage asset risk and risk appetite. The rating agency also noted that the rating of Šiaulių Bankas was also affected by the recently improved long-term debt rating of Lithuanian to A2 from A3. Moody’s has improved the country’s rating after six years considering Lithuania’s resilience to shock and its ability to manage pandemic threats to the country’s economy.

COMPLIANCE WITH PRUDENTIAL REQUIREMENTS

The cost-to-income ratio of the Group (excluding the impact from the investment result of the *SB Draudimas* assets under unit-linked contracts) was 40.4% (39.9% in the corresponding period last year), and the return-on-equity (ROE) was 15.8% (14.0% in the corresponding period last year). Information on the profitability ratios is available on the Bank's internet site at:

[Homepage](#) › [Bank Investors](#) › [Financial Information](#) › [Profitability Ratios](#)

Capital and liquidity position remain robust - prudential requirements are implemented with adequate reserve. According to the data as of 30 September 2021 the Bank complied with all the prudential requirements set out by the Bank of Lithuania. Data are available on the website of Šiaulių Bankas at:

[Homepage](#) › [Bank Investors](#) › [Financial Information](#) › [Prudential Standards](#)

In April 2021, the Bank received an updated MREL requirement, entailing the following MREL requirements that shall be met by 1 January 2024:

- The minimum requirement for own funds and eligible liabilities of the resolution entity with which the Bank shall comply is 19.91% of total risk exposure (MREL-TREA) and 6.94% of leverage ratio exposure (MREL-LRE);
- Subordinated instruments shall comprise 13.50% of total risk exposure (MREL-TREA, subordinated) and 5.79% of leverage ratio exposures (MREL-LRE, subordinated).

The Bank has received intermediate targets to ensure a linear build-up of own funds and eligible liabilities towards the requirements. For 1 January 2022, such targets comprise MREL-TREA of 15.43% and MREL-LRE of 6.94%, subordinated MREL-TREA of 13.50% and subordinated MREL-LRE of 5.79%. The Bank's MREL targets can be summarised as follows:

	01/01/2022	01/01/2024
	(intermediate target)	(requirement)
<i>MREL-TREA</i>	15.43%	19.91%
<i>MREL-LRE</i>	6.94%	6.94%
<i>MREL-TREA, subordinated</i>	13.50%	13.50%
<i>MREL-LRE, subordinated</i>	5.79%	5.79%

AUTHORIZED CAPITAL, SHAREHOLDERS

As of 30 September 2021, the authorized capital of the Bank totalled to EUR 174,210,616.27 and is divided into 600,726,263 units of ordinary registered shares with a nominal value of EUR 0.29 each (ISIN LT0000102253 Nasdaq CSD Lithuanian branch). The Charter of the Bank were registered in the Register of Legal Entities on 13 December 2018 after the last increase of the authorized capital by additional contributions. The authorized capital of the bank was not increased during 2020.

The rights granted by the Bank's shares are specified in the Bank's Charter, which is available on the Bank's website at:

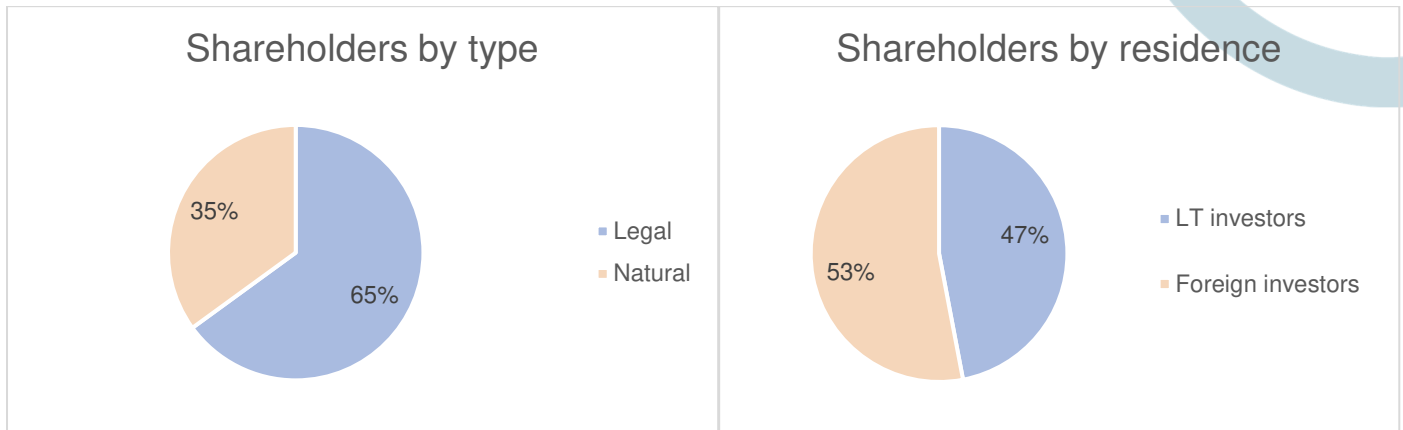
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Authorized capital:

	03/06/2014	26/05/2015	14/09/2015	26/05/2016	06/06/2017	01/06/2018	13/12/2018
<i>Capital, EUR</i>	78,300,000	85,033,800	91,226,381.99	109,471,658.33	131,365,989.88	157,639,187.74	174,210,616.27

As of 30 September 2021 the number if the Bank's shareholders was 15,989 (30 September 2020 – 8,417). All issued shares grant the shareholders equal rights foreseen by the Law on Companies of the The Republic of Lithuania of Lithuania and the Charter of the Bank:

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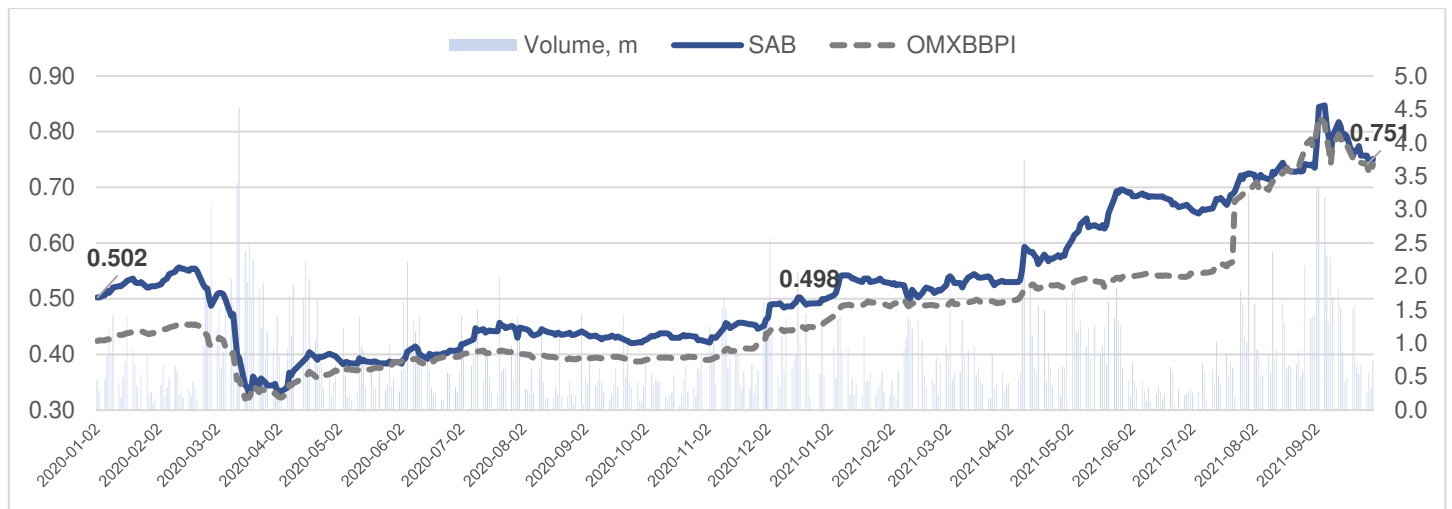


Information on shares

	31/12/2017	31/12/2018	31/12/2019	30/09/2020	31/12/2020	30/09/2021
Capitalization, m EUR	266.8	240.9	304.0	252.9	299.2	451.1
Turnover, mln. Eur	44.5	34.7	48.3	63.3	84.5	104.9
Share price on the last trading session day	0.589	0.401	0.506	0.421	0.498	0.751
Lowest share price during the reporting period	0.448	0.391	0.394	0.329	0.320	0.499
Highest share price during the reporting period	0.627	0.658	0.534	0.556	0.558	0.847
Average share price during the reporting period	0.530	0.521	0.473	0.438	0.442	0.632
Share book value	0.448	0.448	0.518	0.577	0.592	0.661
P/BV	1.3	0.9	1.0	0.7	0.8	1.1
P/E	8.3	4.6	5.9	5.5	7.0	7.7
Capital increase from retained earnings, %	20.0	-	-	-	-	-

*description of indicators is provided on the Bank's website: [Homepage](#) > [Bank Investors](#) > [Financial Information](#) > [Alternative Performance Measures](#)

Turnover and price of the Bank's shares 2020-2021



The shares of the Bank are traded on the regulated market. They are traded on the Nasdaq Baltic Market and admitted to official listing. All 600,726,263 registered ordinary shares of the Bank with a nominal value of EUR 0.29 per share and total nominal value of EUR 174,210,616.27 are admitted to the listing.

The shares issued by the Bank are included in the Nasdaq indexes:

- *OMX Baltic Benchmark (OMXBBI, OMXBPI, OMXBBCAPGI, OMXBBCAPPI)* - the Baltic benchmark index consists of the largest and most traded stocks on the Nasdaq Baltic Market representing all sectors;
- *OMX Baltic 10 (OMXB10, OMXB10EXP)* - is a tradable index of the Baltic states consisting of the 10 most actively traded stocks on the Baltic exchanges;
- *OMX Baltic (OMXBGI, OMXBPI)* – is an all-share index consisting of all the shares listed on the Main and Secondary lists of the Baltic exchanges with exception of the shares of the companies where a single shareholder controls at least 90% of the outstanding shares;
- *OMX Vilnius (OMXVGI)* – is an all-share index which includes all the shares listed on the Main and Secondary lists on the Nasdaq Vilnius with exception of the shares of the companies where a single shareholder controls at least 90% of the outstanding shares;
- *OMX Baltic Financials (B30GI, B30PI)* - an index of the Baltic financial institutions;
- *OMX Baltic Banks (B3010GI, B3010PI)* - an index of the Baltic banks.

Gross Index (GI) tracks the gross return of the stocks it includes. It reflects not only changes in their prices, but also any dividends they pay. This is generally seen as a fuller measure of a market's performance than a price index. Price Index (PI) only reflects changes in the prices of the stocks that the index includes, not taking dividends into account. In a Capped Index (CAP), there is a limit to the weight of any single security. If a stock exceeds the upper limit, its weight in the index is reduced to that maximum limit.

Besides, the Bank's shares are included into such indices as: *STOXX All Europe Total Market, STOXX EU Enlarged TMI, STOXX Eastern Europe 300, STOXX Eastern Europe 300 Banks, STOXX Eastern Europe Mid 100, STOXX Eastern Europe TMI, STOXX Eastern Europe TMI Small, STOXX Global Total Market, STOXX Lithuania Total Market, Bloomberg ESB Data Index, S&P Frontier BMI Index*, and into several *FTSE Russell Frontier* indices.

ACQUISITION OF OWN SHARES

During the period from 11 August 2021 to 12 August 2021 Šiaulių Bankas AB purchased own shares on the tender offer market of Nasdaq Vilnius AB. Purpose of share acquisition - granting shares to the employees of the Bank and the Bank's subsidiaries. Bank has acquired 1 000 000 of shares, acquisition price of one share 0.75 EUR, total amount of share acquisition transactions EUR 750 000.

On 13 August 2021 Šiaulių Bankas AB transferred 312 502 own shares to the employees of the Bank and the Bank's subsidiaries as a deferred part of variable remuneration for 2017. After this transfer Bank has 687 498 own shares.

DIVIDENDS

In 2018, the Supervisory Council approved the dividend policy. Carrying out its activities and planning the capital the Bank seeks to ensure a competitive return on investment through dividends and increasing stock value. The Bank shall pay dividends on two assumptions - when external and internal capital and liquidity requirements will be sustained, and the level of capital after dividends will remain sufficient to carry out all approved investment and development plans and other capital-intensive activities. Taking into account the above-mentioned principles and assumptions, the Bank shall seek to allocate at least 25 per cent of the earned annual profit to dividends.

On March 31, 2021, the General Meeting of Shareholders while distributing the bank's profit decided to pay dividends. EUR 3,304 thousand was allocated for dividends, which is 1.9 percent of the nominal value. Dividends were paid to the Bank's shareholders who had share rights at the end of the accounting day - 15/04/2021. The deviation from the dividend policy of the amount of dividends provided was determined by the recommendations of the European Central Bank (ECB), which Šiaulių Bankas, as a bank directly supervised by the ECB, must follow, regardless of its solid capital reserve.

Information on the dividends paid:

<i>The year for which the dividends are allocated and paid</i>	2016	2017	2018	2019	2020
<i>Per cent from nominal value</i>	1.72	1.72	10.00	-	1.90
<i>Dividend amount per share, Eur</i>	0.005	0.005	0.029	-	0.0055
<i>Dividend amount, Eur</i>	1,887,442	2,264,938	17,421,064	-	3,303,994
<i>Yields from dividends, %</i>	1.1	0.8	6.2	-	1.1
<i>Dividends to Group net profit, per cent</i>	4.3	7.1	33.0	-	7.7

The description of alternative performance indicators is available on the Bank's website at:

[Homepage](#) > [Bank Investors](#) > [Financial Information](#) > [Alternative Performance Measures](#)

MANAGEMENT OF THE BANK

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

The Bank's Supervisory Council (elected on 31 March 2020 and replenished on 10 June 2020, the term of office expires on the day of the Ordinary General Meeting of Shareholders of the Bank in 2024) currently consists of 8 members, 5 of whom are independent.

Supervisory Council of the Bank

<i>Name, Surname</i>	Duties at the Supervisory Council	Share of capital under the right of ownership, % (30/09/2021)	Share of votes together with the related persons, % (30/09/2021)
<i>Arvydas Salda</i>	Chairman since 1999	1.61	1.61
<i>Gintaras Kateiva</i>	Member since 2008	5.27	5.29*
<i>Ramunė Vilija Zabulienė</i>	Independent member since 2012	-	-
<i>Darius Šulnis</i>	Member since 2016	-	-
<i>Martynas Česnavičius</i>	Independent member since 2016	-	0.35**
<i>Miha Košak</i>	Independent member since 2017	-	-
<i>Adriano Arietti</i>	Independent member since 2020-06-03	-	-
<i>Susan Gail Buyske</i>	Independent member since 2020-07-31	-	-

* Pursuant to the Law on Securities of the Republic of Lithuania, votes are counted together with the votes held by the spouse.

** Votes are counted together with PRO Finance UAB, company code 110886161 - 0.35%.

The Board of the Bank was elected on 31 March 2020, the term of office expires on the day of the Ordinary General Meeting of Shareholders of the Bank in 2024. In the meeting of 6 May 2021, the Supervisory Council of the Bank removed Vita Urbonienė from the position of a member of the Management Board of the Bank and elected Algimantas Gaulia as a new member of the Management Board of the Bank, who was take up the position of a member of the Board on 30 July 2021 with the permission of the supervisory authority.

Management Board of the Bank

<i>Name, Surname</i>	Duties at the Board	Other current leading positions at the Bank	Share of capital under the right of ownership, % (30/09/2021)	Share of votes together with the related persons, % (30/09/2021)
<i>Algirdas Butkus</i>	Chairman since 1999	Deputy Chief Executive Officer	2.40	5.28*
<i>Vytautas Sinius</i>	Deputy Chairman since 2014	Chief Executive Officer	0.20	0.20
<i>Donatas Savickas</i>	Deputy Chairman since 1995	Deputy Chief Executive Officer, Head of Finance Division	0.10	0.10
<i>Daiva Šorienė</i>	Member since 2005	Deputy Chief Executive Officer, Head of Sales and Marketing Division	0.01	0.01
<i>Mindaugas Rudys</i>	Member since 2020	Head of Service Development Division	0.03	0.03
<i>Ilona Baranauskienė</i>	Member since 2014	Head of Legal and Administration Division	0.01	0.01
<i>Algimantas Gaulia</i>	Member since 30 July 2021	Head of Risk Management Division	<0.01	<0.01

* Pursuant to the Law on Securities of the Republic of Lithuania, votes are counted together with controlled companies: Prekybos namai AIVA UAB, company code 144031190 - 2.00%, Mintaka UAB, company code 144725916 - 0.88%.

OTHER INFORMATION, PUBLISHED INFORMATION AND MAJOR EVENTS

In accordance with the procedures set by the Charter of the Bank and the legal acts of the Republic of Lithuania reports on material events are announced in the Central regulated information base and on the Bank's website at:

[Homepage](#) › [Bank Investors](#) › [Reports on Stock Events](#).

Other important events are available on the Bank's website at:

[Homepage](#) › [About Us](#) › [News](#).

Chief Executive Officer

29 October 2021



Vytautas Sinius

CONFIRMATION FROM THE RESPONSIBLE PERSONS

We, Chief Executive Officer of Šiaulių bankas AB Vytautas Sinius and Chief Financial Officer Donatas Savickas, confirm that as far as we know, the financial statements for nine months of 2021 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

Chief Financial Officer

29 October 2021



Vytautas Sinius



Donatas Savickas