



## INTERIM INFORMATION

for the nine month period ended 30 September 2019

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CONDENSED INTERIM  
FINANCIAL STATEMENTS  
(unaudited)

for the nine month period ended 30 September 2019

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

	Notes	30 September 2019		31 December 2018	
		Group	Bank	Group	Bank (restated)
<b>ASSETS</b>					
Cash and cash equivalents		127,303	123,667	89,304	87,732
Securities in the trading book	2	44,898	21,162	60,182	27,896
Due from other banks		1,094	1,094	2,090	2,090
Derivative financial instruments		3,370	3,370	1,197	1,197
Loans to customers	1	1,471,028	1,469,328	1,262,167	1,264,741
Finance lease receivables	1	152,495	152,420	124,088	123,969
Investment securities at fair value	2	13,730	9,425	21,107	16,507
Investment securities at amortized cost	2	574,628	564,643	638,655	638,655
Investments in subsidiaries and associates	2	-	28,808	-	30,046
Intangible assets		3,517	2,163	3,359	1,975
Property, plant and equipment	3	12,080	11,140	8,630	8,018
Investment property		7,772	370	9,760	2,277
Current income tax prepayment		52	-	1,477	1,435
Deferred income tax asset		842	235	1,251	573
Other assets	3	34,740	22,752	38,462	20,014
<b>Total assets</b>		<b>2,447,549</b>	<b>2,410,577</b>	<b>2,261,729</b>	<b>2,227,125</b>
<b>LIABILITIES</b>					
Due to other banks and financial institutions		71,988	74,410	69,152	71,320
Derivative financial instruments		1,507	1,507	1,048	1,048
Due to customers	4	1,994,187	1,997,153	1,845,788	1,846,790
Special and lending funds	5	4,426	4,426	3,192	3,192
Debt securities in issue		20,093	20,093	20,003	20,003
Current income tax liabilities		1,145	992	233	-
Deferred income tax liabilities		807	-	598	-
Liabilities related to insurance activities		32,130	-	27,967	-
Other liabilities		21,326	12,441	19,010	10,280
<b>Total liabilities</b>		<b>2,147,609</b>	<b>2,111,022</b>	<b>1,986,991</b>	<b>1,952,633</b>
<b>EQUITY</b>					
Share capital	6	174,211	174,211	174,211	174,211
Share premium		3,428	3,428	3,428	3,428
Reserve capital		756	756	756	756
Statutory reserve	6	14,468	14,246	10,369	10,195
Reserve for acquisition of own shares	6	10,000	10,000	-	-
Accumulated other comprehensive income		52	52	(492)	(492)
Other equity	6	1,538	1,345	-	-
Retained earnings		95,487	95,517	86,466	86,394
Non-controlling interest		-	-	-	-
<b>Total equity</b>		<b>299,940</b>	<b>299,555</b>	<b>274,738</b>	<b>274,492</b>
<b>Total liabilities and equity</b>		<b>2,447,549</b>	<b>2,410,577</b>	<b>2,261,729</b>	<b>2,227,125</b>

The notes on pages 11 to 33 constitute an integral part of these financial statements.

Chief Executive Officer

Chief Accountant

5 November 2019



Vytautas Sinius



Vita Urbonienė

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

for the nine month period ended

	Notes	30 September 2019		30 September 2018	
		Group	Bank	Group	Bank (restated)
<i>Interest revenue calculated using the effective interest method</i>	7	53,193	46,994	47,449	42,452
<i>Other similar income</i>	7	5,313	5,175	4,655	4,301
<i>Interest expense and similar charges</i>	7	(5,937)	(5,933)	(6,383)	(6,390)
<b>Net interest income</b>		<b>52,569</b>	<b>46,236</b>	<b>45,721</b>	<b>40,363</b>
<i>Fee and commission income</i>	8	17,400	17,132	14,056	13,714
<i>Fee and commission expense</i>	8	(4,328)	(4,203)	(3,788)	(3,682)
<b>Net fee and commission income</b>		<b>13,072</b>	<b>12,929</b>	<b>10,268</b>	<b>10,032</b>
<i>Net gain from trading activities</i>	11	11,171	8,538	6,965	7,204
<i>Net gain (loss) from changes in fair value of subordinated loan</i>	12	-	-	4,959	4,959
<i>Net gain (loss) from derecognition of financial assets</i>		1,500	598	424	424
<i>Net gain (loss) from disposal of tangible assets</i>		2,852	168	1,139	265
<i>Revenue related to insurance activities</i>		5,099	-	4,808	-
<i>Other operating income</i>		916	418	969	413
<i>Salaries and related expenses</i>		(16,616)	(14,293)	(15,417)	(13,171)
<i>Depreciation and amortization expenses</i>		(2,600)	(2,219)	(1,468)	(1,235)
<i>Expenses related to insurance activities</i>	11	(6,587)	-	(3,631)	-
<i>Other operating expenses</i>	9	(8,949)	(6,258)	(8,009)	(6,066)
<b>Operating profit before impairment losses</b>		<b>52,427</b>	<b>46,117</b>	<b>46,728</b>	<b>43,188</b>
<i>Allowance for impairment losses on loans and other assets</i>	10	(4,912)	(3,025)	(4,791)	(2,346)
<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>	11	-	3,420	-	873
<b>Profit before income tax</b>		<b>47,515</b>	<b>46,512</b>	<b>41,937</b>	<b>41,715</b>
<i>Income tax expense</i>		(6,920)	(5,874)	(3,441)	(3,204)
<b>Net profit for the period</b>		<b>40,595</b>	<b>40,638</b>	<b>38,496</b>	<b>38,511</b>
<b>Net profit attributable to:</b>					
<i>Owners of the Bank</i>		40,595	40,638	38,496	38,511
<i>Non-controlling interest</i>		-	-	-	-
<i>Basic earnings per share (in EUR per share) attributable to owners of the Bank</i>		0.07		0.07	
<i>Diluted earnings per share (in EUR per share) attributable to owners of the Bank</i>		0.07		0.07	

The notes on pages 11 to 33 constitute an integral part of these financial statements.

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

	for the three month period			
	1 July - 30 September 2019		1 July - 30 September 2018	
	Group	Bank	Group	Bank (restated)
<i>Interest revenue calculated using the effective interest method</i>	18,621	16,383	16,586	14,853
<i>Other similar income</i>	1,973	1,945	1,666	1,545
<i>Interest expense and similar charges</i>	(2,021)	(2,020)	(2,122)	(2,124)
<b>Net interest income</b>	<b>18,573</b>	<b>16,308</b>	<b>16,130</b>	<b>14,274</b>
<i>Fee and commission income</i>	6,070	5,986	5,036	4,915
<i>Fee and commission expense</i>	(1,333)	(1,289)	(1,204)	(1,166)
<b>Net fee and commission income</b>	<b>4,737</b>	<b>4,697</b>	<b>3,832</b>	<b>3,749</b>
<i>Net gain from trading activities</i>	3,051	2,502	2,705	2,575
<i>Net gain (loss) from changes in fair value of subordinated loan</i>	-	-	2,465	2,465
<i>Net gain (loss) from derecognition of financial assets</i>	824	483	133	133
<i>Net gain (loss) from disposal of tangible assets</i>	1,037	124	368	(30)
<i>Revenue related to insurance activities</i>	1,796	-	1,609	-
<i>Other operating income</i>	339	119	278	104
<i>Salaries and related expenses</i>	(5,358)	(4,627)	(5,040)	(4,329)
<i>Depreciation and amortization expenses</i>	(877)	(753)	(489)	(411)
<i>Expenses related to insurance activities</i>	(2,022)	-	(1,465)	-
<i>Other operating expenses</i>	(3,132)	(2,211)	(2,640)	(1,911)
<b>Operating profit before impairment losses</b>	<b>18,968</b>	<b>16,642</b>	<b>17,886</b>	<b>16,619</b>
<i>Allowance for impairment losses on loans and other assets</i>	(3,755)	(2,176)	(4,816)	(2,291)
<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>	-	353	-	(1,058)
<b>Profit before income tax</b>	<b>15,213</b>	<b>14,819</b>	<b>13,070</b>	<b>13,270</b>
<i>Income tax expense</i>	(2,434)	(2,035)	(1,624)	(1,752)
<b>Net profit for the period</b>	<b>12,779</b>	<b>12,784</b>	<b>11,446</b>	<b>11,518</b>
<b>Net profit attributable to:</b>				
<i>Owners of the Bank</i>	12,779	12,784	11,446	11,518
<i>Non-controlling interest</i>	-	-	-	-

The notes on pages 11 to 33 constitute an integral part of these financial statements.

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

	for the nine month period ended			
	30 September 2019		30 September 2018	
	Group	Bank	Group	Bank (restated)
<b>Net profit for the period</b>	<b>40,595</b>	<b>40,638</b>	<b>38,496</b>	<b>38,511</b>
<b>Other comprehensive income</b>				
<i>Items that may be subsequently reclassified to profit or loss:</i>				
Gain from revaluation of financial assets	640	640	(393)	(393)
Deferred income tax on gain from revaluation of financial assets	(96)	(96)	61	61
<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	-	-	-	-
<b>Other comprehensive income, net of deferred tax</b>	<b>544</b>	<b>544</b>	<b>(332)</b>	<b>(332)</b>
<b>Total comprehensive income for the period</b>	<b>41,139</b>	<b>41,182</b>	<b>38,164</b>	<b>38,179</b>
<b>Total comprehensive income (loss) attributable to:</b>				
Owners of the Bank	41,139	41,182	38,164	38,179
Non-controlling interest	-	-	-	-
	41,139	41,182	38,164	38,179

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

	for the three month period			
	1 July - 30 September 2019		1 July - 30 September 2018	
	Group	Bank	Group	Bank (restated)
<b>Net profit for the period</b>	<b>12,779</b>	<b>12,784</b>	<b>11,446</b>	<b>11,518</b>
<b>Other comprehensive income (loss)</b>				
<i>Items that may be subsequently reclassified to profit or loss:</i>				
Gain (loss) from revaluation of financial assets	37	37	(154)	(154)
Deferred income tax on gain (loss) from revaluation of financial assets	(11)	(11)	25	25
<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	-	-	-	-
<b>Other comprehensive income (loss), net of deferred tax</b>	<b>26</b>	<b>26</b>	<b>(129)</b>	<b>(129)</b>
<b>Total comprehensive income for the period</b>	<b>12,805</b>	<b>12,810</b>	<b>11,317</b>	<b>11,389</b>
<b>Total comprehensive income (loss) attributable to:</b>				
Owners of the Bank	12,805	12,810	11,317	11,389
Non-controlling interest	-	-	-	-
	12,805	12,810	11,317	11,389

The notes on pages 11 to 33 constitute an integral part of these financial statements.

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

	Notes	Share capital	Share premium	Reserve capital	Financial instruments revaluation reserve	Statutory reserve	Reserve for acquisition of own shares	Other equity	Retained earnings	Total	Non-controlling interest	Total equity
		Priskirtina Banko akcininkams										
<b>1 January 2018</b>		<b>131,366</b>	-	<b>756</b>	<b>(368)</b>	<b>7,177</b>	-	-	<b>61,953</b>	<b>200,884</b>	-	<b>200,884</b>
Transfer to statutory reserve		-	-	-	-	3,192	-	-	(3,192)	-	-	-
Increase in share capital through bonus issue of shares		26,273	-	-	-	-	-	-	(26,273)	-	-	-
Payment of dividends	6	-	-	-	-	-	-	-	(2,265)	(2,265)	-	(2,265)
Reversal of deferred income tax previously recognized directly in equity		-	-	-	-	-	-	-	(1,127)	(1,127)	-	(1,127)
Total comprehensive income		-	-	-	(332)	-	-	-	38,496	38,164	-	38,164
<b>30 September 2018</b>		<b>157,639</b>	-	<b>756</b>	<b>(700)</b>	<b>10,369</b>	-	-	<b>67,592</b>	<b>235,656</b>	-	<b>235,656</b>
Conversion of subordinated loan to share capital		16,572	3,428	-	-	-	-	-	4,732	24,732	-	24,732
Total comprehensive income		-	-	-	208	-	-	-	14,142	14,350	-	14,350
<b>31 December 2018</b>		<b>174,211</b>	<b>3,428</b>	<b>756</b>	<b>(492)</b>	<b>10,369</b>	-	-	<b>86,466</b>	<b>274,738</b>	-	<b>274,738</b>
Impact of change in accounting principles		-	-	-	-	-	-	-	(54)	(54)	-	(54)
<b>31 December 2018, restated</b>		<b>174,211</b>	<b>3,428</b>	<b>756</b>	<b>(492)</b>	<b>10,369</b>	-	-	<b>86,412</b>	<b>274,684</b>	-	<b>274,684</b>
Transfer to statutory reserve		-	-	-	-	4,099	-	-	(4,099)	-	-	-
Transfer to reserve for acquisition of own shares	6	-	-	-	-	-	10,000	-	(10,000)	-	-	-
Recognition of other equity	6	-	-	-	-	-	-	1,538	-	1,538	-	1,538
Payment of dividends	6	-	-	-	-	-	-	-	(17,421)	(17,421)	-	(17,421)
Total comprehensive income		-	-	-	544	-	-	-	40,595	41,139	-	41,139
<b>30 September 2019</b>		<b>174,211</b>	<b>3,428</b>	<b>756</b>	<b>52</b>	<b>14,468</b>	<b>10,000</b>	<b>1,538</b>	<b>95,487</b>	<b>299,940</b>	-	<b>299,940</b>

The notes on pages 11 to 33 constitute an integral part of these financial statements.



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

	Notes	Share capital	Share premium	Reserve capital	Financial instruments revaluation reserve	Statutory reserve	Reserve for acquisition of own shares	Other equity	Retained earnings	Total
<b>1 January 2018</b>		<b>131,366</b>	-	<b>756</b>	<b>(368)</b>	<b>7,071</b>	-	-	<b>56,004</b>	<b>194,829</b>
<i>Impact of change in accounting principles</i>		-	-	-	-	-	-	-	4,438	4,438
<b>1 January 2018, restated</b>		<b>131,366</b>	-	<b>756</b>	<b>(368)</b>	<b>7,071</b>	-	-	<b>60,442</b>	<b>199,267</b>
<i>Transfer to statutory reserve</i>		-	-	-	-	3,124	-	-	(3,124)	-
<i>Increase in share capital through bonus issue of shares</i>		26,273	-	-	-	-	-	-	(26,273)	-
<i>Reversal of deferred income tax previously recognized directly in equity</i>		-	-	-	-	-	-	-	(1,127)	(1,127)
<i>Payment of dividends</i>	6	-	-	-	-	-	-	-	(2,265)	(2,265)
<i>Total comprehensive income, restated</i>		-	-	-	(332)	-	-	-	38,511	38,179
<b>30 September 2018</b>		<b>157,639</b>	-	<b>756</b>	<b>(700)</b>	<b>10,195</b>	-	-	<b>66,164</b>	<b>234,054</b>
<i>Conversion of subordinated loan to share capital</i>		16,572	3,428	-	-	-	-	-	4,732	24,732
<i>Total comprehensive income, restated</i>		-	-	-	208	-	-	-	15,498	15,706
<b>31 December 2018</b>		<b>174,211</b>	<b>3,428</b>	<b>756</b>	<b>(492)</b>	<b>10,195</b>	-	-	<b>86,394</b>	<b>274,492</b>
<i>Impact of change in accounting principles</i>		-	-	-	-	-	-	-	(43)	(43)
<b>31 December 2018, restated</b>		<b>174,211</b>	<b>3,428</b>	<b>756</b>	<b>(492)</b>	<b>10,195</b>	-	-	<b>86,351</b>	<b>274,449</b>
<i>Transfer to statutory reserve</i>		-	-	-	-	4,051	-	-	(4,051)	-
<i>Transfer to reserve for acquisition of own shares</i>		-	-	-	-	-	10,000	-	(10,000)	-
<i>Recognition of other equity</i>		-	-	-	-	-	-	1,345	-	1,345
<i>Payment of dividends</i>	6	-	-	-	-	-	-	-	(17,421)	(17,421)
<i>Total comprehensive income</i>		-	-	-	544	-	-	-	40,638	41,182
<b>30 September 2019</b>		<b>174,211</b>	<b>3,428</b>	<b>756</b>	<b>52</b>	<b>14,246</b>	<b>10,000</b>	<b>1,345</b>	<b>95,517</b>	<b>299,555</b>

The notes on pages 11 to 33 constitute an integral part of these financial statements.

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

for the nine month period ended

	Notes	30 September 2019		30 September 2018	
		Group	Bank	Group	Bank
<b>Operating activities</b>					
Interest received on loans and advances		52,398	46,191	43,816	38,465
Interest received on securities in the trading book		813	750	964	705
Interest paid		(5,117)	(5,113)	(6,326)	(6,333)
Fees and commissions received		17,400	17,132	14,056	13,714
Fees and commissions paid		(4,328)	(4,203)	(3,788)	(3,682)
Net cash inflows from trade in securities in the trading book		15,064	6,405	(7,314)	(4,654)
Net inflows from foreign exchange operations		6,170	6,056	3,577	2,145
Net inflows from derecognition of financial assets		1,500	598	424	424
Net inflows from derecognition of non-financial assets		6,229	302	2,856	339
Cash inflows related to other activities of Group companies		6,015	418	5,777	413
Cash outflows related to other activities of Group companies		(6,587)	-	(3,657)	-
Recoveries on loans previously written off		2,142	335	1,386	439
Salaries and related payments to and on behalf of employees		(18,495)	(16,172)	(15,415)	(13,169)
Payments related to operating and other expenses		(6,972)	(4,206)	(8,035)	(5,402)
Income tax paid		(3,965)	(3,110)	(8,887)	(8,234)
<b>Net cash flow from operating activities before change in operating assets and liabilities</b>		<b>62,267</b>	<b>45,383</b>	<b>19,434</b>	<b>15,170</b>
<b>Change in operating assets and liabilities:</b>					
Decrease (increase) in due from other banks		996	996	330	330
(Increase) in loans to customers and finance lease receivables		(243,341)	(235,686)	(176,549)	(172,461)
Decrease (increase) in other assets		(2,199)	(3,398)	763	(18)
Decrease (increase) in due to banks and financial institutions		2,884	3,138	(8,153)	(8,009)
Increase (decrease) increase in due to customers		147,531	149,495	192,865	193,012
Increase in special and lending funds		1,234	1,234	(8,201)	(8,201)
Increase (decrease) in other liabilities		6,382	(1,250)	1,480	(346)
<b>Change</b>		<b>(86,513)</b>	<b>(85,471)</b>	<b>2,535</b>	<b>4,307</b>
<b>Net cash flow from (used in) from operating activities</b>		<b>(24,246)</b>	<b>(40,088)</b>	<b>21,969</b>	<b>19,477</b>
<b>Investing activities</b>					
Acquisition of property, plant and equipment, investment property and intangible assets		(3,268)	(2,708)	(675)	(651)
Disposal of property, plant and equipment, investment property and intangible assets		4,484	4,466	3,900	2,468
Acquisition of debt securities at amortized cost		(115,030)	(105,045)	(107,178)	(107,178)
Proceeds from redemption of debt securities at amortized cost		179,057	179,057	67,715	67,715
Interest received on debt securities at amortized cost		7,076	6,970	7,583	7,583
Dividends received		31	3,831	29	4,639
Acquisition of investment securities at fair value		(3,684)	(3,992)	(7,070)	(6,818)
Sale or redemption of investment securities at fair value		10,688	10,688	2,334	2,334
Interest received on investment securities at fair value		273	273	167	143
Disposal of subsidiaries		-	-	-	-
Inflows from subsidiaries held for sale		-	-	-	-
Business acquisition		-	-	-	-
Instalments to cover losses and to strengthen the capital of subsidiaries		-	(135)	-	-
<b>Net cash flow (used in) from investing activities</b>		<b>79,627</b>	<b>93,405</b>	<b>(33,195)</b>	<b>(29,765)</b>
<b>Financing activities</b>					
Payment of dividends		(17,382)	(17,382)	(2,265)	(2,265)
Issue and interest on debt securities in issue		-	-	-	-
<b>Net cash flow (used in) financing activities</b>		<b>(17,382)</b>	<b>(17,382)</b>	<b>(2,265)</b>	<b>(2,265)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>37,999</b>	<b>35,935</b>	<b>(13,491)</b>	<b>(12,553)</b>
Cash and cash equivalents at 1 January		89,304	87,732	129,738	126,591
Cash and cash equivalents at 30 September		127,303	123,667	116,247	114,038

The notes on pages 11 to 33 constitute an integral part of these financial statements.

## GENERAL INFORMATION

Šiaulių Bankas AB was registered as a public company in the Enterprise Register of the Republic of Lithuania on 4 February 1992. The Bank is licensed by the Bank of Lithuania to perform all banking operations provided for in the Law on Banks of the Republic of Lithuania and the Charter of the Bank. In this document, Šiaulių Bankas AB is referred to as the Bank, Šiaulių Bankas AB and its subsidiaries (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 60 customer service outlets (2018: 62 outlets). As at 30 September 2019 the Bank had 726 employees (31 December 2018: 714). As at 30 September 2019 the Group had 823 employees (31 December 2018: 815 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 month period ended 30 September 2019 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 2018, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by EU. Except for the points described below, all the accounting policies applied in the preparation of this condensed interim financial information are consistent with those of the annual financial statements of the Bank for the year ended 31 December 2018.

### Investments in subsidiaries

Accounting principles for investments in subsidiaries were changed from 1 January 2019. Investments in subsidiaries are accounted for using equity method – i.e. investment is initially recognized at cost, and adjusted thereafter for the post-acquisition change in the Bank's share of net assets of the subsidiary. In previous financial statements investments in subsidiaries were accounted for at cost. The change in accounting method did not have any impact on Group's financial statements, but caused changes in Bank's separate financial statements. Bank's comparative financial information was restated to reflect the change in accounting method. The changes are summarized in tables below.

Impact of change in accounting method on Bank's Statement of Financial Position:

	31 December 2018			1 January 2018		
	Previously reported amount	Restatement adjustment	Restated amount	Previously reported amount	Restatement adjustment	Restated amount
<b>ASSETS</b>						
Investments in subsidiaries	24,659	5,387	30,046	26,895	4,438	31,333
<b>LIABILITIES</b>						
Other liabilities	10,275	5	10,280	8,430	-	8,430
<b>EQUITY</b>						
Retained earnings	81,012	5,382	86,394	56,004	4,438	60,442

Impact of change in accounting method on Bank's Income Statement:

	1 January 2018 – 30 September 2018		
	Previously reported amount	Restatement adjustment	Restated amount
Allowance for impairment losses on investments in subsidiaries	(834)	834	-
Dividends from investments in subsidiaries	4,619	(4,619)	N/A
Share of the profit or loss of investments in subsidiaries accounted for using the equity method	-	873	873
<b>Profit before income tax</b>	<b>44,627</b>	<b>(2,912)</b>	<b>41,715</b>
<b>Net profit</b>	<b>41,423</b>	<b>(2,912)</b>	<b>38,511</b>

### 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

The Group adopted IFRS 16 from 1 January 2019. The impact of adoption of the standard is described in Bank's annual financial statements for the year ended 31 December 2018. Also see Note 3 for additional disclosures.

## GENERAL INFORMATION (continued)

Except for the standards mentioned above, the Bank's management do not believe the newly published standards, amendments and interpretations that are mandatory for the Bank's reporting periods beginning on or after 1 January 2019 will have a material impact on the Bank's financial statements, also there are no new standards, amendments and interpretations that are mandatory for the Bank with effect from 2019, and that would have a material impact on the Bank's financial information.

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. Except for the impact of above-described IFRS 16, 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 2018.

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

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

## NOTE 1 LOANS TO CUSTOMERS AND FINANCE LEASE RECEIVABLES

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

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

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

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

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

	30 September 2019		31 December 2018	
	Group	Bank	Group	Bank
<i>Cash equivalents</i>	57,971	57,721	40,924	40,735
<i>Loans and advances to banks</i>	1,094	1,094	2,090	2,090
<b><i>Loans and advances to customers:</i></b>	<b>1,471,028</b>	<b>1,469,328</b>	<b>1,262,167</b>	<b>1,264,741</b>
<i>Loans and advances to financial institutions</i>	-	92,497	693	50,255
<i>Loans to individuals (Retail)</i>	325,611	224,160	243,078	178,632
<i>Loans to business customers</i>	1,145,417	1,152,671	1,018,396	1,035,854
<i>Finance lease receivables</i>	152,495	152,420	124,088	123,969
<i>Debt securities at fair value through profit or loss</i>	23,306	20,161	42,384	27,332
<i>Derivative financial instruments</i>	3,370	3,370	1,197	1,197
<i>Debt securities at fair value through other comprehensive income</i>	8,978	8,583	16,379	15,984
<i>Debt securities at amortized cost</i>	574,628	564,643	638,655	638,655
<i>Other assets subject to credit risk</i>	18,570	18,126	13,213	12,708
<i>Credit risk exposures relating to off-balance sheet items are as follows:</i>				
<i>Financial guarantees</i>	38,097	38,161	39,655	39,720
<i>Letters of credit</i>	17,981	17,981	760	760
<i>Loan commitments and other credit related liabilities</i>	277,210	301,229	265,407	285,618

### Loans to customers

Loans and advances are summarised as follows:

	30 September 2019		31 December 2018	
	Group	Bank	Group	Bank
<b>Gross</b>	1,513,235	1,503,564	1,304,933	1,301,592
<i>Subtract: allowance for impairment</i>	(42,207)	(34,236)	(42,766)	(36,851)
<b>Net</b>	<b>1,471,028</b>	<b>1,469,328</b>	<b>1,262,167</b>	<b>1,264,741</b>

## NOTE 1

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

The distribution of loans by stages and days past due:

	Group									
	30 September 2019					31 December 2018				
	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
<b>Stage 1:</b>										
Gross amount	1,198,046	78,784	911	2	1,277,743	1,031,497	54,606	467	1	1,086,571
Allowance for impairment	(5,918)	(1,202)	(65)	-	(7,185)	(4,845)	(953)	(41)	-	(5,839)
<b>Net amount</b>	<b>1,192,128</b>	<b>77,582</b>	<b>846</b>	<b>2</b>	<b>1,270,558</b>	<b>1,026,652</b>	<b>53,653</b>	<b>426</b>	<b>1</b>	<b>1,080,732</b>
<b>Stage 2:</b>										
Gross amount	133,681	11,293	12,154	-	157,128	120,315	14,537	6,063	2	140,917
Allowance for impairment	(1,775)	(281)	(2,248)	-	(4,304)	(2,200)	(525)	(1,737)	-	(4,462)
<b>Net amount</b>	<b>131,906</b>	<b>11,012</b>	<b>9,906</b>	<b>-</b>	<b>152,824</b>	<b>118,115</b>	<b>14,012</b>	<b>4,326</b>	<b>2</b>	<b>136,455</b>
<b>Stage 3:</b>										
Gross amount	25,883	9,191	4,595	38,695	78,364	21,826	5,293	2,734	47,592	77,445
Allowance for impairment	(10,027)	(2,374)	(1,541)	(16,776)	(30,718)	(7,665)	(1,367)	(893)	(22,540)	(32,465)
<b>Net amount</b>	<b>15,856</b>	<b>6,817</b>	<b>3,054</b>	<b>21,919</b>	<b>47,646</b>	<b>14,161</b>	<b>3,926</b>	<b>1,841</b>	<b>25,052</b>	<b>44,980</b>
<b>Total:</b>										
Gross amount	1,357,610	99,268	17,660	38,697	1,513,235	1,173,638	74,436	9,264	47,595	1,304,933
Allowance for impairment	(17,720)	(3,857)	(3,854)	(16,776)	(42,207)	(14,710)	(2,845)	(2,671)	(22,540)	(42,766)
<b>Net amount</b>	<b>1,339,890</b>	<b>95,411</b>	<b>13,806</b>	<b>21,921</b>	<b>1,471,028</b>	<b>1,158,928</b>	<b>71,591</b>	<b>6,593</b>	<b>25,055</b>	<b>1,262,167</b>

	Bank									
	30 September 2019					31 December 2018				
	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
<b>Stage 1:</b>										
Gross amount	1,205,434	68,417	274	2	1,274,127	1,038,871	46,718	149	1	1,085,739
Allowance for impairment	(3,105)	(295)	(2)	-	(3,402)	(3,139)	(260)	-	-	(3,399)
<b>Net amount</b>	<b>1,202,329</b>	<b>68,122</b>	<b>272</b>	<b>2</b>	<b>1,270,725</b>	<b>1,035,732</b>	<b>46,458</b>	<b>149</b>	<b>1</b>	<b>1,082,340</b>
<b>Stage 2:</b>										
Gross amount	136,166	11,293	7,508	-	154,967	124,707	14,537	2,420	2	141,666
Allowance for impairment	(1,795)	(281)	(357)	-	(2,433)	(2,248)	(525)	(175)	-	(2,948)
<b>Net amount</b>	<b>134,371</b>	<b>11,012</b>	<b>7,151</b>	<b>-</b>	<b>152,534</b>	<b>122,459</b>	<b>14,012</b>	<b>2,245</b>	<b>2</b>	<b>138,718</b>
<b>Stage 3:</b>										
Gross amount	25,562	8,797	3,573	36,538	74,470	21,568	5,099	2,054	45,466	74,187
Allowance for impairment	(9,834)	(2,143)	(943)	(15,481)	(28,401)	(7,483)	(1,235)	(428)	(21,358)	(30,504)
<b>Net amount</b>	<b>15,728</b>	<b>6,654</b>	<b>2,630</b>	<b>21,057</b>	<b>46,069</b>	<b>14,085</b>	<b>3,864</b>	<b>1,626</b>	<b>24,108</b>	<b>43,683</b>
<b>Total:</b>										
Gross amount	1,367,162	88,507	11,355	36,540	1,503,564	1,185,146	66,354	4,623	45,469	1,301,592
Allowance for impairment	(14,734)	(2,719)	(1,302)	(15,481)	(34,236)	(12,870)	(2,020)	(603)	(21,358)	(36,851)
<b>Net amount</b>	<b>1,352,428</b>	<b>85,788</b>	<b>10,053</b>	<b>21,059</b>	<b>1,469,328</b>	<b>1,172,276</b>	<b>64,334</b>	<b>4,020</b>	<b>24,111</b>	<b>1,264,741</b>

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 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.

## NOTE 1

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

#### Finance lease receivables

Information on finance lease receivables is summarised in the tables below.

	30 September 2019		31 December 2018	
	Group	Bank	Group	Bank
<i>Business customers</i>	132,077	131,266	105,634	104,784
<i>Individuals</i>	24,360	24,320	21,100	21,027
<b>Gross</b>	<b>156,437</b>	<b>155,586</b>	<b>126,734</b>	<b>125,811</b>
<i>Subtract: Allowance for impairment</i>	(3,942)	(3,166)	(2,646)	(1,842)
<b>Net</b>	<b>152,495</b>	<b>152,420</b>	<b>124,088</b>	<b>123,969</b>

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

	Group									
	30 September 2019					31 December 2018				
	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
<b>Stage 1:</b>										
<i>Gross amount</i>	111,555	13,850	-	-	125,405	81,625	15,481	9	-	97,115
<i>Allowance for impairment</i>	(489)	(82)	-	-	(571)	(307)	(42)	-	-	(349)
<b>Net amount</b>	<b>111,066</b>	<b>13,768</b>	<b>-</b>	<b>-</b>	<b>124,834</b>	<b>81,318</b>	<b>15,439</b>	<b>9</b>	<b>-</b>	<b>96,766</b>
<b>Stage 2:</b>										
<i>Gross amount</i>	11,894	3,682	2,284	-	17,860	12,947	3,528	1,650	-	18,125
<i>Allowance for impairment</i>	(411)	(98)	(130)	-	(639)	(300)	(146)	(91)	-	(537)
<b>Net amount</b>	<b>11,483</b>	<b>3,584</b>	<b>2,154</b>	<b>-</b>	<b>17,221</b>	<b>12,647</b>	<b>3,382</b>	<b>1,559</b>	<b>-</b>	<b>17,588</b>
<b>Stage 3:</b>										
<i>Gross amount</i>	1,287	5,011	14	6,860	13,172	5,625	135	6	5,728	11,494
<i>Allowance for impairment</i>	(481)	(119)	(5)	(2,127)	(2,732)	(278)	(55)	(3)	(1,424)	(1,760)
<b>Net amount</b>	<b>806</b>	<b>4,892</b>	<b>9</b>	<b>4,733</b>	<b>10,440</b>	<b>5,347</b>	<b>80</b>	<b>3</b>	<b>4,304</b>	<b>9,734</b>
<b>Total:</b>										
<i>Gross amount</i>	124,736	22,543	2,298	6,860	156,437	100,197	19,144	1,665	5,728	126,734
<i>Allowance for impairment</i>	(1,381)	(299)	(135)	(2,127)	(3,942)	(885)	(243)	(94)	(1,424)	(2,646)
<b>Net amount</b>	<b>123,355</b>	<b>22,244</b>	<b>2,163</b>	<b>4,733</b>	<b>152,495</b>	<b>99,312</b>	<b>18,901</b>	<b>1,571</b>	<b>4,304</b>	<b>124,088</b>

	Bank									
	30 September 2019					31 December 2018				
	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
<b>Stage 1:</b>										
<i>Gross amount</i>	111,553	13,849	-	-	125,402	81,595	15,475	9	-	97,079
<i>Allowance for impairment</i>	(489)	(82)	-	-	(571)	(307)	(42)	-	-	(349)
<b>Net amount</b>	<b>111,064</b>	<b>13,767</b>	<b>-</b>	<b>-</b>	<b>124,831</b>	<b>81,288</b>	<b>15,433</b>	<b>9</b>	<b>-</b>	<b>96,730</b>
<b>Stage 2:</b>										
<i>Gross amount</i>	11,894	3,682	2,283	-	17,859	12,947	3,528	1,650	-	18,125
<i>Allowance for impairment</i>	(411)	(98)	(130)	-	(639)	(300)	(146)	(92)	-	(538)
<b>Net amount</b>	<b>11,483</b>	<b>3,584</b>	<b>2,153</b>	<b>-</b>	<b>17,220</b>	<b>12,647</b>	<b>3,382</b>	<b>1,558</b>	<b>-</b>	<b>17,587</b>
<b>Stage 3:</b>										
<i>Gross amount</i>	1,287	5,011	14	6,013	12,325	5,624	135	5	4,843	10,607
<i>Allowance for impairment</i>	(481)	(119)	(5)	(1,351)	(1,956)	(277)	(55)	(2)	(621)	(955)
<b>Net amount</b>	<b>806</b>	<b>4,892</b>	<b>9</b>	<b>4,662</b>	<b>10,369</b>	<b>5,347</b>	<b>80</b>	<b>3</b>	<b>4,222</b>	<b>9,652</b>
<b>Total:</b>										
<i>Gross amount</i>	124,734	22,542	2,297	6,013	155,586	100,166	19,138	1,664	4,843	125,811
<i>Allowance for impairment</i>	(1,381)	(299)	(135)	(1,351)	(3,166)	(884)	(243)	(94)	(621)	(1,842)
<b>Net amount</b>	<b>123,353</b>	<b>22,243</b>	<b>2,162</b>	<b>4,662</b>	<b>152,420</b>	<b>99,282</b>	<b>18,895</b>	<b>1,570</b>	<b>4,222</b>	<b>123,969</b>

### Securities in the trading book

Securities in the trading book are comprised of 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 2019		31 December 2018	
	Group	Bank	Group	Bank
<b>Debt securities:</b>	<b>23,306</b>	<b>20,161</b>	<b>42,384</b>	<b>27,332</b>
Government bonds	8,159	5,825	13,533	5,637
Corporate bonds	15,147	14,336	28,851	21,695
<b>Equity securities</b>	<b>21,592</b>	<b>1,001</b>	<b>17,798</b>	<b>564</b>
<b>Total</b>	<b>44,898</b>	<b>21,162</b>	<b>60,182</b>	<b>27,896</b>
	30 September 2019		31 December 2018	
	Group	Bank	Group	Bank
<b>Trading securities:</b>				
<b>Debt securities</b>	<b>21,647</b>	<b>20,161</b>	<b>40,619</b>	<b>27,332</b>
from AA- to AAA	1,215	1,215	1,794	1,236
from A- to A+	5,730	5,527	15,097	11,071
from BBB- to BBB+	7,616	6,805	16,284	9,273
from BB- to BB+	3,985	3,615	3,948	2,256
lower than BB-	395	395	50	50
no rating	2,706	2,604	3,446	3,446
<b>Equity securities</b>	<b>1,001</b>	<b>1,001</b>	<b>564</b>	<b>564</b>
listed	994	994	560	560
unlisted	7	7	4	4
units of investment funds	-	-	-	-
<b>Total trading securities</b>	<b>22,648</b>	<b>21,162</b>	<b>41,183</b>	<b>27,896</b>
<b>Other trading book securities:</b>				
<b>Debt securities</b>	<b>1,659</b>	<b>-</b>	<b>1,765</b>	<b>-</b>
from AA- to AAA	-	-	-	-
from A- to A+	1,258	-	1,437	-
from BBB- to BBB+	401	-	328	-
from BB- to BB+	-	-	-	-
lower than BB-	-	-	-	-
no rating	-	-	-	-
<b>Equity securities</b>	<b>20,591</b>	<b>-</b>	<b>17,234</b>	<b>-</b>
listed	-	-	-	-
unlisted	-	-	-	-
units of investment funds	20,591	-	17,234	-
<b>Total other trading book securities</b>	<b>22,250</b>	<b>-</b>	<b>18,999</b>	<b>-</b>
<b>TOTAL</b>	<b>44,898</b>	<b>21,162</b>	<b>60,182</b>	<b>27,896</b>

NOTE 2  
SECURITIES (continued)

Investment securities

	30 September 2019		31 December 2018	
	Group	Bank	Group	Bank
<b>Securities at fair value:</b>				
<b>Debt securities:</b>	<b>8,978</b>	<b>8,583</b>	<b>16,379</b>	<b>15,984</b>
Government bonds	1,279	1,279	3,325	3,325
Corporate bonds	7,699	7,304	13,054	12,659
<b>Equity securities</b>	<b>4,752</b>	<b>842</b>	<b>4,728</b>	<b>523</b>
<b>Total</b>	<b>13,730</b>	<b>9,425</b>	<b>21,107</b>	<b>16,507</b>
<b>Securities at amortized cost:</b>				
<b>Debt securities:</b>	<b>574,628</b>	<b>564,643</b>	<b>638,655</b>	<b>638,655</b>
Government bonds	401,630	396,932	463,943	463,943
Corporate bonds	172,998	167,711	174,712	174,712
<b>Total</b>	<b>574,628</b>	<b>564,643</b>	<b>638,655</b>	<b>638,655</b>

	30 September 2019		31 December 2018	
	Group	Bank	Group	Bank
<b>Securities at fair value:</b>				
<b>Debt securities</b>	<b>8,978</b>	<b>8,583</b>	<b>16,379</b>	<b>15,984</b>
from AA- to AA+	-	-	-	-
from A- to A+	1,480	1,480	5,563	5,563
from BBB- to BBB+	6,925	6,925	10,268	10,268
from BB- to BB+	-	-	-	-
lower than BB-	178	178	153	153
no rating	395	-	395	-
<b>Equities</b>	<b>4,752</b>	<b>842</b>	<b>4,728</b>	<b>523</b>
listed	-	-	-	-
unlisted	558	439	848	432
units of investment funds	4,194	403	3,880	91
<b>Total</b>	<b>13,730</b>	<b>9,425</b>	<b>21,107</b>	<b>16,507</b>
<b>Securities at amortized cost:</b>				
<b>Debt securities</b>	<b>574,628</b>	<b>564,643</b>	<b>638,655</b>	<b>638,655</b>
from AA- to AA+	10,346	10,140	9,990	9,990
from A- to A+	398,417	392,964	453,265	453,265
from BBB- to BBB+	164,481	160,562	172,370	172,370
from BB- to BB+	1,384	977	3,030	3,030
lower than BB-	-	-	-	-
no rating	-	-	-	-
<b>Total</b>	<b>574,628</b>	<b>564,643</b>	<b>638,655</b>	<b>638,655</b>

Credit stages of investment debt securities:

	30 September 2019		31 December 2018	
	Group	Bank	Group	Bank
<b>Stage 1:</b>				
Gross amount	582,731	572,346	653,179	652,779
Allowance for impairment	(281)	(276)	(317)	(312)
<b>Net amount</b>	<b>582,450</b>	<b>572,070</b>	<b>652,862</b>	<b>652,467</b>
<b>Stage 2:</b>				
Gross amount	1,186	1,186	2,219	2,219
Allowance for impairment	(30)	(30)	(47)	(47)
<b>Net amount</b>	<b>1,156</b>	<b>1,156</b>	<b>2,172</b>	<b>2,172</b>
<b>Stage 3:</b>				
Gross amount	1,020	-	1,013	-
Allowance for impairment	(1,020)	-	(1,013)	-
<b>Net amount</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

During the nine month periods ended 30 September 2019 and 2018, no material reclassifications between portfolios of securities were performed.



**NOTE 2**  
SECURITIES (continued)

Investments in subsidiaries

As of 30 September 2019 and 31 December 2018 the Bank owned the following directly controlled subsidiaries:

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

As of 30 September 2019 the Bank owned the following indirectly controlled subsidiaries:

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

Šiaulių Banko Turto Fondas UAB held 100% shares in Apželdinimas UAB. Šiaulių Banko Investicijų Valdymas UAB held 100% shares in Sandworks UAB.

As of 31 December 2018 the Bank owned the following indirectly controlled subsidiaries:

11. Apželdinimas UAB (real estate management activities),
12. Sandworks UAB (real estate management activities),
13. ŽSA 5 UAB (activities of head offices).

Šiaulių Banko Turto Fondas UAB held 100% shares in Apželdinimas UAB. Šiaulių Banko Investicijų Valdymas UAB held 100% shares in Sandworks UAB and ŽSA 5 UAB.

During the nine month period ended 30 September 2019, ŽSA 5 UAB was liquidated.

Bank's investments in subsidiaries consisted of:

	<i>30 September 2019</i>	<i>31 December 2018</i>	<i>1 January 2018</i>
	<i>Carrying amount</i>	<i>Carrying amount</i>	<i>Carrying amount</i>
		(restated)	(restated)
<i>Bonum Publicum GD UAB</i>	9,180	9,129	9,427
<i>Minera UAB</i>	3,067	2,829	3,217
<i>Pavasaris UAB</i>	0	0	149
<i>SB lizingas UAB</i>	9,699	11,630	11,776
<i>SBTF UAB</i>	1,639	1,634	683
<i>Šiaulių Banko Investicijų Valdymas UAB</i>	570	442	1,038
<i>Šiaulių Banko Lizingas UAB</i>	1,074	1,074	1,074
<i>Šiaulių Banko Turto Fondas UAB</i>	3,579	3,308	3,969
<b>Total</b>	<b>28,808</b>	<b>30,046</b>	<b>31,333</b>

## NOTE 3

### SIGNIFICANT INFORMATION ON CHANGES IN OTHER ASSET ITEMS

#### Property, plant and equipment

From 1 January 2019, the Group adopted IFRS 16 and recognized right-of-use assets as part of the property, plant and equipment. The Group chose the option to apply the simplified transition approach and did not restate comparative amounts for the year prior to first adoption. Differences in the carrying amounts of assets and liabilities resulting from adoption of IFRS 16 were recognized in retained earnings as at 1 January 2019 (see statement of changes in equity).

The value of right-of-use assets is determined by discounted lease payments (obligations) during the lease period planned by the management. The depreciation term of these assets corresponds to the lease term. Lease payments that do not meet the conditions of IFRS 16 are accounted for as operating expenses. The discount rate depends on the lease term and ranges from 0.265% to 5%.

As at 31 December 2018, the Group recognized non-cancellable operating lease commitments of EUR 3,055 thousand (the Bank: EUR 2,639 thousand). Short-term or low value leases are recognized on a straight-line basis as expense in income statement. For the remaining lease commitments the Group recognized right-of-use assets of EUR 3,559 thousand and lease liabilities (after adjustments for prepayments) of EUR 3,512 thousand.

Amounts of right-of-use assets recognized in Group's statement of financial position:

	<i>Amount as at 1 January 2019</i>	<i>Additions / increases</i>	<i>Depreciation</i>	<i>Write-offs/ decreases</i>	<i>Amount as of 30 September 2019</i>
<b><i>Right-of-use assets:</i></b>					
<i>Buildings and premises</i>	3,423	632	(971)	(221)	2,863
<i>Vehicles</i>	118	67	(34)	(44)	107
<i>Office and other equipment</i>	18	-	(5)	-	13
<b><i>Total right-of-use assets</i></b>	<b>3,559</b>	<b>699</b>	<b>(1,010)</b>	<b>(265)</b>	<b>2,983</b>

Amounts of lease liabilities recognized in Group's statement of financial position:

	<i>30 September 2019</i>	<i>1 January 2019</i>
<i>Lease liabilities before prepayments</i>	3,004	3,609
<i>Prepayments received</i>	(86)	(97)
<b><i>Lease liabilities, carrying value</i></b>	<b>2,918</b>	<b>3,512</b>

Amounts recognized in Group's income statement for the nine month period ended 30 September 2019 in relation to right-of-use assets and liabilities:

	<i>Buildings and premises</i>	<i>Vehicles</i>	<i>Office and other equipment</i>	<i>Total</i>
<i>Depreciation expense</i>	(971)	(34)	(5)	(1,010)
<i>Interest expense</i>	(34)	-	-	(34)
<i>Operating lease expense for the short-term leases</i>	-	-	-	-
<i>Operating lease expense for the low value leases</i>	(2)	-	(7)	(9)

#### Other assets

	<i>30 September 2019</i>		<i>31 December 2018</i>	
	<i>Group</i>	<i>Bank</i>	<i>Group</i>	<i>Bank</i>
<i>Amounts receivable</i>	18,570	18,126	13,213	12,708
<i>Inventories</i>	9,350	-	16,312	-
<i>Deferred charges</i>	1,352	1,285	895	848
<i>Assets under reinsurance and insurance contracts</i>	1,108	-	597	-
<i>Prepayments</i>	1,791	906	4,607	3,777
<i>Foreclosed assets</i>	563	479	193	142
<i>Assets classified as held for sale</i>	1,504	1,504	1,794	1,794
<i>Other</i>	502	452	851	745
<b><i>Total</i></b>	<b>34,740</b>	<b>22,752</b>	<b>38,462</b>	<b>20,014</b>

## NOTE 4 DUE TO CUSTOMERS

	30 September 2019		31 December 2018	
	Group	Bank	Group	Bank
<i>Demand deposits:</i>				
<i>National government institutions</i>	31,954	31,954	24,043	24,043
<i>Local government institutions</i>	96,740	96,740	63,274	63,274
<i>Governmental and municipal companies</i>	19,892	19,892	28,558	28,558
<i>Corporate entities</i>	383,916	386,214	388,159	388,537
<i>Non-profit organisations</i>	17,792	17,792	15,284	15,284
<i>Individuals</i>	448,645	448,645	383,548	383,548
<i>Unallocated amounts due to customers</i>	89,132	89,800	44,838	45,462
<b>Total demand deposits</b>	<b>1,088,071</b>	<b>1,091,037</b>	<b>947,704</b>	<b>948,706</b>
<i>Time deposits:</i>				
<i>National government institutions</i>	3,437	3,437	1,334	1,334
<i>Local government institutions</i>	910	910	907	907
<i>Governmental and municipality companies</i>	4,499	4,499	5,498	5,498
<i>Corporate entities</i>	44,021	44,021	64,554	64,554
<i>Non-profit organisations</i>	2,177	2,177	2,347	2,347
<i>Individuals</i>	851,072	851,072	823,444	823,444
<b>Total time deposits</b>	<b>906,116</b>	<b>906,116</b>	<b>898,084</b>	<b>898,084</b>
<b>Total</b>	<b>1,994,187</b>	<b>1,997,153</b>	<b>1,845,788</b>	<b>1,846,790</b>

## SIGNIFICANT INFORMATION ON CHANGES IN OTHER LIABILITY ITEMS

### Special and lending funds

The special funds consist of the funds from the mandatory social and health insurance funds. The special funds have to be returned to the institutions which have placed them upon the first requirement of the latter. The increase in special and lending funds from EUR 3,192 thousand in the beginning of the year to EUR 4,426 thousand in the end of the reporting period is attributable to routine fluctuations in these funds.

## NOTE 6 CAPITAL

As of 30 September 2019 and 31 December 2018 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.

The extraordinary meeting of shareholders of Šiaulių bankas that took place on 24 September 2018 passed a resolution to increase Bank's share capital by EUR 16,572 thousand by additional contributions issuing 57 142 857 ordinary registered shares with nominal value of EUR 0.29 and setting the issue price of EUR 0.35 per issued share (i.e. share premium amounts to EUR 3,428 thousand). The European Bank for Reconstruction and Development (hereinafter - EBRD) was provided with the right to acquire all the shares of the new issue. These shares were paid by offsetting mutual commitment between the Bank and EBRD under the subordinated convertible loan agreement signed 23 February 2013 (more information on subordinated loan is presented in Note 12). The amended Charter of the Bank with an increased authorised capital was registered in the Register of Legal Entities on 13 December 2018.

The ordinary meeting of shareholders of Šiaulių bankas that took place on 29 March 2018 passed a resolution to increase Bank's share capital by EUR 26,273 thousand (20%) using Bank's own resources (retained earnings). The amended Charter of the Bank with an increased authorised capital was registered in the Register of Legal Entities on 1 June 2018, the bonus shares were distributed among Bank's shareholders using the proportion of their stakes at the end of the day of accounting of rights of the Meeting (13 April 2018).

At 30 September 2019 and 31 December 2018, the European Bank for Reconstruction and Development possessed 26.02% of the authorised capital and votes of the Bank.

As at 30 September 2019, the Bank had 5,297 shareholders (as at 31 December 2018: 4,992).

**NOTE 6**  
CAPITAL (continued)

**Dividends:**

On 28 March 2019 the ordinary general meeting of shareholders made a decision to pay EUR 0.029 (i.e. 10.00%) dividends per one ordinary registered share with EUR 0.29 nominal value each. On 29 March 2018 the ordinary general meeting of shareholders made a decision to pay EUR 0.005 (i.e. 1.72%) dividends per one ordinary registered share with EUR 0.29 nominal value each.

**Statutory Reserve:**

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

**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 month period ended 30 September 2019 the Bank acquired 1,176 thousand own shares for EUR 618 thousand. The acquired shares were granted to the employees of the Bank and its subsidiaries as a deferred part of variable remuneration for 2015, 2016 and 2017. As of 30 September 2019, the Bank did not possess its own shares.

No own share acquisitions were performed during the nine month period ended 30 September 2018.

**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.

**NOTE 7**  
NET INTEREST INCOME

	1 January - 30 September 2019		1 January - 30 September 2018	
	Group	Bank	Group	Bank
<i>Interest revenue calculated using the effective interest method (on financial assets at amortized cost and fair value through other comprehensive income):</i>				
<i>on loans to other banks and financial institutions and placements with credit institutions</i>	53,193	46,994	47,449	42,452
<i>on loans to customers</i>	554	2,970	171	1,824
<i>on debt securities at amortized cost</i>	45,362	36,877	39,483	32,857
<i>on debt securities at fair value through other comprehensive income</i>	7,077	6,971	7,583	7,583
<i>Other similar income:</i>	200	176	212	188
<i>on debt securities at fair value through profit or loss</i>	5,313	5,175	4,655	4,301
<i>on finance leases</i>	383	290	595	305
<i>other interest income</i>	4,886	4,841	4,015	3,951
	44	44	45	45
<b>Total interest income</b>	<b>58,506</b>	<b>52,169</b>	<b>52,104</b>	<b>46,753</b>
<i>Interest expense:</i>				
<i>on financial liabilities designated at fair value through profit or loss</i>	-	-	(753)	(753)
<i>on financial liabilities measured at amortised cost</i>	(5,751)	(5,747)	(5,452)	(5,459)
<i>on other liabilities</i>	(186)	(186)	(178)	(178)
<b>Total interest expense</b>	<b>(5,937)</b>	<b>(5,933)</b>	<b>(6,383)</b>	<b>(6,390)</b>
<b>Net interest income</b>	<b>52,569</b>	<b>46,236</b>	<b>45,721</b>	<b>40,363</b>

## NOTE 8 NET FEE AND COMMISSION INCOME

	1 January - 30 September 2019		1 January - 30 September 2018	
	Group	Bank	Group	Bank
<i>Fee and commission income:</i>				
<i>for administration of loans of third parties</i>	3,230	3,230	2,773	2,773
<i>for settlement services</i>	4,150	4,162	3,728	3,737
<i>for cash operations</i>	4,010	4,010	3,075	3,075
<i>for account administration</i>	2,933	2,933	2,232	2,232
<i>for guarantees, letters of credit, documentary collection</i>	497	497	365	365
<i>for collection of utility and similar payments</i>	197	200	187	190
<i>for services related to securities</i>	1,230	1,311	1,030	1,099
<i>other fee and commission income</i>	1,153	789	666	243
<b>Total fee and commission income</b>	<b>17,400</b>	<b>17,132</b>	<b>14,056</b>	<b>13,714</b>
<i>Fee and commission expense:</i>				
<i>for payment cards</i>	(2,334)	(2,330)	(2,198)	(2,195)
<i>for cash operations</i>	(806)	(806)	(676)	(676)
<i>for correspondent bank and payment system fees</i>	(429)	(313)	(254)	(165)
<i>for services of financial data vendors</i>	(140)	(140)	(138)	(128)
<i>for services related to securities</i>	(448)	(443)	(344)	(340)
<i>other fee and commission expenses</i>	(171)	(171)	(178)	(178)
<b>Total fee and commission expense</b>	<b>(4,328)</b>	<b>(4,203)</b>	<b>(3,788)</b>	<b>(3,682)</b>
<b>Net fee and commission income</b>	<b>13,072</b>	<b>12,929</b>	<b>10,268</b>	<b>10,032</b>

## NOTE 9 OTHER OPERATING EXPENSES

	1 January - 30 September 2019		1 January - 30 September 2018	
	Group	Bank	Group	Bank
<i>Rent of buildings and premises</i>	(142)	(149)	(1,087)	(943)
<i>Utility services for buildings and premises</i>	(572)	(519)	(483)	(437)
<i>Other expenses related to buildings and premises</i>	(643)	(638)	(238)	(238)
<i>Transportation expenses</i>	(302)	(233)	(328)	(257)
<i>Legal costs</i>	(288)	(288)	(151)	(151)
<i>Personnel and training expenses</i>	(183)	(170)	(136)	(120)
<i>IT and communication expenses</i>	(2,413)	(2,159)	(1,631)	(1,482)
<i>Marketing and charity expenses</i>	(2,070)	(887)	(1,819)	(1,063)
<i>Service organisation expenses</i>	(1,060)	(966)	(881)	(785)
<i>Non-income taxes, fines</i>	(162)	264	(335)	(72)
<i>Costs incurred due to debt recovery</i>	(279)	(126)	(318)	(215)
<i>Other expenses</i>	(835)	(387)	(602)	(303)
<b>Total</b>	<b>(8,949)</b>	<b>(6,258)</b>	<b>(8,009)</b>	<b>(6,066)</b>

NOTE 10  
IMPAIRMENT LOSSES

	1 January - 30 September 2019		1 January - 30 September 2018	
	Group	Bank	Group	Bank
(Impairment losses) / reversal of impairment losses on loans	(5,101)	(1,592)	(3,724)	(2,051)
Recoveries of loans previously written-off	1,763	371	1,149	439
Reversal of impairment losses / (impairment losses) on finance lease receivables	(1,296)	(1,324)	218	214
Recovered previously written-off finance lease receivables	379	-	237	-
(Impairment losses) on debt securities	53	53	(46)	(46)
Reversal of impairment losses on due from banks	(8)	(8)	6	6
Reversal of impairment losses / (impairment losses) on other financial assets	21	20	37	44
(Impairment losses) on subsidiaries	-	-	-	-
(Impairment losses) / reversal of impairment losses on other non-financial assets	(438)	(545)	(2,668)	(952)
Recoveries of other non-financial assets previously written-off	-	-	-	-
Provisions for other liabilities	(285)	-	-	-
<b>Total</b>	<b>(4,912)</b>	<b>(3,025)</b>	<b>(4,791)</b>	<b>(2,346)</b>

	1 January - 30 September 2019		1 January - 30 September 2018	
	Group	Bank	Group	Bank
<b><u>Allowance for impairment of loans</u></b>				
As at 1 January	42,766	36,851	41,366	35,767
Change in allowance for loan impairment	5,101	1,592	3,724	2,051
Loans written off during the period	(5,661)	(4,208)	(2,726)	(2,726)
Other factors (reclassification, FX rate shift, etc.)	1	1	(6)	(5)
<b>As at 30 September</b>	<b>42,207</b>	<b>34,236</b>	<b>42,358</b>	<b>35,087</b>
<b><u>Allowance for impairment of finance lease receivables</u></b>				
As at 1 January	2,646	1,842	2,963	2,147
Change in allowance for impairment of finance lease receivables	1,296	1,324	(218)	(214)
Finance lease receivables written off during the period	-	-	-	-
Other factors (reclassification, FX rate shift, etc.)	-	-	-	-
<b>As at 30 September</b>	<b>3,942</b>	<b>3,166</b>	<b>2,745</b>	<b>1,933</b>
<b><u>Allowance for impairment of debt securities</u></b>				
As at 1 January	1,377	359	1,318	291
Change in allowance for impairment of debt securities	(53)	(53)	46	46
Debt securities written off during the period	-	-	-	-
Other factors (reclassification, FX rate shift, etc.)	7	-	(13)	-
<b>As at 30 September</b>	<b>1,331</b>	<b>306</b>	<b>1,351</b>	<b>337</b>
<b><u>Allowance for impairment of due from banks</u></b>				
As at 1 January	13	13	22	22
Change in allowance for impairment of due from banks	8	8	(6)	(6)
Due from banks written off during the period	-	-	-	-
Other factors (reclassification, FX rate shift, etc.)	-	-	1	1
<b>As at 30 September</b>	<b>21</b>	<b>21</b>	<b>17</b>	<b>17</b>
<b><u>Allowance for impairment of other financial assets</u></b>				
As at 1 January	395	372	330	303
Change in allowance for impairment of other financial assets	(21)	(20)	(37)	(44)
Other financial assets written off during the period	(5)	(5)	-	-
Other factors (reclassification, FX rate shift, etc.)	-	-	(14)	(14)
<b>As at 30 September</b>	<b>369</b>	<b>347</b>	<b>279</b>	<b>245</b>

## NOTE 11

### SIGNIFICANT INFORMATION ON OTHER INCOME STATEMENT ITEMS

#### Net gain from trading activities

	1 January - 30 September 2019		1 January - 30 September 2018	
	Group	Bank	Group	Bank
Net gain from foreign exchange and related derivatives	5,945	5,831	5,036	4,894
Net gain (loss) from other derivatives	(32)	(32)	(19)	(19)
Net gain (loss) on equity securities in the trading book	2,496	72	62	70
Net gain (loss) on debt securities in the trading book	899	838	(360)	28
Net gain on debt securities at fair value through other comprehensive income	94	94	62	62
Net gain (loss) on investment equities	216	161	-	(6)
Net gain on debt securities at amortized cost	1,522	1,543	2,155	2,155
Dividend and other income from equity securities in the trading book	29	29	17	17
Dividend and other income from investment equities	2	2	12	3
<b>Total</b>	<b>11,171</b>	<b>8,538</b>	<b>6,965</b>	<b>7,204</b>

Net gain from trading activities includes investment result of the insurance company assets under unit-linked contracts (see below): a net gain of EUR 2,432 thousand for the nine month period ended 30 September 2019; a net loss of EUR 45 thousand for the nine month period ended 30 September 2018.

#### Expenses related to insurance activities

	1 January - 30 September 2019		1 January - 30 September 2018	
	Group	Bank	Group	Bank
Part of the change of the technical insurance provisions that covers the result of investment of assets under unit-linked contracts*	(2,576)	-	(123)	-
Other changes of the technical insurance provisions and other expenses related to insurance activities	(4,011)	-	(3,508)	-
<b>Total expenses related to insurance activities</b>	<b>(6,587)</b>	<b>-</b>	<b>(3,631)</b>	<b>-</b>

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

	1 January - 30 September 2019		1 January - 30 September 2018	
	Group	Bank	Group	Bank
Interest and similar income	30	-	31	-
Net gain (loss) from operations with securities	2,432	-	(45)	-
Net gain (loss) from foreign exchange	114	-	137	-
<b>Total</b>	<b>2,576</b>	<b>-</b>	<b>123</b>	<b>-</b>

## 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 2019 and 2018, 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. Starting from 2018, according to the local legislation, the information on executed material transactions with related parties is published on Bank's website ([www.sb.lt](http://www.sb.lt) › About bank › Information › Reports regarding the transactions with related parties).

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

	30 September 2019		31 December 2018	
	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>	1,377	41	3,176	243
<i>Other related parties (excluding subsidiaries of the Bank)</i>	5,357	20,823	2,346	21,233
<b>Total</b>	<b>6,734</b>	<b>20,864</b>	<b>5,522</b>	<b>21,476</b>

### Transactions with EBRD:

The Group/Bank had a subordinated loan received from European Bank for Reconstruction and Development (hereinafter – EBRD), which was repaid in 2018 by converting it to Bank's shares (see Note 6 for details). During the nine month period ended 30 September 2018 subordinated loan related interest expenses amounted to EUR 753 thousand, a net gain of EUR 4,959 thousand related to revaluation of the liability to fair value was recorded in income statement.



## NOTE 12 RELATED-PARTY TRANSACTIONS (continued)

### Transactions with subsidiaries:

Balances of transactions with the subsidiaries are presented below:

	30 September 2019		31 December 2018	
	Balances of deposits	Balances of loans, debt securities (incl.off-balance sheet credit commitments)	Balances of deposits	Balances of loans, debt securities (incl.off-balance sheet credit commitments)
<i>Non-financial institutions</i>	4,259	9,840	2,043	13,887
<i>Financial institutions</i>	1,130	115,042	1,128	74,907
	<b>5,389</b>	<b>124,882</b>	<b>3,171</b>	<b>88,794</b>

### Bank's total balances with subsidiaries:

	30 September 2019	31 December 2018
<i>Turtas</i>		(restated)
<i>Loans</i>	100,866	68,518
<i>Other assets</i>	72	19
<i>Bank's investment in subsidiaries (restated as of 31 December 2018)</i>	28,808	30,046
<i>Bank's investment in subsidiaries classified as assets held for sale</i>	-	-
<i>Liabilities and shareholders' equity</i>		
<i>Deposits</i>	5,389	3,171
<i>Other liabilities</i>	12	-

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

	1 January – 30 September 2019	1 January – 30 September 2018
<i>Income</i>		(restated)
<i>Interest</i>	2,694	2,118
<i>Commission income</i>	530	174
<i>FX income</i>	3	2
<i>Share of the profit or loss of investments in subsidiaries accounted for using the equity method</i>	3,420	873
<i>Other income</i>	54	23
<i>Expenses</i>		
<i>Interest</i>	(12)	(10)
<i>Operating expenses</i>	(19)	(17)
<i>Impairment losses on loans</i>	(75)	22
<i>Allowance for impairment losses on investments in subsidiaries</i>	-	-

As of 30 September 2019, the balance of individual allowance for impairment losses on loans to subsidiaries amounted to EUR 135 thousand (31 December 2018: EUR 49 thousand).

## NOTE 13 LIQUIDITY, MARKET AND OPERATIONAL RISKS

### Liquidity risk

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

### Liquidity risk management process

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

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

## NOTE 13

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

The structure of the Group's assets and liabilities by maturity as at 30 September 2019 was as follows:

	On demand	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	More than 3 years	Maturity undefined	Total
<i>Total assets</i>	138,224	73,330	87,829	132,170	246,530	698,940	992,337	78,189	2,447,549
<i>Total liabilities and shareholders' equity</i>	1,138,105	91,214	134,283	226,907	285,212	186,133	85,302	300,393	2,447,549
<i>Net liquidity gap</i>	(999,881)	(17,884)	(46,454)	(94,737)	(38,682)	512,807	907,035	(222,204)	-

The structure of the Group's assets and liabilities by maturity as at 31 December 2018 was as follows:

	On demand	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	More than 3 years	Maturity undefined	Total
<i>Total assets</i>	95,587	52,539	90,540	98,567	246,403	629,534	974,388	74,171	2,261,729
<i>Total liabilities and shareholders' equity</i>	992,960	113,137	125,879	169,865	311,496	202,238	71,416	274,738	2,261,729
<i>Net liquidity gap</i>	(897,373)	(60,598)	(35,339)	(71,298)	(65,093)	427,296	902,972	(200,567)	-

The structure of the Bank's assets and liabilities by maturity as at 30 September 2019 was as follows:

	On demand	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	More than 3 years	Maturity undefined	Total
<i>Total assets</i>	134,588	69,147	81,424	206,013	227,971	671,775	949,534	70,125	2,410,577
<i>Total liabilities and shareholders' equity</i>	1,141,602	84,587	133,745	226,525	283,756	183,639	57,157	299,566	2,410,577
<i>Net liquidity gap</i>	1,007,014	(15,440)	(52,321)	(20,512)	(55,785)	488,136	892,377	(229,441)	-

The structure of the Bank's assets and liabilities by maturity as at 31 December 2018 (restated) was as follows:

	On demand	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	More than 3 years	Maturity undefined	Total
<i>Total assets</i>	94,015	51,975	129,504	91,633	233,863	607,352	947,342	71,441	2,227,125
<i>Total liabilities and shareholders' equity</i>	993,899	107,073	125,628	169,086	310,678	200,265	46,004	274,492	2,227,125
<i>Net liquidity gap</i>	(899,884)	(55,098)	3,876	(77,453)	(76,815)	407,087	901,338	(203,051)	-

### Market risk

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

### Interest rate risk

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

## NOTE 13

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

#### Sensitivity of interest rate risk

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

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

Group 30 September 2019:

	Demand and less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	More than 1 year	Non monetary	Total
Assets	329,497	449,956	602,384	98,541	716,647	250,524	2,447,549
Liabilities and equity	86,016	129,578	227,752	276,165	240,306	1,487,732	2,447,549
Net interest sensitivity gap	243,481	320,378	374,632	(177,624)	476,341	(1,237,208)	-
Higher/lower impact on profit from balance sheet assets and liabilities	2,333	2,670	2,341	(444)	-	-	6,900

Group 31 December 2018:

	Demand and less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	More than 1 year	Non monetary	Total
Assets	217,383	384,498	603,624	131,292	725,571	199,361	2,261,729
Liabilities and equity	100,229	128,928	166,438	302,762	241,248	1,322,124	2,261,729
Net interest sensitivity gap	117,154	255,570	437,186	(171,470)	484,323	(1,122,763)	-
Higher/lower impact on profit from balance sheet assets and liabilities	1,123	2,130	2,732	(429)	-	-	5,556

Bank 30 September 2019:

	Demand and less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	More than 1 year	Non monetary	Total
Assets	325,901	444,433	678,184	83,216	655,375	223,468	2,410,577
Liabilities and equity	85,609	129,373	227,582	275,824	210,199	1,481,990	2,410,577
Net interest sensitivity gap	240,292	315,060	450,602	(192,608)	445,176	(1,258,522)	-
Higher/lower impact on profit from balance sheet assets and liabilities	2,303	2,626	2,816	(482)	-	-	7,263

Bank 31 December 2018 (restated):

	Demand and less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	More than 1 year	Non monetary	Total
Assets	217,441	426,417	598,765	126,182	685,307	173,013	2,227,125
Liabilities and equity	99,851	129,424	166,285	302,325	214,793	1,314,447	2,227,125
Net interest sensitivity gap	117,590	296,993	432,480	(176,143)	470,514	(1,141,434)	-
Higher/lower impact on profit from balance sheet assets and liabilities	1,127	2,475	2,703	(440)	-	-	5,864

## NOTE 13

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

#### 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 business.

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

The Bank prepares and continuously improves principles and tools for operational risk management in the Bank and its subsidiaries. They are documented in operational risk management procedure and instruction for management operational risk in subsidiaries, which are an integral part of the Bank's risk management policy.

The operational risk management methods are implemented in the Bank – the system for registration of operational risk events in the administrative information system (AIS), functioning of which is regulated by the Instruction for registration of Operational risk events; the system of operational risk indicators and monitoring of limits of these indicators. Operational risk indicator framework is used to manage reputational risk. Events that have signs of reputational risk and can cause the Bank to incur large losses, are included in the registry of operational risk events and are monitored, analysed and assessed accordingly.

In 2018, the Bank continued to develop systems of operational risk management and internal control organization measures. For that purpose, the Bank renewed the following internal documents: operational risk management procedure, provisions for organization of internal control, provisions for contingency planning organization.

In 2019, the Bank continues to further improve its internal control organization, business continuity management, systems for registration of incidents and suggestions and information delivery channels, and the system of internal operational risk indicators.

## NOTE 14

### FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

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

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

During the nine month period ended 30 September 2019, the process of fair value measurement did not change significantly as compared to the process described in the annual financial statements for the year 2018. For the valuation of financial assets and liabilities purposes, estimates, valuation techniques and inputs used to develop those measurements have not changed significantly during the nine month period ended 30 September 2019, no new circumstances that could have a significant impact on the fair values of financial assets and liabilities were identified during the period.

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

	30 September 2019		31 December 2018	
	Group	Bank	Group	Bank
<b>LEVEL I</b>				
Trading book securities	42,890	19,154	57,953	25,667
Investment securities at fair value	12,777	8,986	19,864	16,075
<b>Total Level I financial assets</b>	<b>55,667</b>	<b>28,140</b>	<b>77,817</b>	<b>41,742</b>
<b>LEVEL II</b>				
Derivative financial instruments - assets	3,370	3,370	1,197	1,197
Derivative financial instruments - liabilities	(1,507)	(1,507)	(1,048)	(1,048)
<b>LEVEL III</b>				
Trading book securities	2,008	2,008	2,229	2,229
Investment securities at fair value	953	439	1,243	432
<b>Total Level III financial assets</b>	<b>2,961</b>	<b>2,447</b>	<b>3,472</b>	<b>2,661</b>

There were no transfers between fair value hierarchy levels during 2019 and 2018.

## NOTE 14

### FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (continued)

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

Group	Trading book securities		Investment securities at fair value		Financial liabilities at fair value through profit or loss	
	1 Jan - 30 Sep 2019	1 Jan - 30 Sep 2018	1 Jan - 30 Sep 2019	1 Jan - 30 Sep 2018	1 Jan - 30 Sep 2019	1 Jan - 30 Sep 2018
As at 31 December	2,229	2,897	1,243	1,620	-	34,203
Impact of change in accounting principles	-	(2,284)	-	-	-	-
<b>As at 1 January</b>	<b>2,229</b>	<b>613</b>	<b>1,243</b>	<b>1,620</b>	-	<b>34,203</b>
Additions	8,429	4,755	-	-	-	-
Disposals / redemption / derecognition	(8,656)	(4,283)	(324)	(407)	-	-
Changes due to interest accrued/paid	(15)	15	-	-	-	-
Changes in fair value	21	-	34	14	-	(4,959)
<b>As at 30 September</b>	<b>2,008</b>	<b>1,100</b>	<b>953</b>	<b>1,227</b>	-	<b>29,244</b>

Bank	Trading book securities		Investment securities at fair value		Financial liabilities at fair value through profit or loss	
	1 Jan - 30 Sep 2019	1 Jan - 30 Sep 2018	1 Jan - 30 Sep 2019	1 Jan - 30 Sep 2018	1 Jan - 30 Sep 2019	1 Jan - 30 Sep 2018
As at 31 December	2,229	2,897	432	414	-	34,203
Impact of change in accounting principles	-	(2,284)	-	-	-	-
<b>As at 1 January</b>	<b>2,229</b>	<b>613</b>	<b>432</b>	<b>414</b>	-	<b>34,203</b>
Additions	8,429	4,755	-	-	-	-
Disposals / redemption / derecognition	(8,656)	(4,283)	(11)	-	-	-
Changes due to interest accrued/paid	(15)	15	-	-	-	-
Changes in fair value	21	-	18	14	-	(4,959)
<b>As at 30 September</b>	<b>2,008</b>	<b>1,100</b>	<b>439</b>	<b>428</b>	-	<b>29,244</b>

	1 January – 30 September 2019		1 January – 30 September 2018	
	Group	Bank	Group	Bank
Total result from revaluation of Level III instruments included in the income statement	55	39	4,973	4,973

Fair value of investment securities held to collect cash flows:

The fair value for 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. The estimated fair value of unlisted securities is estimated using valuation technique attributable to Level 3 in the fair value hierarchy, it represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value. Listed securities priced on market prices or broker/dealer quotations represent over 99% of the investment securities at amortized cost portfolio of the Group.

	30 September 2019		31 December 2018	
	Carrying value	Fair value	Carrying value	Fair value
Investment securities at amortized cost	574,628	599,093	638,655	653,889

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 2019 and in the Statement of comprehensive income for the nine month period then ended is presented in the table below.

	<i>Traditional banking operations and lending</i>	<i>Treasury</i>	<i>Non-core banking activities</i>	<i>Other activities</i>	<i>Eliminations</i>	<i>Total</i>
<i>Continuing operations</i>						
<i>Internal</i>	(434)	-	275	(271)	430	-
<i>External</i>	46,435	5,435	335	364	-	52,569
<b><i>Net interest income</i></b>	<b>46,001</b>	<b>5,435</b>	<b>610</b>	<b>93</b>	<b>430</b>	<b>52,569</b>
<i>Internal</i>	543	-	-	(82)	(461)	-
<i>External</i>	13,099	-	-	(27)	-	13,072
<b><i>Net fee and commissions income</i></b>	<b>13,642</b>	<b>-</b>	<b>-</b>	<b>(109)</b>	<b>(461)</b>	<b>13,072</b>
<i>Internal</i>	109	-	275	(353)	(31)	-
<i>External</i>	59,534	5,435	335	337	-	65,641
<b><i>Net interest, fee and commissions income</i></b>	<b>59,643</b>	<b>5,435</b>	<b>610</b>	<b>(16)</b>	<b>(31)</b>	<b>65,641</b>
<i>Internal</i>	(28)	-	-	(48)	76	-
<i>External</i>	(21,517)	(2,054)	-	(8,581)	-	(32,152)
<b><i>Operating expenses</i></b>	<b>(21,545)</b>	<b>(2,054)</b>	<b>-</b>	<b>(8,629)</b>	<b>76</b>	<b>(32,152)</b>
<i>Amortisation charges</i>	(509)	(55)	-	(43)	-	(607)
<i>Depreciation charges</i>	(1,613)	(167)	-	(213)	-	(1,993)
<i>Internal</i>	-	-	(86)	238	(152)	-
<i>External</i>	(4,362)	-	(393)	(157)	-	(4,912)
<b><i>Impairment expenses</i></b>	<b>(4,362)</b>	<b>-</b>	<b>(479)</b>	<b>81</b>	<b>(152)</b>	<b>(4,912)</b>
<i>Internal</i>	77	-	3,477	22	(3,576)	-
<i>External</i>	6,778	2,740	1,125	10,895	-	21,538
<b><i>Net other income</i></b>	<b>6,855</b>	<b>2,740</b>	<b>4,602</b>	<b>10,917</b>	<b>(3,576)</b>	<b>21,538</b>
<b><i>Profit (loss) before tax</i></b>	<b>38,469</b>	<b>5,899</b>	<b>4,733</b>	<b>2,097</b>	<b>(3,683)</b>	<b>47,515</b>
<i>Income tax</i>	(5,993)	(587)	-	(340)	-	(6,920)
<b><i>Profit (loss) per segment after tax</i></b>	<b>32,476</b>	<b>5,312</b>	<b>4,733</b>	<b>1,757</b>	<b>(3,683)</b>	<b>40,595</b>
<i>Non-controlling interest</i>	-	-	-	-	-	-
<b><i>Profit (loss) for the period attributable to the owners of the Bank</i></b>	<b>32,476</b>	<b>5,312</b>	<b>4,733</b>	<b>1,757</b>	<b>(3,683)</b>	<b>40,595</b>
<i>Total segment assets</i>	1,749,943	743,426	22,738	65,563	(134,121)	2,447,549
<i>Total segment liabilities</i>	1,534,678	651,043	19,913	48,080	(106,105)	2,147,609
<b><i>Net segment assets (shareholders' equity)</i></b>	<b>215,265</b>	<b>92,383</b>	<b>2,825</b>	<b>17,483</b>	<b>(28,016)</b>	<b>299,940</b>

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 2018 and in the Statement of comprehensive income for the nine month period then ended is presented in the table below.

	Traditional banking operations and lending	Treasury	Non-core banking activities	Other activities	Eliminations	Total
<i>Continuing operations</i>						
<i>Internal</i>	(77)	-	465	(462)	74	-
<i>External</i>	38,736	5,667	849	469	-	45,721
<b>Net interest income</b>	<b>38,659</b>	<b>5,667</b>	<b>1,314</b>	<b>7</b>	<b>74</b>	<b>45,721</b>
<i>Internal</i>	159	-	-	(91)	(68)	-
<i>External</i>	10,251	-	-	17	-	10,268
<b>Net fee and commissions income</b>	<b>10,410</b>	<b>-</b>	<b>-</b>	<b>(74)</b>	<b>(68)</b>	<b>10,268</b>
<i>Internal</i>	82	-	465	(553)	6	-
<i>External</i>	48,987	5,667	849	486	-	55,989
<b>Net interest, fee and commissions income</b>	<b>49,069</b>	<b>5,667</b>	<b>1,314</b>	<b>(67)</b>	<b>6</b>	<b>55,989</b>
<i>Internal</i>	(31)	(2)	-	(14)	47	-
<i>External</i>	(19,696)	(1,923)	-	(5,438)	-	(27,057)
<b>Operating expenses</b>	<b>(19,727)</b>	<b>(1,925)</b>	<b>-</b>	<b>(5,452)</b>	<b>47</b>	<b>(27,057)</b>
<i>Amortisation charges</i>	(390)	(40)	-	(46)	-	(476)
<i>Depreciation charges</i>	(789)	(83)	-	(120)	-	(992)
<i>Internal</i>	-	-	(834)	(456)	1,290	-
<i>External</i>	(2,106)	-	(970)	(1,715)	-	(4,791)
<b>Impairment expenses</b>	<b>(2,106)</b>	<b>-</b>	<b>(1,804)</b>	<b>(2,171)</b>	<b>1,290</b>	<b>(4,791)</b>
<i>Internal</i>	9	-	4,644	12	(4,665)	-
<i>External</i>	5,005	2,330	6,036	5,893	-	19,264
<b>Net other income</b>	<b>5,014</b>	<b>2,330</b>	<b>10,680</b>	<b>5,905</b>	<b>(4,665)</b>	<b>19,264</b>
<b>Profit (loss) before tax</b>	<b>31,071</b>	<b>5,949</b>	<b>10,190</b>	<b>(1,951)</b>	<b>(3,322)</b>	<b>41,937</b>
<i>Income tax</i>	(3,396)	(320)	-	275	-	(3,441)
<b>Profit (loss) per segment after tax</b>	<b>27,675</b>	<b>5,629</b>	<b>10,190</b>	<b>(1,676)</b>	<b>(3,322)</b>	<b>38,496</b>
<i>Non-controlling interest</i>	-	-	-	-	-	-
<b>Profit (loss) for the period attributable to the owners of the Bank</b>	<b>27,675</b>	<b>5,629</b>	<b>10,190</b>	<b>(1,676)</b>	<b>(3,322)</b>	<b>38,496</b>
<i>Total segment assets</i>	1,439,437	772,571	41,900	75,334	(103,227)	2,226,015
<i>Total segment liabilities</i>	1,282,509	690,495	37,449	59,634	(79,728)	1,990,359
<i>Net segment assets (shareholders' equity)</i>	156,928	82,076	4,451	15,700	(23,499)	235,656

## 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 2019 and 31 December 2018 the Bank owned the following directly 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. Šiaulių Banko Turto Fondas UAB ( real estate management activities),
4. SB Lizingas UAB (consumer financing activities).

In the Financial Group financial statements, the subsidiaries of the Bank that are not included in the Financial Group are not consolidated in full as would be required by IFRS 10 but presented on the consolidated balance sheet of the Financial Group as investments in subsidiaries at cost less impairment, in the same way as presented on the balance sheet of the Bank. 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 2019	31 December 2018
<b>ASSETS</b>		
		(restated)
Cash and cash equivalents	123,985	87,990
Securities in the trading book	21,162	27,896
Due from other banks	1,094	2,090
Derivative financial instruments	3,370	1,197
Loans to customers	1,478,095	1,272,183
Finance lease receivables	152,495	124,088
Investment securities at fair value	13,730	20,810
Investment securities at amortized cost	564,643	638,655
Investments in subsidiaries and associates	13,921	13,935
Intangible assets	2,164	1,996
Property, plant and equipment	11,645	8,333
Investment property	3,313	5,301
Current income tax prepayment	13	1,435
Deferred income tax asset	589	967
Other assets	27,529	26,329
<b>Total assets</b>	<b>2,417,748</b>	<b>2,233,205</b>
<b>LIABILITIES</b>		
Due to other banks and financial institutions	73,280	70,195
Derivative financial instruments	1,507	1,048
Due to customers	1,997,153	1,846,788
Special and lending funds	4,426	3,192
Debt securities in issue	20,093	20,003
Current income tax liabilities	999	97
Deferred income tax liabilities	807	575
Other liabilities	19,392	16,313
<b>Total liabilities</b>	<b>2,117,657</b>	<b>1,958,211</b>
<b>EQUITY</b>		
Share capital	174,211	174,211
Share premium	3,428	3,428
Reserve capital	756	756
Statutory reserve	14,292	10,241
Reserve for acquisition of own shares	10,000	-
Financial instruments revaluation reserve	52	(492)
Financial instruments revaluation reserve	1,526	-
Retained earnings	95,826	86,850
Non-controlling interest	-	-
<b>Total equity</b>	<b>300,091</b>	<b>274,994</b>
<b>Total liabilities and equity</b>	<b>2,417,748</b>	<b>2,233,205</b>



NOTE 16  
SELECTED INFORMATION OF FINANCIAL GROUP (continued)

Financial Group's condensed income statement

	for the nine month period ended	
	30 September 2019	30 September 2018 (restated)
<i>Interest revenue calculated using the effective interest method</i>	53,139	47,679
<i>Other similar income</i>	5,220	4,365
<i>Interest expense and similar charges</i>	(5,940)	(6,390)
<b>Net interest income</b>	<b>52,419</b>	<b>45,654</b>
<i>Fee and commission income</i>	17,522	14,116
<i>Fee and commission expense</i>	(4,301)	(3,774)
<b>Net fee and commission income</b>	<b>13,221</b>	<b>10,342</b>
<i>Net gain from trading activities</i>	8,566	7,210
<i>Net gain (loss) from changes in fair value of subordinated loan</i>	-	4,959
<i>Net gain (loss) from derecognition of financial assets</i>	1,500	424
<i>Net gain (loss) from disposal of tangible assets</i>	807	508
<i>Revenue related to insurance activities</i>	-	-
<i>Other operating income</i>	750	709
<i>Salaries and related expenses</i>	(15,666)	(14,599)
<i>Depreciation and amortization expenses</i>	(2,418)	(1,377)
<i>Expenses related to insurance activities</i>	-	-
<i>Other operating expenses</i>	(8,402)	(7,508)
<b>Operating profit before impairment losses</b>	<b>50,777</b>	<b>46,322</b>
<i>Allowance for impairment losses on loans and other assets</i>	(4,832)	(3,903)
<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>	1,168	131
<b>Profit before income tax</b>	<b>47,113</b>	<b>42,550</b>
<i>Income tax expense</i>	(6,611)	(3,584)
<b>Net profit for the period</b>	<b>40,502</b>	<b>38,966</b>
<b>Net profit attributable to:</b>		
<i>Owners of the Bank</i>	40,502	38,966
<i>Non-controlling interest</i>	-	-

Financial Group's condensed statement of comprehensive income

	for the nine month period ended	
	30 September 2019	30 September 2018 (restated)
<b>Net profit for the period</b>	<b>40,502</b>	<b>38,966</b>
<b>Other comprehensive income</b>		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
<i>Gain from revaluation of financial assets</i>	640	(393)
<i>Deferred income tax on gain from revaluation of financial assets</i>	(96)	61
<b>Other comprehensive income, net of deferred tax</b>	<b>544</b>	<b>(332)</b>
<b>Total comprehensive income for the period</b>	<b>41,046</b>	<b>38,634</b>
<b>Total comprehensive income (loss) attributable to:</b>		
<i>Owners of the Bank</i>	41,046	38,634
<i>Non-controlling interest</i>	-	-
	41,046	38,634



ADDITIONAL INFORMATION

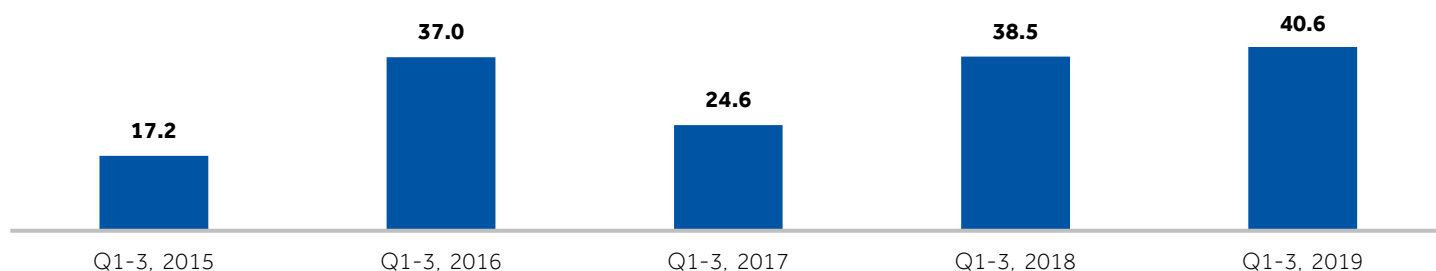
The additional information of Šiaulių Bankas AB (hereinafter - the Bank) has been prepared for the period from 1 January 2019 to 30 September 2019.

The description of alternative performance indicators is available on the Bank's website at: [Home page](#) › [About bank](#) › [To Bank's Investors](#) › [Financial statements, ratios and prospectuses](#) › [Alternative performance measures](#).

## INFORMATION ON THE OPERATING RESULT

Šiaulių bankas' Group earned EUR 40.6 million of unaudited net profit in nine months of this - which is by 5 per cent more than in the same period last year.

### Group's net profit, in million euros



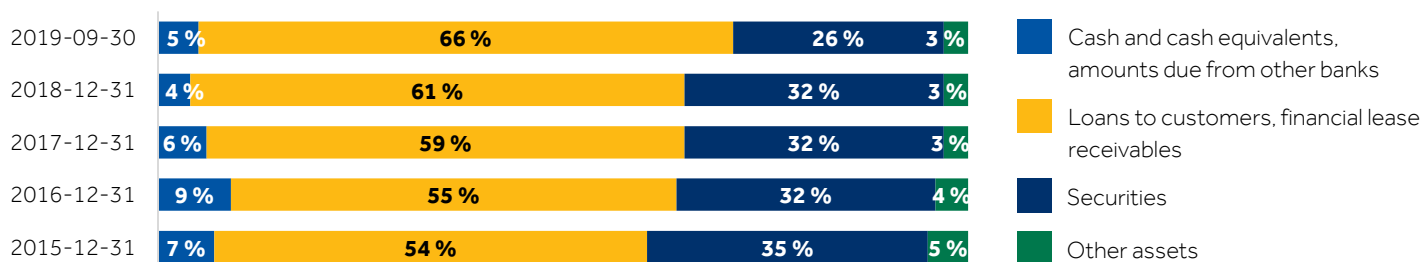
The Group's loan and finance lease portfolio continued to grow steadily with a 7 per cent increase in the third quarter alone and a 17 per cent increase since the beginning of the year, thus, exceeding EUR 1.6 billion at the end of September. More than EUR 0.6 billion of new loan agreements were signed in the first nine months of the year which is by 16 per cent more than over the respective period in 2018.

As the demand for financing in the fields of business and private clients increased, the scope of the Bank's strategic directions - business and consumer financing - also expanded significantly. The value of new business finance contracts has exceeded EUR 0.4 billion since the beginning of the year and the portfolio grew by 15 per cent.

The portfolio of consumer finance products grew steadily on a quarterly basis, growing by 32 per cent in the first nine months in total with over EUR 100 million of new contracts.

Strong activity in the housing market segment ensured the growth of the mortgage portfolio - the mortgage portfolio grew by 27 per cent in the third quarter alone and reached EUR 82 million.

### The Group's Asset Structure, in per cent



The deposit portfolio grew by 8% since the beginning of the year and at the end of September 2019 it amounted to almost EUR 2 billion. With low interest rates continuing to prevail, most deposits are held in current accounts - the demand deposits rose by EUR 128 million in the first nine months of this year. The term deposit portfolio grew by 22 million with almost half of it coming from the German market. In Germany the deposit rates are decreasing especially for those of long-term, while interest rates in Lithuania have remained stable.

The first term deposit with additional interest issued three years ago expired at the beginning of October. The Bank customers earned 2.85 per cent of annual interest, which was 5 times higher than interest rate applied to the regular term deposits. The Bank does not longer distribute such a saving product with additional interest due to the new regulation of investment services, but it may offer clients alternative savings or investment solutions.

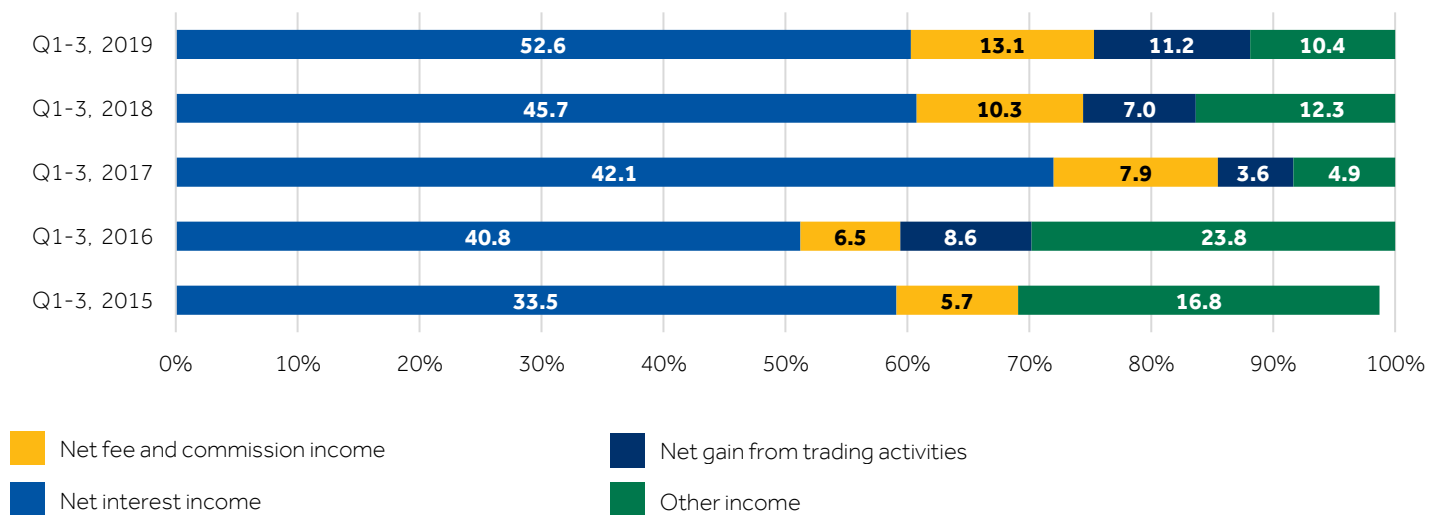
The Group's Liability Structure, in per cent.



The growth in net interest income as well as net fee and commission income significantly contributed to the improving results of recurring activities. Rapid growth in loan and finance leasing portfolio allowed maintaining stable loan yields - the Group earned EUR 53 million of net interest income in nine months of this year which is by 15% more than in the respective period last year. Net fee and commission income grew 27 per cent compared to the respective period last year and exceeded EUR 13 million euros.

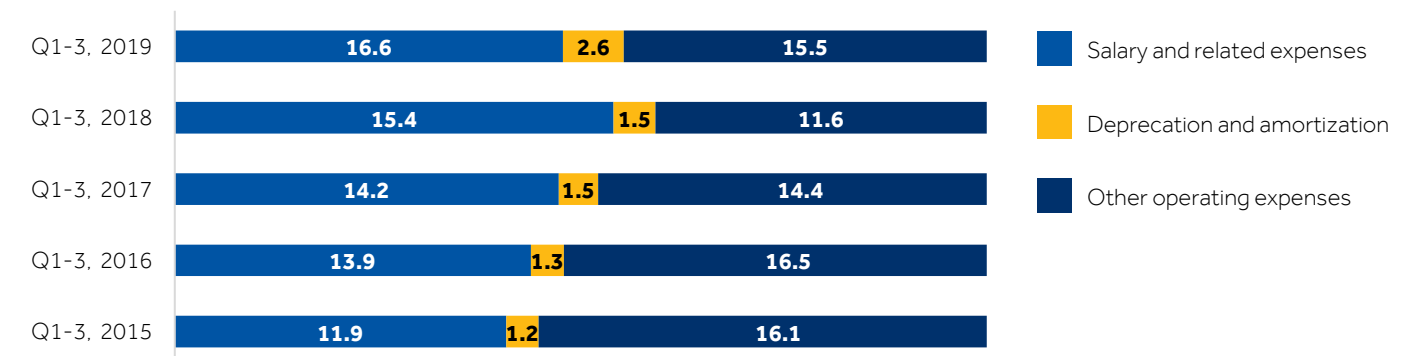
Profit from trading activities also grew significantly - during the three quarters the Group earned EUR 5.3 million from trading in securities and EUR 5.9 million from trading in foreign exchange.

Structure of the Group's Operating Income (m Eur)



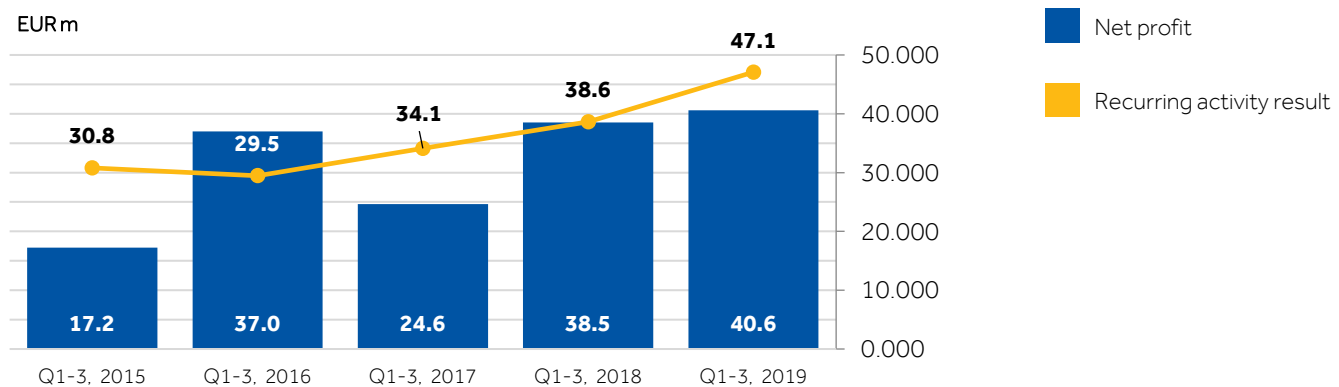
With the rapid growth in the scope of activities, operating expenses of the Group, excluding those related to insurance activities, increased by 13 per cent during the year and reached EUR 28 million. Salary expenses, which account for the bulk of the costs, grew by 8 per cent over a year. In order to ensure the continuous improvement of information technology, IT-related expenses increased by 48 per cent per year respectively.

Structure of the Group's Operating Expenses (m EUR)



For the loan and finance lease portfolio, the Group additionally accounted EUR 3.2 million of provisions in the third quarter, whereas from the beginning of the year these expenses totalled to EUR 4.3 million. The IFRS 9 methodology applicable since 2018 requires that part of the provisions is recognised after the loan is issued, which increases the cost of impairment as the loan portfolio grows. No significant deterioration in the credit quality of the exposure segments was observed.

Recurring activities shall mean an indicator used the Bank's analyses to show a portion of income based on the result from one-time transactions or transactions that are not recurring in the Group's typical activities. Breakdown of operating profit into recurring and non-recurring activities is provided below (in thou EUR):



	<i>in thousand EUR</i>	Q1-3, 2019	Q1-3, 2018
Results of recurring activities		47.080	38.614
Results of non-recurring activities		5.347	8.114
Net profit (loss) from financial derivatives		-32	-19
Net profit (loss) from changes in fair value of subordinated loan		0	4.959
Net profit from derecognition of financial assets		1.500	424
Net gain (loss) from disposal of tangible assets		2.852	1.139
Realized profit from held-to-maturity securities		1.543	2.155
Operating costs		-516	-544
Impairment recovery		-4.912	-4.791
Income tax		-6.920	-3.441
<b>Net profit</b>		<b>40.595</b>	<b>38.496</b>

As of 30 September 2019 the Bank's clientèle totalled to 333 thousand - 305 thousand of individuals and 28 thousand of corporate customers. The customer service network of the Bank consisted of 60 units operating in 37 areas throughout Lithuania.

## RATINGS

International rating agency Moody's Investors Service announced the following ratings of the Bank:

- a long-term deposit rating – Baa2;
- a short-term deposit rating - P-2;
- rating outlook - Stable.

## COMPLIANCE WITH PRUDENTIAL REQUIREMENTS

With revenues growing faster than expenses, operational efficiency remains strong - a cost to income ratio of the Group comprised 39.9 per cent at the end of third quarter of the year. Return on equity reached 19.1 per cent (calculated to annual). Information on the profitability ratios is available on the Bank's internet site [About bank -> To Bank's Investors -> Financial statements, ratios and prospectuses](#).

Capital and liquidity position remain robust - prudential requirements are implemented with adequate reserve. According to the data as of 30 September 2019 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: [About bank -> To Bank's Investors -> Financial statements, ratios and prospectuses](#).

## BANK'S AUTHORIZED CAPITAL. SHAREHOLDERS

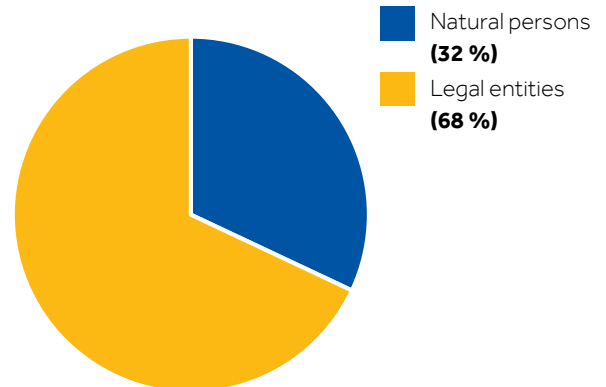
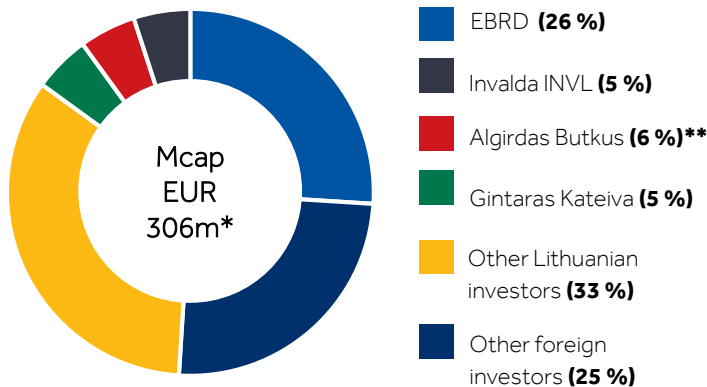
As of 30 September 2019, the authorized capital of the Bank totalled to EUR 174 210 616.27 and is divided into 600 726 263 ordinary registered shares with a nominal value of EUR 0.29 each (ISIN LT0000102253). The Bank's Charter was registered in the Register of Legal Entities on 13 December 2018 after the last increase of authorized capital by additional contributions. The Bank's authorized capital was not increased in 9 months of 2019.

### Authorized capital:

	2015-01-01	2015-05-26	2015-09-14	2016-05-26	2017-06-06	2018-06-01	2018-12-13
Capital, EUR	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 2019, the number of the Bank's shareholders amounted to 5 297 (31 December 2018 – 4 992). 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.

### Foreign Investors 51 %



\* Data as of 30/09/2019

\*\* Incl. indirectly owned shares

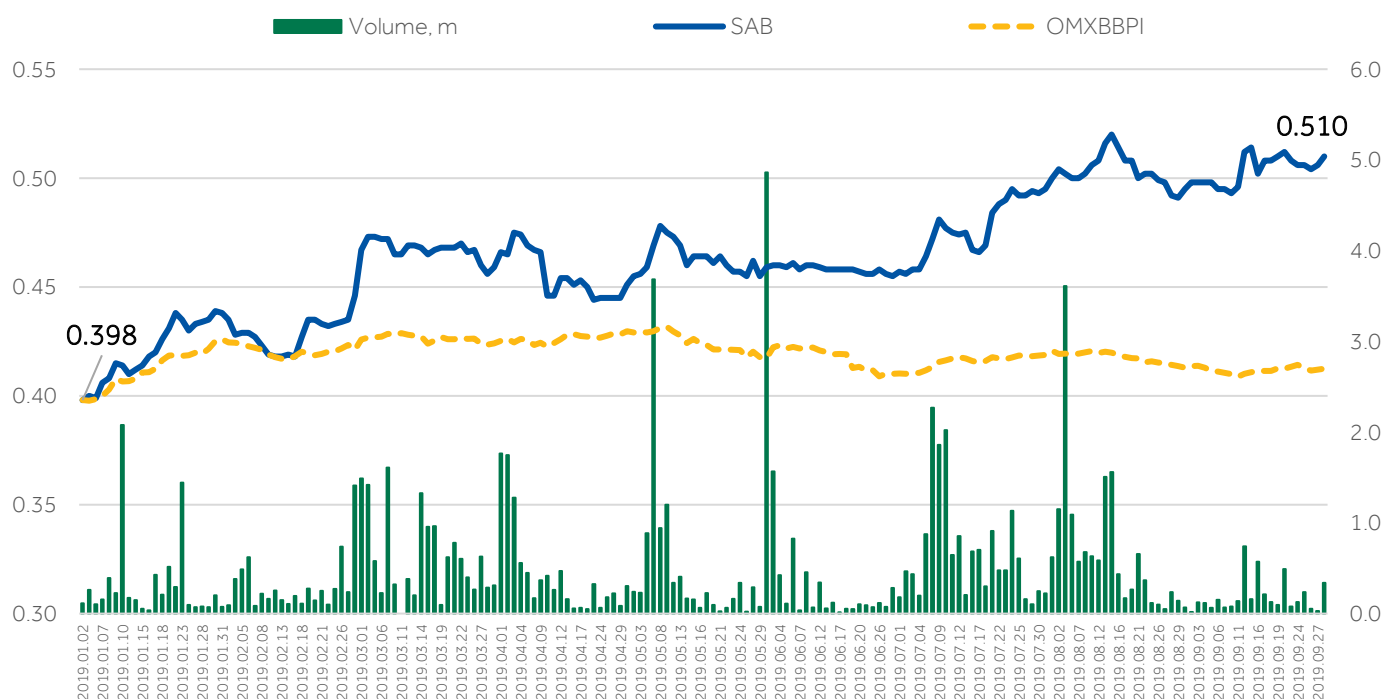
## Share information:

	2015	2016	2017	2018	2019-09-30
Capitalization, m EUR	93.7	169.5	266.8	240.9	306.4
Turnover, mln. Eur	12.7	23.1	44.5	34.7	42.1
Share price on the last trading session day	0.298	0.449	0.589	0.401	0.510
Share book value	0.42	0.46	0.45	0.45	0.45
P/BV	0.7	1.0	1.3	0.9	1.0
P/E	3.9	3.9	8.3	4.6	5.7
Capital increase from retained earnings, %	20.0	20.0	20.0	-	

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

[Home page](#) › [About bank](#) › [To Bank's Investors](#) › [Financial statements, ratios and prospectuses](#) › [Alternative performance measures](#).

## Turnover and price of the Bank's shares:



BANK'S MANAGEMENT

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

Supervisory Council of the Bank

Arvydas Salda	Gintaras Kateiva	Ramunė Vilija Zabulienė	Darius Šulnis	Martynas Česnavičius	Miha Košak
					
Member since 1991, Chairman since 1999 Tenure beginning 30/03/2016/ end 2020	Member since 2008 Tenure beginning 30/03/2016/ end 2020	Independent Member since 2012 Tenure beginning 30/03/2016/ end 2020	Member since 2016 Tenure beginning 09/05/2016/ end 2020	Member since 2016 Tenure beginning 09/05/2016/ end 2020	Member since 2017 Tenure beginning 26/06/2017/ end 2020
Share of capital under the right of ownership, % (30/09/2019)					
1.93	5.26	-	-	-	-
Share of votes together with the related persons, % (30/09/2019)					
1.93	5.29	-	-	0.35	-

Board of the Bank

Algirdas Butkus	Vytautas Sinius	Donatas Savickas	Daiva Šorienė	Vita Urbonienė	Jonas Bartkus	Ilona Baranauskienė
						
Chairman since 1999 (Chairman of the bank's Supervisory Council 1991 - 1999) Deputy Chief Executive Officer Tenure beginning 30/03/2016/ end 2020	Deputy Chairman of the Board since 2014 (at the Board since 2011) Chief Executive Officer Tenure beginning 30/03/2016/ end 2020	Deputy Chairman of the Board of the Bank since 1995, Deputy Chief Executive Officer, Head of Finance and Risk Management Division. Tenure beginning 30/03/2016/ end 2020	Member since 2005 Deputy Chief Executive Officer, Head of Sales and Marketing Division Tenure beginning 30/03/2016/ end 2020	Member since 2011 Chief Financial Officer, Head of Accounting and Tax Division Tenure beginning 30/03/2016/ end 2020	Member since 2012 Head of IT Division Tenure beginning 30/03/2016/ end 2020	Member since 2014 Head of Legal and Administration Division Tenure beginning 30/03/2016/ end 2020
Share of capital under the right of ownership, % (30/09/2019)						
2.59	0.19	0.10	0.02	0.04	0.11	0.02
Share of votes together with the related persons, % (30/09/2019)						
5.59	0.19	0.10	0.02	0.04	0.11	0.02



OTHER INFORMATION, PUBLICLY DISCLOSED INFORMATION AND  
MAJOR EVENTS**Share information**

Information on the transactions with related parties is provided in note 12 of the explanatory note of the interim financial statements as of 30 September 2019.

In accordance with the procedures set by the Charter of the Bank and the legal acts of the Republic of Lithuania all the stock events are announced in the Central regulated information base and on the Bank's website <https://www.sb.lt/> in the rubric „[Reports on Stock Events](#)”.

Other important events are available on the Bank's website <https://www.sb.lt/> under „[Significant events and dates](#)” ir „[News/Announcements](#)”.

Chief Executive Officer  
5 November 2019



Vytautas Sinius

## CONFIRMATION FROM THE RESPONSIBLE PERSONS

We, Chief Executive Officer of Šiaulių bankas AB Vytautas Sinius and Chief Accountant Vita Urbonienė, confirm that as far as we know, the financial statements for nine months of 2019 are formed in compliance with the applicable accounting standards, correspond the reality and correctly reflect the total assets, liabilities, financial status, activity result and cash flow of Šiaulių bankas AB and consolidated companies.

Chief Executive Officer



Vytautas Sinius

Chief Accountant



Vita Urbonienė

5 November 2019