

# INTERIM INFORMATION

for the three month period ended 31 March 2021

|   |           |
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# CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

for the three month period ended 31 March 2021

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

|   | 31 March 2021 |                  |                  | 31 December 2020 |                  |
|---|---------------|------------------|------------------|------------------|------------------|
|   | Notes         | Group            | Bank             | Group            | Bank             |
| <b>ASSETS</b>                                 |               |                  |                  |                  |                  |
| Cash and cash equivalents                     |               | 541,772          | 540,610          | 432,584          | 431,649          |
| Securities in the trading book                | 2             | 37,585           | 8,455            | 37,068           | 9,582            |
| Due from other banks                          |               | 1,161            | 1,161            | 1,598            | 1,598            |
| Derivative financial instruments              |               | 3,243            | 3,243            | 445              | 445              |
| Loans to customers                            | 1             | 1,660,771        | 1,647,689        | 1,605,663        | 1,592,363        |
| Finance lease receivables                     | 1             | 156,824          | 156,674          | 155,457          | 155,290          |
| Investment securities at fair value           | 2             | 53,882           | 53,755           | 34,342           | 34,215           |
| Investment securities at amortized cost       | 2             | 684,371          | 672,027          | 709,454          | 697,136          |
| Investments in subsidiaries and associates    | 2             | -                | 26,445           | -                | 29,135           |
| Intangible assets                             |               | 5,411            | 3,896            | 5,729            | 4,230            |
| Property, plant and equipment                 |               | 16,877           | 15,350           | 16,484           | 15,852           |
| Investment property                           |               | 6,327            | 359              | 5,552            | 362              |
| Current income tax prepayment                 |               | 588              | 545              | 48               | 8                |
| Deferred income tax asset                     |               | 988              | 611              | 2,078            | 1,690            |
| Other assets                                  | 3             | 19,612           | 16,910           | 22,343           | 14,114           |
| <b>Total assets</b>                           |               | <b>3,189,412</b> | <b>3,147,730</b> | <b>3,028,845</b> | <b>2,987,669</b> |
| <b>LIABILITIES</b>                            |               |                  |                  |                  |                  |
| Due to other banks and financial institutions | 5             | 217,529          | 222,095          | 227,823          | 231,270          |
| Derivative financial instruments              |               | 557              | 557              | 3,840            | 3,840            |
| Due to customers                              | 4             | 2,503,971        | 2,508,047        | 2,347,427        | 2,349,021        |
| Special and lending funds                     |               | 3,798            | 3,798            | 20,027           | 20,027           |
| Debt securities in issue                      |               | 20,330           | 20,330           | 5,749            | 5,749            |
| Current income tax liabilities                |               | 419              | -                | 1,092            | 737              |
| Deferred income tax liabilities               |               | 1,318            | -                | 1,251            | -                |
| Liabilities related to insurance activities   |               | 37,547           | -                | 36,275           | -                |
| Other liabilities                             |               | 39,985           | 28,178           | 30,295           | 21,461           |
| <b>Total liabilities</b>                      |               | <b>2,825,454</b> | <b>2,783,005</b> | <b>2,673,779</b> | <b>2,632,105</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             | 21,893           | 21,770           | 14,427           | 14,246           |
| Reserve for acquisition of own shares         | 6             | 10,000           | 10,000           | 10,000           | 10,000           |
| Accumulated other comprehensive income        |               | 96               | 83               | 388              | 375              |
| Other equity                                  | 6             | 2,481            | 2,066            | 2,359            | 2,066            |
| Retained earnings                             |               | 151,093          | 152,411          | 149,497          | 150,482          |
| Non-controlling interest                      |               | -                | -                | -                | -                |
| <b>Total equity</b>                           |               | <b>363,958</b>   | <b>364,725</b>   | <b>355,066</b>   | <b>355,564</b>   |
| <b>Total liabilities and equity</b>           |               | <b>3,189,412</b> | <b>3,147,730</b> | <b>3,028,845</b> | <b>2,987,669</b> |

The notes on pages 9 - 30 constitute an integral part of these financial statements.

Chief Executive Officer

Chief Accountant

30 April 2021



Vytautas Sinius



Vita Urbonienė

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

|   | For the three month period ended |               |               |               |               |
|---|----------------------------------|---------------|---------------|---------------|---------------|
|   | Notes                            | 31 March 2021 |               | 31 March 2020 |               |
|   |                                  | Group         | Bank          | Group         | Bank          |
| <i>Interest revenue calculated using the effective interest method</i>                                  | 7                                | 19,256        | 16,048        | 18,902        | 15,632        |
| <i>Other similar income</i>   | 7                                | 1,915         | 1,880         | 1,972         | 1,938         |
| <i>Interest expense and similar charges</i>   | 7                                | (2,733)       | (2,735)       | (2,360)       | (2,364)       |
| <b>Net interest income</b>  |                                  | <b>18,438</b> | <b>15,193</b> | <b>18,514</b> | <b>15,206</b> |
| <i>Fee and commission income</i>  | 8                                | 5,562         | 5,662         | 5,757         | 5,888         |
| <i>Fee and commission expense</i>   | 8                                | (1,428)       | (1,371)       | (1,622)       | (1,575)       |
| <b>Net fee and commission income</b>  |                                  | <b>4,134</b>  | <b>4,291</b>  | <b>4,135</b>  | <b>4,313</b>  |
| <i>Net gain from trading activities</i>   | 11                               | 3,172         | 2,181         | (2,062)       | 1,489         |
| <i>Net gain (loss) from derecognition of financial assets</i>   |                                  | 149           | 78            | 515           | 30            |
| <i>Net gain (loss) from disposal of tangible assets</i>   |                                  | 125           | 62            | 328           | 65            |
| <i>Revenue related to insurance activities</i>  |                                  | 1,869         | -             | 1,783         | -             |
| <i>Other operating income</i>   |                                  | 229           | 148           | 146           | 63            |
| <i>Salaries and related expenses</i>  |                                  | (6,819)       | (5,942)       | (6,059)       | (5,253)       |
| <i>Depreciation and amortization expenses</i>   |                                  | (1,123)       | (993)         | (976)         | (826)         |
| <i>Expenses related to insurance activities</i>   | 11                               | (1,743)       | -             | 2,219         | -             |
| <i>Other operating expenses</i>   | 9                                | (2,810)       | (2,030)       | (3,397)       | (2,593)       |
| <b>Operating profit before impairment losses</b>  |                                  | <b>15,621</b> | <b>12,988</b> | <b>15,146</b> | <b>12,494</b> |
| <i>Allowance for impairment losses on loans and other assets</i>  | 10                               | (112)         | (27)          | (4,902)       | (4,355)       |
| <i>Allowance for impairment losses on investments in subsidiaries</i>                                   | 10                               | -             | -             | -             | -             |
| <i>Share of the profit or loss of investments in subsidiaries accounted for using the equity method</i> |                                  | -             | 2,276         | -             | 1,606         |
| <b>Profit before income tax</b>   |                                  | <b>15,509</b> | <b>15,237</b> | <b>10,244</b> | <b>9,745</b>  |
| <i>Income tax expense</i>   |                                  | (2,824)       | (2,480)       | (1,881)       | (1,554)       |
| <b>Net profit for the period</b>  |                                  | <b>12,685</b> | <b>12,757</b> | <b>8,363</b>  | <b>8,191</b>  |
| <i>Profit (loss) from discontinued operations, net of tax</i>   | 3                                | (319)         | -             | -             | -             |
| <b>Net profit for the year</b>  |                                  | <b>12,366</b> | <b>12,757</b> | <b>8,363</b>  | <b>8,191</b>  |
| <b>Net profit attributable to:</b>  |                                  |               |               |               |               |
| <i>Owners of the Bank</i>   |                                  | 12,366        | 12,757        | 8,363         | 8,191         |
| <i>From continuing operations</i>   |                                  | 12,685        | 12,757        | 8,363         | 8,191         |
| <i>From discontinued operations</i>   |                                  | (319)         | -             | -             | -             |
| <i>Non-controlling interest</i>   |                                  | -             | -             | -             | -             |
| <i>Basic earnings per share (in EUR per share) attributable to owners of the Bank</i>                   |                                  | 0.02          |               | 0.01          |               |
| <i>From continuing operations</i>   |                                  | 0.02          |               | 0.01          |               |
| <i>From discontinued operations</i>   |                                  | (0.00)        |               | -             |               |

The notes on pages 9 - 30 constitute an integral part of these financial statements.

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

|   | for the three month period ended |               |               |              |
|---|----------------------------------|---------------|---------------|--------------|
|   | 31 March 2021                    |               | 31 March 2020 |              |
|   | Group                            | Bank          | Group         | Bank         |
| <b>Net profit for the period</b>  | <b>12,366</b>                    | <b>12,757</b> | <b>8,363</b>  | <b>8,191</b> |
| <b>Other comprehensive income</b>   |                                  |               |               |              |
| <i>Items that may be subsequently reclassified to profit or loss:</i>   |                                  |               |               |              |
| Gain from revaluation of financial assets   | (365)                            | (365)         | (16)          | (16)         |
| Deferred income tax on gain from revaluation of financial assets  | 73                               | 73            | 42            | 42           |
| <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>(292)</b>                     | <b>(292)</b>  | <b>26</b>     | <b>26</b>    |
| <b>Total comprehensive income for the period</b>  | <b>12,074</b>                    | <b>12,465</b> | <b>8,389</b>  | <b>8,217</b> |
| <b>Total comprehensive income (loss) attributable to:</b>   |                                  |               |               |              |
| Owners of the Bank  | 12,074                           | 12,465        | 8,389         | 8,217        |
| Non-controlling interest  | -                                | -             | -             | -            |
|   | 12,074                           | 12,465        | 8,389         | 8,217        |

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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 |
|------------------------------------|-------|------------------------------------|---------------|-----------------|---|-------------------|---------------------------------------|--------------|-------------------|---------|--------------------------|--------------|
|                                    |       | Attributable to owners of the Bank |               |                 |   |                   |                                       |              |                   |         |                          |              |
| <b>1 January 2020</b>              |       | 174,211                            | 3,428         | 756             | (9)                                       | 14,468            | 10,000                                | 1,536        | 106,414           | 310,804 | -                        | 310,804      |
| Transfer to/from statutory reserve |       | -                                  | -             | -               | -   | (41)              | -                                     | -            | 41                | -       | -                        | -            |
| Total comprehensive income         |       | -                                  | -             | -               | 26  | -                 | -                                     | -            | 8,363             | 8,389   | -                        | 8,389        |
| <b>31 March 2020</b>               |       | 174,211                            | 3,428         | 756             | 17  | 14,427            | 10,000                                | 1,536        | 114,818           | 319,193 | -                        | 319,193      |
| Acquisition of own shares          | 6     | -                                  | -             | -               | -   | -                 | (320)                                 | -            | -                 | (320)   | -                        | (320)        |
| Share-based payment                | 6     | -                                  | -             | -               | -   | -                 | 320                                   | 823          | -                 | 1,143   | -                        | 1,143        |
| Total comprehensive income         |       | -                                  | -             | -               | 371                                       | -                 | -                                     | -            | 34,679            | 35,050  | -                        | 35,050       |
| <b>31 December 2020</b>            |       | 174,211                            | 3,428         | 756             | 388                                       | 14,427            | 10,000                                | 2,359        | 149,497           | 355,066 | -                        | 355,066      |
| Transfer to statutory reserve      |       | -                                  | -             | -               | -   | 7,466             | -                                     | -            | (7,466)           | -       | -                        | -            |
| Share-based payment                |       | -                                  | -             | -               | -   | -                 | -                                     | 122          | -                 | 122     | -                        | 122          |
| Payment of dividends               | 6     | -                                  | -             | -               | -   | -                 | -                                     | -            | (3,304)           | (3,304) | -                        | (3,304)      |
| Total comprehensive income         |       | -                                  | -             | -               | (292)                                     | -                 | -                                     | -            | 12,366            | 12,074  | -                        | 12,074       |
| <b>31 March 2021</b>               |       | 174,211                            | 3,428         | 756             | 96  | 21,893            | 10,000                                | 2,481        | 151,093           | 363,958 | -                        | 363,958      |

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 2020</b>         |       | 174,211       | 3,428         | 756             | (22)                                      | 14,246            | 10,000                                | 1,345        | 107,387           | 311,351 |
| Total comprehensive income    |       | -             | -             | -               | 26  | -                 | -                                     | -            | 8,191             | 8,217   |
| <b>31 March 2020</b>          |       | 174,211       | 3,428         | 756             | 4   | 14,246            | 10,000                                | 1,345        | 115,578           | 319,568 |
| Acquisition of own shares     | 6     | -             | -             | -               | -   | -                 | (320)                                 | -            | -                 | (320)   |
| Share-based payment           | 6     | -             | -             | -               | -   | -                 | 320                                   | 721          | -                 | 1,041   |
| Total comprehensive income    |       | -             | -             | -               | 371                                       | -                 | -                                     | -            | 34,904            | 35,275  |
| <b>31 December 2020</b>       |       | 174,211       | 3,428         | 756             | 375                                       | 14,246            | 10,000                                | 2,066        | 150,482           | 355,564 |
| Transfer to statutory reserve |       | -             | -             | -               | -   | 7,524             | -                                     | -            | (7,524)           | -       |
| Payment of dividends          | 6     | -             | -             | -               | -   | -                 | -                                     | -            | (3,304)           | (3,304) |
| Total comprehensive income    |       | -             | -             | -               | (292)                                     | -                 | -                                     | -            | 12,757            | 12,465  |
| <b>31 March 2021</b>          |       | 174,211       | 3,428         | 756             | 83  | 21,770            | 10,000                                | 2,066        | 152,411           | 364,725 |

The notes on pages 9 - 30 constitute an integral part of these financial statements.

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

|  | Notes | for the three month period ended |                |                |                |
|--|-------|----------------------------------|----------------|----------------|----------------|
|  |       | 31 March 2021                    |                | 31 March 2020  |                |
|  |       | Group                            | Bank           | Group          | Bank           |
| <b>Operating activities</b>  |       |                                  |                |                |                |
| Interest received on loans and advances  |       | 26,369                           | 24,757         | 22,424         | 18,820         |
| Interest received on securities in the trading book  |       | 87                               | 57             | 115            | 100            |
| Interest paid  |       | (7,083)                          | (7,076)        | (2,321)        | (2,327)        |
| Fees and commissions received  |       | 5,527                            | 5,662          | 5,718          | 5,850          |
| Fees and commissions paid  |       | (1,428)                          | (1,371)        | (1,501)        | (1,454)        |
| Net cash inflows from trade in securities in the trading book                                    |       | 5,106                            | 3,713          | 1,763          | (1,676)        |
| Net inflows from foreign exchange operations   |       | 6,789                            | 6,808          | 1,730          | 2,189          |
| Net inflows from derecognition of financial assets   |       | 149                              | 78             | 515            | 30             |
| Net inflows from derecognition of non-financial assets   |       | 125                              | 62             | 1,361          | 751            |
| Cash inflows related to other activities of Group companies                                      |       | (1,514)                          | 148            | 1,929          | 63             |
| Cash outflows related to other activities of Group companies                                     |       | 2,098                            | -              | 2,219          | -              |
| Recoveries on loans previously written off   |       | 273                              | 61             | 817            | 78             |
| Salaries and related payments to and on behalf of employees                                      |       | (6,029)                          | (5,152)        | (5,401)        | (4,595)        |
| Payments related to operating and other expenses   |       | (1,560)                          | (2,452)        | (1,845)        | (1,317)        |
| Income tax paid  |       | (2,807)                          | (2,602)        | (1,947)        | (1,758)        |
| <b>Net cash flow from operating activities before change in operating assets and liabilities</b> |       | <b>26,102</b>                    | <b>22,693</b>  | <b>25,576</b>  | <b>14,754</b>  |
| <b>Change in operating assets and liabilities:</b>   |       |                                  |                |                |                |
| Decrease (increase) in due from other banks  |       | 437                              | 437            | 93             | 93             |
| (Increase) in loans to customers and finance lease receivables                                   |       | (63,858)                         | (61,291)       | (2,075)        | (334)          |
| (Increase)/decrease in finance lease receivables   |       | 2,314                            | 1,402          | 623            | 1,309          |
| Decrease (increase) in other assets  |       | (4,489)                          | (12,056)       | (17,880)       | (18,521)       |
| Decrease (increase) in due to banks and financial institutions                                   |       | (10,282)                         | (9,163)        | (24,547)       | (24,577)       |
| Increase (decrease) increase in due to customers   |       | 160,889                          | 163,371        | 90,652         | 90,940         |
| Increase in special and lending funds  |       | (1,951)                          | (1,951)        | (4,279)        | (4,279)        |
| Increase (decrease) in other liabilities   |       | 1,146                            | 5,845          | (6,020)        | 683            |
| <b>Change</b>  |       | <b>84,206</b>                    | <b>86,594</b>  | <b>36,567</b>  | <b>45,314</b>  |
| <b>Net cash flow from (used in) from operating activities</b>                                    |       | <b>110,308</b>                   | <b>109,287</b> | <b>62,143</b>  | <b>60,068</b>  |
| <b>Investing activities</b>  |       |                                  |                |                |                |
| Acquisition of property, plant and equipment, investment property and intangible assets          |       | (156)                            | (162)          | (851)          | (790)          |
| Disposal of property, plant and equipment, investment property and intangible assets             |       | 304                              | 489            | 920            | 865            |
| Acquisition of debt securities at amortized cost   |       | (35,228)                         | (35,103)       | (5,220)        | (4,234)        |
| Proceeds from redemption of debt securities at amortized cost                                    |       | 8,587                            | 8,575          | 18,679         | 18,679         |
| Interest received on debt securities at amortized cost   |       | 1,405                            | 1,392          | 1,829          | 1,788          |
| Dividends received   |       | -                                | 5,000          | 2              | 4,002          |
| Acquisition of investment securities at fair value   |       | (2,829)                          | (2,829)        | (1,667)        | (1,667)        |
| Sale or redemption of investment securities at fair value  |       | 27,258                           | 23,223         | 4,406          | 2,702          |
| Interest received on investment securities at fair value   |       | 152                              | 112            | 33             | 33             |
| <b>Net cash flow (used in) from investing activities</b>   |       | <b>(507)</b>                     | <b>697</b>     | <b>18,131</b>  | <b>21,378</b>  |
| <b>Financing activities</b>  |       |                                  |                |                |                |
| Principal elements of lease payments   |       | (613)                            | (1,023)        | (363)          | (312)          |
| <b>Net cash flow (used in) financing activities</b>  |       | <b>(613)</b>                     | <b>(1,023)</b> | <b>(363)</b>   | <b>(312)</b>   |
| <b>Net increase (decrease) in cash and cash equivalents</b>                                      |       | <b>109,188</b>                   | <b>108,961</b> | <b>79,911</b>  | <b>81,134</b>  |
| <b>Cash and cash equivalents at 1 January</b>  |       | <b>432,584</b>                   | <b>431,649</b> | <b>184,917</b> | <b>181,582</b> |
| <b>Cash and cash equivalents at 31 March</b>   |       | <b>541,772</b>                   | <b>540,610</b> | <b>264,828</b> | <b>262,716</b> |

The notes on pages 9 - 30 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 59 customer service outlets (31 December 2020: 59 outlets). As at 31 March 2020 the Bank had 757 employees (31 December 2020: 756). As at 31 March 2020 the Group had 850 employees (31 December 2020: 849 employees).

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

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

This condensed interim financial information for the three month period ended 31 March 2021 has been prepared in accordance with IAS 34, "Interim Financial Reporting" as adopted by the EU. The condensed interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2020, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by EU. Except for the points described below, all the accounting policies applied in the preparation of this condensed interim financial information are consistent with those of the annual financial statements of the Bank for the year ended 31 December 2020.

#### Income tax

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

#### New and amended standards, and interpretations

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 2021 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 2021, and that would have a material impact on the Bank's financial information.

#### Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current event and actions, actual results ultimately may differ from those estimates. In preparing these condensed interim financial statements, the significant judgements made in applying Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements as at and for the year ended 31 December 2020, except for judgements and estimations used for calculation of impairment, which were revised to reflect the most recent economic forecasts. These judgements and estimates are described in more detail in Notes 1 and 10. It should be noted that at the moment of producing the financial reports there was no full clarity regarding further development scenarios of Covid-19 pandemic and uncertainties regarding further global, country and sector development trends existed, therefore there is a significant probability that actual results may deviate from the estimated.

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

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

**NOTE 1**
**LOANS TO CUSTOMERS AND FINANCE LEASE RECEIVABLES**

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

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

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

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

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

|  | 31 March 2021    |                  | 31 December 2020 |                  |
|--|------------------|------------------|------------------|------------------|
|  | Group            | Bank             | Group            | Bank             |
| <i>Cash equivalents</i>  | 477,198          | 476,114          | 363,088          | 362,251          |
| <i>Loans and advances to banks</i>   | 1,161            | 1,161            | 1,598            | 1,598            |
| <b><i>Loans and advances to customers:</i></b>                                   | <b>1,660,771</b> | <b>1,647,689</b> | <b>1,605,663</b> | <b>1,592,363</b> |
| <i>Loans and advances to financial institutions</i>                              | -                | 107,683          | -                | 107,574          |
| <i>Loans to individuals (Retail)</i>   | 566,932          | 447,794          | 547,122          | 426,374          |
| <i>Loans to business customers</i>   | 1,093,839        | 1,092,212        | 1,058,541        | 1,058,415        |
| <b><i>Finance lease receivables</i></b>  | <b>156,824</b>   | <b>156,674</b>   | <b>155,457</b>   | <b>155,290</b>   |
| <b><i>Debt securities at fair value through profit or loss</i></b>               | <b>12,975</b>    | <b>7,586</b>     | <b>14,540</b>    | <b>8,844</b>     |
| <b><i>Derivative financial instruments</i></b>                                   | <b>3,243</b>     | <b>3,243</b>     | <b>445</b>       | <b>445</b>       |
| <b><i>Debt securities at fair value through other comprehensive income</i></b>   | <b>49,147</b>    | <b>49,147</b>    | <b>30,429</b>    | <b>30,429</b>    |
| <b><i>Debt securities at amortized cost</i></b>                                  | <b>684,371</b>   | <b>672,027</b>   | <b>709,454</b>   | <b>697,136</b>   |
| <b><i>Other assets subject to credit risk</i></b>                                | <b>9,339</b>     | <b>9,162</b>     | <b>4,695</b>     | <b>4,278</b>     |
| <i>Credit risk exposures relating to off-balance sheet items are as follows:</i> |                  |                  |                  |                  |
| <i>Financial guarantees</i>  | 48,790           | 48,851           | 48,790           | 48,851           |
| <i>Letters of credit</i>   | 3,522            | 3,522            | 3,522            | 3,522            |
| <i>Loan commitments and other credit related liabilities</i>                     | 281,765          | 300,768          | 281,765          | 300,768          |
| <b>Total</b>   | <b>3,389,106</b> | <b>3,375,944</b> | <b>3,219,446</b> | <b>3,205,775</b> |

NOTE 1

LOANS TO CUSTOMERS AND FINANCE LEASE RECEIVABLES (CONTINUED)

Loans to customers

Loans and advances are summarised as follows:

|   | 31 March 2021    |                  | 31 December 2020 |                  |
|---|------------------|------------------|------------------|------------------|
|   | Group            | Bank             | Group            | Bank             |
| <b>Gross</b>                              | 1,698,386        | 1,679,762        | 1,648,446        | 1,630,184        |
| <i>Subtract: allowance for impairment</i> | (37,615)         | (32,073)         | (42,783)         | (37,821)         |
| <b>Net</b>                                | <b>1,660,771</b> | <b>1,647,689</b> | <b>1,605,663</b> | <b>1,592,363</b> |

The distribution of loans by stages and days past due:

|                                 | 31 March 2021    |                     |                     |                   |                  | 31 December 2020 |                     |                     |                   |                  |
|---------------------------------|------------------|---------------------|---------------------|-------------------|------------------|------------------|---------------------|---------------------|-------------------|------------------|
|                                 | Not past due     | Past due <= 30 days | Past due 31-90 days | Past due >90 days | Total            | Not past due     | Past due <= 30 days | Past due 31-90 days | Past due >90 days | Total            |
| <b>Stage 1:</b>                 |                  |                     |                     |                   |                  |                  |                     |                     |                   |                  |
| <i>Gross amount</i>             | 1,180,335        | 28,756              | 17                  | 310               | 1,209,418        | 1,258,537        | 24,002              | 14                  | 29                | 1,282,582        |
| <i>Allowance for impairment</i> | (8,956)          | (973)               | -                   | -                 | (9,929)          | (6,517)          | (1,056)             | -                   | (1)               | (7,574)          |
| <b>Net amount</b>               | <b>1,171,379</b> | <b>27,783</b>       | <b>17</b>           | <b>310</b>        | <b>1,199,489</b> | <b>1,252,020</b> | <b>22,946</b>       | <b>14</b>           | <b>28</b>         | <b>1,275,008</b> |
| <b>Stage 2:</b>                 |                  |                     |                     |                   |                  |                  |                     |                     |                   |                  |
| <i>Gross amount</i>             | 383,886          | 3,038               | 6,034               | 15                | 392,973          | 241,246          | 5,117               | 5,482               | 5                 | 251,850          |
| <i>Allowance for impairment</i> | (4,648)          | (28)                | (1,491)             | -                 | (6,167)          | (5,130)          | (248)               | (1,610)             | (1)               | (6,989)          |
| <b>Net amount</b>               | <b>379,238</b>   | <b>3,010</b>        | <b>4,543</b>        | <b>15</b>         | <b>386,806</b>   | <b>236,116</b>   | <b>4,869</b>        | <b>3,872</b>        | <b>4</b>          | <b>244,861</b>   |
| <b>Stage 3:</b>                 |                  |                     |                     |                   |                  |                  |                     |                     |                   |                  |
| <i>Gross amount</i>             | 57,534           | 4,394               | 3,880               | 30,187            | 95,995           | 61,559           | 6,658               | 3,160               | 42,637            | 114,014          |
| <i>Allowance for impairment</i> | (5,746)          | (597)               | (1,015)             | (14,161)          | (21,519)         | (6,249)          | (1,107)             | (1,018)             | (19,846)          | (28,220)         |
| <b>Net amount</b>               | <b>51,788</b>    | <b>3,797</b>        | <b>2,865</b>        | <b>16,026</b>     | <b>74,476</b>    | <b>55,310</b>    | <b>5,551</b>        | <b>2,142</b>        | <b>22,791</b>     | <b>85,794</b>    |
| <b>Total:</b>                   |                  |                     |                     |                   |                  |                  |                     |                     |                   |                  |
| <i>Gross amount</i>             | 1,621,755        | 36,188              | 9,931               | 30,512            | 1,698,386        | 1,561,342        | 35,777              | 8,656               | 42,671            | 1,648,446        |
| <i>Allowance for impairment</i> | (19,350)         | (1,598)             | (2,506)             | (14,161)          | (37,615)         | (17,896)         | (2,411)             | (2,628)             | (19,848)          | (42,783)         |
| <b>Net amount</b>               | <b>1,602,405</b> | <b>34,590</b>       | <b>7,425</b>        | <b>16,351</b>     | <b>1,660,771</b> | <b>1,543,446</b> | <b>33,366</b>       | <b>6,028</b>        | <b>22,823</b>     | <b>1,605,663</b> |

|                                 | 31 March 2021    |                     |                     |                   |                  | 31 December 2020 |                     |                     |                   |                  |
|---------------------------------|------------------|---------------------|---------------------|-------------------|------------------|------------------|---------------------|---------------------|-------------------|------------------|
|                                 | Not past due     | Past due <= 30 days | Past due 31-90 days | Past due >90 days | Total            | Not past due     | Past due <= 30 days | Past due 31-90 days | Past due >90 days | Total            |
| <b>Stage 1:</b>                 |                  |                     |                     |                   |                  |                  |                     |                     |                   |                  |
| <i>Gross amount</i>             | 1,177,012        | 16,590              | 17                  | 310               | 1,193,929        | 1,256,789        | 11,159              | 14                  | 10                | 1,267,972        |
| <i>Allowance for impairment</i> | (6,159)          | (40)                | -                   | -                 | (6,199)          | (3,747)          | (79)                | -                   | -                 | (3,826)          |
| <b>Net amount</b>               | <b>1,170,853</b> | <b>16,550</b>       | <b>17</b>           | <b>310</b>        | <b>1,187,730</b> | <b>1,253,042</b> | <b>11,080</b>       | <b>14</b>           | <b>10</b>         | <b>1,264,146</b> |
| <b>Stage 2:</b>                 |                  |                     |                     |                   |                  |                  |                     |                     |                   |                  |
| <i>Gross amount</i>             | 383,886          | 3,038               | 2,135               | 15                | 389,074          | 241,247          | 5,117               | 1,206               | -                 | 247,570          |
| <i>Allowance for impairment</i> | (4,648)          | (28)                | (99)                | -                 | (4,775)          | (5,130)          | (248)               | (57)                | -                 | (5,435)          |
| <b>Net amount</b>               | <b>379,238</b>   | <b>3,010</b>        | <b>2,036</b>        | <b>15</b>         | <b>384,299</b>   | <b>236,117</b>   | <b>4,869</b>        | <b>1,149</b>        | <b>-</b>          | <b>242,135</b>   |
| <b>Stage 3:</b>                 |                  |                     |                     |                   |                  |                  |                     |                     |                   |                  |
| <i>Gross amount</i>             | 61,300           | 3,648               | 2,574               | 29,237            | 96,759           | 65,546           | 5,835               | 1,732               | 41,529            | 114,642          |
| <i>Allowance for impairment</i> | (6,866)          | (218)               | (353)               | (13,662)          | (21,099)         | (8,310)          | (688)               | (291)               | (19,271)          | (28,560)         |
| <b>Net amount</b>               | <b>54,434</b>    | <b>3,430</b>        | <b>2,221</b>        | <b>15,575</b>     | <b>75,660</b>    | <b>57,236</b>    | <b>5,147</b>        | <b>1,441</b>        | <b>22,258</b>     | <b>86,082</b>    |
| <b>Total:</b>                   |                  |                     |                     |                   |                  |                  |                     |                     |                   |                  |
| <i>Gross amount</i>             | 1,622,198        | 23,276              | 4,726               | 29,562            | 1,679,762        | 1,563,582        | 22,111              | 2,952               | 41,539            | 1,630,184        |
| <i>Allowance for impairment</i> | (17,673)         | (286)               | (452)               | (13,662)          | (32,073)         | (17,187)         | (1,015)             | (348)               | (19,271)          | (37,821)         |
| <b>Net amount</b>               | <b>1,604,525</b> | <b>22,990</b>       | <b>4,274</b>        | <b>15,900</b>     | <b>1,647,689</b> | <b>1,546,395</b> | <b>21,096</b>       | <b>2,604</b>        | <b>22,268</b>     | <b>1,592,363</b> |

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

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

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

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

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

During the first quarter of 2021 an updated legal customer financial status assessment methodology was implemented, main changes – number of possible customer risk groups increased from 5 to 11, links between certain evaluations and credit stages established.

In April 2020 the Bank joined the moratoria initiated by the Association of Lithuanian Banks (ALB) that offer principal repayment deferral solutions for individual and business customers. Moratoria ended on 30 September 2020, but, taking into account Covid-19 developments in Lithuania, they were renewed in January 2021 until 31 March 2021. As interest rate is not modified as a condition for moratoria, no material result from contract modifications was recorded (during three month period ended 31 March 2021, loan modifications resulted in net loss of EUR 1 thousand, which was included in income statement line "Other operating income"). Renewed moratoria did not reach significant volumes – extensions according to the renewed moratoria were applied for loans and finance lease receivables with carrying amount of EUR 2,831 thousand. Major part of the loans that had extensions according to moratoria have returned to their original payment schedules – as of 31 March 2021, loans and finance lease receivables with unexpired payment deferrals according to moratoria (including renewed moratoria) amounted to EUR 4,067 thousand. Also, loans and finance lease receivables with carrying amount of EUR 48,749 thousand had other extension measures that were not under moratoria and had not returned to the original payment schedules.

**Finance lease receivables**

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

|   | 31 March 2021  |                | 31 December 2020 |                |
|---|----------------|----------------|------------------|----------------|
|   | Group          | Bank           | Group            | Bank           |
| <i>Business customers</i>                 | 135,110        | 134,218        | 133,358          | 132,448        |
| <i>Individuals</i>                        | 25,932         | 25,932         | 26,684           | 26,684         |
| <b>Gross</b>                              | <b>161,042</b> | <b>160,150</b> | <b>160,042</b>   | <b>159,132</b> |
| <i>Subtract: Allowance for impairment</i> | (4,218)        | (3,476)        | (4,585)          | (3,842)        |
| <b>Net</b>                                | <b>156,824</b> | <b>156,674</b> | <b>155,457</b>   | <b>155,290</b> |

NOTE 1

LOANS TO CUSTOMERS AND FINANCE LEASE RECEIVABLES (CONTINUED)

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

|                          | 31 March 2021  |                     |                     |                   |                | 31 December 2020 |                     |                     |                   |                |
|--------------------------|----------------|---------------------|---------------------|-------------------|----------------|------------------|---------------------|---------------------|-------------------|----------------|
|                          | Not past due   | Past due <= 30 days | Past due 31-90 days | Past due >90 days | Total          | Not past due     | Past due <= 30 days | Past due 31-90 days | Past due >90 days | Total          |
| <b>Group</b>             |                |                     |                     |                   |                |                  |                     |                     |                   |                |
| <b>Stage 1:</b>          |                |                     |                     |                   |                |                  |                     |                     |                   |                |
| Gross amount             | 117,616        | 5,100               | -                   | -                 | 122,716        | 113,772          | 4,868               | -                   | -                 | 118,640        |
| Allowance for impairment | (867)          | (34)                | -                   | -                 | (901)          | (764)            | (36)                | -                   | -                 | (800)          |
| <b>Net amount</b>        | <b>116,749</b> | <b>5,066</b>        | <b>-</b>            | <b>-</b>          | <b>121,815</b> | <b>113,008</b>   | <b>4,832</b>        | <b>-</b>            | <b>-</b>          | <b>117,840</b> |
| <b>Stage 2:</b>          |                |                     |                     |                   |                |                  |                     |                     |                   |                |
| Gross amount             | 27,469         | 1,686               | 543                 | -                 | 29,698         | 29,376           | 1,415               | 597                 | -                 | 31,388         |
| Allowance for impairment | (853)          | (120)               | (28)                | -                 | (1,001)        | (833)            | (63)                | (35)                | -                 | (931)          |
| <b>Net amount</b>        | <b>26,616</b>  | <b>1,566</b>        | <b>515</b>          | <b>-</b>          | <b>28,697</b>  | <b>28,543</b>    | <b>1,352</b>        | <b>562</b>          | <b>-</b>          | <b>30,457</b>  |
| <b>Stage 3:</b>          |                |                     |                     |                   |                |                  |                     |                     |                   |                |
| Gross amount             | 5,778          | 902                 | 354                 | 1,594             | 8,628          | 6,685            | 1,068               | 191                 | 2,070             | 10,014         |
| Allowance for impairment | (803)          | (120)               | (181)               | (1,212)           | (2,316)        | (1,125)          | (36)                | (86)                | (1,607)           | (2,854)        |
| <b>Net amount</b>        | <b>4,975</b>   | <b>782</b>          | <b>173</b>          | <b>382</b>        | <b>6,312</b>   | <b>5,560</b>     | <b>1,032</b>        | <b>105</b>          | <b>463</b>        | <b>7,160</b>   |
| <b>Total:</b>            |                |                     |                     |                   |                |                  |                     |                     |                   |                |
| Gross amount             | 150,863        | 7,688               | 897                 | 1,594             | 161,042        | 149,833          | 7,351               | 788                 | 2,070             | 160,042        |
| Allowance for impairment | (2,523)        | (274)               | (209)               | (1,212)           | (4,218)        | (2,722)          | (135)               | (121)               | (1,607)           | (4,585)        |
| <b>Net amount</b>        | <b>148,340</b> | <b>7,414</b>        | <b>688</b>          | <b>382</b>        | <b>156,824</b> | <b>147,111</b>   | <b>7,216</b>        | <b>667</b>          | <b>463</b>        | <b>155,457</b> |

|                          | 31 March 2021  |                     |                     |                   |                | 31 December 2020 |                     |                     |                   |                |
|--------------------------|----------------|---------------------|---------------------|-------------------|----------------|------------------|---------------------|---------------------|-------------------|----------------|
|                          | Not past due   | Past due <= 30 days | Past due 31-90 days | Past due >90 days | Total          | Not past due     | Past due <= 30 days | Past due 31-90 days | Past due >90 days | Total          |
| <b>Bank</b>              |                |                     |                     |                   |                |                  |                     |                     |                   |                |
| <b>Stage 1:</b>          |                |                     |                     |                   |                |                  |                     |                     |                   |                |
| Gross amount             | 117,521        | 5,100               | -                   | -                 | 122,621        | 113,660          | 4,867               | -                   | -                 | 118,527        |
| Allowance for impairment | (867)          | (34)                | -                   | -                 | (901)          | (763)            | (36)                | -                   | -                 | (799)          |
| <b>Net amount</b>        | <b>116,654</b> | <b>5,066</b>        | <b>-</b>            | <b>-</b>          | <b>121,720</b> | <b>112,897</b>   | <b>4,831</b>        | <b>-</b>            | <b>-</b>          | <b>117,728</b> |
| <b>Stage 2:</b>          |                |                     |                     |                   |                |                  |                     |                     |                   |                |
| Gross amount             | 27,469         | 1,686               | 543                 | -                 | 29,698         | 29,376           | 1,415               | 597                 | -                 | 31,388         |
| Allowance for impairment | (853)          | (120)               | (28)                | -                 | (1,001)        | (833)            | (63)                | (35)                | -                 | (931)          |
| <b>Net amount</b>        | <b>26,616</b>  | <b>1,566</b>        | <b>515</b>          | <b>-</b>          | <b>28,697</b>  | <b>28,543</b>    | <b>1,352</b>        | <b>562</b>          | <b>-</b>          | <b>30,457</b>  |
| <b>Stage 3:</b>          |                |                     |                     |                   |                |                  |                     |                     |                   |                |
| Gross amount             | 5,778          | 902                 | 354                 | 797               | 7,831          | 6,685            | 1,068               | 191                 | 1,273             | 9,217          |
| Allowance for impairment | (802)          | (120)               | (181)               | (471)             | (1,574)        | (1,125)          | (36)                | (86)                | (865)             | (2,112)        |
| <b>Net amount</b>        | <b>4,976</b>   | <b>782</b>          | <b>173</b>          | <b>326</b>        | <b>6,257</b>   | <b>5,560</b>     | <b>1,032</b>        | <b>105</b>          | <b>408</b>        | <b>7,105</b>   |
| <b>Total:</b>            |                |                     |                     |                   |                |                  |                     |                     |                   |                |
| Gross amount             | 150,768        | 7,688               | 897                 | 797               | 160,150        | 149,721          | 7,350               | 788                 | 1,273             | 159,132        |
| Allowance for impairment | (2,522)        | (274)               | (209)               | (471)             | (3,476)        | (2,721)          | (135)               | (121)               | (865)             | (3,842)        |
| <b>Net amount</b>        | <b>148,246</b> | <b>7,414</b>        | <b>688</b>          | <b>326</b>        | <b>156,674</b> | <b>147,000</b>   | <b>7,215</b>        | <b>667</b>          | <b>408</b>        | <b>155,290</b> |

NOTE 2  
SECURITIES

**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.

|  | 31 March 2021 |              | 31 December 2020 |              |
|--|---------------|--------------|------------------|--------------|
|  | Group         | Bank         | Group            | Bank         |
| <b>Debt securities:</b>                    | <b>12,975</b> | <b>7,586</b> | <b>14,540</b>    | <b>8,844</b> |
| Government bonds                           | 6,885         | 4,692        | 6,403            | 4,182        |
| Corporate bonds                            | 6,090         | 2,894        | 8,137            | 4,662        |
| Equity securities                          | 24,610        | 869          | 22,528           | 738          |
| <b>Total</b>                               | <b>37,585</b> | <b>8,455</b> | <b>37,068</b>    | <b>9,582</b> |
|  |               |              |                  |              |
|  | 31 March 2021 |              | 31 December 2020 |              |
|  | Group         | Bank         | Group            | Bank         |
| <b>Trading securities:</b>                 |               |              |                  |              |
| <b>Debt securities</b>                     | <b>10,562</b> | <b>7,586</b> | <b>11,806</b>    | <b>8,844</b> |
| from AA- to AAA                            | -             | -            | -                | -            |
| from A- to A+                              | 4,476         | 4,284        | 3,968            | 3,771        |
| from BBB- to BBB+                          | 1,319         | 532          | 1,665            | 1,035        |
| from BB- to BB+                            | 819           | 613          | 973              | 610          |
| lower than BB-                             | 264           | 264          | 270              | 270          |
| no rating                                  | 3,684         | 1,893        | 4,930            | 3,158        |
| <b>Equity securities</b>                   | <b>869</b>    | <b>869</b>   | <b>738</b>       | <b>738</b>   |
| listed                                     | 869           | 869          | 732              | 732          |
| unlisted                                   | -             | -            | 6                | 6            |
| units of investment funds                  | -             | -            | -                | -            |
| <b>Total trading securities</b>            | <b>11,431</b> | <b>8,455</b> | <b>12,544</b>    | <b>9,582</b> |
| <b>Other trading book securities:</b>      |               |              |                  |              |
| <b>Debt securities</b>                     | <b>2,413</b>  | -            | <b>2,734</b>     | -            |
| from AA- to AAA                            | -             | -            | -                | -            |
| from A- to A+                              | 210           | -            | 216              | -            |
| from BBB- to BBB+                          | 1,598         | -            | 1,614            | -            |
| from BB- to BB+                            | 95            | -            | 97               | -            |
| lower than BB-                             | -             | -            | -                | -            |
| no rating                                  | 510           | -            | 807              | -            |
| <b>Equity securities</b>                   | <b>23,741</b> | -            | <b>21,790</b>    | -            |
| listed                                     | -             | -            | -                | -            |
| unlisted                                   | -             | -            | -                | -            |
| units of investment funds                  | 23,741        | -            | 21,790           | -            |
| <b>Total other trading book securities</b> | <b>26,154</b> | -            | <b>24,524</b>    | -            |
| <b>TOTAL</b>                               | <b>37,585</b> | <b>8,455</b> | <b>37,068</b>    | <b>9,582</b> |

**NOTE 2**  
**SECURITIES (CONTINUED)**

Investment securities

|   | 31 March 2021  |                | 31 December 2020 |                |
|---|----------------|----------------|------------------|----------------|
|   | Group          | Bank           | Group            | Bank           |
| <b><u>Securities at fair value:</u></b>     |                |                |                  |                |
| <b>Debt securities:</b>                     | <b>49,147</b>  | <b>49,147</b>  | <b>30,429</b>    | <b>30,429</b>  |
| Government bonds                            | 29,687         | 29,687         | 17,709           | 17,709         |
| Corporate bonds                             | 19,460         | 19,460         | 12,720           | 12,720         |
| <b>Equity securities</b>                    | <b>4,735</b>   | <b>4,608</b>   | <b>3,913</b>     | <b>3,786</b>   |
| <b>Total</b>                                | <b>53,882</b>  | <b>53,755</b>  | <b>34,342</b>    | <b>34,215</b>  |
| <b><u>Securities at amortized cost:</u></b> |                |                |                  |                |
| <b>Debt securities:</b>                     | <b>684,371</b> | <b>672,027</b> | <b>709,454</b>   | <b>697,136</b> |
| Government bonds                            | 517,954        | 512,144        | 532,501          | 526,700        |
| Corporate bonds                             | 166,417        | 159,883        | 176,953          | 170,436        |
| <b>Total</b>                                | <b>684,371</b> | <b>672,027</b> | <b>709,454</b>   | <b>697,136</b> |

|   | 31 March 2021  |                | 31 December 2020 |                |
|---|----------------|----------------|------------------|----------------|
|   | Group          | Bank           | Group            | Bank           |
| <b><u>Securities at fair value:</u></b>     |                |                |                  |                |
| <b>Debt securities</b>                      | <b>49,147</b>  | <b>49,147</b>  | <b>30,429</b>    | <b>30,429</b>  |
| from AA- to AA+                             | 1,005          | 1,005          | -                | -              |
| from A- to A+                               | 31,728         | 31,728         | 16,971           | 16,971         |
| from BBB- to BBB+                           | 9,782          | 9,782          | 11,837           | 11,837         |
| from BB- to BB+                             | 6,632          | 6,632          | 1,621            | 1,621          |
| lower than BB-                              | -              | -              | -                | -              |
| no rating                                   | -              | -              | -                | -              |
| <b>Equities</b>                             | <b>4,735</b>   | <b>4,608</b>   | <b>3,913</b>     | <b>3,786</b>   |
| listed                                      | -              | -              | -                | -              |
| unlisted                                    | 563            | 436            | 525              | 398            |
| units of investment funds                   | 4,172          | 4,172          | 3,388            | 3,388          |
| <b>Total</b>                                | <b>53,882</b>  | <b>53,755</b>  | <b>34,342</b>    | <b>34,215</b>  |
| <b><u>Securities at amortized cost:</u></b> |                |                |                  |                |
| <b>Debt securities</b>                      | <b>684,371</b> | <b>672,027</b> | <b>709,454</b>   | <b>697,136</b> |
| from AA- to AA+                             | 6,182          | 5,975          | 6,116            | 5,910          |
| from A- to A+                               | 519,409        | 513,350        | 535,155          | 529,095        |
| from BBB- to BBB+                           | 157,866        | 152,702        | 167,269          | 162,131        |
| from BB- to BB+                             | 914            | -              | 914              | -              |
| lower than BB-                              | -              | -              | -                | -              |
| no rating                                   | -              | -              | -                | -              |
| <b>Total</b>                                | <b>684,371</b> | <b>672,027</b> | <b>709,454</b>   | <b>697,136</b> |

Credit stages of investment debt securities:

|                          | 31 March 2021  |                | 31 December 2020 |                |
|--------------------------|----------------|----------------|------------------|----------------|
|                          | Group          | Bank           | Group            | Bank           |
| <b>Stage 1:</b>          |                |                |                  |                |
| Gross amount             | 733,635        | 721,483        | 739,065          | 726,933        |
| Allowance for impairment | (317)          | (309)          | (316)            | (306)          |
| <b>Net amount</b>        | <b>733,318</b> | <b>721,174</b> | <b>738,749</b>   | <b>726,627</b> |
| <b>Stage 2:</b>          |                |                |                  |                |
| Gross amount             | 207            | -              | 1,173            | 974            |
| Allowance for impairment | (7)            | -              | (39)             | (36)           |
| <b>Net amount</b>        | <b>200</b>     | <b>-</b>       | <b>1,134</b>     | <b>938</b>     |
| <b>Stage 3:</b>          |                |                |                  |                |
| Gross amount             | 1,023          | -              | 1,016            | -              |
| Allowance for impairment | (1,023)        | -              | (1,016)          | -              |
| <b>Net amount</b>        | <b>-</b>       | <b>-</b>       | <b>-</b>         | <b>-</b>       |

During the three month periods ended 31 March 2021 and 2020, no material reclassifications between portfolios of securities were performed.



**NOTE 2**  
**SECURITIES (CONTINUED)**

**Investments in subsidiaries**

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

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

As of 31 March 2021 and 31 December 2020 the Bank owned the following indirectly controlled subsidiaries:

5. Apželdinimas UAB (real estate management activities),
6. Sandworks UAB (real estate management activities).

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

The Bank also had subsidiaries held for sale (31 March 2021 – one company, 31 December 2020 – two companies), please see Note 3 for information.

Bank's investments in subsidiaries consisted of:

|                                   | Share in equity | 31 March 2021 | 31 December 2020 |
|-----------------------------------|-----------------|---------------|------------------|
| <i>SB Draudimas GD UAB</i>        | 100%            | 11,255        | 10,513           |
| <i>SB lizingas UAB</i>            | 100%            | 9,852         | 13,274           |
| <i>Šiaulių Banko Lizingas UAB</i> | 100%            | 1,074         | 1,074            |
| <i>SB Turto Fondas UAB</i>        | 100%            | 4,264         | 4,274            |
| <b>Total</b>                      |                 | <b>26,445</b> | <b>29,135</b>    |

**NOTE 3**  
**SIGNIFICANT INFORMATION ON CHANGES IN OTHER ASSET ITEMS**

**Other assets**

|   | 31 March 2021 |               | 31 December 2020 |               |
|---|---------------|---------------|------------------|---------------|
|   | Group         | Bank          | Group            | Bank          |
| <i>Amounts receivable</i>                               | 9,339         | 9,162         | 4,695            | 4,278         |
| <i>Inventories</i>                                      | 976           | -             | 1,391            | -             |
| <i>Deferred charges</i>                                 | 699           | 677           | 748              | 736           |
| <i>Assets under reinsurance and insurance contracts</i> | 1,392         | -             | 1,315            | -             |
| <i>Prepayments</i>                                      | 1,616         | 1,042         | 3,477            | 1,469         |
| <i>Foreclosed assets</i>                                | 311           | 233           | 509              | 431           |
| <i>Assets classified as held for sale</i>               | 869           | 1,486         | 7,547            | 4,573         |
| <i>Other</i>  | 4,410         | 4,310         | 2,661            | 2,627         |
| <b>Total</b>  | <b>19,612</b> | <b>16,910</b> | <b>22,343</b>    | <b>14,114</b> |

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

Assets held for sale consist of:

|   | 31 March 2021 |              | 31 December 2020 |              |
|---|---------------|--------------|------------------|--------------|
|   | Group         | Bank         | Group            | Bank         |
| <i>Assets related to subsidiaries classified as held for sale</i>           | 234           | 851          | 6 687            | 3 713        |
| <i>Real estate classified as held for sale</i>                              | 635           | 635          | 860              | 860          |
| <b>Total assets classified as held for sale</b>                             | <b>869</b>    | <b>1,486</b> | <b>7 547</b>     | <b>4 573</b> |
| <i>Liabilities attributable to subsidiaries classified as held for sale</i> | 25            | -            | 98               | -            |



## NOTE 3

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

By implementing its strategic plan, the Bank optimizes the structure of its subsidiaries, therefore in fourth quarter of 2020 following subsidiaries were included in subsidiaries held for sale: Minera UAB (intension to sell shares) and Šiaulių Banko Investicijų Valdymas UAB (intension to liquidate). As all of the entities attributed to assets held for sale are 100%-owned, the whole amount of the profit (loss) from discontinued operations is attributable to equity owners of the Group. During the three month period ended 31 March 2021, Bank's stake in Minera UAB was sold. The result of this sale is included in Group's result from discontinued operations (result of sale is nil in Bank's accounts).

| <i>Investment in subsidiaries classified as held for sale, as of 31 December 2020</i> | <b>Minera UAB</b> | <b>Šiaulių Banko Investicijų<br/>Valdymas UAB</b> | <b>Total</b> |
|---|-------------------|---|--------------|
| <i>Assets held for sale attributable to entity</i>                                    | 5,294             | 1,393   | 6,687        |
| <i>Liabilities attributable to assets held for sale attributable to entity</i>        | 74                | 24  | 98           |
| <br>  |                   |   |              |
| <i>Investment in subsidiaries classified as held for sale, as of 31 March 2021</i>    | <b>Minera UAB</b> | <b>Šiaulių Banko Investicijų<br/>Valdymas UAB</b> | <b>Total</b> |
| <i>Assets held for sale attributable to entity</i>                                    | -                 | 234   | 234          |
| <i>Liabilities attributable to assets held for sale attributable to entity</i>        | -                 | 25  | 25           |
| <i>Result of discontinued operations:</i>   | (342)             | 23  | (319)        |
| <i>Profit (loss) of current year</i>  | 6                 | 23  | 29           |
| <i>Repricing</i>  | -                 | -   | -            |
| <i>Sale</i>   | (348)             | -   | (348)        |

## NOTE 4

### DUE TO CUSTOMERS

|  | 31 March 2021    |                  | 31 December 2020 |                  |
|--|------------------|------------------|------------------|------------------|
|  | <b>Group</b>     | <b>Bank</b>      | <b>Group</b>     | <b>Bank</b>      |
| <i>Demand deposits:</i>                        |                  |                  |                  |                  |
| <i>National government institutions</i>        | 67,152           | 67,152           | 49,085           | 49,085           |
| <i>Local government institutions</i>           | 109,023          | 109,023          | 72,992           | 72,992           |
| <i>Governmental and municipal companies</i>    | 27,373           | 27,373           | 23,135           | 23,135           |
| <i>Corporate entities</i>                      | 711,650          | 715,705          | 636,651          | 638,224          |
| <i>Non-profit organisations</i>                | 27,454           | 27,454           | 22,791           | 22,791           |
| <i>Individuals</i>                             | 666,322          | 666,322          | 643,878          | 643,878          |
| <i>Unallocated amounts due to customers</i>    | 27,166           | 27,187           | 11,887           | 11,908           |
| <b>Total demand deposits</b>                   | <b>1,636,140</b> | <b>1,640,216</b> | <b>1,460,419</b> | <b>1,462,013</b> |
| <br>   |                  |                  |                  |                  |
| <i>Time deposits:</i>                          |                  |                  |                  |                  |
| <i>National government institutions</i>        | 2,024            | 2,024            | 1,059            | 1,059            |
| <i>Local government institutions</i>           | 764              | 764              | 761              | 761              |
| <i>Governmental and municipality companies</i> | 1,740            | 1,740            | 2,259            | 2,259            |
| <i>Corporate entities</i>                      | 44,354           | 44,354           | 46,309           | 46,309           |
| <i>Non-profit organisations</i>                | 2,953            | 2,953            | 3,371            | 3,371            |
| <i>Individuals</i>                             | 815,996          | 815,996          | 833,249          | 833,249          |
| <b>Total time deposits</b>                     | <b>867,831</b>   | <b>867,831</b>   | <b>887,008</b>   | <b>887,008</b>   |
| <b>Total</b>                                   | <b>2,503,971</b> | <b>2,508,047</b> | <b>2,347,427</b> | <b>2,349,021</b> |

**NOTE 5****SIGNIFICANT INFORMATION ON CHANGES IN OTHER LIABILITY ITEMS****Due to other banks and financial institutions**

As at 31 March 2021, the outstanding borrowing on the balance sheet under third series of the targeted longer-term refinancing operations (TLTRO-III) program of the European Central Bank amounted to EUR 150 million. Loan maturity date is on 28 June 2023 with early repayment option starting on 29 September 2021. The Bank intends to use the early repayment option. Interest rate on TLTRO III is -0.5% from June 2020 to June 2021 and for banks meeting the lending thresholds, the interest rate can be as low as -1%. The Bank does not include the bonus on the special interest period in its effective interest recognition. The TLTRO-III negative interest is recorded in the income statement line "Interest income". Securities with a carrying value of EUR 157,241 thousand were placed as a collateral for these borrowings.

**NOTE 6  
CAPITAL**

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

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

As at 31 March 2021, the Bank had 10,812 shareholders (as at 31 December 2020: 9,053).

**Dividends:**

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

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

**Reserve for acquisition of own shares:**

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

The Bank did not acquire own shares during the three month periods ended 31 March 2021 and 31 March 2020.

**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 - 31 March 2021 |                | 1 January - 31 March 2020 |                |
|---|---------------------------|----------------|---------------------------|----------------|
|   | Group                     | Bank           | Group                     | Bank           |
| <b>Interest revenue calculated using the effective interest method (on financial assets at amortized cost and fair value through other comprehensive income):</b> | <b>19,256</b>             | <b>16,048</b>  | <b>18,902</b>             | <b>15,632</b>  |
| on loans to other banks and financial institutions and placements with credit institutions  | 257                       | 896            | 167                       | 1,007          |
| on loans to customers   | 17,490                    | 13,705         | 16,881                    | 12,820         |
| on debt securities at amortized cost  | 1,438                     | 1,392          | 1,829                     | 1,788          |
| on debt securities at fair value through other comprehensive income   | 71                        | 55             | 25                        | 17             |
| Other similar income:   | 1,915                     | 1,880          | 1,972                     | 1,938          |
| on debt securities at fair value through profit or loss   | 87                        | 57             | 93                        | 62             |
| on finance leases   | 1,724                     | 1,719          | 1,866                     | 1,863          |
| other interest income   | 104                       | 104            | 13                        | 13             |
| <b>Total interest income</b>  | <b>21,171</b>             | <b>17,928</b>  | <b>20,874</b>             | <b>17,570</b>  |
| <b>Interest expense:</b>  |                           |                |                           |                |
| on financial liabilities designated at fair value through profit or loss  | -                         | -              | -                         | -              |
| on financial liabilities measured at amortised cost   | (2,295)                   | (2,298)        | (2,327)                   | (2,331)        |
| on other liabilities  | (438)                     | (437)          | (33)                      | (33)           |
| <b>Total interest expense</b>   | <b>(2,733)</b>            | <b>(2,735)</b> | <b>(2,360)</b>            | <b>(2,364)</b> |
| <b>Net interest income</b>  | <b>18,438</b>             | <b>15,193</b>  | <b>18,514</b>             | <b>15,206</b>  |

**NOTE 8**  
**NET FEE AND COMMISSION INCOME**

|   | 1 January - 31 March 2021 |                | 1 January - 31 March 2020 |                |
|---|---------------------------|----------------|---------------------------|----------------|
|   | Group                     | Bank           | Group                     | Bank           |
| <b>Fee and commission income:</b>                         |                           |                |                           |                |
| for administration of loans of third parties              | 1,147                     | 1,147          | 1,120                     | 1,120          |
| for settlement services                                   | 1,223                     | 1,223          | 1,255                     | 1,258          |
| for cash operations                                       | 936                       | 936            | 1,293                     | 1,293          |
| for account administration                                | 1,029                     | 1,029          | 1,145                     | 1,145          |
| for guarantees, letters of credit, documentary collection | 239                       | 239            | 194                       | 194            |
| for collection of utility and similar payments            | 54                        | 55             | 59                        | 60             |
| for services related to securities                        | 734                       | 759            | 435                       | 470            |
| other fee and commission income                           | 200                       | 274            | 256                       | 348            |
| <b>Total fee and commission income</b>                    | <b>5,562</b>              | <b>5,662</b>   | <b>5,757</b>              | <b>5,888</b>   |
| <b>Fee and commission expense:</b>                        |                           |                |                           |                |
| for payment cards   | (765)                     | (765)          | (896)                     | (894)          |
| for cash operations                                       | (250)                     | (250)          | (257)                     | (257)          |
| for correspondent bank and payment system fees            | (141)                     | (89)           | (133)                     | (90)           |
| for services of financial data vendors                    | (55)                      | (55)           | (67)                      | (67)           |
| for services related to securities                        | (132)                     | (132)          | (189)                     | (189)          |
| other fee and commission expenses                         | (85)                      | (80)           | (80)                      | (78)           |
| <b>Total fee and commission expense</b>                   | <b>(1,428)</b>            | <b>(1,371)</b> | <b>(1,622)</b>            | <b>(1,575)</b> |
| <b>Net fee and commission income</b>                      | <b>4,134</b>              | <b>4,291</b>   | <b>4,135</b>              | <b>4,313</b>   |

**NOTE 9**  
**OTHER OPERATING EXPENSES**

|   | 1 January - 31 March 2021 |                | 1 January - 31 March 2020 |                |
|---|---------------------------|----------------|---------------------------|----------------|
|   | Group                     | Bank           | Group                     | Bank           |
| <i>Rent of buildings and premises</i>                   | (63)                      | (67)           | (62)                      | (47)           |
| <i>Utility services for buildings and premises</i>      | (165)                     | (146)          | (215)                     | (193)          |
| <i>Other expenses related to buildings and premises</i> | (161)                     | (161)          | (226)                     | (226)          |
| <i>Transportation expenses</i>                          | (58)                      | (45)           | (93)                      | (75)           |
| <i>Legal costs</i>                                      | (52)                      | (52)           | (109)                     | (109)          |
| <i>Personnel and training expenses</i>                  | (37)                      | (24)           | (100)                     | (82)           |
| <i>IT and communication expenses</i>                    | (1,083)                   | (926)          | (1,049)                   | (927)          |
| <i>Marketing and charity expenses</i>                   | (399)                     | (97)           | (492)                     | (213)          |
| <i>Service organisation expenses</i>                    | (383)                     | (349)          | (616)                     | (579)          |
| <i>Non-income taxes, fines</i>                          | (122)                     | (18)           | 56                        | 154            |
| <i>Costs incurred due to debt recovery</i>              | (86)                      | (34)           | (92)                      | (27)           |
| <i>Other expenses</i>                                   | (201)                     | (111)          | (399)                     | (269)          |
| <b>Total</b>  | <b>(2,810)</b>            | <b>(2,030)</b> | <b>(3,397)</b>            | <b>(2,593)</b> |

**NOTE 10**  
**IMPAIRMENT LOSSES**

|  | 1 January - 31 March 2021 |             | 1 January - 31 March 2020 |                |
|--|---------------------------|-------------|---------------------------|----------------|
|  | Group                     | Bank        | Group                     | Bank           |
| <i>(Impairment losses) / reversal of impairment losses on loans</i>                      | (1,639)                   | (404)       | (5,318)                   | (4,006)        |
| <i>Recoveries of loans previously written-off</i>  | 374                       | 88          | 678                       | 78             |
| <i>Reversal of impairment losses / (impairment losses) on finance lease receivables</i>  | 367                       | 366         | (632)                     | (633)          |
| <i>Recovered previously written-off finance lease receivables</i>                        | 11                        | -           | 139                       | -              |
| <i>(Impairment losses) on debt securities</i>  | 33                        | 33          | (48)                      | (41)           |
| <i>Reversal of impairment losses on due from banks</i>                                   | (15)                      | (15)        | (4)                       | (4)            |
| <i>Reversal of impairment losses / (impairment losses) on other financial assets</i>     | (102)                     | (99)        | 243                       | 239            |
| <i>(Impairment losses) on subsidiaries</i>   | -                         | -           | -                         | -              |
| <i>(Impairment losses) / reversal of impairment losses on other non-financial assets</i> | 826                       | 4           | 12                        | 12             |
| <i>Recoveries of other non-financial assets previously written-off</i>                   | -                         | -           | -                         | -              |
| <i>Provisions for other liabilities</i>  | 33                        | -           | 28                        | -              |
| <b>Total</b>   | <b>(112)</b>              | <b>(27)</b> | <b>(4,902)</b>            | <b>(4,355)</b> |

**NOTE 10**  
**IMPAIRMENT LOSSES (CONTINUED)**

|   | 1 January - 31 March 2021 |               | 1 January - 31 March 2020 |               |
|---|---------------------------|---------------|---------------------------|---------------|
|   | Group                     | Bank          | Group                     | Bank          |
| <b><u>Allowance for impairment of loans</u></b>                     |                           |               |                           |               |
| <b>As at 1 January</b>  | <b>42,783</b>             | <b>37,821</b> | <b>38,509</b>             | <b>32,065</b> |
| Change in allowance for loan impairment                             | 1,639                     | 404           | 5,318                     | 4,006         |
| Loans written off during the period                                 | (6,811)                   | (6,156)       | (867)                     | (226)         |
| Other factors (reclassification, FX rate shift, etc.)               | 4                         | 4             | -                         | -             |
| <b>As at 31 March</b>   | <b>37,615</b>             | <b>32,073</b> | <b>42,960</b>             | <b>35,845</b> |
| <b><u>Allowance for impairment of finance lease receivables</u></b> |                           |               |                           |               |
| <b>As at 1 January</b>  | <b>4,585</b>              | <b>3,842</b>  | <b>3,961</b>              | <b>3,187</b>  |
| Change in allowance for impairment of finance lease receivables     | (367)                     | (366)         | 1,341                     | 1,367         |
| Finance lease receivables written off during the period             | -                         | -             | -                         | -             |
| Other factors (reclassification, FX rate shift, etc.)               | -                         | -             | -                         | -             |
| <b>As at 31 March</b>   | <b>4,218</b>              | <b>3,476</b>  | <b>5,302</b>              | <b>4,554</b>  |
| <b><u>Allowance for impairment of debt securities</u></b>           |                           |               |                           |               |
| <b>As at 1 January</b>  | <b>1,372</b>              | <b>342</b>    | <b>1,317</b>              | <b>290</b>    |
| Change in allowance for impairment of debt securities               | (33)                      | (33)          | (62)                      | (70)          |
| Debt securities written off during the period                       | -                         | -             | -                         | -             |
| Other factors (reclassification, FX rate shift, etc.)               | 8                         | -             | 1                         | -             |
| <b>As at 31 March</b>   | <b>1,347</b>              | <b>309</b>    | <b>1,256</b>              | <b>220</b>    |
| <b><u>Allowance for impairment of due from banks</u></b>            |                           |               |                           |               |
| <b>As at 1 January</b>  | <b>42</b>                 | <b>42</b>     | <b>23</b>                 | <b>23</b>     |
| Change in allowance for impairment of due from banks                | 15                        | 15            | 9                         | 9             |
| Due from banks written off during the period                        | -                         | -             | -                         | -             |
| Other factors (reclassification, FX rate shift, etc.)               | -                         | -             | -                         | -             |
| <b>As at 31 March</b>   | <b>57</b>                 | <b>57</b>     | <b>32</b>                 | <b>32</b>     |
| <b><u>Allowance for impairment of other financial assets</u></b>    |                           |               |                           |               |
| <b>As at 1 January</b>  | <b>161</b>                | <b>153</b>    | <b>517</b>                | <b>505</b>    |
| Change in allowance for impairment of other financial assets        | 102                       | 99            | 134                       | 138           |
| Other financial assets written off during the period                | (11)                      | (11)          | (8)                       | (8)           |
| Other factors (reclassification, FX rate shift, etc.)               | -                         | -             | (1)                       | 1             |
| <b>As at 31 March</b>   | <b>252</b>                | <b>241</b>    | <b>642</b>                | <b>636</b>    |

As environmental factors changed, assumptions and estimates used in probability of default (PD) estimations were changed. The scenarios used to calculate PDs were more based on the economic change scenarios published by institutions, calculations were modified taking into account uncertainties regarding further economic developments and ending of loan extension measures applied to the borrowers. Group's impairment expenses due to changes in accounting estimates amounted to: for the three month period ended 31 March 2021 – an impairment loss of EUR 1,051 thousand (all attributable to change in calculation parameters), for the three month period ended 31 March 2020 – an impairment loss of EUR 3,054 thousand (EUR 1,832 thousand due to change in calculation parameters, and EUR 1,222 thousand due to the contracts that the significant credit risk increase was recognized based on the collective assessment of Covid-19 influence to sector).

**NOTE 11**

**SIGNIFICANT INFORMATION ON OTHER INCOME STATEMENT ITEMS**

**Net gain from trading activities**

|   | 1 January - 31 March 2021 |              | 1 January - 31 March 2020 |              |
|---|---------------------------|--------------|---------------------------|--------------|
|   | Group                     | Bank         | Group                     | Bank         |
| <i>Net gain from operations with securities</i>               | 1,655                     | 683          | (3,813)                   | (228)        |
| <i>Net gain from foreign exchange and related derivatives</i> | 1,517                     | 1,498        | 1,730                     | 1,696        |
| <i>Net gain (loss) from other derivatives</i>                 | -                         | -            | 21                        | 21           |
| <b>Total</b>  | <b>3,172</b>              | <b>2,181</b> | <b>(2,062)</b>            | <b>1,489</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 992 thousand for the three month period ended 31 March 2021; a net loss of EUR 3,713 thousand for the three month period ended 31 March 2020.

**Expenses related to insurance activities**

|   | 1 January - 31 March 2021 |          | 1 January - 31 March 2020 |          |
|---|---------------------------|----------|---------------------------|----------|
|   | Group                     | Bank     | Group                     | Bank     |
| <i>Part of the change of the technical insurance provisions that covers the result of investment of assets under unit-linked contracts*</i> | (1,008)                   | -        | 3,697                     | -        |
| <i>Other changes of the technical insurance provisions and other expenses related to insurance activities</i>                               | (735)                     | -        | (1,478)                   | -        |
| <b>Total expenses related to insurance activities</b>   | <b>(1,743)</b>            | <b>-</b> | <b>2,219</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 - 31 March 2021 |          | 1 January - 31 March 2020 |          |
|--|---------------------------|----------|---------------------------|----------|
|  | Group                     | Bank     | Group                     | Bank     |
| <i>Interest and similar income</i>                     | 16                        | -        | 16                        | -        |
| <i>Net gain (loss) from operations with securities</i> | 973                       | -        | (3,747)                   | -        |
| <i>Net gain (loss) from foreign exchange</i>           | 19                        | -        | 34                        | -        |
| <b>Total</b>   | <b>1,008</b>              | <b>-</b> | <b>(3,697)</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 2021 and 2020, a certain number of banking transactions were entered into with related parties in the ordinary course of business. These transactions include settlements, loans, deposits and foreign currency transactions. According to the local legislation, the information on executed material transactions with related parties is published on Bank's website ([www.sb.lt](http://www.sb.lt) › About bank › Information › Reports regarding the transactions with related parties).

NOTE 12

RELATED-PARTY TRANSACTIONS (CONTINUED)

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

|   | 31 March 2021        |   | 31 December 2020     |   |
|---|----------------------|---|----------------------|---|
|   | Balances of deposits | Balances of loans (incl.off-balance sheet credit commitments) | Balances of deposits | Balances of loans and debt securities (incl.off-balance sheet credit commitments) |
| <i>Members of the Council and the Board</i>                       | 1,440                | 121   | 1,606                | 88  |
| <i>Other related parties (excluding subsidiaries of the Bank)</i> | 3,105                | 17,695  | 4,306                | 18,166  |
| <b>Total</b>  | <b>4,545</b>         | <b>17,816</b>   | <b>5,912</b>         | <b>18,254</b>   |

Transactions with subsidiaries:

Balances of transactions with the subsidiaries are presented below:

|                                   | 31 March 2021        |   | 31 December 2020     |   |
|-----------------------------------|----------------------|---|----------------------|---|
|                                   | Balances of deposits | Balances of loans (incl.off-balance sheet credit commitments) | Balances of deposits | Balances of loans (incl.off-balance sheet credit commitments) |
| <i>Non-financial institutions</i> | 4,055                | 3,603   | 2,575                | 5,767   |
| <i>Financial institutions</i>     | 4,587                | 126,276   | 2,466                | 129,132   |
|                                   | <b>8,642</b>         | <b>129,879</b>  | <b>5,041</b>         | <b>134,899</b>  |

Bank's total balances with subsidiaries:

|  | 31 March 2021 | 31 December 2020 |
|--|---------------|------------------|
| <b>Assets</b>  |               |                  |
| <i>Loans</i>   | 106,077       | 107,468          |
| <i>Other assets</i>  | 52            | 93               |
| <i>Bank's investment in subsidiaries</i>                             | 26,445        | 29,135           |
| <i>Bank's investment in subsidiaries classified as held for sale</i> | 851           | 3,713            |
| <b>Liabilities and shareholders' equity</b>                          |               |                  |
| <i>Deposits</i>  | 8,642         | 5,041            |
| <i>Other liabilities</i>   | -             | -                |

Income and expenses arising from transactions with subsidiaries:

|   | 1 January – 31 March 2021 | 1 January – 31 March 2020 |
|---|---------------------------|---------------------------|
| <b>Income</b>   |                           |                           |
| <i>Interest</i>   | 627                       | 843                       |
| <i>Commission income</i>  | 103                       | 161                       |
| <i>FX gain (loss)</i>   | 4                         | (1)                       |
| <i>Share of the profit or loss of investments in subsidiaries accounted for using the equity method</i> | 2,276                     | 1,606                     |
| <i>Other income</i>   | 52                        | 42                        |
| <b>Expenses</b>   |                           |                           |
| <i>Interest</i>   | (4)                       | (4)                       |
| <i>Operating expenses</i>   | -                         | (2)                       |
| <i>(Impairment losses)/ reversal of impairment losses on loans</i>                                      | 822                       | (150)                     |
| <i>Allowance for impairment losses on investments in subsidiaries</i>                                   | -                         | -                         |

As of 31 March 2021, the balance of individual allowance for impairment losses on loans to subsidiaries amounted to EUR 1,850 thousand (31 December 2020: EUR 2,672 thousand).

NOTE 13

LIQUIDITY, MARKET AND OPERATIONAL RISKS

**Liquidity risk**

Liquidity risk means the risk that the Bank 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.

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

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

The structure of the Group's assets and liabilities by maturity as at 31 March 2021 was as follows:

|   | Less than 1 month | Less than 1 month | 1 to 3 months | 3 to 6 months | 6 to 12 months | 1 to 3 years | More than 3 years | Maturity undefined | Total     |
|---|-------------------|-------------------|---------------|---------------|----------------|--------------|-------------------|--------------------|-----------|
| <i>Total assets</i>                               | 544,001           | 58,895            | 79,145        | 130,851       | 223,003        | 1,035,598    | 1,039,987         | 77,932             | 3,189,412 |
| <i>Total liabilities and shareholders' equity</i> | 1,700,509         | 71,545            | 115,010       | 313,500       | 326,418        | 181,919      | 116,477           | 364,034            | 3,189,412 |
| <i>Net liquidity gap</i>                          | (1,156,508)       | (12,650)          | (35,865)      | (182,649)     | (103,415)      | 853,679      | 923,510           | (286,102)          | -         |

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

|   | Less than 1 month | Less than 1 month | 1 to 3 months | 3 to 6 months | 6 to 12 months | 1 to 3 years | More than 3 years | Maturity undefined | Total     |
|---|-------------------|-------------------|---------------|---------------|----------------|--------------|-------------------|--------------------|-----------|
| <i>Total assets</i>                               | 434,913           | 56,306            | 72,912        | 115,651       | 243,296        | 1,003,560    | 1,016,339         | 85,868             | 3,028,845 |
| <i>Total liabilities and shareholders' equity</i> | 1,525,924         | 96,438            | 126,636       | 158,671       | 290,531        | 356,600      | 118,979           | 355,066            | 3,028,845 |
| <i>Net liquidity gap</i>                          | (1,091,011)       | (40,132)          | (53,724)      | (43,020)      | (47,235)       | 646,960      | 897,360           | (269,198)          | -         |

The structure of the Bank's assets and liabilities by maturity as at 31 March 2021 was as follows:

|   | Less than 1 month | Less than 1 month | 1 to 3 months | 3 to 6 months | 6 to 12 months | 1 to 3 years | More than 3 years | Maturity undefined | Total     |
|---|-------------------|-------------------|---------------|---------------|----------------|--------------|-------------------|--------------------|-----------|
| <i>Total assets</i>                               | 542,839           | 52,341            | 69,133        | 120,519       | 301,592        | 992,181      | 1,007,620         | 61,505             | 3,147,730 |
| <i>Total liabilities and shareholders' equity</i> | 1,707,894         | 61,593            | 114,253       | 313,276       | 325,436        | 179,374      | 81,179            | 364,725            | 3,147,730 |
| <i>Net liquidity gap</i>                          | (1,165,055)       | (9,252)           | (45,120)      | (192,757)     | (23,844)       | 812,807      | 926,441           | (303,220)          | -         |



**NOTE 13**
**LIQUIDITY, MARKET AND OPERATIONAL RISKS (CONTINUED)**

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

|   | Less than 1 month | Less than 1 month | 1 to 3 months | 3 to 6 months | 6 to 12 months | 1 to 3 years | More than 3 years | Maturity undefined | Total     |
|---|-------------------|-------------------|---------------|---------------|----------------|--------------|-------------------|--------------------|-----------|
| <i>Total assets</i>                               | 433,978           | 49,423            | 159,971       | 102,766       | 218,464        | 961,141      | 984,594           | 77,332             | 2,987,669 |
| <i>Total liabilities and shareholders' equity</i> | 1,528,408         | 89,581            | 126,300       | 158,476       | 289,318        | 353,245      | 86,777            | 355,564            | 2,987,669 |
| <i>Net liquidity gap</i>                          | (1,094,430)       | (40,158)          | 33,671        | (55,710)      | (70,854)       | 607,896      | 897,817           | (278,232)          | -         |

**Operational risk**

Operational risk is the risk to incur losses due to inadequate internal control processes or incorrect process implementation, errors and(or) illegal actions of employees, malfunctioning of information systems or external incidents. Unlike other risks (credit, market, liquidity), which are not being taken on purposefully, with anticipation of benefits, operational risk occurs naturally in the course of Bank's business.

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

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

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

**NOTE 14**
**FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE**

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

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

During the three month period ended 31 March 2021, the process of fair value measurement did not change significantly as compared to the process described in the annual financial statements for the year 2020. For the valuation of financial assets and liabilities purposes, estimates, valuation techniques and inputs used to develop those measurements have not changed significantly during the three month period ended 30 March 2021.

NOTE 14

FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (CONTINUED)

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

|  | 31 March 2021 |               | 31 December 2020 |               |
|--|---------------|---------------|------------------|---------------|
|  | Group         | Bank          | Group            | Bank          |
| <b>LEVEL I</b>                                 |               |               |                  |               |
| Trading book securities                        | 36,136        | 8,455         | 33,459           | 7,327         |
| Investment securities at fair value            | 43,655        | 43,655        | 30,888           | 30,888        |
| <b>Total Level I financial assets</b>          | <b>79,791</b> | <b>52,110</b> | <b>64,347</b>    | <b>38,215</b> |
| <b>LEVEL II</b>                                |               |               |                  |               |
| Derivative financial instruments - assets      | 3,243         | 3,243         | 445              | 445           |
| Derivative financial instruments - liabilities | (557)         | (557)         | (3,840)          | (3,840)       |
| <b>LEVEL III</b>                               |               |               |                  |               |
| Trading book securities                        | 1,449         | -             | 3,609            | 2,255         |
| Investment securities at fair value            | 10,227        | 10,100        | 3,454            | 3,327         |
| <b>Total Level III financial assets</b>        | <b>11,676</b> | <b>10,100</b> | <b>7,063</b>     | <b>5,582</b>  |

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

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

| Group                                     | Trading book securities |                     | Investment securities at fair value |                     |
|---|-------------------------|---------------------|-------------------------------------|---------------------|
|   | 1 Jan - 31 Mar 2021     | 1 Jan - 31 Mar 2020 | 1 Jan - 31 Mar 2021                 | 1 Jan - 31 Mar 2020 |
| As at 31 December                         | 3,609                   | 1,519               | 3,454                               | 1,136               |
| Impact of change in accounting principles | -                       | -                   | -                                   | -                   |
| <b>As at 1 January</b>                    | <b>3,609</b>            | <b>1,519</b>        | <b>3,454</b>                        | <b>1,136</b>        |
| Additions                                 | 1,195                   | 1,836               | 6,794                               | -                   |
| Disposals / redemption / derecognition    | (3,356)                 | (1,575)             | -                                   | -                   |
| Changes due to interest accrued/paid      | 1                       | 4                   | -                                   | -                   |
| Changes in fair value                     | -                       | -                   | (21)                                | 8                   |
| <b>As at 31 March</b>                     | <b>1,449</b>            | <b>1,784</b>        | <b>10,227</b>                       | <b>1,144</b>        |

| Bank                                      | Trading book securities |                     | Investment securities at fair value |                     |
|---|-------------------------|---------------------|-------------------------------------|---------------------|
|   | 1 Jan - 31 Mar 2021     | 1 Jan - 31 Mar 2020 | 1 Jan - 31 Mar 2021                 | 1 Jan - 31 Mar 2020 |
| As at 31 December                         | 2,255                   | 1,519               | 3,327                               | 622                 |
| Impact of change in accounting principles | -                       | -                   | -                                   | -                   |
| <b>As at 1 January</b>                    | <b>2,255</b>            | <b>1,519</b>        | <b>3,327</b>                        | <b>622</b>          |
| Additions                                 | -                       | 1,334               | 6,794                               | -                   |
| Disposals / redemption / derecognition    | (2,253)                 | (1,575)             | -                                   | -                   |
| Changes due to interest accrued/paid      | (2)                     | 4                   | -                                   | -                   |
| Changes in fair value                     | -                       | -                   | (21)                                | 8                   |
| <b>As at 31 March</b>                     | <b>-</b>                | <b>1,282</b>        | <b>10,100</b>                       | <b>630</b>          |

|   | 1 January – 31 March 2021 |      | 1 January – 31 March 2020 |      |
|---|---------------------------|------|---------------------------|------|
|   | Group                     | Bank | Group                     | Bank |
| Total result from revaluation of Level III instruments included in the income statement | (21)                      | (21) | 8                         | 8    |

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.

|   | 31 March 2021  |            | 31 December 2020 |            |
|---|----------------|------------|------------------|------------|
|   | Carrying value | Fair value | Carrying value   | Fair value |
| Investment securities at amortized cost | 684,371        | 697,969    | 709,454          | 725,022    |

**NOTE 15**  
**SEGMENT INFORMATION**

**Business segments**

A summary of major indicators for the main business segments of the Group included in the Statement of financial position as at 31 March 2021 and in the Statement of comprehensive income for the three 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>Internal</i>  | (213)                                      | -            | 50                          | (31)             | 194            | -               |
| <i>External</i>  | 17,619                                     | 695          | 34                          | 90               | -              | 18,438          |
| <b>Net interest income</b>   | <b>17,406</b>                              | <b>695</b>   | <b>84</b>                   | <b>59</b>        | <b>194</b>     | <b>18,438</b>   |
| <i>Internal</i>  | 71   | -            | -                           | 2                | (73)           | -               |
| <i>External</i>  | 4,180                                      | -            | -                           | (46)             | -              | 4,134           |
| <b>Net fee and commissions income</b>                                      | <b>4,251</b>                               | <b>-</b>     | <b>-</b>                    | <b>(44)</b>      | <b>(73)</b>    | <b>4,134</b>    |
| <i>Internal</i>  | (142)                                      | -            | 50                          | (29)             | 121            | -               |
| <i>External</i>  | 21,799                                     | 695          | 34                          | 44               | -              | 22,572          |
| <b>Net interest, fee and commissions income</b>                            | <b>21,657</b>                              | <b>695</b>   | <b>84</b>                   | <b>15</b>        | <b>121</b>     | <b>22,572</b>   |
| <i>Internal</i>  | (19)                                       | -            | -                           | (23)             | 42             | -               |
| <i>External</i>  | (8,308)                                    | (797)        | -                           | (2,267)          | -              | (11,372)        |
| <b>Operating expenses</b>  | <b>(8,327)</b>                             | <b>(797)</b> | <b>-</b>                    | <b>(2,290)</b>   | <b>42</b>      | <b>(11,372)</b> |
| <i>Amortisation charges</i>  | (301)                                      | (33)         | -                           | (11)             | -              | (345)           |
| <i>Depreciation charges</i>  | (625)                                      | (66)         | -                           | (87)             | -              | (778)           |
| <i>Internal</i>  | -  | -            | 822                         | (822)            | -              | -               |
| <i>External</i>  | (888)                                      | -            | (76)                        | 852              | -              | (112)           |
| <b>Impairment expenses</b>   | <b>(888)</b>                               | <b>-</b>     | <b>746</b>                  | <b>30</b>        | <b>-</b>       | <b>(112)</b>    |
| <i>Internal</i>  | 1,616                                      | -            | 716                         | -                | (2,332)        | -               |
| <i>External</i>  | 2,251                                      | 682          | (427)                       | 3,038            | -              | 5,544           |
| <b>Net other income</b>  | <b>3,867</b>                               | <b>682</b>   | <b>289</b>                  | <b>3,038</b>     | <b>(2,332)</b> | <b>5,544</b>    |
| <b>Profit (loss) before tax from continuing operations</b>                 | <b>15,383</b>                              | <b>481</b>   | <b>1,119</b>                | <b>695</b>       | <b>(2,169)</b> | <b>15,509</b>   |
| <i>Income tax</i>  | (2,563)                                    | (248)        | -                           | (13)             | -              | (2,824)         |
| <b>Profit (loss) per segment after tax from continuing operations</b>      | <b>12,820</b>                              | <b>233</b>   | <b>1,119</b>                | <b>682</b>       | <b>(2,169)</b> | <b>12,685</b>   |
| <i>Profit or (loss) per segment after tax from discontinued operations</i> | -  | -            | (319)                       | -                | -              | (319)           |
| <b>Profit (loss) per segment</b>   | <b>12,820</b>                              | <b>233</b>   | <b>800</b>                  | <b>682</b>       | <b>(2,169)</b> | <b>12,366</b>   |
| <i>Non-controlling interest</i>  | -  | -            | -                           | -                | -              | -               |
| <b>Profit (loss) for the period attributable to the owners of the Bank</b> | <b>12,820</b>                              | <b>233</b>   | <b>800</b>                  | <b>682</b>       | <b>(2,169)</b> | <b>12,366</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 31 March 2020 and in the Statement of comprehensive income for the three month period then ended is presented in the table below.

|  | Traditional banking operations and lending | Treasury     | Non-core banking activities | Other activities | Eliminations   | Total          |
|--|--|--------------|-----------------------------|------------------|----------------|----------------|
| <b>Continuing operations</b>   |  |              |                             |                  |                |                |
| Internal   | (165)                                      | -            | 56                          | (64)             | 173            | -              |
| External   | 17,037                                     | 1,125        | 263                         | 89               | -              | 18,514         |
| <b>Net interest income</b>   | <b>16,872</b>                              | <b>1,125</b> | <b>319</b>                  | <b>25</b>        | <b>173</b>     | <b>18,514</b>  |
| Internal   | 156  | -            | -                           | (35)             | (121)          | -              |
| External   | 4,141                                      | -            | -                           | (6)              | -              | 4,135          |
| <b>Net fee and commissions income</b>                                      | <b>4,297</b>                               | <b>-</b>     | <b>-</b>                    | <b>(41)</b>      | <b>(121)</b>   | <b>4,135</b>   |
| Internal   | (9)  | -            | 56                          | (99)             | 52             | -              |
| External   | 21,178                                     | 1,125        | 263                         | 83               | -              | 22,649         |
| <b>Net interest, fee and commissions income</b>                            | <b>21,169</b>                              | <b>1,125</b> | <b>319</b>                  | <b>(16)</b>      | <b>52</b>      | <b>22,649</b>  |
| Internal   | (13)                                       | -            | -                           | (13)             | 26             | -              |
| External   | (8,113)                                    | (785)        | -                           | 1,661            | -              | (7,237)        |
| <b>Operating expenses</b>  | <b>(8,126)</b>                             | <b>(785)</b> | <b>-</b>                    | <b>1,648</b>     | <b>26</b>      | <b>(7,237)</b> |
| Amortisation charges   | (223)                                      | (25)         | -                           | (11)             | -              | (259)          |
| Depreciation charges   | (565)                                      | (58)         | -                           | (94)             | -              | (717)          |
| Internal   | -  | -            | (150)                       | 7                | 143            | -              |
| External   | (5,283)                                    | -            | 356                         | 25               | -              | (4,902)        |
| <b>Impairment expenses</b>   | <b>(5,283)</b>                             | <b>-</b>     | <b>206</b>                  | <b>32</b>        | <b>143</b>     | <b>(4,902)</b> |
| Internal   | 3  | -            | 1,647                       | 2                | (1,652)        | -              |
| External   | 2,224                                      | (228)        | 117                         | (1,403)          | -              | 710            |
| <b>Net other income</b>  | <b>2,227</b>                               | <b>(228)</b> | <b>1,764</b>                | <b>(1,401)</b>   | <b>(1,652)</b> | <b>710</b>     |
| <b>Profit (loss) before tax from continuing operations</b>                 | <b>9,199</b>                               | <b>29</b>    | <b>2,289</b>                | <b>158</b>       | <b>(1,431)</b> | <b>10,244</b>  |
| Income tax   | (1,770)                                    | (155)        | -                           | 44               | -              | (1,881)        |
| <b>Profit (loss) per segment after tax from continuing operations</b>      | <b>7,429</b>                               | <b>(126)</b> | <b>2,289</b>                | <b>202</b>       | <b>(1,431)</b> | <b>8,363</b>   |
| Profit or (loss) per segment after tax from discontinued operations        | -  | -            | -                           | -                | -              | -              |
| <b>Profit (loss) per segment</b>   | <b>7,429</b>                               | <b>(126)</b> | <b>2,289</b>                | <b>202</b>       | <b>(1,431)</b> | <b>8,363</b>   |
| Non-controlling interest   | -  | -            | -                           | -                | -              | -              |
| <b>Profit (loss) for the period attributable to the owners of the Bank</b> | <b>7,429</b>                               | <b>(126)</b> | <b>2,289</b>                | <b>202</b>       | <b>(1,431)</b> | <b>8,363</b>   |

## 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 31 March 2021 and 31 December 2020 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. SB Turto Fondas UAB ( real estate management activities, name changed from Šiaulių Banko Turto Fondas UAB),
4. SB Lizingas UAB (consumer financing activities).

In the Financial Group financial statements, the subsidiaries of the Bank that are not included in the Financial Group are not consolidated in full as would be required by IFRS 10 but presented on the consolidated balance sheet of the Financial Group as investments in subsidiaries 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

|  | 31 March 2021    | 31 December 2020 |
|--|------------------|------------------|
| <b>ASSETS</b>  |                  |                  |
| <i>Cash and cash equivalents</i>                     | 540,925          | 432,035          |
| <i>Securities in the trading book</i>                | 8,455            | 9,582            |
| <i>Due from other banks</i>                          | 1,161            | 1,598            |
| <i>Derivative financial instruments</i>              | 3,243            | 445              |
| <i>Loans to customers</i>                            | 1,664,118        | 1,610,371        |
| <i>Finance lease receivables</i>                     | 156,824          | 155,457          |
| <i>Investment securities at fair value</i>           | 53,882           | 34,342           |
| <i>Investment securities at amortized cost</i>       | 672,027          | 697,136          |
| <i>Investments in subsidiaries and associates</i>    | 11,255           | 11,320           |
| <i>Intangible assets</i>                             | 3,897            | 4,232            |
| <i>Property, plant and equipment</i>                 | 16,496           | 16,233           |
| <i>Investment property</i>                           | 2,898            | 2,920            |
| <i>Current income tax prepayment</i>                 | 545              | 8                |
| <i>Deferred income tax asset</i>                     | 986              | 2,076            |
| <i>Other assets</i>                                  | 18,116           | 17,661           |
| <b>Total assets</b>                                  | <b>3,154,828</b> | <b>2,995,416</b> |
| <b>LIABILITIES</b>                                   |                  |                  |
| <i>Due to other banks and financial institutions</i> | 219,845          | 230,143          |
| <i>Derivative financial instruments</i>              | 557              | 3,840            |
| <i>Due to customers</i>                              | 2,506,237        | 2,347,682        |
| <i>Special and lending funds</i>                     | 3,798            | 20,027           |
| <i>Debt securities in issue</i>                      | 20,330           | 5,749            |
| <i>Current income tax liabilities</i>                | 416              | 1,092            |
| <i>Deferred income tax liabilities</i>               | 1,318            | 1,251            |
| <i>Other liabilities</i>                             | 36,954           | 29,563           |
| <b>Total liabilities</b>                             | <b>2,789,455</b> | <b>2,639,347</b> |
| <b>EQUITY</b>  |                  |                  |
| <i>Share capital</i>                                 | 174,211          | 174,211          |
| <i>Share premium</i>                                 | 3,428            | 3,428            |
| <i>Reserve capital</i>                               | 756              | 756              |
| <i>Statutory reserve</i>                             | 21,770           | 14,304           |
| <i>Reserve for acquisition of own shares</i>         | 10,000           | 10,000           |
| <i>Financial instruments revaluation reserve</i>     | 83               | 375              |
| <i>Financial instruments revaluation reserve</i>     | 2,447            | 2,325            |
| <i>Retained earnings</i>                             | 152,678          | 150,670          |
| <i>Non-controlling interest</i>                      | -                | -                |
| <b>Total equity</b>                                  | <b>365,373</b>   | <b>356,069</b>   |
| <b>Total liabilities and equity</b>                  | <b>3,154,828</b> | <b>2,995,416</b> |

SELECTED INFORMATION OF FINANCIAL GROUP (CONTINUED)

Financial Group's condensed income statement

|   | for the three month period ended |               |
|---|----------------------------------|---------------|
|   | 31 March 2021                    | 31 March 2020 |
|   |                                  |               |
| <i>Interest revenue calculated using the effective interest method</i>                                  | 19,243                           | 18,922        |
| <i>Other similar income</i>   | 1,885                            | 1,941         |
| <i>Interest expense and similar charges</i>   | (2,735)                          | (2,365)       |
| <b>Net interest income</b>  | <b>18,393</b>                    | <b>18,498</b> |
|   |                                  |               |
| <i>Fee and commission income</i>  | 5,589                            | 5,794         |
| <i>Fee and commission expense</i>   | (1,409)                          | (1,616)       |
| <b>Net fee and commission income</b>  | <b>4,180</b>                     | <b>4,178</b>  |
|   |                                  |               |
| <i>Net gain from trading activities</i>   | 2,181                            | 1,698         |
| <i>Net gain (loss) from changes in fair value of subordinated loan</i>                                  | -                                | -             |
| <i>Net gain (loss) from derecognition of financial assets</i>   | 149                              | 515           |
| <i>Net gain (loss) from disposal of tangible assets</i>   | 125                              | 178           |
| <i>Revenue related to insurance activities</i>  | -                                | -             |
| <i>Other operating income</i>   | 213                              | 151           |
| <i>Salaries and related expenses</i>  | (6,547)                          | (5,783)       |
| <i>Depreciation and amortization expenses</i>   | (1,046)                          | (894)         |
| <i>Expenses related to insurance activities</i>   | -                                | -             |
| <i>Other operating expenses</i>   | (2,701)                          | (3,242)       |
| <b>Operating profit before impairment losses</b>  | <b>14,947</b>                    | <b>15,299</b> |
|   |                                  |               |
| <i>Allowance for impairment losses on loans and other assets</i>  | (112)                            | (5,073)       |
| <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> | 742                              | 16            |
| <b>Profit before income tax</b>   | <b>15,577</b>                    | <b>10,242</b> |
|   |                                  |               |
| <i>Income tax expense</i>   | (2,822)                          | (1,935)       |
| <b>Net profit for the period</b>  | <b>12,755</b>                    | <b>8,307</b>  |
|   |                                  |               |
| <i>Profit (loss) from discontinued operations, net of tax</i>   | 23                               | -             |
| <b>Net profit for the year</b>  | <b>12,778</b>                    | <b>8,307</b>  |
|   |                                  |               |
| <b>Net profit attributable to:</b>  |                                  |               |
| <i>Owners of the Bank</i>   | 12,778                           | 8,307         |
| <i>From continuing operations</i>   | 12,755                           | 8,307         |
| <i>From discontinued operations</i>   | 23                               | -             |
| <i>Non-controlling interest</i>   | -                                | -             |

Financial Group's condensed statement of comprehensive income

|   | for the three month period ended |               |
|---|----------------------------------|---------------|
|   | 31 March 2021                    | 31 March 2020 |
|   |                                  |               |
| <b>Net profit for the period</b>  | <b>12,778</b>                    | <b>8,307</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>                        | (365)                            | (16)          |
| <i>Deferred income tax on gain from revaluation of financial assets</i> | 73                               | 42            |
| <b>Other comprehensive income, net of deferred tax</b>                  | <b>(292)</b>                     | <b>26</b>     |
|   |                                  |               |
| <b>Total comprehensive income for the period</b>                        | <b>12,486</b>                    | <b>8,333</b>  |
|   |                                  |               |
| <b>Total comprehensive income (loss) attributable to:</b>               |                                  |               |
| <i>Owners of the Bank</i>   | 12,486                           | 8,333         |
| <i>Non-controlling interest</i>   | -                                | -             |
|   | 12,486                           | 8,333         |

# ADDITIONAL INFORMATION

for the three month period ended 31 March 2021

The present additional information of Šiaulių Bankas AB (hereinafter — the Bank) covers the period 01 January 2021 to 31 March 2021.

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

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

## ACTIVITY RESULTS

- Šiaulių Bankas Group earned EUR 12.4 million of unaudited net profit during Q1 this year
- New credit agreements signed amount to EUR 250 million (56% more than a year ago)
- Loan portfolio increased by 3% and reached EUR 1.82 billion, with both corporate and private clients financing growing
- Number of digital channel users is increasing, and more and more processes in the Bank's daily activities are being automated

"We've started this year with a new three-year strategy of Šiaulių Bankas Group which defines our goals both at the Bank and Group level. As before, we will keep focusing on business and private clients financing, moreover, mortgage loans and modernization of multi-apartment buildings have been included into our main strategic goals. We believe that we are strong and competitive in each of these areas. We will also continue to keep our promise to be closer to our customers - we have recently introduced the updated digital channels and plan to develop them further; the Bank will not close, but adapt the customer service network to the new clients' habits formed by the pandemic, together with constantly improving remote customer service", - said Vytautas Sinius, CEO of Šiaulių Bankas.

The Šiaulių Bankas Group earned EUR 12.4 million of the unaudited net profit in the Q1 of this year (which is 48% more than a year ago, when net profit amounted to 8.4 million euros). Operating profit before impairment losses and income tax amounted to EUR 15.6 million, which is by 3% more than in the corresponding period of the previous year.

Operating income remained almost unchanged compared to Q1 2020: net interest income amounted to EUR 18.4 million (EUR 18.5 million last year), net fee and commission income remained the same as last year - EUR 4.1 million.

In response to the quarantine restrictions tightening, the Bank signed the moratoriums on temporary loan repayment deferral in January, however, only EUR 3 million of loans were restructured under their terms by the end of the moratoriums (31<sup>st</sup> March). There were no signs of significant deterioration in the remaining loan portfolio, therefore provisions for possible impairment losses of EUR 0.1 million were formed in the first quarter of this year.

### Business and Private Clients Financing

In the first quarter, with increasing economic certainty, in anticipation of the relaxation of quarantine measures and a rapid vaccination process, not only the private clients were actively financed, but the demand for the business financing also returned. The new credit agreements were signed for EUR 250 million, which is 56% more than during corresponding period of the last year (EUR 160 million). The loan and finance lease portfolio of the Group increased by 3% (EUR 56 million) and reached EUR 1.82 billion.

The amount of business financing loans signed were twice as high as in the first quarter of last year - amounted to EUR 148 million. The increased volumes of the new agreements signed in recent quarters will contribute to the higher interest income in the future.

The first quarter of the year was a record high in terms of residential mortgage loan sales. EUR 42.4 million of the new credit agreements were signed (+57% compared to Q1 2020). The number of applications submitted by customers continues to grow (twice as many as last year), which allows to expect that high sales volumes will remain in the coming months. The mortgage loan portfolio increased by 10% (EUR 30 million), to EUR 327 million.

Active consumer financing was influenced by declined consumption needs due to the pandemic. Consumer financing agreements were signed for EUR 26 million (EUR 32 million last year), the portfolio decreased by 3%, to EUR 156 million during Q1. In order to provide high-quality and fast financing to customers remotely, SB Lizingas has successfully refocused to the fully automated process of issuing consumer loans on-line.

The demand for financing energy-efficient projects continues to grow, with multi-apartment modernization agreements for EUR 28 million signed during the quarter (+231% annual change); the Bank has already signed agreements for more than EUR 600 million. Changes that will facilitate the process of administering modernization loans were introduced in Q1. It was also required while launching the new EUR 200 million multi-apartment modernization fund, scheduled for the second half of 2021.

During Q1, a deferral period applied to EUR 24 million of corporate loans deferred due to COVID-19 had expired and only 1% of them have applied for additional restructuring. EUR 17 million of corporate loans, deferred due to COVID-19, had not reached the end of deferral period.



### Daily banking

Net fee and commission income increased by 2% to EUR 4.1 million compared to Q4 last year. The activity of customers using the Bank services was influenced by the declined economic activity related to restrictions in the trade and service sectors as well as the restrictions of moving within the country.

Due to decreased physical customer visits and increased capacities of the Bank to provide remote service, 7 out of 59 customer service units were closed and the employees were assigned to perform remote customer service functions. As quarantine conditions ease, the Bank gradually opening units that were temporarily closed. Incoming calls and remote requests remain steadily increasing since the beginning of the pandemic. A remote identification service has been introduced to customers since January. Digital channels are being further developed, with the number of electronic channel users increasing by 4% over the quarter to more than 194,000 and with the number of logins growing by 6%. Accordingly, the constantly growing number of transactions stipulates to look for ways to streamline processes, therefore, the Bank is automating more and more processes in its daily activities.

The number of customers subscribed for service plans with monthly commissions fees exceeded 164 thousand and the number of payment cards increased to 174 thousand. Compared to the end of the year, the number and turnover of card payments decreased by 6% and 10%, respectively. The demand for cash decreased - the number of cash operations decreased by 14% and the turnover by 15%.

### Saving and Investing

The deposit portfolio has increased by 7% (EUR 155 million) over the quarter and amounted to EUR 2.5 billion. The demand deposits accounting for most of the portfolio increased by 12% or EUR 174 million, while the term deposits decreased by EUR 19 million (-2%). With high liquidity ratios, the Bank focuses on the more efficient cost of funding management. Access to new sources of funding is also being expanded, with a deposit service will be offered in the Austrian, Spanish, Dutch and French markets.

## COVID-19

The second corona virus quarantine announced on 7 November 2020 has been extended until 31 May, however, some quarantine regime measures are already being relaxed. Due to reduced physical customer flows and increased remote service volumes, 7 customer service points out of 59 divisions were closed. Although the impact of the pandemic was strongly felt in the first quarter of 2021, even with strict quarantine measures uninterrupted service to customers across the country was ensured.

As customers made payments after the deferral period, the size of the portfolio affected by Covid-19 was decreasing from the end of the moratorium to the beginning of 2021. In January 2021, Šiaulių Bankas, together with other Lithuanian credit companies, agreed to extend the moratorium on temporary deferral of credit liabilities to private and business customers affected by COVID-19 until 31 March 2021. The resumed moratorium in the context of Covid-19 led to EUR 3 million in new restructurings under the moratorium and EUR 12 million in new restructurings failing to satisfy the conditions of the moratorium. As of 31 March, the provision for deferred payments for COVID-19 loans amounted to EUR 219 million (or 709 customers), of which EUR 79 million for customers subject to the moratorium. The largest part of deferred payments consisted of provisions for legal entities - 208 million euros, the remaining part – for natural persons - 11 million euros. The majority of deferred payments are due and most customers are making payments under non-readjusted schedule. Most of the repeated restructurings in the context of Covid-19 were made in the Accommodation and Catering, Arts and Entertainment and Real Estate business sectors.

## RATINGS

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

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

## COMPLIANCE WITH PRUDENTIAL REQUIREMENTS

The cost-to-income ratio (adjusted due to the impact of the SB draudimas clients' portfolio) of the Group was 42.4 % at the end of the year (44.0% in the corresponding period last year), and the return-on-equity (ROE) was 14.2% (11.0% last year). Information on the profitability ratios is available on the Bank's internet site at:

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

Capital and liquidity position remain robust - prudential requirements are implemented with adequate reserve. According to the data as of 31 March 2021 the Bank complied with all the prudential requirements set out by the Bank of Lithuania. Data are available on the website of Šiaulių Bankas at:

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

## AUTHORIZED CAPITAL, SHAREHOLDERS

As of 31 March 2021, the authorized capital of the Bank totalled to EUR 174,210,616.27 and is divided into 600,726,263 units of ordinary registered shares with a nominal value of EUR 0.29 each (ISIN LT0000102253 Nasdaq CSD Lithuanian branch). The Charter of the Bank were registered in the Register of Legal Entities on 13 December 2018 after the last increase of the authorized capital by additional contributions. The authorized capital of the bank was not increased during 2020.

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

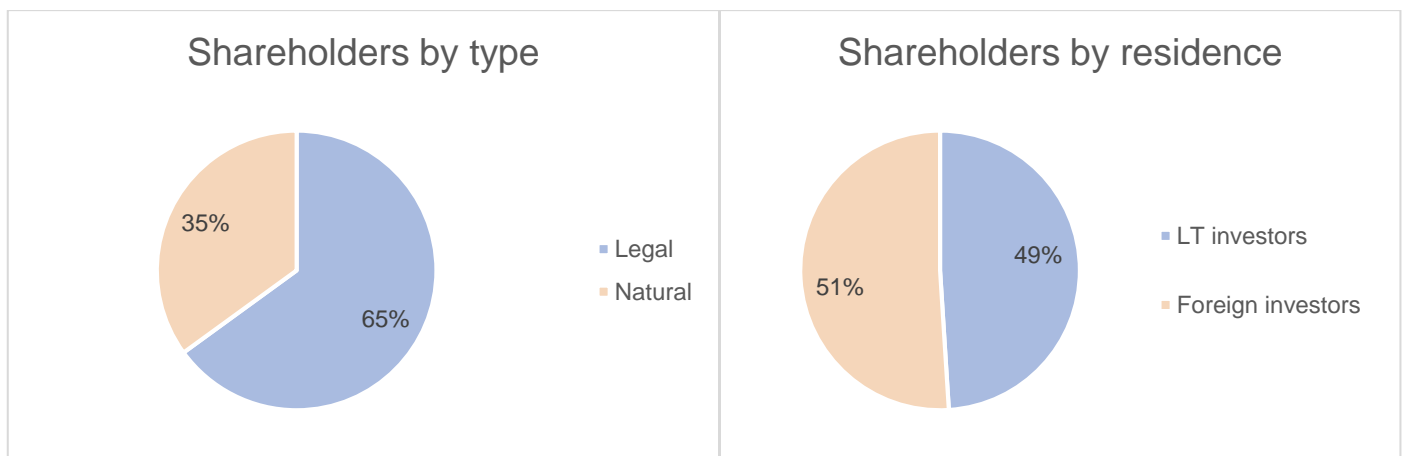
[Homepage](#) › [About Us](#) › [Important Documents](#)

Authorized capital:

|              | 03/06/2014 | 26/05/2015 | 14/09/2015    | 26/05/2016     | 06/06/2017     | 01/06/2018     | 13/12/2018     |
|--------------|------------|------------|---------------|----------------|----------------|----------------|----------------|
| 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 31 March 2021 the number if the Bank's shareholders was 10,812 (at the end of 2020 – 9,053). All issued shares grant the shareholders equal rights foreseen by the Law on Companies of the The Republic of Lithuania of Lithuania and the Charter of the Bank:

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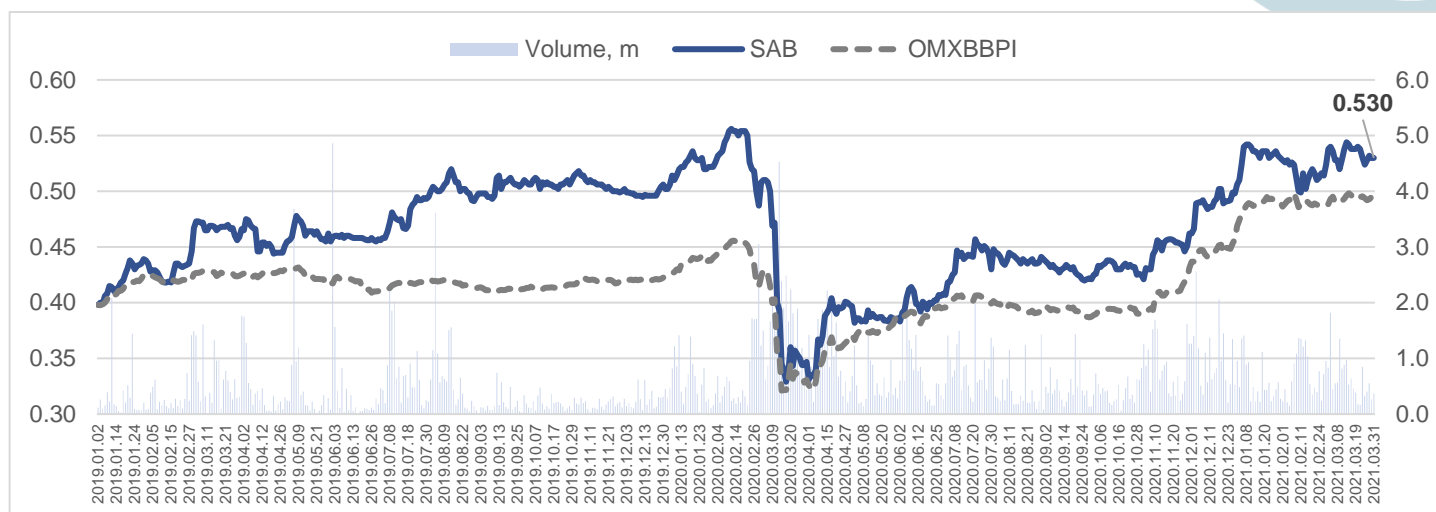


### Information on shares

|   | 2017-12-31 | 2018-12-31 | 2019-12-31 | 2020-03-31 | 2020-12-31 | 2021-03-31 |
|---|------------|------------|------------|------------|------------|------------|
| Capitalization, m EUR                           | 266.8      | 240.9      | 304.0      | 208.5      | 299.2      | 318.4      |
| Turnover, mln. Eur                              | 44.5       | 34.7       | 48.3       | 28.7       | 84.5       | 20.8       |
| Share price on the last trading session day     | 0.589      | 0.401      | 0.506      | 0.347      | 0.498      | 0.530      |
| Lowest share price during the reporting period  | 0.448      | 0.391      | 0.394      | 0.320      | 0.320      | 0.493      |
| Highest share price during the reporting period | 0.627      | 0.658      | 0.534      | 0.558      | 0.558      | 0.548      |
| Average share price during the reporting period | 0.530      | 0.521      | 0.473      | 0.486      | 0.442      | 0.527      |
| Share book value                                | 0.448      | 0.448      | 0.518      | 0.532      | 0.592      | 0.611      |
| P/BV  | 1.3        | 0.9        | 1.0        | 0.7        | 0.8        | 0.9        |
| P/E   | 8.3        | 4.6        | 5.9        | 6.2        | 7.0        | 6.4        |
| Capital increase from retained earnings, %      | 20.0       | -          | -          | -          | -          | -          |

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

**Turnover and price of the Bank's shares 2019-2021**



**DIVIDENDS**

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

On March 31, 2021, the General Meeting of Shareholders while distributing the bank's profit decided to pay dividends. EUR 3,304 thousand was allocated for dividends, which is 1.9 percent of the nominal value. Dividends will be paid to the Bank's shareholders who had share rights at the end of the accounting day - 15/04/2021.

**Information on the dividends paid:**

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

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

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

## MANAGEMENT OF THE BANK

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

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

### Supervisory Council of the Bank

| <i>Name, Surname</i>           | <b>Duties at the Supervisory Council</b> | <b>Share of capital under the right of ownership, % (31/03/2021)</b> | <b>Share of votes together with the related persons, % (31/03/2021)</b> |
|--------------------------------|--|--|---|
| <i>Arvydas Salda</i>           | Chairman since 1999                      | 1.73   | 1.73  |
| <i>Gintaras Kateiva</i>        | Member since 2008                        | 5.27   | 5.29*   |
| <i>Ramunė Vilija Zabulienė</i> | Independent members since 2012           | -  | -   |
| <i>Darius Šulnis</i>           | Member since 2016                        | -  | -   |
| <i>Martynas Česnavičius</i>    | Independent member since 2016            | -  | 0.35**  |
| <i>Miha Košak</i>              | Independent member since 2017            | -  | -   |
| <i>Adriano Arietti</i>         | Independent member since 2020-06-03      | -  | -   |
| <i>Susan Gail Buyske</i>       | Independent members since 2020-07-31     | -  | -   |

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

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

The Board of the Bank was elected on 31 March 2020, the term of office expires on the day of the Ordinary General Meeting of Shareholders of the Bank in 2024.

### Board of the Bank

| <i>Name, Surname</i>       | <b>Duties at the Board</b> | <b>Other current leading positions at the Bank</b>                           | <b>Share of capital under the right of ownership, % (31/03/2021)</b> | <b>Share of votes together with the related persons, % (31/03/2021)</b> |
|----------------------------|----------------------------|--|--|---|
| <i>Algirdas Butkus</i>     | Chairman since 1999        | Deputy Chief Executive Officer   | 2.43   | 5.36*   |
| <i>Vytautas Sinius</i>     | Deputy Chairman since 2014 | Chief Executive Officer  | 0.20   | 0.20  |
| <i>Donatas Savickas</i>    | Deputy Chairman since 1995 | Deputy Chief Executive Officer, Head of Finance and Risk Management Division | 0.10   | 0.10  |
| <i>Daiva Šorienė</i>       | Members since 2005         | Deputy Chief Executive Officer, Head of Sales and Marketing Division         | 0.01   | 0.01  |
| <i>Vita Urbonienė</i>      | Members since 2011         | Chief Accountant, Head of Accounting and Tax Division                        | 0.04   | 0.04  |
| <i>Mindaugas Rudys</i>     | Member since 2020          | Head of Service Development Division   | 0.03   | 0.03  |
| <i>Ilona Baranauskienė</i> | Members since 2014.        | Head of Legal and Administration Division                                    | 0.01   | 0.01  |

\* Pursuant to the Law on Securities of the Republic of Lithuania, votes are counted together with controlled companies: Prekybos namai AIVA UAB, company code 144031190 - 2.03%, Mintaka UAB, company code 144725916 - 0.90%.

## OTHER INFORMATION, PUBLISHED INFORMATION AND MAJOR EVENTS

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

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

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

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

Chief Executive Officer

30 April 2021



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 three months of 2021 are formed in compliance with the applicable accounting standards, correspond the reality and correctly reflect the total assets, liabilities, financial status, activity result and cash flow of Šiaulių bankas AB and consolidated companies.

Chief Executive Officer

Chief Accountant

30 April 2021

Vytautas Sinius

Vita Urbonienė