

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
ASSETS					
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
Total assets		3,189,412	3,147,730	3,028,845	2,987,669
LIABILITIES					
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
Total liabilities		2,825,454	2,783,005	2,673,779	2,632,105
EQUITY					
Share capital	6	174,211	174,211	174,211	174,211
Share premium		3,428	3,428	3,428	3,428
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		-	-	-	-
Total equity		363,958	364,725	355,066	355,564
Total liabilities and equity		3,189,412	3,147,730	3,028,845	2,987,669

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)
Net interest income		18,438	15,193	18,514	15,206
<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)
Net fee and commission income		4,134	4,291	4,135	4,313
<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)
Operating profit before impairment losses		15,621	12,988	15,146	12,494
<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
Profit before income tax		15,509	15,237	10,244	9,745
<i>Income tax expense</i>		(2,824)	(2,480)	(1,881)	(1,554)
Net profit for the period		12,685	12,757	8,363	8,191
<i>Profit (loss) from discontinued operations, net of tax</i>	3	(319)	-	-	-
Net profit for the year		12,366	12,757	8,363	8,191
Net profit attributable to:					
<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
Net profit for the period	12,366	12,757	8,363	8,191
Other comprehensive income				
<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	-	-	-	-
Other comprehensive income, net of deferred tax	(292)	(292)	26	26
Total comprehensive income for the period	12,074	12,465	8,389	8,217
Total comprehensive income (loss) attributable to:				
Owners of the Bank	12,074	12,465	8,389	8,217
Non-controlling interest	-	-	-	-
	12,074	12,465	8,389	8,217

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

THE GROUP'S CONDENSED STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital	Share premium	Reserve capital	Financial instruments revaluation reserve	Statutory reserve	Reserve for acquisition of own shares	Other equity	Retained earnings	Total	Non-controlling interest	Total equity
		Attributable to owners of the Bank										
1 January 2020		174,211	3,428	756	(9)	14,468	10,000	1,536	106,414	310,804	-	310,804
Transfer to/from statutory reserve		-	-	-	-	(41)	-	-	41	-	-	-
Total comprehensive income		-	-	-	26	-	-	-	8,363	8,389	-	8,389
31 March 2020		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
31 December 2020		174,211	3,428	756	388	14,427	10,000	2,359	149,497	355,066	-	355,066
Transfer to statutory reserve		-	-	-	-	7,466	-	-	(7,466)	-	-	-
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
31 March 2021		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
1 January 2020		174,211	3,428	756	(22)	14,246	10,000	1,345	107,387	311,351
Total comprehensive income		-	-	-	26	-	-	-	8,191	8,217
31 March 2020		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
31 December 2020		174,211	3,428	756	375	14,246	10,000	2,066	150,482	355,564
Transfer to statutory reserve		-	-	-	-	7,524	-	-	(7,524)	-
Payment of dividends	6	-	-	-	-	-	-	-	(3,304)	(3,304)
Total comprehensive income		-	-	-	(292)	-	-	-	12,757	12,465
31 March 2021		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
Operating activities					
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)
Net cash flow from operating activities before change in operating assets and liabilities		26,102	22,693	25,576	14,754
Change in operating assets and liabilities:					
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
Change		84,206	86,594	36,567	45,314
Net cash flow from (used in) from operating activities		110,308	109,287	62,143	60,068
Investing activities					
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
Net cash flow (used in) from investing activities		(507)	697	18,131	21,378
Financing activities					
Principal elements of lease payments		(613)	(1,023)	(363)	(312)
Net cash flow (used in) financing activities		(613)	(1,023)	(363)	(312)
Net increase (decrease) in cash and cash equivalents		109,188	108,961	79,911	81,134
Cash and cash equivalents at 1 January		432,584	431,649	184,917	181,582
Cash and cash equivalents at 31 March		541,772	540,610	264,828	262,716

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
<i>Loans and advances to customers:</i>	1,660,771	1,647,689	1,605,663	1,592,363
<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
<i>Finance lease receivables</i>	156,824	156,674	155,457	155,290
<i>Debt securities at fair value through profit or loss</i>	12,975	7,586	14,540	8,844
<i>Derivative financial instruments</i>	3,243	3,243	445	445
<i>Debt securities at fair value through other comprehensive income</i>	49,147	49,147	30,429	30,429
<i>Debt securities at amortized cost</i>	684,371	672,027	709,454	697,136
<i>Other assets subject to credit risk</i>	9,339	9,162	4,695	4,278
<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
Total	3,389,106	3,375,944	3,219,446	3,205,775

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
Gross	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)
Net	1,660,771	1,647,689	1,605,663	1,592,363

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
Stage 1:										
<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)
Net amount	1,171,379	27,783	17	310	1,199,489	1,252,020	22,946	14	28	1,275,008
Stage 2:										
<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)
Net amount	379,238	3,010	4,543	15	386,806	236,116	4,869	3,872	4	244,861
Stage 3:										
<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)
Net amount	51,788	3,797	2,865	16,026	74,476	55,310	5,551	2,142	22,791	85,794
Total:										
<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)
Net amount	1,602,405	34,590	7,425	16,351	1,660,771	1,543,446	33,366	6,028	22,823	1,605,663

	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
Stage 1:										
<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)
Net amount	1,170,853	16,550	17	310	1,187,730	1,253,042	11,080	14	10	1,264,146
Stage 2:										
<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)
Net amount	379,238	3,010	2,036	15	384,299	236,117	4,869	1,149	-	242,135
Stage 3:										
<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)
Net amount	54,434	3,430	2,221	15,575	75,660	57,236	5,147	1,441	22,258	86,082
Total:										
<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)
Net amount	1,604,525	22,990	4,274	15,900	1,647,689	1,546,395	21,096	2,604	22,268	1,592,363

NOTE 1

LOANS TO CUSTOMERS AND FINANCE LEASE RECEIVABLES (CONTINUED)

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

Stage 1 loans: loans with no 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
Gross	161,042	160,150	160,042	159,132
<i>Subtract: Allowance for impairment</i>	(4,218)	(3,476)	(4,585)	(3,842)
Net	156,824	156,674	155,457	155,290

NOTE 1

LOANS TO CUSTOMERS AND FINANCE LEASE RECEIVABLES (CONTINUED)

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

	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
Group										
Stage 1:										
Gross amount	117,616	5,100	-	-	122,716	113,772	4,868	-	-	118,640
Allowance for impairment	(867)	(34)	-	-	(901)	(764)	(36)	-	-	(800)
Net amount	116,749	5,066	-	-	121,815	113,008	4,832	-	-	117,840
Stage 2:										
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)
Net amount	26,616	1,566	515	-	28,697	28,543	1,352	562	-	30,457
Stage 3:										
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)
Net amount	4,975	782	173	382	6,312	5,560	1,032	105	463	7,160
Total:										
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)
Net amount	148,340	7,414	688	382	156,824	147,111	7,216	667	463	155,457

	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
Bank										
Stage 1:										
Gross amount	117,521	5,100	-	-	122,621	113,660	4,867	-	-	118,527
Allowance for impairment	(867)	(34)	-	-	(901)	(763)	(36)	-	-	(799)
Net amount	116,654	5,066	-	-	121,720	112,897	4,831	-	-	117,728
Stage 2:										
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)
Net amount	26,616	1,566	515	-	28,697	28,543	1,352	562	-	30,457
Stage 3:										
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)
Net amount	4,976	782	173	326	6,257	5,560	1,032	105	408	7,105
Total:										
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)
Net amount	148,246	7,414	688	326	156,674	147,000	7,215	667	408	155,290

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
Debt securities:	12,975	7,586	14,540	8,844
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
Total	37,585	8,455	37,068	9,582
	31 March 2021		31 December 2020	
	Group	Bank	Group	Bank
Trading securities:				
Debt securities	10,562	7,586	11,806	8,844
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
Equity securities	869	869	738	738
listed	869	869	732	732
unlisted	-	-	6	6
units of investment funds	-	-	-	-
Total trading securities	11,431	8,455	12,544	9,582
Other trading book securities:				
Debt securities	2,413	-	2,734	-
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	-
Equity securities	23,741	-	21,790	-
listed	-	-	-	-
unlisted	-	-	-	-
units of investment funds	23,741	-	21,790	-
Total other trading book securities	26,154	-	24,524	-
TOTAL	37,585	8,455	37,068	9,582

NOTE 2
SECURITIES (CONTINUED)

Investment securities

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

	31 March 2021		31 December 2020	
	Group	Bank	Group	Bank
<u>Securities at fair value:</u>				
Debt securities	49,147	49,147	30,429	30,429
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	-	-	-	-
Equities	4,735	4,608	3,913	3,786
listed	-	-	-	-
unlisted	563	436	525	398
units of investment funds	4,172	4,172	3,388	3,388
Total	53,882	53,755	34,342	34,215
<u>Securities at amortized cost:</u>				
Debt securities	684,371	672,027	709,454	697,136
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	-	-	-	-
Total	684,371	672,027	709,454	697,136

Credit stages of investment debt securities:

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

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
Total		26,445	29,135

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
Total	19,612	16,910	22,343	14,114

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
Total assets classified as held for sale	869	1,486	7 547	4 573
<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>	Minera UAB	Šiaulių Banko Investicijų Valdymas UAB	Total
<i>Assets held for sale attributable to entity</i>	5,294	1,393	6,687
<i>Liabilities attributable to assets held for sale attributable to entity</i>	74	24	98
<i>Investment in subsidiaries classified as held for sale, as of 31 March 2021</i>	Minera UAB	Šiaulių Banko Investicijų Valdymas UAB	Total
<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	
	Group	Bank	Group	Bank
<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
Total demand deposits	1,636,140	1,640,216	1,460,419	1,462,013
<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
Total time deposits	867,831	867,831	887,008	887,008
Total	2,503,971	2,508,047	2,347,427	2,349,021

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
Interest revenue calculated using the effective interest method (on financial assets at amortized cost and fair value through other comprehensive income):	19,256	16,048	18,902	15,632
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
Total interest income	21,171	17,928	20,874	17,570
Interest expense:				
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)
Total interest expense	(2,733)	(2,735)	(2,360)	(2,364)
Net interest income	18,438	15,193	18,514	15,206

NOTE 8
NET FEE AND COMMISSION INCOME

	1 January - 31 March 2021		1 January - 31 March 2020	
	Group	Bank	Group	Bank
Fee and commission income:				
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
Total fee and commission income	5,562	5,662	5,757	5,888
Fee and commission expense:				
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)
Total fee and commission expense	(1,428)	(1,371)	(1,622)	(1,575)
Net fee and commission income	4,134	4,291	4,135	4,313

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)
Total	(2,810)	(2,030)	(3,397)	(2,593)

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	-
Total	(112)	(27)	(4,902)	(4,355)

NOTE 10
IMPAIRMENT LOSSES (CONTINUED)

	1 January - 31 March 2021		1 January - 31 March 2020	
	Group	Bank	Group	Bank
<u>Allowance for impairment of loans</u>				
As at 1 January	42,783	37,821	38,509	32,065
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	-	-
As at 31 March	37,615	32,073	42,960	35,845
<u>Allowance for impairment of finance lease receivables</u>				
As at 1 January	4,585	3,842	3,961	3,187
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.)	-	-	-	-
As at 31 March	4,218	3,476	5,302	4,554
<u>Allowance for impairment of debt securities</u>				
As at 1 January	1,372	342	1,317	290
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	-
As at 31 March	1,347	309	1,256	220
<u>Allowance for impairment of due from banks</u>				
As at 1 January	42	42	23	23
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.)	-	-	-	-
As at 31 March	57	57	32	32
<u>Allowance for impairment of other financial assets</u>				
As at 1 January	161	153	517	505
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
As at 31 March	252	241	642	636

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
Total	3,172	2,181	(2,062)	1,489

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)	-
Total expenses related to insurance activities	(1,743)	-	2,219	-

* 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	-
Total	1,008	-	(3,697)	-

NOTE 12

RELATED-PARTY TRANSACTIONS

Related parties with the Bank are classified as follows:

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

During 2021 and 2020, a certain number of banking transactions were entered into with related parties in the ordinary course of business. These transactions include settlements, loans, deposits and foreign currency transactions. According to the local legislation, the information on executed material transactions with related parties is published on Bank's website (www.sb.lt › About bank › Information › Reports regarding the transactions with related parties).

NOTE 12

RELATED-PARTY TRANSACTIONS (CONTINUED)

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

	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
Total	4,545	17,816	5,912	18,254

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
	8,642	129,879	5,041	134,899

Bank's total balances with subsidiaries:

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

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	-	-	-	-
As at 1 January	3,609	1,519	3,454	1,136
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
As at 31 March	1,449	1,784	10,227	1,144

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	-	-	-	-
As at 1 January	2,255	1,519	3,327	622
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
As at 31 March	-	1,282	10,100	630

	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
Net interest income	17,406	695	84	59	194	18,438
<i>Internal</i>	71	-	-	2	(73)	-
<i>External</i>	4,180	-	-	(46)	-	4,134
Net fee and commissions income	4,251	-	-	(44)	(73)	4,134
<i>Internal</i>	(142)	-	50	(29)	121	-
<i>External</i>	21,799	695	34	44	-	22,572
Net interest, fee and commissions income	21,657	695	84	15	121	22,572
<i>Internal</i>	(19)	-	-	(23)	42	-
<i>External</i>	(8,308)	(797)	-	(2,267)	-	(11,372)
Operating expenses	(8,327)	(797)	-	(2,290)	42	(11,372)
<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)
Impairment expenses	(888)	-	746	30	-	(112)
<i>Internal</i>	1,616	-	716	-	(2,332)	-
<i>External</i>	2,251	682	(427)	3,038	-	5,544
Net other income	3,867	682	289	3,038	(2,332)	5,544
Profit (loss) before tax from continuing operations	15,383	481	1,119	695	(2,169)	15,509
<i>Income tax</i>	(2,563)	(248)	-	(13)	-	(2,824)
Profit (loss) per segment after tax from continuing operations	12,820	233	1,119	682	(2,169)	12,685
<i>Profit or (loss) per segment after tax from discontinued operations</i>	-	-	(319)	-	-	(319)
Profit (loss) per segment	12,820	233	800	682	(2,169)	12,366
<i>Non-controlling interest</i>	-	-	-	-	-	-
Profit (loss) for the period attributable to the owners of the Bank	12,820	233	800	682	(2,169)	12,366

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

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
ASSETS		
<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
Total assets	3,154,828	2,995,416
LIABILITIES		
<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
Total liabilities	2,789,455	2,639,347
EQUITY		
<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>	-	-
Total equity	365,373	356,069
Total liabilities and equity	3,154,828	2,995,416

NOTE 16
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)
Net interest income	18,393	18,498
<i>Fee and commission income</i>	5,589	5,794
<i>Fee and commission expense</i>	(1,409)	(1,616)
Net fee and commission income	4,180	4,178
<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)
Operating profit before impairment losses	14,947	15,299
<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
Profit before income tax	15,577	10,242
<i>Income tax expense</i>	(2,822)	(1,935)
Net profit for the period	12,755	8,307
<i>Profit (loss) from discontinued operations, net of tax</i>	23	-
Net profit for the year	12,778	8,307
Net profit attributable to:		
<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
Net profit for the period	12,778	8,307
Other comprehensive income		
<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
Other comprehensive income, net of deferred tax	(292)	26
Total comprehensive income for the period	12,486	8,333
Total comprehensive income (loss) attributable to:		
<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 (31st 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:

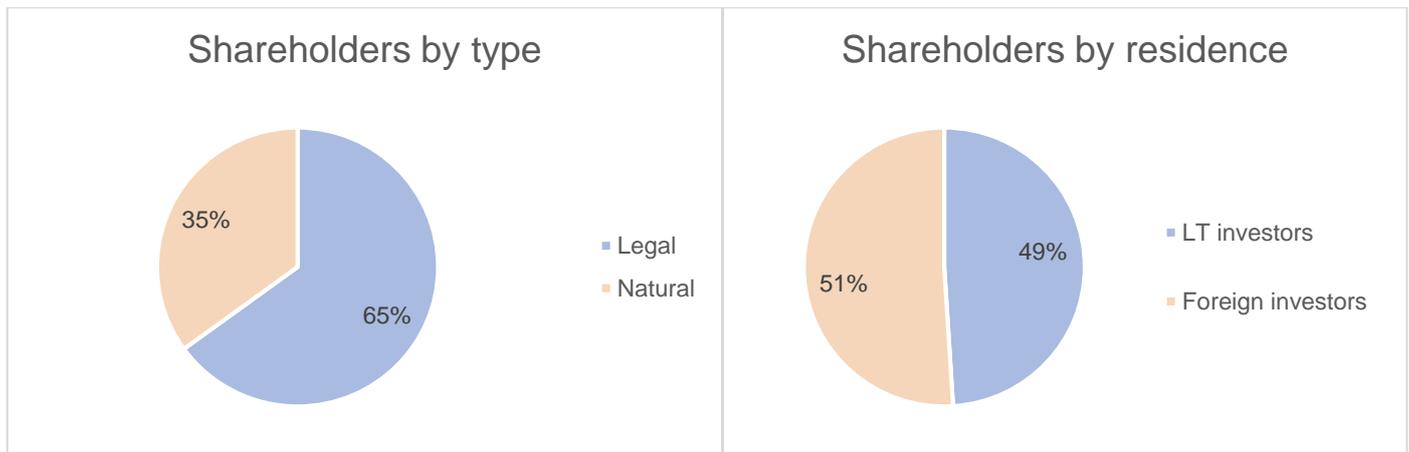
[Homepage](#) › [About Us](#) › [Important Documents](#)

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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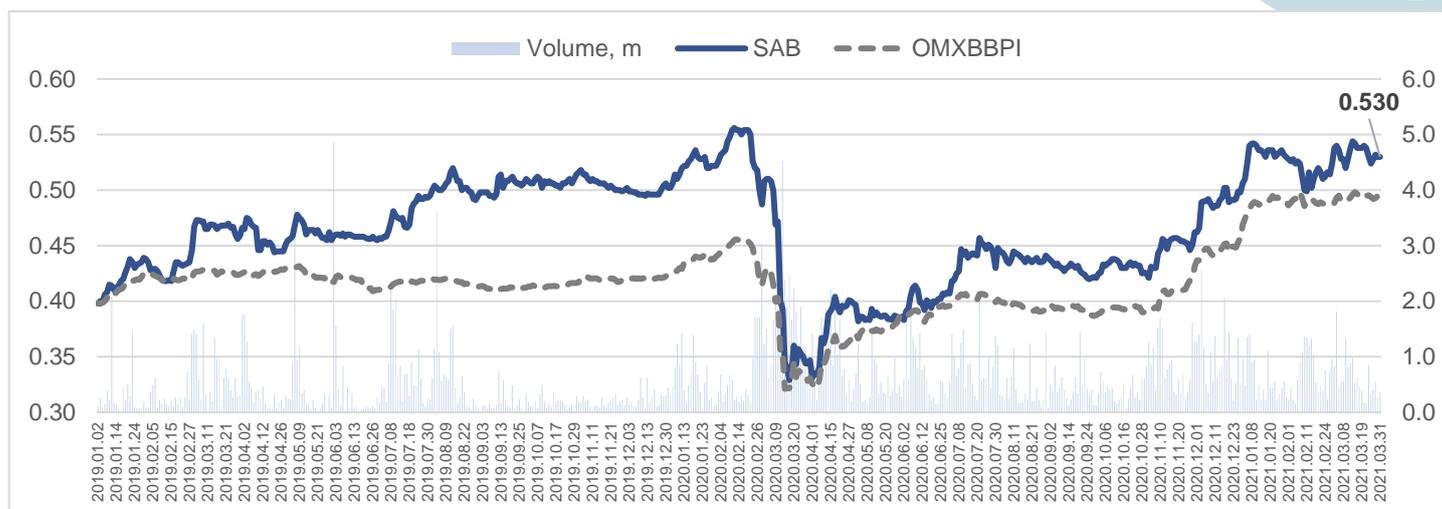


Information on shares

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

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

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

MANAGEMENT OF THE BANK

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

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

Supervisory Council of the Bank

<i>Name, Surname</i>	Duties at the Supervisory Council	Share of capital under the right of ownership, % (31/03/2021)	Share of votes together with the related persons, % (31/03/2021)
<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>	Duties at the Board	Other current leading positions at the Bank	Share of capital under the right of ownership, % (31/03/2021)	Share of votes together with the related persons, % (31/03/2021)
<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