



INTERIM INFORMATION

for the six month period ended 30 June 2017

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CONDENSED INTERIM
FINANCIAL STATEMENTS
(unaudited)

for the six month period ended 30 June 2017

Tilžės 149, LT-76348 Šiauliai
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THE GROUP'S AND THE BANK'S CONDENSED STATEMENTS OF FINANCIAL POSITION

		30 June 2017		31 December 2016	
	Notes	Group	Bank	Group	Bank
ASSETS					
Cash and cash equivalents		120,129	117,846	153,867	152,111
Securities at fair value through profit or loss	2	45,797	16,045	57,427	26,103
Due from other banks		3,016	3,016	5,337	5,337
Derivative financial instruments		4,970	4,763	8,983	8,687
Loans to customers	1	996,225	1,022,184	953,609	994,155
Finance lease receivables	1	81,528	67,382	69,807	48,170
Investment securities:		-	-	-	-
available-for-sale -	2	15,480	13,451	19,168	17,504
held-to-maturity -	2	612,806	612,806	524,054	524,054
Investments in subsidiaries and associates	2	-	26,985	-	26,665
Intangible assets		4,023	1,156	4,180	1,210
Property, plant and equipment		10,999	10,143	11,469	10,532
Investment property		16,723	1,094	16,804	1,112
Current income tax prepayment		38	-	70	-
Deferred income tax asset		2,238	1,766	665	-
Other assets	3	33,026	10,761	35,838	7,999
Total assets		1,946,998	1,909,398	1,861,278	1,823,639
LIABILITIES					
Due to other banks and financial institutions		81,139	81,936	89,793	92,079
Derivative financial instruments		3,705	3,705	175	175
Due to customers	4	1,581,393	1,583,208	1,495,087	1,495,478
Special and lending funds	5	11,791	11,791	28,326	28,326
Subordinated loan	12	27,767	27,767	22,064	22,064
Current income tax liabilities		3,948	3,811	4,790	4,650
Deferred income tax liabilities		544	-	468	30
Liabilities related to insurance activities		25,947	-	25,515	-
Other liabilities		13,756	6,392	15,543	7,894
Total liabilities		1,749,990	1,718,610	1,681,761	1,650,696
EQUITY					
Share capital	6	131,366	131,366	109,472	109,472
Share premium		-	-	-	-
Reserve capital		756	756	756	756
Statutory reserve	6	7,177	7,071	4,157	4,157
Financial assets revaluation reserve		452	232	311	277
Retained earnings		57,257	51,363	64,821	58,281
Non-controlling interest		-	-	-	-
Total equity		197,008	190,788	179,517	172,943
Total liabilities and equity		1,946,998	1,909,398	1,861,278	1,823,639

The notes on pages 10 to 31 constitute an integral part of these financial statements.

Chief Executive Officer

Deputy Chief Accountant acting as Chief Accountant

7 August 2017

 Vytautas Sinius
 Žaneta Bytautienė

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

for the six month period ended

	Notes	30 June 2017		30 June 2016	
		Group	Bank	Group (restated)	Bank (restated)
<i>Interest and similar income</i>	7	33,314	28,244	33,626	29,922
<i>Interest expense and similar charges</i>	7	(5,826)	(5,823)	(6,320)	(6,322)
Net interest income		27,488	22,421	27,306	23,600
<i>Fee and commission income</i>	8	7,548	7,316	6,724	6,523
<i>Fee and commission expense</i>	8	(2,517)	(2,432)	(2,248)	(2,081)
Net fee and commission income		5,031	4,884	4,476	4,442
<i>Net gain from operations with securities</i>		1,062	736	2,942	2,783
<i>Net gain from foreign exchange and related derivatives</i>		2,089	2,529	1,711	1,786
<i>Net loss from other derivatives</i>		(1,059)	(970)	326	345
<i>Net loss from changes in fair value of subordinated loan</i>	12	(5,706)	(5,706)	(520)	(520)
<i>Net gain from derecognition of financial assets</i>	11	2,662	2,662	11,110	11,110
<i>Net gain from disposal of tangible assets</i>		1,717	-	(343)	347
<i>Revenue related to other activities of Group companies</i>	11	6,437	-	7,045	-
<i>Other operating income</i>		723	203	839	283
<i>Salaries and related expenses</i>		(9,615)	(7,894)	(9,301)	(7,856)
<i>Depreciation and amortization expenses</i>		(969)	(736)	(844)	(635)
<i>Expenses related to other activities of Group companies</i>	11	(4,990)	-	(5,977)	-
<i>Other operating expenses</i>	9	(4,540)	(3,342)	(4,396)	(3,216)
Operating profit before impairment losses		20,330	14,787	34,374	32,469
<i>Allowance for impairment losses on loans and other assets</i>	10	2,165	2,118	(4,363)	(4,735)
<i>Allowance for impairment losses on investments in subsidiaries and loss on remeasurement of subsidiaries classified as held for sale</i>	2,10	-	(1,036)	-	(1,300)
<i>Dividends from investments in subsidiaries and subsidiaries classified as held for sale</i>		-	6,447	-	5,546
Profit before income tax		22,495	22,316	30,011	31,980
<i>Income tax expense</i>		(3,258)	(2,539)	(3,770)	(3,374)
Net profit for the period		19,237	19,777	26,241	28,606
Net profit attributable to:					
<i>Owners of the Bank</i>		19,237	19,777	26,241	28,606
<i>Non-controlling interest</i>		-	-	-	-
<i>Basic earnings per share (in EUR per share) attributable to owners of the Bank</i>		0.04		0.06	
<i>Diluted earnings per share (in EUR per share) attributable to owners of the Bank</i>		0.04		0.06	

The notes on pages 10 to 31 constitute an integral part of these financial statements.

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

	for the three month period			
	1 April - 30 June 2017		1 April - 30 June 2016	
	Group	Bank	Group (restated)	Bank (restated)
<i>Interest and similar income</i>	16,232	14,346	15,460	13,653
<i>Interest expense and similar charges</i>	(2,902)	(2,897)	(3,077)	(3,078)
Net interest income	13,330	11,449	12,383	10,575
<i>Fee and commission income</i>	3,771	3,649	3,433	3,324
<i>Fee and commission expense</i>	(1,268)	(1,218)	(1,186)	(1,101)
Net fee and commission income	2,503	2,431	2,247	2,223
<i>Net gain from operations with securities</i>	237	510	2,214	2,009
<i>Net gain from foreign exchange and related derivatives</i>	1,048	1,339	1,123	1,020
<i>Net loss from other derivatives</i>	(425)	(370)	1,431	1,450
<i>Net loss from changes in fair value of subordinated loan</i>	(5,173)	(5,173)	(1,320)	(1,320)
<i>Net gain from derecognition of financial assets</i>	56	56	715	715
<i>Net gain from disposal of tangible assets</i>	1,284	(1)	(734)	65
<i>Revenue related to other activities of Group companies</i>	2,935	-	3,712	-
<i>Other operating income</i>	380	84	473	138
<i>Salaries and related expenses</i>	(4,666)	(3,809)	(4,616)	(3,820)
<i>Depreciation and amortization expenses</i>	(478)	(363)	(432)	(324)
<i>Expenses related to other activities of Group companies</i>	(1,664)	-	(3,420)	-
<i>Other operating expenses</i>	(2,461)	(1,795)	(2,294)	(1,710)
Operating profit before impairment losses	6,906	4,358	11,482	11,021
<i>Allowance for impairment losses on loans and other assets</i>	(740)	220	(2,257)	(2,821)
<i>Allowance for impairment losses on investments in subsidiaries and loss on remeasurement of subsidiaries classified as held for sale</i>	-	(1,741)	-	(1,829)
<i>Dividends from investments in subsidiaries and subsidiaries classified as held for sale</i>	-	1,891	-	2,029
Profit before income tax	6,166	4,728	9,225	8,400
<i>Income tax expense</i>	(363)	(177)	(717)	(470)
Net profit for the period	5,803	4,551	8,508	7,930
Net profit attributable to:				
<i>Owners of the Bank</i>	5,803	4,551	8,508	7,930
<i>Non-controlling interest</i>	-	-	-	-

The notes on pages 10 to 31 constitute an integral part of these financial statements.

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

	for the six month period ended			
	30 June 2017		30 June 2016	
	Group	Bank	Group	Bank
Net profit for the period	19,237	19,777	26,241	28,606
Other comprehensive income				
Items that may be subsequently reclassified to profit or loss:				
Gain from revaluation of financial assets	166	(53)	(218)	(218)
Deferred income tax on gain from revaluation of financial assets	(25)	8	22	22
Other comprehensive income, net of deferred tax	141	(45)	(196)	(196)
Total comprehensive income for the period	19,378	19,732	26,045	28,410
Total comprehensive income (loss) attributable to:				
Owners of the Bank	19,378	19,732	26,045	28,410
Non-controlling interest	-	-	-	-
	19,378	19,732	26,045	28,410

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

	for the three month period			
	1 April - 30 June 2017		1 April - 30 June 2016	
	Group	Bank	Group	Bank
Net profit for the period	5,803	4,551	8,508	7,930
Other comprehensive income (loss)				
Items that may be subsequently reclassified to profit or loss:				
Gain (loss) from revaluation of financial assets	(18)	(201)	(1,116)	(1,116)
Deferred income tax on gain (loss) from revaluation of financial assets	2	30	181	181
Other comprehensive income (loss), net of deferred tax	(16)	(171)	(935)	(935)
Total comprehensive income for the period	5,787	4,380	7,573	6,995
Total comprehensive income (loss) attributable to:				
Owners of the Bank	5,787	4,380	7,573	6,995
Non-controlling interest	-	-	-	-
	5,787	4,380	7,573	6,995

The notes on pages 10 to 31 constitute an integral part of these financial statements.

THE GROUP'S CONDENSED STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital	Reserve capital	Financial assets revaluation reserve	Statutory reserve	Retained earnings	Total	Non-controlling interest	Total equity
		Attributable to the owners of the Bank							
1 January 2016		91,226	756	896	2,468	41,718	137,064	-	137,064
Increase in share capital through bonus issue of shares	6	18,246	-	-	-	(18,246)	-	-	-
Transfer to/from statutory reserve		-	-	-	1,689	(1,689)	-	-	-
Payment of dividends	6	-	-	-	-	(628)	(628)	-	(628)
Total comprehensive income		-	-	(196)	-	26,241	26,045	-	26,045
30 June 2016		109,472	756	700	4,157	47,396	162,481	-	162,481
Total comprehensive income		-	-	(389)	-	17,425	17,036	-	17,036
31 December 2016		109,472	756	311	4,157	64,821	179,517	-	179,517
Increase in share capital through bonus issue of shares	6	21,894	-	-	-	(21,894)	-	-	-
Transfer to statutory reserve		-	-	-	3,020	(3,020)	-	-	-
Payment of dividends	6	-	-	-	-	(1,887)	(1,887)	-	(1,887)
Total comprehensive income		-	-	141	-	19,237	19,378	-	19,378
30 June 2017		131,366	756	452	7,177	57,257	197,008	-	197,008

THE BANK'S CONDENSED STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital	Reserve capital	Financial assets revaluation reserve	Statutory reserve	Retained earnings	Total
1 January 2016		91,226	756	896	2,290	37,345	132,513
Increase in share capital through bonus issue of shares	6	18,246	-	-	-	(18,246)	-
Transfer to statutory reserve		-	-	-	1,867	(1,867)	-
Payment of dividends	6	-	-	-	-	(628)	(628)
Total comprehensive income		-	-	(196)	-	28,606	28,410
30 June 2016		109,472	756	700	4,157	45,210	160,295
Total comprehensive income		-	-	(423)	-	13,071	12,648
31 December 2016		109,472	756	277	4,157	58,281	172,943
Increase in share capital through bonus issue of shares	6	21,894	-	-	-	(21,894)	-
Transfer to statutory reserve		-	-	-	2,914	(2,914)	-
Payment of dividends	6	-	-	-	-	(1,887)	(1,887)
Total comprehensive income		-	-	(45)	-	19,777	19,732
30 June 2017		131,366	756	232	7,071	51,363	190,788

The notes on pages 10 to 31 constitute an integral part of these financial statements.

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

for the six month period ended

	Notes	30 June 2017		30 June 2016	
		Group	Bank	Group	Bank
Operating activities					
Interest received on loans and advances		26,021	22,165	30,955	27,544
Interest received on debt securities at fair value through profit or loss		745	564	914	705
Interest paid		(5,521)	(5,518)	(7,259)	(7,261)
Fees and commissions received		7,548	7,316	6,724	6,523
Fees and commissions paid		(2,517)	(2,432)	(2,248)	(2,081)
Net cash inflows from trade in securities at fair value through profit or loss		12,005	12,154	14,223	14,660
Net inflows from foreign exchange operations		8,424	8,864	2,353	2,428
Net inflows from derecognition of financial assets		122	122	11,110	11,110
Cash inflows related to other activities of Group companies		7,160	203	7,850	283
Cash outflows related to other activities of Group companies		(4,990)	-	(5,977)	-
Recoveries on loans previously written off		662	225	501	49
Salaries and related payments to and on behalf of employees		(9,408)	(7,687)	(9,109)	(7,739)
Payments related to operating and other expenses		(5,788)	(3,111)	(3,628)	(3,504)
Income tax paid		(6,225)	(5,800)	(2,396)	(1,355)
Net cash flow from operating activities before change in operating assets and liabilities		28,238	27,065	44,013	41,362
Change in operating assets and liabilities:					
Decrease (increase) in due from other banks		2,531	2,321	1,893	1,588
(Increase) in loans to customers and finance lease receivables		(52,430)	(45,553)	(62,267)	(76,816)
Decrease (increase) in other assets		2,865	(2,820)	2,276	(1,974)
Decrease (increase) in due to banks and financial institutions		(3,504)	(10,699)	(2,303)	(3,869)
Increase (decrease) increase in due to customers		86,554	87,978	14,979	21,709
Increase in special and lending funds		(16,535)	(16,535)	(5,241)	(5,241)
Increase (decrease) in other liabilities		(1,546)	(1,693)	(1,926)	(4,412)
Change		17,935	12,999	(52,589)	(69,015)
Net cash flow from (used in) from operating activities		46,173	40,064	(8,576)	(27,653)
Investing activities					
Acquisition of property, plant and equipment, investment property and intangible assets		(204)	(353)	(2,236)	(1,199)
Disposal of property, plant and equipment, investment property and intangible assets		1,087	815	2,308	1,788
Acquisition of held-to-maturity securities		(124,053)	(124,053)	(120,145)	(120,145)
Proceeds from redemption of held-to-maturity securities		35,302	35,302	81,629	81,629
Interest received on held-to-maturity securities		5,892	5,892	10,004	10,004
Dividends received		-	6,447	32	5,048
Acquisition of available-for-sale securities		(3,889)	(3,589)	(2,298)	(2,298)
Sale or redemption of available-for-sale securities		7,533	7,533	2,637	2,556
Interest received on available-for-sale securities		297	297	366	340
Disposal of subsidiaries		-	-	-	-
Inflows from subsidiaries held for sale		-	256	-	13,986
Business acquisition		-	-	-	-
Instalments to cover losses and to strengthen the capital of subsidiaries		-	(1,000)	-	(550)
Net cash flow (used in) from investing activities		(78,035)	(72,453)	(27,703)	(8,841)
Financing activities					
Payment of dividends		(1,876)	(1,876)	(625)	(625)
Net cash flow (used in) financing activities		(1,876)	(1,876)	(625)	(625)
Net increase (decrease) in cash and cash equivalents					
Cash and cash equivalents at 1 January		153,867	152,111	105,012	104,286
Cash and cash equivalents at 30 June		120,129	117,846	68,108	67,167

The notes on pages 10 to 31 constitute an integral part of these financial statements.

GENERAL INFORMATION

Šiaulių Bankas AB was registered as a public company in the Enterprise Register of the Republic of Lithuania on 4 February 1992. The Bank is licensed by the Bank of Lithuania to perform all banking operations provided for in the Law on Banks of the Republic of Lithuania and the Charter of the Bank. In this document, Šiaulių Bankas AB is referred to as the Bank, Šiaulių Bankas AB and its subsidiaries - the Group.

The Head Office of the Bank is located in Šiauliai, Tilžės str. 149, LT-76348. At the end of the reporting period the Bank had 65 customer service outlets (31 December 2016: 68 outlets). As at 30 June 2017 the Bank had 708 employees (31 December 2016: 722). As at 30 June 2017 the Group (except subsidiaries held for sale) had 811 employees (31 December 2016: 829 employees).

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

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

As of 30 June 2017 the Bank owned the following directly controlled subsidiaries:

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

As of 30 June 2017 the Bank owned the following indirectly controlled subsidiaries:

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

As of 30 June 2017 the Bank owned directly controlled subsidiaries held for sale:

- 12-15. ŽSA 1 UAB, ŽSA 2 UAB, ŽSA 3 UAB, ŽSA 4 UAB (real estate management activities).

As of 31 December 2016 the Bank owned the following directly controlled subsidiaries:

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

As of 31 December 2016 the Bank owned the following indirectly controlled subsidiaries:

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

As of 31 December 2016 the Bank owned directly controlled subsidiaries held for sale:

- 11-15. ŽSA 1 UAB, ŽSA 2 UAB, ŽSA 3 UAB, ŽSA 4 UAB, ŽSA 5 UAB (real estate management activities).

As of 31 December 2016 the Bank had the indirectly controlled subsidiary held for sale:

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

Investments in subsidiaries are described in more detail in Note 2 *Securities*.

This condensed interim financial information for the six month period ended 30 June 2017 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 2016, 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 2016.

Income tax

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

New and amended standards, and interpretations

There are no new standards, amendments and interpretations that are mandatory for the Bank with effect from 2017, and that would have a material impact on the Bank's financial information. The Bank's management do not believe the newly published standards, amendments and interpretations that are mandatory for the Bank's reporting periods beginning on or after 1 January 2018 will have a material impact on the Bank's financial statements.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current event and actions, actual results ultimately may differ from those estimates. In preparing these condensed interim financial statements, the significant judgements made in applying Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements as at and for the year ended 31 December 2016.

GENERAL INFORMATION (continued)

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.

RESTATEMENT OF FINANCIAL INFORMATION

The amounts presented in the interim financial statements for the six month period ended 30 June 2016 were restated in order to eliminate the presentation error related to the accounting treatment of payments received from non-performing loans. Before restatement, payments received from non-performing loans were allocated according to the legal principles set in the civil code therefore in some cases upon the reception of payments from non-performing loans, both delinquency income (included in interest income) and impairment expenses were recognized. The Bank restated the amounts in its financial statements so that upon reception of payments from non-performing loans no additional impairment would be recognized. The amount of assets and net profit were not affected by the restatements. The impact of restatements on the financial statements:

- income statement - interest income and impairment expenses reduced by the same amount (the amount of delinquency penalties recognized in interest income which caused the increase in impairment expenses);
- statement of financial position – no changes;
- information presented in the notes to the financial statements – gross value of loans and allowance for loan impairment reduced by the same amount.

The impact of the restatements on the Group's and Bank's financial statements is presented in the table below:

	<i>The Group</i>			<i>The Bank</i>		
	Six month period ended 30 June 2016			Six month period ended 30 June 2016		
	As previously presented	Restatement adjustment	As restated	As previously presented	Restatement adjustment	As restated
<i>Income statement for the period:</i>						
<i>Interest and similar income</i>	38,483	(4,857)	33,626	34,779	(4,857)	29,922
<i>Allowance for impairment losses on loans and other assets</i>	(9,220)	4,857	(4,363)	(9,592)	4,857	(4,735)
<i>Information presented in the notes to the financial statements:</i>						
<i>Gross value of loans at the end of the period</i>	949,308	(3,707)	945,601	1,010,010	(3,707)	1,006,303
<i>Allowance for loan impairment at the end of the period</i>	(51,056)	3,707	(47,349)	(45,929)	3,707	(42,222)
<i>Loans written-off during the period</i>	(1,689)	1,150	(539)	(1,689)	1,150	(539)

NOTE 1

LOANS TO CUSTOMERS AND FINANCE LEASE RECEIVABLES

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

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

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

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

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

	30 June 2017		31 December 2016	
	Group	Bank	Group	Bank
<i>Loans and advances to banks</i>	3,016	3,016	5,337	5,337
<i>Loans and advances to customers:</i>	996,225	1,022,184	953,609	994,155
<i>Loans and advances to financial institutions</i>	15	51,898	17	58,862
<i>Loans to individuals (Retail)</i>	123,944	72,482	116,564	67,458
<i>Loans to business customers</i>	872,266	897,804	837,028	867,835
<i>Finance lease receivables</i>	81,528	67,382	69,807	48,170
<i>Debt securities at fair value through profit or loss</i>	28,100	15,506	39,785	25,658
<i>Derivative financial instruments</i>	4,970	4,763	8,983	8,687
<i>Debt securities available for sale</i>	13,306	12,903	17,034	16,631
<i>Debt securities held to maturity</i>	612,806	612,806	524,054	524,054
<i>Other assets subject to credit risk</i>	6,559	5,390	4,136	3,078
<i>Credit risk exposures relating to off-balance sheet items are as follows:</i>				
<i>Financial guarantees</i>	20,283	20,350	21,253	21,320
<i>Letters of credit</i>	1,731	1,731	2,185	2,185
<i>Loan commitments and other credit related liabilities</i>	190,000	201,042	116,403	140,416
Total	1,958,524	1,967,073	1,762,586	1,789,691

NOTE 1

LOANS TO CUSTOMERS AND FINANCE LEASE RECEIVABLES (continued)

Loans to customers

Loans and advances are summarised as follows:

	30 June 2017		31 December 2016	
	Group	Bank	Group	Bank
<i>Loans to business customers</i>	900,348	977,780	867,355	957,018
<i>Loans to individuals</i>	130,539	74,347	123,056	69,577
Gross	1,030,887	1,052,127	990,411	1,026,595
<i>Less: allowance for impairment</i>	(34,662)	(29,943)	(36,802)	(32,440)
<i>of which: for individually assessed loans</i>	(33,471)	(29,196)	(35,435)	(31,500)
<i>of which: for collectively assessed loans</i>	(1,191)	(747)	(1,367)	(940)
Net	996,225	1,022,184	953,609	994,155

	30 June 2017		31 December 2016	
	Group	Bank	Group	Bank
<i>Neither past due nor individually impaired</i>	908,787	944,453	871,480	922,637
<i>Past due but not individually impaired</i>	68,379	61,813	60,372	52,930
<i>Individually impaired</i>	53,721	45,861	58,559	51,028
Gross	1,030,887	1,052,127	990,411	1,026,595
<i>Less: allowance for impairment</i>	(34,662)	(29,943)	(36,802)	(32,440)
<i>of which: for individually assessed loans</i>	(33,471)	(29,196)	(35,435)	(31,500)
<i>of which: for collectively assessed loans</i>	(1,191)	(747)	(1,367)	(940)
Net	996,225	1,022,184	953,609	994,155

Loans and advances neither past due nor impaired are loans which are not impaired and payments of which are not past due.

Past due but not impaired loans are loans for which principal or interest is past due but no allowance for impairment is recognized.

Impaired loan is a loan to which a loss event is recognized and allowance for impairment is made.

The list of loss events:

1. significant financial difficulties of the debtor or issuer, i.e. the borrower's financial status is evaluated as poor or bad;
2. violation of the loan agreement (non-payment of the periodic loan payments (the part of the loan or interest)) for more than 30 days;
3. the loan is being recovered;
4. funds granted to the borrower are used not according to the loan purpose and the implementation terms of investment project are violated or decrease in collateral value, when repayment terms of the evaluated loans directly depend on the value of the object of security measure;
5. third parties related to the borrower do not fulfil their obligations, which impacts the borrower's ability to fulfil its financial obligations;
6. other loss events (termination or cancellation of the licence validity of the borrower or issuer engaged in licensed activity; the death of the borrower or issuer).

Loans and advances past due but not impaired

	30 June 2017		31 December 2016	
	Group	Bank	Group	Bank
<i>Past due up to 7 days</i>	26,905	24,929	23,608	21,506
<i>Past due 8 to 30 days</i>	21,050	16,874	17,333	13,374
<i>Past due 31 - 60 days</i>	3,976	3,974	2,812	2,803
<i>Past due 61 - 90 days</i>	1,481	1,480	777	775
<i>Past due more than 90 days</i>	14,967	14,556	15,842	14,472
Total	68,379	61,813	60,372	52,930
<i>Allowance for impairment of collectively assessed loans</i>	(280)	(50)	(179)	(54)
<i>Fair value of collateral</i>	54,928	54,928	48,812	48,812

NOTE 1

LOANS TO CUSTOMERS AND FINANCE LEASE RECEIVABLES (continued)

Loans and advances individually impaired

	30 June 2017		31 December 2016	
	Group	Bank	Group	Bank
Impaired loans	53,721	45,861	58,559	51,028
Allowance for impairment of individually assessed loans	(33,471)	(29,196)	(35,435)	(31,500)
Allowance for impairment of collectively assessed loans	(13)	(13)	(197)	(197)
Fair value of collateral	33,332	33,332	44,626	44,626

Unsecured loans also include loans secured by other types of collateral (e.g. future inflow of funds into the borrowers' Bank accounts (controlled by the Bank), third party warrantees, bills of exchange, etc.).

Finance lease receivables

Segment information

	30 June 2017		31 December 2016	
	Group	Bank	Group	Bank
Business customers	68,641	56,406	58,904	41,044
Individuals	14,296	11,190	12,211	7,327
Gross	82,937	67,596	71,115	48,371
Neither past due not impaired	61,332	50,662	53,104	35,661
Past due but not impaired	19,691	16,638	16,188	12,469
Impaired	1,914	296	1,823	241
Gross	82,937	67,596	71,115	48,371
Subtract: Allowance for impairment	(1,409)	(214)	(1,308)	(201)
of which: for individually assessed finance lease receivables	(1,353)	(158)	(1,256)	(150)
of which: for collectively assessed finance lease receivables	(56)	(56)	(52)	(51)
Net	81,528	67,382	69,807	48,170

Group						
	30 June 2017			31 December 2016		
	Individuals	Business customers	Total	Individuals	Business customers	Total
Unsecured finance lease receivables	405	3,652	4,057	346	3,453	3,799
Finance lease receivables secured by:						
transport vehicles -	12,954	29,065	42,019	10,924	23,729	34,653
real estate -	832	26,177	27,009	820	24,047	24,867
airplanes -	-	623	623	-	625	625
production equipment -	-	1,256	1,256	-	1,437	1,437
other equipment -	49	7,841	7,890	55	5,569	5,624
other assets -	56	27	83	66	44	110
Total	14,296	68,641	82,937	12,211	58,904	71,115

Bank						
	30 June 2017			31 December 2016		
	Individuals	Business customers	Total	Individuals	Business customers	Total
Unsecured finance lease receivables	162	2,646	2,808	125	2,585	2,710
Finance lease receivables secured by:						
transport vehicles -	10,170	26,163	36,333	6,501	18,014	24,515
real estate -	831	20,600	21,431	682	16,463	17,145
airplanes -	-	-	-	-	-	-
production equipment -	-	-	-	-	-	-
other equipment -	27	6,997	7,024	19	3,982	4,001
other assets -	-	-	-	-	-	-
Total	11,190	56,406	67,596	7,327	41,044	48,371

NOTE 2 SECURITIES

Securities at fair value through profit or loss

	30 June 2017		31 December 2016	
	Group	Bank	Group	Bank
Debt securities:	28,100	15,506	39,785	25,658
Government bonds	14,993	7,452	27,090	18,131
Corporate bonds	13,107	8,054	12,695	7,527
Equity securities	17,697	539	17,642	445
Total securities at fair value through profit or loss	45,797	16,045	57,427	26,103

	30 June 2017		31 December 2016	
	Group	Bank	Group	Bank
Trading securities:				
Debt securities	26,630	15,506	38,314	25,658
from AA- to AAA	1,245	1,245	4,356	4,356
from A- to A+	10,068	7,617	12,897	11,023
from BBB- to BBB+	10,268	4,403	15,231	7,580
from BB- to BB+	4,023	1,215	5,313	2,315
lower than BB-	182	182	253	120
no rating	844	844	264	264
Equity securities	539	539	445	445
listed	513	513	409	409
unlisted	2	2	5	5
units of investment funds	24	24	31	31
Total trading securities	27,169	16,045	38,759	26,103
Securities designated at fair value through profit or loss at initial recognition:				
Debt securities	1,470	-	1,471	-
from AA- to AAA	157	-	125	-
from A- to A+	766	-	430	-
from BBB- to BBB+	547	-	916	-
from BB- to BB+	-	-	-	-
lower than BB-	-	-	-	-
no rating	-	-	-	-
Equity securities	17,158	-	17,197	-
listed	-	-	-	-
unlisted	-	-	-	-
units of investment funds	17,158	-	17,197	-
Total securities designated at fair value through profit or loss at initial recognition	18,628	-	18,668	-
TOTAL	45,797	16,045	57,427	26,103

Group's securities designated at fair value through profit or loss at initial recognition portfolio consists of securities that cover technical insurance provisions under unit-linked insurance contracts of life insurance subsidiary.

Investment securities

	30 June 2017		31 December 2016	
	Group	Bank	Group	Bank
Securities available for sale:				
Debt securities:	13,306	12,903	17,034	16,631
Government bonds	-	-	-	-
Corporate bonds	13,306	12,903	17,034	16,631
Equity securities	2,174	548	2,454	2,209
Total securities available for sale	15,480	13,451	19,488	18,840
Held-to-maturity securities:				
Debt securities:	612,806	612,806	524,054	524,054
Government bonds	438,555	438,555	420,755	420,755
Corporate bonds	174,251	174,251	103,299	103,299
Total held-to-maturity securities	612,806	612,806	524,054	524,054

NOTE 2 SECURITIES (continued)

	30 June 2017		31 December 2016	
	Group	Bank	Group	Bank
Securities available for sale:				
Debt securities	13,306	12,903	17,034	16,631
from AA- to AA+	445	445	483	483
from A- to A+	3,332	3,332	4,350	4,350
from BBB- to BBB+	6,958	6,958	9,715	9,715
from BB- to BB+	2,168	2,168	2,083	2,083
lower than BB-	-	-	-	-
no rating	403	-	403	-
Equities	2,174	548	2,134	873
listed	-	-	-	-
unlisted	1,053	433	1,087	766
units of investment funds	1,121	115	1,047	107
Total securities available for sale	15,480	13,451	19,168	17,504
Held-to-maturity securities:				
Debt securities	612,806	612,806	524,054	524,054
from AA- to AA+	13,214	13,214	10,349	10,349
from A- to A+	428,911	428,911	402,509	402,509
from BBB- to BBB+	160,931	160,931	100,236	100,236
from BB- to BB+	9,750	9,750	8,295	8,295
lower than BB-	-	-	2,665	2,665
no rating	-	-	-	-
Total held-to-maturity securities	612,806	612,806	524,054	524,054

During the six month periods ended 30 June 2017 and 2016, no reclassifications between portfolios of securities were performed.

Investments in subsidiaries

	30 June 2017			31 December 2016		
	Share in equity, %	Acquisition cost	Carrying amount	Share in equity, %	Acquisition cost	Carrying amount
Bank						
<i>Investments in consolidated directly controlled subsidiaries:</i>						
Bonum Publicum GD UAB	100.00%	8,399	8,399	100.00%	8,399	8,399
Minera UAB	100.00%	6,166	3,566	100.00%	5,165	2,566
Pavasaris UAB	100.00%	10,456	1,344	100.00%	10,456	3,084
SB lizingas UAB	100.00%	8,862	8,862	100.00%	8,862	8,862
SBTF UAB	100.00%	1,029	579	100.00%	1,029	579
Šiaulių Banko Investicijų Valdymas UAB	100.00%	5,044	312	100.00%	5,044	312
Šiaulių Banko Lizingas UAB	100.00%	4,460	69	100.00%	4,460	69
Šiaulių Banko Turto Fondas UAB	100.00%	3,999	3,554	100.00%	3,999	2,794
ŽSA 5 UAB	100.00%	300	300	100.00%	-	-
Iš viso:		48,715	26,985		47,414	26,665

	30 June 2017			31 December 2016		
	Share in equity	Acquisition cost	Carrying amount	Share in equity	Acquisition cost	Carrying amount
<i>Investments in consolidated indirectly controlled subsidiaries:</i>						
Sandworks UAB *	100.00%	3	3	100.00%	3	3
Apželdinimas UAB **	100.00%	300	300	100.00%	300	300

*Indirectly controlled by subsidiary Šiaulių Banko Investicijų Valdymas UAB

** Indirectly controlled by subsidiary Šiaulių Banko Turto Fondas UAB

During the second quarter of 2017, the Bank transferred ŽSA 5 UAB from the subsidiaries held for sale to the consolidated subsidiaries. The subsidiary did not perform active operations and had no material assets or liabilities, the reason for this transfer was that the Šiaulių Bankas group needed an entity to be used as a special purpose vehicle therefore its management decided to save the costs of setting up an entity by using one of the existing entities that performed no active operations. The Bank increased its share capital by asset contribution (equities with a value of EUR 297 thousand). During the first quarter of 2017 Žalgirio Sporto Arena UAB, a subsidiary held for sale, was liquidated. The remaining subsidiaries held for sale do not perform active operations and have no material assets or liabilities, the liquidation process for these entities was started in the second quarter of 2017.

NOTE 2 SECURITIES (continued)

During the six month period ended 30 June 2017, the Bank recognized EUR 1,741 thousand impairment to investment in Pavasaris UAB (value of the investment reduced by EUR 1,741 thousand after the dividends from the subsidiary of EUR 1,891 thousand were received), the Bank reversed an EUR 760 thousand impairment to investment in Šiaulių Banko Turto Fondas UAB (due to the improved financial performance of subsidiary). The Bank incurred a loss of EUR 55 thousand on revaluation of subsidiaries held for sale (the book value of these subsidiaries was reduced to nil).

During the six month period ended 30 June 2016, the Bank recognized impairment losses to the following investments in subsidiaries: EUR 550 thousand investment in Šiaulių Banko Lizingas UAB (Bank covered losses of the subsidiary), EUR 750 thousand investment in Pavasaris UAB (value of the investment reduced by EUR 750 thousand after the dividends from the subsidiary of EUR 1,500 thousand were received).

NOTE 3 SIGNIFICANT INFORMATION ON CHANGES IN OTHER ASSET ITEMS

Other assets

	30 June 2017		31 December 2016	
	Group	Bank	Group	Bank
<i>Amounts receivable</i>	6,559	5,390	4,136	3,078
<i>Inventories</i>	18,534	-	24,936	-
<i>Deferred charges</i>	1,026	844	615	539
<i>Assets under reinsurance and insurance contracts</i>	651	-	697	-
<i>Prepayments</i>	4,811	3,500	3,979	3,428
<i>Foreclosed assets</i>	914	657	989	628
<i>Assets classified as held for sale</i>	19	19	-	58
<i>Other</i>	512	351	486	268
Total	33,026	10,761	35,838	7,999

NOTE 4 DUE TO CUSTOMERS

	30 June 2017		31 December 2016	
	Group	Bank	Group	Bank
<i>Demand deposits:</i>				
<i>National government institutions</i>	15,441	15,441	10,543	10,543
<i>Local government institutions</i>	102,783	102,783	42,682	42,682
<i>Governmental and municipal companies</i>	11,993	11,993	5,780	5,780
<i>Corporate entities</i>	222,969	224,230	230,215	230,591
<i>Non-profit organisations</i>	9,851	9,851	10,602	10,602
<i>Individuals</i>	277,974	277,974	270,241	270,241
<i>Unallocated amounts due to customers</i>	39,380	39,934	29,445	29,460
Total demand deposits	680,391	682,206	599,508	599,899
<i>Time deposits:</i>				
<i>National government institutions</i>	8,859	8,859	359	359
<i>Local government institutions</i>	1,063	1,063	1,067	1,067
<i>Governmental and municipality companies</i>	1,516	1,516	615	615
<i>Corporate entities</i>	44,468	44,468	37,690	37,690
<i>Non-profit organisations</i>	2,547	2,547	2,455	2,455
<i>Individuals</i>	842,549	842,549	853,393	853,393
Total time deposits	901,002	901,002	895,579	895,579
Total	1,581,393	1,583,208	1,495,087	1,495,478

NOTE 5 SIGNIFICANT INFORMATION ON CHANGES IN OTHER LIABILITY ITEMS

Special and lending funds

The special funds consist of the funds from the mandatory social and health insurance funds. The special funds have to be returned to the institutions which have placed them upon the first requirement of the latter. The decrease in special and lending funds from EUR 28,326 thousand in the beginning of the year to EUR 11,791 thousand in the end of the reporting period is attributable to routine fluctuations in these funds.

NOTE 6 CAPITAL

As of 30 June 2017 the Bank's share capital amounted to EUR 131,365,989.88, it comprised 452,986,172 ordinary registered shares with par value of EUR 0.29 each. As of 31 December 2016 the Bank's share capital amounted to EUR 109,471,658.33, it comprised 377,488,477 ordinary registered shares with par value of EUR 0.29 each..

The ordinary meeting of shareholders of Šiaulių bankas that took place on 30 March 2017 passed a resolution to increase Bank's share capital by EUR 21,894 thousand (20.0%) using Bank's own resources (retained earnings). The amended Charter of the Bank with an increased authorised capital was registered in the Register of Legal Entities on 6 June 2017, the bonus shares were distributed among Bank's shareholders using the proportion of their stakes at the end of accounting date of the shares (13 April 2017).

The ordinary meeting of shareholders of Šiaulių bankas that took place on 30 March 2016 passed a resolution to increase Bank's share capital by EUR 18,245 thousand (20.0%) using Bank's own resources (retained earnings). The amended Charter of the Bank with an increased authorised capital was registered in the Register of Legal Entities on 26 May 2016, the bonus shares were distributed among Bank's shareholders using the proportion of their stakes at the end of accounting date of the shares (13 April 2016).

NOTE 6 CAPITAL (continued)

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

	Share of the authorized capital held, % 30 June 2017	Share of the authorized capital held, % 31 December 2016
<i>European Bank for Reconstruction and Development</i>	18.24	18.24
<i>Invalda INVIL AB</i>	6.79	6.79
<i>Gintaras Kateiva</i>	5.82	5.82

Shareholders of the Bank that have signed shareholders agreement - European Bank for Reconstruction and Development, Prekybos namai Aiva UAB, Mintaka UAB, Įmonių Grupė Alita AB, Arvydas Salda, Sigitas Baguckas, Vigintas Butkus, Vytautas Junevičius, Gintaras Kateiva, Kastytis Jonas Vyšniauskas, Algirdas Butkus, - and other shareholders votes of which are calculated together based on the legal acts of Republic of Lithuania, form a group of acting together shareholders. As of 30 June 2017, this group possessed 38.87% of the authorised capital and votes of the Bank (31 December 2016: 39.10%).

As at 30 June 2017, the Bank had 3,580 (as at 31 December 2016: 3,401 shareholders).

Dividends:

On 30 March 2017 the ordinary general meeting of shareholders made a decision to pay EUR 0.005 (i.e. 1.72%) dividends per one ordinary registered share with EUR 0.29 nominal value each. On 30 March 2016 the ordinary general meeting of shareholders made a decision to pay EUR 0.002 (i.e. 0.69%) dividends per one ordinary registered share with EUR 0.29 nominal value each.

Statutory Reserve:

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

NOTE 7 NET INTEREST INCOME

	1 January - 30 June 2017		1 January - 30 June 2016	
	Group	Bank	Group	Bank
<i>Interest income:</i>			(restated)	(restated)
<i>on loans to other banks and financial institutions and placements with credit institutions</i>	211	1,428	288	2,121
<i>on loans to customers</i>	24,763	19,306	25,313	21,492
<i>on debt securities</i>	6,342	6,131	6,264	6,020
<i>on finance leases</i>	1,998	1,379	1,761	289
Total interest income	33,314	28,244	33,626	29,922
<i>Interest expense:</i>				
<i>on financial liabilities designated at fair value through profit or loss</i>	(492)	(492)	(712)	(712)
<i>on financial liabilities measured at amortised cost</i>	(5,208)	(5,205)	(5,602)	(5,604)
<i>on other liabilities</i>	(126)	(126)	(6)	(6)
Total interest expense	(5,826)	(5,823)	(6,320)	(6,322)
Net interest income	27,488	22,421	27,306	23,600

NOTE 8 NET FEE AND COMMISSION INCOME

	1 January - 30 June 2017		1 January - 30 June 2016	
	Group	Bank	Group	Bank
<i>Fee and commission income:</i>				
for administration of loans of third parties	1,719	1,719	2,077	2,077
for settlement services	1,880	1,885	1,657	1,673
for cash operations	1,535	1,535	1,146	1,146
for account administration	1,058	1,058	576	576
for guarantees, letters of credit, documentary collection	168	168	234	234
for collection of utility and similar payments	156	163	217	227
for services related to securities	594	657	433	498
other fee and commission income	438	131	384	92
Total fee and commission income	7,548	7,316	6,724	6,523
<i>Fee and commission expense:</i>				
for payment cards	(1,503)	(1,503)	(1,285)	(1,285)
for cash operations	(424)	(424)	(326)	(326)
for correspondent bank and payment system fees	(213)	(133)	(255)	(100)
for services of financial data vendors	(78)	(78)	(82)	(82)
for services related to securities	(197)	(197)	(126)	(124)
other fee and commission expenses	(102)	(97)	(174)	(164)
Total fee and commission expense	(2,517)	(2,432)	(2,248)	(2,081)
Net fee and commission income	5,031	4,884	4,476	4,442

NOTE 9 OTHER OPERATING EXPENSES

	1 January - 30 June 2017		1 January - 30 June 2016	
	Group	Bank	Group	Bank
Rent of buildings and premises	(702)	(606)	(724)	(621)
Utility services for buildings and premises	(340)	(304)	(381)	(349)
Other expenses related to buildings and premises	(121)	(119)	(197)	(177)
Transportation expenses	(213)	(209)	(209)	(230)
Legal costs	(18)	(18)	(29)	(29)
Personnel and training expenses	(63)	(52)	(78)	(65)
IT and communication expenses	(985)	(874)	(1,018)	(910)
Marketing and charity expenses	(685)	(323)	(425)	(115)
Service organisation expenses	(603)	(530)	(475)	(449)
Non-income taxes, fines	(250)	(13)	(380)	(41)
Costs incurred due to debt recovery	(203)	(139)	(120)	(48)
Other expenses	(357)	(155)	(360)	(182)
Total	(4,540)	(3,342)	(4,396)	(3,216)

NOTE 10 IMPAIRMENT LOSSES

	1 January - 30 June 2017		1 January - 30 June 2016	
	Group	Bank	Group (restated)	Bank (restated)
Impairment losses on loans	1,514	1,896	(5,260)	(4,821)
Recoveries of loans previously written-off	589	225	413	51
(Impairment losses)/Reversal of impairment losses on finance lease receivables	(101)	(11)	(140)	19
Recovered previously written-off finance lease receivables	73	-	89	-
Impairment losses on subsidiaries	-	(981)	-	(1,300)
Revaluation of subsidiaries classified as held for sale	-	(55)	-	-
(Impairment losses)/Reversal of impairment losses on other assets	90	8	513	16
Recoveries of other assets previously written-off	-	-	-	-
Reversal of provisions for off-balance sheet items	-	-	22	-
Total	2,165	1,082	(4,363)	(6,035)

	1 January - 30 June 2017		1 January - 30 June 2016	
	Group	Bank	Group (restated)	Bank (restated)
Allowance for impairment of loans				
As at 1 January	36,802	32,440	42,666	37,940
Change in allowance for loan impairment	(1,514)	(1,896)	5,260	4,821
Loans written off during the period	(625)	(600)	(539)	(539)
Other factors (reclassification, FX rate shift, etc.)	(1)	(1)	(38)	-
As at 30 June	34,662	29,943	47,349	42,222
Allowance for impairment of finance lease receivables				
As at 1 January	1,308	201	1,450	62
Change in allowance for impairment of finance lease receivables	101	11	140	(19)
Finance lease receivables written off during the period	-	-	-	-
Other factors (reclassification, FX rate shift, etc.)	-	2	-	-
As at 30 June	1,409	214	1,590	43

NOTE 11 SIGNIFICANT INFORMATION ON OTHER INCOME STATEMENT ITEMS

Net gain from derecognition of financial assets

Net gain from derecognition of financial assets of EUR 2,662 thousand during the six month period ended 30 June 2017 (six month period ended 30 June 2016: EUR 11,110 thousand) is mainly attributable to the derecognition of the acquisition value adjustment (i.e. the difference between acquisition value and the gross value) for the fully or partially repaid/refinanced or sold loans.

Revenues and expenses related to other activities of Group companies

	1 January - 30 June 2017		1 January - 30 June 2016	
	Group	Bank	Group	Bank
Revenue related to insurance activities	3,132	-	2,917	-
Revenue from sale of apartments	3,305	-	4,094	-
Profit from discontinued operations	-	-	34	-
Total revenue related to other activities of Group companies	6,437	-	7,045	-
Part of the change of the technical insurance provisions that covers the result of investment of assets under unit-linked contracts*	(9)	-	61	-
Other changes of the technical insurance provisions and other expenses related to insurance activities	(2,084)	-	(2,300)	-
Cost of apartments sold	(2,891)	-	(3,738)	-
Loss from discontinued operations	(6)	-	-	-
Total expenses related to other activities of Group companies	(4,990)	-	(5,977)	-

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

	1 January - 30 June 2017		1 January - 30 June 2016	
	Group	Bank	Group	Bank
Interest and similar income	21	-	26	-
Net gain (loss) from operations with securities	413	-	(15)	-
Net gain (loss) from foreign exchange	(425)	-	(72)	-
Total	9	-	(61)	-

NOTE 12 RELATED-PARTY TRANSACTIONS

Related parties with the Bank are classified as follows:

- a) members of the Bank's Supervisory Council and Board (which also are the main decision makers of the Group), their close family members and companies that are controlled, jointly controlled or significantly influenced over by these related parties. For some companies the presumed significant influence threshold of 20% voting rights has been reduced if other evidence shows that a person/entity can exercise significant influence by additional means (e.g. by holding a seat in the Board of Directors of a particular entity);
- b) subsidiaries of the Bank and subsidiaries held for sale;
- c) the shareholders holding over 5 % of the Bank's share capital.

During 2017 and 2016, a certain number of banking transactions were entered into with related parties in the ordinary course of business. These transactions include settlements, loans, deposits and foreign currency transactions

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

	30 June 2017		31 December 2016	
	Balances of deposits	Balances of loans (incl.off-balance sheet credit commitments)	Balances of deposits	Balances of loans (incl.off-balance sheet credit commitments)
<i>Members of the Council and the Board</i>	2,398	1,054	952	1,009
<i>Other related parties (excluding subsidiaries of the Bank)</i>	15,036	58,232	14,770	53,447
Total	17,434	59,286	15,722	54,456

The Group and the Bank held debt securities of one entity attributable to related parties. On 30 June 2017 debt securities attributable to related parties exposure amounted to EUR 538 thousand for the Group and EUR 135 thousand for the Bank (31 December 2016: EUR 617 thousand and EUR 214 thousand, respectively).

Transactions with EBRD:

The Group/Bank has a subordinated loan received from European Bank for Reconstruction and Development (hereinafter – EBRD), book value of which was EUR 27,767 thousand as of 30 June 2017 (31 December 2016: EUR 22,064 thousand). The agreement for the loan was signed at the end of February 2013. Loan amount is EUR 20 million, term – 10 years. Loan agreement provides a conversion option to EBRD, under which EBRD has a right to convert a part of or the whole loan to ordinary shares of the Bank at a price, which at certain scenarios could be more favourable than the market price (but in any case, not less than the nominal value of the share). Because of this option, which is an embedded derivative, the Bank chose to account for the whole instrument as a financial liability at fair value through profit or loss. Subordinated loan related interest expenses amounted to EUR 492 thousand, a loss of EUR 5,706 thousand related to revaluation of the liability to fair value was recorded in profit (loss) statement for the six month period ended 30 June 2017 (six month period ended 30 June 2016: interest expenses EUR 712 thousand, revaluation loss EUR 520 thousand). Increased price of Bank's shares is the main driver of revaluation loss and increase in the liability during the six month period ended 30 June 2017. The price of Bank's shares, which increased by 31.5% during the six month period ended 30 June 2017 and caused an appreciation of the conversion option, is the main driver of subordinated loan value increase and revaluation loss.

NOTE 12 RELATED-PARTY TRANSACTIONS (continued)

Transactions with subsidiaries:

Balances of transactions with the subsidiaries (including subsidiaries held for sale) are presented below:

	30 June 2017		31 December 2016	
	Balances of deposits	Balances of loans, debt securities (incl.off-balance sheet credit commitments)	Balances of deposits	Balances of loans, debt securities (incl.off-balance sheet credit commitments)
<i>Non-financial institutions</i>	1,266	33,000	401	39,723
<i>Financial institutions</i>	1,345	58,716	2,276	80,163
	2,611	91,716	2,677	119,886

Bank's total balances with subsidiaries:

	30 June 2017	31 December 2016
Assets		
<i>Loans</i>	80,663	95,641
<i>Other assets</i>	32	88
<i>Bank's investment in subsidiaries</i>	26,985	26,665
<i>Bank's investment in subsidiaries classified as assets held for sale</i>	-	58
Liabilities and shareholders' equity		
<i>Deposits</i>	2,611	2,677
<i>Other liabilities</i>	7	646

Income and expenses arising from transactions with subsidiaries:

	1 January– 30 June 2017	1 January– 30 June 2016
Income		
<i>Interest</i>	1,604	2,101
<i>Commission income</i>	122	131
<i>Dividends</i>	6,447	5,546
<i>Other income</i>	215	107
Expenses		
<i>Interest</i>	(3)	(2)
<i>Operating expenses</i>	(54)	(102)
<i>Allowance for impairment losses on investments in subsidiaries and loss on remeasurement of subsidiaries classified as held for sale</i>	(1,036)	(1,300)

NOTE 13 LIQUIDITY, MARKET AND OPERATIONAL RISKS

Liquidity risk

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

Liquidity risk management process

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

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

NOTE 13

LIQUIDITY, MARKET AND OPERATIONAL RISKS (continued)

The structure of the Group's assets and liabilities by maturity as at 30 June 2017 was as follows:

	On demand	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	More than 3 years	Maturity undefined	Total
<i>Total assets</i>	122,119	30,564	99,356	86,344	173,722	535,299	778,924	120,670	1,946,998
<i>Total liabilities and shareholders' equity</i>	696,292	107,628	146,963	237,649	329,148	164,199	64,584	200,535	1,946,998
<i>Net liquidity gap</i>	(574,173)	(77,063)	(47,607)	(151,305)	(155,427)	371,100	714,340	(79,865)	-

The structure of the Group's assets and liabilities by maturity as at 31 December 2016 was as follows:

	On demand	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	More than 3 years	Maturity undefined	Total
<i>Total assets</i>	154,453	36,668	66,226	80,566	208,363	522,103	697,168	95,731	1,861,278
<i>Total liabilities and shareholders' equity</i>	629,464	134,105	143,794	199,330	358,069	142,331	74,668	179,517	1,861,278
<i>Net liquidity gap</i>	(475,011)	(97,437)	(77,568)	(118,764)	(149,706)	379,772	622,500	(83,786)	-

The structure of the Bank's assets and liabilities by maturity as at 30 June 2017 was as follows:

	On demand	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	More than 3 years	Maturity undefined	Total
<i>Total assets</i>	119,836	29,170	89,527	96,432	194,838	516,116	757,824	105,655	1,909,398
<i>Total liabilities and shareholders' equity</i>	696,837	103,753	145,836	237,102	328,466	162,458	41,018	193,928	1,909,398
<i>Net liquidity gap</i>	(577,001)	(74,583)	(56,309)	(140,670)	(133,628)	353,658	716,806	(88,273)	-

The structure of the Bank's assets and liabilities by maturity as at 31 December 2016 was as follows:

	On demand	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	More than 3 years	Maturity undefined	Total
<i>Total assets</i>	152,691	29,676	97,471	94,838	212,141	484,683	672,633	79,506	1,823,639
<i>Total liabilities and shareholders' equity</i>	630,319	128,756	142,470	199,688	356,895	141,047	51,521	172,943	1,823,639
<i>Net liquidity gap</i>	(477,628)	(99,080)	(44,999)	(104,850)	(144,754)	343,636	621,112	(93,437)	-

Market risk

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

Interest rate risk

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

NOTE 13

LIQUIDITY, MARKET AND OPERATIONAL RISKS (continued)

Sensitivity of interest rate risk

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

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

Group 30 June 2017:

	Demand and less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	More than 1 year	Non monetary	Total
Assets	178,352	323,870	446,666	68,670	675,856	253,584	1,946,998
Liabilities and equity	85,284	163,606	233,068	325,452	185,671	953,917	1,946,998
Net interest sensitivity gap	93,068	160,264	213,598	(256,782)	490,185	(700,333)	-
Higher/lower impact on profit from balance sheet assets and liabilities	892	1,336	1,335	(642)	-	-	2,921

Group 31 December 2016:

	Demand and less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	More than 1 year	Non monetary	Total
Assets	199,704	269,284	399,786	94,755	580,395	317,354	1,861,278
Liabilities and equity	121,663	156,228	189,154	352,819	150,077	891,337	1,861,278
Net interest sensitivity gap	78,041	113,056	210,632	(258,064)	430,318	(573,983)	-
Higher/lower impact on profit from balance sheet assets and liabilities	748	942	1,316	(645)	-	-	2,361

Bank 30 June 2017:

	Demand and less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	More than 1 year	Non monetary	Total
Assets	176,960	311,925	452,605	107,751	646,717	213,440	1,909,398
Liabilities and equity	85,029	163,546	232,646	325,193	161,362	941,622	1,909,398
Net interest sensitivity gap	91,931	148,379	219,959	(217,442)	485,355	(728,182)	-
Higher/lower impact on profit from balance sheet assets and liabilities	881	1,236	1,375	(544)	-	-	2,948

Bank 31 December 2016:

	Demand and less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	More than 1 year	Non monetary	Total
Assets	192,039	294,138	406,446	108,909	551,758	270,349	1,823,639
Liabilities and equity	121,663	156,230	189,194	352,819	150,677	853,056	1,823,639
Net interest sensitivity gap	70,376	137,908	217,252	(243,910)	401,081	(582,707)	-
Higher/lower impact on profit from balance sheet assets and liabilities	674	1,149	1,358	(610)	-	-	2,571

Operational risk

The Bank defines operational risk as the risk to incur losses due to inadequate internal control processes or incorrect process implementation, errors and/or illegal actions of employees, malfunctioning of information systems or external incidents.

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

NOTE 13

LIQUIDITY, MARKET AND OPERATIONAL RISKS (continued)

Bank's operational risk management procedure, which is an integral part of the Bank's risk management policy, defines the principles of operational risk management applicable to the Bank and its subsidiaries.

The operational risk management methods are implemented in the Bank – the system for registration of operational risk events in the administrative information system (AIS), functioning of which is regulated by the Instruction for registration of Operational risk events; the system of operational risk indicators and monitoring of limits of these indicators; operational risk self assessment performed by the Bank annually; evaluation of new products.

In 2016, the Bank continued to develop systems of operational risk management, prepared regulations on the principles for reliable and appropriate internal control system, improved the process for conducting investigations on very important operational risk events. The spectre of operational risk indicators was expanded, their use for the Bank was increased, the risk indicators used were supplemented with the registers to trace continuous monitoring and control actions. The Guidelines for Business Continuity Organization, which regulate the business continuity plans and measures and protect Bank's activity from adverse impact of the incidents were introduced. Employees perception of operational risk was strengthened by organizing operational risk training of new employees. In 2016, the Bank intends to continue development of operational risk management system and improving internal control system and its components.

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 six month period ended 30 June 2017, the process of fair value measurement did not change significantly as compared to the process described in the annual financial statements for the year 2016. 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 six month period ended 30 June 2017, no new circumstances that could have a significant impact on the fair values of financial assets and liabilities were identified during the period.

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

	30 June 2017		31 December 2016	
	Group	Bank	Group	Bank
LEVEL I				
<i>Financial assets at fair value through profit or loss</i>	45,130	15,380	57,372	26,048
<i>Available for sale financial assets</i>	14,427	13,018	18,081	16,738
Total Level I financial assets	59,557	28,398	89,245	60,453
LEVEL II				
<i>Financial assets at fair value through profit or loss</i>	613	613	3,417	3,417
<i>Financial liabilities at fair value through profit or loss</i>	(3,705)	(3,705)	(175)	(175)
LEVEL III				
<i>Financial assets at fair value through profit or loss</i>	5,024	4,815	5,621	5,325
<i>Available for sale financial assets</i>	1,053	433	1,087	766
Total Level III financial assets	6,077	5,248	10,522	9,739
<i>Financial liabilities at fair value through profit or loss</i>	27,767	27,767	22,064	22,064
Total Level III financial liabilities	27,767	27,767	20,457	20,457

There were no transfers between fair value hierarchy levels during 2017 and 2016.

NOTE 14

FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (continued)

Changes in Level III instruments during the six month period ended 30 June:

Group	Financial assets at fair value through profit or loss		Available for sale financial assets		Financial liabilities at fair value through profit or loss	
	1 Jan - 30 Jun 2017	1 Jan - 30 Jun 2016	1 Jan - 30 Jun 2017	1 Jan - 30 Jun 2016	1 Jan - 30 Jun 2017	1 Jan - 30 Jun 2016
As at 1 January	5,621	8,208	1,087	2,314	22,064	20,457
Additions	859	-	-	-	-	-
Disposals	(374)	(561)	-	(1,723)	-	-
Changes due to interest accrued/paid	3	-	-	-	(3)	(14)
Changes in fair value	(1,085)	326	(34)	510	5,706	520
As at 30 June	5,024	7,973	1,053	1,101	27,767	20,963

Bank	Financial assets at fair value through profit or loss		Available for sale financial assets		Financial liabilities at fair value through profit or loss	
	1 Jan - 30 Jun 2017	1 Jan - 30 Jun 2016	1 Jan - 30 Jun 2017	1 Jan - 30 Jun 2016	1 Jan - 30 Jun 2017	1 Jan - 30 Jun 2016
As at 1 January	5,325	7,670	766	2,069	22,064	20,457
Additions	859	-	-	-	-	-
Disposals	(374)	(561)	(297)	(1,642)	-	-
Changes due to interest accrued/paid	3	-	-	-	(3)	(14)
Changes in fair value	(998)	345	(36)	510	5,706	520
As at 30 June	4,815	7,454	433	937	27,767	20,963

	1 January – 30 June 2017		1 January – 30 June 2016	
	Group	Bank	Group	Bank
Total result from revaluation of Level III instruments included in the income statement	(6,825)	(6,740)	316	335

NOTE 15 SEGMENT INFORMATION

Business segments

A summary of major indicators for the main business segments of the Group included in the Statement of financial position as at 30 June 2017 and in the Statement of comprehensive income for the six month period then ended is presented in the table below.

	<i>Traditional banking operations and lending</i>	<i>Treasury</i>	<i>Non-core banking activities</i>	<i>Other activities</i>	<i>Eliminations</i>	<i>Total</i>
Continuing operations						
<i>Internal</i>	3	-	384	(384)	(3)	-
<i>External</i>	23,429	3,757	(109)	411	-	27,488
Net interest income	23,432	3,757	275	27	(3)	27,488
<i>Internal</i>	108	-	-	(64)	(44)	-
<i>External</i>	5,041	-	-	(10)	-	5,031
Net fee and commissions income	5,149	-	-	(74)	(44)	5,031
<i>Internal</i>	111	-	384	(448)	(47)	-
<i>External</i>	28,470	3,757	(109)	401	-	32,519
Net interest, fee and commissions income	28,581	3,757	275	(47)	(47)	32,519
<i>Internal</i>	(92)	(5)	-	(22)	119	-
<i>External</i>	(11,629)	(1,119)	-	(6,391)	(6)	(19,145)
Operating expenses	(11,721)	(1,124)	-	(6,413)	113	(19,145)
<i>Amortisation charges</i>	(185)	(17)	-	(27)	-	(229)
<i>Depreciation charges</i>	(559)	(56)	-	(125)	-	(740)
<i>Internal</i>	-	-	(1,036)	-	1,036	-
<i>External</i>	2,141	-	8	16	-	2,165
Impairment expenses	2,141	-	(1,028)	16	1,036	2,165
<i>Internal</i>	10	-	6,662	4	(6,676)	-
<i>External</i>	1,606	735	(3,056)	8,640	-	7,925
Net other income	1,616	735	3,606	8,644	(6,676)	7,925
Profit (loss) before tax	19,873	3,295	2,853	2,048	(5,574)	22,495
<i>Income tax</i>	(2,749)	(254)	-	(255)	-	(3,258)
Profit (loss) per segment after tax	17,124	3,041	2,853	1,793	(5,574)	19,237
<i>Non-controlling interest</i>	-	-	-	-	-	-
Profit (loss) for the period attributable to the owners of the Bank	17,124	3,041	2,853	1,793	(5,574)	19,237
<i>Total segment assets</i>	1,175,550	763,179	39,821	75,706	(107,258)	1,946,998
<i>Total segment liabilities</i>	1,052,675	686,922	35,842	57,709	(83,158)	1,749,990
Net segment assets (shareholders' equity)	122,875	76,257	3,979	17,997	(24,100)	197,008

NOTE 15 SEGMENT INFORMATION (continued)

A summary of major indicators for the main business segments of the Group included in the Statement of financial position as at 30 June 2016 and in the statement of comprehensive income for the six month period then ended is presented below:

	<i>Traditional banking operations and lending</i>	<i>Treasury</i>	<i>Non-core banking activities</i>	<i>Other activities</i>	<i>Eliminations</i>	<i>Total</i>
Continuing operations						
Internal	35	-	266	(381)	80	-
External	19,716	3,563	3,622	405	-	27,306
Net interest income	19,751	3,563	3,888	24	80	27,306
Internal	106	-	-	(57)	(49)	-
External	4,488	-	-	(12)	-	4,476
Net fee and commissions income	4,594	-	-	(69)	(49)	4,476
Internal	141	-	266	(438)	31	-
External	24,204	3,563	3,622	393	-	31,782
Net interest, fee and commissions income	24,345	3,563	3,888	(45)	31	31,782
Internal	(188)	(10)	-	(20)	218	-
External	(11,155)	(1,098)	-	(7,421)	-	(19,674)
Operating expenses	(11,343)	(1,108)	-	(7,441)	218	(19,674)
Amortisation charges	(133)	(12)	-	(14)	-	(159)
Depreciation charges	(521)	(51)	-	(113)	-	(685)
Internal	-	-	(1,300)	-	1,300	-
External	(5,076)	-	(301)	1,014	-	(4,363)
Impairment expenses	(5,076)	-	(1,601)	1,014	1,300	(4,363)
Internal	2	-	3,405	(7)	(5,622)	(2,222)
External	2,215	2,782	13,362	6,973	-	25,332
Net other income	2,217	2,782	16,767	6,966	(5,622)	23,110
Profit (loss) before tax	9,489	5,174	19,054	367	(4,073)	30,011
Income tax	(3,314)	(337)	-	(119)	-	(3,770)
Profit (loss) per segment after tax	6,175	4,837	19,054	248	(4,073)	26,241
Non-controlling interest	-	-	-	-	-	-
Profit (loss) for the period attributable to the owners of the Bank	6,175	4,837	19,054	248	(4,073)	26,241
Total segment assets	1,098,933	650,484	48,512	80,919	(151,508)	1,727,340
Total segment liabilities	994,530	588,997	43,926	60,561	(123,155)	1,564,859
Net segment assets (shareholders' equity)	104,403	61,487	4,586	20,358	(28,353)	162,481

NOTE 16

SELECTED INFORMATION OF FINANCIAL GROUP

As of 30 June 2017 and 31 December 2016 the Bank owned the following directly controlled subsidiaries included in the prudential scope of consolidation (the Bank and these subsidiaries comprised the Financial group):

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

In the Financial Group financial statements, the subsidiaries of the Bank that are not included in the Financial Group are not consolidated in full as would be required by IFRS 10 but presented on the consolidated balance sheet of the Financial Group as investments in subsidiaries at cost less impairment, in the same way as presented on the balance sheet of the Bank. The investments in subsidiaries held for sale are presented on the balance sheet of the Financial Group at a lower of cost and fair value less cost to sell, in the same way as presented on the balance sheet of the Bank. Assets, liabilities and results of these subsidiaries are not consolidated in the financial information of the Financial Group. This presentation is consistent with the regulatory reporting made by the Bank according to the Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms (CRR).

Financial Group's condensed statement of financial position

	30 June 2017	31 December 2016
ASSETS		
Cash and cash equivalents	118,095	152,851
Securities at fair value through profit or loss	16,045	26,103
Due from other banks	3,016	5,337
Derivative financial instruments	4,970	8,983
Loans to customers	1,018,013	975,316
Finance lease receivables	81,528	69,807
Investment securities:		
available-for-sale -	14,980	18,966
held-to-maturity -	612,806	524,054
Investments in subsidiaries and associates	14,491	14,931
Intangible assets	1,223	1,375
Property, plant and equipment	10,516	10,974
Investment property	4,602	4,633
Current income tax prepayment	38	70
Deferred income tax asset	2,079	493
Other assets	17,209	18,403
Total assets	1,919,611	1,832,296
LIABILITIES		
Due to other banks and financial institutions	81,809	90,428
Derivative financial instruments	3,705	175
Due to customers	1,583,207	1,495,477
Special and lending funds	11,791	28,326
Subordinated loan	27,767	22,064
Current income tax liabilities	3,849	4,721
Deferred income tax liabilities	406	217
Liabilities related to insurance activities	-	-
Other liabilities	11,506	13,177
Total liabilities	1,724,040	1,654,585
EQUITY		
Share capital	131,366	109,472
Share premium	-	-
Reserve capital	756	756
Statutory reserve	7,071	4,157
Financial assets revaluation reserve	323	311
Retained earnings	56,055	63,015
Non-controlling interest	-	-
Total equity	195,571	177,711
Total liabilities and equity	1,919,611	1,832,296

NOTE 16

SELECTED INFORMATION OF FINANCIAL GROUP (continued)

Financial Group's condensed income statement

	for the six month period ended	
	30 June 2017	30 June 2016 (restated)
<i>Interest and similar income</i>	33,372	33,494
<i>Interest expense and similar charges</i>	(5,823)	(6,344)
Net interest income	27,549	27,150
<i>Fee and commission income</i>	7,604	6,779
<i>Fee and commission expense</i>	(2,490)	(2,224)
Net fee and commission income	5,114	4,555
<i>Net gain from operations with securities</i>	736	2,765
<i>Net gain from foreign exchange and related derivatives</i>	2,529	1,786
<i>Net loss from other derivatives</i>	(1,059)	326
<i>Net loss from changes in fair value of subordinated loan</i>	(5,706)	(520)
<i>Net gain from derecognition of financial assets</i>	2,662	11,083
<i>Net gain from disposal of tangible assets</i>	1,319	18
<i>Revenue related to other activities of Group companies</i>	-	-
<i>Other operating income</i>	425	457
<i>Salaries and related expenses</i>	(8,972)	(8,722)
<i>Depreciation and amortization expenses</i>	(866)	(752)
<i>Expenses related to other activities of Group companies</i>	-	-
<i>Other operating expenses</i>	(4,134)	(3,857)
Operating profit before impairment losses	19,597	34,289
<i>Allowance for impairment losses on loans and other assets</i>	2,165	(4,915)
<i>Allowance for impairment losses on investments in subsidiaries</i>		
<i>and loss on remeasurement of subsidiaries classified as held for sale</i>	(1,796)	(750)
<i>Dividends from investments in subsidiaries</i>		
<i>and subsidiaries classified as held for sale</i>	2,947	2,246
Profit before income tax	22,913	30,870
<i>Income tax expense</i>	(3,178)	(3,716)
Net profit for the period	19,735	27,154
Net profit attributable to:		
<i>Owners of the Bank</i>	19,735	27,154
<i>Non-controlling interest</i>	-	-

Financial Group's condensed statement of comprehensive income

	for the six month period ended	
	30 June 2017	30 June 2016
Net profit for the period	19,735	27,154
Other comprehensive income		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
<i>Gain from revaluation of financial assets</i>	14	(218)
<i>Deferred income tax on gain from revaluation of financial assets</i>	(2)	22
Other comprehensive income, net of deferred tax	12	(196)
Total comprehensive income for the period	19,747	26,958
Total comprehensive income (loss) attributable to:		
<i>Owners of the Bank</i>	19,747	26,958
<i>Non-controlling interest</i>	-	-
	19,747	26,958

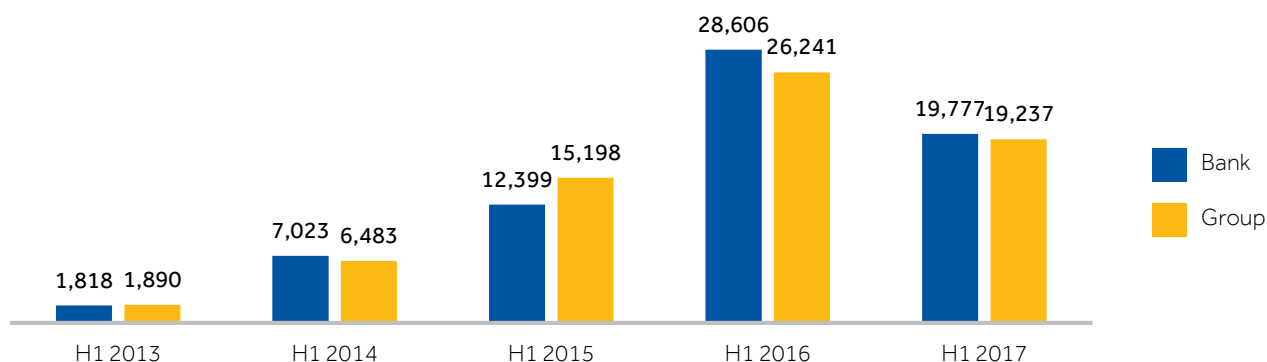


CONSOLIDATED REPORT FOR
THE PERIOD OF 6 MONTHS OF 2017

The present consolidated report of Šiaulių Bankas AB (hereinafter - the Bank) of 6 months covers the period from 01 January 2017 to 30 June 2017.

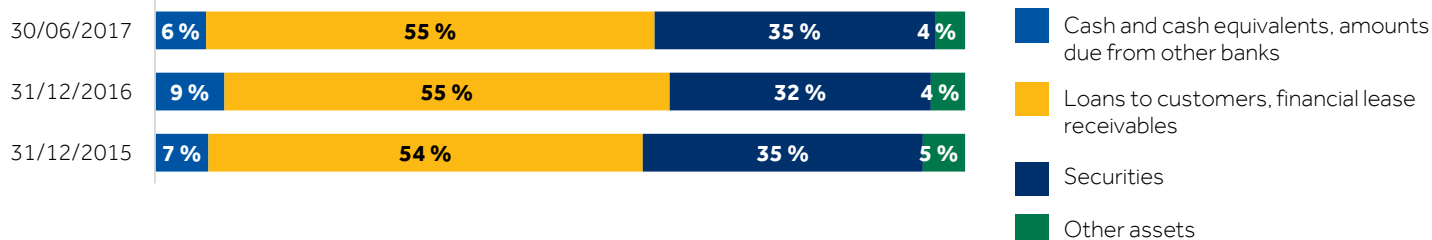
RESULTS FOR THE FIRST HALF OF YEAR

The Group earned an unaudited net profit of 19.2 million euros in the first half of 2017, while the net profit of the Bank for the six month period was 19.8 million euros.



The Group's loan and financial lease portfolio has grown 12 per cent over the last 12 months and at the end of June exceeded 1.07 billion euros. In the second quarter of this year alone, the loan portfolio increased 6 per cent or 60 million euros. From the start of the year more than 330 million euros of new loan agreements were signed, while the deposit portfolio expanded 9 per cent over the last 12 months and at the end of June exceeded 1.58 billion euros.

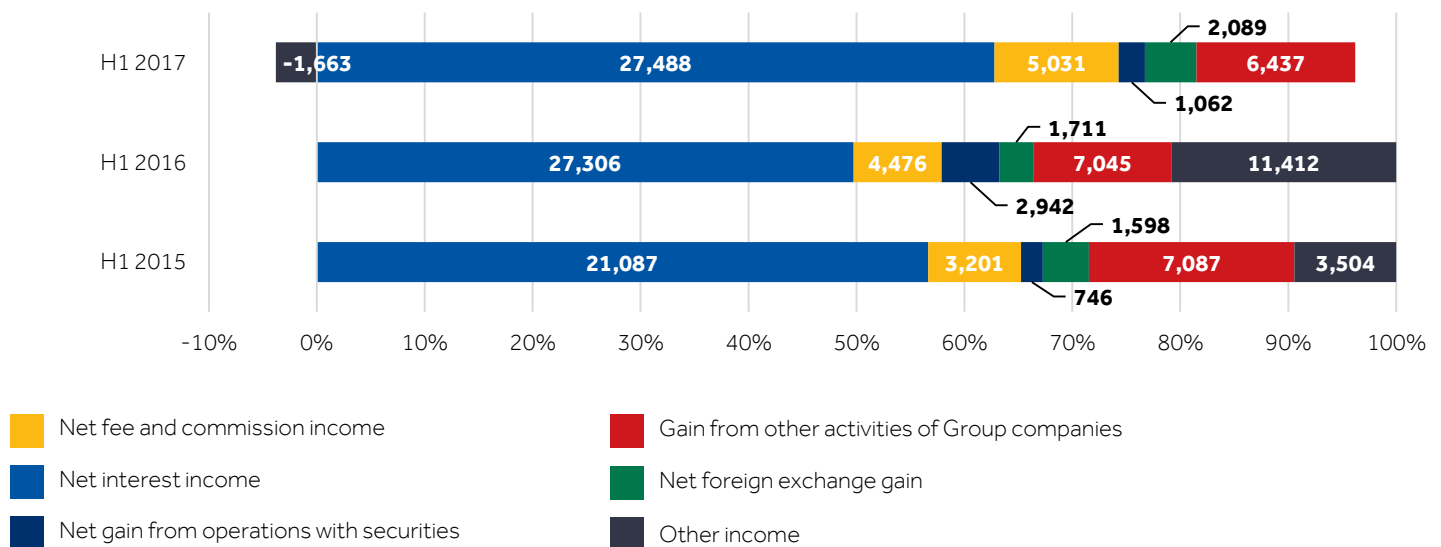
The Group's Asset Structure, in per cent.



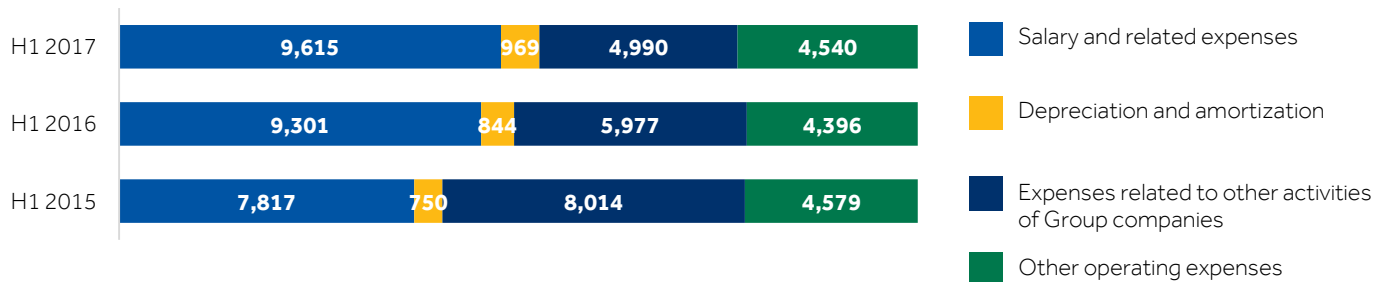
The Group's Liability Structure, in per cent.



The Group had net interest income of 27.5 million euros in January-June. The net interest margin for the half year excluding non-typical income was 3 per cent. The Group's net service fees and commission income grew 12 per cent compared with the same period last year and exceeded 5 million euros. Profit from foreign exchange operations increased 22 per cent to more than 2 million euros.

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


The cost of risk ratio improved due to the reversal of impairment charges on loans and other assets: a recovery of 2.2 million euros has been recognised on the income statement for the first half of this year. The group met the established regulatory requirements at the end of June, with a capital adequacy position that remained robust and a high level of liquidity.

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


Financing for small and medium-size business, loans to which make up 65 per cent of the loan portfolio, remains a priority area for the bank. In the second quarter the Bank and Invega signed two new agreements for portfolio guarantees financed from the European Regional Development Fund. Thanks to the measure, 50 million euros will be allotted for SME financing.

The Bank's stably good operating results and increasing recognition among investors on an international scale have lifted its share price and turnover on the Nasdaq Vilnius exchange. In the first six months of this year the share price rose 31 per cent, and in terms of turnover it was one of the most liquid securities on the exchange.

The rising share price had an impact on the bank's profit for the current period which, though temporary, was negative. It caused an increase in the value of the conversion option embedded in the subordinated loan from the European Bank for Reconstruction and Development (EBRD), with an unrealized negative effect of 5.7 million euros recognized in the first half of 2017. Regardless of whether conversion option is exercised or not, the accumulated loss will increase the equity of the Bank's shareholders by the corresponding amount in the future.

On 6 June 2017 the Lithuanian Register of Legal Entities registered the amended Charter of the Bank with an increase of its authorized capital to 131.4 million euros. The authorized capital was increased by 21.9 million euros, or 20 per cent, from the Bank's own funds.

The credit rating of the Bank is determined by the international rating agency Moody's Investors Service LTD. The last upgrade took place on 16 June 2016:

- Long-term credit rating - Ba1;
- Short-term credit rating - NP;
- Rating outlook - Stable.

On 13 July this year Moody's Investors Service placed the ratings of the Bank on review for upgrade. The credit rating agency said the review was prompted by strengthening of the bank's asset quality, profitability and capitalization, as well as by positive results in the integration and sale of the parts of the failed Ūkio Bankas that it had acquired.

AUTHORIZED CAPITAL AND SHAREHOLDERS OF THE BANK

As of 30 June 2017 the Bank's authorized capital totalled to EUR 131,365,989.88. It consisted of 452,986,172 ordinary registered shares with a nominal value of 0.29 euro per share (Securities ISIN code LT0000102253). The Bank's shares are quoted in the official trading list of Nasdaq Baltics. The shares of other companies belonging to the Group are issued for non-public circulation.

The Bank's shares are included into the following *Nasdaq* indices:

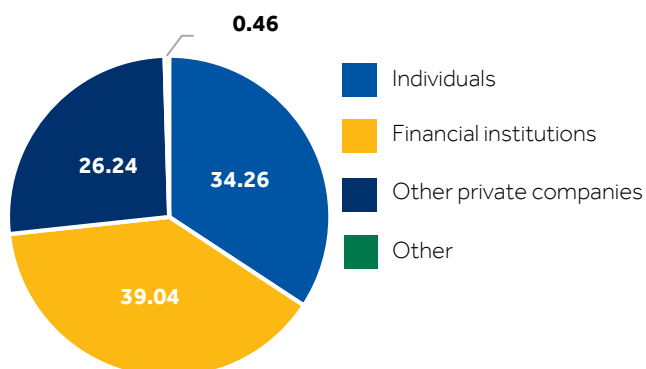
- *OMX Baltic Benchmark (OMXBB)* – the Baltic benchmark index consists of the largest and most traded stocks on the Nasdaq Baltic Market representing all sectors;
- *OMX Baltic 10 (OMXB10)* – is a tradable index of the Baltic states consisting of the 10 most actively traded stocks on the Baltic exchanges;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

Besides, the Bank's shares are included into such indices as STOXX Eastern Europe TMI, STOXX All Europe Total Market, STOXX Eastern Europe 300, STOXX EU Enlarged TMI, STOXX Eastern Europe 300 Banks, STOXX Eastern Europe Small 100, STOXX Eastern Europe TMI Small, STOXX Global Total Market, STOXX Lithuania Total Market.

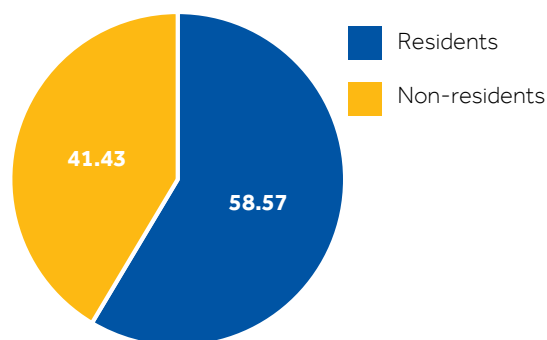
As of 30 June 2017 the number of the Bank's shareholders comprised 3,580 (at the end 2016 – 3,401). All issued shares grant the shareholders equal rights foreseen by the Law on Companies of the Republic of Lithuania and the Charter of the Bank.

Structure of the Bank's authorized capital as of 30 June 2017 (per cent):

By types of Shareholders



By place of residence



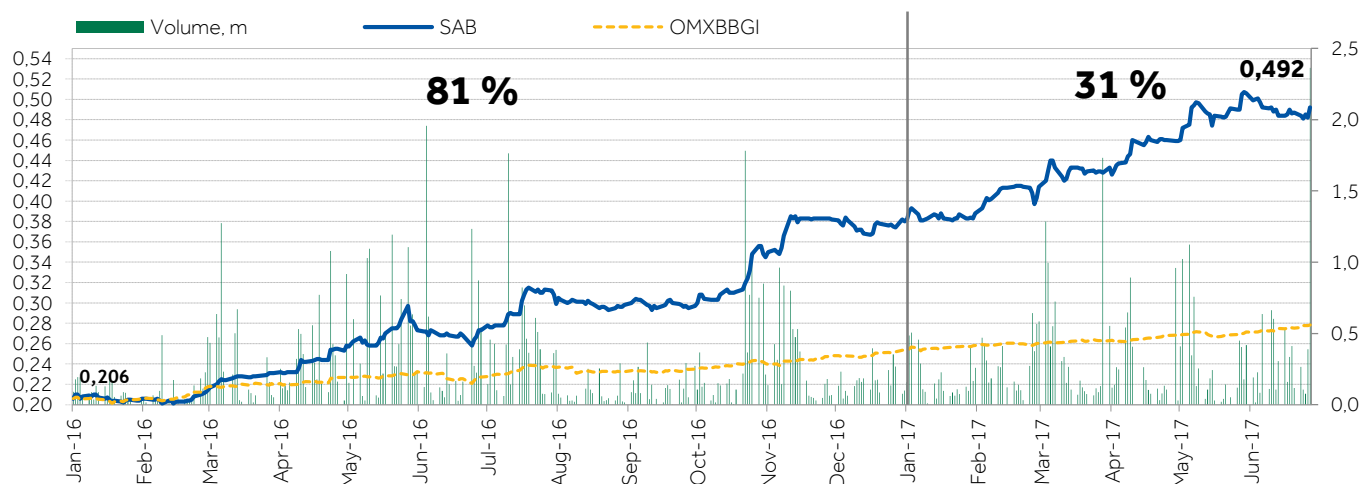
The Bank's shareholders owning more than 5 per cent of the Bank's shares as of 30 June 2017 are as follows:

	Number of shares under the right of ownership, units	Share of authorized capital under the right of ownership, %	Share of votes under the right of ownership, %	Share of votes together with related parties, per cent
European Bank for Reconstruction and Development (ERPB)	82,638,438	18.24	18.24	38.87
Invalda INVLA AB	30,749,372	6.79	6.79	-
Gintaras Kateiva	26,356,752	5.82	5.82	38.87

EBRD, Trade House Aiva UAB, Mintaka UAB, Enterprise group Alita AB, Sigitas Baguckas, Algirdas Butkus, Vigintas Butkus, Vytautas Junevičius, Gintaras Kateiva, Arvydas Salda ir Kastytis Jonas Vyšniauskas who have signed the Shareholders' Agreement as well as other shareholders whose votes are calculated together in compliance with the law of the Republic of Lithuania form a group that owned 38.87 per cent of the Bank's authorized capital and votes as of 31 December 2017.

General meeting of shareholders held on 30 March 2017 passed a resolution to increase the Bank's authorized capital by EUR 21,894,331.55 from retained earnings issuing 75,497,695 ordinary registered shares with EUR 0.29 nominal value, to distribute them to the shareholders owning the Bank's shares on the day of accounting of rights on 13 April 2017. On 12 June 2017, 20 per cent of the new shares were credited to the personal securities accounts of the shareholders holding shares on the day of accounting of rights. The amendments of the Charter related to the capital increase were registered the Register of Legal Entities on 06 June 2017.

Bank's shares: turnover and price:



Share data	2012	2013	2014	2015	2016	2017 H1
Capitalisation, mEur	54.2	66.5	71.8	93.7	169.5	222.9
Turnover, mEur	2.8	5.5	8.1	12.7	23.1	18.5
P/BV	0.6	0.7	0.7	0.7	1.0	1.2
P/E	14.3	12.4	6.1	3.9	3.9	5.8
Capital increase from retained earnings, per cent	6.5	8.0	8.6	20.0	20.0	n/a
Dividend yield, per cent	0.6	-	0.3	0.7	1.1	n/a

Description of alternative performance measures presented in the document is available on the Bank's website:

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

ACQUISITION OF OWN SHARES

The Bank and its subsidiary companies or persons acting at the instruction of the subsidiary companies do not hold any shares of the Bank. The Bank has not acquired its own shares and has not transferred them to others over the accounting period. The shares to those employees who in compliance with the Bank's Remuneration Policy should receive the shares are purchased at the Nasdaq Vilnius stock exchange on behalf of the group by the joint order which is covered from the Bank's funds.

DIVIDENDS

The Bank does not have an established procedure for allocation of dividends. The General Shareholders' Meeting annually decides either to pay dividends or not while allocating the Bank's profit.

Dividends paid by the Bank:

<i>Dividend allocation and disbursement year</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>
<i>Per cent from the nominal value</i>	0.50	0.00	0.25	0.69	1.72
<i>Amount of dividends per share, EUR</i>	0.00145	0.00	0.000725	0.002	0.005
<i>Amount of dividends, EUR</i>	340 097	0.00	195,750	629,147	1,887,442
<i>Dividends to net profit, per cent</i>	7.89	0.00	1.84	2.97	4.53

AGREEMENTS WITH INTERMEDIARIES IN PUBLIC CIRCULATION OF SECURITIES

No agreements regarding the accounting of securities issued by the Bank are concluded with the public trading intermediaries, this type of accounting is administrated by the Bank's Securities Accounting Unit. Also, no market-making agreements regarding securities issued by the Bank are concluded.

As of 30 June 2017, the Bank itself, being a public trading intermediary, administrated accounting of more than 200 securities issues under agreements with securities issuing companies and according to the agreements provided market-making services with regard to 14 securities issues on the Nasdaq Baltic market.

INFORMATION ON MALICIOUS TRANSACTIONS

No malicious transactions not meeting the objectives of the Bank, normal market conditions, breaching the shareholders' or other group's interests which have had or will likely have a negative impact on the Bank's performance or activity results have been entered during the reporting period. Moreover, there were no transactions entered in terms of conflict of interest among the senior managers of the Bank, controlling shareholders or other related parties' positions to the Bank and their private interests and (or) positions.

BANK'S MANAGEMENT

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

The management bodies of the Bank are as follows: Board of the Bank and Chief Executive Officer.

Supervisory Council of the Bank

Arvydas Salda	Gintaras Kateiva	Valdas Vitkauskas	Ramunė Vilija Zabulienė	Darius Šulinis	Martynas Česnavičius	Miha Košak
						
Member since 1991, Chairman since 1999	Member since 2008	Member since 2014	Independent member since 2012	Member since 2016	Member since 2016	Member since 2017
Beginning of the tenure 30/03/2016/ end 2020	Beginning of the tenure 30/03/2016/ end 2020	Beginning of the tenure 30/03/2016/ end 2020	Beginning of the tenure 30/03/2016/ end 2020	Beginning of the tenure 09/05/2016/ end 2020	Beginning of the tenure 09/05/2016/ end 2020	Beginning of the tenure 26/06/2017/ end 2020
Share of capital under the right of ownership, % (30/06/2017)						
2.42	5.82	0	0	0	0	0
Share of votes together with the related persons, % (30/06/2017)						
38.87	38.87	0	0	38.87	38.87	0

30 March 2017 Peter Reiniger resigned from the Bank's Supervisory Council members. During the General meeting of shareholders held on 30 March 2017 **Miha Košak** was elected as a new member of the Supervisory Council who started taking his Supervisory Council member's office from 26 June 2017 after receiving the permission from the Bank of Lithuania.

Board of the Bank

Algirdas Butkus	Vytautas Sinius	Donatas Savickas	Daiva Šorienė	Vita Adomaitytė	Jonas Bartkus	Ilona Baranauskienė
						
Chairman since 1999, (Chairman of the Supervisory Council 1991-1999) Deputy Chief Executive Officer	Deputy Chairman of the Board since 2014 (at the Board since 2011) Chief Executive Officer	Deputy Chairman of the Board since 1995 Deputy Chief Executive Officer, Head of Finance and Risk Management Division	Member since 2005 Deputy Chief Executive Officer, Head of Business Development Division	Member since 2011 Chief Accountant, Head of Accounting and Tax Division	Member since 2012 Head of IT Division	Member since 2014 Head of Assets Restructuring Division
Beginning of the tenure 30/03/2016/ end 2020	Beginning of the tenure 30/03/2016/ end 2020	Beginning of the tenure 30/03/2016/ end 2020	Beginning of the tenure 30/03/2016/ end 2020	Beginning of the tenure 30/03/2016/ end 2020	Beginning of the tenure 30/03/2016/ end 2020	Beginning of the tenure 30/03/2016/ end 2020
Share of capital under the right of ownership, % (30/06/2017)						
3.05	0.15	0.12	0.07	0.08	0.10	0.02
Share of votes together with the related persons, % (30/06/2017)						
38.87	38.87	38.87	38.87	38.87	38.87	38.87

MEMBERS OF THE COMMITTEES FORMED WITHIN THE BANK, THE AREAS OF THEIR PERFORMANCE

The functions, procedures of formation and the policy of activities of the committees formed within the Bank are defined by the legal acts of the Republic of Lithuania, legal acts of the Bank of Lithuania as well as provisions of the certain committees approved by the Management Board or Supervisory Council of the Bank.

COMMITTEES GOVERNED BY THE BANK'S SUPERVISORY COUNCIL:

Information on the members of the committees as of 30 June 2017:

The Risk Committee shall advise the management bodies of the Bank on the overall current and future risk acceptable to the Bank and strategy and assist in overseeing the implementation of the strategy at the Bank, shall verify whether prices of liabilities and assets offered to clients take fully into account the Bank's business model and risk strategy and shall also shall carry out other functions provided for in its provisions.

	<i>Name, surname</i>	<i>Beginning / end of the tenure</i>
<i>Chairman</i>	Darius Šulnis	09/05/2016 /2020
<i>Members:</i>	Ramunė Vilija Zabulienė	30/03/2017 /2020
	Arvydas Salda	30/03/2016 /2020

The Audit Committee shall address issues related to strengthening the Bank's internal control system and improving the work of the Audit Department, ensure the independence of the Audit Department performance, coordinate the distribution of audited areas between internal and external auditors, and discuss other issues identified by the supervisory authority's regulations and the Audit Committee's regulations. Following the laws and legal act if the supervisory authority the composition, competences and arrangement of activities of the Audit Committee are defined by the provisions of the Audit Committee approved by the Bank's Supervisory Council.

	<i>Name, surname</i>	<i>Beginning / end of the tenure</i>
<i>Chairperson</i>	Ramunė Vilija Zabulienė	30/03/2016 /2020
<i>Members:</i>	Martynas Česnavičius	09/05/2016 /2020
	Valdas Vitkauskas	30/03/2016 /2020

The Nomination Committee shall nominate and recommend, for the approval of the management bodies of the bank or for approval of the general meeting of shareholders, candidates to fill management body vacancies, evaluate the balance of skills, knowledge and experience of the management body of the Bank, submit comments and findings related to the matter, assess the structure, size, composition, operating results, skills of its members, their experience and carry out other functions provided for in its provisions.

	<i>Name, surname</i>	<i>Beginning / end of the tenure</i>
<i>Chairman</i>	Valdas Vitkauskas	30/03/2016 /2020
<i>Members:</i>	Ramunė Vilija Zabulienė	30/03/2016 /2020
	Darius Šulnis	09/05/2016 /2020

The Remuneration Committee shall advise the management bodies of the Bank on the overall current and future risk acceptable to the Bank and strategy and assist in overseeing the implementation of the strategy at the Bank, shall verify whether prices of liabilities and assets offered to clients take fully into account the Bank's business model and risk strategy and shall also shall carry out other functions provided for in its provisions.

	<i>Name, surname</i>	<i>Beginning / end of the tenure</i>
<i>Chairman</i>	Gintaras Kateiva	30/03/2016 /2020
<i>Members:</i>	Martynas Česnavičius	09/05/2016 /2020
	Arvydas Salda	30/03/2017 /2020

COMMITTEES GOVERNED BY THE BANK'S MANAGEMENT BOARD:

Information on the members of the committees as of 30 June 2017:

The Loan Committee shall analyse loan application documents, decide regarding loan granting and amendments to their terms, suggest on improvement of the loan granting and administration procedures and perform other functions foreseen by its provisions.

	<i>Name, surname</i>	<i>Office</i>
<i>Chairman</i>	Vytautas Sinius	Chief Executive Officer
<i>Members:</i>	Edas Mirijauskas (Deputy)	Director of Credit Risk Department
	Giedrius Sarapinas	Deputy Director of Credit Risk Department
	Daiva Šorienė	Head of Business Development Division
	Donatas Savickas	Head of Finance and Risk Management Division
	Aurelija Geležiūnė	Director of the Legal Department
	Mindaugas Rudys (Deputy Member)	Deputy Head of Business Development Division

The Risk Management Committee shall carry out functions related to the organization, coordination and control of the Bank's risk management system, the assessment and assurance of the risk level acceptable to the Bank in terms of risk tolerance as well as perform other functions provided for in its regulations:

	<i>Name, surname</i>	<i>Office</i>
<i>Chairman</i>	Donatas Savickas	Head of Finance and Risk Management Division
<i>Members:</i>	Algimantas Gaulia (Deputy)	Director of Risk Management and Reporting Department
	Pranas Gedgaudas	Deputy Director of Markets and Treasury Department
	Edas Mirijauskas	Director of Credit Risk Department
	Jolanta Dūdaitė	Director of Risk Management Unit
	Morena Liachauskienė	Director of Operational Risk Department

RISK MANAGEMENT, COMPLIANCE WITH PRUDENTIAL REQUIREMENTS

A complete disclosure of all significant risks incurred by the Group is provided in the chapter Financial Risk Management of the explanatory note of the financial statement for 2016. More detailed information on the key risk incurred by the Group over the reporting period by size, their management and principle amendments is provided for in the explanatory note of the interim financial statement for the 6 months of 2017:

- Credit risk management - note 1;
- Liquidity, market and operational risks – Note 13.

Besides the disclosures provided for in the annual report for 2016 and interim financial report for the 6 months of 2017 the Bank has not identified any new factors able to make a significant impact on the incurred risks.

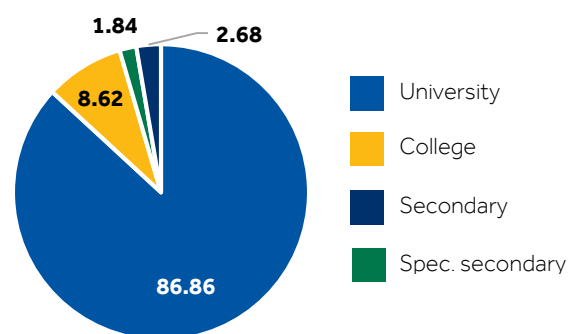
30 June 2017, the Bank complied with all established prudential requirements. The information is kept up-to-date and available on the Bank's website www.sb.lt at: [About bank](#) › [To Bank's Investors](#) -> [Financial statements, ratios and prospectuses - Prudential standards](#).

EMPLOYEES

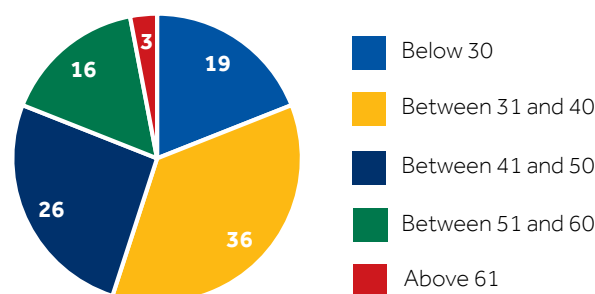
As of 30 June 2017 the Bank employed 708 employees, whereas together with the Group's companies their number reached 811. Comparing to 30 June 2016 the number of employees decreased by 2 per cent while together with the Group's companies the number decreased by 2.4 per cent.

As of 30 June 2017 the Group's companies employed 78.5 per cent of women and 21.5 per cent of men.

The Bank's employees by education



The Bank's employees by age



Remuneration to the Bank's and Financial Group's employees is paid in accordance with the Remuneration Policy approved by the Bank's Supervisory Council while the Bank's Management Board bears responsibility for its implementation. The Remuneration Policy is reviewed annually. The suggestions regarding the principles of remuneration are submitted by the Remuneration Committee.

The monthly average salary of the Bank's employees:

	Leading employees		Other employees	
	Average number of employees	Average monthly salary, in EUR	Average number of employees	Average monthly salary, in EUR
2014	78	3,087	565	776
2015	85	3,058	546	836
2016	87	3,528	581	921
H1 2017	87	4,203	576	985

Information on the variable remuneration to the Bank's and Financial Group's * employees whose professional performance and (or) decisions can have a significant impact on the risks assumed by the Bank:

	Monetary payments (EUR thousand)	Bank's shares (thousand units)
Outstanding deferred variable remuneration 31/12/2016	284	967
Variable remuneration assigned for 2016	855	1,888
Variable remuneration paid over H1 2017	673	1,645
Outstanding deferred variable remuneration 30/06/2017	466	1,210

* Financial Group which includes the following: the Bank, Šiaulių Banko Lizingas UAB, SB Lizingas UAB, Šiaulių Banko Turto Fondas and Šiaulių Banko Investicijų Valdymas UAB.

GROUP COMPOSITION

Company	Nature of activities	Registration date	Company code	Address	Telephone	Website
Šiaulių Bankas AB	commercial banking	04/02/1992	112025254	Tilžės str. 149, LT-76348 Šiauliai	(8 41) 595 607	www.sb.lt

The subsidiaries managed by the Bank directly

SB Lizingas UAB	finance lease, consumer credits	14/07/1997	234995490	Laisvės al. 80, LT-44249 Kaunas	(8 37) 407 200	www.sblizingas.lt
Life insurance „Bonum Publicum“ UAB	life insurance	31/08/2000	110081788	Laisvės pr. 3, LT-04215 Vilnius	(8 5) 236 2723	www.bonumpublicum.lt
Šiaulių Banko Lizingas UAB	finance lease (leasing) and operating lease	16/08/1999	145569548	Vilniaus str. 167, LT-76352 Šiauliai	(8 41) 598 010 (8 5) 272 3015	www.sb.lt
Šiaulių Banko Turto Fondas UAB	real estate management	13/08/2002	145855439	Vilniaus str. 167, LT-76352 Šiauliai	+370 41 525 322	www.sbp.lt
SBTF UAB	management and administration of real estate	24/11/2004	300069309	Tilžės str. 167, LT-76352 Šiauliai	(8 41) 525 322	www.sbp.lt
Minera UAB	real estate management	30/09/1992	121736330	Dvaro str. 123A, LT-76208 Šiauliai	+370 41 399 423	www.sbp.lt www.minera.lt
Pavasaris UAB	development of residential apartment area	25/09/1992	121681115	Jonažolių str. 3-113, LT-04138 Vilnius	(8 5) 244 8096	www.sbp.lt www.pavasaris.net
Šiaulių banko investicijų valdymas UAB (INVESTMENT MANAGEMENT)	investment management	31/08/2000	145649065	Šeimyniškių str. 1A, LT-09312 Vilnius	(8 5) 272 2477	www.sbp.lt
ŽSA 5 UAB	activities of head offices (supervision and management of related units)	03/10/2012	302878779	Jogailos str. 9, LT-01116 Vilnius	(8 688) 56660	

The subsidiaries managed by the Bank indirectly

Sandworks UAB *	real estate management	10/10/2012	302896357	Skrudynės str. 1, LT-93123 Neringa	+370 615 34251	
Apželdinimas UAB **	afforestation, landscaping	05/02/1991	132443396	A. Mickevičiaus str. 56, LT-44244 Kaunas	(8 37) 391 055	

* As of 30 June 2016 ŠB Investicijų Valdymas, 100 per cent owned by the Bank, controlled 100 per cent of block of shares of Sandworks

** As of 30 June 2016 ŠB Investicijų Valdymas, 100 per cent owned by the Bank, controlled 100 per cent of block of shares of Apželdinimas

Subsidiaries held for sale

As of 30 June 2017 the Bank had the following subsidiaries held for sale: ŽSA 1 UAB, ŽSA 2 UAB, ŽSA 3 UAB, ŽSA 4 UAB. All these subsidiaries were controlled by the Bank directly and the Bank's controlled 100 per cent of their shares.

OTHER INFORMATION, PUBLISHED
INFORMATION AND THE MAJOR EVENTS

TRANSACTIONS WITH RELATED PARTIES

Information on the transactions with the related parties is provided in note 12 to the Bank's interim financial statements as of 30 June 2017.

In accordance with the procedures set by the Charter of the Bank and the legal acts of the Republic of Lithuania all the stock events are announced in the Central regulated information base and on the Bank's website www.sb.lt at [Reports on Stock Events](#). Reports on the Meeting of Shareholders was additionally announced in the daily newspaper *Lietuvos rytas*.

Other important events are available on the Bank's website www.sb.lt at [Significant Events and Dates](#).

Chief Executive Officer
07 August 2017



Vytautas Sinius



CONFIRMATION FROM THE RESPONSIBLE PERSONS

We, Chief Executive Officer of Šiaulių Bankas AB Vytautas Sinius and Deputy Chief Accountant acting as Chief Accountant Žaneta Bytautienė, confirm hereby that the provided consolidated interim financial statements of Šiaulių Bankas AB for six month period ended 30 June 2017 are compiled in compliance with applicable accounting standards, correspond to the reality and correctly reveal the assets, liabilities, financial status, activity result and cash flows of Šiaulių Bankas AB and its Group of Companies, moreover, we confirm that the review of the business development and activities, the status of the Bank and the Group, alongside with the description of the key risks and indeterminacies incurred, are correctly revealed in the consolidated half-year report.

Chief Executive Officer

A handwritten signature in blue ink, appearing to read 'V. Sinius'.

Vytautas Sinius

Deputy Chief Accountant
acting as Chief Accountant

A handwritten signature in blue ink, appearing to read 'Ž. Bytautienė'.

Žaneta Bytautienė

7 August 2017