

INTERIM INFORMATION

for the three months period ended 31 March 2023

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CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

for the three months period ended 31 March 2023

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

	31 March 2023			31 December 2022	
	Notes	Group	Bank	Group	Bank
ASSETS					
Cash and cash equivalents		363,329	362,648	384,758	383,518
Securities in the trading book	2	60,029	26,703	58,301	27,287
Due from other banks		2,733	2,733	2,733	2,733
Derivative financial instruments		818	818	897	897
Loans to customers	1	2,440,832	2,427,651	2,391,629	2,370,762
Finance lease receivables	1	250,099	249,848	242,448	242,192
Investment securities at fair value	2	80,146	80,146	90,225	90,225
Investment securities at amortized cost	2	982,399	969,691	969,033	956,332
Investments in subsidiaries and associates	2	100	23,233	100	31,441
Intangible assets		8,659	6,780	8,283	6,450
Property, plant and equipment		16,196	15,513	16,151	15,525
Investment property		1,017	-	1,827	-
Current income tax prepayment		2,469	2,460	6	-
Deferred income tax asset		4,547	4,122	5,659	5,234
Other assets	3	17,276	12,893	12,331	8,724
Assets held for sale	3	150	150	150	150
Total assets		4,230,799	4,185,389	4,184,531	4,141,470
LIABILITIES					
Due to other banks and financial institutions	5	693,802	695,790	685,075	686,559
Derivative financial instruments		2,038	2,038	7,152	7,152
Due to customers	4	2,804,060	2,808,386	2,784,968	2,789,348
Special and lending funds	5	8,647	8,647	14,184	14,184
Debt securities in issue		172,765	172,765	171,231	171,231
Current income tax liabilities		8,946	8,357	4,374	4,036
Deferred income tax liabilities		1,368	-	1,463	-
Liabilities related to insurance activities	17	41,608	-	39,313	-
Other liabilities		53,776	44,412	35,075	26,176
Total liabilities		3,787,010	3,740,395	3,742,835	3,698,686
EQUITY					
Share capital	6	174,211	174,211	174,211	174,211
Share premium		3,428	3,428	3,428	3,428
Treasury shares (-)	6	(1,868)	(1,868)	-	-
Reserve capital		756	756	756	756
Statutory reserve	6	47,796	47,605	37,113	36,922
Reserve for acquisition of own shares	6	20,000	20,000	20,000	20,000
Financial instruments revaluation reserve		(7,523)	(7,538)	(8,097)	(8,111)
Other equity	6	2,508	1,917	2,355	1,917
Retained earnings		204,481	206,483	211,930	213,661
Non-controlling interest		-	-	-	-
Total equity		443,789	444,994	441,696	442,784
Total liabilities and equity		4,230,799	4,185,389	4,184,531	4,141,470

The notes on pages 9 - 32 constitute an integral part of these financial statements.

Chief Executive Officer

Chief Financial Officer

28 April 2023



Vytautas Sinius



Donatas Savickas

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

	for the three months period ended				
	Notes	31 March 2023		31 March 2022	
		Group	Bank	Group	Bank
<i>Interest revenue calculated using the effective interest method</i>	7	39,941	36,495	22,572	19,151
<i>Other similar income</i>	7	4,263	4,219	2,552	2,512
<i>Interest expense and similar charges</i>	7	(8,769)	(8,766)	(3,098)	(3,101)
Net interest income		35,435	31,948	22,026	18,562
<i>Fee and commission income</i>	8	6,331	6,552	6,313	6,468
<i>Fee and commission expense</i>	8	(1,784)	(1,753)	(1,810)	(1,772)
Net fee and commission income		4,547	4,799	4,503	4,696
<i>Net gain from trading activities</i>	11	2,926	1,721	(102)	1,792
<i>Net gain (loss) from derecognition of financial assets</i>		266	36	138	7
<i>Net gain (loss) from disposal of tangible assets</i>		638	(2)	205	25
<i>Revenue related to insurance activities</i>		2,578	-	2,195	-
<i>Other operating income</i>		146	160	581	569
<i>Salaries and related expenses</i>		(8,804)	(7,928)	(7,508)	(6,694)
<i>Depreciation and amortization expenses</i>		(1,346)	(1,242)	(1,109)	(997)
<i>Expenses related to insurance activities</i>	11	(3,272)	-	121	-
<i>Other operating expenses</i>	9	(5,778)	(4,532)	(3,921)	(2,989)
Operating profit before impairment losses		27,336	24,960	17,129	14,971
<i>Allowance for impairment losses on loans and other assets</i>	10	(2,762)	(1,885)	(2,672)	(2,295)
<i>Allowance for impairment losses on investments in subsidiaries</i>	10	-	-	-	-
<i>Share of the profit or loss of investments in subsidiaries accounted for using the equity method</i>	12	-	1,392	-	1,384
Profit before income tax		24,574	24,467	14,457	14,060
<i>Income tax expense</i>		(5,421)	(5,043)	(3,000)	(2,702)
Net profit for the period		19,153	19,424	11,457	11,358
<i>Profit (loss) from discontinued operations, net of tax</i>		-	-	-	-
Net profit for the period		19,153	19,424	11,457	11,358
Net profit attributable to:					
<i>Owners of the Bank</i>		19,153	19,424	11,457	11,358
<i>From continuing operations</i>		19,153	19,424	11,457	11,358
<i>From discontinued operations</i>		-	-	-	-
<i>Non-controlling interest</i>		-	-	-	-
<i>Basic earnings per share (in EUR per share) attributable to owners of the Bank</i>	6	0.03		0.02	
<i>Diluted earnings per share (in EUR per share) attributable to owners of the Bank</i>	6	0.03		0.02	

The notes on pages 9 - 32 constitute an integral part of these financial statements.

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

	for the three months period ended			
	31 March 2023		31 March 2022	
	Group	Bank	Group	Bank
Net profit for the period	19,153	19,424	11,457	11,358
Other comprehensive income				
<i>Items that may be subsequently reclassified to profit or loss:</i>				
Gain from revaluation of financial assets	717	716	(2,996)	(2,996)
Deferred income tax on gain from revaluation of financial assets	(143)	(143)	599	599
<i>Items that may not be subsequently reclassified to profit or loss:</i>				
Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in their credit risk	-	-	-	-
Other comprehensive income, net of deferred tax	574	573	(2,397)	(2,397)
Total comprehensive income for the period	19,727	19,997	9,060	8,961
Total comprehensive income (loss) attributable to:				
Owners of the Bank	19,727	19,997	9,060	8,961
Non-controlling interest	-	-	-	-
	19,727	19,997	9,060	8,961

The notes on pages 9 - 32 constitute an integral part of these financial statements.

THE GROUP'S CONDENSED STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital	Share premium	Treasury shares (-)	Reserve capital	Financial instruments revaluation reserve	Statutory reserve	Reserve for acquisition of own shares	Other equity	Retained earnings	Total	Non-controlling interest	Total equity
		Attributable to Bank shareholders											
1 January 2021		174,211	3,428	(516)	756	(583)	21,893	10,000	3,288	193,950	406,427	-	406,427
Transfer to statutory reserve		-	-	-	-	-	15,220	-	-	(15,220)	-	-	-
Transfer to reserve for acquisition of own shares	6	-	-	-	-	-	-	10,000	-	(10,000)	-	-	-
Acquisition of own shares	6	-	-	(1,557)	-	-	-	(234)	-	-	(1,791)	-	(1,791)
Share-based payment	6	-	-	-	-	-	-	234	-	-	234	-	234
Payment of dividends	6	-	-	-	-	-	-	-	-	(20,425)	(20,425)	-	(20,425)
Total comprehensive income		-	-	-	-	(2,397)	-	-	-	11,457	9,060	-	9,060
31 March 2022		174,211	3,428	(2,073)	756	(2,980)	37,113	20,000	3,288	159,762	393,505	-	393,505
Share-based payment	6	-	-	2,073	-	-	-	-	(933)	11	1,151	-	1,151
Total comprehensive income		-	-	-	-	(5,117)	-	-	-	52,157	47,040	-	47,040
31 December 2022		174,211	3,428	-	756	(8,097)	37,113	20,000	2,355	211,930	441,696	-	441,696
Transfer to statutory reserve		-	-	-	-	-	10,683	-	-	(10,683)	-	-	-
Acquisition of own shares	6	-	-	(1,868)	-	-	-	-	-	-	(1,868)	-	(1,868)
Share-based payment	6	-	-	-	-	-	-	-	153	-	153	-	153
Payment of dividends	6	-	-	-	-	-	-	-	-	(15,919)	(15,919)	-	(15,919)
Total comprehensive income		-	-	-	-	574	-	-	-	19,153	19,727	-	19,727
31 March 2023		174,211	3,428	(1,868)	756	(7,523)	47,796	20,000	2,508	204,481	443,789	-	443,789

THE BANK'S CONDENSED STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital	Share premium	Treasury shares (-)	Reserve capital	Financial instruments revaluation reserve	Statutory reserve	Reserve for acquisition of own shares	Other equity	Retained earnings	Total equity
1 January 2021		174,211	3,428	(516)	756	(597)	21,770	10,000	2,870	195,659	407,581
Transfer to statutory reserve		-	-	-	-	-	15,152	-	-	(15,152)	-
Transfer to reserve for acquisition of own shares	6	-	-	-	-	-	-	10,000	-	(10,000)	-
Acquisition of own shares	6	-	-	(1,557)	-	-	-	(234)	-	-	(1,791)
Share-based payment	6	-	-	-	-	-	-	234	-	-	234
Payment of dividends	6	-	-	-	-	-	-	-	-	(20,425)	(20,425)
Total comprehensive income		-	-	-	-	(2,397)	-	-	-	11,358	8,961
31 March 2022		174,211	3,428	(2,073)	756	(2,994)	36,922	20,000	2,870	161,440	394,560
Share-based payment	6	-	-	2,073	-	-	-	-	(953)	-	1,120
Total comprehensive income		-	-	-	-	(5,117)	-	-	-	52,221	47,104
31 December 2022		174,211	3,428	-	756	(8,111)	36,922	20,000	1,917	213,661	442,784
Transfer to statutory reserve		-	-	-	-	-	10,683	-	-	(10,683)	-
Acquisition of own shares	6	-	-	(1,868)	-	-	-	-	-	-	(1,868)
Payment of dividends	6	-	-	-	-	-	-	-	-	(15,919)	(15,919)
Total comprehensive income		-	-	-	-	573	-	-	-	19,424	19,997
31 March 2023		174,211	3,428	(1,868)	756	(7,538)	47,605	20,000	1,917	206,483	444,994

The notes on pages 9 - 32 constitute an integral part of these financial statements.

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

	Notes	for the three months period ended			
		31 March 2023		31 March 2022	
		Group	Bank	Group	Bank
Operating activities					
Interest received on loans and advances		38,084	35,066	26,305	22,844
Interest received on securities in the trading book		465	429	176	143
Interest paid		(4,299)	(4,320)	(3,388)	(3,398)
Fees and commissions received		6,331	6,552	6,278	6,468
Fees and commissions paid		(1,784)	(1,753)	(1,810)	(1,772)
Net cash inflows from trade in securities in the trading book		(3,836)	(3,935)	(4,602)	(2,024)
Net inflows from foreign exchange operations		1,638	1,638	1,925	1,901
Net inflows from derecognition of financial assets		266	36	138	7
Net inflows from derecognition of non-financial assets		638	(2)	205	25
Cash inflows related to other activities of Group companies		2,724	160	3,478	569
Cash outflows related to other activities of Group companies		(3,272)	-	-	-
Recoveries on loans previously written off		83	61	211	27
Salaries and related payments to and on behalf of employees		(7,842)	(6,966)	(6,660)	(5,846)
Payments related to operating and other expenses		(5,778)	(4,532)	(5,088)	(3,986)
Income tax paid		(2,295)	(2,070)	(3,333)	(3,093)
Net cash flow from operating activities before change in operating assets and liabilities		21,123	20,364	13,835	11,865
Change in operating assets and liabilities:					
Decrease (increase) in due from other banks		-	-	1,096	1,096
(Increase) in loans to customers and finance lease receivables		(48,326)	(58,950)	(104,073)	(106,532)
(Increase)/decrease in finance lease receivables		(8,332)	(8,337)	(4,324)	(4,351)
Decrease (increase) in other assets		(6,610)	(3,040)	214	1,689
Decrease (increase) in due to banks and financial institutions		5,066	5,570	17,254	17,438
Increase (decrease) increase in due to customers		18,352	18,298	(42,434)	(42,260)
Increase in special and lending funds		(5,537)	(5,537)	(180)	(180)
Increase (decrease) in other liabilities		1,503	572	(4,138)	(937)
Change		(43,884)	(51,424)	(136,585)	(134,037)
Net cash flow from (used in) from operating activities		(22,761)	(31,060)	(122,750)	(122,172)
Investing activities					
Acquisition of property, plant and equipment, investment property and intangible assets		(227)	(1)	(1,948)	(1,841)
Disposal of property, plant and equipment, investment property and intangible assets		1,506	76	866	847
Acquisition of debt securities at amortized cost		(20,065)	(19,765)	(49)	(2)
Proceeds from redemption of debt securities at amortized cost		10,210	10,000	473	33
Interest received on debt securities at amortized cost		2,477	2,427	2,571	2,531
Dividends received		1	10,001	1	1
Acquisition of investment securities at fair value		-	-	(14,447)	(12,441)
Sale or redemption of investment securities at fair value		10,000	10,000	8,636	6,620
Interest received on investment securities at fair value		36	36	22	4
Acquisition of shares in subsidiaries		(400)	(400)	-	-
Net cash flow (used in) from investing activities		3,538	12,374	(3,875)	(4,248)
Financing activities					
Payment of dividends		(1)	(1)	-	-
Redemption of own shares		(1,868)	(1,868)	(1,557)	(1,557)
Principal elements of lease payments		(337)	(315)	(339)	(303)
Net cash flow (used in) financing activities		(2,206)	(2,184)	(1,896)	(1,860)
Net increase (decrease) in cash and cash equivalents		(21,429)	(20,870)	(128,521)	(128,280)
Cash and cash equivalents at 1 January		384,758	383,518	965,723	964,849
Cash and cash equivalents at 31 March		363,329	362,648	837,202	836,569

The notes on pages 9 - 32 constitute an integral part of these financial statements.

GENERAL INFORMATION

Šiaulių Bankas AB was registered as a public company in the Enterprise Register of the Republic of Lithuania on 4 February 1992. The Bank is licensed by the Bank of Lithuania to perform all banking operations provided for in the Law on Banks of the Republic of Lithuania and the Charter of the Bank. In this document, Šiaulių Bankas AB is referred to as the Bank, Šiaulių Bankas AB and its subsidiaries (described in more detail in Note 2) - the Group.

The Head Office of the Bank is located in Šiauliai, Tilžės str. 149, LT-76348. At the end of the reporting period the Bank had 56 customer service outlets (31 December 2022: 56 outlets). As at 31 March 2023 the Bank had 846 employees (31 December 2022: 817). As at 31 March 2023 the Group had 936 employees (31 December 2022: 908 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 Bylaws of the Bank.

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

This condensed interim financial information for the three months period ended 31 March 2023 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 2022, 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 2022.

Income tax

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

New and amended standards, and interpretations

The Bank's management do not believe the newly published standards, amendments and interpretations that are mandatory for the Bank's reporting periods beginning on or after 1 January 2023 will have a material impact on the Bank's financial statements, also there are no new standards, amendments and interpretations that are mandatory for the Bank with effect from 2023, and that would have a material impact on the Bank's financial information.

Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current event and actions, actual results ultimately may differ from those estimates. In preparing these condensed interim financial statements, the significant judgements made in applying Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements as at and for the year ended 31 December 2022, except for judgements and estimations used for calculation of impairment, which were revised to reflect the most recent economic forecasts. These judgements and estimates are described in more detail in Notes 1 and 10. It should be noted that at the moment of producing the financial reports there was no full clarity regarding further development scenarios of Russia invasion to Ukraine and uncertainties regarding further global, country and sector development trends existed, therefore there is a significant probability that actual results may deviate from the estimated.

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

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

NOTE 1

LOANS TO CUSTOMERS AND FINANCE LEASE RECEIVABLES

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

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

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

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

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

	31 March 2023		31 December 2022	
	Group	Bank	Group	Bank
<i>Cash equivalents</i>	283,352	282,716	307,443	306,303
<i>Loans and advances to banks</i>	2,733	2,733	2,733	2,733
<i>Loans and advances to customers:</i>	2,440,832	2,427,651	2,391,629	2,370,762
<i>Loans and advances to financial institutions</i>	-	219,401	-	195,623
<i>Loans to individuals (Retail)</i>	1,152,430	939,822	1,114,258	916,118
<i>Loans to business customers</i>	1,288,402	1,268,428	1,277,371	1,259,021
<i>Finance lease receivables</i>	250,099	249,848	242,448	242,192
<i>Debt securities at fair value through profit or loss</i>	29,623	26,432	30,148	27,056
<i>Derivative financial instruments</i>	818	818	897	897
<i>Debt securities at fair value through other comprehensive income</i>	76,174	76,174	85,271	85,271
<i>Debt securities at amortized cost</i>	982,399	969,691	969,033	956,332
<i>Other assets subject to credit risk</i>	5,965	5,762	5,815	5,620
<i>Credit risk exposures relating to off-balance sheet items are as follows:</i>				
<i>Financial guarantees</i>	57,473	57,534	52,655	52,716
<i>Letters of credit</i>	94	94	5,756	5,756
<i>Loan commitments and other credit related liabilities</i>	559,449	554,192	490,944	492,592
Total	4,689,011	4,653,645	4,584,772	4,548,230

LOANS TO CUSTOMERS AND FINANCE LEASE RECEIVABLES (CONTINUED)

Loans to customers

Loans and advances are summarized as follows:

	31 March 2023		31 December 2022	
	Group	Bank	Group	Bank
Gross loans at amortized cost	2,474,094	2,452,982	2,423,800	2,395,409
<i>Less: allowance for impairment</i>	(36,678)	(28,747)	(34,229)	(26,705)
Net loans at amortized cost	2,437,416	2,424,235	2,389,571	2,368,704
<i>Amount of loans at fair value</i>	3,416	3,416	2,058	2,058
Total loans	2,440,832	2,427,651	2,391,629	2,370,762

The Bank has provided loans as investment to securitization vehicle through Bank's subsidiary SB Modernizavimo Fondas UAB for financing multiapartment buildings renovation projects. Bank's investments in securitization will be provided in several tranches to different investment layers bearing different risk levels. Investments made so far were made into layer bearing highest level of risk, therefore according to clauses in IFRS 9 applicable to contractually linked instruments, loans to SB Modernizavimo Fondas UAB are accounted at fair value through profit and loss and are disclosed in statement of financial position within line "Loans to customers". At initial recognition it was considered that fair value of these loans is equal to its acquisition value. Since initial recognition there were no circumstances due to which fair value of loans granted to SB Modernizavimo Fondas UAB would change significantly.

The distribution of loans by stages and days past due:

	31 March 2023					31 December 2022				
	Not past due	Past due <= 30 days	Past due 31-90 days	Past due >90 days	Total	Not past due	Past due <= 30 days	Past due 31-90 days	Past due >90 days	Total
Stage 1:										
<i>Gross amount</i>	2,190,919	54,778	1,681	3	2,247,381	2,146,375	36,617	-	-	2,182,992
<i>Allowance for impairment</i>	(15,233)	(816)	(81)	-	(16,130)	(12,893)	(645)	-	-	(13,538)
Net amount	2,175,686	53,962	1,600	3	2,231,251	2,133,482	35,972	-	-	2,169,454
Stage 2:										
<i>Gross amount</i>	137,813	8,124	12,906	16	158,859	155,834	9,688	10,275	-	175,797
<i>Allowance for impairment</i>	(1,982)	(172)	(755)	(4)	(2,913)	(1,614)	(117)	(679)	-	(2,410)
Net amount	135,831	7,952	12,151	12	155,946	154,220	9,571	9,596	-	173,387
Stage 3:										
<i>Gross amount</i>	32,564	2,984	13,401	22,321	71,270	31,903	10,939	1,517	22,710	67,069
<i>Allowance for impairment</i>	(6,057)	(830)	(2,314)	(8,434)	(17,635)	(6,878)	(1,759)	(529)	(9,115)	(18,281)
Net amount	26,507	2,154	11,087	13,887	53,635	25,025	9,180	988	13,595	48,788
Total:										
<i>Gross amount</i>	2,361,296	65,886	27,988	22,340	2,477,510	2,334,112	57,244	11,792	22,710	2,425,858
<i>Allowance for impairment</i>	(23,272)	(1,818)	(3,150)	(8,438)	(36,678)	(21,385)	(2,521)	(1,208)	(9,115)	(34,229)
Net amount	2,338,024	64,068	24,838	13,902	2,440,832	2,312,727	54,723	10,584	13,595	2,391,629

	31 March 2023					31 December 2022				
	Not past due	Past due <= 30 days	Past due 31-90 days	Past due >90 days	Total	Not past due	Past due <= 30 days	Past due 31-90 days	Past due >90 days	Total
Stage 1:										
<i>Gross amount</i>	2,001,531	35,435	-	3	2,036,969	1,961,097	25,618	-	-	1,986,715
<i>Allowance for impairment</i>	(11,850)	(81)	-	-	(11,931)	(9,390)	(35)	-	-	(9,425)
Net amount	1,989,681	35,354	-	3	2,025,038	1,951,707	25,583	-	-	1,977,290
Stage 2:										
<i>Gross amount</i>	336,880	7,412	9,955	-	354,247	332,429	9,340	7,615	-	349,384
<i>Allowance for impairment</i>	(1,956)	(29)	(58)	-	(2,043)	(1,560)	(64)	(50)	-	(1,674)
Net amount	334,924	7,383	9,897	-	352,204	330,869	9,276	7,565	-	347,710
Stage 3:										
<i>Gross amount</i>	30,849	1,660	10,978	21,695	65,182	30,029	9,992	875	20,472	61,368
<i>Allowance for impairment</i>	(5,242)	(212)	(1,184)	(8,135)	(14,773)	(5,993)	(1,318)	(229)	(8,066)	(15,606)
Net amount	25,607	1,448	9,794	13,560	50,409	24,036	8,674	646	12,406	45,762
Total:										
<i>Gross amount</i>	2,369,260	44,507	20,933	21,698	2,456,398	2,323,555	44,950	8,490	20,472	2,397,467
<i>Allowance for impairment</i>	(19,048)	(322)	(1,242)	(8,135)	(28,747)	(16,943)	(1,417)	(279)	(8,066)	(26,705)
Net amount	2,350,212	44,185	19,691	13,563	2,427,651	2,306,612	43,533	8,211	12,406	2,370,762

NOTE 1

LOANS TO CUSTOMERS AND FINANCE LEASE RECEIVABLES (CONTINUED)

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

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

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

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

As lending activities are oriented to Lithuanian market, the Bank and the Group held no significant direct loan positions in Russia, Belarus and Ukraine. Potential risk assessment for separate sectors has not demonstrated economic sectors for which risk would be increased. Due to potential increase in credit risk the Bank has individually assessed clients with loans and finance lease contracts which have medium or high dependency from countries mentioned above through supply or sales chains or through shareholders structure and if increase in risk was determined credit stages for certain clients were reduced.

Finance lease receivables

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

	31 March 2023		31 December 2022	
	Group	Bank	Group	Bank
<i>Business customers</i>	223,008	221,950	220,087	219,025
<i>Individuals</i>	31,663	31,663	27,661	27,661
Gross	254,671	253,613	247,748	246,686
<i>Less: Allowance for impairment</i>	(4,572)	(3,765)	(5,300)	(4,494)
Net	250,099	249,848	242,448	242,192

NOTE 1

LOANS TO CUSTOMERS AND FINANCE LEASE RECEIVABLES (CONTINUED)

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

	31 March 2023					31 December 2022				
	Not past due	Past due <= 30 days	Past due 31-90 days	Past due >90 days	Total	Not past due	Past due <= 30 days	Past due 31-90 days	Past due >90 days	Total
Stage 1:										
Gross amount	231,780	5,023	-	-	236,803	216,512	10,934	-	-	227,446
Allowance for impairment	(2,091)	(41)	-	-	(2,132)	(1,757)	(124)	-	-	(1,881)
Net amount	229,689	4,982	-	-	234,671	214,755	10,810	-	-	225,565
Stage 2:										
Gross amount	9,718	436	814	-	10,968	10,866	596	1,201	-	12,663
Allowance for impairment	(212)	(24)	(16)	-	(252)	(246)	(15)	(24)	-	(285)
Net amount	9,506	412	798	-	10,716	10,620	581	1,177	-	12,378
Stage 3:										
Gross amount	4,500	110	489	1,801	6,900	5,053	719	323	1,544	7,639
Allowance for impairment	(913)	(45)	(87)	(1,143)	(2,188)	(1,761)	(153)	(62)	(1,158)	(3,134)
Net amount	3,587	65	402	658	4,712	3,292	566	261	386	4,505
Total:										
Gross amount	245,998	5,569	1,303	1,801	254,671	232,431	12,249	1,524	1,544	247,748
Allowance for impairment	(3,216)	(110)	(103)	(1,143)	(4,572)	(3,764)	(292)	(86)	(1,158)	(5,300)
Net amount	242,782	5,459	1,200	658	250,099	228,667	11,957	1,438	386	242,448

	31 March 2023					31 December 2022				
	Not past due	Past due <= 30 days	Past due 31-90 days	Past due >90 days	Total	Not past due	Past due <= 30 days	Past due 31-90 days	Past due >90 days	Total
Stage 1:										
Gross amount	231,780	5,023	-	-	236,803	216,512	10,934	-	-	227,446
Allowance for impairment	(2,092)	(41)	-	-	(2,133)	(1,757)	(124)	-	-	(1,881)
Net amount	229,688	4,982	-	-	234,670	214,755	10,810	-	-	225,565
Stage 2:										
Gross amount	9,461	436	814	-	10,711	10,606	596	1,201	-	12,403
Allowance for impairment	(205)	(24)	(16)	-	(245)	(241)	(15)	(24)	-	(280)
Net amount	9,256	412	798	-	10,466	10,365	581	1,177	-	12,123
Stage 3:										
Gross amount	4,500	110	489	1,000	6,099	5,053	719	323	742	6,837
Allowance for impairment	(913)	(45)	(87)	(342)	(1,387)	(1,762)	(153)	(62)	(356)	(2,333)
Net amount	3,587	65	402	658	4,712	3,291	566	261	386	4,504
Total:										
Gross amount	245,741	5,569	1,303	1,000	253,613	232,171	12,249	1,524	742	246,686
Allowance for impairment	(3,210)	(110)	(103)	(342)	(3,765)	(3,760)	(292)	(86)	(356)	(4,494)
Net amount	242,531	5,459	1,200	658	249,848	228,411	11,957	1,438	386	242,192

**NOTE 2
SECURITIES**

Securities in the trading book

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

	31 March 2023		31 December 2022	
	Group	Bank	Group	Bank
Debt securities:	29,623	26,432	30,148	27,056
Government bonds	2,780	2,615	2,880	2,602
Corporate bonds	26,843	23,817	27,268	24,454
Equity securities	30,406	271	28,153	231
Total	60,029	26,703	58,301	27,287
	31 March 2023		31 December 2022	
	Group	Bank	Group	Bank
Trading securities:				
Debt securities	29,553	26,432	30,079	27,056
from AA- to AAA	-	-	-	-
from A- to A+	2,679	2,615	2,779	2,602
from BBB- to BBB+	488	-	588	-
from BB- to BB+	1,004	-	492	-
lower than BB-	-	-	-	-
no rating	25,382	23,817	26,220	24,454
Equity securities	271	271	231	231
listed	235	235	213	213
unlisted	36	36	18	18
units of investment funds	-	-	-	-
Total trading securities	29,824	26,703	30,310	27,287
Other trading book securities:				
Debt securities	70	-	69	-
from AA- to AAA	-	-	-	-
from A- to A+	-	-	-	-
from BBB- to BBB+	-	-	-	-
from BB- to BB+	-	-	-	-
lower than BB-	-	-	-	-
no rating	70	-	69	-
Equity securities	30,135	-	27,922	-
listed	-	-	-	-
unlisted	-	-	-	-
units of investment funds	30,135	-	27,922	-
Total other trading book securities	30,205	-	27,991	-
TOTAL	60,029	26,703	58,301	27,287

NOTE 2
SECURITIES (CONTINUED)

Investment securities

	31 March 2023		31 December 2022	
	Group	Bank	Group	Bank
<u>Securities at fair value:</u>				
Debt securities:	76,174	76,174	85,271	85,271
Government bonds	52,982	52,982	52,570	52,570
Corporate bonds	23,192	23,192	32,701	32,701
Equity securities	3,972	3,972	4,954	4,954
Total	80,146	80,146	90,225	90,225
<u>Securities at amortized cost:</u>				
Debt securities:	982,399	969,691	969,033	956,332
Government bonds	846,063	840,073	827,765	821,781
Corporate bonds	136,336	129,618	141,268	134,551
Total	982,399	969,691	969,033	956,332

	31 March 2023		31 December 2022	
	Group	Bank	Group	Bank
<u>Securities at fair value:</u>				
Debt securities	76,174	76,174	85,271	85,271
from AA- to AA+	-	-	-	-
from A- to A+	57,179	57,179	56,664	56,664
from BBB- to BBB+	10,505	10,505	10,387	10,387
from BB- to BB+	5,670	5,670	15,432	15,432
lower than BB-	-	-	-	-
no rating	2,820	2,820	2,788	2,788
Equities	3,972	3,972	4,954	4,954
listed	299	299	286	286
unlisted	302	302	243	243
units of investment funds	3,371	3,371	4,425	4,425
Total	80,146	80,146	90,225	90,225
<u>Securities at amortized cost:</u>				
Debt securities	982,399	969,691	969,033	956,332
from AA- to AA+	2,269	2,064	3,369	3,164
from A- to A+	853,244	847,746	835,290	829,303
from BBB- to BBB+	124,639	119,881	128,864	123,865
from BB- to BB+	2,247	-	1,510	-
lower than BB-	-	-	-	-
no rating	-	-	-	-
Total	982,399	969,691	969,033	956,332

Credit stages of investment debt securities:

	31 March 2023		31 December 2022	
	Group	Bank	Group	Bank
Stage 1:				
Gross amount	1,056,153	1,043,419	1,054,916	1,042,201
Allowance for impairment	(400)	(374)	(612)	(598)
Net amount	1,055,753	1,043,045	1,054,304	1,041,603
Stage 2:				
Gross amount	3,023	3,023	-	-
Allowance for impairment	(203)	(203)	-	-
Net amount	2,820	2,820	-	-
Stage 3:				
Gross amount	1,020	-	1,020	-
Allowance for impairment	(1,020)	-	(1,020)	-
Net amount	-	-	-	-

During three months periods ended 31 March 2023 and 31 March 2022 no material reclassifications between portfolios of securities were performed.

NOTE 2
SECURITIES (CONTINUED)

Investments in subsidiaries

As of 31 March 2023 the Bank owned the following directly controlled subsidiaries:

1. SB Draudimas UAB (name changed Bonum Publicum GD UAB; life insurance activities),
2. SB Lizingas UAB (consumer financing activities),
3. Šiaulių Banko Lizingas UAB (lease activities),
4. SB Turto Fondas UAB (real estate management activities),
5. SB Modernizavimo Fondas UAB (multiapartment buildings renovation financing activities),
6. SB Asset Management UAB (funds management activities).

As of 31 December 2022 the Bank owned the following directly controlled subsidiaries:

1. SB Draudimas UAB (life insurance activities),
2. SB Lizingas UAB (consumer financing activities),
3. Šiaulių Banko Lizingas UAB (lease activities),
4. Šiaulių Banko Turto Fondas UAB (real estate management activities),
5. SB Modernizavimo Fondas UAB (multiapartment buildings renovation financing activities),

As of 31 December 2022 the Bank owned the following indirectly controlled subsidiaries:

6. Šiaulių Banko Investicijų Valdymas UAB (investment management activities).

On 7 February 2023 new Šiaulių Bankas group company was established – SB Asset Management UAB, legal entity code: 306241274, registered office address Gynėjų str. 14, Vilnius, whose sole founder, owning 100 percent of the shares, is the Bank. SB Asset Management UAB was established to properly prepare for the implementation of the agreement signed on 22 November 2022 regarding the merger of AB "Invalda INVL" retail asset management and life insurance businesses with AB Šiaulių bankas, and which after the transaction closing date would take over the management business of pension funds and investment funds for its further development.

On April 5, 2022 the Bank established a special purpose entity - SB Modernizavimo Fondas UAB which started its activities on April 25, 2022 after respective agreements with investors were signed. Bank's investment in share capital of SB Modernizavimo Fondas UAB is EUR 100 thousand. According to agreements with investors and provision in IFRS 10, Bank holds no control in SB Modernizavimo Fondas UAB therefore it is not consolidated in Group's consolidated financial statements. According to clauses in IFRS 9 applicable to contractually linked instruments, investment in SB Modernizavimo Fondas UAB is accounted at fair value through profit and loss and is disclosed in statement of financial position within line "Investments in subsidiaries and associates". At initial recognition it was considered that fair value of this investment is equal to its acquisition value. Since initial recognition there were no circumstances due to which fair value of investment in SB Modernizavimo Fondas UAB would change significantly.

By implementing its strategic plan, the Bank optimizes the structure of its subsidiaries. During three months period ended 31 March 2023 Bank's indirectly controlled subsidiary Šiaulių Banko Investicijų Valdymas UAB was liquidated. Šiaulių Banko Lizingas UAB directly controlled by the Bank is under liquidation procedure.

Bank's investments in subsidiaries consisted of:

	Share in equity	31 March 2023	31 December 2022
<i>SB draudimas GD UAB</i>	100%	11,716	11,732
<i>SB lizingas UAB</i>	100%	5,308	13,904
<i>Šiaulių Banko Lizingas UAB</i>	100%	1,074	1,074
<i>SB Turto Fondas UAB</i>	100%	4,635	4,631
<i>SB Asset Management UAB</i>	100%	400	-
Total investments in subsidiaries using equity method		23,133	31,341
<i>SB Modernizavimo Fondas UAB</i>	100%	100	100
Total investments in subsidiaries at fair value		100	100

NOTE 3
SIGNIFICANT INFORMATION ON CHANGES IN OTHER ASSET ITEMS

Other assets

	31 March 2023		31 December 2022	
	Group	Bank	Group	Bank
<i>Amounts receivable</i>	5,965	5,762	5,815	5,620
<i>Inventories</i>	145	-	146	-
<i>Deferred charges</i>	1,234	1,209	1,004	974
<i>Assets under reinsurance and insurance contracts</i>	3,082	-	2,767	-
<i>Prepayments</i>	1,986	1,098	928	405
<i>Foreclosed assets</i>	2,174	2,170	468	464
<i>Other</i>	2,690	2,654	1,203	1,261
Total	17,276	12,893	12,331	8,724

NOTE 3

SIGNIFICANT INFORMATION ON CHANGES IN OTHER ASSET ITEMS (CONTINUED)

Assets held for sale

Assets held for sale consist of:

	31 March 2023		31 December 2022	
	Group	Bank	Group	Bank
<i>Real estate classified as held for sale</i>	150	150	150	150
Total assets classified as held for sale	150	150	150	150

NOTE 4

DUE TO CUSTOMERS

	31 March 2023		31 December 2022	
	Group	Bank	Group	Bank
<i>Demand deposits:</i>				
<i>National government institutions</i>	57,297	57,297	59,258	59,258
<i>Local government institutions</i>	158,481	158,481	139,054	139,054
<i>Governmental and municipal companies</i>	34,091	34,091	33,252	33,252
<i>Corporate entities</i>	743,300	747,105	763,766	767,625
<i>Non-profit organizations</i>	37,931	37,931	42,535	42,535
<i>Individuals</i>	768,494	768,494	811,586	811,586
<i>Unallocated amounts due to customers</i>	26,008	26,529	13,473	13,994
Total demand deposits	1,825,602	1,829,928	1,862,924	1,867,304
<i>Term deposits:</i>				
<i>National government institutions</i>	6,436	6,436	1,015	1,015
<i>Local government institutions</i>	3,806	3,806	3,803	3,803
<i>Governmental and municipality companies</i>	5,249	5,249	5,847	5,847
<i>Corporate entities</i>	145,252	145,252	187,108	187,108
<i>Non-profit organizations</i>	3,193	3,193	2,298	2,298
<i>Individuals</i>	814,522	814,522	721,973	721,973
Total term deposits	978,458	978,458	922,044	922,044
Total	2,804,060	2,808,386	2,784,968	2,789,348

NOTE 5

SIGNIFICANT INFORMATION ON CHANGES IN OTHER LIABILITIES ITEMS

Due to other banks and financial institutions

As at 31 March 2023, the outstanding borrowing on the balance sheet under third series of the targeted longer-term refinancing operations (TLTRO-III) program of the European Central Bank amounted to EUR 629 million. On 29 September 2021 Bank has borrowed additional EUR 479 million via ECB's latest TLTRO III.9 operation. Loan maturity date is on 25 September 2024 with early repayment option started on 29 June 2022. The Bank has not used early repayment option. Interest rate on TLTRO III was -0.5% from June 2020 to June 2021 and for banks meeting the lending thresholds, the interest rate can be as low as -1%. The Bank has met the lending thresholds during first two quarters of 2022 therefore has included the bonus on the special interest period in its effective interest recognition. Based on an internal assessment, part of the inflow of economic benefits from TLTRO-III borrowing with negative effective interest rate, which may be justified as market rate, was recognised within the income statement line "Interest income". The remainder is a benefit of the below-market rate of interest and was recognised within the income statement line "Other income" as a support or compensation for the fulfilment of the required obligations. Since 14th September 2022 interest rates for TLTRO-III borrowings are positive, TLTRO-III positive interest recorded in 2023 and 2022 income statement line "Interest expenses". Securities with a carrying value of EUR 664,219 thousand were placed as a collateral for these borrowings.

Special and lending funds

The special funds consist of the funds from the mandatory social and health insurance funds. The special funds have to be returned to the institutions which have placed them upon the first requirement of the latter. The increase in special and lending funds from EUR 14,184 thousand in the beginning of the year to EUR 8,647 thousand in the end of the reporting period is attributable to routine fluctuations in these funds.

**NOTE 6
CAPITAL**

As of 31 March 2023 and 31 December 2022 the Banks's share capital amounted to EUR 174,210,616.27, it comprised 600,726,263 ordinary registered shares with par value of EUR 0.29 each.

At 31 December 2020 European Bank for Reconstruction and Development (EBRD) possessed 26.02% of the authorised capital and votes of the Bank. On 22 December 2021 EBRD announced that it has agreed to sell an 18 % stake in Bank. EBRD has signed 3 separate agreements with Invalda INVL, an asset management group, Nord Security, (part of the Tesonet group of companies and soon to be renamed Tesonet Global), and ME Investicija, a holding company that owns Girteka Logistics, to sell stakes of 5.87%, 5.87% and 6.29% in Bank, respectively. Acquisitions of shares will take place through a series of transactions until June 2024 and in some cases might be subject to regulatory approvals. On 29 December 2021 ME Investicija announced about acquisition of 5.71% of Bank's shares. After this transaction as of 31 March 2023 EBRD possessed 20.00% of the authorised capital and votes of the Bank.

On 22 November the Bank and Invalda INVL signed an agreement to merge segments of their retail businesses. After transaction, Invalda INVL will hold additional 62 270 383 shares of the Bank which represents 9,39% of the Bank shareholding. The Bank will issue new shares to be acquired by the Invalda INVL group at EUR 0.645 per share (5% more than the Bank's share price on 22 November 2022 on the Nasdaq Vilnius). The transaction is expected to be completed within one year, subject to the necessary approvals from the banking competition supervisory authorities, the adoption of the necessary resolutions by the extraordinary shareholders' meetings of the Bank and Invalda INVL, and the fulfilment of the other conditions set out in the agreement. Following the completion of this and other planned share acquisition transactions announced, the Invalda INVL Group will increase its shareholding in the Bank from the current 8% to approximately 20%.

As at 31 March 2023, the Bank had 19,360 shareholders (as at 31 December 2022: 18,524).

Dividends:

On 31 March 2023 ordinary general meeting of shareholders made a decision to pay EUR 0.0265 (i.e. 9.1%) dividends per one ordinary registered share with EUR 0.29 nominal value each.

On 30 March 2022 ordinary general meeting of shareholders made a decision to pay EUR 0.034 (i.e. 11.7%) dividends per one ordinary registered share with EUR 0.29 nominal value each.

Reserve for acquisition of own shares:

On 28 March 2019 ordinary general meeting of shareholders made a decision to form a reserve for acquisition of own shares from retained earnings. On 30 March 2022 ordinary general meeting of shareholders made a decision to increase reserve for acquisition of own shares by EUR 10,000 thousand. The reserve can be used for two purposes – to preserve the market price of Bank's shares and to acquire the shares that will be granted to Group's employees as part of variable remuneration. As of 31 March 2023 carrying value of reserve for own shares acquisition amounts to EUR 20,000 thousand (as at 31 December 2022: EUR 20,000 thousand).

During three months period ended 31 March 2023 the Bank acquired 2,491 thousand units of own shares for EUR 1,868 thousand. As of 31 March 2023 the Bank held 2,491 thousand own shares with carrying value of EUR 1,868 thousand.

During twelve months period ended 31 December 2022 the Bank acquired 2,105 thousand units of own shares for EUR 1,557 thousand. The acquired shares were granted to the employees of the Bank and its subsidiaries as a deferred part of variable remuneration for 2018. As of 31 December 2022 the Bank held no own shares.

NOTE 6
CAPITAL (CONTINUED)

Other equity:

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

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

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

- For the option granted 30 March 2022: grant date (30 March 2022), expiry day (11 April 2025), share price 0.656 on grant day, exercise price 0.588, expected price volatility of the bank's shares 28%, risk free interest rate - 0.1%;
- For the option granted 31 March 2021: grant date (31 March 2021), expiry day (12 April 2024), share price 0.538 on grant day, exercise price 0.498, expected price volatility of the bank's shares 25%, risk free interest rate - 0.1%;
- For the option granted 31 March 2020: grant date (31 March 2020), expiry day (15 April 2023), share price 0.510 on grant day, exercise price 0.449, expected price volatility of the bank's shares 21%, risk free interest rate - 0.1%;

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

	31 March 2023		31 December 2022	
	Group	Bank	Group	Bank
<i>Options</i>	2,508	1,917	2,355	1,917
<i>Shares distributable to employees</i>	-	-	-	-
Total	2,508	1,917	2,355	1,917

No options were forfeited or expired during periods ended 31 March 2023 and 31 March 2022. During three months period ended 31 March 2023 no share options were exercised for benefit of Group's and Bank's defined employees.

Basic earnings per share:

Basic earnings per share are calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue during the period. There were no potential ordinary shares at 31 March 2023 and 31 March 2022, therefore the Group had no dilutive potential ordinary shares and diluted earnings per share are equal to basic earnings per share.

The number of shares in issue for the year ended 31 March 2023 and 31 March 2022 was 600,726 thousand. Weighted average number of shares in issue for the period ended 31 March 2023 was 599,851 thousand (31 March 2022: 599,931 thousand).

Group

	31 March 2023	31 March 2022
<i>Net profit from continuing operations attributable to equity holders</i>	19,153	11,457
<i>Net profit (loss) from discontinued operations attributable to equity holders</i>	-	-
Net profit attributable to equity holders	19,153	11,457
<i>Weighted average number of shares in issue during the period (thousand units)</i>	599,851	599,931
Basic earnings per share (EUR)	0.03	0.02
<i>Basic earnings per share (EUR) from continuing operations</i>	0.03	0.02
<i>Basic earnings per share (EUR) from discontinued operations</i>	-	-

NOTE 7
NET INTEREST INCOME

	1 January - 31 March 2023		1 January - 31 March 2022	
	Group	Bank	Group	Bank
Interest revenue calculated using the effective interest method (on financial assets at amortized cost and fair value through other comprehensive income):	39,941	36,495	22,572	19,151
on loans to other banks and financial institutions and placements with credit institutions	1,804	3,476	1,214	2,003
on loans to customers	36,079	31,011	20,293	16,149
on debt securities at amortized cost	1,871	1,822	986	937
on debt securities at fair value through other comprehensive income	187	186	79	62
Other similar income:	4,263	4,219	2,552	2,512
on debt securities at fair value through profit or loss	465	429	176	143
on loans at fair value through profit or loss	110	110	-	-
on finance leases	3,688	3,680	2,052	2,045
other interest income	-	-	324	324
Total interest income	44,204	40,714	25,124	21,663
Interest expense:				
on financial liabilities designated at fair value through profit or loss	-	-	-	-
on financial liabilities measured at amortized cost	(8,760)	(8,762)	(2,051)	(2,054)
on other liabilities	(9)	(4)	(1,047)	(1,047)
Total interest expense	(8,769)	(8,766)	(3,098)	(3,101)
Net interest income	35,435	31,948	22,026	18,562

NOTE 8
NET FEE AND COMMISSION INCOME

	1 January - 31 March 2023		1 January - 31 March 2022	
	Group	Bank	Group	Bank
Fee and commission income:				
for administration of loans of third parties	1,110	1,110	1,028	1,028
for settlement services	1,355	1,359	1,362	1,365
for cash operations	1,178	1,178	1,291	1,291
for account administration	1,563	1,563	1,123	1,123
for guarantees, letters of credit, documentary collection	203	203	203	203
for collection of utility and similar payments	49	49	56	56
for services related to securities	660	677	987	1,003
other fee and commission income	213	413	263	399
Total fee and commission income	6,331	6,552	6,313	6,468
Fee and commission expense:				
for payment cards	(1,080)	(1,080)	(1,104)	(1,104)
for cash operations	(182)	(182)	(251)	(251)
for correspondent bank and payment system fees	(112)	(88)	(125)	(89)
for services of financial data vendors	(101)	(101)	(59)	(59)
for services related to securities	(188)	(188)	(163)	(163)
other fee and commission expenses	(121)	(114)	(108)	(106)
Total fee and commission expense	(1,784)	(1,753)	(1,810)	(1,772)
Net fee and commission income	4,547	4,799	4,503	4,696

NOTE 9
OTHER OPERATING EXPENSES

	1 January - 31 March 2023		1 January - 31 March 2022	
	Group	Bank	Group	Bank
<i>Rent of buildings and premises</i>	(74)	(75)	(66)	(67)
<i>Utility services for buildings and premises</i>	(441)	(421)	(333)	(309)
<i>Other expenses related to buildings and premises</i>	(202)	(202)	(85)	(85)
<i>Transportation expenses</i>	(99)	(75)	(83)	(61)
<i>Legal costs</i>	(73)	(73)	(26)	(26)
<i>Personnel and training expenses</i>	(318)	(301)	(37)	(29)
<i>IT and communication expenses</i>	(2,319)	(2,135)	(1,675)	(1,487)
<i>Marketing and charity expenses</i>	(872)	(260)	(515)	(137)
<i>Service organization expenses</i>	(780)	(714)	(647)	(609)
<i>Non-income taxes, fines</i>	(212)	(66)	(153)	(18)
<i>Costs incurred due to debt recovery</i>	(87)	(31)	(56)	(14)
<i>Other expenses</i>	(301)	(179)	(244)	(146)
Total	(5,778)	(4,532)	(3,921)	(2,989)

NOTE 10
IMPAIRMENT LOSSES

	1 January - 31 March 2023		1 January - 31 March 2022	
	Group	Bank	Group	Bank
<i>(Impairment losses) / reversal of impairment losses on loans</i>	(3,307)	(2,422)	(2,837)	(2,277)
<i>Recoveries of loans previously written-off</i>	62	61	189	26
<i>Reversal of impairment losses / (impairment losses) on finance lease receivables</i>	727	729	(158)	(152)
<i>Recovered previously written-off finance lease receivables</i>	-	-	-	1
<i>(Impairment losses) on debt securities</i>	10	22	(6)	(5)
<i>Reversal of impairment losses on due from banks</i>	8	8	27	27
<i>Reversal of impairment losses / (impairment losses) on other financial assets</i>	(283)	(283)	90	85
<i>(Impairment losses) on subsidiaries</i>	-	-	-	-
<i>(Impairment losses) / reversal of impairment losses on other non-financial assets</i>	-	-	-	-
<i>Recoveries of other non-financial assets previously written-off</i>	-	-	-	-
<i>(Provisions) for other liabilities/ reversal of provisions</i>	21	-	23	-
Total	(2,762)	(1,885)	(2,672)	(2,295)

NOTE 10
IMPAIRMENT LOSSES (CONTINUED)

	1 January - 31 March 2023		1 January - 31 March 2022	
	Group	Bank	Group	Bank
Allowance for impairment of loans				
As at 1 January	34,229	26,705	35,696	28,137
Change in allowance for loan impairment	3,307	2,422	2,837	2,277
Loans written off during the period	(858)	(380)	(969)	(422)
Other factors (reclassification, FX rate shift, etc.)	-	-	-	-
As at 31 March	36,678	28,747	37,564	29,992
Allowance for impairment of finance lease receivables				
As at 1 January	5,300	4,494	3,786	3,039
Change in allowance for impairment of finance lease receivables	(727)	(729)	158	152
Finance lease receivables written off during the period	-	-	-	-
Other factors (reclassification, FX rate shift, etc.)	(1)	-	-	-
As at 31 March	4,572	3,765	3,944	3,191
Allowance for impairment of debt securities				
As at 1 January	1,632	598	1,365	331
Change in allowance for impairment of debt securities	(10)	(22)	6	5
Debt securities written off during the period	-	-	-	-
Other factors (reclassification, FX rate shift, etc.)	1	1	(2)	(1)
As at 31 March	1,623	577	1,369	335
Allowance for impairment of due from banks				
As at 1 January	39	39	106	106
Change in allowance for impairment of due from banks	(8)	(8)	(27)	(27)
Due from banks written off during the period	-	-	-	-
Other factors (reclassification, FX rate shift, etc.)	-	-	-	-
As at 31 March	31	31	79	79
Allowance for impairment of other financial assets				
As at 1 January	506	490	260	228
Change in allowance for impairment of other financial assets	283	283	(90)	(85)
Other financial assets written off during the period	(3)	(3)	(1)	(1)
Other factors (reclassification, FX rate shift, etc.)	(1)	(2)	6	6
As at 31 March	785	768	175	148

As environmental factors changed, assumptions and estimates used in probability of default (PD) estimations were changed. The scenarios used to calculate PDs were based on the latest available economic change scenarios published by institutions, Group's management assigned judgement-based probabilities to these scenarios. It should be noted that economic forecasts used took into account ongoing Russia's invasion to Ukraine but without knowing result scenario of it significant uncertainties existed on how it will impact further global, country and sectors development trends. Due to such circumstances there is a significant probability that actual results may deviate from the estimated.

Scenario probabilities and weighted average GDP growth:

	2023		2024		2025		2026		2027	
	GDP	Probability	GDP	Probability	GDP	GDP	Probability	GDP	Probability	GDP
At 31 March 2023:										
Base scenario	0.50%	60 %	3.00%	60 %	3.00%	60 %	3.00%	60 %	2.30%	60 %
Optimistic scenario	1.30%	15 %	3.20%	15 %	3.80%	15 %	3.80%	15 %	3.10%	15 %
Pessimistic scenario	-2.80%	25 %	1.10%	25 %	1.10%	25 %	1.10%	25 %	0.40%	25 %
Weighted average GDP growth	-0.21%		2.56%		2.65%		2.65%		1.95%	
At 31 December 2022:										
Base scenario	0.70%	60 %	3.00%	60 %	3.00%	60 %	2.30%	60 %	2.30%	60 %
Optimistic scenario	1.30%	15 %	3.80%	15 %	3.80%	15 %	3.10%	15 %	3.10%	15 %
Pessimistic scenario	-2.80%	25 %	1.10%	25 %	1.10%	25 %	0.10%	25 %	0.10%	25 %
Weighted average GDP growth	-0.09%		2.65%		2.65%		1.87%		1.87%	

Recovery rates used to derive LGD parameters were also revised to take into account latest available collateral sales data. Group's impairment expenses due to changes in accounting estimates amounted to: for the three months period ended 31 March 2023 – an impairment loss of EUR 939 thousand (all attributable to change in calculation parameters), for the three months period ended 31 March 2022 – an impairment loss of EUR 804 thousand (all attributable to change in calculation parameters).

NOTE 11

SIGNIFICANT INFORMATION ON OTHER INCOME STATEMENT ITEMS

Net gain from trading activities

	1 January - 31 March 2023		1 January - 31 March 2022	
	Group	Bank	Group	Bank
<i>Net gain from operations with securities</i>	1,088	(117)	(2,027)	(109)
<i>Net gain from foreign exchange and related derivatives</i>	3,034	3,034	(74)	(98)
<i>Net gain (loss) from other derivatives</i>	(1,196)	(1,196)	1,999	1,999
Total	2,926	1,721	(102)	1,792

Net gain from trading activities includes investment result of the insurance company assets under unit-linked contracts (see below): a net profit of EUR 1,206 thousand for the three months period ended 31 March 2023; a net loss of EUR 1,843 thousand for the three months period ended 31 March 2022.

Expenses related to insurance activities

	1 January - 31 March 2023		1 January - 31 March 2022	
	Group	Bank	Group	Bank
<i>Part of the change of the technical insurance provisions that covers the result of investment of assets under unit-linked contracts*</i>	(1,207)	-	1,826	-
<i>Other changes of the technical insurance provisions and other expenses related to insurance activities</i>	(2,065)	-	(1,705)	-
Total expenses related to insurance activities	(3,272)	-	121	-

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

	1 January - 31 March 2023		1 January - 31 March 2022	
	Group	Bank	Group	Bank
<i>Interest and similar income</i>	1	-	17	-
<i>Net gain (loss) from operations with securities</i>	1,206	-	(1,867)	-
<i>Net gain (loss) from foreign exchange</i>	-	-	24	-
Total	1,207	-	(1,826)	-

NOTE 12

RELATED-PARTY TRANSACTIONS

Related parties with the Bank are classified as follows:

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

During 2023 and 2022, a certain number of banking transactions were entered into with related parties in the ordinary course of business. These transactions include settlements, loans, deposits and foreign currency transactions. According to the local legislation, the information on executed material transactions with related parties is published on Bank's website (www.sb.lt › About bank › Information › Reports regarding the transactions with related parties).

NOTE 12

RELATED-PARTY TRANSACTIONS (CONTINUED)

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

	31 March 2023		31 December 2022	
	Balances of deposits	Balances of loans (incl. off-balance sheet credit commitments)	Balances of deposits	Balances of loans and debt securities (incl. off-balance sheet credit commitments)
<i>Members of the Council and the Board</i>	381	304	508	26
<i>Other related parties (excluding subsidiaries of the Bank)</i>	2,264	9,473	142	61
Total	2,645	9,777	650	87

As of 31 March 2023, the balance of individual allowance for impairment losses on loans to related parties, except subsidiaries, amounted to EUR 54 thousand (31 December 2022: EUR 0 thousand).

Transactions with subsidiaries:

Balances of transactions with the subsidiaries are presented below:

	31 March 2023		31 December 2022	
	Balances of deposits	Balances of loans (incl. off-balance sheet credit commitments)	Balances of deposits	Balances of loans (incl. off-balance sheet credit commitments)
<i>Non-financial institutions</i>	1,123	44,424	5,069	44,500
<i>Financial institutions</i>	11,088	202,406	1,119	187,350
	12,211	246,830	6,188	231,850

Bank's total balances with subsidiaries:

	31 March 2023	31 December 2022
Assets		
<i>Loans</i>	202,600	179,148
<i>Other assets</i>	-	-
<i>Bank's investment in subsidiaries</i>	23,233	31,441
Liabilities and shareholders' equity		
<i>Deposits</i>	12,211	6,188
<i>Other liabilities</i>	-	-

Income and expenses arising from transactions with subsidiaries:

	1 January - 31 March 2023	1 January - 31 March 2022
Income		
<i>Interest</i>	1,873	723
<i>Commission income</i>	222	170
<i>FX gain (loss)</i>	-	-
<i>Share of the profit or loss of investments in subsidiaries accounted for using the equity method</i>	1,392	1,384
<i>Other income</i>	91	104
Expenses		
<i>Interest</i>	(2)	(4)
<i>Operating expenses</i>	-	-
<i>(Impairment losses)/ reversal of impairment losses on loans</i>	25	71
<i>Allowance for impairment losses on investments in subsidiaries</i>	-	-

As of 31 March 2023, the balance of individual allowance for impairment losses on loans to subsidiaries amounted to EUR 296 thousand (31 December 2022: EUR 271 thousand).

NOTE 13

LIQUIDITY, MARKET AND OPERATIONAL RISKS

Liquidity risk

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

Liquidity risk management process

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

Bank closely monitors situation regarding external environment factors (Russian invasion on Ukraine, problems of some of the US and Swiss banks) influence on liquidity - except for the for the increased cash withdrawals a few days after the start of the invasion in 2022, there were no negative trends related to these factors.

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

The structure of the Group's assets and liabilities by maturity as at 31 March 2023 was as follows:

	Less than 1 month	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	More than 3 years	Maturity undefined	Total
<i>Total assets</i>	365,393	282,029	116,641	164,504	373,851	1,193,237	1,650,821	84,323	4,230,799
<i>Total liabilities and shareholders' equity</i>	1,906,882	65,914	311,913	158,828	421,952	828,909	92,886	443,515	4,230,799
<i>Net liquidity gap</i>	(1,541,489)	216,115	(195,272)	5,676	(48,101)	364,328	1,557,935	(359,192)	-

The structure of the Group's assets and liabilities by maturity as at 31 December 2022 was as follows:

	Less than 1 month	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	More than 3 years	Maturity undefined	Total
<i>Total assets</i>	384,990	66,843	125,135	339,292	328,261	1,232,281	1,628,495	79,234	4,184,531
<i>Total liabilities and shareholders' equity</i>	1,920,690	101,322	180,185	312,744	329,870	801,214	96,810	441,696	4,184,531
<i>Net liquidity gap</i>	(1,535,700)	(34,479)	(55,050)	26,548	(1,609)	431,067	1,531,685	(362,462)	-

The structure of the Bank's assets and liabilities by maturity as at 31 March 2023 was as follows:

	Less than 1 month	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	More than 3 years	Maturity undefined	Total
<i>Total assets</i>	364,712	274,583	102,556	147,979	535,398	1,114,221	1,584,545	61,395	4,185,389
<i>Total liabilities and shareholders' equity</i>	1,911,926	56,234	311,623	158,347	421,633	825,325	55,309	444,992	4,185,389
<i>Net liquidity gap</i>	(1,547,214)	218,349	(209,067)	(10,368)	113,765	288,896	1,529,236	(383,597)	-

NOTE 13

LIQUIDITY, MARKET AND OPERATIONAL RISKS (CONTINUED)

The structure of the Bank's assets and liabilities by maturity as at 31 December 2022 was as follows:

	Less than 1 month	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	More than 3 years	Maturity undefined	Total
<i>Total assets</i>	383,750	59,233	284,776	321,056	300,353	1,158,884	1,568,369	65,049	4,141,470
<i>Total liabilities and shareholders' equity</i>	1,925,616	93,920	179,887	312,515	327,041	798,457	61,250	442,784	4,141,470
<i>Net liquidity gap</i>	(1,541,866)	(34,687)	104,889	8,541	(26,688)	360,427	1,507,119	(377,735)	-

Operational risk

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

This year Bank continued to improve the operational and reputational risk management and event recording systems of the Bank and the Bank's subsidiaries and reviewed the indicators and limits of these risks. The Operational Risk Event (hereinafter – ORE) Management Procedure, the Instructions for the Registration and Administration of OREs in the Bank's ERP system AIS, the Procedure for Investigation of Particularly Significant OREs have been updated, detailing the process of informing the Bank's Committees.

Significant attention was also paid this year to the review of the Bank's Business Continuity Plan documentation and to the development and testing of a comprehensive test scenario for Business Continuity Plans. Preparations for testing are currently underway in accordance with the comprehensive test scenario approved by the Bank.

In view of the current geopolitical situation, a Business Continuity Plan has been prepared to ensure the continuity of the Bank's operations in the event of a prolonged power outage, unavailability of Internet connectivity, and remote access disruption.

To ensure the proper management of outsourced activities, the Procedure for Procurement of Outsourced Services is to be updated this year.

NOTE 14

FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

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

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

During the three months period ended 31 March 2023, the process of fair value measurement did not change significantly as compared to the process described in the annual financial statements for the year 2022. For the valuation of financial assets and liabilities purposes, estimates, valuation techniques and inputs used to develop those measurements have not changed significantly during the three months period ended 31 March 2023.

NOTE 14

FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (CONTINUED)

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

	31 March 2023		31 December 2022	
	Group	Bank	Group	Bank
LEVEL I				
Trading book securities	42,465	9,139	40,395	9,381
Investment securities at fair value	74,506	74,506	83,623	83,623
Total Level I financial assets	116,971	83,645	124,018	93,004
LEVEL II				
Derivative financial instruments - assets	818	818	897	897
Derivative financial instruments - liabilities	(2,038)	(2,038)	(7,152)	(7,152)
LEVEL III				
Trading book securities	17,564	17,564	17,906	17,906
Investment securities at fair value	5,640	5,640	6,602	6,602
Total Level III financial assets	23,204	23,204	24,508	24,508

There were no transfers between fair value hierarchy levels during 2023 and 2022.

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

Group	Trading book securities		Investment securities at fair value	
	1 Jan - 31 Mar 2023	1 Jan - 31 Mar 2022	1 Jan - 31 Mar 2023	1 Jan - 31 Mar 2022
As at 31 December	17,906	6,946	6,602	4,573
Impact of change in accounting principles	-	-	-	-
As at 1 January	17,906	6,946	6,602	4,573
Additions	3,143	10,306	-	31
Disposals / redemption / derecognition	(3,633)	(11,711)	(793)	(98)
Changes due to interest accrued/paid	145	77	33	-
Changes in fair value	3	(6)	(202)	62
As at 31 March	17,564	5,612	5,640	4,568

Bank	Trading book securities		Investment securities at fair value	
	1 Jan - 31 Mar 2023	1 Jan - 31 Mar 2022	1 Jan - 31 Mar 2023	1 Jan - 31 Mar 2022
As at 31 December	17,906	6,946	6,602	4,536
Impact of change in accounting principles	-	-	-	-
As at 1 January	17,906	6,946	6,602	4,536
Additions	3,143	10,306	-	31
Disposals / redemption / derecognition	(3,633)	(11,711)	(793)	(61)
Changes due to interest accrued/paid	145	77	33	-
Changes in fair value	3	(6)	(202)	62
As at 31 March	17,564	5,612	5,640	4,568

	1 January – 31 March 2023		1 January – 31 March 2022	
	Group	Bank	Group	Bank
Total result from revaluation of Level III instruments included in the income statement	(199)	(199)	56	56

Fair value of investment securities held to collect cash flows:

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

	31 March 2023		31 December 2022	
	Carrying value	Fair value	Carrying value	Fair value
Investment securities at amortized cost	982,399	937,833	969,033	914,070

NOTE 15
SEGMENT INFORMATION

Business segments

A summary of major indicators for the main business segments of the Group included in the Statement of financial position as at 31 March 2023 and in the Statement of comprehensive income for the three months period then ended is presented in the table below.

	Traditional banking operations and lending	Treasury	Non-core banking activities	Other activities	Eliminations	Total
<i>Internal</i>	(85)	-	(2)	2	85	-
<i>External</i>	33,786	1,274	293	82	-	35,435
Net interest income	33,701	1,274	291	84	85	35,435
<i>Internal</i>	194	-	-	-	(194)	-
<i>External</i>	4,577	-	-	(30)	-	4,547
Net fee and commissions income	4,771	-	-	(30)	(194)	4,547
<i>Internal</i>	109	-	(2)	2	(109)	-
<i>External</i>	38,363	1,274	293	52	-	39,982
Net interest, fee and commissions income	38,472	1,274	291	54	(109)	39,982
<i>Internal</i>	(54)	-	-	(10)	64	-
<i>External</i>	(12,768)	(1,246)	-	(3,840)	-	(17,854)
Operating expenses	(12,822)	(1,246)	-	(3,850)	64	(17,854)
<i>Amortisation charges</i>	(306)	(34)	-	(19)	-	(359)
<i>Depreciation charges</i>	(844)	(90)	-	(53)	-	(987)
<i>Internal</i>	-	-	-	1	(1)	-
<i>External</i>	(2,518)	-	(253)	9	-	(2,762)
Impairment expenses	(2,518)	-	(253)	10	(1)	(2,762)
<i>Internal</i>	1,488	-	(5)	-	(1,483)	-
<i>External</i>	2,628	(118)	199	3,845	-	6,554
Net other income	4,116	(118)	194	3,845	(1,483)	6,554
Profit (loss) before tax from continuing operations	26,098	(214)	232	(13)	(1,529)	24,574
<i>Income tax</i>	(4,917)	(504)	-	-	-	(5,421)
Profit (loss) per segment after tax from continuing operations	21,181	(718)	232	(13)	(1,529)	19,153
<i>Profit or (loss) per segment after tax from discontinued operations</i>	-	-	-	-	-	-
Profit (loss) per segment	21,181	(718)	232	(13)	(1,529)	19,153
<i>Non-controlling interest</i>	-	-	-	-	-	-
Profit (loss) for the period attributable to the owners of the Bank	21,181	(718)	232	(13)	(1,529)	19,153
<i>Total segment assets</i>	2,934,243	1,462,186	5,135	57,562	(228,327)	4,230,799
<i>Total segment liabilities</i>	2,638,740	1,306,726	4,589	43,250	(206,295)	3,787,010
Net segment assets (shareholders' equity)	295,503	155,460	546	14,312	(22,032)	443,789

NOTE 15
SEGMENT INFORMATION (CONTINUED)

A summary of major indicators for the main business segments of the Group included in the Statement of financial position as at 31 March 2022 and in the Statement of comprehensive income for the three months period then ended is presented in the table below.

	Traditional banking operations and lending	Treasury	Non-core banking activities	Other activities	Eliminations	Total
<i>Internal</i>	(189)	-	(2)	3	188	-
<i>External</i>	20,494	1,038	396	98	-	22,026
Net interest income	20,305	1,038	394	101	188	22,026
<i>Internal</i>	131	-	-	-	(131)	-
<i>External</i>	4,537	-	-	(34)	-	4,503
Net fee and commissions income	4,668	-	-	(34)	(131)	4,503
<i>Internal</i>	(58)	-	(2)	3	57	-
<i>External</i>	25,031	1,038	396	64	-	26,529
Net interest, fee and commissions income	24,973	1,038	394	67	57	26,529
<i>Internal</i>	(52)	-	-	(10)	62	-
<i>External</i>	(9,929)	(968)	-	(411)	-	(11,308)
Operating expenses	(9,981)	(968)	-	(421)	62	(11,308)
<i>Amortisation charges</i>	(281)	(31)	-	(22)	-	(334)
<i>Depreciation charges</i>	(648)	(68)	-	(59)	-	(775)
<i>Internal</i>	-	-	-	-	-	-
<i>External</i>	(2,807)	-	108	27	-	(2,672)
Impairment expenses	(2,807)	-	108	27	-	(2,672)
<i>Internal</i>	1,348	-	105	-	(1,453)	-
<i>External</i>	2,102	(109)	496	528	-	3,017
Net other income	3,450	(109)	601	528	(1,453)	3,017
Profit (loss) before tax from continuing operations	14,706	(138)	1,103	120	(1,334)	14,457
<i>Income tax</i>	(2,730)	(270)	-	-	-	(3,000)
Profit (loss) per segment after tax from continuing operations	11,976	(408)	1,103	120	(1,334)	11,457
<i>Profit or (loss) per segment after tax from discontinued operations</i>	-	-	-	-	-	-
Profit (loss) per segment	11,976	(408)	1,103	120	(1,334)	11,457
<i>Non-controlling interest</i>	-	-	-	-	-	-
<i>Profit (loss) for the period attributable to the owners of the Bank</i>	11,976	(408)	1,103	120	(1,334)	11,457
<i>Total segment assets</i>	2,408,393	1,645,253	4,592	59,639	(169,148)	3,948,729
<i>Total segment liabilities</i>	2,169,319	1,479,118	4,128	43,094	(140,434)	3,555,225
<i>Net segment assets (shareholders' equity)</i>	239,074	166,135	464	16,545	(28,714)	393,504

NOTE 16
SELECTED INFORMATION OF FINANCIAL GROUP

According to local legislation the Bank is required to disclose certain information for the Financial group. As of 31 March 2023 the Bank owned the following subsidiaries included in the prudential scope of consolidation (the Bank and four subsidiaries comprised the Financial group, all of the entities attributable to Financial Group operate in Lithuania):

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

As of 31 December 2022 the Bank owned the following subsidiaries included in the prudential scope of consolidation (the Bank and four subsidiaries comprised the Financial group, all of the entities attributable to Financial Group operate in Lithuania):

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

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

Financial Group's condensed statement of financial position

	31 March 2023	31 December 2022
ASSETS		
<i>Cash and cash equivalents</i>	362,891	383,834
<i>Securities in the trading book</i>	26,703	27,287
<i>Due from other banks</i>	2,733	2,733
<i>Derivative financial instruments</i>	818	897
<i>Loans to customers</i>	2,437,416	2,391,629
<i>Finance lease receivables</i>	250,099	242,448
<i>Investment securities at fair value</i>	83,562	90,225
<i>Investment securities at amortized cost</i>	969,691	956,332
<i>Investments in subsidiaries and associates</i>	11,816	11,832
<i>Intangible assets</i>	6,780	6,450
<i>Property, plant and equipment</i>	15,758	15,777
<i>Investment property</i>	1,017	1,827
<i>Current income tax prepayment</i>	2,469	6
<i>Deferred income tax asset</i>	4,545	5,657
<i>Other assets</i>	14,310	9,705
Total assets	4,190,608	4,146,639
LIABILITIES		
<i>Due to other banks and financial institutions</i>	694,268	685,480
<i>Derivative financial instruments</i>	2,038	7,152
<i>Due to customers</i>	2,804,581	2,785,489
<i>Special and lending funds</i>	8,647	14,184
<i>Debt securities in issue</i>	172,765	171,231
<i>Current income tax liabilities</i>	8,908	4,336
<i>Deferred income tax liabilities</i>	1,368	1,463
<i>Other liabilities</i>	52,880	34,266
Total liabilities	3,745,455	3,703,601
EQUITY		
<i>Share capital</i>	174,211	174,211
<i>Share premium</i>	3,428	3,428
<i>Treasury shares (-)</i>	(1,868)	-
<i>Reserve capital</i>	756	756
<i>Statutory reserve</i>	47,673	36,990
<i>Reserve for acquisition of own shares</i>	20,000	20,000
<i>Financial instruments revaluation reserve</i>	(7,538)	(8,111)
<i>Financial instruments revaluation reserve</i>	2,440	2,287
<i>Retained earnings</i>	206,051	213,477
<i>Non-controlling interest</i>	-	-
Total equity	445,153	443,038
Total liabilities and equity	4,190,608	4,146,639

SELECTED INFORMATION OF FINANCIAL GROUP (CONTINUED)

Financial Group's condensed income statement

	for the three months period ended	
	31 March 2023	31 March 2022
<i>Interest revenue calculated using the effective interest method</i>	39,914	22,519
<i>Other similar income</i>	4,227	2,519
<i>Interest expense and similar charges</i>	(8,767)	(3,102)
Net interest income	35,374	21,936
<i>Fee and commission income</i>	6,354	6,333
<i>Fee and commission expense</i>	(1,777)	(1,796)
Net fee and commission income	4,577	4,537
<i>Net gain from trading activities</i>	1,721	1,794
<i>Net gain (loss) from derecognition of financial assets</i>	266	138
<i>Net gain (loss) from disposal of tangible assets</i>	638	205
<i>Revenue related to insurance activities</i>	-	-
<i>Other operating income</i>	146	589
<i>Salaries and related expenses</i>	(8,476)	(7,227)
<i>Depreciation and amortization expenses</i>	(1,284)	(1,042)
<i>Expenses related to insurance activities</i>	-	-
<i>Other operating expenses</i>	(5,598)	(3,796)
Operating profit before impairment losses	27,364	17,134
<i>Allowance for impairment losses on loans and other assets</i>	(2,750)	(2,672)
<i>Allowance for impairment losses on investments in subsidiaries</i>	-	-
<i>Share of the profit or loss of investments in subsidiaries accounted for using the equity method</i>	(17)	7
Profit before income tax	24,597	14,469
<i>Income tax expense</i>	(5,421)	(3,000)
Net profit for the period	19,176	11,469
<i>Profit (loss) from discontinued operations, net of tax</i>	-	-
Net profit for the year	19,176	11,469
Net profit attributable to:		
<i>Owners of the Bank</i>	19,176	11,469
<i>From continuing operations</i>	19,176	11,469
<i>From discontinued operations</i>	-	-
<i>Non-controlling interest</i>	-	-

Financial Group's condensed statement of comprehensive income

	for the three months period ended	
	31 March 2023	31 March 2022
Net profit for the period	19,176	11,469
Other comprehensive income		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
<i>Gain from revaluation of financial assets</i>	716	(2,996)
<i>Deferred income tax on gain from revaluation of financial assets</i>	(143)	599
Other comprehensive income, net of deferred tax	573	(2,397)
Total comprehensive income for the period	19,749	9,072
Total comprehensive income (loss) attributable to:		
<i>Owners of the Bank</i>	19,749	9,072
<i>Non-controlling interest</i>	-	-
	19,749	9,072

NOTE 17
LIABILITIES RELATED TO INSURANCE ACTIVITIES

Technical insurance provisions

Bank's subsidiary SB draudimas UAB is engaged in life insurance business. For the periods ended 31 March 2023 and 31 December 2022 the technical insurance provisions and their changes were as follows:

	<i>Unearned premiums</i>	<i>Claims outstanding</i>	<i>Mathematical</i>	<i>Unit-linked</i>	<i>Investment units</i>	<i>Total</i>
Gross:						
<i>At 1 January 2022</i>	14	214	10,309	27,841	3,031	41,409
<i>Change during period</i>	2	135	472	(3,174)	469	(2,096)
<i>At 31 December 2022</i>	16	349	10,781	24,667	3,500	39,313
<i>Change during period</i>	-	(67)	214	1,704	444	2,295
<i>At 31 March 2023</i>	16	282	10,995	26,371	3,944	41,608
Reinsurance share:						
<i>At 1 January 2022</i>	(35)	(1)	(5)	-	-	(41)
<i>Change during period</i>	(11)	(118)	(2)	-	-	(131)
<i>At 31 December 2022</i>	(46)	(119)	(7)	-	-	(172)
<i>Change during period</i>	-	57	(3)	-	-	54
<i>At 31 March 2023</i>	(46)	(62)	(10)	-	-	(118)
Net value						
<i>At 31 December 2022</i>	(30)	230	10,774	24,667	3,500	39,141
<i>At 31 March 2023</i>	(30)	220	10,985	26,371	3,944	41,490

Liabilities under unit-linked insurance contracts are fully covered with assets: other securities in the trading book and cash (31 March 2023: securities EUR 30,205 thousand, cash EUR 110 thousand, 31 December 2022: securities EUR 27,991 thousand, cash EUR 176 thousand).

NOTE 18
SUBSEQUENT EVENTS

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

ADDITIONAL INFORMATION

for the three month period ended 31 March 2023

The present additional information of Šiaulių Bankas AB (hereinafter — the Bank) covers the period 01 January 2023 to 31 March 2023.

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

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

ACTIVITY RESULTS

- Šiaulių Bankas Group earned EUR 19.2 million of unaudited net profit in Q1
- New credit agreements worth more than EUR 350 million were signed, bringing the loan portfolio to EUR 2.7 billion
- As interest rates rise, the volume of term deposits is increasing rapidly, and the total client deposit portfolio exceeded EUR 2.8 billion
- With the growing demand for sustainable housing solutions, clients are more actively choosing the Bank's energy-efficient financing offers
- Šiaulių Bankas continues to keep its promise to be closer to its clients and has maintained the most extensive network of 56 customer service outlets in Lithuania, while also developing its digital channels by expanding its online banking services and the functions of its mobile application
- The prestigious business and finance magazine Global Finance has named Šiaulių Bankas as the best bank in Lithuania – this is the third time the Bank has won this award

Overview of Key Performance Indicators

In Q1, Šiaulių Bankas Group earned EUR 19.2 million of unaudited net profit (67% more than a year ago, when the profit amounted to EUR 11.5 million). Operating profit before impairment and corporate tax amounted to EUR 27.3 million, an increase of 60% compared to the same period last year.

Due to the strong growth in lending volumes in recent years, constant increase in client activity and rising interest rates, net interest income grew by 61% year-on-year to EUR 35.4 million, while net fee and commission income remained similar at EUR 4.55 million.

The Group made provisions of EUR 2.8 million in Q1. This was mainly impacted by an updated risk assessment of individual exposures and revised provisioning parameters in line with updated macroeconomic forecasts. At the end of the quarter, the cost of risk (CoR) of the loan portfolio stood at 0.4% (0.5% in the corresponding period of the previous year).

The Group's cost to income ratio (excluding the impact of client portfolio of SB Draudimas) decreased and at the end of Q1 stood at 39.7% (45.4% last year). In Q1, the return on equity was 17.8% (11.6% in the same period last year). The capital and liquidity position continues to remain strong and prudential ratios are being met by a wide margin, with a liquidity coverage ratio (LCR) increased to 270%* and a capital adequacy ratio (CAR) to 18.1%*.

* – forecast data

Corporate and Private Clients Financing

While lending volumes have been trending positively, the pace of loan portfolio growth is moderating slightly due to continued uncertainty, the economic outlook and the rising cost of borrowing. The value of the loan portfolio increasing by 2% in Q1 and by 22% year-on-year to almost EUR 2.7 billion. EUR 354 million worth of new credit agreements were signed, an increase of 15% compared to Q1 2022.

The business finance portfolio grew by 2% in the quarter and by 15% in the year (to EUR 1.4 billion). The number of new loans signed was 23% higher than in Q1 of last year and amounted to EUR 212 million. The share of non-performing loans remained stable, with 19% fewer such business loans compared to the same period last year.

In the first months of the year, mortgage financing continued to show a decline in sales volumes, which started in the second half of 2022. However, sales volumes returned to an upward trend already in March, with a total of EUR 49 million worth of contracts signed in Q1 (7% less than in Q1 2022). The mortgage loan portfolio grew by 5% in Q1 and by 40% year-on-year to almost EUR 700 million.

Due to active and visible advertising and the availability and attractiveness of the financing services offered, consumer credit was granted for EUR 50 million in Q1, 33% more than in Q1 2022. The consumer loan portfolio grew by 6% in the first quarter and by 36% year-on-year to EUR 244 million.

By offering better terms of financing for sustainable solutions, we continue to encourage our clients to improve home energy efficiency and contribute to a better environment. Additionally, higher heating costs during the winter season have encouraged residents to seek energy efficient solutions, which resulted with EUR 79 million worth of contracts signed in Q1 alone, 3 times more than in Q1 2022. The Bank's multi-apartment modernization fund has already financed 244 projects worth EUR 160 million.

Daily banking

More than 7.6 thousand new private and business clients started using the Bank's services in the first months of the year, while the total number of clients subscribing to service plans that generate stable commission income grew by 2.3% to almost 190 thousand.

The number of clients using credit cards is growing rapidly. The annual growth rate remains above 30% and in the last quarter alone this number grew by 9% to over 30 thousand.

To meet everyone's needs and enable clients to choose how they want to be served, the Bank maintained the most extensive network of customer service outlets in Lithuania (56 outlets in 37 Lithuanian cities), while developing convenient smart solutions – during the quarter, the Bank introduced new, expanded online banking services, as well as upgraded its mobile application, adding new features such as push notification management.

Saving and Investing

The client deposit portfolio grew by 1% during the quarter and exceeded EUR 2.8 billion at the end of March. Due to attractive interest rates on term deposits, which were steadily increased during the quarter, the portfolio grew by EUR 51 million, while the volume of demand deposits decreased by EUR 37 million. The share of term deposits in the total portfolio rose to 35%. With inflation at a high level and growing need to invest, clients are not only choosing a simple and convenient savings instrument, i.e., term deposit, but are also choosing the Bank's other investment products. The value of client securities held by the Bank at the end of the quarter exceeded EUR 1.6 billion.

Merger of Retail Businesses

The shareholder approval received in the first quarter marks an important milestone in the implementation of the transaction to merge the Bank's and Invalda INVL's retail businesses to create a strong next-generation financial service provider. The transaction is progressing smoothly and is expected to be completed by the end of the year. Preparations are underway to ensure the best experience for employees, clients, and investors. The Bank's asset management company needed for the transaction was already established this year and is currently seeking a licence from the Bank of Lithuania.

REGARDING EXTERNAL ENVIRONMENT FACTORS

The Bank monitors the tense geopolitical situation in order to properly and timely assess and identify the potential impact of Russia's invasion of Ukraine on the Bank's operations and the quality of its portfolio due to the risks it poses to clients. The Bank has set up a special Working Group to assess the situation. The Bank has no operations in Russia, Belarus or Ukraine and does not have significant direct exposures in these countries. The Bank considers the secondary risk of direct insolvency of clients operating in Lithuania due to the geopolitical situation to be low: the Bank's largest clients are aware of the threats, the number of clients dependent on business relations with Ukraine and Russia is low, and clients with business relations in the countries mentioned above are reducing their dependence of their income on business transactions. To identify in a timely manner a potential increase in the risk of its clients, the Bank applies the procedures set out in the Bank's internal regulations, records Early Warning Indicators (EWI) for the impact of the geopolitical situation on the clients that have a moderate or greater dependence on the aforementioned countries through their supply or sales chains, or through their shareholding structure, and, in the event of a potentially significant risk, puts the client on the Watch List and implements enhanced monitoring for these clients, and approves action plans for the mitigation of risk. The greatest uncertainties and potential negative impacts arise from tertiary effects, i.e., the impact of Russia's invasion of Ukraine on the overall state of the economy. The Bank uses scenario assessments and stress testing to assess these impacts. These assessments indicate that the Bank's capital position is strong and that the Bank would be able to withstand significant shocks related to economic downturns.

The increased monitoring is not limited to credit risk, but also includes a stronger monitoring of the bank's liquidity position (except for the increased cash withdrawals a few days after the start of the invasion, there were no negative trends related to the invasion), increased focus on business continuity and IT security (business continuity plans have been updated with a number of additional scenarios, cybersecurity status is constantly being monitored, additional cyber-protection measures have been implemented, and testing of measures and plans is ongoing). Also, due to the rapidly changing situation and the introduction of new sanction packages, the processes and procedures for complying with the sanctions for clients and payments are under considerable scrutiny, which may in some cases lead to longer process time.

The Russian invasion of Ukraine may further contribute to increased market volatility. The Bank has no direct investments (securities or other financial instruments) in Russia, Belarus or Ukraine. The Bank has no or close to zero open currency exposure in these countries.

The Bank is closely monitoring the situation regarding problems of some US and Swiss banks. The Bank has no direct positions in these credit institutions and does not notice any material second or third order effects to Bank's activities.

On 25 May 2022, the international rating agency Moody's Investor Service (Moody's) affirmed the Baa2 long-term deposit rating previously granted to the Bank as well as its positive outlook. The Bank's previous short-term deposit rating of P-2 has also been affirmed. In its statement, Moody's said that the rating affirmation reflects the Bank's strong credit fundamentals relative to the rating level, which are expected to remain resilient despite the Bank's increasingly challenging operating environment and the high level of loan growth. It also states that the Bank's outlook reflects improved risk management and overall asset risk, with a significant reduction in non-performing loans and maintaining a strong capital position.

COMPLIANCE WITH PRUDENTIAL REQUIREMENTS

Income was growing faster than its expenses which led to the high efficiency of the performance. Capital and liquidity position remain robust - prudential requirements are implemented with adequate reserve. According to the data as of 31 March 2023 the Bank complied with all the prudential requirements set out by the supervisory authority.

The main financial indicators of the Group:

	31/12/2020	31/12/2021	31/03/2022	31/12/2022	31/03/2023
ROAA, %	1.5	1.6	1.2	1.6	1.9
ROAE, %	12.7	14.3	11.6	15.2	17.8
Cost to income ratio, %	42.7	44.1	42.0	42.9	41.3
Cost to income ratio (adjusted due to the impact of the SB draudimas clients' portfolio), %	42.9	42.8	45.4	43.2	39.7
Loan to deposit ratio, %	75.0	78.6	83.9	94.6	96.0

At the end of year MREL requirement at Financial group level approved in June 2022 were effective, including the following MREL requirements that shall be met by 1 January 2024:

- The minimum requirement for own funds and eligible liabilities of the resolution entity with which the Financial group shall comply is 20.24% of total risk exposure (MREL-TREA) and 7.07% of leverage ratio exposure (MREL-LRE);
- Subordinated instruments shall comprise 13.50% of total risk exposure (MREL-TREA, subordinated) and 5.89% of leverage ratio exposures (MREL-LRE, subordinated).

To ensure a linear build-up of own funds and eligible liabilities towards the requirements the supervisory authorities set intermediate targets. For 1 January 2023, such targets comprise MREL-TREA of 15.43% and MREL-LRE of 5.89%, subordinated MREL-TREA of 13.50% and subordinated MREL-LRE of 5.79%. The levels of MREL requirements are revised by the supervisory authorities of the bank each year. In February 2023, the Bank received an updated MREL requirement that shall be met by 1 January 2024.

The MREL targets for Financial group can be summarised as follows:

	01/01/2023 (intermediate target)	01/01/2024 (requirement)	01/01/2024 (requirement updated at February 2023)
MREL-TREA	15.43%	20.24%	21.49%
MREL-LRE	5.89%	7.07%	7.16%
MREL-TREA, subordinated	13.50%	13.50%	13.50%
MREL-LRE, subordinated	5.79%	5.89%	5.99%

On 29 November 2022, in the international financial markets, Šiaulių Bankas AB successfully supplemented the 4-year issue made in 2021 with an additional nominal value of EUR 85 million. Before this addition, this issue amounted to EUR 75 million, now it is EUR 160 million. The bond issue was aimed at meeting future MREL requirements set by the supervisory authorities of the bank. The bonds are listed on the Nasdaq Baltic bond list, ISIN code LT0000405771.

Data on indicators are also available on the website of Šiaulių Bankas:

- on operating profitability indicators:
[Homepage](#) › [Bank Investors](#) › [Financial Information](#) › [Profitability Ratios](#)
- prudential requirements:
[Homepage](#) › [Bank Investors](#) › [Financial Information](#) › [Prudential Standards](#)
- the description of alternative performance indicators:
[Homepage](#) › [Bank Investors](#) › [Financial Information](#) › [Alternative Performance Measures](#)

AUTHORIZED CAPITAL, SHAREHOLDERS

As of 31 March 2023, the authorized capital of the Bank totalled to EUR 174,210,616.27 and is divided into 600,726,263 units of ordinary registered shares with a nominal value of EUR 0.29 each (ISIN LT0000102253 Nasdaq CSD Lithuanian branch). The Charter of the Bank were registered in the Register of Legal Entities on 13 December 2018 after the last increase of the authorized capital by additional contributions. The authorized capital of the bank was not increased during 2022.

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

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

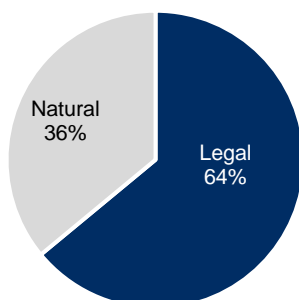
Authorized capital:

	14/09/2015	26/05/2016	06/06/2017	01/06/2018	13/12/2018
Capital, EUR	91 226 381.99	109 471 658.33	131 365 989.88	157 639 187.74	174 210 616.27

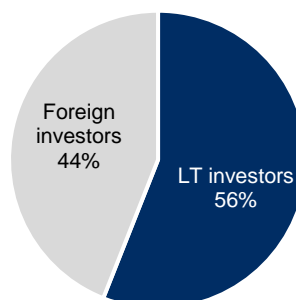
As of 31 March 2023 the number if the Bank's shareholders was 19,360 (as of 31 March 2022 – 17,176). All issued shares grant the shareholders equal rights foreseen by the Law on Companies of the The Republic of Lithuania of Lithuania and the Charter of the Bank:

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Shareholders by type



Shareholders by residence



Shareholders owning more than 5% of the Bank's shares and votes as of 31 March 2023:

	Share of shares and votes, %
EBRD, LEI code 549300HTGDOVDU60GK19	20.00
Invalda INVL AB, c.c. 121304349*	8.06
ME INVESTICIJA UAB, c.c. 302489393	5.71
Gintaras Kateiva**	5.39
Algirdas Butkus***	5.33

* Pursuant to the Law on Securities of the Republic of Lithuania, the shareholder's votes are counted together with the controlled companies: INVL LIFE UAB, c.c. 305859887 – 1.96%, INVL Asset Management UAB, c.c. 126263073 - 0.66% of the votes

** Votes are counted together with the votes held by the spouse

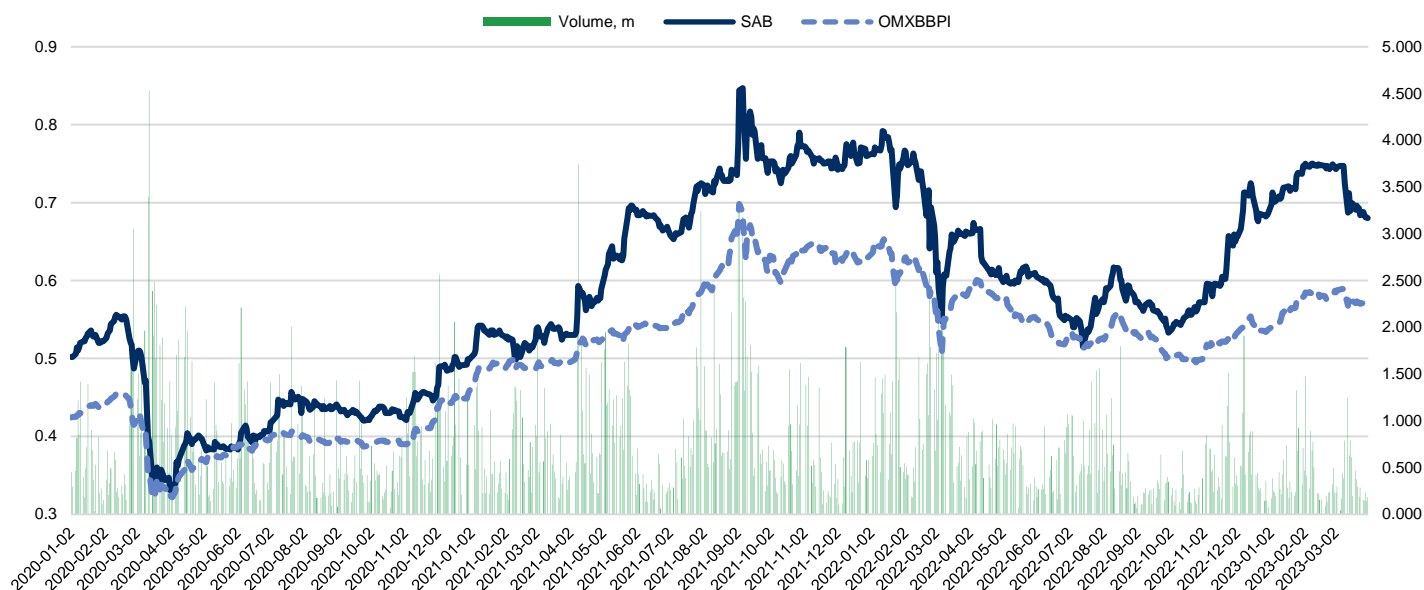
*** Votes are counted together with controlled companies: Prekybos namai AIVA UAB, c.c. 144031190 – 2.00%, Mintaka UAB, c.c. 144725916 - 0.88%

Information on shares

	31/12/2020	31/12/2021	31/03/2022	31/12/2022	31/03/2023
Capitalization, m EUR	299.2	457.2	397.1	412.1	408.5
Turnover, mln. Eur	84.5	134.8	44.7	101.9	18.8
Share price on the last trading session day	0.498	0.761	0.661	0.686	0.680
Lowest share price during the reporting period	0.320	0.493	0.534	0.511	0.677
Highest share price during the reporting period	0.558	0.890	0.794	0.794	0.754
Average share price during the reporting period	0.442	0.663	0.707	0.624	0.723
Share book value	0.592	0.678	0.691	0.730	0.741
P/BV	0.8	1.1	1.0	0.9	0.9
P/E	7.0	8.3	8.7	6.5	5.3
Capital increase from retained earnings, %	-	-	-	-	-

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

Turnover and price of the Bank's shares 2020-2023:



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

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

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

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

Besides, the Bank's shares are included into such indices as *STOXX 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, Bloomberg ESB Data Index, S&P Frontier BMI Index, MSCI Frontier and Emerging Markets Select Index and in some FTSE Russell Frontier indices.*

ACQUISITION OF OWN SHARES

On 25-26 January 2023 Šiaulių Bankas AB purchased own shares on the Tender Offer Market of Nasdaq Vilnius AB - total number of shares acquired 2 491 317, total amount of share acquisition transactions EUR 1,868,487.75. The purpose of share acquisition - granting shares to the employees of the Bank and the Bank's subsidiaries. Acquired shares passed on Bank's ownership on the settlement date of the purchase auction - 27 January 2023.

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

The General Meeting of Shareholders held on 31 March 2023 decided on the allocation of the Bank's profits. The profit allocation included EUR 15.9 million for dividends, representing 25% of the net profit for 2022. Dividends of EUR 0.0265 per ordinary registered share with a nominal value of EUR 0.29.

Information on the dividends paid:

<i>The year for which the dividends are allocated and paid</i>	2018	2019	2020	2021	2022
<i>Per cent from nominal value</i>	10	-	1.90	11.72	9.14
<i>Dividend amount per share, Eur</i>	0.0290	-	0.0055	0.0340	0.0265
<i>Dividend amount, Eur</i>	17,421,064	-	3,303,994	20,424,693	15,919,246
<i>Yields from dividends, %</i>	6.2	-	1.1	4.5	3.9
<i>Dividends to Group net profit, per cent</i>	33.0	-	7.7	37.0	25.0

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

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

MANAGEMENT OF THE BANK

The Management Board bodies of the Bank are as follows: the General Meeting of the Shareholders of the Bank, Supervisory Council of the Bank (the term of office 4 year), Management Board of the Bank (the term of office 4 year) and Chief Executive Officer (CEO).

On 28 July 2022, by the decision of the Extraordinary General Meeting of Shareholders of AB Šiaulių bankas, Mindaugas Raila was elected as a member of the Bank's Supervisory Council, and took up his duties on 18 January 2023, after obtaining the permission of the Bank's supervisory authority.

On 28 July 2022, by the decision of the Extraordinary General Meeting of Shareholders of AB Šiaulių bankas, Tomas Okmanas was elected as an independent member of the Bank's Supervisory Council, and took up his duties on 2 February 2023, after obtaining the permission of the Bank's supervisory authority.

The Bank's Supervisory Council, whose term of office expires on the day of the Ordinary General Meeting of Shareholders of the Bank in 2024, composition for 31/03/2023 date was:

<i>Name, Surname</i>	Duties at the Supervisory Council	Share of capital under the right of ownership, % (31/03/2023)	Share of votes together with the related persons, % (31/03/2023)
<i>Valdas Vitkauskas</i>	Chairman since 05/08/2022	-	-
<i>Gintaras Kateiva</i>	Member since 2008	5.37	5.39*
<i>Ramunė Vilija Zabulienė</i>	Independent members since 2012	-	-
<i>Darius Šulnis</i>	Member since 2016	-	-
<i>Miha Košak</i>	Independent member since 2017	-	-
<i>Susan Gail Buyske</i>	Independent member since 2020	-	-
<i>Mindaugas Raila</i>	Member since 18/01/2023	-	5.71
<i>Tomas Okmanas</i>	Member since 02/02/2023	-	-

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

On 23 February 2023, by the decision of the Supervisory Council of AB Šiaulių bankas, Agnė Dukšienė was elected to the Bank's Management Board and will take office only after obtaining the permission of the Bank's Supervisory Authority (as of 28 April 2023, the permission had not yet been obtained).

The Bank's Board, whose term of office expires on the day of the Ordinary General Meeting of Shareholders of the Bank in 2024, composition for 31/03/2022 date was:

Name, Surname	Duties at the Board	Other current leading positions at the Bank	Share of capital under the right of ownership, % (31/03/2023)	Share of votes together with the related persons, % (31/03/2023)
Vytautas Sinius	Chairman since 19/08/2022	Chief Executive Officer	0.25	0.25
Donatas Savickas	Deputy Chairman since 1995	Deputy Chief Executive Officer, Head of Finance Division	0.12	0.12
Daiva Šorienė	Member since 2005	Deputy Chief Executive Officer, Head of Sales and Marketing Division	0.03	0.03
Mindaugas Rudys	Member since 2020	Head of Service Development Division	0.05	0.05
Algimantas Gaulia	Member since 2021	Head of Risk Management Division	<0.01	<0.01

BANK'S COMPANY GROUP

	Nature of activities	Registration date	Company code	Address	Tel.	e-mail, website
Šiaulių Bankas AB	commercial banking	04/02/1992	112025254	Tilžės str. 149 LT-76348 Šiauliai	+370 41 595 607	info@sb.lt , www.sb.lt

The Bank directly controls the following subsidiaries

SB Lizingas UAB	finance lease, consumer credits.	14/07/1997	234995490	Laisvės al. 80, LT-44249 Kaunas	+370 37 407 200	info@sb.lt , www.sblizingas.lt
Šiaulių Banko Lizingas UAB*	finance leases (leasing) and operating leases.	16/08/1999	145569548	Vilniaus str. 167, LT-76352 Šiauliai	+370 41 598 010, +370 5 272 3015	lizingas@sb.lt , www.sb.lt
SB Turto Fondas UAB	real estate management	13/08/2002	145855439	Vilniaus str. 167, LT-76352 Šiauliai	+370 41 525 322	turtofondas@sb.lt , www.sbipt.lt
Life insurance SB draudimas UAB	life insurance	31/08/2000	110081788	Laisvės pr. 3, LT-04215 Vilnius	+370 5 236 2723	info@sbdraudimas.lt , www.sbdraudimas.lt
SB modernizavimo fondas UAB**	multi-apartment renovation financing	05/04/2022	306057616	Tilžės g. 149, LT-76348 Šiauliai	+370 41 595 607	sbfondas@sb.lt
SB Asset Management UAB	fund management	07/02/2023	306241274	Gynėjų g. 14, LT-01109 Vilnius	+370 41 595 607	https://info@sbam.lt

*in liquidation process

**not consolidated under IFRS 10 requirements

OTHER INFORMATION, PUBLISHED INFORMATION AND MAJOR EVENTS

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

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

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

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

Chief Executive Officer

28 April 2023



Vytautas Sinius

CONFIRMATION FROM THE RESPONSIBLE PERSONS

We, Chief Executive Officer of Šiaulių bankas AB Vytautas Sinius and Chief Financial Officer Donatas Savickas, confirm that as far as we know, the financial statements for three months of 2023 are formed in compliance with the applicable accounting standards, correspond the reality and correctly reflect the total assets, liabilities, financial status, activity result and cash flow of Šiaulių bankas AB and consolidated companies.

Chief Executive Officer

Chief Financial Officer

28 April 2023



Vytautas Sinius



Donatas Savickas