

INTERIM INFORMATION

for the nine months period ended 30 September 2024

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CONDENSED INTERIM FINANCIAL STATEMENTS

for the nine months period ended 30 September 2024

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

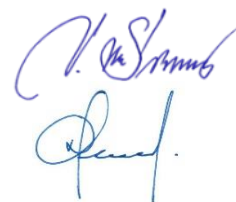
	Notes	30 September 2024		31 December 2023	
		Group	Bank	Group	Bank
ASSETS					
Cash and cash equivalents		398,795	384,548	751,499	742,969
Securities in the trading book	2	221,599	11,996	207,677	20,402
Due from other banks	1	3,062	3,062	3,013	3,013
Derivative financial instruments	1	223	223	251	241
Loans to customers	1	3,100,037	3,089,287	2,645,104	2,633,482
Finance lease receivables	1	329,356	329,356	286,533	286,451
Investment securities at fair value	2	57,037	56,789	74,500	74,382
Investment securities at amortized cost	2	743,582	732,667	751,227	739,869
Investments in subsidiaries	2	200	82,153	100	76,672
Intangible assets		44,100	8,122	45,138	8,149
Property, plant and equipment		14,220	13,734	15,781	14,702
Investment property		968	0	993	-
Current income tax prepayment		201	0	35	-
Deferred income tax asset		6,721	2,977	7,577	3,658
Other assets	3	23,452	21,422	19,743	18,970
Assets held for sale	3	150	150	150	150
Total assets		4,943,703	4,736,486	4,809,321	4,623,110
LIABILITIES					
Due to other banks and financial institutions	5	76,133	80,748	569,994	576,316
Derivative financial instruments		966	966	1,041	1,041
Due to customers	4	3,407,301	3,411,270	3,162,657	3,166,908
Special and lending funds	5	11,376	11,376	15,718	15,718
Debt securities in issue		610,648	610,648	276,480	276,480
Current income tax liabilities		2,971	2,889	6,412	6,412
Deferred income tax liabilities		6,136	0	6,125	-
Liabilities related to insurance activities	5	193,385	0	179,318	-
Other liabilities		57,768	39,779	48,448	35,794
Total liabilities		4,366,684	4,157,676	4,266,193	4,078,669
EQUITY					
Share capital	6	192,269	192,269	192,269	192,269
Share premium		25,534	25,534	25,534	25,534
Treasury shares (-)	6	-900	-900	(1,500)	(1,500)
Reserve capital		756	756	756	756
Statutory reserve	6	61,027	60,805	47,803	47,605
Reserve for acquisition of own shares	6	20,000	20,000	20,000	20,000
Financial instruments revaluation reserve		-3,451	-3,451	(5,426)	(5,426)
Other equity	6	1,480	1,019	1,697	1,209
Retained earnings		280,304	282,778	261,995	263,994
Non-controlling interest		0	0	-	-
Total equity		577,019	578,810	543,128	544,441
Total liabilities and equity		4,943,703	4,736,486	4,809,321	4,623,110

The notes on pages 12 - 33 constitute an integral part of these financial statements.

Chief Executive Officer

Chief Financial Officer

31 October 2024



Vytautas Sinius

Donatas Savickas

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

	Notes	for the nine months period ended		for the nine months period ended	
		30 September 2024	30 September 2023	30 September 2024	30 September 2023
		Group	Bank	Group	Bank
<i>Interest revenue calculated using the effective interest method</i>	7	183,886	171,953	138,981	128,491
<i>Other similar income</i>	7	19,948	18,593	15,262	15,131
<i>Interest expense and similar charges</i>	7	(82,779)	(82,880)	(38,158)	(38,200)
Net interest income		121,055	107,666	116,085	105,422
<i>Fee and commission income</i>	8	27,644	23,570	20,309	21,081
<i>Fee and commission expense</i>	8	(6,635)	(5,977)	(5,707)	(5,615)
Net fee and commission income		21,008	17,592	14,602	15,466
<i>Net gain from trading activities</i>	11	14,540	4,725	7,662	5,161
<i>Net gain (loss) from derecognition of financial assets</i>		(34)	114	836	532
<i>Net gain (loss) from disposal of tangible assets</i>		39	22	832	77
<i>Revenue related to insurance activities</i>		9,672	-	3,835	-
<i>Other operating income</i>		691	1,097	398	509
<i>Salaries and related expenses</i>	15	(35,393)	(31,280)	(25,510)	(23,533)
<i>Depreciation and amortization expenses</i>		(5,787)	(4,573)	(3,945)	(3,793)
<i>Expenses related to insurance activities</i>	11	(15,342)	-	(4,707)	-
<i>Other operating expenses</i>	9	(25,031)	(21,162)	(16,969)	(13,709)
Operating profit before impairment losses		85,419	74,202	93,119	86,132
<i>Allowance for impairment losses on loans and other assets</i>	10	(6,907)	(1,524)	(8,457)	(5,698)
<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>	12	0	5,381	-	3,687
Profit before income tax		78,512	78,059	84,662	84,121
<i>Income tax expense</i>		(14,890)	(13,980)	(19,009)	(18,097)
Net profit for the period		63,622	64,079	65,653	66,024
<i>Profit (loss) from discontinued operations, net of tax</i>		-	-	-	-
Net profit for the period		63,622	64,079	65,653	66,024
Net profit attributable to:					
<i>Owners of the Bank</i>		63,622	64,079	65,653	66,024
<i>From continuing operations</i>		63,622	64,079	65,653	66,024
<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>		0,10		0,11	
<i>Diluted earnings per share (in EUR per share) attributable to owners of the Bank</i>		0,10		0,11	

The notes on pages 12 - 33 constitute an integral part of these financial statements.

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

	for the three months period				
	1 July - 30 September		1 July - 30 September		
	Notes	Group	Bank	Group	Bank
		2024		2023	
<i>Interest revenue calculated using the effective interest method</i>		63,239	59,153	51,928	48,320
<i>Other similar income</i>		6,921	6,489	5,736	5,693
<i>Interest expense and similar charges</i>		(29,735)	(29,767)	(17,046)	(17,079)
Net interest income		40,425	35,875	40,618	36,934
<i>Fee and commission income</i>		9,504	8,010	6,998	7,259
<i>Fee and commission expense</i>		(2,232)	(1,996)	(2,001)	(1,970)
Net fee and commission income		7,271	6,013	4 997	5 289
<i>Net gain from trading activities</i>		3,647	1,516	1,220	1,209
<i>Net gain (loss) from derecognition of financial assets</i>		57	109	517	496
<i>Net gain (loss) from disposal of tangible assets</i>		16	13	111	40
<i>Revenue related to insurance activities</i>		2,697	-	1,488	-
<i>Other operating income</i>		386	491	142	195
<i>Salaries and related expenses</i>		(12,219)	(10,852)	(8,672)	(8,055)
<i>Depreciation and amortization expenses</i>		(2,111)	(1,703)	(1,333)	(1,288)
<i>Expenses related to insurance activities</i>		(3,906)	-	(661)	-
<i>Other operating expenses</i>		(7,901)	(6,846)	(5,443)	(4,484)
Operating profit before impairment losses		28,363	24,617	32,984	30,336
<i>Allowance for impairment losses on loans and other assets</i>		(2,991)	(1,548)	(3,118)	(1,867)
<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>		-	2,097	-	1,317
Profit before income tax		25,372	25,166	29,866	29,786
<i>Income tax expense</i>		(4,742)	(4,413)	(5,671)	(5,358)
Net profit for the period		20,630	20,753	24,195	24,428
<i>Profit (loss) from discontinued operations, net of tax</i>		-	-	-	-
Net profit for the period		20,630	20,753	24,195	24,428
Net profit attributable to:					
<i>Owners of the Bank</i>		20,630	20,753	24,195	24,428
<i>From continuing operations</i>		20,630	20,753	24,195	24,428
<i>From discontinued operations</i>		-	-	-	-
<i>Non-controlling interest</i>		-	-	-	-

The notes on pages 12 - 33 constitute an integral part of these financial statements.

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

	for the nine months period ended			
	30 September 2024		30 September 2023	
	Group	Bank	Group	Bank
Net profit for the period	63,622	64,079	65,653	66,024
Other comprehensive income				
<i>Items that may be subsequently reclassified to profit or loss:</i>				
Gain from revaluation of financial assets	2,468	2,468	1,653	1,669
Deferred income tax on gain from revaluation of financial assets	(493)	(493)	(332)	(334)
<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	1,975	1,975	1,321	1,335
Total comprehensive income for the period	65,597	66,054	66,974	67,359
Total comprehensive income (loss) attributable to:				
Owners of the Bank	65,597	66,054	66,974	67,359
Non-controlling interest	-	-	-	-
	65,597	66,054	66,974	67,359

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

	for the three months period			
	1 July - 30 September 2024		1 July - 30 September 2023	
	Group	Bank	Group	Bank
Net profit for the period	20,630	20,753	24,195	24,428
Other comprehensive income (loss)				
<i>Items that may be subsequently reclassified to profit or loss:</i>				
Gain (loss) from revaluation of financial assets	1,146	1,146	1,263	1 263
Deferred income tax on gain (loss) from revaluation of financial assets	(96)	(99)	(253)	(253)
<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 (loss), net of deferred tax	917	917	1,010	1,010
Total comprehensive income for the period	21,547	21,670	25,205	25,438
Total comprehensive income (loss) attributable to:				
Owners of the Bank	21,547	21,670	25,205	25,438
Non-controlling interest	-	-	-	-
	21,547	21,670	25,205	25,438

The notes on pages 12 - 33 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	Statutory reserve	Reserve for acquisition of own shares	Other equity	Retained earnings	Total	Non-controlling interest	Total equity
Attributable to Bank shareholders													
1 January 2023		174,211	3,428	-	756	(8,097)	37,113	20,000	2,355	214,496	444,262	-	444,262
Transfer to statutory reserve		-	-	-	-	-	10,690	-	-	(10,690)	-	-	-
Acquisition of own shares	6	-	-	(1,868)	-	-	-	-	-	-	(1,868)	-	(1,868)
Share-based payment	6	-	-	1,868	-	-	-	-	(655)	(1,210)	1,210	-	1,210
Payment of dividends	6	-	-	-	-	-	-	-	-	(15,919)	(15,919)	-	(15,919)
Total comprehensive income		-	-	-	-	1,321	-	-	-	65,653	66,974	-	66,974
30 September 2023		174,211	3,428	-	756	(6,776)	47,803	20,000	1,697	253,540	494,659	-	494,659
Increase of share capital	6	18,058	22,106	-	-	-	-	-	-	-	40,164	-	40,164
Acquisition of own shares	6	-	-	(1,500)	-	-	-	-	-	-	(1,500)	-	(1,500)
Share-based payment	6	-	-	-	-	-	-	-	-	75	75	-	88
Total comprehensive income		-	-	-	-	1,350	-	-	-	8,380	9,730	-	9,730
31 December 2023		192,269	25,534	(1,500)	756	(5,426)	47,803	20,000	1,697	261,995	543,128	-	543,128
Transfer to statutory reserve		-	-	-	-	-	13,222	-	-	(13,222)	-	-	-
Acquisition of own shares	6	-	-	(900)	-	-	-	-	-	-	(900)	-	(900)
Share-based payment	6	-	-	1,500	-	-	2	-	(217)	4	1,289	-	1,289
Payment of dividends	6	-	-	-	-	-	-	-	-	(32,095)	(32,095)	-	(32,095)
Total comprehensive income		-	-	-	-	1,975	-	-	-	63,622	65,597	-	65,597
30 September 2024		192,269	25,534	(900)	756	(3,451)	61,027	20,000	1,480	280,304	577,019	-	577,019

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 2023		174,211	3,428	-	756	(8,111)	36,922	20,000	1,917	216,227	445,350
Transfer to statutory reserve		-	-	-	-	-	10,683	-	-	(10,683)	-
Acquisition of own shares	6	-	-	(1,868)	-	-	-	-	-	-	(1,868)
Share-based payment	6	-	-	1,868	-	-	-	-	(708)	-	1,160
Payment of dividends	6	-	-	-	-	-	-	-	-	(15,919)	(15,919)
Total comprehensive income		-	-	-	-	1,335	-	-	-	66,024	67,359
30 September 2023		174,211	3,428	-	756	(6,776)	47,605	20,000	1,209	255,649	496,082
Increase of share capital	6	18,058	22,106	-	-	-	-	-	-	-	40,164
Acquisition of own shares	6	-	-	(1,500)	-	-	-	-	-	-	(1,500)
Total comprehensive income		-	-	-	-	1,350	-	-	-	8,345	9,695
31 December 2023		192,269	25,534	(1,500)	756	(5,426)	47,605	20,000	1,209	263,994	544,441
Transfer to statutory reserve		-	-	-	-	-	13,200	-	-	(13,200)	-
Acquisition of own shares	6	-	-	(900)	-	-	-	-	-	-	(900)
Share-based payment	6	-	-	1,500	-	-	-	-	(190)	-	1,310
Payment of dividends	6	-	-	-	-	-	-	-	-	(32,095)	(32,095)
Total comprehensive income		-	-	-	-	1,975	-	-	-	64,079	66,054
30 September 2024		192,269	25,534	(900)	756	(3,451)	60,805	20,000	1,019	282,778	578,810

The notes on pages 12 - 33 constitute an integral part of these financial statements.

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

	for the nine months period ended				
	Notes	30 September 2024		30 September 2023	
		Group	Bank	Group	Bank
Operating activities					
Interest received on loans and advances		186,097	173,317	138,153	128,040
Interest received on securities in the trading book		1,097	976	1,495	1,387
Interest paid		(103,970)	(104,185)	(27,841)	(27,894)
Fees and commissions received		27,644	23,570	20,309	21,081
Fees and commissions paid		(6,635)	(5,977)	(5,707)	(5,615)
Net cash inflows from trade in securities in the trading book		5,530	9,458	(6,103)	(6,259)
Net inflows from foreign exchange operations		4,444	4,442	4,915	4,915
Net inflows from derecognition of financial assets		(34)	114	836	532
Net inflows from derecognition of non-financial assets		39	22	832	77
Cash inflows related to other activities of Group companies		10,363	1,097	4,233	509
Cash outflows related to other activities of Group companies		(15,342)	-	(4,707)	-
Recoveries on loans previously written off		221	105	405	140
Salaries and related payments to and on behalf of employees		(33,958)	(29,845)	(25,367)	(23,390)
Payments related to operating and other expenses		(25,031)	(21,162)	(16,969)	(13,709)
Income tax paid		(17,399)	(17,270)	(7,552)	(7,206)
Net cash flow from operating activities before change in operating assets and liabilities		33,066	34,662	76,932	72,608
Change in operating assets and liabilities:					
Decrease (increase) in due from other banks		(49)	(49)	(108)	(108)
(Increase) in loans to customers and finance lease receivables		(458,705)	(457,465)	(217,867)	(226,199)
(Increase)/decrease in finance lease receivables		(43,479)	(43,561)	(44,492)	(44,613)
Decrease (increase) in other assets		4,503	5,926	(2,671)	(1,197)
Decrease (increase) in due to banks and financial institutions		(467,524)	(469,231)	(110,824)	(107,397)
Increase (decrease) increase in due to customers		239,629	239,347	223,268	223,311
Increase in special and lending funds		(4,342)	(4,342)	(3,037)	(3,037)
Increase (decrease) in other liabilities		11,294	3,375	6,278	4,691
Change		(718,660)	(726,000)	(149,453)	(154,549)
Net cash flow from (used in) from operating activities		(685,594)	(691,338)	(72,521)	(81,941)
Investing activities					
Acquisition of property, plant and equipment, investment property and intangible assets		(3,955)	(3,771)	(4,802)	(4,546)
Disposal of property, plant and equipment, investment property and intangible assets		(583)	(36)	1,690	742
Acquisition of debt securities at amortized cost		(371,332)	(299,419)	(46,932)	(44,032)
Proceeds from redemption of debt securities at amortized cost		371,696	300,070	256,106	253,699
Interest received on debt securities at amortized cost		17,336	16,536	8,439	8,134
Dividends received		111	13	12	10,012
Acquisition of investment securities at fair value		-	-	-	-
Sale or redemption of investment securities at fair value		20,042	20,042	16,824	16,824
Interest received on investment securities at fair value		284	284	338	338
Acquisition of shares in subsidiaries		(100)	(100)	(2,800)	(2,800)
Net cash flow (used in) from investing activities		33,459	33,619	228,875	238,371
Financing activities					
Payment of dividends		(32,030)	(32,030)	(15,884)	(15,884)
Interest payment for issued of debt securities		(8,805)	(8,805)	-	-
Issue of debt securities		325,000	325,000	50,000	50,000
Acquisition of own shares		(900)	(900)	(1,868)	(1,868)
Principal elements of lease payments		(1,444)	(1,577)	(861)	(889)
Net cash flow (used in) financing activities		299,431	299,298	31,387	31,359
Net increase (decrease) in cash and cash equivalents		(352,704)	(358,421)	187,741	187,789
Cash and cash equivalents at 1 January		751,499	742,969	384,758	383,518
Cash and cash equivalents at 30 September		398,795	384,548	572,499	571,307

The notes on pages 12 - 33 constitute an integral part of these financial statements.

GENERAL INFORMATION

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

The Head Office of the Bank is located in Šiauliai, Tilžės str. 149, LT-76348. At the end of the reporting period the Bank had 54 customer service outlets (31 December 2023: 54 outlets). As at 30 September 2024 the Bank had 1 058 employees (31 December 2023: 981). As at 30 September 2024 the Group had 1 209 employees (31 December 2023: 1 137 employees).

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

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

This condensed interim financial information for the nine months period ended 30 September 2024 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 2023, which have been prepared in accordance with IFRS Accounting 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 and the Group for the year ended 31 December 2023.

New and amended standards, and interpretations

The Bank's management do not believe that newly published standards, amendments and interpretations that are mandatory for the Group's and Bank's reporting periods beginning on or after 1 January 2024 will have a material impact on the Group's and Bank's financial statements, also there are no new standards, amendments and interpretations that are mandatory for the Group and the Bank with effect from 2024, and that would have a material impact on the Group's and 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 2023, 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. These interim financial statements also include specific estimates and judgements applied for calculation of temporary solidarity contribution which calculation and payment order were set in provisions of Law on temporary solidarity contribution of Republic of Lithuania adopted in 2nd quarter of 2023. UAB Modernization Fund 2, a subsidiary of the Bank established in 2024, is not consolidated into the Group's financial statements because according to the agreements with investors and the provisions of IFRS 10, the Bank does not have control over UAB SB modernization fund 2. The accounting principles and estimates applied to the accounting of this company remains same as for UAB Modernization Fund (entity established earlier).

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.

Segment information

Operating segments are reported in accordance with the information analysed by the Executive Board (the chief operating decision-maker) of the Group, which is responsible for allocating resources to the reportable segments and assesses its performance.

In relation to adjusted strategy of the Bank, business model and strategic decisions are divided into three business lines – corporate, private and investment:

- Private segment – includes retail banking operations such as issuing loans and providing banking services to the customers and finance, lease and consumer financing services provided to private customers of the Group (includes financial information of the the subsidiaries);

- Corporate segment – includes corporate banking operations such as issuing loans and providing banking services provided to corporate customers of the Group (includes financial information of the the subsidiaries);
- Investment segment – includes banking treasury operations such as managing securities and liquidity portfolio, currency exchange etc. (includes financial information of the Bank and subsidiaries allocated to this segment).

As the Group's segment operations, except for real estate development are all financial with a majority of revenues deriving from interest and the Group Executive Board relies primarily on net interest revenue to assess the performance of the segment, the total interest income and expense for all reportable segments is presented on a net basis. Also all other main items of the income statement are analysed by the management of the Group on segment basis therefore they are presented in the segment reporting.

Transactions between the business segments are carried out at arm's length. The revenue from external parties reported to the Group Executive Board is measured in a manner consistent with that in the consolidated income statement.

As the Group focuses on domestic activities, no geographical concentration is observed in Group's decision making. Due to the nature of Group's activities (financial services), capital expenditures are not important in the decision making process therefore not used in the segment reporting and total assets is more relevant indicator than the fixed asset amount.

NOTE 1

LOANS TO CUSTOMERS AND FINANCE LEASE RECEIVABLES

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

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

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

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

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

	30 September 2024		31 December 2023	
	Group	Bank	Group	Bank
<i>Cash equivalents</i>	323,293	309,150	679,810	671,390
<i>Loans and advances to banks</i>	3,062	3,062	3,013	3,013
<i>Loans and advances to customers:</i>	3,100,037	3,089,287	2,645,104	2,633,482
<i>Loans and advances to financial institutions</i>	-	329,739	26,413	273,966
<i>Loans to individuals (Retail)</i>	1,434,730	1,125,169	1,258,203	999,029
<i>Loans to business customers</i>	1,665,307	1,634,379	1,360,488	1,360,488
<i>Finance lease receivables</i>	329,356	329,356	286,533	286,451
<i>Debt securities at fair value through profit or loss</i>	56,907	11,934	65,761	20,240
<i>Derivative financial instruments</i>	223	223	251	241
<i>Debt securities at fair value through other comprehensive income</i>	54,247	54,247	71,740	71,740
<i>Debt securities at amortized cost</i>	743,582	732,667	751,227	739,869
<i>Other assets subject to credit risk</i>	9,409	8,698	7,351	8,289
<i>Credit risk exposures relating to off-balance sheet items are as follows:</i>				
<i>Financial guarantees</i>	80,755	80,755	59,216	59,256
<i>Letters of credit</i>	60	60	538	538
<i>Loan commitments and other credit related liabilities</i>	602,265	602,350	482,027	489,655
Total	5,303,196	5,221,789	5,052,571	4,984,164

Loans to customers

Loans and advances are summarized as follows:

	30 September 2024		31 December 2023	
	Group	Bank	Group	Bank
<i>Gross loans at amortized cost</i>	3,141,221	3,114,281	2,685,454	2,661,035
<i>Less: allowance for impairment</i>	(47,279)	(31,089)	(43,558)	(30,761)
<i>Net loans at amortized cost</i>	3,093,942	3,083,192	2,641,896	2,630,274
<i>Gross loans at fair value</i>	6,095	6,095	3,208	3,208
Total loans	3,100,037	3,089,287	2,645,104	2,633,482

The Bank has provided loans as investment to securitization vehicle through Banks's subsidiary SB Modernization Fund UAB and SB Modernization Fund 2 UAB for financing multiapartment buildings renovation projects. Bank's investments in securitization are provided in several tranches to different investment layers bearing different risk levels.

Part of investments were made into layer bearing highest level of risk, therefore according to clauses in IFRS 9 applicable to contractually linked instruments, loans to SB Moederization Fund UAB and SB Modernization Fund 2 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. As at 30 September 2024 net value of these loans was EUR 6.1 million EUR 157 thousand change in fair value of such loans of was recognized during nine months period ended 30 September 2024.

Another part of loans granted to SB Modernization Fund UAB and SB Modernization Fund 2 UAB are measured at amortized cost and net value of these loans as at 30 September 2024 was EUR 51.5 million.

NOTE 1

LOANS TO CUSTOMERS AND FINANCE LEASE RECEIVABLES (CONTINUED)

The distribution of loans by stages and days past due:

	30 September 2024					31 December 2023					Group
	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	Total
Stage 1:											
Gross amount	2,844,094	37,768	0	0	2,881,862	2,364,707	45,340	135	4	2,410,186	
Allowance for impairment	(24,298)	(39)	0	0	(24,337)	(20,982)	(278)	(3)	-	(21,263)	
Net amount	2,819,796	37,729	0	0	2,857,525	2,343,725	45,062	132	4	2,388,923	
Stage 2:											
Gross amount	133,954	35,922	13,224	0	183,100	165,303	20,976	14,397	64	200,740	
Allowance for impairment	(754)	(3,742)	(1,573)	0	(6,069)	(2,107)	(2,827)	(1,333)	(18)	(6,285)	
Net amount	133,200	32,180	11,651	0	177,031	163,196	18,149	13,064	46	194,455	
Stage 3:											
Gross amount	22,947	5,963	2,408	51,036	82,354	36,773	5,455	5,263	30,247	77,738	
Allowance for impairment	(4,372)	(1,062)	(391)	(11,048)	(16,873)	(3,937)	(1,345)	(1,896)	(8,834)	(16,012)	
Net amount	18,575	4,901	2,017	39,988	65,481	32,836	4,110	3,367	21,413	61,726	
Total:											
Gross amount	3,000,995	79,653	15,632	51,036	3,147,316	2,566,783	71,771	19,795	30,315	2,688,664	
Allowance for impairment	(29,424)	(4,843)	(1,964)	(11,048)	(47,279)	(27,026)	(4,450)	(3,232)	(8,852)	(43,560)	
Net amount	2,971,571	74,810	13,668	39,988	3,100,037	2,539,757	67,321	16,563	21,463	2,645,104	

	30 September 2024					31 December 2023					Bank
	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	Total
Stage 1:											
Gross amount	2,552,145	37,767	0	0	2,589,912	2,130,579	35,340	-	4	2,165,923	
Allowance for impairment	(17,685)	(39)	0	0	(17,724)	(15,888)	(67)	-	-	(15,955)	
Net amount	2,534,460	37,728	0	0	2,572,188	2,114,691	35,273	-	4	2,149,968	
Stage 2:											
Gross amount	432,122	17,340	7,998	0	457,460	412,310	6,877	8,965	4	428,156	
Allowance for impairment	(700)	(61)	(60)	0	(821)	(2,060)	(147)	(71)	(1)	(2,279)	
Net amount	431,422	17,279	7,938	0	456,639	410,250	6,730	8,894	3	425,877	
Stage 3:											
Gross amount	20,840	4,879	1,742	45,543	73,004	35,118	4,065	1,930	29,052	70,165	
Allowance for impairment	(3,391)	(565)	(86)	(8,502)	(12,544)	(3,157)	(710)	(374)	(8,287)	(12,528)	
Net amount	17,449	4,314	1,656	37,041	60,460	31,961	3,355	1,556	20,765	57,637	
Total:											
Gross amount	3,005,107	5,9986	9,740	45,543	3,120,376	2,578,007	46,282	10,895	29,060	2,664,244	
Allowance for impairment	(21,776)	(665)	(146)	(8,502)	(31,089)	(21,105)	(924)	(445)	(8,288)	(30,762)	
Net amount	2,983,331	59,321	9,594	37,041	3,089,287	2,556,902	45,358	10,450	20,772	2,633,482	

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:

	30 September 2024		31 December 2023	
	Group	Bank	Group	Bank
<i>Business customers</i>	288,917	288,115	260,303	259,415
<i>Individuals</i>	48,714	48,713	33,804	33,804
Gross	337,631	336,828	294,107	293,219
<i>Less: Allowance for impairment</i>	(8,275)	(7,472)	(7,574)	(6,768)
Net	329,356	329,356	286,533	286,451

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

	30 September 2024					31 December 2023				
	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>	265,839	42,563	-	-	308,402	240,528	26,934	-	-	267,462
<i>Allowance for impairment</i>	(2,782)	(477)	-	-	(3,259)	(2,562)	(379)	-	-	(2,941)
Net amount	263,057	42,086	-	-	305,143	237,966	26,555	-	-	264,521
Stage 2:										
<i>Gross amount</i>	15,426	2,039	2,113	-	19,578	17,133	895	1,065	-	19,093
<i>Allowance for impairment</i>	(596)	(82)	(26)	-	(704)	(1,024)	(25)	(28)	-	(1,077)
Net amount	14,830	1,957	2,087	-	18,874	16,109	870	1,037	-	18,016
Stage 3:										
<i>Gross amount</i>	382	2,902	4,146	2,221	9,651	4,089	212	1,143	2,108	7,552
<i>Allowance for impairment</i>	(59)	(740)	(2,152)	(1,361)	(4,312)	(2,102)	(34)	(150)	(1,270)	(3,556)
Net amount	323	2,162	1,994	860	5,339	1,987	178	993	838	3,996
Total:										
<i>Gross amount</i>	281,647	47,504	6,259	2,221	337,631	261,750	28,041	2,208	2,108	294,107
<i>Allowance for impairment</i>	(3,437)	(1,299)	(2,178)	(1,361)	(8,275)	(5,688)	(438)	(178)	(1,270)	(7,574)
Net amount	278,210	46,205	4,081	860	329,356	256,062	27,603	2,030	838	286,533

NOTE 1

LOANS TO CUSTOMERS AND FINANCE LEASE RECEIVABLES (CONTINUED)

	30 September 2024					31 December 2023				
	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>	265,838	42,563	-	-	308,401	240,528	26,934	-	-	267,462
<i>Allowance for impairment</i>	(2,782)	(477)	-	-	(3,259)	(2,562)	(379)	-	-	(2,941)
Net amount	263,056	42,086	-	-	305,142	237,966	26,555	-	-	264,521
Stage 2:										
<i>Gross amount</i>	15,426	2,039	2,113	-	19,578	17,056	895	1,057	-	19,008
<i>Allowance for impairment</i>	(596)	(82)	(26)	-	(704)	(1,021)	(26)	(27)	-	(1,074)
Net amount	14,830	1,957	2,087	-	18,874	16,035	869	1,030	-	17,934
Stage 3:										
<i>Gross amount</i>	382	2,902	4,146	1,419	8,849	4,089	212	1,143	1,306	6,750
<i>Allowance for impairment</i>	(60)	(740)	(2 151)	(558)	(3,509)	(2,101)	(34)	(150)	(469)	(2,754)
Net amount	322	2,162	1,995	861	5,340	1,988	178	993	837	3,996
Total:										
<i>Gross amount</i>	281,646	47,504	6,259	1,419	336,828	261,673	28,041	2,200	1,306	293,220
<i>Allowance for impairment</i>	(3,438)	(1,299)	(2,177)	(558)	(7,472)	(5,684)	(439)	(177)	(469)	(6,769)
Net amount	278,208	46,205	4,082	861	329,356	255,989	27,602	2,023	837	286,451

**NOTE 2
SECURITIES**

Securities in the trading book

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

	30 September 2024		31 December 2023	
	Group	Bank	Group	Bank
Debt securities:	56,907	11,934	65,761	20,240
Government bonds	23,143	-	27,572	2,637
Corporate bonds	33,764	11,934	38,189	17,603
Equity securities	164,692	62	141,916	162
Total	221,599	11,996	207,677	20,402

	30 September 2024		31 December 2023	
	Group	Bank	Group	Bank
Trading securities:				
Debt securities	20,814	11,934	27,663	20,240
from AA- to AAA	3,469	-	1,588	-
from A- to A+	5,411	-	8,016	2,637
from BBB- to BBB+	-	-	204	-
from BB- to BB+	145	145	-	-
lower than BB-	-	-	-	-
no rating	11,789	11,789	17,855	17,603
Equity securities	18,352	62	162	162
listed	62	62	162	162
unlisted	-	-	-	-
units of investment funds	18,290	-	-	-
Total trading securities	39,166	11,996	27,825	20,402
Other trading book securities:				
Debt securities	36,093	-	38,098	-
from AA- to AAA	15,863	-	106	-
from A- to A+	10,896	-	12,296	-
from BBB- to BBB+	8,921	-	17,826	-
from BB- to BB+	344	-	7,804	-
lower than BB-	69	-	-	-
no rating	-	-	66	-
Equity securities	146,340	-	141,754	-
listed	-	-	2,843	-
unlisted	8 827	-	121	-
units of investment funds	137,513	-	138,790	-
Total other trading book securities	182,433	-	179,852	-
TOTAL	221,599	11,996	207,677	20,402

NOTE 2
SECURITIES (CONTINUED)

Investment securities

	30 September 2024		31 December 2023	
	Group	Bank	Group	Bank
Securities at fair value:				
Debt securities:	54,247	54,247	71,740	71,740
Government bonds	37,803	37,803	53,949	53,949
Corporate bonds	16,444	16,444	17,791	17,791
Equity securities	2,790	2,542	2,760	2,642
Total	57,037	56,789	74,500	74,382
Securities at amortized cost:				
Debt securities:	743,582	732,667	751,227	739,869
Government bonds	701,577	695,821	663,211	657,445
Corporate bonds	42,005	36,846	88,016	82,424
Total	743,582	732,667	751,227	739,869

	30 September 2024		31 December 2023	
	Group	Bank	Group	Bank
Securities at fair value:				
Debt securities	54,247	54,247	71,740	71,740
from AA- to AA+	-	-	-	-
from A- to A+	42,956	42,956	58,981	58,981
from BBB- to BBB+	5,808	5,808	5,591	5,591
from BB- to BB+	4,589	4,589	4,345	4,345
lower than BB-	-	-	-	-
no rating	894	894	2,823	2,823
Equities	2,790	2,542	2,760	2,642
listed	261	261	241	241
unlisted	358	238	501	383
units of investment funds	2,171	2,043	2,018	2,018
Total	57,037	56,789	74,500	74,382
Securities at amortized cost:				
Debt securities	743,582	732,667	751,227	739,869
from AA- to AA+	203	-	2,271	2,067
from A- to A+	705,554	700,288	670,920	664,946
from BBB- to BBB+	36,712	32,379	76,919	72,856
from BB- to BB+	1,113	-	1,117	-
lower than BB-	-	-	-	-
no rating	-	-	-	-
Total	743,582	732,667	751,227	739,869

Credit stages of investment debt securities at amortized cost:

	30 September 2024		31 December 2023	
	Group	Bank	Group	Bank
Stage 1:				
Gross amount	743,613	732,691	751,293	739,926
Allowance for impairment	(31)	(24)	(66)	(57)
Net amount	743,582	732,667	751,227	739,869
Stage 2:				
Gross amount	-	-	-	-
Allowance for impairment	-	-	-	-
Net amount	-	-	-	-
Stage 3:				
Gross amount	-	-	-	-
Allowance for impairment	-	-	-	-
Net amount	-	-	-	-

During six months period ended 30 September 2024 no material reclassifications between portfolios of securities were performed.

NOTE 2
SECURITIES (CONTINUED)

Investments in subsidiaries

As of 30 September 2024 the Bank owned the following directly controlled subsidiaries:

1. SB Draudimas UAB (life insurance activities),
2. SB Lizingas UAB (consumer financing activities),
3. SB Turto Fondas UAB (real estate management activities),
4. SB Modernizavimo Fondas UAB (multiapartment buildings renovation financing activities),
5. SB Modernizavimo Fondas 2 UAB (multiapartment buildings renovation financing activities)
6. SB Asset Management UAB (funds management activities).

As of 31 December 2023 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),
6. SB Asset Management UAB (funds management activities).

On March 21, 2024 the Bank established a special purpose entity - SB Modernization Fund 2 UAB which signed financing agreements with the European Investment Bank (EIB), which administers Lithuanian state funds, Swedbank, the European Bank for Reconstruction and Development (EBRD), Bank, and Šiaulių Bankas Group's asset management company, SB Asset Management. The Bank's investment in the authorised capital of UAB SB Modernization Fund 2 is EUR 100 thousand.

In accordance with the agreements with investors and the provisions of IFRS 10, the Bank does not have control over SB Modernization Fund UAB and SB Modernization Fund 2 UAB, and therefore these companies are not consolidated in the Group's consolidated financial statements. In accordance with the provisions of IFRS 9 applicable to contractually linked instruments, the investments in SB Modernization Fund UAB and SB Modernization Fund 2 UAB are carried at fair value through profit (loss) and disclosed in the statement of financial position under the caption 'Investments in subsidiaries'. The fair value of these investments were determined at initial recognition to be the same as their cost. Since initial recognition, there have been no circumstances that would have resulted in a material change in the fair value of the investments in SB Modernisation Fund UAB and SB Modernisation Fund 2 UAB.

By implementing its strategic plan, the Bank optimizes the structure of its subsidiaries. During first quarter of 2024 Bank's directly controlled subsidiary Šiaulių Banko Lizingas UAB was liquidated.

As at 30 September 2024, the net assets of pension funds managed by the Group company SB Asset Management UAB amount to EUR 1 290,3 millions and investment funds – EUR 89,6 millions.

Pension funds and investment funds managed by SB Asset Management UAB:

PENSION FUNDS	Net assets amount, thousand EUR
INVL Pension 1954-1960	14,584
INVL Pension 1961-1967	136,514
INVL Pension 1968-1974	219,601
INVL Pension 1975-1981	272,429
INVL Pension 1982-1988	275,284
INVL Pension 1989-1995	160,175
INVL Pension 1996-2002	45,021
INVL Pension Asset Preservation Fund	12,542
INVL Drąsus Pension fund	15,899
INVL STABILO III 58+ Pension fund	12,956
INVL MEDIO III 47+ Pension fund	27,232
INVL EXTREMO III 16+ Pension fund	93,594
INVL Apdairius Pension fund	4,519

INVESTMENT FUNDS	Net assets amount, thousand EUR
INVL Baltic Fund	9,855
INVL Global Emerging Markets Bond Subfund	11,826
INVL Emerging Europe Bond Subfund	8,524
INVL Alternative Investment Fund	5,849
INVL Alternative Investment Fund II	5,329
SB Alternative Investment Fund III	3,268
INVL Emerging Europe Bond Fund	44,987

NOTE 2
SECURITIES (CONTINUED)

Bank's investments in subsidiaries consisted of:

	Share in equity	30 September 2024	31 December 2023
<i>SB draudimas GD UAB</i>	100%	37,036	32,528
<i>SB lizingas UAB</i>	100%	2,487	2,964
<i>Šiaulių Banko Lizingas UAB</i>	100%	-	-
<i>SB Turto Fondas UAB</i>	100%	5,232	5,083
<i>SB Asset Management UAB</i>	100%	37,198	35,997
Total investments in subsidiaries using equity method		81,953	76,572
<i>SB Modernization Fund UAB</i>	100%	100	100
<i>SB Modernization Fund 2 UAB</i>	100%	100	-
Total investments in subsidiaries at fair value		200	100

NOTE 3
SIGNIFICANT INFORMATION ON CHANGES IN OTHER ASSET ITEMS

Other assets

	30 September 2024		31 December 2023	
	Group	Bank	Group	Bank
<i>Amounts receivable</i>	9,409	8,698	7,351	8,289
<i>Inventories</i>	113	-	114	-
<i>Deferred charges</i>	4,141	4,088	3,529	3,424
<i>Assets under reinsurance and insurance contracts</i>	145	-	153	-
<i>Prepayments</i>	1,973	974	2,225	1,000
<i>Foreclosed assets</i>	384	380	168	164
<i>Other</i>	7,287	7,282	6,203	6,093
Total	23,452	21,422	19,743	18,970

Assets held for sale

Assets held for sale consist of:

	30 September 2024		31 December 2023	
	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

	30 September 2024		31 December 2023	
	Group	Bank	Group	Bank
<i>Demand deposits:</i>				
<i>National government institutions</i>	46,623	46,623	56,135	56,135
<i>Local government institutions</i>	188,173	188,173	121,886	121,886
<i>Governmental and municipal companies</i>	26,462	26,462	38,209	38,209
<i>Corporate entities</i>	630,776	634,745	628,408	632,159
<i>Non-profit organizations</i>	37,104	37,104	35,780	35,780
<i>Individuals</i>	668,161	668,161	711,184	711,184
<i>Unallocated amounts due to customers</i>	20,842	20,842	16,214	16,714
Total demand deposits	1,618,141	1,622,110	1,607,816	1,612,067
<i>Term deposits:</i>				
<i>National government institutions</i>	7,267	7,267	2,519	2,519
<i>Local government institutions</i>	2,427	2,427	2,316	2,316
<i>Governmental and municipality companies</i>	6,468	6,468	3,831	3,831
<i>Corporate entities</i>	353,196	353,196	336,944	336,944
<i>Non-profit organizations</i>	17,090	17,090	8,278	8,278
<i>Individuals</i>	1,402,712	1,402,712	1,200,953	1,200,953
Total term deposits	1,789,160	1,789,160	1,554,841	1,554,841
Total	3,407,301	3,411,270	3,162,657	3,166,908

NOTE 5

SIGNIFICANT INFORMATION ON CHANGES IN OTHER LIABILITIES ITEMS

Due to other banks and financial institutions

On 25th September 2024, Šiaulių bankas AB repaid a EUR 478.81 million loan taken out under the ECB's TLTRO III programme. The funds were borrowed for a period of three years, starting on 29th September 2021. The final interest rate set on the loan was 1.8475%. The objective of the TLTRO III programme was to decrease and support bank lending to businesses and individuals during times of economic instability. After this repayment, Šiaulių bankas has no outstanding loans under the TLTRO III programme.

Special and lending funds

The special funds consist of the funds from the mandatory social and health insurance funds. The special funds should 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 15.718 thousand in the beginning of the year to EUR 11.376 thousand in the end of the reporting period is attributable to routine fluctuations in these funds.

Insurance contract liabilities

Bank's subsidiary SB draudimas UAB is engaged in life insurance business. For the periods ended 30 September 2024 and 31 December 2023 the liabilities from insurance contracts and their changes were as follows:

	<i>Best estimate of liabilities</i>	<i>Risk adjustment for non-financial risks</i>	<i>Contractual service margin</i>	<i>Investment units</i>	<i>Total</i>
Gross:					
<i>At 1 January 2023</i>	23,025	2,571	4,360	6,229	36,185
<i>Change during period</i>	1,889	211	579	1,666	4,345
<i>At 30 September 2023</i>	24,914	2,782	4,939	7,895	40,530
<i>Change during period</i>	14,808	14,232	25,320	84,427	138,777
<i>At 31 December 2023</i>	39,722	17,014	30,259	92,322	179,317
<i>Change during period</i>	8,267	1,636	1,288	2,735	13,926
<i>At 30 September 2024</i>	47,989	18,850	31,547	95,057	193,243
Reinsurance share:					
<i>At 1 January 2023</i>	-	-	-	-	-
<i>Change during period</i>	60	-	(2)	-	100
<i>At 30 September 2023</i>	60	-	(2)	-	100
<i>Change during period</i>	(59)	-	2	-	(99)
<i>At 31 December 2023</i>	1	-	-	-	1
<i>Change during period</i>	59	-	-	-	(1)
<i>At 30 September 2024</i>	-	-	-	-	-
Net value					
<i>At 30 September 2023</i>	24,975	2,781	4,939	7,895	40,590
<i>At 31 December 2023</i>	39,724	17,014	30,259	92,322	179,318
<i>At 30 September 2024</i>	48,048	18,648	31,547	95,057	193,300

**NOTE 6
CAPITAL**

As of 1 January 2023 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.

Dividends:

On 29 March 2024 ordinary general meeting of shareholders made a decision to pay EUR 0.0485 (i.e. 16.7%) dividends per one ordinary registered share with EUR 0.29 nominal value each.

NOTE 6
CAPITAL (CONTINUED)

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 30 September 2024 carrying value of reserve for own shares acquisition amounts to EUR 20.000 thousand (as at 31 December 2023: EUR 20,000 thousand).

On 15 August 2024 Šiaulių Bankas AB has received permission from the European Central Bank (ECB) to buy back up to 13 745 114 of its own shares, of which up to 1.745 thousand shares in order to implement options for the Bank's employees and up to 12 million shares for a predetermined amount of up to EUR 10 million to reduce the the Bank's capital.

ECB granted the permission to cancel up to 1 250 000 ordinary shares, which the Bank bought back for EUR 0.9 million earlier this year. The decision to cancel the shares will have to be taken by the General Meeting of Shareholders of Šiaulių Bankas.

As of 30 September 2024 the Bank held 1.250 thousand own shares with carrying value of EUR 900 thousand.

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. From 2023 Bank's shares options are executable after 4-5 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 31 March 2024: grant date (31 March 2023), expiry days (14 April 2028 and 29 April 2029), share price 0.709 on grant day, exercise price 0.577422, expected price volatility of the bank's shares 25%, risk free interest rates – 3,5% and 2.3%;
- For the option granted 31 March 2023: grant date (31 March 2023), expiry days (9 April 2027 and 14 April 2028), share price 0.747 on grant day, exercise price 0.65, expected price volatility of the bank's shares 26%, risk free interest rates - 5% and 2.3%;
- 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%;

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

	30 September 2024		31 December 2023	
	Group	Bank	Group	Bank
<i>Options</i>	1,480	1,019	1,697	1,209
<i>Shares distributable to employees</i>	-	-	-	-
Total	1,480	1,019	1,697	1,209

No options were forfeited or expired during periods ended 30 September 2024 and 31 December 2023. During nine months period ended 30 September 2024 2.273 thousand units of share options were exercised for benefit of Group's defined employees (for benefit of Bank's defined employees – 1.991 thousand units) on exercise date at weighted average share price of 0.67 EUR. Weighted average option exercise price was 0 EUR.

NOTE 6
CAPITAL (CONTINUED)

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 30 September 2024 and 30 September 2023, 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 ended 30 September 2024 was 662.997 thousand. Weighted average number of shares in issue for the period ended 30 September 2024 was 661.078 thousand (30 September 2023: 600.194 thousand).

Group	30 September 2024	30 September 2023
<i>Net profit from continuing operations attributable to equity holders</i>	63,622	65,653
<i>Net profit (loss) from discontinued operations attributable to equity holders</i>	-	-
Net profit attributable to equity holders	63,622	65,653
<i>Weighted average number of shares in issue during the period (thousand units)</i>	661,078	600,194
Basic earnings per share (EUR)	0,10	0,11
<i>Basic earnings per share (EUR) from continuing operations</i>	0,10	0,11
<i>Basic earnings per share (EUR) from discontinued operations</i>	-	-

NOTE 7
NET INTEREST INCOME

	1 January - 30 September 2024		1 January - 30 September 2023	
	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):	183,886	171,953	138,981	128,491
<i>on loans to other banks and financial institutions and placements with credit institutions</i>	18,801	29,049	7,210	13,646
<i>on loans to customers</i>	154,738	132,686	125,038	108,261
<i>on debt securities at amortized cost</i>	10,055	9,926	6,285	6,139
<i>on debt securities at fair value through other comprehensive income</i>	292	292	448	445
Other similar income:	19,948	18,593	15,262	15,131
<i>on debt securities at fair value through profit or loss</i>	2,329	976	1,495	1,387
<i>on loans at fair value through profit or loss</i>	601	601	374	374
<i>on finance leases</i>	17,018	17,016	13,393	13,370
<i>other interest income</i>	-	-	-	-
Total interest income	203,834	190,546	154 243	143 622
Interest expense:				
<i>on financial liabilities designated at fair value through profit or loss</i>	-	-	-	-
<i>on financial liabilities measured at amortized cost</i>	(82,769)	(82,878)	(38,142)	(38,194)
<i>on other liabilities</i>	(10)	(2)	(16)	(6)
Total interest expense	(82,779)	(82,880)	(38,158)	(38,200)
Net interest income	121,055	107,666	116,085	105,422

NOTE 8

NET FEE AND COMMISSION INCOME

	1 January - 30 September 2024		1 January - 30 September 2023	
	Group	Bank	Group	Bank
<i>Fee and commission income:</i>				
<i>for administration of loans of third parties</i>	5,384	5,384	3,709	3,709
<i>for settlement services</i>	3,769	3,780	4,030	4,042
<i>for cash operations</i>	3,090	3,090	3,631	3,631
<i>for account administration</i>	4,915	4,920	4,767	4,767
<i>for guarantees, letters of credit, documentary collection</i>	791	791	659	659
<i>for collection of utility and similar payments</i>	177	177	178	178
<i>for services related to securities</i>	3,281	3,314	2,606	2,673
<i>Pension and investment fund management</i>	5,539	-	-	-
<i>other fee and commission income</i>	697	2,113	729	1,422
Total fee and commission income	27,644	23,570	20,309	21,081
<i>Fee and commission expense:</i>				
<i>for payment cards</i>	(4,027)	(4,026)	(3,584)	(3,584)
<i>for cash operations</i>	(510)	(510)	(582)	(582)
<i>for correspondent bank and payment system fees</i>	(445)	(346)	(385)	(300)
<i>for services of financial data vendors</i>	-	-	(232)	(232)
<i>for services related to securities</i>	(746)	(746)	(602)	(602)
<i>Pension and investment fund management</i>	(541)	-	-	-
<i>other fee and commission expenses</i>	(366)	(349)	(322)	(315)
Total fee and commission expense	(6,635)	(5,977)	(5,707)	(5,615)
Net fee and commission income	21,008	17,592	14,602	15,466

NOTE 9

OTHER OPERATING EXPENSES

	1 January - 30 September 2024		1 January - 30 September 2023	
	Group	Bank	Group	Bank
<i>Rent of buildings and premises</i>	(303)	(291)	(218)	(221)
<i>Utility services for buildings and premises</i>	(967)	(952)	(965)	(947)
<i>Other expenses related to buildings and premises</i>	(508)	(505)	(568)	(568)
<i>Transportation expenses</i>	(334)	(274)	(285)	(229)
<i>Legal costs</i>	(102)	(102)	(541)	(541)
<i>Personnel and training expenses</i>	(1,116)	(1,099)	(815)	(770)
<i>IT and communication expenses</i>	(11,061)	(9,952)	(7,122)	(6,606)
<i>Marketing and charity expenses</i>	(3,133)	(1,559)	(2,625)	(905)
<i>Service organization expenses</i>	(3,083)	(2,778)	(2,317)	(2,223)
<i>Non-income taxes, fines</i>	(2,696)	(2,280)	(434)	(49)
<i>Costs incurred due to debt recovery</i>	(699)	(499)	(350)	(169)
<i>Other expenses</i>	(1,029)	(871)	(729)	(481)
Total	(25,031)	(21,162)	(16,969)	(13,709)

Amount of temporary solidarity contribution calculated for the nine months period ended 30 September 2024 by the Bank is equal to 0 Eur, but an adjustment of 2.2 Eur million has been booked in Q2 2024 Operating Expenses (line "Non-income taxes, fines") related to the recalculation of the annual solidarity contribution for 2023. Accordingly, the income tax expense for Q2 2024 included a reversal of the income tax charge for 2023 (EUR 0.4 million) due to the correction of the temporary solidarity contribution for 2023.

NOTE 10
IMPAIRMENT LOSSES

	1 January - 30 September 2024		1 January - 30 September 2023	
	Group	Bank	Group	Bank
(Impairment losses) / reversal of impairment losses on loans	(6,730)	(1,225)	(7,860)	(4,846)
Recoveries of loans previously written-off	117	105	142	140
Reversal of impairment losses / (impairment losses) on finance lease receivables	(705)	(709)	(657)	(656)
Recovered previously written-off finance lease receivables	-	-	-	-
(Impairment losses) on debt securities	108	106	106	117
Reversal of impairment losses on due from banks	41	41	(16)	(16)
Reversal of impairment losses / (impairment losses) on other financial assets	158	158	(435)	(437)
(Impairment losses) on subsidiaries	-	-	-	-
(Impairment losses) / reversal of impairment losses on other non-financial assets	-	-	-	-
Recoveries of other non-financial assets previously written-off	-	-	-	-
Provisions for other liabilities	104	-	263	-
Total	(6,907)	(1,524)	(8,457)	(5,698)

	1 January - 30 September 2024		1 January - 30 September 2023	
	Group	Bank	Group	Bank
Allowance for impairment of loans				
As at 1 January	43,558	30,761	34,229	26,705
Change in allowance for loan impairment	6,730	1,225	7,860	4,846
Loans written off during the period	(3,005)	(893)	(2,631)	(1,088)
Other factors (reclassification, FX rate shift, etc.)	(4)	(4)	-	1
As at 30 September	47,279	31,089	39,458	30,464
Allowance for impairment of finance lease receivables				
As at 1 January	7,574	6,768	5,300	4,494
Change in allowance for impairment of finance lease receivables	701	704	657	656
Finance lease receivables written off during the period	-	-	-	-
Other factors (reclassification, FX rate shift, etc.)	-	-	-	-
As at 30 September	8,275	7,472	5,957	5,150
Allowance for impairment of debt securities				
As at 1 January	1,249	220	1,632	598
Change in allowance for impairment of debt securities	(108)	(106)	(106)	(117)
Debt securities written off during the period	-	-	-	-
Other factors (reclassification, FX rate shift, etc.)	1	1	(12)	1
As at 30 September	1,142	115	1,514	482
Allowance for impairment of due from banks				
As at 1 January	46	46	39	39
Change in allowance for impairment of due from banks	(41)	(41)	16	16
Due from banks written off during the period	-	-	-	-
Other factors (reclassification, FX rate shift, etc.)	1	1	(1)	(1)
As at 30 September	6	6	54	54
Allowance for impairment of other financial assets				
As at 1 January	1,118	1,101	506	490
Change in allowance for impairment of other financial assets	(158)	(158)	435	437
Other financial assets written off during the period	(16)	-	(3)	(3)
Other factors (reclassification, FX rate shift, etc.)	-	-	-	(3)
As at 30 September	944	943	938	921

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.

NOTE 10
IMPAIRMENT LOSSES (CONTINUED)

Scenario probabilities and weighted average GDP growth:

	2024		2025		2026		2027		2028	
At 30 September 2024:	GDP	Probability	GDP	Probability	GDP	Probability	GDP	Probability	GDP	Probability
Base scenario	2.20 %	60 %	3.10 %	60 %	3.30 %	60 %	2.23 %	60 %	2.20 %	60 %
Optimistic scenario	2.90 %	15 %	3.80 %	15 %	4.00 %	15 %	3.50 %	15 %	3.10 %	15 %
Pessimistic scenario	1.50 %	25 %	1.90 %	25 %	2.00 %	25 %	1.50 %	25 %	1.50 %	25 %
Weighted average GDP growth	2.13%		2.91%		3.08%		2.24%		2.16%	

	2024		2025		2026		2027		2028	
At 31 December 2023:	GDP	Probability	GDP	Probability	GDP	Probability	GDP	Probability	GDP	Probability
Base scenario	1.80%	60 %	3.10%	60 %	3.30%	60 %	2.21%	60 %	2.15%	60 %
Optimistic scenario	2.50%	15 %	3.80%	15 %	4.00%	15 %	3.50%	15 %	3.10%	15 %
Pessimistic scenario	0.20%	25 %	1.90%	25 %	2.00%	25 %	1.50%	25 %	1.50%	25 %
Weighted average GDP growth	1,51%		2,91%		3,08%		2,23%		2,13%	

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 nine months period ended 30 September 2024 – a reversal of impairment loss of EUR 2.526 thousand (all attributable to change in calculation parameters), for the nine months period ended 30 September 2023 – impairment loss of EUR 569 thousand (all attributable to change in calculation parameters).

The Bank and the Group do not have any significant direct lending exposures in Russia, Belarus and Ukraine. As a result of the Russian war in Ukraine, EUR 16,391 thousand (gross) of loans as at 30 June 2022 have been placed on the Watch List. Of these, EUR 169 thousand (1 customer) remained on the list at 30 September 2024, for which an impairment charge of EUR 301 was recognised. Of the EUR 9 629 thousand (gross) added to the NPE List, no such positions remained at 30 September 2024 due to the removal of the Customer's non-performing status or the repayment of loans.

NOTE 11
SIGNIFICANT INFORMATION ON OTHER INCOME STATEMENT ITEMS

Net gain from trading activities

	1 January - 30 September 2024		1 January - 30 September 2023	
	Group	Bank	Group	Bank
Net gain from operations with securities	10,096	283	1,977	(524)
Net gain from foreign exchange and related derivatives	3,511	3,509	3,306	3,306
Net gain (loss) from other derivatives	933	933	2,379	2,379
Total	14,540	4,725	7,662	5,161

Net gain from trading activities includes investment result of the insurance company assets under unit-linked contracts (see below): a net profit of EUR 9.913 thousand for the nine months period ended 30 September 2024; a net profit of EUR 2,383 thousand for the nine months period ended 30 September 2023.

Expenses related to insurance activities

	1 January - 30 September 2024		1 January - 30 September 2023	
	Group	Bank	Group	Bank
Part of the change of insurance contract liabilities that covers the result of investment of assets under unit-linked contracts*	(9,913)	-	(2,383)	-
Other changes of insurance contract liabilities and other expenses related to insurance activities	(5,429)	-	(2,324)	-
Total expenses related to insurance activities	(15,342)	-	(4,707)	-

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

	1 January - 30 September 2024		1 January - 30 September 2023	
	Group	Bank	Group	Bank
Interest and similar income	1,232	-	3	-
Net gain (loss) from operations with securities	8,681	-	2,380	-
Net gain (loss) from foreign exchange	-	-	-	-
Total	9,913	-	2,383	-

NOTE 12
RELATED-PARTY TRANSACTIONS

Related parties with the Bank are classified as follows:

- a) members of the Bank's Supervisory Council and Board (which also are the main decision makers of the Group), their close family members and companies that are controlled, jointly controlled over by these related parties;
- b) subsidiaries of the Bank;
- c) 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 2024 and 2023, 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).

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

	30 September 2024		31 December 2023	
	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>	630	820	483	302
<i>Other related parties (excluding subsidiaries of the Bank)</i>	792	8,839	999	9,384
Total	1,422	9,659	1,482	9,686

As of 30 September 2024, the balance of individual allowance for impairment losses on loans to related parties, except subsidiaries, amounted to EUR 11 thousand (31 December 2023: EUR 10 thousand).

Remuneration of the management of the Bank:

According to the Bank's Remuneration Policy, the members of the management bodies are paid a fixed and annual variable remuneration. The annual variable remuneration fund is formed based on the Bank's performance, taking into account current and future risks. During 9 months period ended 30 September 2024 the total amount of fixed and annual variable remuneration (total of payments in cash and in shares of the Bank) to the Bank's Board members amounted to EUR 1,629 thousand (30 September 2023 EUR 1,672 thousand).

Transactions with subsidiaries:

Balances of transactions with the subsidiaries are presented below:

	30 September 2024		31 December 2023	
	Balances of deposits	Balances of loans (incl. off-balance sheet credit commitments)	Balances of deposits	Balances of loans (incl. off-balance sheet credit commitments)
Non-financial institutions	69,457	75,627	35,155	43,820
<i>Incl. SB Modernization Fund UAB and SB Modernization Fund 2 UAB</i>	60,903	75,627	24,634	43,820
Financial institutions	29	306,319	52	263,192
	69,486	381,946	35,207	307,012

Bank's total balances with subsidiaries:

	30 September 2024	31 December 2023
Assets		
Loans	298,812	277,623
<i>Incl. SB Modernization Fund UAB and SB Modernization Fund 2 UAB</i>	75,627	30,070
Other assets	-	-
Bank's investment in subsidiaries	82,153	76,672
<i>Incl. SB Modernization Fund UAB and SB Modernization Fund 2 UAB</i>	200	100
Liabilities and shareholders' equity		
Deposits	69,486	35,207
<i>Incl. SB Modernization Fund UAB and SB Modernization Fund 2 UAB</i>	60,903	24,634
Other liabilities	-	-

NOTE 12
RELATED-PARTY TRANSACTIONS (CONTINUED)

Income and expenses arising from transactions with subsidiaries:

	1 January – 30 September 2024	1 January – 30 September 2023
Income		
<i>Interest</i>	12,382	4,401
<i>Incl. SB Modernization Fund UAB and SB Modernization Fund 2 UAB</i>	1,971	698
<i>Commission income</i>	4,390	1,040
<i>Incl. SB Modernization Fund UAB and SB Modernization Fund 2 UAB</i>	2,922	1,019
<i>FX gain (loss)</i>	-	-
<i>Share of the profit or loss of investments in subsidiaries accounted for using the equity method</i>	5,381	2,370
<i>Other income</i>	580	189
Expenses		
<i>Interest</i>	(109)	(52)
<i>Operating expenses</i>	768	29
<i>(Impairment losses)/ reversal of impairment losses on loans</i>	622	(74)
<i>Incl. SB Modernization Fund UAB and SB Modernization Fund 2 UAB</i>	195	162
<i>Allowance for impairment losses on investments in subsidiaries</i>	-	-

As of 30 September 2024, the balance of individual allowance for impairment losses on loans to subsidiaries i. e. SB Modernization Fund UAB and SB Modernization Fund 2 UAB amounted to EUR 848 thousand (31 December 2023 - EUR 653 thousand).

NOTE 13
LIQUIDITY, MARKET AND OPERATIONAL RISKS

Liquidity risk

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

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

The structure of the Group's assets and liabilities by maturity as at 30 September 2024 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>	401,430	102,707	166,553	184,243	406,248	1,604,574	1,818,591	259,357	4,943,703
<i>Total liabilities and shareholders' equity</i>	1 709,354	368,635	282,449	380,328	751,916	265,423	608,579	577,019	4,943,703
<i>Net liquidity gap</i>	(1,307,924)	(265,928)	(115,896)	(196,085)	(345,668)	1,339,151	1,210,012	(317,662)	-

NOTE 13

LIQUIDITY, MARKET AND OPERATIONAL RISKS (CONTINUED)

The structure of the Group's assets and liabilities by maturity as at 31 December 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>	751,744	149,609	143,559	332,813	347,087	1,268,334	1,586,171	229,974	4,809,321
<i>Total liabilities and shareholders' equity</i>	1,783,540	119,671	223,317	542,169	1,261,637	233,444	192,415	543,128	4,809,321
<i>Net liquidity gap</i>	(1,031,766)	29,938	(79,758)	(119,356)	(914,550)	1,034,890	1,393,756	(313,154)	-

The structure of the Bank's assets and liabilities by maturity as at 30 September 2024 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>	387,183	89,050	148,603	456,412	361,156	1,465,562	1,702,177	126,343	4,736,486
<i>Total liabilities and shareholders' equity</i>	1,709,693	353,195	279,838	383,367	745,351	254,055	432,177	578,810	4,736,486
<i>Net liquidity gap</i>	(1,322,510)	(264,145)	(131,235)	73,045	(384,195)	1,211,507	1,270,000	(452,467)	-

The structure of the Bank's assets and liabilities by maturity as at 31 December 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>	743,244	141,878	368,211	309,950	313,679	1,163,512	1,472,432	110,204	4,623,110
<i>Total liabilities and shareholders' equity</i>	1,697,258	108,893	223,678	455,837	1,255,860	228,600	108,543	544,441	4,623,110
<i>Net liquidity gap</i>	(954,014)	32,985	144,533	(145,887)	(942,181)	934,912	1,363,889	(434,237)	-

Operational risk

Operational risk is the risk of experiencing losses due to improper or unimplemented internal control processes, employee errors and/or illegal actions, disruptions in information system operations, or the influence of external events. Operational risk, unlike other types of risks (credit, market, liquidity), is not intentionally assumed with the expectation of gaining benefits; it arises naturally in the course of the Bank's activities.

In the year 2024, the Bank continued to enhance the operational and reputational risk management systems, as well as incident recording systems for the Bank and its Group. Starting from December 1, 2023, operational risk incidents are recorded in the Service Bank. The decision to migrate to the Service Bank was made for the convenience of JIRA functionalities and a unified registration location. From now on, operational risk incidents in the Service Bank can be recorded by all employees of the Bank, SB Leasing UAB, Life Insurance SB Draudimas, and SB Asset Management UAB. The Operational Risk and Reputational Risk Management Procedures have also been updated to regulate the management of operational and reputational risks on a Group-wide basis, and new instructions have been drafted for the recording of Operational Risk events in the OR Register. At the beginning of 2024, e-learning modules on Operational Risk were updated for the entire Group.

During the nine month period ended 30 September 2024, significant attention will continue to be given to Business Continuity Management, with Comprehensive Testing planned. Significant attention will also be paid to Risk Management and monitoring of Critical Outsourced Services, as well as strengthening the operational and reputational risk culture across the entire Bank Group.

NOTE 14

FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

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

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

During the nine months period ended 30 September 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 2023. For the valuation of financial assets and liabilities purposes, estimates, valuation techniques and inputs used to develop those measurements have not changed significantly during the nine months period ended 30 September 2024.

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

	30 September 2024		31 December 2023	
	Group	Bank	Group	Bank
LEVEL I				
Trading book securities	172,526	2,978	140,318	5,414
Investment securities at fair value	54,509	54,509	70,054	70,054
Total Level I financial assets	227,035	57,487	210,372	75,468
LEVEL II				
Derivative financial instruments - assets	223	223	251	241
Derivative financial instruments - liabilities	(966)	(966)	(1,041)	(1,041)
Trading book securities	27,480	-	-	-
LEVEL III				
Trading book securities	21,593	9,018	67,359	14,988
Investment securities at fair value	2,528	2,281	4,446	4,328
Securitisation related financial assets				
Unlisted equity securities	200	200	100	100
Loans agreements	6,095	6,095	3,208	3,208
Total Level III financial assets	30,416	17,594	75,113	22,624

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

Group	Trading book securities		Investment securities at fair value	
	1 Jan - 30 Sep 2024	1 Jan - 30 Sep 2023	1 Jan - 30 Sep 2024	1 Jan - 30 Sep 2023
As at 31 December	67,359	46,335	4,446	6,602
Impact of change in accounting principles	-	-	-	-
As at 1 January	67,359	46,335	4,446	6,602
Additions	14,817	19,884	-	-
Disposals / redemption / derecognition	(19,477)	(13,349)	(2,283)	(837)
Reclassifications	(40,964)	-	120	-
Changes due to interest accrued/paid	(87)	652	82	56
Changes in fair value	(55)	(391)	163	(227)
As at 30 September	21,593	53,131	2,528	5,594

In order to unify the assignment of trading book securities to fair value hierarchy levels in Group enterprises, Trading book securities in amount of EUR 40.964 thousand were reclassified from third to first and second levels of hierarchy and EUR 120 thousand of trading book securities were reclassified into portfolio of Investment securities.

Bank	Trading book securities		Investment securities at fair value	
	1 Jan - 30 Sep 2024	1 Jan - 30 Sep 2023	1 Jan - 30 Sep 2024	1 Jan - 30 Sep 2023
As at 31 December	14,989	17,906	4,328	6,602
Impact of change in accounting principles	-	-	-	-
As at 1 January	14,989	17,906	4,328	6,602
Additions	14,269	14,691	-	-
Disposals / redemption / derecognition	(19,218)	(13,166)	(2,283)	(837)
Reclassifications	(1,112)	-	-	-
Changes due to interest accrued/paid	(79)	537	73	23
Changes in fair value	169	(404)	163	(211)
As at 30 September	9,018	19,564	2,281	5,577

NOTE 14

FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (CONTINUED)

	1 January – 30 September 2024		1 January – 30 September 2023	
	Group	Bank	Group	Bank
<i>Total result from revaluation of Level III instruments included in the income statement</i>	108	332	(618)	(615)

Fair value of investment securities held to collect cash flows:

The fair value for 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.

	30 September 2024		31 December 2023	
	Carrying value	Fair value	Carrying value	Fair value
<i>Investment securities at amortized cost</i>	743,582	736,282	751,227	712,594

NOTE 15

SEGMENT INFORMATION

Business segments

In relation to adjusted strategy of the Bank, business model and strategic decisions are divided into three business lines – corporate, private and investment. Due to such reasons Group's segment information is provided in different form if compared to previous periods starting from 1 January 2024. Comparable segmentation information for 2023 is also provided using new form.

A summary of major indicators for the main business segments of the Group included in the Statement of financial position as at 30 September 2024 and in the Statement of comprehensive income for nine months period then ended is presented in the table below.

	2024-09-30			
	Segmentation by profit centres			
	Corporate	Private	Investment	Total
<i>Net interest income</i>	65,915	36,266	18,874	121,055
<i>Net fee and commission income</i>	9,991	6,679	4,338	21,008
<i>Net gain from insurance activities</i>	-	621	3,630	4,251
<i>Other income</i>	1,807	666	2,844	5,317
<i>Salaries and related expenses</i>	(15,545)	(14,427)	(5,421)	(35,393)
<i>Other expenses</i>	(11,253)	(14,716)	(4,851)	(30,819)
<i>Impairment expenses</i>	(1,543)	(5,485)	121	(6,907)
<i>Income tax</i>	(9,472)	(2,217)	(3,201)	(14,890)
<i>Net profit centre result</i>	39,901	7,387	16,334	63,622
<i>Total segment assets</i>	2,107,085	1,311,495	1,525,123	4,943,703

A summary of major indicators (restated) for the main business segments of the Group included in the Statement of financial position as at 30 September 2023 and in the Statement of comprehensive income for nine months period then ended is presented in the table below.

	2023-06-30			
	Segmentation by profit centres			
	Corporate	Private	Investment	Total
<i>Net interest income</i>	48,440	26,277	41,369	116,086
<i>Net fee and commission income</i>	9,001	3,866	1,735	14,602
<i>Net gain from insurance activities</i>	-	(45)	1,562	1,517
<i>Other income</i>	1,629	2,197	3,403	7,229
<i>Salaries and related expenses</i>	(11,588)	(11,161)	(2,761)	(25,510)
<i>Other expenses</i>	(7,350)	(11,133)	(2,321)	(20,805)
<i>Impairment expenses</i>	(3,682)	(4,766)	(9)	(8,457)
<i>Income tax</i>	(8,118)	(1,491)	(9,400)	(19,009)
<i>Net profit centre result</i>	28,331	3,745	33,577	65,653
<i>Total segment assets</i>	1,781,046	1,059,385	1,582,231	4,422,662

NOTE 16
SELECTED INFORMATION OF FINANCIAL GROUP

According to local legislation the Bank is required to disclose certain information for the Financial group. As of 30 September 2024 the Bank owned the following subsidiaries included in the prudential scope of consolidation (the Bank and three subsidiaries comprised the Financial group, all of the entities attributable to Financial Group operate in Lithuania):

1. SB Turto Fondas UAB (real estate management activities),
2. SB Lizingas UAB (consumer financing activities),
3. SB Asset Management UAB (investment management activities).

As of 31 December 2023 the Bank owned the following subsidiaries included in the prudential scope of consolidation (the Bank and three 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).

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

Financial Group's condensed statement of financial position

	30 September 2024	31 December 2023
ASSETS		
<i>Cash and cash equivalents</i>	386,230	743,733
<i>Securities in the trading book</i>	15,465	20,522
<i>Due from other banks</i>	3,062	3,013
<i>Derivative financial instruments</i>	223	241
<i>Loans to customers</i>	3,100,037	2,645,104
<i>Finance lease receivables</i>	329,356	286,533
<i>Investment securities at fair value</i>	57,037	74,500
<i>Investment securities at amortized cost</i>	732,667	739,869
<i>Investments in subsidiaries and associates</i>	37,236	32,628
<i>Intangible assets</i>	41,124	41,919
<i>Property, plant and equipment</i>	13,963	15,116
<i>Investment property</i>	968	993
<i>Current income tax prepayment</i>	160	9
<i>Deferred income tax asset</i>	6,719	7,575
<i>Other assets</i>	23,285	20,014
Total assets	4,747,532	4,631,769
LIABILITIES		
<i>Due to other banks and financial institutions</i>	80,515	571,750
<i>Derivative financial instruments</i>	966	1,041
<i>Due to customers</i>	3,407,301	3,163,157
<i>Special and lending funds</i>	11,376	15,718
<i>Debt securities in issue</i>	610,648	276,480
<i>Current income tax liabilities</i>	2,889	6,412
<i>Deferred income tax liabilities</i>	6,136	6,125
<i>Other liabilities</i>	49,336	46,603
Total liabilities	4,169,167	4,087,286
EQUITY		
<i>Share capital</i>	192,269	192,269
<i>Share premium</i>	25,534	25,534
<i>Treasury shares (-)</i>	(900)	(1,500)
<i>Reserve capital</i>	756	756
<i>Statutory reserve</i>	60,904	47,681
<i>Reserve for acquisition of own shares</i>	20,000	20,000
<i>Financial instruments revaluation reserve</i>	(3,451)	(5,426)
<i>Other equity</i>	1,404	1,603
<i>Retained earnings</i>	281,849	263,566
<i>Non-controlling interest</i>	-	-
Total equity	578,365	544,483
Total liabilities and equity	4,747,532	4,631,769

SELECTED INFORMATION OF FINANCIAL GROUP (CONTINUED)

Financial Group's condensed income statement

	for the nine months period ended	
	30 September 2024	30 September 2023
<i>Interest revenue calculated using the effective interest method</i>	184,337	138,952
<i>Other similar income</i>	17,994	15,101
<i>Interest expense and similar charges</i>	(82,777)	(38,156)
Net interest income	119,554	115,897
<i>Fee and commission income</i>	27,913	20,396
<i>Fee and commission expense</i>	(6,591)	(5,688)
Net fee and commission income	21,321	14,708
<i>Net gain from trading activities</i>	4,767	5,280
<i>Net gain (loss) from derecognition of financial assets</i>	(34)	836
<i>Net gain (loss) from disposal of tangible assets</i>	39	832
<i>Revenue related to insurance activities</i>	-	-
<i>Other operating income</i>	820	399
<i>Salaries and related expenses</i>	(34,936)	(25,218)
<i>Depreciation and amortization expenses</i>	(5,703)	(3,907)
<i>Expenses related to insurance activities</i>	-	-
<i>Other operating expenses</i>	(24,991)	(16,736)
Operating profit before impairment losses	80,838	92,091
<i>Allowance for impairment losses on loans and other assets</i>	(6,908)	(8,448)
<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>	4,556	1,017
Profit before income tax	78,486	84,660
<i>Income tax expense</i>	(14,889)	(19,009)
Net profit for the period	63,597	65,651
<i>Profit (loss) from discontinued operations, net of tax</i>	-	-
Net profit for the year	63,597	65,651
Net profit attributable to:		
<i>Owners of the Bank</i>	63,597	65,651
<i>From continuing operations</i>	63,597	65,651
<i>From discontinued operations</i>	-	-
<i>Non-controlling interest</i>	-	-

Financial Group's condensed statement of comprehensive income

	for the nine months period ended	
	30 September 2024	30 September 2023
Net profit for the period	63,597	65,651
Other comprehensive income		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
<i>Gain from revaluation of financial assets</i>	2,468	1,669
<i>Deferred income tax on gain from revaluation of financial assets</i>	(493)	(334)
Other comprehensive income, net of deferred tax	1,975	1,335
Total comprehensive income for the period	65,572	66,986
Total comprehensive income (loss) attributable to:		
<i>Owners of the Bank</i>	65,572	66,986
<i>Non-controlling interest</i>	-	-
	65,572	66,986

NOTE 17
SUBSEQUENT EVENTS

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

ADDITIONAL INFORMATION

for the nine month period ended 30 September 2024

The present additional information of Šiaulių Bankas AB (hereinafter — the Bank) covers the period 01 January 2024 to 30 September 2024.

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

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

ACTIVITY RESULTS

- **Profit.** Šiaulių Bankas earned a net profit of €63.6 million
- **Return on capital.** Achieved a return on equity (RoE) of 15.4%
- **Loan portfolio.** New loan financing contract volumes grew by 8%, with the loan portfolio exceeding €3.4 billion
- **Asset quality.** The quality of the loan portfolio remains strong – the cost of risk (CoR) of the loan portfolio was 0.31%
- **Net fee and commission income.** Net fee and commission income amounted to €21.0 million, an increase of 44% compared to the same period last year
- **Capital and liquidity.** Two successful bond issues of €300 million and €50 million in the international capital markets strengthened the bank's capital and liquidity position
- **New dividend policy.** Šiaulių Bankas commits to pay out at least 50% of the previous year's net profit

"Šiaulių Bankas continues to maintain stable growth. We expanded our market share across all financing segments: the corporate financing portfolio grew, more new contracts were signed, and growth in the mortgage segment gained even stronger momentum. Net fee and commission income also increased, and we made a significant contribution to capital markets by issuing more bonds in the first three quarters than initially planned for the entire year.

We are focusing on another key area - capital efficiency. Šiaulių Bankas made its international debut with substantial bond issues, strengthening our capital and liquidity position. We have introduced a new dividend policy and are continuing our share buyback program, committed to increasing returns to shareholders while meeting the capital requirements outlined in our strategy," says Vytautas Sinius, CEO of Šiaulių Bankas.

Šiaulių Bankas Group earned an unaudited net profit of €63.6 million in the first three quarters of 2024, which is 3% less than in the corresponding period of 2023. Operating profit before impairment and income tax amounted to €85.4 million, an 8% decrease compared to operating profit of €93.1 million in the first three quarters of 2023.

Net interest income in the first three quarters of 2024 grew by 4% compared to the corresponding period of 2023 to €121.1 million, while net fee and commission income grew by 44% to €21.0 million.

All loan book segments grew in the first three quarters of the year, with the total loan portfolio increasing by 17% (€498 million) to €3.43 billion (growth of 8% or €241 million in Q3 alone). New credit agreements worth €1.3 billion were signed during the three quarters of the year, 29% more than in the corresponding period of 2023 (€1.0 billion).

The quality of the loan portfolio remains strong with provisions of €7.3 million made in the first three quarters of the year due to the strong portfolio growth and model adjustment, compared to provisions of €8.4 million in corresponding period of 2023. The cost of risk (CoR) of the loan portfolio for three quarters of 2024 was 0.31% (0.41% in corresponding period of 2023).

The deposit portfolio grew by 8% (€240 million) over the three quarter period and exceeded €3.4 billion at the end of September (growth of 2% or €78 million in Q3 alone). The bank's funding structure was reinforced by a €300 million bond issue on the international market. After the quarter, in October, the bank issued an additional Tier 1 bond of €50 million, which strengthened its funding structure as well as capital structure. This will allow the bank to continue its rapid and sustainable growth and to implement its new dividend policy.

Šiaulių Bankas maintained a high level of operational efficiency – the group's cost-to-income ratio in the three quarters of this year reaching 45.6%¹ (34.4%¹ in the corresponding period of 2023) and the return on equity of 15.4% achieved (18.9% in the three quarters of 2023). The capital and liquidity position remained strong and prudential ratios were met by a wide margin. The capital adequacy ratio (CAR) stood at 21.22%² and the liquidity coverage ratio (LCR) at 156.0%².

¹ eliminating the impact of the client portfolio if SB draudimas

² preliminary data

Overview of Business Segments

Corporate Client Segment

The business loan portfolio grew by 24% year-on-year, driven by an increase in new lending volumes in the first 9 months of the year to €854 million, or 45% compared to the corresponding period last year. In the Q3 alone, the total amounted to €393 million. Since the beginning of the year, the portfolio has grown by €0.3 billion to over €1.8 billion.

This underlines the favourable business environment in key strategic sectors including energy, manufacturing and retail. Šiaulių Bankas also further strengthens its commitment to green projects by financing a 29.5 MWh wind farm in western Lithuania, boosting the region's economic growth and further diversifying its loan portfolio.

Private Client Segment

Lending activity in the retail segment increased significantly. New mortgage loans signed in the first nine months of 2024 amounted to €187 million and increased by 39% compared to the same period last year. Since the beginning of the year, the total portfolio of housing loans has grown by 16% (€127 million) to over €0.9 billion.

New consumer loans totaling €191 million were issued in the first nine months of the year, up 12% compared to the same period last year. Since the beginning of the year, the consumer loan portfolio has grown by 21% (€61 million), reaching €0.35 billion.

Šiaulių Bankas continues to prepare for a growth phase in retail banking segment. Along with implementing new core banking platform, preparations are being made for an active sales promotion phase: the number of direct marketing consents is growing, a new CRM system is being implemented, sales processes are being optimised and the competences of employees are being strengthened.

Investment Client Segment

In the first nine months of 2024, the volume of new bond issues reached €185 million, up 16% year-on-year, reflecting consistent investor interest and growing confidence in the bank's financial products. In the third quarter of the year alone, due to the seasonality of the capital markets, new bond issues amounted to € 31 million.

In Q3, the Bank also introduced a new option for investors to buy bonds through the Bank's securities platform. This is an opportunity for customers to acquire bonds conveniently and quickly on their own online.

Assets managed by SB Asset Management, the asset management company of Šiaulių Bankas Group, reached €1.38 billion at the end of Q3 2024 and increased by almost €200 million this year. Most of this increase was driven by the return on investment of the funds under management, which generated a profit of €142 million for clients.

Pension funds managed by SB Asset Management maintain competitive performance in both the short and long term. In the Q3 of the year alone, the returns of Tier II pension funds were the highest in 7 out of 8 life cycle funds, and the 4-year performance of the funds was the best in 6 out of 8 life cycle funds, compared to other managers' funds in the same age group.

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 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. Events unfolding in the Middle East also do not have a material direct impact on Bank's activities.

On June 7 2023 the international rating agency Moody's Investor Service has upgraded Šiaulių Bankas long-term deposit ratings from Baa2 to Baa1. The outlook on the long-term deposit ratings is affirmed as stable. This is the highest rating in the bank's history. Moody's has also upgraded the long-term Counterparty Risk Ratings from Baa1 to A3. The long-term Counterparty Risk Assessments (CR Assessments) were upgraded from Baa1(cr) to A3(cr). Moody's has affirmed short-term deposit ratings of Šiaulių Bankas at P-2 and the short-term CR Assessments at P-2(cr). The Baseline Credit Assessment has also been upgraded from Ba1 to Baa3. On May 22 2024 the international rating agency Moody's Investor Service has affirmed Šiaulių Bankas long-term deposit ratings of Baa1. The outlook on the long-term deposit ratings remains stable.

COMPLIANCE WITH PRUDENTIAL REQUIREMENTS

Šiaulių Bankas maintained high operational efficiency. The capital and liquidity position remains sustainable and prudential ratios are being met by a wide margin, with a liquidity coverage ratio (LCR) of 155.83*, a solo CET1 ratio of Šiaulių bankas of 18.75%*, a consolidated CET1 ratio of Šiaulių bankas Group of 17.69%* and a consolidated capital adequacy ratio (CAR) of 21.22%*. According to the data as of 30 September 2024 the Bank complied with all the prudential requirements set out by the supervisory authority.

*preliminary data

The main financial indicators of the Group:

	31/12/2020	31/12/2021	31/12/2022	30/09/2023	31/12/2023	30/09/2024
ROAA, %	1.5	1.6	1.7	2.1	1.7	1.7
ROAE, %	12.7	14.3	16.1	18.9	15.5	15.4
Cost to income ratio, %	42.7	44.1	41.7	35.5	43.5	48.8
Cost to income ratio (adjusted due to the impact of the SB draudimas clients' portfolio), %	42.9	42.8	43.4	34.4	41.2	45.6
Loan to deposit ratio, %	75.0	78.6	94.6	96.0	92.7	100.7
Cost of risk, %	0.61	0.22	0.20	0.41	0.54	0.31

Updated the MREL requirements which will be effective from May, 2024 was approved in March, 2024 including the following MREL requirements:

- The minimum requirement for own funds and eligible liabilities of the resolution entity with which the Financial group shall comply is 22.67% of total risk exposure (MREL-TREA) and 7.09% of leverage ratio exposure (MREL-LRE);
- Subordinated instruments shall comprise 13.50% of total risk exposure (MREL-TREA, subordinated) and 5.95% of leverage ratio exposures (MREL-LRE, subordinated).

The levels of MREL requirements are revised by the supervisory authorities of the bank each year. The MREL targets for Financial group can be summarised as follows:

	01/01/2024	05/2024
	(requirement)	(requirement)
MREL-TREA	21.49%	22.67%
MREL-LRE	7.16%	7.09%
MREL-TREA, subordinated	13.50%	13.50%
MREL-LRE, subordinated	5.99%	5.95%

In May 2024, the Bank successfully placed a 10-year subordinated bond issue of EUR 25 million in the international financial markets. The funds raised will help the Bank to maintain its lending volumes to Lithuanian businesses, to achieve an efficient capital structure, to meet the requirements of the supervisory authority and to maintain the continuity of its dividend policy.

Šiaulių Bankas AB has successfully placed EUR 300 million issue of 4.25-year senior preferred fixed rate reset notes with an optional call date and interest rate reset at 3.25 years from issue as debut on the international debt capital markets. The annual fixed rate coupon on the notes up to the reset date will be 4.853 %. The proceeds of the notes will be used for general corporate purposes, including to strengthen funding structure of Šiaulių Bankas, meet existing and future minimum own funds and eligible liabilities (MREL) targets, and improve its liquidity position.

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 30 September 2024, the authorized capital of the Bank totalled to EUR 192,269,027.34 and is divided into 662,996,646 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 15 December 2023 after the last increase of the authorized capital by additional contributions.

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:

	26/05/2015	14/09/2015	26/05/2016	06/06/2017	01/06/2018	13/12/2018	15/12/2023
Capital, EUR	85,033,800	91,226,381.99	109,471,658.33	131,365,989.88	157,639,187.74	174,210,616.27	192,269,027.34

As of 30 September 2024 the number if the Bank's shareholders was 18,891 (as of 30 September 2023 – 19,605). 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 owning more than 5% of the Bank's shares and votes as of 30 September 2024:

	Share of shares and votes, %
Invalda INVL AB, c.c. 121304349	19.93*
Willgrow UAB, c.c. 302489393	8.97
EBRD, LEI code 549300HTGDOVDU60GK19	7.25
Tesonet Global UAB, c.c. 305475420	5.32
Algirdas Butkus	5.06**

* Pursuant to the Law on Securities of the Republic of Lithuania, the shareholder's votes are counted together with the controlled company: INVL Asset Management UAB, c.c. 126263073 - 0.30% of the votes

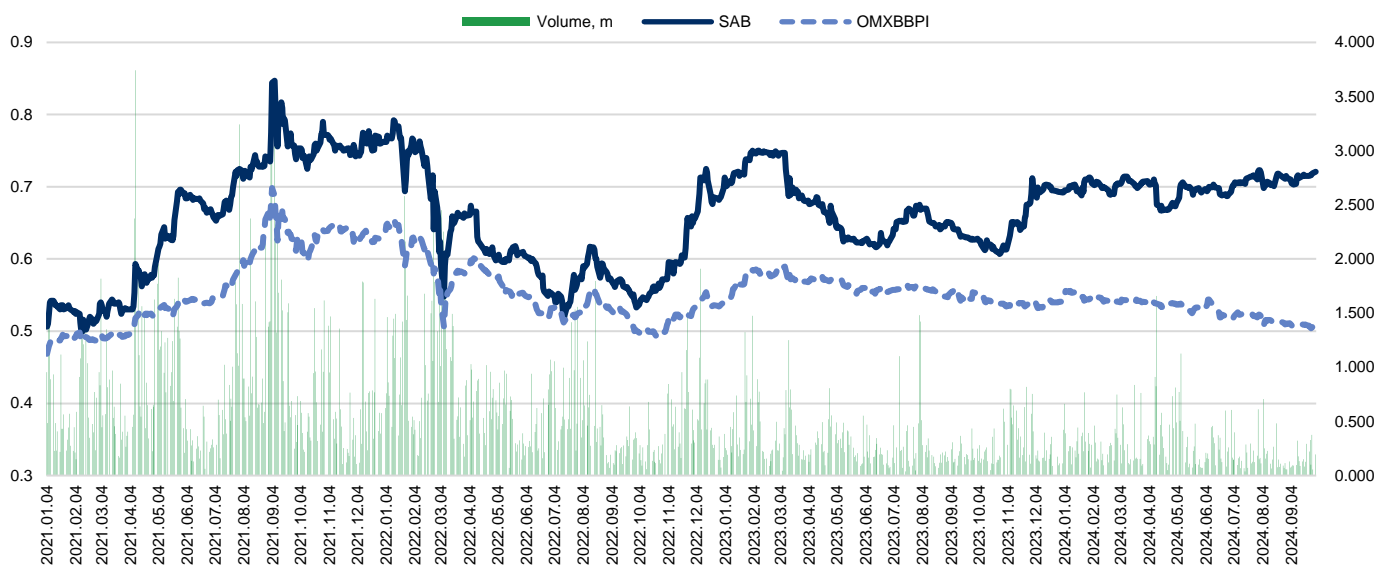
** Votes are counted together with controlled companies: Prekybos namai AIVA UAB, c.c. 144031190 – 1.81%, Mintaka UAB, c.c. 144725916 - 0.79%

Information on shares

	31/12/2020	31/12/2021	31/12/2022	30/09/2023	31/12/2023	30/09/2024
Capitalization, m EUR	299.2	457.2	412.1	376.7	459.5	478.0
Turnover, mln. Eur	84.5	134.8	101.9	40.4	52.1	35.0
Share price on the last trading session day	0.498	0.761	0.686	0.627	0.693	0.721
Lowest share price during the reporting period	0.320	0.493	0.511	0.614	0.606	0.658
Highest share price during the reporting period	0.558	0.890	0.794	0.754	0.754	0.725
Average share price during the reporting period	0.442	0.663	0.624	0.671	0.667	0.700
Share book value	0.592	0.678	0.737	0.824	0.822	0.873
P/BV	0.8	1.1	0.9	0.76	0.84	0.83
P/E	7.0	8.3	6.11	4.3	6.10	5.6
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 2021-2024



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 662,996,646 registered ordinary shares of the Bank with a nominal value of EUR 0.29 per share and total nominal value of EUR 192,269,027.34 are admitted to the listing.

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

- *OMX Baltic Benchmark (OMXBBGI, OMXBBPI, 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 (B8000GI, B8000PI, B40PI)* – an index of the Baltic financial institutions;
- *OMX Baltic Banks (B300GI, B8300PI)* - an index of the Baltic banks.

Return indices (RIs) represent the total return on the shares included in the index and reflect not only stock price movements but also the dividends paid, making these indices a more complete measure of market performance than price indices. Price indices (PIs) only reflect changes in the price of shares included in the index, regardless of dividends. There is a cap on the weight of the shares (CAP) forming indices of a limited number of shares above which the number of shares included in the index is reduced to a cap.

Besides, the Bank's shares are included into such indices as *STOXX All Europe Total Market, STOXX EU Enlarged TMI, STOXX Eastern Europe 300, STOXX Eastern Europe 300 Banks, STOXX Eastern Europe Mid 100, STOXX Eastern Europe TMI, STOXX Eastern Europe TMI Small, STOXX Global Total Market, STOXX Lithuania Total Market, Bloomberg ESG Data Index, Bloomberg ESG Coverage Index, S&P Frontier BMI Index, MSCI Frontier and Emerging Markets Select Index, FCI EMU MIDSMLLCAP MKTCAP-CONSTRAINED (FREE-FLOAT UNADJUSTED) 400 (NET) Index and in some FTSE Russell Frontier indices.*

ACQUISITION OF OWN SHARES

Employee options granted for 2020 performance were exercised on 12 April 2024. Thirty-five employees of the Bank Group were granted 2 272 571 Bank shares upon exercise of these options. On 30 September 2024 Bank has 1,250,000 units of its own shares.

AGREEMENTS WITH INTERMEDIARIES IN PUBLIC CIRCULATION

Agreements with public circulation intermediaries regarding the accounting of securities issued by the Bank are, not concluded, this accounting is managed by the Bank's Securities Accounting Department. The Bank has not entered into market-making agreements with respect to securities issued by the Bank.

According to data as of 30 September 2024 the Bank itself, as an intermediary of public trading, under agreements with the companies issuing securities conducted accounting of 750 companies which totalled to 1100 securities issues (including shares of public and private

companies, debt securities, investment fund units). The Bank also conducts market making on the Nasdaq Baltic under a market making programme and under agreements with issuers. As of 30 September 2024, the Bank was the market maker of 10 securities issues.

INFORMATION ON DETRIMENTAL TRANSACTIONS

During the reporting period no detrimental transactions inconsistent with the Bank's objectives, normal market conditions, violating the interests of shareholders or other groups of persons and which had or could have a negative impact on the Bank's activities or performance results were concluded. Moreover, there were no transactions entered in terms of conflict of interest among the senior managers of the Bank, controlling shareholders or other related parties' positions to the Bank and their private interests and (or) positions.

DIVIDENDS

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

The Ordinary general meeting of shareholders held on 29 March 2024 approved allocation of the profit of Šiaulių Bankas AB which included a pay-out of dividends - 0.0485 euro shall be paid for each ordinary registered share with a nominal value of 0.29 euro.

Information on the dividends paid:

<i>The year for which the dividends are allocated and paid</i>	2019	2020	2021	2022	2023
<i>Per cent from nominal value</i>	-	1.90	11.72	9.14	16.72
<i>Dividend amount per share, Eur</i>	-	0.0055	0.0340	0.0265	0.0485
<i>Dividend amount, Eur</i>	-	3,303,994	20,424,693	15,919,246	32,094,723
<i>Yields from dividends, %</i>	-	1.1	4.5	3.9	7.0
<i>Dividends to Group net profit, per cent</i>	-	7.7	37.0	24.1	37.3

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

29 March 2024 The General Meeting of Shareholders of Šiaulių Bankas AB elected the Supervisory Council of the Bank for a new four-year term of office (2024-2028). Valdas Vitkauskas, Susan Gail Buyske, Tomas Okmanas, Mindaugas Raila, Darius Šulnis, Gintaras Kateiva were re-elected to the Supervisory Council of Šiaulių Bankas and a new independent member of the Supervisory Council, Monika Nachyla was elected, and took up her duties on 26 June 2024, after obtaining the permission of the Bank's supervisory authority. Valdas Vitkauskas was elected Chairman of the newly elected Supervisory Council. The selection of the eighth member of the Supervisory Council continues.

The Bank's Supervisory Council, whose term of office expires on the day of the Ordinary General Meeting of Shareholders of the Bank in 2028, composition for 30/09/2024 date was:

<i>Name, Surname</i>	<i>Duties at the Supervisory Council</i>	<i>Share of capital under the right of ownership, % (30/09/2024)</i>	<i>Share of votes together with the related persons, % (30/09/2024)</i>
<i>Valdas Vitkauskas</i>	Independent member since 01/06/2022 Chairman since 05/08/2022	-	-
<i>Gintaras Kateiva</i>	Member since 2008	4.89	4.91*
<i>Darius Šulnis</i>	Member since 2016	-	19.93**
<i>Susan Gail Buyske</i>	Independent member since 2020	-	-
<i>Mindaugas Raila</i>	Member since 18/01/2023	-	8.97***
<i>Tomas Okmanas</i>	Independent member since 02/02/2023	-	5.32****
<i>Monika Nachyla</i>	Independent member since 2024-06-26	-	-

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

** Mr. Šulnis is the CEO and indirect shareholder of Invalda INVL AB. Under the right of ownership Invalda INVL AB holds 19.63% of the shares of Šiaulių Bankas AB, together with the controlled company INVL Asset Management UAB it holds 19.93% of the shares and voting rights of Šiaulių Bankas AB.

*** Pursuant to the Law on Securities of the Republic of Lithuania, votes are counted together with the votes held by the controlled company Willgrow UAB

**** Mr. Okmanas is member of the Management Board, CEO and indirect shareholder of Tesonet Global UAB, which owns 5.32% of Šiaulių bankas AB shares and voting rights

At the first meeting of the newly elected Supervisory Council on 29 March 2024, a new Management Board was also elected for a new four-year term of office (2024-2028). The General Meeting of Shareholders approved amendments to the Bank's Articles of Association according to which the Bank's Management Board will consist of 8 members instead of 7, as before. Vytautas Sinius, Mindaugas Rudys, Donatas Savickas, Daiva Šorienė, Algimantas Gaulia and Agnė Dukšienė were re-elected to the Šiaulių bankas Management Board. Two new members have also been elected to the Management Board - Tomas Varenbergas, Head of the Bank's Investment Management Division, who took up his duties on 4 June 2024, after obtaining permission from the Bank's Supervisory Authority, and Laura Križinauskienė, Head of the Private Clients' Division, who took up her duties on 7 June 2024, after obtaining permission from the Supervisory Authority.

Vytautas Sinius was elected Chairman of the newly elected Management Board.

The Bank's Board, whose term of office expires on the day of the Ordinary General Meeting of Shareholders of the Bank in 2028, composition for 30/09/2024 date was:

<i>Name, Surname</i>	Duties at the Board	Other current leading positions at the Bank	Share of capital under the right of ownership, % (30/09/2024)	Share of votes together with the related persons, % (30/09/2024)
<i>Vytautas Sinius</i>	Chairman since 19/08/2022	Chief Executive Officer	0.30	0.30
<i>Donatas Savickas</i>	Deputy Chairman since 1995	Deputy Chief Executive Officer, Head of Finance Division	0.13	0.13
<i>Daiva Šorienė</i>	Member since 2005	Deputy Chief Executive Officer, Head of Corporate Clients Division	0.07	0.07
<i>Mindaugas Rudys</i>	Member since 2020	Head of Service Development Division	0.07	0.07
<i>Algimantas Gaulia</i>	Member since 30/07/2021	Head of Risk Management Division	0.02	0.02
<i>Agnė Dukšienė</i>	Member since 08/05/2023	Head of Legal, Compliance and Prevention Division	-	-
<i>Tomas Varenbergas</i>	Member since 04/06/2024	Head of Investment Management Division	0.01	0.01
<i>Laura Križinauskienė</i>	Member since 07/06/2024	Head of Private Clients Division	-	-

BANK'S COMPANY GROUP

	<i>Nature of activities</i>	<i>Registration date</i>	<i>Company code</i>	<i>Address</i>	<i>Tel.</i>	<i>e-mail, website</i>
<i>Šiaulių Bankas AB</i>	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

<i>SB Lizingas UAB</i>	finance lease, consumer credits.	14/07/1997	234995490	Laisvės al. 80, LT-44249 Kaunas	+370 37 407 200	info@sbl.lt , www.sblizingas.lt
<i>SB Turto Fondas UAB</i>	real estate management	13/08/2002	145855439	Vilniaus str. 167, LT-76352 Šiauliai	+370 41 525 322	turtofondas@sb.lt , www.sbjp.lt
<i>Life insurance SB draudimas UAB</i>	life insurance	31/08/2000	110081788	Laisvės pr. 3, LT-04215 Vilnius	+370 5 236 2723	info@sbdraudimas.lt , www.sbdraudimas.lt
<i>SB modernizavimo fondas UAB*</i>	multi-apartment renovation financing	05/04/2022	306057616	Tilžės g. 149, LT-76348 Šiauliai	+370 41 595 607	sbfondas@sb.lt
<i>SB Asset Management UAB</i>	fund management	07/02/2023	306241274	Gynėjų g. 14, LT-01109 Vilnius	+370 41 595 607	https://info@sbam.lt
<i>SB modernizavimo fondas 2 UAB*</i>	multi-apartment renovation financing	21/02/2024	306682354	Tilžės g. 149, LT-76348 Šiauliai	+370 41 595 607	sbfondas@sb.lt

*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



Vytautas Sinius

Chief Financial Officer



Donatas Savickas

31 October 2024

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 nine months of 2024 are formed in compliance with the applicable accounting standards, correspond the reality and correctly reflect the total assets, liabilities, financial status, activity result and cash flow of Šiaulių bankas AB and consolidated companies.

Chief Executive Officer



Vytautas Sinius

Chief Financial Officer



Donatas Savickas

31 October 2024