



CONFIRMATION FROM THE RESPONSIBLE PERSONS

We, Chief Executive Officer of Šiaulių bankas AB Vytautas Sinius and Chief Accountant Vita Adomaitytė, confirm hereby that the provided consolidated financial statements of Šiaulių bankas AB for the first half of 2014 are compiled in compliance with applicable accounting standards, correspond to the reality and correctly reveal the assets, liabilities, financial status, activity result and cash flows of Šiaulių bankas AB and its Group of Companies. As far as we are aware the review of business development and performance in this interim report is revealed correctly.

Chief Executive Officer

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

Vytautas Sinius

Chief Accountant

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

Vita Adomaitytė

20/08/2014



CONDENSED INTERIM FINANCIAL STATEMENTS

for the six month period ended 30 June 2014

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ŠIAULIŲ  BANKAS

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CONDENSED INTERIM FINANCIAL STATEMENTS OF ŠIAULIŲ BANKAS AB

(All amounts are in LTL thousand, unless otherwise stated)

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

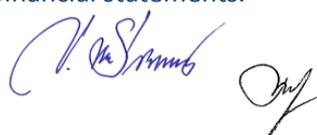
	Notes	30-06-2014		31-12-2013	
		Group	Bank	Group	Bank
ASSETS					
Cash and cash equivalents		464 563	464 508	481 002	480 999
Due from other banks		12 355	12 355	5 995	5 995
Trading securities	2	91 092	191 092	70 648	193 648
Derivative financial instruments		19 300	17 961	22 347	21 008
Loans to customers	1	2 323 486	2 696 664	2 375 700	2 723 662
Finance lease receivables	1	180 082	20 138	205 093	20 779
Investment securities:					
- available-for-sale	2	129 304	128 317	188 203	186 432
- held-to-maturity	2	1 572 705	1 551 115	1 309 375	1 300 833
Investments in subsidiaries and associates	2	-	42 901	-	51 562
Intangible assets		1 492	1 163	1 178	887
Property, plant and equipment		43 954	34 820	45 546	35 914
Investment property	3	60 398	16 416	86 637	47 565
Current income tax prepayment		-	-	10	-
Deferred income tax asset		2 486	810	6 183	4 723
Other assets	3	184 410	32 845	147 657	21 525
Assets classified as held for sale	2	371 747	154 376	388 360	155 296
Total assets		5 457 374	5 365 481	5 333 934	5 250 828
LIABILITIES					
Due to other banks and financial institutions		281 159	304 351	264 234	301 206
Liabilities at fair value through profit or loss	12	67 559	67 559	68 855	68 855
Due to customers	4	4 621 708	4 621 997	4 529 237	4 530 021
Special and lending funds		3 380	3 380	7 354	7 354
Current income tax liabilities		593	-	1 028	-
Deferred income tax liabilities		4 370	-	4 952	-
Other liabilities		40 331	18 099	41 467	22 167
Liabilities related to assets classified as held for sale	2	87 581	-	92 620	-
Total liabilities		5 106 681	5 015 386	5 009 747	4 929 603
EQUITY					
Share capital	6	270 000	270 000	250 000	250 000
Share premium	6	12 719	12 719	32 719	32 719
Reserve capital		2 611	2 611	2 611	2 611
Statutory reserve		5 005	4 403	3 243	2 641
Financial assets revaluation reserve		2 632	2 632	(1 990)	(1 990)
Retained earnings		57 726	57 730	37 104	35 244
Non-controlling interest		-	-	500	-
Total equity		350 693	350 095	324 187	321 225
Total liabilities and equity		5 457 374	5 365 481	5 333 934	5 250 828

The notes on pages 10-33 constitute an integral part of these financial statements.

Chief Executive Officer

Chief Accountant

20 August 2014



Vytautas Sinius

Vita Adomaitytė

CONDENSED INTERIM FINANCIAL STATEMENTS OF ŠIAULIŲ BANKAS AB

(All amounts are in LTL thousand, unless otherwise stated)

THE GROUP'S AND THE BANK'S INCOME STATEMENTS

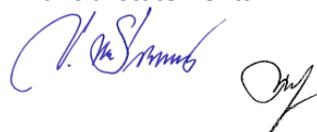
	Notes	for the six month period ended			
		30-06-2014		30-06-2013	
		Group	Bank	Group	Bank
Interest and similar income	7	95 160	96 099	81 055	79 069
Interest expense and similar charges	7	(41 932)	(41 958)	(51 215)	(51 332)
Net interest income		53 228	54 141	29 840	27 737
Fee and commission income	8	14 190	14 526	11 874	11 996
Fee and commission expense	8	(6 369)	(5 475)	(5 414)	(4 663)
Net fee and commission income		7 821	9 051	6 460	7 333
Net loss from embedded derivatives	11	(6 227)	(6 227)	(2 494)	(2 494)
Net gain from financial liabilities at fair value through profit or loss		138	138	-	-
Net gain from operations with securities		6 898	6 832	4 899	4 899
Net foreign exchange gain		4 444	4 444	2 912	2 912
Net gain from derecognition of financial assets	11	5 473	5 473	-	-
Net gain (loss) from disposal of assets		971	504	273	(13)
Other operating income	11	19 935	1 561	18 784	731
Salaries and related expenses		(23 823)	(20 609)	(19 667)	(16 593)
Other administrative expenses	9	(11 862)	(11 442)	(11 610)	(10 605)
Other expenses	9	(18 236)	(2 147)	(16 857)	(1 663)
Operating profit before impairment losses		38 760	41 719	12 540	12 244
Impairment losses on loans and other assets	10	(26 328)	(20 786)	(9 142)	(7 534)
Impairment losses on investments in subsidiaries	10	-	(14 653)	-	-
Dividends from investments in subsidiaries		-	21 053	-	2 400
Profit from continuing operations before income tax		12 432	27 333	3 398	7 110
Profit from discontinued operations	2	12 960	-	4 350	-
Income tax (expense)		(3 008)	(3 085)	(1 223)	(833)
Net profit for the period		22 384	24 248	6 525	6 277
Net profit attributable to:					
Owners of the Bank		22 384	24 248	6 512	6 277
from continuing operations		9 424	24 248	2 162	6 277
from discontinued operations		12 960	-	4 350	-
Non-controlling interest (from continuing operations)		-	-	13	-
Basic earnings per share (in LTL per share) attributable to owners of the Bank		0,09		0,03	
from continuing operations		0,04		0,01	
from discontinued operations		0,05		0,02	
Diluted earnings per share (in LTL per share) attributable to owners of the Bank		0,08		0,03	
from continuing operations		0,04		0,01	
from discontinued operations		0,04		0,02	

The notes on pages 10-33 constitute an integral part of these financial statements.

Chief Executive Officer

Chief Accountant

20 August 2014



Vytautas Sinius

Vita Adomaitytė

CONDENSED INTERIM FINANCIAL STATEMENTS OF ŠIAULIŲ BANKAS AB

(All amounts are in LTL thousand, unless otherwise stated)

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

	for the six month period ended			
	30-06-2014		30-06-2013	
	Group	Bank	Group	Bank
Net profit	22 384	24 248	6 525	6 277
Other comprehensive income (loss):				
<i>Items that may be subsequently reclassified to profit or loss:</i>				
Gain (loss) from revaluation of financial assets	5 449	5 449	(9 263)	(9 263)
Deferred income tax on gain (loss) from revaluation of financial assets	(827)	(827)	1 394	1 394
Other comprehensive income (loss), net of deferred tax	4 622	4 622	(7 869)	(7 869)
Total comprehensive income (loss)	27 006	28 870	(1 344)	(1 592)
Total comprehensive income (loss) attributable to:				
Owners of the Bank	27 006	28 870	(1 357)	(1 592)
from continuing operations	14 046	28 870	(5 707)	(1 592)
from discontinued operations	12 960	-	4 350	-
Non-controlling interest	-	-	13	-

The notes on pages 10-33 constitute an integral part of these financial statements.

Chief Executive Officer

Chief Accountant

20 August 2014



Vytautas Sinius

Vita Adomaitytė

CONDENSED INTERIM FINANCIAL STATEMENTS OF ŠIAULIŲ BANKAS AB

(All amounts are in LTL thousand, unless otherwise stated)

THE GROUP'S AND THE BANK'S INCOME STATEMENTS FOR THE PERIOD

	01-04-2014 - 30-06-2014		01-04-2013 - 30-06-2013	
	Group	Bank	Group	Bank
Interest and similar income	46 881	47 249	47 482	46 755
Interest expense and similar charges	(21 237)	(21 247)	(29 968)	(30 034)
Net interest income	25 644	26 002	17 514	16 721
Fee and commission income	7 539	7 732	7 101	7 178
Fee and commission expense	(3 337)	(2 832)	(2 953)	(2 569)
Net fee and commission income	4 202	4 900	4 148	4 609
Net loss from embedded derivatives	(2 469)	(2 469)	(1 185)	(1 185)
Net gain from financial liabilities at fair value through profit or loss	682	682	-	-
Net gain from operations with securities	4 923	4 857	(1 351)	(1 351)
Net foreign exchange gain	2 542	2 542	1 172	1 172
Gain from derecognition of financial assets	1 057	1 057	-	-
Net gain (loss) from disposal of assets	1 965	1 470	204	(21)
Other operating income	8 239	551	9 769	491
Salaries and related expenses	(11 309)	(9 759)	(10 882)	(9 263)
Other administrative expenses	(5 653)	(5 735)	(5 875)	(5 917)
Other expenses	(7 706)	(909)	(8 859)	(787)
Operating profit before impairment losses	22 117	23 189	4 655	4 469
Impairment losses on loans and other assets	(15 162)	(9 314)	(5 206)	(3 846)
Impairment losses on investments in subsidiaries	-	(14 653)	-	-
Dividends from investments in subsidiaries	-	11 053	-	2 400
Profit from continuing operations before income tax	6 955	10 275	(551)	3 023
Profit from discontinued operations	6 117	-	3 784	-
Income tax (expense)	(1 856)	(2 056)	(423)	(161)
Net profit for the period	11 216	8 219	2 810	2 862
Net profit attributable to:				
Owners of the Bank	11 222	8 219	2 801	2 862
from continuing operations	5 105	8 219	(983)	2 862
from discontinued operations	6 117	-	3 784	-
Non-controlling interest (from continuing operations)	(6)	-	9	-

CONDENSED INTERIM FINANCIAL STATEMENTS OF ŠIAULIŲ BANKAS AB

(All amounts are in LTL thousand, unless otherwise stated)

THE GROUP'S STATEMENT OF CHANGES IN EQUITY

	Notes	Attributable to the owners of the Bank						Non-controlling interest	Total equity	
		Share capital	Share premium	Reserve capital	Financial assets revaluation reserve	Statutory reserve	Retained earnings			Total
31 December 2012		234 858	47 861	2 611	5 194	1 891	21 206	313 621	835	314 456
Increase in share capital	6	15 142	(15 142)	-	-	-	-	-	-	-
Payment of dividends	6	-	-	-	-	-	(1 174)	(1 174)	-	(1 174)
Transfer to statutory reserve		-	-	-	-	1 352	(1 352)	-	-	-
Total comprehensive income (loss)		-	-	-	(7 869)	-	6 512	(1 357)	13	(1 344)
30 June 2013		250 000	32 719	2 611	(2 675)	3 243	25 192	311 090	848	311 938
Acquisition of subsidiary	2	-	-	-	-	-	-	-	(428)	(428)
Total comprehensive income		-	-	-	685	-	11 912	12 597	80	12 677
31 December 2013		250 000	32 719	2 611	(1 990)	3 243	37 104	323 687	500	324 187
Increase in share capital	6	20 000	(20 000)	-	-	-	-	-	-	-
Acquisition of subsidiary	2	-	-	-	-	-	-	-	(500)	(500)
Transfer to statutory reserve		-	-	-	-	1 762	(1 762)	-	-	-
Total comprehensive income		-	-	-	4 622	-	22 384	27 006	-	27 006
30 June 2014		270 000	12 719	2 611	2 632	5 005	57 726	350 693	-	350 693

CONDENSED INTERIM FINANCIAL STATEMENTS OF ŠIAULIŲ BANKAS AB

(All amounts are in LTL thousand, unless otherwise stated)

THE BANK'S STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital	Share premium	Reserve capital	Financial assets revaluation reserve	Statutory reserve	Retained earnings	Total
31 December 2012		234 858	47 861	2 611	5 194	1 289	27 043	318 856
Increase in share capital	6	15 142	(15 142)	-	-	-	-	-
Payment of dividends	6	-	-	-	-	-	(1 174)	(1 174)
Transfer to statutory reserve		-	-	-	-	1 352	(1 352)	-
Total comprehensive income (loss)		-	-	-	(7 869)	-	6 277	(1 592)
30 June 2013		250 000	32 719	2 611	(2 675)	2 641	30 794	316 090
Total comprehensive income		-	-	-	685	-	4 450	5 135
31 December 2013		250 000	32 719	2 611	(1 990)	2 641	35 244	321 225
Increase in share capital	6	20 000	(20 000)	-	-	-	-	-
Transfer to statutory reserve		-	-	-	-	1 762	(1 762)	-
Total comprehensive income		-	-	-	4 622	-	24 248	28 870
30 June 2014		270 000	12 719	2 611	2 632	4 403	57 730	350 095

CONDENSED INTERIM FINANCIAL STATEMENTS OF ŠIAULIŲ BANKAS AB

(All amounts are in LTL thousand, unless otherwise stated)

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

	for the six month period ended			
	30-06-2014		30-06-2013	
	Group	Bank	Group	Bank
Operating activities				
Interest received	68 910	70 601	60 293	56 300
Interest paid	(41 932)	(41 958)	(51 215)	(51 332)
Net cash received from service and commission fees	7 821	9 051	6 460	7 333
Cash inflows from trade in trading securities	4 059	4 059	8 342	8 342
Net inflows from foreign exchange operations	4 461	4 461	3 049	3 049
Recoveries on loans previously written off	469	38	326	102
Salaries and related payments to and on behalf of employees	(22 848)	(19 665)	(18 730)	(15 655)
Other net cash receipts (payments)	8 906	(6 461)	(3 249)	(10 211)
Income tax paid	(263)	-	(1 350)	-
Net cash flow from operating activities before change in operating assets and liabilities	29 583	20 126	3 926	(2 072)
Change in operating assets and liabilities:				
(Increase) decrease in trading securities	(12 812)	10 188	(113 249)	(236 296)
(Increase) in loans to credit and financial institutions	(6 360)	(6 360)	(1 758)	(1 758)
Decrease (increase) in loans to customers	52 028	2 014	(776 019)	(815 556)
(Increase) in other assets	(25 918)	(11 358)	(262 521)	(17 250)
Increase (decrease) in liabilities to credit and financial institutions	15 767	1 987	(27 043)	(29 288)
Increase in deposits, special and leanding funds	88 497	88 002	2 316 874	2 356 473
Decrease (increase) in other liabilities	(7 140)	(5 002)	102 963	8 707
Change	104 062	79 471	1 239 247	1 265 032
Net cash flow from from operating activities	133 645	99 597	1 243 173	1 262 960
Investing activities				
(Acquisition) of tangible and intangible assets	(7 826)	(2 133)	(52 530)	(42 560)
Disposal of tangible and intangible assets	35 758	35 429	2 504	917
(Acquisition) of held-to-maturity securities	(444 268)	(431 220)	(1 128 131)	(1 119 685)
Proceeds from redemption of held-to-maturity securities	200 468	200 468	77 975	77 975
(Acquisition) of available-for-sale securities	(37 698)	(37 606)	(176 348)	(176 227)
Disposal of available-for-sale securities	103 835	103 832	151 765	151 764
(Acquisition) of subsidiaries	-	(5 992)	(101 649)	(140 739)
Dividends received	157	21 144	-	2 400
Net cash from (used in) investing activities	(149 574)	(116 078)	(1 226 414)	(1 246 155)
Financing activities				
Payment of dividends	(10)	(10)	(1 145)	(1 145)
Payment to minority shareholders	(500)	-	-	-
Redemption of debt securities in issue	-	-	(22 912)	(22 912)
Net cash flow from financing activities	(510)	(10)	(24 057)	(24 057)
Net increase in cash and cash equivalents	(16 439)	(16 491)	(7 298)	(7 252)
Cash and cash equivalents at 1 January	481 002	480 999	221 855	221 805
Cash and cash equivalents at 30 June	464 563	464 508	214 557	214 553

CONDENSED INTERIM FINANCIAL STATEMENTS OF ŠIAULIŲ BANKAS AB

(All amounts are in LTL thousand, unless otherwise stated)

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 Commercial Banks of the Republic of Lithuania and the Statute of the Bank. In this document, Šiaulių Bankas AB is referred to as the Bank, Šiaulių Bankas AB and its subsidiaries - the Group.

The Head Office of the Bank is located in Šiauliai, Tilžės str. 149, LT-76348. The bank has 14 branches in Kelmė, Klaipėda, Kuršėnai, Mažeikiai, Palanga, Šilutė, Vilnius, Alytus, Utena, Kaunas, Druskininkai, Panevėžys, Šiauliai, Radviliškis and 61 client service units. As of 30 June 2014 the Bank had 686 employees (31 December 2013: 680). As of 30 June 2014 the Group (except subsidiaries held for sale) had 829 employees (31 December 2013: 824 employees).

The Bank's shares are listed on the Official List of the Vilnius Stock Exchange - NASDAQ OMX Vilnius AB.

As of 30 June 2014 and as of 31 December 2013 the Bank owned the following subsidiaries:

1. Šiaulių Banko Lizingas UAB (finance and operating lease activities),
2. Šiaulių Banko Investicijų Valdymas UAB (investment management activities),
3. Šiaulių Banko Turto Fondas UAB (real estate management activities),
4. Minera UAB (real estate management activities),
5. SBTf UAB (real estate management activities),
6. Pavasaris UAB (development of the area of multi-apartment residential houses),
7. Kėdainių oda UAB (indirect control; leather processing, production activities).

As of 30 June 2014 and as of 31 December 2013 the Bank owned directly controlled subsidiaries held for sale:

8. Ūkio Banko Lizingas UAB (finance lease activities)
9. Bonum Publicum GD UAB (life insurance activities),
10. Eastern Europe Development Fund UAB (real estate management activities),
11. Sporto Klubų Investicijos UAB (real estate management activities),
12. Trade Project UAB (real estate management activities),
13. Investicinio Turto Valdymas UAB (real estate management activities),
- 14-18. ZSA 1 UAB, ZSA 2 UAB, ZSA 3 UAB, ZSA 4 UAB, ZSA 5 UAB (real estate management activities),

As of 30 June 2014 and as of 31 December 2013 the Bank had the indirectly controlled subsidiaries held for sale:

19. Žalgirio Sporto Arena UAB (real estate management activities),
20. Nacionalinis Futbolo Stadionas UAB (development of the football stadium).

According to the agreement signed among Šiaulių Bankas AB, administrator of Ūkio Bankas AB and a state-owned enterprise Indėlių ir Investicijų Draudimas signed 23 February 2013 and its subsequent amendments (details on the transaction are disclosed in financial statements of Šiaulių bankas for the year 2013), 2 February 2014 was the date of the expiration of the option held by Ūkio Bankas to purchase back a part of assets acquired by Šiaulių Bankas.

None of the five options, under which a part of the assets acquired by Šiaulių Bankas from Ūkio Bankas could be sold, was realised.

The expiration of the options did not cause changes in the accounting of Šiaulių Bankas.

This condensed interim financial information for the six month period ended 30 June 2014 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 2013, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by EU. The accounting policies applied by the Group and the Bank in these condensed interim financial statements are the same as those applied by the Group and the Bank in their financial statements as at and for the year ended 31 December 2013, which were prepared in accordance with IFRS as adopted by the EU.

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 2013.

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.

Amounts shown in these financial statements are presented in the local currency, Litas (LTL). Since 2 February 2002 the exchange rate of the litas was pegged to the euro at a rate of LTL 3.4528 = EUR 1.

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

CONDENSED INTERIM FINANCIAL STATEMENTS OF ŠIAULIŲ BANKAS AB

(All amounts are in LTL thousand, unless otherwise stated)

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

	30-06-2014		31-12-2013	
	Group	Bank	Group	Bank
Loans and advances to banks	12 355	12 355	5 995	5 995
Loans and advances to customers:	2 323 486	2 696 664	2 375 700	2 723 662
- Loans and advances to financial institutions	-	207 375	-	215 734
- Loans to individuals (Retail)	227 412	201 251	227 319	195 246
- Loans to business customers	2 096 074	2 288 038	2 148 381	2 312 682
Finance lease receivables	180 082	20 138	205 093	20 779
Trading assets:				
- Debt securities	90 570	190 570	70 146	193 146
Derivative financial instruments	-	-	-	-
Securities available for sale:				
- Debt securities	126 512	126 512	184 663	184 663
Investment securities held to maturity:				
- Debt securities	1 572 705	1 551 115	1 309 375	1 300 833
Other financial assets	20 191	14 467	7 695	423
Credit risk exposures relating to off-balance sheet items are as follows:				
- Financial guarantees	101 693	101 804	103 673	104 473
- Letters of credit	5 092	5 092	7 039	7 039
- Loan commitments and other credit related liabilities	253 472	269 280	243 202	252 847
Total	4 686 158	4 987 997	4 512 581	4 793 860

CONDENSED INTERIM FINANCIAL STATEMENTS OF ŠIAULIŲ BANKAS AB

(All amounts are in LTL thousand, unless otherwise stated)

Loans to customers

	30-06-2014		31-12-2013	
	Group	Bank	Group	Bank
Loans to individuals	244 268	216 985	2 739 281	3 120 652
Loans to business customers	2 642 551	3 043 296	252 854	219 695
Subtract: Fair value revaluation on acquisition*	(425 319)	(425 319)	(473 782)	(473 782)
Gross	2 461 500	2 834 962	2 518 353	2 866 565
Subtract: Allowance for impairment	(138 014)	(138 298)	(142 653)	(142 903)
Net	2 323 486	2 696 664	2 375 700	2 723 662

	30-06-2014		31-12-2013	
	Group	Bank	Group	Bank
Neither past due not impaired	1 843 376	2 217 318	1 957 779	2 305 869
Past due but not impaired	400 319	397 011	344 608	342 075
Impaired	217 805	220 633	215 966	218 621
Gross	2 461 500	2 834 962	2 518 353	2 866 565
Subtract: Allowance for impairment	(138 014)	(138 298)	(142 653)	(142 903)
Net	2 323 486	2 696 664	2 375 700	2 723 662

* Fair value revaluation on acquisition is the difference between the estimated fair value by appraisers of the loans acquired under the transaction transfer of assets, rights, transactions and liabilities of Ūkio Bankas and the gross value of the above-mentioned loans.

Loans and advances neither past due not impaired are loans which are not impaired and payments of which are not past due.

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

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

The list of loss events:

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

Loans and advances past due but not impaired

	30-06-2014		31-12-2013	
	Group	Bank	Group	Bank
Past due up to 7 days	139 539	138 428	79 942	78 595
Past due 8 to 30 days	84 223	82 123	44 497	43 418
Past due 31-60 days	21 256	21 191	11 818	11 740
Past due 61-90 days	2 010	1 989	31 218	31 196
Past due more than 90 days	153 291	153 280	177 133	177 126
Total Net loans:	400 319	397 011	344 608	342 075
Fair value of collateral	365 917	364 684	302 636	302 636

CONDENSED INTERIM FINANCIAL STATEMENTS OF ŠIAULIŲ BANKAS AB

(All amounts are in LTL thousand, unless otherwise stated)

Loans and advances impaired

	30-06-2014		31-12-2013	
	Group	Bank	Group	Bank
Impaired loans	217 805	220 633	215 966	218 621
Allowance for impairment	(138 014)	(138 298)	(142 653)	(142 903)
Fair value of collateral	113 577	117 556	98 283	102 410

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

Finance lease receivables

Šiaulių Banko Lizingas UAB was established on 16th August 1999. The main business of the company is financial lease.

Leasing activities mainly depend on the attracted financial resources. The funds allocated to provide funding to leasing operations are formed from two following sources: own funds and bank's loans. The leasing company pays interest to the bank for the borrowed funds

In 2013, the Bank acquired some finance lease agreements from Ūkio bankas.

Segment information

	30-06-2014		31-12-2013	
	Group	Bank	Group	Bank
By type of customer:				
Business customers	235 519	84 156	265 121	87 632
Individuals	11 794	-	10 108	-
Subtract: Fair value revaluation on acquisition*	(63 905)	(63 905)	(66 853)	(66 853)
Gross	183 408	20 251	208 376	20 779
Neither past due not impaired	130 870	11 379	162 943	11 028
Past due but not impaired	46 736	8 651	34 149	9 751
Impaired	5 802	221	11 284	-
Gross	183 408	20 251	208 376	20 779
Subtract: Allowance for impairment	(3 326)	(113)	(3 283)	-
Net	180 082	20 138	205 093	20 779

* Fair value revaluation on acquisition is the difference between the estimated fair value by appraisers of the finance lease receivables acquired under the transaction transfer of assets, rights, transactions and liabilities of Ūkio Bankas.

CONDENSED INTERIM FINANCIAL STATEMENTS OF ŠIAULIŲ BANKAS AB

(All amounts are in LTL thousand, unless otherwise stated)

	30-06-2014			31-12-2013		
	Individuals	Business customers	Total	Individuals	Business customers	Total
Finance lease receivables by type of assets leased (Group):						
- transport vehicles	8 958	50 929	59 887	6 863	49 100	55 963
- real estate	1 708	85 359	87 067	1 670	108 087	109 757
- airplanes	-	5 575	5 575	-	-	-
- railway equipment	-	-	-	-	6 114	6 114
- production equipment	5	6 937	6 942	9	11 512	11 521
- other equipment	307	19 514	19 821	1 247	4 927	6 174
- other assets	816	3 300	4 116	319	18 528	18 847
Total	11 794	171 614	183 408	10 108	198 268	208 376

	30-06-2014			31-12-2013		
	Individuals	Business customers	Total	Individuals	Business customers	Total
Finance lease receivables by type of assets leased (Bank):						
- transport vehicles	-	184	184	-	267	267
- real estate	-	19 164	19 164	-	20 450	20 450
- airplanes	-	-	-	-	-	-
- railway equipment	-	-	-	-	-	-
- production equipment	-	859	859	-	12	12
- other equipment	-	44	44	-	50	50
- other assets	-	-	-	-	-	-
Total	-	20 251	20 251	-	20 779	20 779

CONDENSED INTERIM FINANCIAL STATEMENTS OF ŠIAULIŲ BANKAS AB

(All amounts are in LTL thousand, unless otherwise stated)

NOTE 2 SECURITIES

Trading securities

	30-06-2014		31-12-2013	
	Group	Bank	Group	Bank
Debt securities:				
Government bonds	44 064	44 064	18 884	18 884
Bonds of private entities	34 753	134 753	44 405	167 405
Bonds of state controlled entities	11 753	11 753	6 857	6 857
Equities:				
Listed	404	404	397	397
Unlisted	8	8	-	-
Investment fund units	110	110	105	105
Total	91 092	191 092	70 648	193 648

	Government debt securities	Corporate debt securities	Corporate equity securities	Investment fund units
Group 30-06-2014				
From AA- to AAA	-	5 920	-	-
From A- to A+	39 088	12 409	-	-
From BBB- to BBB+	4 976	23 988	-	-
From BB- to BB+	-	4 189	-	-
Lower than BB-	-	-	-	-
No rating	-	-	412	110
Total	44 064	46 506	412	110

	Government debt securities	Corporate debt securities	Corporate equity securities	Investment fund units
Group 31-12-2013				
From AA- to AAA	7 344	19 190	-	-
From A- to A+	-	5 677	-	-
From BBB- to BBB+	11 540	22 963	-	-
From BB- to BB+	-	3 432	-	-
Lower than BB-	-	-	-	-
No rating	-	-	397	105
Total	18 884	51 262	397	105

	Government debt securities	Corporate debt securities	Corporate equity securities	Investment fund units
Bank 30-06-2014				
From AA- to AAA	-	5 920	-	-
From A- to A+	39 088	12 409	-	-
From BBB- to BBB+	4 976	23 988	-	-
From BB- to BB+	-	4 189	-	-
Lower than BB-	-	-	-	-
No rating	-	100 000	412	110
Total	44 064	146 506	412	110

	Government debt securities	Corporate debt securities	Corporate equity securities	Investment fund units
Bank 31-12-2013				
From AA- to AAA	7 344	19 190	-	-
From A- to A+	-	5 677	-	-
From BBB- to BBB+	11 540	22 963	-	-
From BB- to BB+	-	3 432	-	-
Lower than BB-	-	-	-	-
No rating	-	123 000	397	105
Total	18 884	174 262	397	105

CONDENSED INTERIM FINANCIAL STATEMENTS OF ŠIAULIŲ BANKAS AB

(All amounts are in LTL thousand, unless otherwise stated)

Investment securities

Securities available-for-sale	30-06-2014		31-12-2013	
	Group	Bank	Group	Bank
Debt securities:				
Lithuanian government bonds	18 635	18 635	31 574	31 574
Foreign government bonds	16 757	16 757	30 332	30 332
Foreign corporate bonds	91 120	91 120	122 757	122 757
Equity securities:				
Listed	-	-	-	-
Unlisted	2 378	1 391	3 162	1 391
Investment fund units	414	414	378	378
Total	129 304	128 317	188 203	186 432

Securities held-to-maturity	30-06-2014		31-12-2013	
	Group	Bank	Group	Bank
Debt securities:				
Lithuanian corporate bonds	21 590	-	8 542	-
Lithuanian government bonds	1 021 503	1 021 503	995 595	995 595
Foreign government bonds	89 837	89 837	45 019	45 019
Foreign corporate bonds	439 775	439 775	260 219	260 219
Total	1 572 705	1 551 115	1 309 375	1 300 833

Group 30-06-2014	Securities available-for-sale				Securities held-to-maturity	
	Government bonds	Corporate debt securities	Corporate equity securities	Investment fund units	Government bonds	Corporate debt securities
From AA- to AAA	2 063	3 674	-	-	18 480	59 428
From A- to A+	21 173	39 437	-	-	17 752	128 191
From BBB- to BBB+	8 130	48 009	-	-	998 982	61 765
From BB- to BB+	2 080	-	-	-	5 400	10 835
Lower than BB-	1 946	-	-	-	-	-
No rating	-	-	2 378	414	-	21 590
Total	35 392	91 120	2 378	414	1 040 614	281 809

Group 31-12-2013	Securities available-for-sale				Securities held-to-maturity	
	Government bonds	Corporate debt securities	Corporate equity securities	Investment fund units	Government bonds	Corporate debt securities
From AA- to AAA	22 195	27 319	-	-	18 480	59 428
From A- to A+	-	49 703	-	-	17 752	128 191
From BBB- to BBB+	36 070	41 958	-	-	998 982	61 765
From BB- to BB+	1 875	3 777	-	-	5 400	10 835
Lower than BB-	1 766	-	-	-	-	-
No rating	-	-	3 162	3 617	-	8 542
Total	61 906	122 757	3 162	3 617	1 040 614	268 761

Bank 30-06-2014	Securities available-for-sale				Securities held-to-maturity	
	Government bonds	Corporate debt securities	Corporate equity securities	Investment fund units	Government bonds	Corporate debt securities
From AA- to AAA	2 063	3 674	-	-	15 778	48 976
From A- to A+	21 173	39 437	-	-	964 238	187 961
From BBB- to BBB+	8 130	48 009	-	-	123 676	191 928
From BB- to BB+	2 080	-	-	-	7 648	10 910
Lower than BB-	1 946	-	-	-	-	-
No rating	-	-	1 392	413	-	-
Total	35 392	91 120	1 392	413	1 111 340	439 775

CONDENSED INTERIM FINANCIAL STATEMENTS OF ŠIAULIŲ BANKAS AB

(All amounts are in LTL thousand, unless otherwise stated)

	Securities available-for-sale				Securities held-to-maturity	
	Government bonds	Corporate debt securities	Corporate equity securities	Investment fund units	Government bonds	Corporate debt securities
Bank 31-12-2013						
From AA- to AAA	22 195	27 319	-	-	18 480	59 428
From A- to A+	-	49 703	-	-	17 752	128 191
From BBB- to BBB+	36 070	41 958	-	-	998 982	61 765
From BB- to BB+	1 875	3 777	-	-	5 400	10 835
Lower than BB-	1 766	-	-	-	-	-
No rating	-	-	1 391	378	-	-
Total	61 906	122 757	1 391	378	1 040 614	260 219

During the six month period ended 30 June 2014, no reclassifications between portfolios of securities were performed. During the six month period ended 30 June 2013, debt securities with a value of LTL 69.6 million were reclassified from Available-for-sale to Held-to-maturity portfolio. Management of the Bank assessed it has an intention to hold these reclassified securities to maturity.

Investments in subsidiaries
Investments in consolidated directly controlled subsidiaries

	30-06-2014			31-12-2013		
	Share in equity, %	Acquisition cost	Carrying amount	Share in equity, %	Acquisition cost	Carrying amount
Šiaulių Banko Lizingas UAB	100	9 000	3 000	100	5 000	3 000
Šiaulių Banko Investicijų Valdymas UAB	100	8 640	1 076	100	7 040	1 076
Šiaulių Banko Turto Fondas UAB	100	5 117	4 271	100	5 117	4 271
Minera UAB	100	5 505	5 505	100	5 505	5 505
SBTF UAB	100	2 000	2 000	100	2 000	2 000
Pavasaris UAB	100	36 102	27 049	99	35 710	35 710
Total		66 364	42 901		60 372	51 562

Investments in consolidated indirectly controlled subsidiaries

	30-06-2014			31-12-2013		
	Share in equity, %	Acquisition cost	Carrying amount	Share in equity, %	Acquisition cost	Carrying amount
Kėdainių Oda UAB	100	12 000	9 180	100	12 000	9 180

During the six month period ended 30 June 2014 the Bank acquired 1.09% shares of Pavasaris UAB thus increased its holding from 98.91% to 100.00% and became the sole shareholder of the company. This acquisition resulted in a gain of LTL 114 thousand, which is included in the income statement line "Other operating income".

During the six month period ended 30 June 2014 the Bank recognized impairment losses to the following investments in subsidiaries: LTL 9 053 thousand investment in Pavasaris UAB (value of the investment reduced by the amount of dividends paid by Pavasaris UAB and recognized in the income statement of the Bank); LTL 4 000 thousand investment in Šiaulių Banko Lizingas UAB (Bank covered losses of the subsidiary); LTL 1 600 thousand investment in Šiaulių Banko Investicijų Valdymas UAB (Bank covered losses of the subsidiary).

In 2013, the Bank recognised an impairment loss of LTL 3,582 thousand on an investment in Šiaulių Banko Investicijų Valdymas UAB (the Bank covered subsidiary's losses in amount of LTL 3,000 thousand and recognized additional impairment of LTL 582 thousand).

In 2013, an impairment of an investment in an indirectly controlled subsidiary Kėdainių Oda UAB of LTL 2 820 thousand was recognized. In Group's financial statements, it is accounted for as an impairment of fixed assets.

CONDENSED INTERIM FINANCIAL STATEMENTS OF ŠIAULIŲ BANKAS AB

(All amounts are in LTL thousand, unless otherwise stated)

Assets classified as held for sale

Subsidiaries held for sale

3 March 2013, under the agreement on the transfer of assets, rights, transactions and liabilities of Ūkio Bankas, based on which a part of assets, rights, transactions and liabilities of Ūkio Bankas was transferred to Šiaulių Bankas, Šiaulių Bankas AB acquired 100 % control over following subsidiaries:

i) subsidiaries engaged in real estate development activities: Eastern Europe Development Fund UAB, Sporto Klubų Investicijos UAB, Trade Project UAB, Investicinio Turto Valdymas UAB, ŽSA 1 UAB, ŽSA 2 UAB, ŽSA 3 UAB, ŽSA 4 UAB and ŽSA 5 UAB (ŽSA 1 UAB, ŽSA 2 UAB, ŽSA 3 UAB, ŽSA 4 UAB and ŽSA 5 UAB together own 100% shares of Žalgirio Sporto Arena UAB; Žalgirio Sporto Arena UAB owns 100% shares of Nacionalinis Futbolo Stadionas UAB) and

ii) subsidiaries engaged in other activities: Ūkio Banko Lizingas UAB and Bonum Publicum GD UAB.

Above-mentioned subsidiaries are classified as subsidiaries held for sale. Initially, they are accounted at acquisition value which is equal to their fair value and subsequently adjusted by the amount of activity result (in case of profit, the value is increased; in case of loss, the value is decreased).

	30-06-2014		
	Entities engaged in real estate development	Entities engaged in other activities	Total:
Assets held for sale attributable to the group of entities	124 690	246 781	371 471
Liabilities attributable to assets held for sale attributable to the group of entities	12 262	75 319	87 581
Profit (loss) of the current year	(268)	13 228	12 960

	31-12-2013		
	Entities engaged in real estate development	Entities engaged in other activities	Total:
Assets held for sale attributable to the group of entities	131 235	255 929	387 164
Liabilities attributable to assets held for sale attributable to the group of entities	21 450	71 170	92 620
Profit (loss) of the current year from the date of acquisition of the entities (for the period from 03-03-2013 to 30-06-2013)	(727)	5 077	4 350

During the six month periods ended 30 June 2014 and 30 June 2013, the Group did not incur any gain or loss related to the the measurement to fair value less costs to sell or on the disposal of the subsidiaries mentioned above.

Property, plant and equipment held for sale

In addition to the subsidiaries held for sale, real estate properties, which are expected by the Bank to be sold during the year from the inclusion in this item are also included in assets held for sale. The fair value of real estate properties included in assets held for sale was LTL 276 thousand as of 30 June 2014 (31 December 2013: LTL 1 196 thousand).

CONDENSED INTERIM FINANCIAL STATEMENTS OF ŠIAULIŲ BANKAS AB

(All amounts are in LTL thousand, unless otherwise stated)

NOTE 3 SIGNIFICANT INFORMATION ON CHANGES IN OTHER ASSET LINE ITEMS
Investment property

During the six month period ended 30 June 2014, the carrying amount of the Group's investment property reduced by LTL 26 239 thousand, from LTL 86 637 thousand at the beginning of the period to LTL 60 398 thousand at the end of the period. The sale of the investment property is the main cause of this change (properties acquired under the transaction transfer of assets, rights, transactions and liabilities of Ūkio Bankas comprise the major share of the properties sold).

Other assets

	30-06-2014		31-12-2013	
	Group	Bank	Group	Bank
Assets held for sale	113 304	-	111 629	-
Amounts receivable	20 191	14 467	7 695	423
Deferred expenses	3 144	1 927	4 580	3 261
Prepayments	13 685	12 363	16 042	13 884
Foreclosed assets	27 259	2 050	2 288	2 045
Other assets	6 827	2 038	5 423	1 912
Total	184 410	32 845	147 657	21 525

NOTE 4 DUE TO CUSTOMERS

	30-06-2014		31-12-2013	
	Group	Bank	Group	Bank
Demand deposits:				
National government institutions	32 922	32 922	30 636	30 636
Local government institutions	122 697	122 697	67 136	67 136
Governmental and municipal companies	16 434	16 434	16 175	16 175
Corporate entities	298 691	298 980	307 676	308 460
Non-profit organisations	22 361	22 361	23 507	23 507
Individuals	507 980	507 980	443 191	443 191
Unallocated amounts due to customers	36 650	36 650	15 419	15 419
Total demand deposits:	1 037 735	1 038 024	903 740	904 524
Time deposits:				
National government institutions	1 327	1 327	1 939	1 939
Local government institutions	2 515	2 515	2 331	2 331
Governmental and municipal companies	9 536	9 536	10 540	10 540
Corporate entities	177 196	177 196	174 242	174 242
Non-profit organisations	13 952	13 952	14 321	14 321
Individuals	3 379 447	3 379 447	3 422 124	3 422 124
Total time deposits:	3 583 973	3 583 973	3 625 497	3 625 497
Total:	4 621 708	4 621 997	4 529 237	4 530 021

NOTE 5 SIGNIFICANT INFORMATION ON CHANGES IN OTHER LIABILITY LINE ITEMS
Debt securities in issue

During the six month period ended 30 June 2014 the Bank did not issue debt securities. As of 30 June 2014 and as of 31 December 2013, the Bank did not have any liabilities related to holders of its debt securities.

CONDENSED INTERIM FINANCIAL STATEMENTS OF ŠIAULIŲ BANKAS AB

(All amounts are in LTL thousand, unless otherwise stated)

NOTE 6 CAPITAL

As of 30 June 2014 the Bank's share capital comprised 270 000 000 ordinary registered shares with par value of LTL 1 each. The Articles of Association of the Bank with an increased authorised capital were registered in the Register of Legal Entities on 3 June 2014, using Bank's own resources (share premium), from which a new share issue of 20 000 000 ordinary shares was issued. The shares were distributed among Bank's shareholders using the proportion of their stakes at the accounting date of the shares (11 April 2014) of the ordinary meeting of shareholders of Šiaulių bankas that took place on 28 March 2014.

As at 30 June 2014, the Bank 3 617 shareholders. A share of capital and votes held by Bank's shareholders by the place of residence: residents 66.08%, non-residents 33.92% (as at 31 December 2013: 3 592 shareholders, of which residents 66.36%, non-residents 33.64%).

As of 30 June 2014, the shareholders holding over 5% of the Bank's shares and votes are listed in the table below:

Shareholder	Share of votes held, %
The European Bank for Reconstruction and Development (EBRD); Gintaras Kateiva	19.57 6.24
Total	25.81

Another 19 shareholders had less than 5 % but more than 1% of the Bank's share capital.

Shareholders of the Bank including the shareholders that have signed shareholders agreement (The European Bank for Reconstruction and Development, UAB prekybos namai „Aiva“, UAB „Mintaka“, Įmonių grupė „Alita“ AB, Arvydas Salda, Sigitas Baguckas, Vigintas Butkus, Vytautas Junevičius, Gintaras Kateiva, Kastytis Jonas Vyšniauskas, Algirdas Butkus) and other shareholders votes of which are calculated together based on the legal acts of Republic of Lithuania, form a group votes of which are calculated together. As of 30 June 2014, this group possessed 42.34 percent of the authorised capital and votes of the Bank.

Dividends

In 2014 the annual general meeting of shareholders decided to not to pay dividends. On 28 March 2013 the ordinary general meeting of shareholders made a decision to pay LTL 0.005 dividends per one ordinary registered share with LTL 1 nominal value each.

NOTE 7 NET INTEREST INCOME

	01-01-2014 - 30-06-2014		01-01-2013 - 30-06-2013	
	Group	Bank	Group	Bank
Interest income:				
on loans to other banks and financial institutions and placements with credit institutions	1 396	4 766	924	4 268
on loans to customers	64 260	63 077	54 383	52 577
on debt securities	23 507	26 732	20 441	21 188
on finance leases	5 997	1 524	5 307	1 036
Total interest income	95 160	96 099	81 055	79 069
Interest expense:				
on liabilities to other banks and financial institutions and amounts due to credit institutions	(4 758)	(4 784)	(5 786)	(5 786)
on customer deposits and other repayable funds	(26 981)	(26 981)	(36 810)	(36 927)
on debt securities issued	-	-	(122)	(122)
compulsory insurance of deposits	(10 193)	(10 193)	(8 497)	(8 497)
Total interest expense	(41 932)	(41 958)	(51 215)	(51 332)
Net interest income	53 228	54 141	29 840	27 737

CONDENSED INTERIM FINANCIAL STATEMENTS OF ŠIAULIŲ BANKAS AB

(All amounts are in LTL thousand, unless otherwise stated)

NOTE 8 NET FEE AND COMMISSION INCOME

	01-01-2014 - 30-06-2014		01-01-2013 - 30-06-2013	
	Group	Bank	Group	Bank
Fee and commission income:				
for money transfer operations	8 133	8 250	6 878	6 974
for payment card services	1 729	1 729	1 253	1 253
for base currency exchange	2 355	2 357	1 390	1 392
for operations with securities	198	410	162	162
other fee and commission income	1 775	1 780	2 191	2 215
Total fee and commission income	14 190	14 526	11 874	11 996
Fee and commission expense:				
for payment card services	(3 649)	(3 649)	(3 417)	(3 417)
for money transfer operations	(1 750)	(1 733)	(1 199)	(1 179)
for operations with securities	(92)	(92)	(65)	(65)
for base currency exchange	-	-	(1)	(1)
other fee and commission expenses	(878)	(1)	(732)	(1)
Total fee and commission expense	(6 369)	(5 475)	(5 414)	(4 663)
Net fee and commission income	7 821	9 051	6 460	7 333

NOTE 9 EXPENSES

	01-01-2014 - 30-06-2014		01-01-2013 - 30-06-2013	
	Group	Bank	Group	Bank
<i>Other administrative expenses:</i>	(9 185)	(9 413)	(9 020)	(8 817)
Rent and maintenance of premises	(3 872)	(4 132)	(3 651)	(3 519)
Transportation, post and communications expenses	(1 624)	(1 325)	(1 140)	(1 207)
Service organisation expenses	(1 559)	(2 045)	(2 259)	(2 467)
Office equipment maintenance	(1 294)	(1 266)	(946)	(931)
Advertising and marketing expenses	(396)	(176)	(421)	(284)
Training and business trip expenses	(83)	(39)	(38)	(33)
Other operating expenses	(357)	(430)	(565)	(376)
<i>Depreciation and amortisation:</i>	(2 677)	(2 029)	(2 590)	(1 788)
Depreciation of fixed tangible assets	(2 479)	(1 844)	(2 437)	(1 645)
Amortization of intangible assets	(198)	(185)	(153)	(143)
Total other administrative expenses	(11 862)	(11 442)	(11 610)	(10 605)
<i>Other expenses:</i>				
Construction works	(11 247)	-	(8 841)	-
Raw materials and consumables used	(3 932)	-	(4 465)	-
Real estate tax and other taxes	(1 043)	(357)	(1 776)	(182)
Charity	(88)	(88)	(65)	(61)
Other expenses	(1 926)	(1 702)	(1 710)	(1 420)
Total other expenses	(18 236)	(2 147)	(16 857)	(1 663)

CONDENSED INTERIM FINANCIAL STATEMENTS OF ŠIAULIŲ BANKAS AB

(All amounts are in LTL thousand, unless otherwise stated)

NOTE 10 IMPAIRMENT LOSSES

	01-01-2014 - 30-06-2014		01-01-2013 - 30-06-2013	
	Group	Bank	Group	Bank
Impairment losses on loans	(21 262)	(20 665)	(7 721)	(7 647)
Recoveries of loans previously written-off	240	38	240	102
Impairment losses on finance lease receivables	(318)	(113)	(1 324)	-
Recovered previously written-off finance lease receivables	225	-	86	-
Impairment losses on investment in subsidiaries	-	(14 653)	-	-
Impairment losses on other assets	(5 221)	(46)	(423)	11
Recoveries of other assets previously written-off	8	-	-	-
Total	(26 328)	(35 439)	(9 142)	(7 534)

	01-01-2014 - 30-06-2014		01-01-2013 - 30-06-2013	
	Group	Bank	Group	Bank
Allowance for impairment of loans				
As at 1 January	142 653	142 903	111 599	110 431
Change in allowance for loan impairment	21 262	20 665	7 721	7 647
Loans written off during the period	(25 927)	(25 296)	(702)	(614)
Influence of FX rate shift	26	26	161	161
As at 30 June	138 014	138 298	118 779	117 625
Allowance for impairment of finance lease receivables				
As at 1 January	3 283	-	1 749	-
Change in allowance for loan impairment	318	113	1 324	-
Loans written off during the period	(275)	-	(521)	-
Influence of FX rate shift	-	-	-	-
As at 30 June	3 326	113	2 552	-

NOTE 11 SIGNIFICANT INFORMATION ON OTHER INCOME STATEMENT LINE ITEMS

Net loss from embedded derivatives

Net loss from embedded derivatives is related to revaluation and derecognition of embedded derivatives separated from variable rate loans to customers, which have a floor for interest rate set in the agreements. The increase in amount of net losses from LTL 2 494 thousand for the six month period ended 30 June 2013 to LTL 6 227 thousand for the six month period ended 30 June 2014 is mainly attributable to premature repayment of certain loans which caused derecognition of embedded derivatives related to those loans.

Net gain from derecognition of financial assets

Net gain from derecognition of financial assets of LTL 5 473 thousand during the six month period ended 30 June 2014 is attributable to the derecognition of the acquisition value adjustment (i.e. the difference between acquisition value and the gross value) for the fully or partially repaid/refinanced loans that were acquired under the transaction of transfer of assets, rights, transactions and liabilities of Ūkio Bankas.

Other operating income

	01-01-2014 - 30-06-2014		01-01-2013 - 30-06-2013	
	Group	Bank	Group	Bank
Revenue from sale of goods	4 311	-	4 815	-
Revenue from sale of apartments	12 821	-	11 729	-
Income from lease of assets	1 856	965	966	202
Other income	947	596	1 274	529
Total	19 935	1 561	18 784	731

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(All amounts are in LTL thousand, unless otherwise stated)

NOTE 12 RELATED-PARTY TRANSACTIONS

Related parties with the Bank are classified as follows:

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

During 2013, 2014 a certain number of banking transactions were entered into with related parties in the ordinary course of business. These transactions include settlements, loans, deposits and foreign currency transactions.

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

	30-06-2014		31-12-2013	
	Balances of deposits	Balances of loans (incl.off-balance sheet credit commitments)	Balances of deposits	Balances of loans (incl.off-balance sheet credit commitments)
Members of the Council and the Board	1 821	5 544	1 303	6 896
Other related parties (excluding subsidiaries of the Bank)	10 737	132 273	6 418	146 180
Total	12 558	137 817	7 721	153 076

Transactions with EBRD:

The Bank has a subordinated loan received from European Bank for Reconstruction and Development (hereinafter – EBRD), book value of which was LTL 67 559 thousand as of 30 June 2014 (31 December 2013: LTL 68 855 thousand). The agreement for the loan was signed at the end of February 2013. Loan amount is EUR 20 million, term – 10 years. Loan agreement provides a prepayment option to Šiaulių bankas in 2018, and a conversion option to EBRD which can be carried out until 2018 by the terms prescribed in the agreement. Because of the latter option, the loan is accounted for as Financial liabilities at fair value through profit or loss. During the six month period ended 30 June 2014, subordinated loan related interest expenses amounted to LTL 2 314 thousand, a gain of LTL 138 thousand related to revaluation of the liability (during six month period ended 30 June 2013 - interest expenses of LTL 1 464 thousand).

As of 31 December 2012, LTL 78 109 thousand loan from EBRD was outstanding. It was repaid in 2013. Interest and other expenses related to this loan amounted to LTL 1 045 thousand during the six month period ended 30 June 2013.

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

	30-06-2014		31-12-2013	
	Balances of deposits	Balances of loans, debt securities (incl.off-balance sheet credit commitments)	Balances of deposits	Balances of loans, debt securities (incl.off-balance sheet credit commitments)
Non-financial institutions	416	212 149	782	192 754
Financial institutions	23 068	218 581	36 972	341 536
Total	23 484	430 730	37 754	534 290

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(All amounts are in LTL thousand, unless otherwise stated)

Transactions with subsidiaries:

Assets	30-06-2014	31-12-2013
Loans	413 449	411 290
Debt securities	100 000	123 000
Other assets	95	102
Liabilities and shareholders' equity		
Deposits	23 481	37 756
Bank's investment in subsidiaries	42 901	51 562
Bank's investment in subsidiaries classified as assets held for sale	154 100	154 100
Other liabilities	646	330
Income		
	01-01-2014 - 30-06-2014	01-01-2013 - 30-06-2013
Interest	9 929	7 287
Commission income	355	132
Income from foreign exchange operations	-	-
Dividends	21 053	2 400
Income from sale of assets	61	-
Other income	297	94
Expenses		
Interest	(26)	(102)
Commission expense	-	-
Expenses from foreign exchange operations	-	-
Operating expenses	(978)	(721)
Impairment of loans	(61)	-
Impairment of an investment to subsidiaries	(14 653)	-

NOTE 13 LIQUIDITY, MARKET AND OPERATIONAL RISKS

Liquidity risk

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

Liquidity risk management process

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

As of 30 June 2014 the Group's liquidity ratio was 57.28 (31-12-2013 - 54.07), and the Bank's – 57.22 (31-12-2013 – 53.94).

The 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.

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(All amounts are in LTL thousand, unless otherwise stated)

The structure of the Group's liabilities by maturity as of 30 June 2014 was as follows:

	Demand	Up to 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
Total assets	413 964	172 243	263 424	224 036	563 175	1 191 548	1 902 108	726 876	5 457 374
Total liabilities and equity	1 046 366	436 942	597 080	1 001 289	1 355 287	426 974	145 781	447 655	5 457 374
Net liquidity gap	(632 402)	(264 699)	(333 656)	(777 253)	(792 112)	764 574	1 756 327	279 221	-

The structure of the Group's liabilities by maturity as of 31 December 2013 was as follows:

	Demand	Up to 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
Total assets	471 161	69 486	162 942	252 955	422 218	1 153 869	2 029 961	771 342	5 333 934
Total liabilities and equity	922 180	499 831	583 848	855 212	1 449 589	424 599	166 659	432 016	5 333 934
Net liquidity gap	(451 019)	(430 345)	(420 906)	(602 257)	(1 027 371)	729 270	1 863 302	339 326	-

The structure of the Bank's liabilities by maturity as of 30 June 2014 was as follows:

	Demand	Up to 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
Total assets	413 696	197 618	290 753	269 218	765 990	1 141 522	1 839 806	446 878	5 365 481
Total liabilities and equity	1 067 366	427 825	597 744	1 000 962	1 354 013	418 039	145 380	354 152	5 365 481
Net liquidity gap	(653 670)	(230 207)	(306 991)	(731 744)	(588 023)	723 483	1 694 426	92 726	-

The structure of the Bank's liabilities by maturity as of 31 December 2013 was as follows:

	Demand	Up to 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
Total assets	471 044	97 466	295 435	302 855	528 541	1 122 109	1 933 737	499 641	5 250 828
Total liabilities and equity	957 335	495 542	582 653	853 950	1 448 301	416 159	166 256	330 632	5 250 828
Net liquidity gap	(486 291)	(398 076)	(287 218)	(551 095)	(919 760)	705 950	1 767 481	169 009	-

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Market risk

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

Foreign exchange risk

The management of the currency exchange risk is regulated by the Currency Exchange Risk Management Procedures, which specify the principles allowing the Group to reduce the incurred foreign currency fluctuation risk to minimum. The Group is not engaged in any speculative transactions through which it could expect to earn profit from the open currency positions after changes in currency rate. The Board of the Bank regularly approves and reviews the maximum limits set to the open currency positions at the level of the Bank's subsidiary companies and the Bank itself. The set limits are below the limits allowed by the Bank of Lithuania. The Treasury Department of the Bank bears responsibility for the Group's compliance with the Currency Exchange Risk Management Procedures.

Sensitivity of foreign exchange risk

Foreign exchange (FX) risk is limited by amounts of open FX positions. For calculation of sensitivity to FX risk all exposures shall be converted into possible loss, i.e. open FX position is multiplied by possible FX rate change. The FX risk parameters for the Group (Bank) have been established in view of the maximum fluctuations of currency exchange rate in 2013 and forecast that exchange rate fluctuations will reduce in 2014. The Group does not evaluate FX risk on open EUR position as LTL is pegged to EUR at a fixed rate (see General information).

Currency	Annual reasonable shift 2014
CHF	2%
GBP	4%
NOK	8%
USD	4%
Other currencies	6%

The following table presents Group (Bank) sensitivities of profit and loss and equity to reasonably possible changes in exchange rates applied at the balance sheet date, with all other variables held constant:

	30-06-2014		31-12-2013	
	Impact on profit or loss, on equity		Impact on profit or loss, on equity	
	Group	Bank	Group	Bank
CHF	0	0	1	1
GBP	28	28	1	1
NOK	13	13	95	95
USD	10	10	80	80
Other currencies	102	102	272	272
Total	153	153	449	449

The presumable FX rate change makes an impact on the Group's / Bank's profit LTL 153 thousand in 2014 (2013: LTL 449 thousand).

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The Group's open positions of prevailing currencies as of 30 June 2014 were as follows:

	USD	Others currencies	Total currencies:	EUR	LTL	Total:
Assets	203 159	38 645	241 804	1 313 435	3 902 135	5 457 374
Liabilities and equity	200 888	35 404	236 292	1 321 048	3 900 034	5 457 374
Net balance sheet position	2 271	3 241	5 512	(7 613)	2 101	-
Currency swaps	(2 533)	(694)	(3 227)	3 229	-	2
Net open position	(262)	2 547	2 285	(4 384)	2 101	2

The Group's open positions of prevailing currencies as of 31 December 2013 were as follows:

	USD	Others currencies	Total currencies:	EUR	LTL	Total:
Assets	182 650	46 526	229 176	1 215 648	3 889 110	5 333 934
Liabilities and equity	174 375	36 727	211 102	1 233 320	3 889 512	5 333 934
Net balance sheet position	8 275	9 799	18 074	(17 672)	(402)	-
Currency swaps	(6 275)	(4 241)	(10 516)	10 524	-	8
Net open position	2 000	5 558	7 558	(7 148)	(402)	8

The Bank's open positions of prevailing currencies as of 30 June 2014 were as follows:

	USD	Others currencies	Total currencies:	EUR	LTL	Total:
Assets	203 158	38 645	241 803	1 314 222	3 809 456	5 365 481
Liabilities and equity	200 888	35 404	236 292	1 320 490	3 808 699	5 365 481
Net balance sheet position	2 270	3 241	5 511	(6 268)	757	-
Currency swaps	(2 533)	(694)	(3 227)	3 229	-	2
Net open position	(263)	2 547	2 284	(3 039)	757	2

The Bank's open positions of prevailing currencies as of 31 December 2013 were as follows:

	USD	Others currencies	Total currencies:	EUR	LTL	Total:
Assets	182 649	46 526	229 175	1 215 601	3 806 052	5 250 828
Liabilities and equity	174 375	36 727	211 102	1 233 320	3 806 406	5 250 828
Net balance sheet position	8 274	9 799	18 073	(17 719)	(354)	-
Currency swaps	(6 275)	(4 241)	(10 516)	10 524	-	8
Net open position	1 999	5 558	7 557	(7 195)	(354)	8

CONDENSED INTERIM FINANCIAL STATEMENTS OF ŠIAULIŲ BANKAS AB

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Interest rate risk

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

Sensitivity of interest rate risk

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

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

Group 30 June 2014:

	Demand and less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	More than 1 year	Non monetary	Total
Assets	558 179	805 827	856 575	282 256	1 572 581	1 381 956	5 457 374
Liabilities and equity	564 972	690 797	973 462	1 298 774	320 742	1 608 627	5 457 374
Net interest sensitivity gap	(6 793)	115 030	(116 887)	(1 016 518)	1 251 839	(226 671)	-
Higher/lower impact on profit from balance sheet assets and liabilities	(65)	959	(731)	(2 541)	-	-	(2 378)

Group 31 December 2013:

	Demand and less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	More than 1 year	Non monetary	Total
Assets	484 601	645 017	939 613	207 404	1 609 447	1 447 852	5 333 934
Liabilities and equity	633 238	675 767	837 096	1 393 232	320 092	1 474 509	5 333 934
Net interest sensitivity gap	(148 637)	(30 750)	102 517	(1 185 828)	1 289 355	(26 657)	-
Higher/lower impact on profit from balance sheet assets and liabilities	(1 424)	(256)	641	(2 965)	-	-	(4 005)

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Bank 30 June 2014:

	Demand and less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	More than 1 year	Non monetary	Total
Assets	584 016	780 159	857 323	500 644	1 649 885	993 454	5 365 481
Liabilities and equity	564 972	692 097	973 467	1 298 774	320 742	1 515 429	5 365 481
Net interest sensitivity gap	19 044	88 062	(116 144)	(798 130)	1 329 143	(521 975)	-
Higher/lower impact on profit from balance sheet assets and liabilities	183	734	(726)	(1 995)	-	-	(1 805)

Bank 31 December 2013:

	Demand and less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	More than 1 year	Non monetary	Total
Assets	511 293	746 580	925 030	339 219	1 644 069	1 084 637	5 250 828
Liabilities and equity	633 238	675 772	837 096	1 394 540	320 092	1 390 090	5 250 828
Net interest sensitivity gap	(121 945)	70 808	87 934	(1 055 321)	1 323 977	(305 453)	-
Higher/lower impact on profit from balance sheet assets and liabilities	(1 169)	590	550	(2 638)	-	-	(2 667)

Operational risk

Objectives of the operational risk management of the Bank are: to properly identify and assess the operational risk; to prevent the occurrence of major events and losses by implementing effective internal controls; to properly organize and maintain the internal control environment by regularly reviewing internal control methods; to concentrate time and resources on the identification and management of key sources of operational risk of the Bank across all lines of its activity; to assure the enforcement of the compliance legislation.

In view of operational risk management system, the Bank's activities are grouped into the following categories: credit facilities, other financial services to customers, cash and other valuables, tangible assets, areas not related to the provision of financial services to customers, and information security.

The bank distinguishes a reputation risk as an operational risk sub-group. The reputation risk is the existing or foreseen risk, which might have a negative impact on the Bank's income and (or) capital with regard to unfavourable opinion about the Bank's reputation and which is made by the clients, parties of the agreement, shareholders and investors.

The following key sources of the operational risk are distinguished within the Bank based on the type and volume of the activity:

1. internal fraud;
2. external fraud;
3. working conditions and occupational safety;
4. customers, products and business environment;
5. damage of tangible assets;
6. business process malfunctions and system errors;
7. execution, delivery and process management.

The Bank accumulates the historical data related to operational risk and losses caused by it with the aim to gather information on operational risk events. For this purpose, the Bank developed a system the operation of which is described by the Operational Risk Events Registration Instruction.

To ensure continuity of the activities the Bank has approved the Activity Continuity Plan and Procedures for Provision of Banking Products, in case of the incident occurring in the Bank's Information Systems. According to the policies mentioned above the particular procedures and actions are taken in case of a contingency event and emergency cases seeking to minimize and avoid operational risks and loss of values if the daily activities of the Bank are disturbed.

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NOTE 14 FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

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

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

During the six month period ended 30 June 2014, the process of fair value measurement did not change significantly as compared to the process described in the annual financial statements for the year 2013. For the valuation of financial assets and liabilities purposes, estimates, valuation techniques and inputs used to develop those measurements have not changed significantly during the six month period ended 30 June 2014, no new circumstances that could have a significant impact on the fair values of financial assets and liabilities were identified during the period.

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

	30-06-2014		31-12-2013	
	Group	Bank	Group	Bank
LEVEL I				
Financial assets at fair value through profit or loss	91 084	91 084	70 648	70 648
Available for sale financial assets	126 926	126 926	185 041	185 041
Total Level I Financial assets	218 010	218 010	255 689	255 689
LEVEL III				
Financial assets at fair value through profit or loss	19 308	117 969	22 347	144 008
Available for sale financial assets	2 378	1 391	3 162	1 391
Total Level III Financial assets	21 686	119 360	25 509	145 399
Financial liabilities at fair value through profit or loss	67 559	67 559	68 855	68 855
Total Level III Financial liabilities	67 559	67 559	68 855	68 855

2014 m. ir 2013 m. tarp hierarchijos lygių perkėlimų nebuvo.

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

Group	Financial assets at fair value through profit or loss		Available for sale financial assets		Financial liabilities at fair value through profit or loss	
	01-01-2014 - 30-06-2014	01-01-2013 - 30-06-2013	01-01-2014 - 30-06-2014	01-01-2013 - 30-06-2013	01-01-2014 - 30-06-2014	01-01-2013 - 30-06-2013
	Value as of 1 January	22 347	13 693	3 162	3 617	68 855
Additions	3 188	192	92	-	-	-
Disposals	-	(1)	(3)	-	-	-
Changes due to interest accrued/paid	-	-	-	-	(1 434)	-
Revaluations through profit or loss	(6 227)	(2 494)	(873)	-	138	-
Value as of 30 June	19 308	11 390	2 378	3 617	67 559	-

Bank	Financial assets at fair value through profit or loss		Available for sale financial assets		Financial liabilities at fair value through profit or loss	
	01-01-2014 - 30-06-2014	01-01-2013 - 30-06-2013	01-01-2014 - 30-06-2014	01-01-2013 - 30-06-2013	01-01-2014 - 30-06-2014	01-01-2013 - 30-06-2013
	Value as of 1 January	144 008	13 693	1 391	1 391	68 855
Additions	3 188	123 192	-	-	-	-
Disposals	(23 000)	(1)	-	-	-	-
Changes due to interest accrued/paid	-	-	-	-	(1 434)	-
Revaluations through profit or loss	(6 227)	(2 494)	-	-	138	-
Value as of 30 June	117 969	134 390	1 391	1 391	67 559	-

	01-01-2014 - 30-06-2014		01-01-2013 - 30-06-2013	
	Group	Bank	Group	Bank
Total result from revaluation of Level III instruments included in the income statement	(6 962)	(6 089)	(2 494)	(2 494)

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NOTE 15 SEGMENT INFORMATION

Business segments

A summary of major indicators for the main business segments of the Group included in the statement of financial position as at 30 June 2014 and in the income statement for the six month period ended 30 June 2014 is presented below:

	Banking	Leasing	Investment management	Other activity	Eliminations	Total
Internal	9 903	(2 952)	112	(1 204)	(5 859)	-
External	44 238	7 662	28	1 300	-	53 228
Net interest income	54 141	4 710	140	96	(5 859)	53 228
Internal	10 258	(3 068)	112	(1 012)	(6 290)	-
External	52 934	6 907	28	1 180	-	61 049
Net interest, fee and commission income	63 192	3 839	140	168	(6 290)	61 049
Internal	(978)	(99)	(13)	(19)	1 109	-
External	(31 191)	(1 794)	(265)	(17 994)	-	(51 244)
Operating expenses	(32 169)	(1 893)	(278)	(18 013)	1 109	(51 244)
Amortisation charges	(185)	(6)	(4)	(3)	-	(198)
Depreciation charges	(1 844)	(209)	(7)	(419)	-	(2 479)
Internal	(14 714)	-	-	-	14 714	-
External	(20 725)	(4 351)	(1 323)	71	-	(26 328)
Impairment expenses	(35 439)	(4 351)	(1 323)	71	14 714	(26 328)
Internal	21 411	-	200	168	(21 779)	-
External	12 367	210	13	19 042	-	31 632
Net other income	33 778	210	213	19 210	(21 779)	31 632
Profit before tax	27 333	(2 410)	(1 259)	1 014	(12 246)	12 432
Profit from discontinued operations	-	-	-	-	12 960	12 960
Income tax	(3 085)	162	-	(85)	-	(3 008)
Profit per segment after tax	24 248	(2 248)	(1 259)	929	714	22 384
Profit for the period attributable to owners of the Bank						22 384
Profit for the period attributable to non-controlling interest						-
Total segment assets	5 365 481	218 493	31 450	234 688	(392 738)	5 457 374
Total segment liabilities	5 015 386	214 034	28 769	197 833	(349 341)	5 106 681
Net segment assets (shareholders' equity)	350 095	4 459	2 681	36 855	(43 397)	350 693

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A summary of major indicators for the main business segments of the Group included in the statement of financial position as at 30 June 2013 and in the income statement for the six month period ended 30 June 2013 is presented below:

	Banking	Leasing	Investment management	Other activity	Eliminations	Total
Internal	7 185	(2 963)	(120)	(2 238)	(1 864)	-
External	20 552	7 590	112	1 586	-	29 840
Net interest income	27 737	4 627	(8)	(652)	(1 864)	29 840
Internal	7 317	(3 073)	(49)	(2 102)	(2 093)	-
External	27 753	6 849	112	1 586	-	36 300
Net interest, fee and commission income	35 070	3 776	63	(516)	(2 093)	36 300
Internal	(721)	(74)	(5)	(9)	809	-
External	(26 352)	(1 671)	(210)	(17 311)	-	(45 544)
Operating expenses	(27 073)	(1 745)	(215)	(17 320)	809	(45 544)
Amortisation charges	(143)	(8)	-	(2)	-	(153)
Depreciation charges	(1 645)	(403)	(9)	(380)	-	(2 437)
Internal	-	-	-	-	-	-
External	(7 534)	(1 468)	(46)	(94)	-	(9 142)
Impairment expenses	(7 534)	(1 468)	(46)	(94)	-	(9 142)
Internal	2 494	-	18	119	(2 631)	-
External	5 941	176	140	18 117	-	24 374
Net other income	8 435	176	158	18 236	(2 631)	24 374
Profit before tax	7 110	328	(49)	(76)	(3 915)	3 398
Profit from discontinued operations	-	-	-	-	4 350	4 350
Income tax	(833)	(224)	-	(166)	-	(1 223)
Profit per segment after tax	6 277	104	(49)	(242)	435	6 525
Profit for the period attributable to owners of the Bank						6 512
Profit for the period attributable to non-controlling interest						13
Total segment assets	5 242 647	218 094	28 304	237 296	(415 095)	5 311 246
Total segment liabilities	4 926 557	215 438	25 475	197 456	(365 618)	4 999 308
Net segment assets (shareholders' equity)	316 090	2 656	2 829	39 840	(49 477)	311 938



CONSOLIDATED INTERIM REPORT OF ŠIAULIŲ BANKAS AB
FOR THE PERIOD OF 6 MONTHS OF 2014

ŠIAULIŲ  BANKAS

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I. REPORTING PERIOD COVERED IN THE CONSOLIDATED ANNUAL REPORT

The present consolidated report of Šiaulių bankas AB (hereinafter — the Bank) covers the period from 01 January 2014 to 30 June 2014.

II. GROUP OF THE BANK'S COMPANIES

As of 30 June 2014 the Bank had the following subsidiaries:

“Šiaulių banko lizingas” UAB (hereinafter — “SB lizingas”):

- ✓ assets: LTL 214,49 million;
- ✓ nature of activities: finance leases (leasing) and operating leasing.

“Šiaulių banko turto fondas” UAB (hereinafter — “SB turto fondas”):

- ✓ assets: LTL 90,11 million;
- ✓ nature of activities: real estate management activities.

“Šiaulių banko investicijų valdymas” UAB (hereinafter — “SB investicijų valdymas”):

- ✓ assets: LTL 31,45 million;
- ✓ nature of activities: investment management activities.

„SBTF” UAB (hereinafter — „SBTF”):

- ✓ assets: LTL 41,23 million;
- ✓ nature of activities: management, administration of liquid real estate and movable assets and assurance and realization of current activities.

„Minera” UAB (hereinafter — „Minera”):

- ✓ assets: LTL 48,74 million;
- ✓ nature of activities: real estate management activities.

„Pavasaris” UAB (hereinafter — „Pavasaris”):

- ✓ assets: LTL 18,59 million;
- ✓ nature of activities: development of residential apartment area.

A share of the Bank's authorized capital in the subsidiaries as of 30 June 2014:

Company	A share of the authorized capital owned by the Bank, %
"SB lizingas"	100.00
"SB investicijų valdymas“ UAB	100.00
"SB turto fondas"	100.00
"SBTF"	100.00
"Pavasaris"	100.00
"Minera"	100.00

Contact information of the Bank

Name - Šiaulių bankas AB
 Legal form - Limited Liability Public Company
Registration date - 04/02/1992
Registrar - State Enterprise Centre of Registers
Company code - 112025254
Domicile address - Tilžės st.149, LT-76348 Šiauliai
 Tel.: + 370 41 595 607, fax +370 41 430 774
 E-mail info@sb.lt, www.sb.lt

Contact information of the companies of the Bank Group

Name - „Šiaulių banko investicijų valdymas“ UAB
 Legal form - Limited Liability Private Company
Registration date - 16/08/1999
Registrar - State Enterprise Centre of Registers
Company code - 45569548
Domicile address - Tilžės st.167, LT-76352 Šiauliai
 Tel. : +370 41 420 855, +370 5 272 3015 fax +370 41 423 437
 E-mail: lizingas@sb.lt, www.sblizingas.lt

CONSOLIDATED INTERIM REPORT OF ŠIAULIŲ BANKAS AB FOR 6 MONTHS OF 2014

As of 30 June 2014 the Bank controlled all the subsidiary companies directly except „Kėdainių oda“ UAB. This company is controlled by 100 per cent through "SB investicijų valdymas". The nature of „Kėdainių oda“ UAB activities is leather processing and manufacturing, its assets - LTL 12.87 million.

3 March 2013, under the agreement on the transfer of assets, rights, transactions and liabilities of Ūkio Bankas, based on which a part of assets, rights, transactions and liabilities of Ūkio Bankas was transferred to the Bank it acquired 100 per cent control over following subsidiaries:

- ✓ subsidiaries engaged in real estate development activities: Eastern Europe Development Fund UAB, Sporto Klubų Investicijos UAB, Trade Project UAB, Investicinio Turto Valdymas UAB, ŽSA 1 UAB, ŽSA 2 UAB, ŽSA 3 UAB, ŽSA 4 UAB and ŽSA 5 UAB (ŽSA 1 UAB, ŽSA 2 UAB, ŽSA 3 UAB, ŽSA 4 UAB and ŽSA 5 UAB all together control 100 per cent Žalgirio Sporto Arena UAB; Žalgirio Sporto Arena UAB owns 100% shares of Nacionalinis Futbolo Stadionas UAB);
- ✓ subsidiaries engaged in other activities: Ūkio banko lizingas" UAB and life insurance "Bonum publicum" UAB.

In compliance with the agreement signed by Šiaulių bankas AB, temporary administrator of Ūkio bankas and the state undertaking "Deposit and Investment Insurance" dated 23 February 2013 with its further amendments the call option rights of Ūkio bankas AB to acquire the part of the assets taken over by Šiaulių bankas AB from the failed Ūkio bankas AB expired on 2 February 2014. Neither of five call options, during which the part of the assets taken over by Šiaulių bankas from Ūkio bankas were exposed to sale until 02 February 2014, had been realized.

III. THE BANK'S MISSION, VISION AND VALUES

MISSION

We are here to help our clients grow, fulfil their objectives, aspirations and projects as well as to create a new quality of life in Lithuania together.

OUR VISION

A professional, reliable and modern financial partner.

OUR VALUES

- ✓ Attention to clientèle
- ✓ High internal standards, respect to each other and clients
- ✓ Open communication
- ✓ Constant growing

After taking over part of Ūkio bankas' assets and liabilities the Bank strengthened its position in financial market in 2014. The changes in the Bank's activities in 2013 positively reflected in the results of all key activities of the Bank in 1H.

Contact information of the companies of the Bank Group

Name — „Šiaulių banko turto fondas“ UAB
Legal form — Limited Liability Private company
Registration date - — 2002-08-13
Registrar —
 State Enterprise Centre of Registers
Company code - 45855439
Domicile address —
 Vilniaus str. 167, 76352 Šiauliai
 Tel.: + 370 41 525 322, fax +370 41 525 321
 E-mail turtofondas@sb.lt, www.sbp.lt

Name — „Šiaulių banko investicijų valdymas“ UAB
Legal form - Limited Liability Private Company
Registration date - — 31/08/2000
Registrar —
 State Enterprise Centre of Registers
Company code - 45649065
Domicile address —
 Šeimyniškių str. 1A, 09312 Vilnius
 Tel.: + 370 5 272 2477
 E-mail sbiv@sb.lt, www.sbp.lt

Name — „SBTF“ UAB
Legal form --- Limited Liability Private Company
Registration date - — 24/11/2004
Registrar —
 State Enterprise Centre of Registers
Company code - 00069309
Domicile address —
 Vilniaus str. 167, 76352 Šiauliai
 Tel.: + 370 41 525 322, fax +370 41 525 321
 E-mail sbiv@sb.lt, www.sbp.lt

IV. NATURE OF THE BANK'S ACTIVITIES

The key area of the Bank's activities is focused on lending to small and medium-sized business. In its activities the Bank follows the laws and other legal acts of the Republic of Lithuania, the Charter of the Bank and agreements concluded, the Bank is engaged in usual activity of commercial banks and offers a wide variety of services to private and corporate customers.

- ✓ opening and handling of bank accounts in litas and foreign currency to Lithuanian and foreign clients;
- ✓ domestic and international payments in litas and foreign currency;
- ✓ collection utility bills and other settlements;
- ✓ direct debit service, standing and conditional orders;
- ✓ account management on the Internet;
- ✓ mobile banking services;
- ✓ trading in foreign currencies;
- ✓ conclusion of various types deposit agreements;
- ✓ issue, purchase and sales of cheques,
- ✓ granting of various short-term and long-term credits;
- ✓ issue and administration of payment cards;
- ✓ intermediation in entering transactions on the Stock Exchanges;
- ✓ registration of transactions in securities off-stock trading;
- ✓ consulting regarding issue, acquisition and transfer of securities;
- ✓ handling of accounting of shares issued by the entities;
- ✓ issue of debt securities;
- ✓ preparation of share issue prospectus;
- ✓ distribution of commemorative coins and numismatic sets, etc.

As of 30 June 2014 the Bank had 75 customer service points in 39 cities and towns of Lithuania and was one of banks in the country with the biggest number of regional units. The Bank's network covers the major cities of the country as well as financially active regional centres with the Head Office located in Šiauliai.

Contact information of the companies of the Bank Group

Name — „Minera“ UAB
Legal form — Limited Liability Private company
Registration date - — 30/09/1992
Registrar —
 State Enterprise Centre of Registers
Company code - 121736330
Domicile address - — Vilniaus g. 167,
 76352 Šiauliai
 Tel.: + 370 41 399 423, fax +370 41 399 423
 E-mail info@minera.lt, www.sbp.lt

Name — "Pavasaris" UAB
Legal form — Limited Liability Private company
Registration date - — 25/09/1992
Registrar —
 State Enterprise Centre of Registers
Company code - 121681115
Domicile address — Šiltnamių str. 27,
 04130 Vilnius
 Tel.: + 370 5 244 8096, fax +370 5 240 1623
 E-mail info@pavasaris.net
 www.pavasaris.net

Name - „Kėdainių oda“ UAB
Legal form — Limited Liability Private company
Registration date - — 29/10/2008
Registrar —
 State Enterprise Centre of Registers
Company code - 302190537
Domicile address — Biochemikų str. 7,
 57234 Kėdainiai
 Tel.: + 370 347 55 089, fax +370 347 55 857
 www.naturalioda.eu

V. INVOLVEMENT INTO ASSOCIATED STRUCTURES

The Bank participates in the activities of the following organizations, associations, and associated structures:

- ✓ Society for Worldwide Interbank Financial Telecommunication (SWIFT)
- ✓ „Visa Europe“ International Payment Card Association
- ✓ „MasterCard Worldwide“ International Payment Card Organization
- ✓ International initiative under the UN – Global Compact
- ✓ Association of Lithuanian Banks
- ✓ Stock Exchange NASDAQ OMX Baltic
- ✓ Association of Lithuanian Financial Brokers
- ✓ Lithuanian Business Employers’ Confederation (centre and Utena)
- ✓ Kaunas Chamber of Commerce, Industry and Crafts
- ✓ Klaipeda Chamber of Commerce, Industry and Crafts
- ✓ Panevezys Chamber of Commerce, Industry and Crafts
- ✓ Siauliai Chamber of Commerce, Industry and Crafts
- ✓ Klaipeda Association of Industrialists
- ✓ Siauliai Association of Industrialists
- ✓ Kelme Association of Entrepreneurs
- ✓ Mazeikiai Association of Entrepreneurs
- ✓ Taurage Association of Entrepreneurs

VI. AUTHORIZED CAPITAL AND SHAREHOLDERS OF THE BANK

The authorized capital of the Bank is LTL 270 000 000.

The amendments of the Charter related to the capital increase were registered the Register of Legal Entities on 03 June 2014. The Bank increased its authorized capital by LTL 20 million from the Bank's own funds following the resolution of the General meeting of shareholders as of 28/03/2014 and distributed the shares to the shareholders proportionately to the number of shares owned by them (8 per cent) on the day of accounting of rights (11/04/2014).

Date	14/05/2008	22/06/2010	04/08/2011	31/05/2013	30/06/2014
Capital size, LTL	180 357 533	204 857 533	234 857 533	250 000 000	270 000 000

Structure of the Bank's authorized capital:

Ordinary registered shares, ISIN LT0000102253	270 000 000	1	270 000 000
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Contact information of the companies of the Bank Group

Name — „Minera“ UAB

Legal form — Limited Liability Private company

Registration date - — 30/09/1992

Registrar —

State Enterprise Centre of Registers of shareholders (L. min.)

Company code - 121736330

Domicile address - — Vilniaus g. 167,
76352 Šiauliai

Tel.: + 370 41 399 423, fax +370 41 399 423

E-mail info@minera.lt, www.sbp.lt

Name — "Pavasaris" UAB

Legal form — Limited Liability Private company

Registration date - — 25/09/1992

Registrar —

State Enterprise Centre of Registers (L. min.)

Company code - 121681115

Domicile address — Šiltnamių str. 27,
04130 Vilnius

Tel.: + 370 5 244 8096, fax +370 5 240 1623

E-mail info@pavasaris.net

www.pavasaris.net

Name - „Kėdainių oda“ UAB

Legal form — Limited Liability Private company

Registration date - — 29/10/2008

Registrar —

State Enterprise Centre of Registers

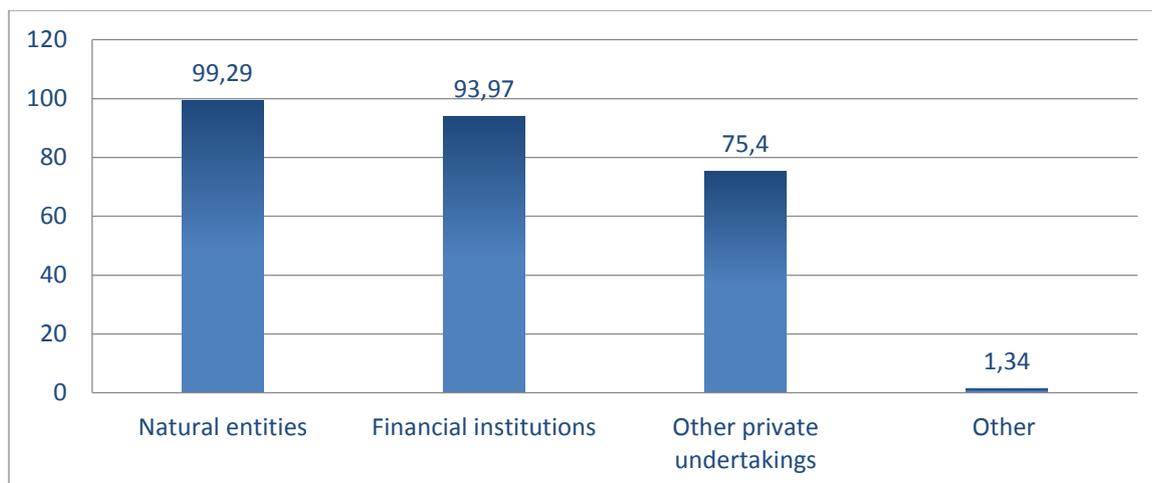
Company code - 302190537

Domicile address — Biochemikų str. 7,
57234 Kėdainiai

Tel.: + 370 347 55 089, fax +370 347 55 857

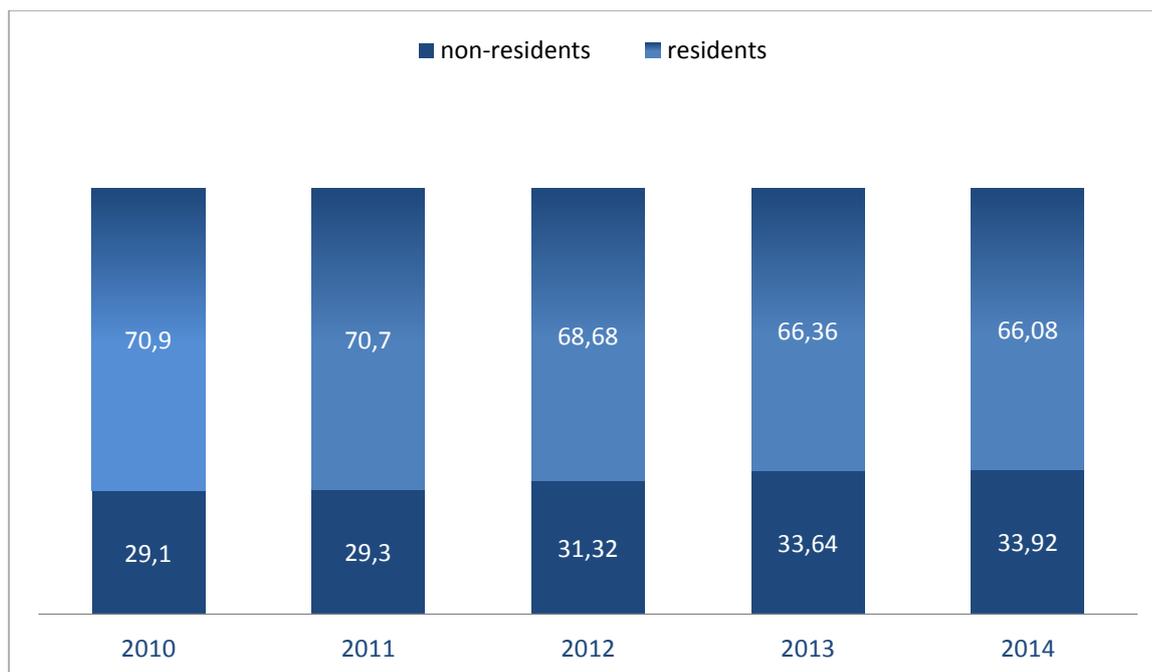
www.naturalioda.eu

CONSOLIDATED INTERIM REPORT OF ŠIAULIŲ BANKAS AB FOR 6 MONTHS OF 2014



As of 30 June 2014 the number of the Bank's shareholders comprised 3 617 (late in 2013 – 3 592). All issued shares grant the shareholders equal rights foreseen by the Law on Companies and the Charter of the Bank.

A share of capital size managed by the Bank's shareholders by the place of residence (per cent)



CONSOLIDATED INTERIM REPORT OF ŠIAULIŲ BANKAS AB FOR 6 MONTHS OF 2014

The shareholders of the Bank who owned more than 5 per cent of the authorized capital of the Bank as of 31 March 2014 are as follows:

Shareholder	Number of shares under the right of ownership, units	Share of authorized capital under the right of ownership, %	Share of votes under the right of ownership, %	Share of votes together with the related persons, %
European Bank for Reconstruction and Development (ERPB) adr. One Exchange Square, London, United Kingdom	52 843 282	19.57	19.57	42.34
Gintaras Kateiva, Lithuania	16 853 868	6.24	6.24	42.34

European Bank for Reconstruction and Development (EBRD), Trade House „Aiva“, UAB, „Mintaka“ UAB , Enterprise group „Alita“ AB, Sigitas Baguckas, Algirdas Butkus, Vigintas Butkus, Vytautas Junevičius, Gintaras Kateiva, Arvydas Salda ir Kastytis Jonas Vyšniauskas who have signed the Shareholders' Agreement as well as other shareholders whose votes are calculated together in compliance with the law of the Republic of Lithuania form a group that owned 42.34 per cent of the Bank's authorized capital and votes as of 30 June 2014.

VII. TRADE IN SHARES OF THE COMPANIES OF THE BANK GROUP IN REGULATED MARKETS

In the Official trading list of AB NASDAQ OMX Vilnius, only the shares of the Bank are quoted. ISIN code LT0000102253; the number of shares: 270000000. Shares of the Bank's subsidiary companies are issued for non-public circulation.

On 17/06/2014 OMX NASDAQ Stock Exchange announced that since 1 July the Bank's shares are included in to the OMX Baltic 10 which consists of shares of the 10 the most liquid companies enrolled into the trading list of the OMX Baltic. Shares issued by the Bank are also included in the comparative index of the OMX Baltic states securities market OMX Baltic Benchmark, which comprises shares of the highest capitalization and most liquid companies as well as in indices OMX Vilnius, OMX Baltic, OMX Baltic Financials, and OMX Baltic Benchmark Cap. Besides, shares issued by the Bank are included in the indices STOXX Eastern Europe TMI, STOXX Eastern Europe TMI Small, STOXX EU Enlarged TMI, STOXX Global Total Market and STOXX Lithuania Total Market.

CONSOLIDATED INTERIM REPORT OF ŠIAULIŲ BANKAS AB FOR 6 MONTHS OF 2014

Changes in the share price within five years (in euros):



Source: NASDAQ OMX Vilnius AB website

http://www.nasdaqomxbaltic.com/market/?instrument=LT0000102253&list=2&pg=details&tab=historical¤cy=0&downloadcsv=0&date=&start_d=30&start_m=6&start_y=2009&end_d=30&end_m=6&end_y=2014&lang=en

Turnover of the Bank's shares over the period from 2010 to the end of 1H of 2014:

Year	Price of the last trading session, EUR	Max price, EUR	Min. price EUR	Average price, EUR	Number of shares, units	Turnover, EUR mln
2010	0.337	0.345	0.264	0.318	17 784 012	5.65
2011	0.245	0.372	0.225	0.298	17 899 502	5.34
2012	0.231	0.285	0.230	0.256	11 106 241	2.48
2013	0.266	0.31	0.227	0.266	20 496 506	5.45
I H. 2014	0.285	0.331	0.27	0.293	13 907 832	4.08

CONSOLIDATED INTERIM REPORT OF ŠIAULIŲ BANKAS AB FOR 6 MONTHS OF 2014

Turnover and price of the Bank's shares of IH of 2014 (in euros):



Source: NASDAQ OMX Vilnius AB website

http://www.nasdaqomxbaltic.com/market/?instrument=LT0000102253&list=2&pg=details&tab=historical¤cy=0&downloadcsv=0&date=&start_d=1&start_m=1&start_y=2014&end_d=30&end_m=6&end_y=2014&lang=en

The charts of the share price changes of OMX Vilnius index, OMX Baltic Benchmark and Bank's shares during the period between 30/06/2009 and 30/06/2014 are provided below:



CONSOLIDATED INTERIM REPORT OF ŠIAULIŲ BANKAS AB FOR 6 MONTHS OF 2014

The Chart's data:

Index/Shares	30/06/2009	30/06/2014	+/-, %
OMX Baltic Benchmark GI	224.90	611.24	171.78
OMX Vilnius	180.14	471.95	161.99
SAB1L	0,19 EUR	0,29 EUR	46.92

Source: NASDAQ OMX Vilnius AB website

http://www.nasdaqomxbaltic.com/market/?pg=charts&lang=lt&idx_main%5B%5D=OMXBGGI&idx_main%5B%5D=OMXV&add_index=OMXBBPI&add_equity=LT0000102253&idx_equity%5B%5D=LT0000102253&period=other&start_d=30&start_m=6&start_y=2009&end_d=30&end_m=6&end_y=2014

The capitalization of shares of the Bank and the total capitalization of shares quoted on the Baltic Regulated Markets as of 30/06/2009 and 30/06/2014;

The list of the Baltic shares	30/06/2009	30/06/2014	Change
Šiaulių bankas – SAB1L	34 997 552 EUR	76 950 000 EUR	+119.87 %
The Baltic Regulated Market in total	4 881 533 690 EUR	6 042 921 514 EUR	+23.79 %
The list of the Baltic shares	30/06/2013	30/06/2014	Change
Šiaulių bankas – SAB1L	66 000 000 EUR	76 950 000 EUR	+16.59 %
The Baltic Regulated Market in total	5 888 150 182 EUR	6 042 921 514 EUR	+2.63 %

Source: NASDAQ OMX Vilnius AB website

http://www.nasdaqomxbaltic.com/market/?pg=capital&list%5B%5D=BAMT&list%5B%5D=BAIT&list%5B%5D=BAFN&period=other&start_d=30&start_m=6&start_y=2013&end_d=30&end_m=6&end_y=2014

The indicator of the relation between the Bank's share market price and profit P/E:

Indicator	31/12/2010	31/12/2011	31/12/2012	31/12/2013	30/06/2014
P/E	negative	14.10	13.29	22.96	5.47

VIII. AGREEMENTS WITH INTERMEDIARIES IN PUBLIC CIRCULATION OF SECURITIES:

The Bank's Securities Accounting Department is in charge of accounting of the securities issued by the Bank. To execute and account other transactions with securities the Bank has entered into agreements with the following intermediaries in public circulation of securities:

- ✓ with the bankas Finasta AB - Investment service provision agreement;
- ✓ with the Lithuanian branch of Danske Bank A/S - Investment service provision agreement.
- ✓ With DnB bankas AB - Agreement regarding management of financial instrument account and execution of orders.
- ✓ with „Swedbank“, AB - Agreements of securities account management and brokerage.
- ✓ with SEB bankas AB - Agreements of securities account management.
- ✓ with „Credit Suisse“ bank - Order transfer and execution agreement.

IX. ACQUISITION OF OWN SHARES

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

X. RATINGS ASSIGNED BY THE INTERNATIONAL AGENCIES

The credit rating agencies are registered and certified in accordance with Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies. The credit rating of the Bank is determined by the international rating agency Moody's Investors Service LTD, the licence of which was updated on 31 October 2011.

The international rating agency Moody's Investors Service updated the rating of the Bank on 20 March 2013 as follows:

Long-term credit rating	B1
Short-term credit rating	NP
Financial strength rating	E+
Rating outlook	developing

XI. INFORMATION IN COMPLIANCE WITH THE PRUDENTIAL REQUIREMENTS SET TO THE BANK

The Bank and the Bank Group complied with all the prudential requirements. The topical information on compliance with the prudential requirements is provided on the Bank's internet site at: <http://www.sb.lt/en/about-bank/investors/prospectus-and-reports/>, in the rubric "Prudential standards".

XII. RISK MANAGEMENT

The Group of the Bank assumes, manages, analyses and evaluates the risks arising from its activities. The purpose of risk management in the group of the Bank is to ensure sufficient return on equity by managing risks in a conservative manner. By implementing an advanced risk management policy, the Group of the Bank seeks not only minimization of potential risks, but also improvement of pricing and assurance of effective distribution of capital.

The risk management policy is approved and its implementation controlled by the Management Board of the Bank. It defines the risks encountered in the activities of the Bank Group as well as principles of the risk management system. Creation of an appropriate risk management system, its on-going improvement and application of its measures in daily activities are one of the key assumptions ensuring the successful performance of the Bank in the long-term run. The procedures for the management of various types of risks prepared on the basis of the policy help to ensure the integrity of the risk management process throughout the group of the Bank. The most important types of risks encountered by the Bank Group include credit, market, liquidity, concentration and operational risks. The market risk encompasses the risk of currency exchange rate, interest rate, and price of securities. More detailed information on risk management is provided in the note 13 of the explanatory note of the interim financial statements as of 30 June 2014.

CONSOLIDATED INTERIM REPORT OF ŠIAULIŲ BANKAS AB FOR 6 MONTHS OF 2014

The Bank Group revises its risk management policies and systems regularly, not less than once a year, with regard to market changes, new products, and newly applied principles best practices.

XIII. INFORMATION ON THE RESULTS OF PERFORMANCE

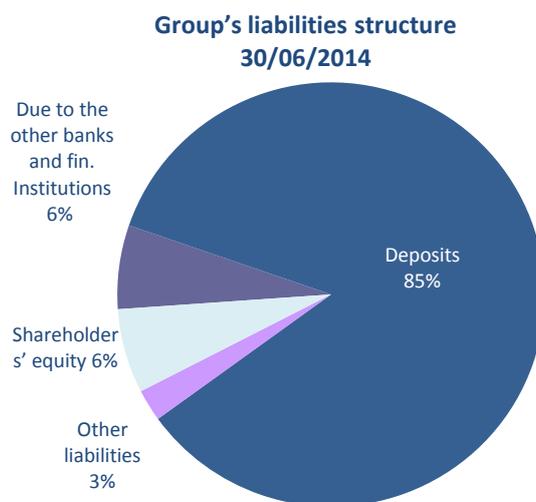
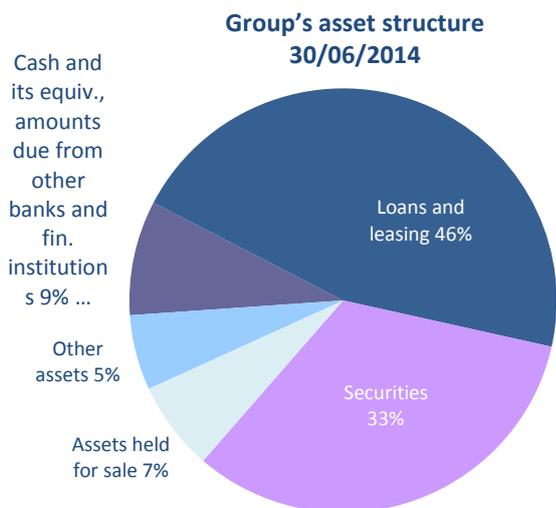
In the middle of 2014 the Bank and the Bank Group have been further improving the key performance indicators and maintaining the stable growth. The unaudited net profit of the Bank Group generated reached LTL 22.4 million over 1H which is by 3.4 times more than over the respective period in 2013 when it earned LTL 6.5 million. Since the beginning of 2014 the unaudited net profit of the Bank comprised LTL 24.2 million which is by 3.9 times more than it was generated over 1H of the year 2013 when the Bank earned LTL 6.3 million.

Net profit of the Group over the quarter (LTL million)

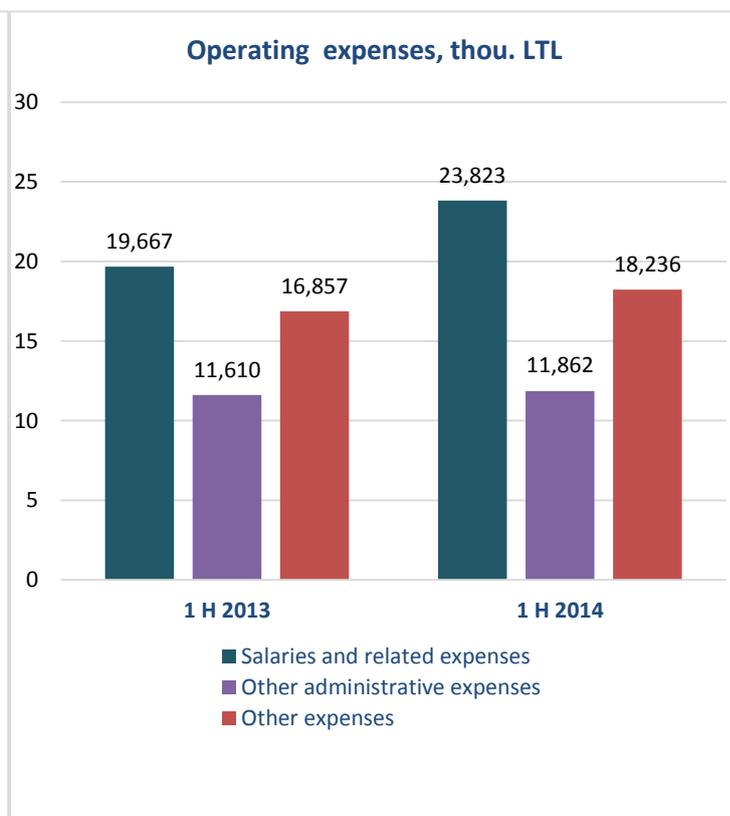
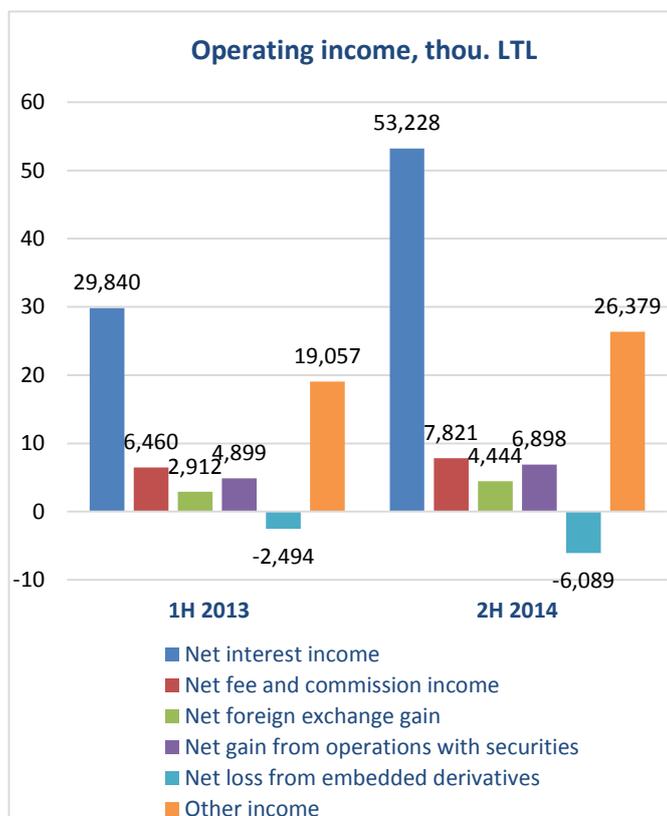


The Bank Group's assets reached LTL 5.5 billion after 1H of this year. The positive impact on its growth was made by more active lending actions taken from the very beginning of the year - the loan portfolio increased by LTL 39 million over the second quarter of the year and comprised LTL 2.3 billion late in June, 2014. The Bank granted more than LTL 200 million in loans to its in total over the second quarter of 2014.

CONSOLIDATED INTERIM REPORT OF ŠIAULIŲ BANKAS AB FOR 6 MONTHS OF 2014

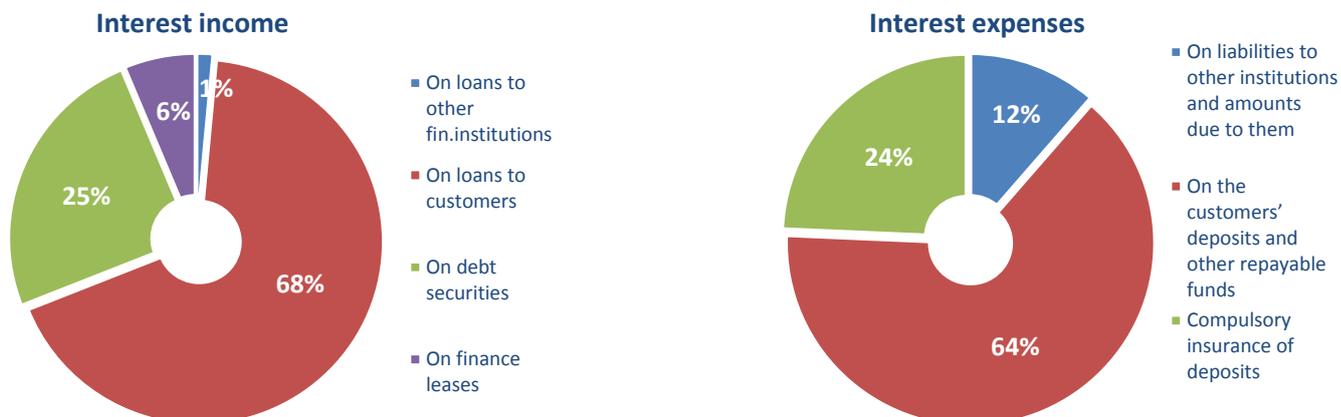


Preparing for the Euro adoption more and more depositors trust their funds to the Bank. This is also reflected in the bank's deposit portfolio which has increased by LTL 92 million during the first six months of the year and exceeded LTL 4.6 billion. According to the data as at the end of the first quarter, the Bank owned 5 per cent of country's loan market and 9.3 per cent of the deposit market.

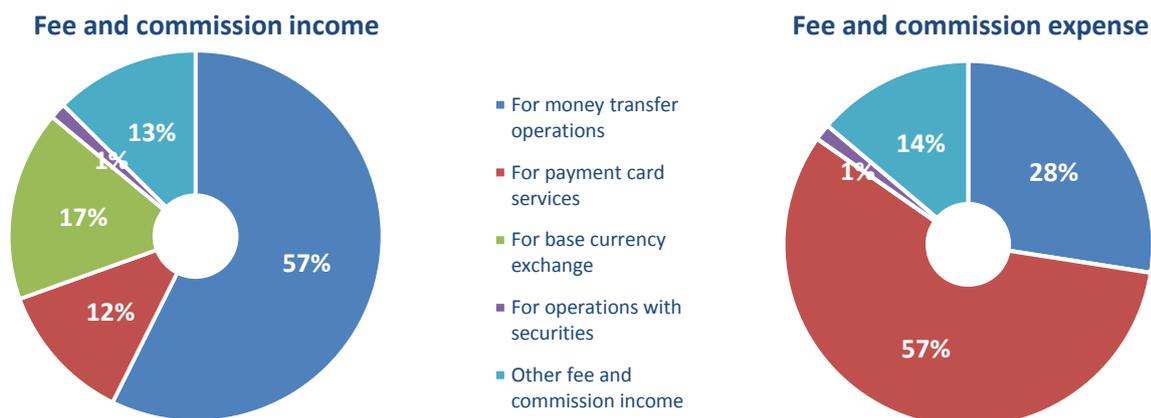


The consistently growing number of the customers as well as their increasing activity using the services of the Bank resulted in the income growth. Comparing to 1H of the last year Interest income earned during the first six months of the year increased by 78 per cent (note 7 of the explanatory note of interim financial statements as of 30 June 2014) and despite the fact that the net interest income decreased by 7 per cent over the 2Q after elimination of impact of one-off and atypical factors the net income margin remains stable.

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During 1H of this year the net fee and commission income increased by 21 per cent (note 8 of the explanatory note of interim financial statements as of 30 June 2014) and the results of transactions in foreign currency was by 53 per cent better.



Impairment of loans and other assets still made a negative impact on the Group's result. Over 2Q the Bank's Group additionally recognized LTL 15.2 million impairment losses from loans and assets and since the beginning of the year it comprised LTL 26.3 million. (note 10 of the explanatory note of interim financial statements as of 30 June 2014).

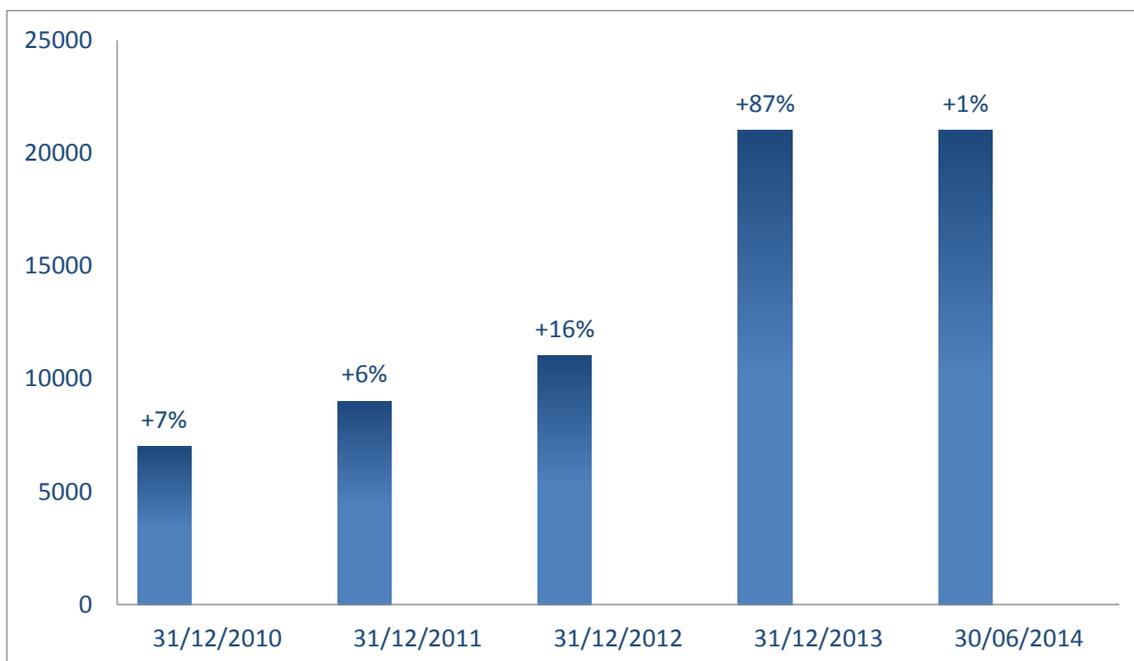
The Group's income is increasing faster than costs, therefore the efficiency of performance is continuously growing. The Group's cost to income ratio comprised 56.75 per cent at the end of 1H of 2014, while the return on equity formed 13.42 per cent.

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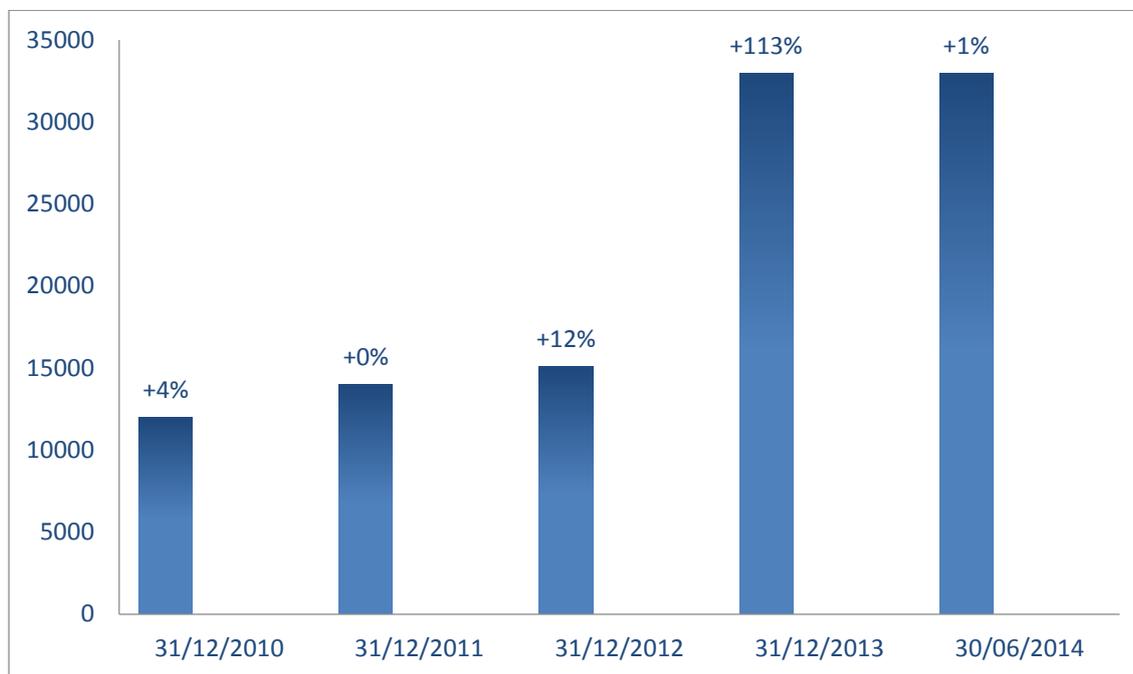
	Profitability ratios, %	2010	2011	2012	2013	30/06/2014
Bank	Cost / income	63.78	58.87	45.55	50.88	43.45
	ROAA, %	-1.10	0.49	0.52	0.20	0.92
	ROAE, %	-9.47	4.61	4.79	3.36	14.57
Financial group	Cost / income	62.77	59.13	45.94	50.77	43.45
	ROAA, %	-1.09	0.53	0.54	0.16	1.01
	ROAE, %	-9.38	4.87	4.90	2.65	15.91
Group	Cost / income	67.85	60.44	59.40	65.84	56.75
	ROAA, %	-1.28	0.49	0.46	0.34	0.83
	ROAE, %	-11.20	4.63	4.24	5.79	13.42

In the middle of 2014 the number of private and corporate clients of the Bank exceeds 330 thousand. The Bank, operating through 75 outlets in 39 towns of Lithuania, was ranked as second by the number of the client service points. The Bank's clients used 230 ATMs of the joint ATM network of four banks operating in 46 cities and towns throughout Lithuania, moreover, the clients were able to cash their funds or place them to the payment card accounts through more than 1800 terminals of "Perlo paslaugos" UAB all over Lithuania.

Legal entities:



Natural entities:



XIV. SOCIAL RESPONSIBILITY

Being a member of the international initiative of Global Compact for six years already the Bank carries out its performance with the respect to human and labour rights following the principles of environment protection and not contributing to the expansion of corruption.

Over 1H of 2014 the Bank paid special attention to creation of an effective staff appraisal system designed to increase the efficiency of the Bank's operations and raise the employees' motivation. Therefore, an individual employee evaluation was launched. Various events to increase expertise and knowledge were arranged to the bank's employees and heads.

Seeking to improve the quality of client servicing a new Client Servicing Quality Department has been established within the Bank and a Client Servicing Standard is being created.

Over the first half of the year the Bank arranged conferences and seminars to the Bank's existing and potential clients, it also participated in the events organized by other partners - there the Bank introduced business funding possibilities as well as other services which could be important to the business entities. The Bank's representatives participated in such events as the conference "Business Development and Funding. Development Capital" in Vilnius, the seminar "Funding possibilities to small and medium-sized business. Mission is possible" in Ukmergė, the international seminar organized by the Ministry of Economy to the Lithuanian and Belarus business people on the possibilities of cooperation developing the joint business projects in Lithuania and Belarus, the economy forum "Economic development of Šiauliai region: State's investments into business promotion ideas" as well as the event „Verslas veža“. Particular attention was paid to presentations of the renovation projects in various Lithuanian cities.

During the accounting period the Bank granted support to the events and projects arranged by the Marijampolė, Plungė, Anykščiai regional municipalities, Ukmergė cultural centre, public undertaking "Klaipėdos šventė" , Šeduvos Cultural and Craft Centre, and Šiauliai Association of Industrialists and other institutions.

In 2014 for the third year in turn the Bank participated in the in "The Junior Colleague" Day arranged by "Lithuanian Junior Achievement" during which the Bank's outlets in Šiauliai, Tauragė, Kelmė and Panevėžys were visited by half a hundred of the students of senior classes. In spring the employees of Kelmės branch introduced a

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banker's profession and Bank's services topical to students during regional the Students' Economy Olympics organized in the Kelmė adult training centre.

For academic achievements and constant striving for improvement in the field of studies the Bank traditionally granted two nominal scholarships to two students of Vytautas Magnus University over IH of 2014.

Like every year, on the Bank's birthday occasion much attention was paid to the employees with the longest working experience. They received premiums for the responsible and diligent long-term service and, for the first time, as a sign of respect and gratitude, these workers were granted the Bank's commemorative badges.

The same as each year the Bank's representatives participated in inter-bank sports events: volleyball tournament, basketball tournament, where they won the second place, karting championship, where they became champions. Bank's employees team of running enthusiasts as well as individual workers took part in running marathons in Trakai, Vilnius, Riga and Šiauliai, also, some of them competed in track cycling too. Bank's staff also organized a traditional bike ride - this time to Kurtuvėnai.

XV. DIVIDENDS PAID

The Bank does not have an established procedure for allocation of dividends. The General Shareholders' Meeting annually decides either to pay dividends or not while allocating the Bank's profit. A table provides data on the dividends paid by the Bank within the last five years:

	2010	2011	2012	2013	30/06/2014
Per cent from the nominal value	0.00	0.00	0.00	0.005	0.00
Amount of dividends per share, LTL	0.00	0.00	0.00	0.005	0.00
Amount of dividends, LTL	0.00	0.00	0.00	1 174 288	0.00
Dividends to net profit, %	0.00	0.00	0.00	7.89	0.00

Taxation of dividends — profit taxation of legal entities is regulated by the Profit Law of the Republic of Lithuania No. IX-675 as of 20 December (further — PL) , 2001 and the resolutions and other legal acts adopted by the Government of the Republic of Lithuania on its basis. The charge of 15 per cent is applied to the paid dividends. The dividends of the Lithuanian unit that owns 10 per cent of issuer's capital for the period longer than one year are not subject to charges (with exceptions described in the chapter VII of the Profit Law of the Republic of Lithuania). The dividends of the foreign units are charged by applying an income tax rate of 15 per cent. If a foreign unit owns the shares granting at least 10 per cent of votes for a period of at least 12 months without interruption, the dividends paid to that foreign entity are not charged, except for the cases when a foreign entity receiving dividends is registered or otherwise organized in the targeted countries.

Taxation of citizens' income is regulated by the Law on Citizen's Income Tax of the Republic of Lithuania No. IX-1007 as of 2nd July, 2002 and the latter amendments of the Law as well as resolutions adopted on the basis of this Law. The dividends received since 01/01/2014 are charged by 15 per cent tax, which is deducted and paid to the budget by the Bank in compliance with the applicable orders.

XVI. PRINCIPLES OF INTERNAL AUDIT'S PERFORMANCE

The purposes, goals, functions organization of the performance, rights, duties and responsibilities of the Internal Audit Division are foreseen by the Provisions of the Internal Audit Division and Methodology of the Internal Audit. These documents are prepared in accordance with the laws of the Republic of Lithuania, resolutions passed by the Government of the Republic of Lithuania and the Bank of Lithuania, International Accounting Standards, International Internal Audit standards, the Code of Ethics, the general organization regulations of the Internal

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Audit of the Bank approved by the Board of the Bank of Lithuania, the Charter of the Bank, the resolutions of the General Shareholders' Meeting, Bank's Supervisory Council, Internal Audit Committee and the Bank's Board.

The Internal Audit Division by implementing its functions performs the financial, eligibility, activity, management and informational system audit and provides consulting services. A purpose of the Internal Audit is to audit the Banks' activity independently and objectively, to provide consultancy, to evaluate the Bank's activity risk management systematically and comprehensively as well as the efficiency of the internal control, to assist the Bank in implementation of its objectives seeking to ensure that the objectives of the internal control are achieved at the lowest cost and the functions of internal control are efficiently implemented.

The Internal Audit Division performs its functions by implementing the current activity plan as well as strategic business plan for 2014-2016 (the document are approved by the Internal Audit Committee).

The employees of the Internal Audit Division follow the principles of:

- ✓ **GOOD FAITH** , i.e., to perform their work honestly, accurately, with responsibility, in compliance with the laws, do not participate in any illegal activities, do not take any actions, which could discredit an internal auditor's profession and the Bank, to respect lawful and ethic objectives of the Bank and to support their implementation;
- ✓ **OBJECTIVITY** , i.e., do not participate in any activities and do not have any relations which harm or might harm their impartiality and would contradict with the Bank's interest, do not accept presents to avoid the impact on their professional opinion and to disclose all the important facts they are aware of;
- ✓ **CONFIDENTIALITY** , i.e., to use and store the information gained while performing their duties responsibly, do not use the information for their own purposes;
- ✓ **COMPETENCE** , i.e., to provide only such services, for the performance of which they possess necessary knowledge, skills and experience, to render internal audit services in compliance with the International Audit Standards, to improve their qualification on regular basis as well as the quality and efficiency of the provided services.

The Internal Audit DIVISION is under the direct control of the Internal Audit Committee and submits the reports to the latter on quarterly basis at least.

The purpose of the Internal Audit Committee is to supervise the process of the preparation of the Bank's financial statements, the efficiency of the Bank's internal control, risk management and internal audit systems, the process of the audit and internal audit performance, to discuss the information provided by the Internal Audit Department regarding the performed inspections, detected defects and their elimination, implementation of the Internal audit's plans and to ensure the independence of the Internal audit's performance.

The Bank's Internal Audit Committee consists of 4 members including an independent member of the Supervisory Council. The Internal Audit Committee performs functions foreseen in the provisions of the Internal Audit Committee (approved by the Supervisory Council of the Bank). The Internal Audit Committee reports on its activities to the Bank Supervisory Council once a year.

The employees of the Internal Audit Division prepare the inspection programme before each inspection, which shall foresee the purpose, volume and time of audit as well as procedures and composition of the audit team. Inspection programme shall be coordinated with the Head of Internal Audit Division. Considering the recommendations and comments of the Internal Audit Division the heads of the Bank approve a Plan for defect elimination and implementation of recommendations. The Head of Internal Audit Division considering the significance of provided conclusions and recommendations assigns the employees to perform the implementation control of recommendations (monitoring of the progress).

The post-audit activities (monitoring of the progress) include the overcoming shortcomings established during the inspection by the external audits and the Bank of Lithuania as well as implementation inspections of provided recommendations.

On quarterly basis the Head of the Internal Audit Division provides the Bank's senior management with the information regarding the recommendations submitted after the performed inspections and their implementation.

XVII. EXTERNAL AUDIT

For 2014-2015 the Bank selected an audit company PricewaterhouseCoopers UAB to carry out the audit (company's address: J. Jasinskio str. 16B, 01112 Vilnius tel. +370 5 300 2392, fax +370 5 301 2392, the company registered on 29/12/1993, No. UĮ 93-369, code 111473315). The audit company has been selected after the Management Board has considered other international audit companies and their proposals. Reputation risk, price of services and other factors had been considered while selecting the audit company.

The Bank's General meeting of shareholders held on 28 March 2014 passed a resolution to select „PricewaterhouseCoopers“ UAB to perform the Bank's audit and set a price of LTL 150 thou (excluding VAT) for the rendered services. In 2012-2013 the audit was carried out by the same audit company PricewaterhouseCoopers“ UAB.

In 2013 the audit company received LTL 60 thou from the Bank for the services not related to the audit, while LTL 2 thou was paid over 1H of 2014 for the provided consultations and reports regarding prudential requirements .

XVIII. INFORMATION ON MALICIOUS TRANSACTIONS

During the reporting period, no malicious transactions not meeting the objectives of the Bank, normal market conditions, breaching the shareholders' or other group's interests which have had or will likely have a negative impact on the Bank's performance or activity results have been made. Nor was there any transactions made on the conflict of interest between the Bank's senior management, controlling shareholders or other related parties' obligations to the Bank and their private interests and (or) office.

XIX. ASSESMENT OF INTERNAL CONTROL AND RISK MANAGEMENT

The risk management system of the Bank Group includes the policy of the risk management in the banking activities, individual procedures for management of different types of risks, as well as the internal control system and internal audit.

Seeking to avoid the conflict of interest, the Bank's units performing the risk management functions are separated from the units, the direct performance of which is related to the emergence of various types of the Bank's risks.

Due to the fact the risks experienced by the Bank are interdependent their management is centralized. Arrangement and coordination of the experienced credit risk management system is one of the main goals of the Risk Management Committee.

The risks incurred in the activities of the Bank's Group as well as the principles of their management are defined in the Bank's Risk Management Policy. The most important types of risks encountered by the Bank include concentration, credit, liquidity, operational risks and market risk, which, on its turn, falls into interest rate risk, foreign currency risks and securities price risk.

The Bank's Remuneration policy is an integral part of the risk management system. The Remuneration policy is consistent with the Bank's strategy, level of assumed risks, the Bank's objectives, values and long-term vision.

Before calculating the internal capital requirement necessary to ensure the stable performance the Bank carries out the annual self-assessment. This process allows identifying all the risks faced by the Bank in its activities, defining their level, assessing the impact of risks on the Bank's income and capital.

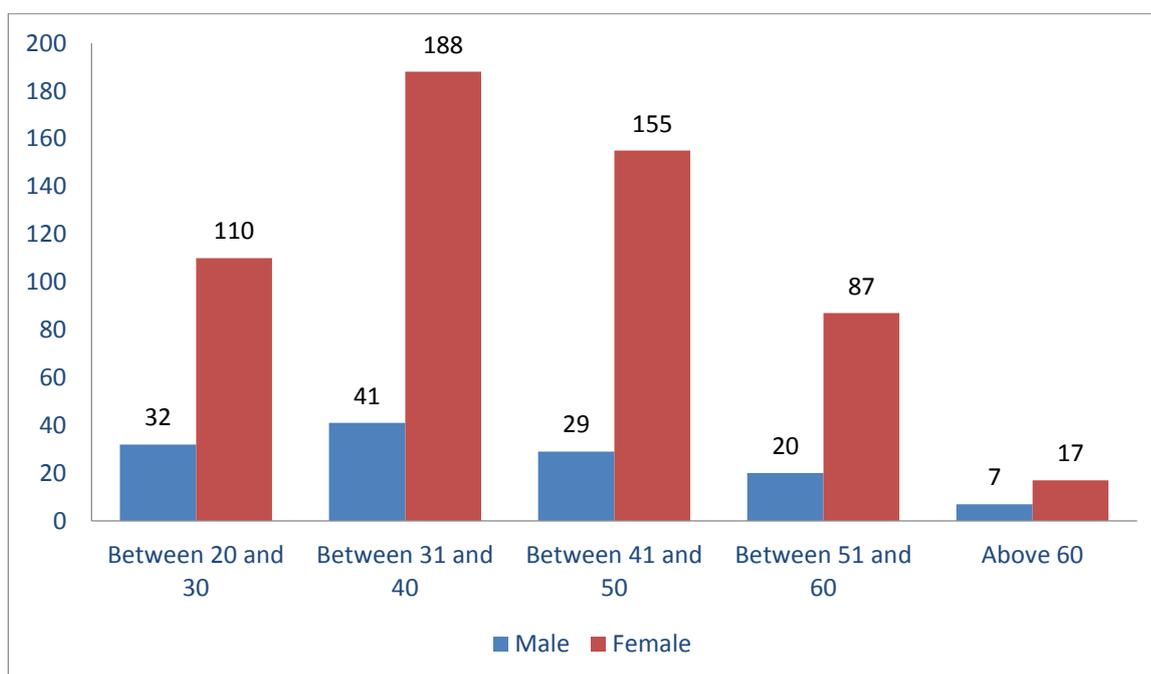
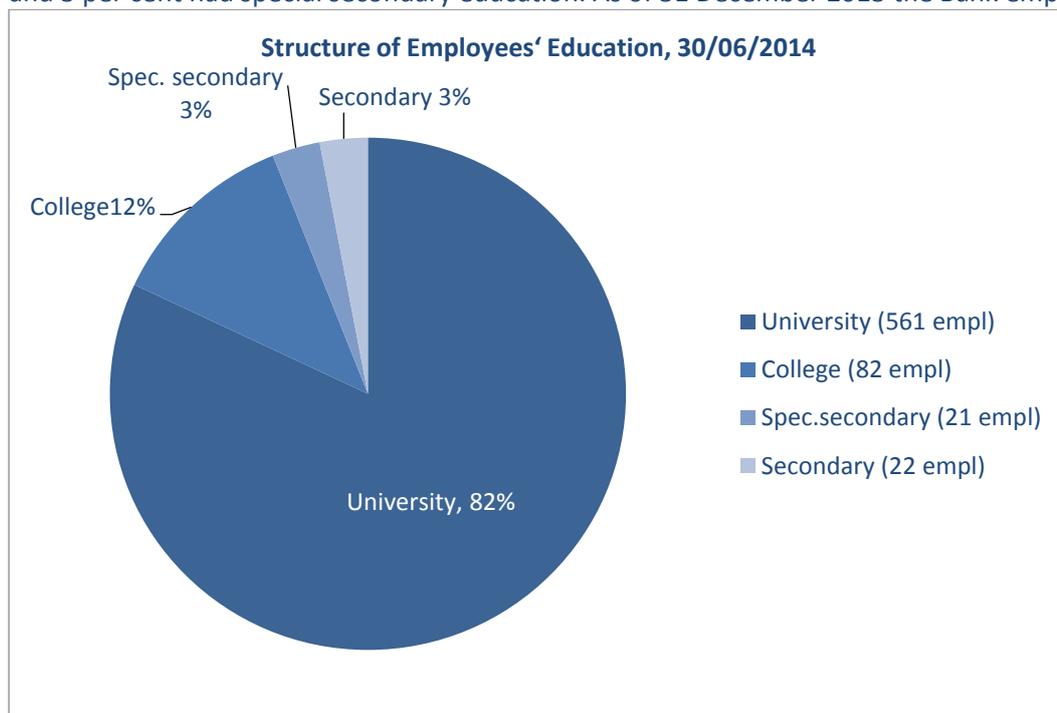
Compliance with and arrangement of the internal control as well as its monitoring are considered as one of the integral parts of the Bank's operational risk management process. The internal control is integral and continuous part of the Bank's daily activities. It operates in every level of the Bank's management and in each process, its elements are integrated into procedures of each process. The function of compliance is decentralized at the Bank, i.e. its separate parts are implemented by the different units/persons according to the functions assigned to them in the staff regulations, provisions of the departments or in the other procedures of the Bank.

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The assessment of the Bank’s internal control system, compliance and risk management is performed by the Bank’s Internal Audit Department, which informs the Bank’s Internal Audit Committee and the Bank’s Board regarding the detected shortcoming and violations.

XX. EMPLOYEES

As of 30 June 2014 the Bank employed 686 staff members, a little bit less than 82 per cent of the total number of the Bank’s employees had the university education, 12 per cent had college, 3 per cent – secondary education and 3 per cent had special secondary education. As of 31 December 2013 the Bank employed 680 staff members.



As of 30 June 2014 the Bank Group companies employed 829 officers (excluding subsidiaries held for sale).

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In 2013 the changes related to the takeover of part of Ūkio bankas alongside with the amendments in the Bank's leadership which occurred at the end of the year as well as other dynamic changes led to improvements in the bank's organizational structure in pursue of more efficient and smoother internal processes.

Over 1H of 2014 to increase personnel management efficiency, a partnership between a director and his subordinate and to improve the motivation the Bank introduced a single system of discussion of annual performance results which allows to assess the employees' achievements and the current skills as well as to agree with the employees about the future goals.

The Bank's leading employees participated in such trainings as "Discussions on Annual Performance" and "Management of Competences required for Project Management", as well as in the event according to the specifics of their activities.

The monthly average salary of the appropriate group of employees before taxes:

Group of employees	2010		2011		2012		2013		30/06/2014	
	Average number of employees	Average monthly salary, in LTL	Average number of employees	Average monthly salary, in LTL	Average number of employees	Average monthly salary, in LTL	Average number of employees	Average monthly salary, in LTL	Average number of employees	Average monthly salary, in LTL
Leading employees	8	14 910	12	23 568	11	24 207	11	29 228	11	34 705
Officers	441	1 967	418	2 476	411	2 780	609	2 925	626	3 319

The Bank does not have agreements with the employees foreseeing compensations in case of retirement or dismissal without the reasonable ground or in case their capacities would be cancelled because of changes in the bank's control.

The Bank also is not the party of material agreements, which would become effective, change or would be cancelled because of changes in the bank's control.

XXI. REMUNERATION POLICY

The information is prepared and delivered implementing the requirement set by the cl. 25 of the resolution No. 03-175 of the Board of the Bank of Lithuania as of December 23, 2010 regarding "The amendment of the "Policy of minimal requirements to remuneration of employees of credit institutions" approved by resolution No. 228 of the Board of the Bank of Lithuania as of December 10, 2009".

Currently the Bank applies the Remuneration Policy approved by the Bank's Supervisory Council on 02 May 2013. The composition of the Remuneration Committee is specified in chapter XXII of the Bank's Interim Consolidated Report for 6 months of 2014.

Aggregate quantitative information on remuneration to employees, highlighting the Bank's leaders - aggregate amounts of fixed and variable remuneration (without taxes to soc. insurance and guarantee fund) as well as number of beneficiaries thou are provided in the table below.

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Bank's data:

01/01/2013 - 31/12/2013	Fixed portion of remuneration thou LTL	Portion of variable remuneration LTL	Number of recipients, units
The senior management (members of the Board)	2 462	323	7
Employees	21 012	2 338	613
Total	23 474	2 661	620
01/01/2014 - 30/06/2014	Fixed portion of remuneration thou LTL	Portion of variable remuneration LTL	Number of recipients, units
The senior management (members of the Board)	1 615	321	7
Employees	12 082	1 431	630
Total	13 697	1 752	637

Data of the Financial Group:

01/01/2013 - 31/12/2013	Fixed portion of remuneration thou LTL	Portion of variable remuneration LTL	Number of recipients, units
The senior management (members of the Board)	2 889	387	12
Employees	22 141	2 430	651
Total	25 030	2 817	663
01/01/2014 - 30/06/2014	Fixed portion of remuneration thou LTL	Portion of variable remuneration LTL	Number of recipients, units
The senior management (members of the Board)	1 863	397	12
Employees	12 619	1 478	666
Total	14 482	1 875	678

** the pay outs of the variable remuneration for the IV Q of 2013 in the form of bonuses were paid in I Q of 2014, for IV Q of 2012 were paid in I Q of 2013, while the employees whose professional activities can have the significant impact on the risks accepted by the Bank received the pay outs in 2Q of 2013 and of 2014.

The amounts of variable remuneration for 2013 split into monetary pay outs, pension contributions, Bank's shares, financial instruments related to the Bank's shares, other financial or non-monetary measures, (amounts).

Bank's data:

Deferred portion of variable remuneration	
Monetary payments	547 thou LTL
Bank's shares	440 thou units
Pension contributions	-
Financial instruments related to shares	-
Other financial or non-monetary measures	-

Data of the Financial Group:

Deferred portion of variable remuneration	
Monetary payments	607 thou LTL
Bank's shares	488 thou units
Pension contributions	-
Financial instruments related to shares	-
Other financial or non-monetary measures	-

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The amounts of outstanding deferred variable remuneration for 2011 and 2012 as of 30/06/2014 (data covers both operating and redundant employees):

Bank's data:

Deferred portion of variable pay	
Monetary payments	201 thou LTL
Bank's shares	183 thou units

Data of the Financial Group:

Deferred portion of variable pay	
Monetary payments	217 thou LTL
Bank's shares	202 thou units

The amounts of outstanding deferred variable remuneration for 2013 as of 30/06/2014 (data covers both operating and redundant employees):

Bank's data:

Deferred portion of variable pay	
Monetary payments	219 thou LTL
Bank's shares	167 thou units

Data of the Financial Group:

Deferred portion of variable pay	
Monetary payments	237 thou LTL
Bank's shares	186 thou units

XXII. MEMBERS OF THE COMMITTEES FORMED WITHIN THE BANK AND AREAS OF THEIR PERFORMANCE

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

- ✓ The Loan Committee analyses loan application documents, decides regarding granting of loans and amendment of their terms, assesses risks of loans, suggests regarding loan granting, loan interest rates, improvement of loan administration procedures and performs other functions foreseen by its provisions.
- ✓ The Internal Audit Committee monitors and discusses the process of financial statement preparation, the efficiency of the Bank's internal control, risk management and internal audit systems, the processes of the audit and internal audit performance on regular basis and performs other functions foreseen by the legal acts of the supervisory authority and provisions of the Internal Audit Committee. The composition, competences and arrangement of activities of the internal Audit Committee are defined by the provisions of the internal Audit Committee approved by the Bank's Supervisory Council.
- ✓ The Risk Management Committee performs the functions related to the efficiency of the Bank's activities taking into consideration the parameters of the acceptable risks and integrating the management of the interest rates, capital and liquidity, also, performs other functions foreseen by its provisions.
- ✓ The Remuneration Committee evaluates the Policy of variable remuneration, practice and incentives created to manage the risks accepted by the Bank, its capital and liquidity, supervises the variable remuneration of the employees responsible for risk management and control of compliance, prepares

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draft resolutions regarding variable remunerations and performs other functions foreseen by its provisions.

Data of the members of the committees as of 30 June 2014:

Name, surname	Beginning / end of tenure	Share of capital under the right of ownership, %	Place of Work
Internal Audit Committee			
Ramunė Vilija Zabulienė	29/03/2012 / 2016	0.00	Public Undertaking „ArsDomina“
Sigitas Baguckas	29/03/2012 / 2016	0.65	„Namų statyba“ UAB
Vytautas Junevičius	29/03/2012 / 2016	0.13	Enterprise Group „Alita“ AB
Rimantas Purtulis	29/03/2012 / 2016	0.10	Certificate of the Lithuanian resident for individual activity
Risk Management Committee			
Donatas Savickas	12/03/2014 / operating on a continuous basis	0.12	Šiaulių bankas AB
Jolanta Dūdaitė	12/03/2014 / operating on a continuous basis	0.00	Šiaulių bankas AB
Pranas Gedgaudas	12/03/2014 / operating on a continuous basis	0.02	Šiaulių bankas AB
Morena Liachauskienė	12/03/2014 / operating on a continuous basis	0.00	Šiaulių bankas AB
Edas Mirijauskas	12/03/2014 / operating on a continuous basis	0.01	Šiaulių bankas AB
Loan Committee			
Vytautas Sinius	27/03/2012 / operating on a continuous basis	0.09	Šiaulių bankas AB
Edas Mirijauskas	27/03/2012 / operating on a continuous basis	0.01	Šiaulių bankas AB
Danutė Gaubienė	27/03/2012 / operating on a continuous basis	<0.01	Šiaulių bankas AB
Daiva Kiburienė	27/03/2012 / operating on a continuous basis	0.08	Šiaulių bankas AB
Aurelija Geležiuinė	27/03/2012 / operating on a continuous basis	0.01	Šiaulių bankas AB
Giedrius Sarapinas	27/03/2012 / operating on a continuous basis	0.01	Šiaulių bankas AB
Donatas Savickas	27/03/2012 / operating on a continuous basis	0.12	Šiaulių bankas AB
Remuneration Committee			
Gintaras Kateiva	02/05/2013 / operating on a continuous basis	6.24	„Litagra“ UAB
Pranas Gedgaudas	13/08/2012 / operating on a continuous basis	0.02	Šiaulių bankas AB
Ernesta Laurinavičienė	09/05/2011 / operating on a continuous basis	0.00	Šiaulių bankas AB
Živilė Skibarkienė	09/05/2011 / operating on a continuous basis	0.07	Šiaulių bankas AB

XXIII. BANK'S MANAGEMENT BODIES

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

General Meeting of Shareholders takes place annually, within three months after the end of fiscal year. The shareholders, having no less than 1/10 of all the votes, as well as the Board and Council have an initiative right of convening the meeting. The Law on Companies specifies the cases when a general meeting can be convened by other persons. General Meeting of Shareholders is organized, voting is carried out and resolutions passed in compliance with the Law

on Companies . If the meeting cannot take place due to lack of a quorum (more than ½ of the total votes), the re-convened meeting of shareholders with the valid agenda of the previous meeting shall be summoned.

Exclusively the General Shareholders' Meeting:

- ✓ amends Charter of the Bank, except in cases, provided in the laws;
- ✓ amend the Bank's head office;
- ✓ elects the Bank's Supervisory Council members;
- ✓ recalls the Bank's Supervisory Council or its individual members;
- ✓ elects and recalls the audit company to audit the annual financial statements, sets the terms of payment for audit services;
- ✓ approves the set annual financial statements of the Bank;
- ✓ sets class, number, par value and minimum issue price of the shares, issued by the Bank;
- ✓ adopts resolution regarding:
 - issuing of convertible bonds;
 - cancellation of the preference right to purchase shares or convertible bonds of the Bank of a given emission to all of the shareholders;
 - conversion of the Bank's shares of one class into another, approval of the conversion order;
 - allocation of profit (loss);
 - making, use, reduction and cancellation of reserves;
 - increase of authorized capital;
 - reduction of authorized capital, except of the cases, provided in the laws;
 - purchase by the Bank of its own shares;
 - reorganization or demerge of the Bank, approving terms of such reorganization or demerge;
 - restructuring of the Bank;
 - liquidation of the Bank, cancellation of liquidation, except cases, provided in the laws;
- ✓ to select and cancel the Bank's liquidator, except cases, provided in the laws.

The Supervisory Council of the Bank is a collegial body supervising the activities of the Bank. The Supervisory Council is directed by its Chairman. The Supervisory Council consisting of eight members is elected by the General Meeting of Shareholders for a term of four years. The initiators of the Meeting or the shareholders holding shares that grant at least 1/20 of the Bank's shares, shall have the right of proposing the members of the Supervisory Council. The candidates are proposed before the Meeting or during such Meeting. Each candidate to the Supervisory Council's members shall inform the Meeting about his current capacity and how his activities are related to the Bank or to other legal entities associated with the Bank. While electing the Supervisory Council's members each shareholder shall have such number of votes which is equal to the product of the numbers of votes granted to him by the shares owned and number of the Supervisory Council's members to be elected. These votes are allocated by the shareholder at his own discretion - for one or several candidates. The candidates who receive the biggest number of votes are elected. 1 independent member is elected to the current tenure of the Supervisory Council. In accordance with the Bank's Charter the number of tenures of the Council member is not limited.

The functions of the Supervisory Council are as follows:

- ✓ elect members of the Board and remove them from office, make recommendations to the Board regarding the candidature for the Chairman of the Board. Prior approval of the Council is necessary to

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obtain before setting salaries of the Board members who hold other positions in the Bank, Chief Executive Officer and his deputies, as well as other terms of labour contract. If the Bank operates at a loss, the Council must consider the suitability of the Board members for their positions;

- ✓ elect members of the Internal Audit Committee;
- ✓ supervise activities of the Board and the Chief Executive Officer;
- ✓ supervise the implementation of business plans of the Bank, analysis the Bank's income and expenses, own investments and capital adequacy issues;
- ✓ adopt Supervisory Council's work regulation;
- ✓ approve business plans of the Bank and annual budget;
- ✓ approve any type of policies related to the Bank's activities including the risk management policy;
- ✓ approve the business strategy of every entity controlled by the Bank;
- ✓ ensure the effective internal control system in the Bank;
- ✓ make proposals and comments to the General Shareholders' Meeting on the Bank's work strategy, the Bank's annual financial statements, the draft of the profit (loss) distribution and the report on the Bank's activities as well as activities of the Board and the Chief Executive Officer of the Bank;
- ✓ approve loan granting policy and set order of borrowing subject to Supervisory Council's approval;
- ✓ make proposals to the Board and the Chief Executive Officer to cancel their resolutions that contradict the laws and other legal acts, this Charter or resolutions of the Meeting;
- ✓ set the list of transactions and resolutions, making or implementation of which is subject to the Council's approval;
- ✓ adopt resolutions, assigned to the Supervisory Council's competence according to the orders, approved by the Supervisory Council; such order shall be adopted by the Council following the laws, this Charter or resolutions of the General Meeting of Shareholders;
- ✓ consider other matters, subject to its consideration or solution of the Supervisory Council, provided for in the laws of this Charter or in the resolutions adopted by the Meeting.

The Management Board of the Bank is a collegial Bank's management body, consisting of eight members. It manages the Bank, handles its matters and answers under the laws for the execution of the Bank's financial services. Order of the Board's work is set by the Board work regulations. The Board of the Bank is elected by the Council for a term of 4 years. The Board members are elected, recalled and supervised by the Bank's Supervisory Council. The Board of the Bank is elected by the Council for a term of 4 years - the number of tenures is not limited. If individual Board members are elected, they are elected till the end of the active Board's term.

The Bank's Board shall consider and approve:

- ✓ the consolidated annual report of the Bank
- ✓ the structure of the Bank management and positions; posts in which persons are employed only by holding competitions;
- ✓ regulations of the branches, representatives and other separate subdivisions of the Bank;
- ✓ order of the Bank's loans granting, following the loan granting policy, approved by the Supervisory Council;
- ✓ order of issuing guarantees, securities and taking of other liabilities;
- ✓ order of writing-off of the loans and other debt liabilities;
- ✓ regulations of the Loan Committee and Risk Management Committee of the Bank.
- ✓ the Board shall elect and remove from office the Chief Executive Officer and his deputies. The Board sets salary and other terms of labour contract with the Chief Executive Officer, approves his Staff Regulations, induces and imposes sanctions to the Chief Executive Officer;
- ✓ the Board determines the information to be considered commercial secret of the Bank.

The Board shall adopt:

- ✓ decisions on the Bank becoming the incorporator, member of other legal entities;
- ✓ decisions on opening branches, representatives and other separate subdivisions of the Bank as well as on cancellation of their activities;

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- ✓ decisions on the investment, transfer or lease of long-term assets the balance-sheet whereof amounts to over 1/20 of the Bank's authorized capital (calculating separately for each kind of transaction);
- ✓ decisions on the mortgage or hypothec of long-term assets the value whereof amounts to over 1/20 of the Bank's authorized capital (calculating separately for each kind of transaction);
- ✓ decisions on offering guarantee or surety for the discharge of obligations of other entities, when the amount of the obligations exceeds 1/20 of the Bank's authorized capital;
- ✓ decisions on the acquisition of long-term assets the price whereof exceeds 1/20 of the Bank's authorized capital;
- ✓ decisions on issuing of non-convertible bonds;
- ✓ Board work regulation;
- ✓ decisions on other matters it has to consider or solve under the Laws or Charter of the Bank.

The Board shall set:

- ✓ terms for the shares issue of the Bank;
- ✓ order for issue of the bonds of the Bank. When the General Shareholders' Meeting adopts a resolution regarding the issuing of convertible bonds, the Board is entitled to set additional terms of issuing and to approve bond subscription agreements, signed by the Chief Executive Officer or his authorized person;
- ✓ order and cases of employment in the Bank, when the employees are engaged with the Board's approval.

The Board shall analysis and evaluate the material submitted by the Chief Executive Officer on:

- ✓ implementation of the Bank's activities strategy;
- ✓ arrangement of the Bank's activities;
- ✓ financial state of the Bank;
- ✓ results of economic activities, income and expenditure estimates, stock-taking data and other records of valuables.

The Board shall also analysis, assess the Bank's draft annual financial statements and draft of the profit (loss) allocation and submit them to the Board and Meeting. The Board shall solve other matters of the Bank's activities, if they are out of the other managing bodies' competence under the laws and this Charter.

The Board shall convene and hold the General Shareholders' Meetings in due time.

Chief Executive Officer arranges everyday activities of the Bank and performs other actions necessary to perform his functions, to implement the decisions of the Bank's bodies and to ensure the Bank's activities.

Chief Executive Officer:

- ✓ arranges everyday activities of the Bank;
- ✓ engages and discharges employees, makes work contracts with them and terminates them, induces them and imposes sanctions. The Head of the Bank is entitled to authorize another Bank employee to perform actions listed therein;
- ✓ without special authorization represents the Bank in its relations with other persons, in court and arbitration;
- ✓ grants and cancels powers of attorney and procurements;
- ✓ issues orders;
- ✓ performs other actions, necessary to perform his functions, to implement decisions of the Bank's bodies and to ensure Bank's activities.

Chief Executive Officer is responsible for:

- ✓ arrangement of the Bank's activity and implementation of its aims;
- ✓ making of annual financial statements and preparation of the Bank's annual report;
- ✓ making of a contract with the audit company;
- ✓ delivery of information and documents to the Meeting, Board and Supervisory Council in the cases, provided for in the laws or upon request;
- ✓ delivery of the Bank's documents and data to the custodian of the Register of Legal Entities;
- ✓ delivery of the documents to the Securities Commission and to the Central Securities Depository of Lithuania;

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- ✓ publication of the information, prescribed by the laws and other legal acts, in the newspapers, stated in this Charter;
- ✓ information delivery to the shareholders;
- ✓ execution of other duties, prescribed by the laws and legal acts, this Charter and Staff regulations of the Chief Executive Officer.

The Chief Executive Officer acts on the Bank's behalf and is entitled to make transactions at his sole discretion, except for the exceptions, stated therein or in the resolutions of the bodies of the Bank.

XXIV. THE MEMBERS OF THE BANK'S COLLEGIAL BODIES

Supervisory Council of the Bank:

Arvydas Salda



Member of the Supervisory Council of Šiaulių bankas AB since 1991, Chairman of the Bank's Supervisory Council since 1999.

Education:

Kaunas Institute of Technology.
Vilnius university, applicable mathematics.

Work experience (not less than 5 years):

Consultant of „SB turto fondas“ UAB since 2004.

Sigitas Baguckas



Deputy Chairman of Council of Šiaulių bankas AB since 2000, Member of Bank's Supervisory Council since 1991;

Education:

Vilnius Civic Engineering Institute, an engineer-constructor.

Work experience (not less than 5 years):

Procurist and director at „Namų statyba“ UAB since 2007.

Gintaras Kateiva



Member of the Supervisory Council of Šiaulių bankas AB since 2008.

Education:

Vilnius Pedagogic Institute, a teacher.

Work experience (not less than 5 years):

Chairman of the Board of "Litagra" UAB since 2005, director of "Litagros prekyba" UAB until 2008, director of "Litagros mažmena" UAB since 2008.

Vigintas Butkus



Member of the Supervisory Council of Šiaulių bankas AB since 2004.

Education:

Marijampole School of Culture, a director.

Work experience (not less than 5 years):

Director of “Mintaka” UAB since 2000, Director of Trade House “Aiva” UAB since 2002.

Vytautas Junevičius



Member of the Supervisory Council of Šiaulių bankas AB since 2006.

Education:

Kaunas Institute of Technology, an engineer-economist.

Vilnius University, a specialist of international economy relations.

Work experience (not less than 5 years):

Director General of “Alita” AB until 2009, the Consultant of the Director General of the Company’s Group “Alita”, 2009-2011.

Peter Reiniger



Member of the Supervisory Council of Šiaulių bankas AB since 2011.

Education:

Technical University of Budapest, an engineer-mechanic, an engineer of production organization.

Work experience (not less than 5 years):

European Bank for Reconstruction and Development (EBRD), Director of the Business Group until 2010, the RBRD Managing director 2010-2011. Chief Advisor of the First Vice-president and Executive Committee since 2011.

Ramunė Vilija Zabulienė



Independent member of the Supervisory Council of Šiaulių bankas AB since 04/05/2012.

Education:

Vilnius University, an engineer-economist.

Work experience (not less than 5 years):

Work experience: the member of the Board of the Bank of Lithuania, Deputy Chairman until 2011.

Acts in compliance with the certificate of the Lithuanian resident for individual activity.

Valdas Vitkauskas



Member of the Supervisory Council of the Bank since April 2014.

Education:

Vytautas Magnus University, Master of Business Administration and Management; Southern Methodist University (USA), Master.

Work experience (not less than 5 years):

Head of the EBRD representative office in Minsk until 2011, EBRD senior banker since 2011, member of the Council of the bank belonging to the Societe Generale Group in Mobiasbanka (Moldova).

3 meetings of the Bank's Supervisory Council took place over 1H of 2014. Neither member of the Supervisory Council missed more than half of the meetings.

The Management Board of the Bank:

Algirdas Butkus



Chairman of the Board.

Education:

Kaunas Technology Institute, Master of economy.

Work experience:

Chairman of the Board, Chief Executive Officer of Šiaulių bankas AB from 1999 to February 2011, Deputy Chief Executive Officer since February 2011.

Vytautas Sinius



Deputy Chairman of the Board, Chief Executive Officer.

Education:

Vilnius Higher School of Economics.
Vilnius University, Bachelor of economy.
Vytautas Magnus University, Master of Business Administration and Management.

Work experience:

Director of Retail Banking Division of SEB AB ,
Head of Corporate Banking Division of Šiaulių bankas AB since 2011, Chief Executive Officer since February 2014.

Donatas Savickas



Deputy Chairman of the Board, Deputy Chief Executive Officer, Head of Finance and Risk Management Division.

Education:

Vilnius University, Bachelor of Economy.
Vytautas Magnus University, Master of Business Administration and Management.

Work experience:

Deputy Chairman of the Board of the Bank since 1995, Deputy Chief Executive Officer, Head of Finance and Credit Division, Head of Finance and Risk Management Division.

Daiva Kiburienė



Member of the Board, Deputy Chief Executive Officer, Head of Business Development Division.

Education:

Vilnius University, Bachelor of Economy.
Vytautas Magnus University, Master of Business Administration and Management.

Work experience:

Deputy Chairperson of the Board of the Bank since 1998, Deputy Chief Executive Officer, Head of Corporate and Retail Banking Division, Head of Šiauliai region, Head of Business Development Division since 2014.

Vita Adomaitytė



Member of the Board, Chief Financial Officer, Head of Accounting and Reporting Division.

Education:

Vilnius University, Master of finance and credit.

Work experience:

Chief Financial Officer of Šiaulių bankas since 2002, Head of Accounting and Reporting Division since 2005.

Jonas Bartkus



Member of the Board since 29/03/2012, Head of the IT Division.

Education:

Vilnius University, Master in mathematics.

Work experience:

Head of Computerization of Šiaulių bankas AB since 2001, Head of Business Development Division since, Head of the IT Division.

Ilona Baranauskienė



Member of the Board since February 2014; Head of the Assets Restructuring Division.

Education:

Kaunas University of Technology, a bachelor of Business Administration and Management; Šiauliai University, Master of economy.

Work experience:

Director General of "SLEZVB" UAB until 2013, Deputy Director of "SBTF" UAB since 2006, Director of the Special Financing Department of Šiaulių bankas AB.

Audrius Žiugžda



Deputy Chairman of the Board and Chief Executive Officer 31/01/2014.

Education:

Vytautas Magnus University, Master of Business Administration and Management.

Work experience:

Chairman of the Board and President of SEB AB 2006-2009, Advisor of the Director General TEO LT, AB 2010-2011 m., Chief Executive Officer of the Bank since 2011 to 31/01/2014.

Name, surname	Beginning / end of tenure	Share of capital under the right of ownership, %	Share of votes together with the related persons, %
Arvydas Salda	beginning 29/03/2012 end 2016	2.59	42.34
Sigitas Baguckas	beginning 29/03/2012 end 2016	0.65	42.34
Vigintas Butkus	beginning 29/03/2012 end 2016	0.08	42.34
Vytautas Junevičius	beginning 29/03/2012 end 2016	0.13	42.34
Gintaras Kateiva	beginning 29/03/2012 end 2016	6.24	42.34
Peter Reiniger	beginning 29/03/2012 end 2016	-	-
Valdas Vitkauskas	beginning 01/04/2014 end 2016	-	-
Ramunė Vilija Zabulienė	beginning 04/05/2012 end 2016	-	-
Algirdas Butkus	beginning 29/03/2012 end 2016	3.82	42.34
Vytautas Sinius	beginning 29/03/2012 end 2016	0.09	42.34
Donatas Savickas	beginning 29/03/2012 end 2016	0.12	42.34
Vita Adomaitytė	beginning 29/03/2012 end 2016	0.04	42.34
Jonas Bartkus	beginning 29/03/2012 end 2016	0.06	42.34
Ilona Baranauskienė	beginning 12/02/2014 end 2016	0.03	42.34
Daiva Kiburienė	beginning 29/03/2012 end 2016	0.08	42.34

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The information regarding participation of the collegial bodies of the Bank and Chief Accountant in activities and capital of other undertakings is provided in the table below:

Name, surname	Participating in activities of other undertakings (name of the company, position)	Participating in capital of other undertakings (percentage in capital exceeding 5 %)
Arvydas Salda	Member of the Board „Klaipėdos LEZ valdymo bendrovė“ UAB; Consultant of „Šiaulių banko turto fondas“ UAB (ASSETS FUND)	-
Sigitas Baguckas	Director of „Namų statyba“ UAB	„Namų statyba“ UAB - 47.12 %
Vigintas Butkus	Director of Trade house "Aiva" UAB Director of „Mintaka“ UAB	„Mintaka“ UAB - 9.25 % „Mintaka“ UAB - 9.80 %
Vytautas Junevičius	Senior advisor of Company Group „Alita“ AB Chairman of the Board of „Anykščių vynas“ AB	Company Group „Alita“ AB
Gintaras Kateiva	Director General of „Litagra“ UAB, Chairman of the Board Director of „Litagros“ mažmena UAB	„Litagra“ UAB - 36.95 %
Ramunė Vilija Zabulienė	-	-
Peter Reiniger	EBRD's Chief Counsellor of the first Vice-President and Executive Committee	-
Valdas Vitkauskas	EBRD senior banker since 2011, member of the Council at Societe Generale Group in Mobiasbanka (Moldova).	-
Algirdas Butkus	-	Trade house "Aiva" UAB - 66.35 % „Visnorus“ UAB - 48.94 % „Mintaka“ UAB - 68.08 %
Vytautas Sinius	-	Public undertaking Sporto šaltinis – 33,33 %
Donatas Savickas	-	-
Daiva Kiburienė	Chairperson of the Board „Kėdainių oda“ UAB	-
Vita Adomaitytė	-	-
Jonas Bartkus	-	-
Ilona Baranauskienė	Director of „Šiaulių banko turto fondas“ UAB (ASSETS FUND) Deputy Director of „SBTF“ UAB	-

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Amounts of funds calculated between 01 January 2014 and 30 June 2014 and average sizes per member of the collegial body as well as provided guarantees:

Members of the Management Bodies	Number of people	Calculated total amounts, LTL	Average sizes, LTL	Transferred assets, LTL	Provided guarantees, LTL
The Supervisory Council of the Bank	7	0	0	0	0
The members of the Board of the Bank	7	1 935 282	276 469	0	0
Chief Executive Officer and Chief Accountant	2	551 162	275 581	0	0

Loans granted to the members of the Supervisory Council and Bank's Board as of 30 June 2014:

Members of the Management Bodies	Loans granted, in LTL thou LTL
The Supervisory Council of the Bank	4 910
The members of the Board of the Bank	634
Total:	5 544

XXV. TRANSACTIONS WITH RELATED PARTIES

Implementing its usual activities the Bank concludes the banking transactions with the members of the Council and Board, other related parties and subsidiary companies. The related parties of the Bank are as follows:

- ✓ the members of the Bank's Supervisory Council and the Bank's Board, their close family members and companies where the related parties own more than 5 per cent of shares and/or take managing positions;
- ✓ the Bank's subsidiaries;
- ✓ the Bank's shareholders owning more than 5 per cent of the Bank's shares.

The members of the Bank's Supervisory Council and the Management Board work for the benefit of the shareholders avoiding the conflicts of interest. The Bank has adopted policies to avoid the conflicts of interest establishing the internal procedures and requirements for measures to identify and manage the circumstances that may lead to a conflict of interests in the Bank's provision of investment services and specifying the methods of avoidance of such conflicts of interest or actions to be taken in case they arise. All transactions with the Bank's senior management are entered under the market conditions.

At the Bank the transactions with the senior management through the IT measures are distinguished from the other transactions, the comprehensive description on these transactions is provided in 12 note of the explanatory note of the Bank's interim financial statements as of 30 June 2014.

XXVI. DATA ON PUBLICLY DISCLOSED INFORMATION

The following information was publicly disclosed over the first half a year of 2014:

- ✓ 06/01/2014 - the calendar of the Bank's information was announced to the investors;
- ✓ 04/02/2014 - notification regarding the expiry of the call options rights with regard to the assets taken over from Ūkio bankas.
- ✓ 12/02/2014 - information regarding amendments in the Bank's Council and Management Board;
- ✓ 12/02/2014 - the calendar of the Bank's information was announced to the investors;
- ✓ 17/02/2014 - a pre-audited activity result of the Bank and the Group for 2013;
- ✓ 24/02/2014 - interim financial information of the Bank for 12 months of 2013;
- ✓ 07/03/2014 - convocation of the Ordinary General Meeting of Shareholders;

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- ✓ 07/03/2014 - the draft resolutions prepared by the Board for the Ordinary General Meeting of Shareholders held on 28-03-2012;
- ✓ 10/03/2014 - notification regarding sales transactions of real estate.
- ✓ 28/03/2014 - resolutions of the Ordinary General Meeting of Shareholders held on 28/03/2014;
- ✓ 28/03/2014 - annual information;
- ✓ 20/04/2014 - a pre-audited activity result of the Bank and the Bank Group for IQ of 2014;
- ✓ 19/05/2014 - interim information for 3 months of 2014;
- ✓ 21/05/2014 - report regarding concluded transactions, related to payment of the variable remuneration in the Bank's shares;
- ✓ 03/06/2014 - notification regarding the amendments of the Bank's Charter after registering the increased authorized capital.
- ✓ reports regarding the transactions with the Banks shares entered by the Bank's senior managers.

In accordance with the procedures set by the Charter of the Bank and the legal acts of the Republic of Lithuania all the stock events are announced in the Central regulated information base and on the Bank's website www.sb.lt. Reports on the Meetings of Shareholders are additionally announced in the daily newspaper "Lietuvos rytas".

XXVII. PROCEDURE OF CHARTER AMENDMENTS

The Bank's Charter can be amended only by the resolution of the General Shareholders' Meeting at 2/3 majority of votes, except exclusive cases defined by the law.

XXVIII. INFORMATION RE COMPLIANCE WITH THE GOVERNANCE CODE

The Bank operates in compliance with the many standards set in the Governance Code. Information about how the Bank complies with the particular articles of the Governance Code is provided in the annex enclosed to the present report together with the set of financial statements of 2013 and is also available on the website of the Bank www.sb.lt.

Chief Executive Officer



Vytautas Sinius

20 August 2014