

CONFIRMATION FROM THE AUTHORIZED PERSONS

We, Deputy Chief Executive Officer of AB Šiaulių bankas Donatas Savickas and Chief Financial Officer Vita Adomaitytė, confirm that provided financial statements of Šiaulių bankas AB for the 1st half-year of 2010 are formed in compliance with the applicable accounting standards, correspond the reality and correctly reflect the assets, liabilities, financial status and activity result of Šiaulių bankas AB and the Group. As far as we know the interim report contains the correct review of the business development and activities.

Deputy Chief Executive Officer



Donatas Savickas

Chief Financial Officer



Vita Adomaitytė

2010-08-30



FINANCIAL STATEMENT

30 JUNE 2010

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FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

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FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

THE GROUP'S AND BANK'S BALANCE SHEET

		30-06-2010		31-12-2009	
	Notes	Group	Bank	Group	Bank
ASSETS					
Cash and cash equivalents	2	128057	128 027	168 708	168 651
Due from other banks	3	2 524	2 524	2 214	2 214
Trading securities	6	88 177	85 087	3 094	121
Derivative financial instruments		14	14	-	-
Loans to customers	4	1 417 711	1 597 494	1 434 328	1 605 635
Finance lease receivables	5	83 139	-	101 412	-
Investment securities:					
- available-for-sale	6	102 712	76 559	86 236	72 083
- held-to-maturity	6	201 132	194 542	146 041	143 068
Investments in subsidiaries	6	0	16 889	0	9 384
Intangible assets		481	478	605	600
Tangible fixed assets		54 272	43 988	52 203	45 179
Prepaid income tax		2 249	2 221	2 468	2 221
Deferred income tax assets		7 583	7 357	5 416	5 224
Other assets	7	72 175	4 360	71 073	4 890
Total assets		2 160 226	2 159 540	2 073 798	2 059 270
LIABILITIES					
Due to other banks and financial institutions	8	256 830	256 835	246 272	237 315
Due to customers	9	1 593 778	1 593 986	1 528 824	1 528 840
Special and lending funds	10	39 734	29 734	31 292	31 292
Debt securities in issue	11	4 265	4 265	4 155	4 155
Deferred income tax liabilities		39	-	-	-
Other liabilities	12	6 983	3 955	9 071	3 631
Total liabilities		1 901 629	1 888 775	1 819 614	1 805 233
EQUITY					
Share capital	13	204 858	204 858	180 358	180 358
Share premium	13	46 661	46 661	45 681	45 681
Reserve capital	13	2 611	2 611	2 611	2 611
General reserve to cover possible losses in assets	13	10 000	10 000	10 000	10 000
Statutory reserve	13	6 667	6 422	6 376	5 981
Financial assets revaluation reserve		1 584	2 955	(781)	590
Retained earnings		(3 784)	(2 742)	9 939	8 816
Total equity		268 597	270 765	254 184	254 037
Total liabilities and equity		2 170 226	2 159 540	2 073 798	2 059 270

The notes on pages 10-37 constitute an integral part of these financial statements

Chief executive Officer

Algirdas Butkus

Chief Financial Officer

Vita Adomaitytė

16 August 2010

FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

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

		30-06-2010		30-06-2009	
	Notes	Group	Bank	Group	Bank
Interest and similar income	14	57 876	56 075	72 997	71 719
Interest expense and similar charges	14	(44 137)	(44 043)	(56 674)	(56 349)
Net interest income		13 739	12 032	16 323	15 370
Fee and commission income	15	5 554	5 659	6 106	6 275
Fee and commission expense	15	(2 018)	(1 987)	(2 160)	(2 121)
Net fee and commission income		3 536	3 672	3 946	4 154
Allowance for impairment losses		(20 149)	(18 630)	(15 342)	(13 726)
Net gain on operations with securities		2 193	2 193	4 928	304
Net foreign exchange gain		1 257	1 259	1 131	1 131
Gain on disposal of assets		548	18	(129)	4
Other income		422	236	560	295
Administrative and other operating expenses	16	(16 745)	(14 125)	(18 906)	(16 329)
Operating profit		(15 199)	(13 345)	(7 489)	(8 797)
Dividends from investments in subsidiaries		-	-	-	6 377
Profit before income tax		(15 199)	(13 345)	(7 489)	(2 420)
Income tax expense		2 223	2 228	17	0
Profit for the year		(12 976)	(11 117)	(7 472)	(2 420)
Other comprehensive (loss) income					
Gain (loss) from revaluation of financial assets		2 460	2 460	175	175
Deferred income tax on (loss) gain from revaluation of financial assets		(95)	(95)	(55)	(55)
Other comprehensive (loss) income, net of tax		2 365	2 365	120	120
Total comprehensive (loss) income		(10 611)	(8 752)	(7 352)	(2 300)
Profit is attributable to:					
Equity holders of the Bank		(12 976)	(11 117)	(7 472)	(2 420)
Minority interest		-	-	-	-
Profit for the year					
Equity holders of the Bank		(10 611)	(8 752)	(7 352)	(2 300)
Minority interest		-	-	-	-
Basic and diluted earnings per share, net (in LTL per share)	13	-0.07	-0.06	-0.04	-0.01

The notes on pages 10-37 constitute an integral part of these financial statements

Chief executive Officer



Algirdas Butkus

Chief Financial Officer



Vita Adomaitytė

16 August 2010

FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

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

	FROM 04 TO 06 MONTH 2010		FROM 04 TO 06 MONTH 2009	
	Group	Bank	Group	Bank
Interest and similar income	27 555	26 641	35 593	35 864
Interest expense and similar charges	(19 359)	(19 359)	(28 060)	(28 748)
Net interest income	8 196	7 282	7 533	7 116
Fee and commission income	2 936	2 990	3 038	3 113
Fee and commission expense	(1 061)	(1 045)	(1 092)	(1 070)
Net fee and commission income	1 875	1 945	1 946	2 043
Allowance for impairment losses	(10 546)	(9 673)	(6 447)	(5 579)
Net gain on operations with securities	1 053	1 053	97	97
Net foreign exchange gain	791	793	517	517
Gain on disposal of assets	514	15	(121)	3
Other income	375	116	324	178
Administrative and other operating expenses	(8 075)	(6 676)	(9 193)	(7 924)
Operating profit	(5 817)	(5 145)	(5 344)	(3 549)
Dividends from investments in subsidiaries	-	-	-	-
Profit before income tax	(5 817)	(5 145)	(5 344)	(3 549)
Income tax expense	966	928	17	-
Profit for the year	(4 851)	(4 217)	(5 327)	(3 549)

FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

THE GROUP'S AND BANK'S CASH FLOW STATEMENT

	30-06-2010		30-06-2009	
	Group	Bank	Group	Bank
Operating activities				
Interest received	52 175	51 043	70 319	69 041
Interest paid	(44 857)	(44 763)	(55 432)	(55 107)
Net cash received from service and commission fees	3 536	3 672	3 946	4 154
Net cash received from operations in securities	2 398	2 398	(196)	(196)
Net cash received from operations in foreign currency	356	358	1 402	1 402
Cash received from previously written-off loans	482	307	93	8
Salaries and related payments to and on behalf of employees	(9 038)	(7 741)	(10 232)	(8 897)
Other receipts (payments)	(3 669)	(3 813)	(6 682)	(6 059)
Income tax paid	30	-	(1 131)	(1 131)
Net cash flow from operating activities before change in short-term assets and liabilities	1 413	1 461	2 087	3 215
(Increase) decrease in assets:				
Decrease in trading securities	(84 154)	(84 154)	538	669
(Increase) in loans to credit and financial institutions	8 820	17 785	8 909	21 519
(Increase) in loans to customers	3 036	(31 656)	28 148	2 485
(Increase) decrease in other assets	(1 235)	780	(5 335)	1 581
Increase in liabilities				
Increase in liabilities to credit and financial institutions	12 115	21 077	(89 075)	(89 075)
Increase in deposits, special and leanding funds	62 669	62 861	127 859	133 726
Increase in other liabilities	(1 960)	263	(2 657)	(6 162)
Change	(709)	(13 044)	68 387	64 743
Net cash flow from operating activities	704	(11 583)	70 474	67 958
Investing activities				
Purchase of tangible and intangible fixed assets	(5 542)	(529)	(6 770)	(1 992)
Disposal of tangible and intangible fixed assets	1 017	469	1 035	834
Acquisition of held to maturity securities	(59 806)	(56 452)	(6 948)	(6 816)
Proceeds from redemption of held to maturity securities	10 238	10 238	11 621	11 621
Acquisition of available-for-sale securities	(96 484)	(84 484)	(16 858)	(16 858)
Disposal of available-for-sale securities	83 675	83 675	14 201	14 201
Acquisition of subsidiary	-	(7 505)	-	(9 022)
Dividends received	67	67	4 828	6 581
Net cash used in investing activities	(66 835)	(54 521)	1 109	(1 451)
Financing activities				
Increase in share capital	25 480	25 480	-	-
Dividends paid	-	-	(1)	(1)
Payment to minority shareholders	-	-	(4 967)	-
Debt securities issued	383	383	15 436	15 436
Debt securities repurchased and redeemed	(383)	(383)	(32 894)	(32 894)
Net cash flow from financing activities	25 480	25 480	(22 426)	(17 459)
Net increase in cash and cash equivalents	(40 651)	(40 624)	49 157	49 048
Cash and cash equivalents at 1 January	168 708	168 651	142 939	142 927
Cash and cash equivalents at 30 June	128 057	128 027	192 096	191 975

FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

THE GROUP'S STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Attributable to equity holders of the Bank					
	Statutory			Minority		Total equity:
	Share capital	Share premium	Reserve capital	reserve and others	Retained earnings	interest
					Total:	
31 December 2008	180 358	45 681	2 611	3 003	58 004	4 967
					289 657	294 624
Dividends to minority	-	-	-	-	-	(3 923)
Formation of reserve	-	-	-	12 514	(12 514)	-
Financial assets revaluation reserve	-	-	-	175	-	175
Recognition of deferred income tax	-	-	-	(55)	-	(55)
Decrease in share capital of minority shareholders in subsidiaries	-	-	-	179	-	(1 044)
Profit for the year	-	-	-	-	(7 472)	-
30 June 2009	180 358	45 681	2 611	15 816	38 018	-
					282 484	282 484
Financial assets revaluation reserve	-	-	-	(79)	-	(79)
Recognition of deferred income tax	-	-	-	(142)	-	(142)
Profit for the year	-	-	-	-	(28 079)	-
31 December 2009	180 358	45 681	2 611	15 595	9 939	-
					254 184	254 184
Financial assets revaluation reserve	-	-	-	2 460	-	-
Recognition of deferred income tax	-	-	-	(95)	-	(95)
Increasing of capital	24 500	980	-	-	-	-
Formation of reserve	-	-	-	441	(441)	-
Others moves	-	-	-	(150)	(306)	-
Profit for the year	-	-	-	-	(12 976)	-
30 June 2010	204 858	46 661	2 611	18 251	(3 784)	-
					268 597	268 597

FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

THE BANK'S STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Share premium	Reserve capital	Financial assets revaluation reserve	Statutory reserve and others reserves	Retained earnings	Total equity:
31 December 2008	180 358	45 681	2 611	(680)	3 405	51 506	282 881
Formation of reserve	-	-	-	-	12 576	(12 576)	-
Financial assets revaluation reserve	-	-	-	175	-	-	175
Recognition of deferred income tax	-	-	-	(55)	-	-	(55)
Profit for the year	-	-	-	-	-	(2 420)	(2 420)
30 June 2009	180 358	45 681	2 611	(560)	15 981	36 510	280 581
Financial assets revaluation reserve	-	-	-	1 292	-	-	1 292
Recognition of deferred income tax	-	-	-	(142)	-	-	(142)
Profit for the year	-	-	-	-	-	(27 694)	(27 694)
31 December 2009	180 358	45 681	2 611	590	15 981	8 816	254 037
Financial assets revaluation reserve	-	-	-	2 460	-	-	2 460
Recognition of deferred income tax	-	-	-	(95)	-	-	(95)
Increasing of capital	24 500	980	-	-	-	-	25 480
Formation of reserve	-	-	-	-	441	(441)	-
Profit for the year	-	-	-	-	-	(11 117)	(11 117)
30 June 2010	204 858	46 661	2 611	2 955	16 422	(2 742)	270 765

FINANCIAL STATEMENT 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, except for operations with precious metals.

The Head Office of the Bank is located in Šiauliai, Tilžės str. 149, LT-76348. As of June 30 st 2010 the Bank had 475 employees (31 December 2009: 475). As of June 30st 2010 the Group had 538 employees (31 December 2009: 530 employees).

The Bank's shares are listed on the Official List of the National Stock Exchange of Lithuania (NSEL).

The Bank had the following subsidiaries:

1. Šiaulių Banko Lizingas UAB (hereinafter – SB Lizingas, finance and operating lease activities),
2. Šiaulių Banko Investicijų Valdymas UAB (hereinafter SB Investicijų Valdymas, investment management activities),
3. Šiaulių Banko Turto Fondas UAB (hereinafter – SB Turto Fondas, real estate management activities),
4. Minera UAB (hereinafter – Minera, real estate management activities),
5. SBTF UAB (hereinafter – SBTF, real estate management activities).

The financial statements of the Group and the Bank have been prepared in accordance with International Financial Reporting Standards as adopted by the EU. The financial statements have been prepared under the historical cost convention as modified for the revaluation of available-for-sale investment securities, financial assets and financial liabilities held for trading and all derivative financial instruments.

The preparation of financial statements in conformity with International Financial Reporting Standards require 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.

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.

Financial risk management

The Group analyses, evaluates, accepts and manages the risk or combination of risks it is exposed to. Risk management at the Group aims at ensuring a sufficient return on equity following the conservative risk management policy. While implementing an advanced risk management policy the Group focuses not only on minimising potential risk but also on improving pricing and achieving efficient capital allocation.

The Risk Management Policy approved by the Bank Board as well as by the procedures to manage different types of risks prepared on its basis ensures the integrity of the risk management process in the Group.

The most important types of risk the Group is exposed to are credit risk, market risk, liquidity risk and operational risk. Concentration risk is treated as part of credit risk. Market risk includes currency risk, interest rate and equity price risk. Other types of risk are considered immaterial by the Group and, therefore, are not assessed.

In order to avoid a conflict of interest the Bank's subdivisions that implement risk management functions are separated from those subdivisions the direct activities of which are connected with the up rise of various types of banking risks.

FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

NOTE 1 CREDIT INSTITUTION ACTIVITIES

The bank's Head Office is located in Šiauliai. The bank has 14 branches in Kelmė, Klaipėda, Kuršėnai, Mažeikiai, Palanga, Šilutė, Vilnius, Alytus, Utena, Kaunas, Druskininkai, Panevėžys, Šiauliai, Radviliškis and 37 client service.

As of June 30 st 2010 the number of the bank's clients included 255 municipal companies and governmental companies, 59 state companies, 50 agricultural companies, 30 economic partnerships, 4 591 limited liability public company, 1 534 private companies, 517 non-profit making and public sector companies and 1 076 other organizations as well as 121 014 individuals.

As of June 30st 2010 the bank controlled 5 and December 31st 2009 the bank controlled 3 subsidiaries: "Šiaulių banko lizingas" UAB (financial and operational leasing), "Šiaulių banko investicijų valdymas" UAB (investment management), "Šiaulių banko turto fondas" UAB, "Minera" UAB, "SBTF" UAB (real estate management). The bank owns 100% of "Šiaulių banko lizingas" UAB (acquisition value – 30st June 2010 – LTL 5 000 thou), 100 % of "Šiaulių banko investicijų valdymas" UAB (acquisition value – 30 st June 2010 - LTL 4 040 thou), 100 % of "Šiaulių banko turto fondas" UAB (acquisition value – 30 st June 2010 -LTL 5 117 thou), 100 % of "Minera" UAB (acquisition value – 30 st June 2010 - LTL 5 505 thou), 100 % of "SBTF" UAB (acquisition value – 30 st June 2010 - LTL 2 000 thou).

The consolidated statements of the Group include financial statements of the bank and its subsidiaries.

NOTE 2 CASH AND CASH EQUIVALENTS

	30-06-2010		31-12-2009	
	Group	Bank	Group	Bank
Cash and other valuables	41 383	41 382	34 669	34 651
Mandatory reserves in national currency	64 868	64 868	58 790	58 790
Correspondent bank accounts	12 927	12 927	18 407	18 407
Banks time deposits	5 634	5 605	19 420	19 381
Correspondent account with central bank	3 245	3 245	37 422	37 422
Total:	128 057	128 027	168 708	168 651

Mandatory reserves comprise the funds calculated on a monthly basis as a 4 % share of the average balance of deposits of the previous month. The mandatory reserves are held with the Bank of Lithuania in the form of deposits. The compensation for deposits held is calculated according to the Regulations of the Bank of Lithuania.

NOTE 3 DUE FROM OTHER BANKS

	30-06-2010		31-12-2009	
	Group	Bank	Group	Bank
Due from other banks	2 524	2 524	2 214	2 214
Total:	2 524	2 524	2 214	2 214

FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

NOTE 4 LOANS TO CUSTOMERS

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

	30-06-2010		31-12-2009	
	Group	Bank	Group	Bank
Cash and balances with central banks	128 057	128 027	168 708	168 651
Loans and advances to banks	2 524	2 524	2 214	2 214
Loans and advances to customers:	1417 711	1597 494	1 434 328	1 605 635
Loans and advances to financial institutions	789	104 823	9 130	120 560
Loans to individuals (Retail)	217 794	205 590	235 765	222 509
Loans to business customers	1199 128	1287 081	1 189 433	1 262 566
Finance lease receivables	83 139	-	101 412	-
Trading assets:	-	-	-	-
Debt securities	88 053	84 963	2 973	-
Equity securities	124	124	121	121
Derivative financial instruments	14	14	-	-
Securities available for sale	-	-	-	-
Debt securities	74 908	74 908	71 282	71 282
Equity securities	27 804	1 651	14 954	801
Investment securities held to maturity	-	-	-	-
Debt securities	201 132	194 542	146 041	143 068
Other financial assets	29 632	1 054	26 775	1 215
Credit risk exposures relating to off-balance sheet items are as follows:				
Financial guarantees	51 441	51 397	50 307	50 240
Letters of credit	3 122	3 122	2 904	2 904
Loan commitments and other credit related liabilities	97 696	101 038	72 733	70 180
June 30/December 31	2 205 357	2 240 858	2 094 752	2 116 311

The table above represents a worst case scenario of credit risk exposure at 30 June 2010 and at 31 December 2009, without taking into account any collateral held or other credit enhancements attached. For on-balance sheet assets, the exposures set out above on net carrying amount as reported in the balance sheet.

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

	30-06-2010		31-12-2009	
	Group	Bank	Group	Bank
Loans are summarised as follows:				
Loans to business customers	227 566	1 431 133	1 230 521	1 414 627
Loans to individuals	1 239 614	213 462	246 167	231 290
Gross	1 467 180	1 644 595	1 476 688	1 645 917
Allowance for impairment	49 469	47 101	42 360	40 282
Net	1 417 711	1 597 494	1 434 328	1 605 635

	30-06-2010		31-12-2009	
	Group	Bank	Group	Bank
Neither past due not impaired	1 145 875	1 328 555	1 245 472	1 419 699
Past due but not impaired	148 741	147 309	86 896	84 705
Impaired	172 564	168 731	144 320	141 513
Gross	1 467 180	1 644 595	1 476 688	1 645 917
Allowance for impairment	49 469	47 101	42 360	40 282
Net	1 417 711	1 597 494	1 434 328	1 605 635

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

	30-06-2010		31-12-2009	
	Group	Bank	Group	Bank
Past due up to 30 days	109 306	108 058	59 529	58 225
Past due 31-60 days	16 545	16 433	7 886	7 250
Past due 61-90 days	5 139	5 130	3 651	3 412
Past due more than 90 days	17 751	17 688	15 830	15 818
Total	148 741	147 309	86 896	84 705
Fair value of collateral	203 261	203 261	139 635	139 635

FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

Loans and advances impaired

	30-06-2010		31-12-2009	
	Group	Bank	Group	Bank
Impaired loans	172 564	168 731	144 320	141 513
Fair value of collateral	142 082	140 010	114 899	112 827

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.).

NOTE 5 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

Finance lease receivables are summarised as follows:

	30-06-2010	31-12-2009
Business customers	63 264	71 125
Individuals	22 351	32 813
Gross	85 615	103 938

	30-06-2010	31-12-2009
Neither past due not impaired	38 826	56 508
Past due but not impaired	40 975	42 100
Impaired	5 814	5 330
Gross	85 615	103 938
Allowance for impairment	2 476	2 526
Net	83 139	101 412

	30-06-2010		
	Individuals	Business customers	Total:
Finance lease receivables by sector:			
transport vehicles	1 422	9 839	11 261
residential real estate	493	21 138	21 631
airplanes	-	10 009	10 009
production equipment	103	11 279	11 382
other equipment	1 725	6 563	8 288
other assets	18 608	4 436	23 044
Total:	22 351	63 264	85 615

FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

	31-12-2009		
	Individuals	Business customers	Total:
Finance lease receivables by sector:			
transport vehicles	1 634	12 581	14 215
residential real estate	909	21 480	22 389
airplanes	-	10 675	10 675
production equipment	123	13 255	13 378
other equipment	2 492	7 751	10 243
other assets	27 655	5 383	33 038
Total:	32 813	71 125	103 938

NOTE 6 SECURITIES

Trading securities	30-06-2010		31-12-2009	
	Group	Bank	Group	Bank
Debt securities:				
Private enterprise bonds of the Republic of Lithuania	3 090	-	2 973	-
Government bonds of the Republic of Lithuania	58 468	58 468	-	-
Government bonds of foreign states	7 068	7 068	-	-
Private enterprise bonds of foreign states	19 427	19 427	-	-
Nuosavybės vertybiniai popieriai:	-	0		
Listed equity securities	-	0	-	-
Unlisted equity securities	38	38	38	38
Units of funds	86	86	83	83
Total:	88 177	85 087	3 094	121

	Treasury bills	Corporate debt securities	Corporate equity securities	Investment fund units
Bank 30-06-2010				
from AA-to AAA	7 068	6 897	-	-
from A- to A+	-	5 492	-	-
from BBB- to BBB+	58 468	6 240	-	-
from BB- to BB+	-	798	-	-
below už BB-	-	-	-	-
no rating	-	-	38	86
Total:	65 536	19 427	38	86

	Treasury bills	Corporate debt securities	Corporate equity securities	Investment fund units
Bank 31-12-2009				
from AA-to AAA	-	-	-	-
from A- to A+	-	-	-	-
from BBB- to BBB+	-	-	-	-
from BB- to BB+	-	-	-	-
below už BB-	-	-	-	-
no rating	-	-	38	83
Total:	-	-	38	83

FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

	Treasury bills	Corporate debt securities	Corporate equity securities	Investment fund units
Group 30-06-2010				
from AA-to AAA	7 068	6 897	-	-
from A- to A+	-	5 492	-	-
from BBB- to BBB+	58 468	6 240	-	-
from BB- to BB+	-	798	-	-
below už BB-	-	-	-	-
no rating	-	3 090	38	86
Total:	65 536	22 517	38	86

	Treasury bills	Corporate debt securities	Corporate equity securities	Investment fund units
Group 31-12-2009				
from AA-to AAA	-	-	-	-
from A- to A+	-	-	-	-
from BBB- to BBB+	-	-	-	-
from BB- to BB+	-	-	-	-
below už BB-	-	-	-	-
no rating	-	2 973	38	83
Total:	-	2 973	38	83

Investment securities

Securities available-for-sale:

	30-06-2010		31-12-2009	
	Group	Bank	Group	Bank
Debt securities				
Private enterprise bonds the Republic of Lithuania	28 886	28 886	41 737	41 737
Government bonds of the Republic of Lithuania	36 389	36 389	29 545	29 545
Government bonds of foreign states	6 010	6 010	-	-
Private enterprise bonds of foreign states	3 623	3 623	-	-
Equity securities	-	-		
Listed equity securities	-	-	-	-
Unlisted equity securities	27 505	1 352	14 668	515
Units of funds	299	299	286	286
Total:	102 712	76 559	86 236	72 083

Securities held-to-maturity

	30-06-2010		31-12-2009	
	Group	Bank	Group	Bank
Debt securities				
Private enterprise bonds the Republic of Lithuania	6 590	-	2 973	-
Government bonds of the Republic of Lithuania	165 232	165 232	114 842	114 842
Government bonds of foreign states	24 320	24 320	21 779	21 779
Private enterprise bonds of foreign states	4 990	4 990	6 447	6 447
Total:	201 132	194 542	146 041	143 068

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

	Treasury bills	Municipality debt securities	Corporate debt securities
Bank 30-06-2010			
from AA-to AAA	-	-	-
from A- to A+	10 427	-	-
from BBB- to BBB+	175 776	737	4 990
from BB- to BB+	2 612	-	-
below už BB-	-	-	-
no rating	-	-	-
Total:	188 815	737	4 990

	Treasury bills	Municipality debt securities	Corporate debt securities
Bank 31-12-2009			
from AA-to AAA	-	-	-
from A- to A+	10 653	-	-
from BBB- to BBB+	125 247	721	5 027
from BB- to BB+	-	-	1 420
below už BB-	-	-	-
no rating	-	-	-
Total:	135 900	721	6 447

	Treasury bills	Municipality debt securities	Corporate debt securities
Group 30-06-2010			
from AA-to AAA	-	-	-
from A- to A+	10 427	-	-
from BBB- to BBB+	175 776	737	4 990
from BB- to BB+	2 612	-	-
below už BB-	-	-	-
no rating	-	-	6 590
Total:	188 815	737	11 580

	Treasury bills	Municipality debt securities	Corporate debt securities
Group 31-12- 2009			
from AA-to AAA	-	-	-
from A- to A+	10 653	-	-
from BBB- to BBB+	125 247	721	5 027
from BB- to BB+	-	-	1 420
below už BB-	-	-	-
no rating	-	-	2 973
Total:	135 900	721	9 420

FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

Investments in subsidiaries

	30-06-2010		
	Share in equity %	Acquisition cost	Carrying value
ŠB Lizingas UAB	100	5 000	2 000
ŠB Investicijų Valdymas UAB	100	4 040	3 113
ŠB Turto Fondas UAB	100	5 117	4 271
Minera UAB	100	5 505	5 505
SBTF UAB	100	2 000	2 000
Total:		21 662	16 889

	31-12-2009		
	Share in equity %	Acquisition cost	Carrying value
ŠB Lizingas UAB	100	5 000	2 000
ŠB Investicijų Valdymas UAB	100	4 040	3 113
ŠB Turto Fondas UAB	100	5 117	4 271
Minera UAB	-	-	-
SBTF UAB	-	-	-
Total:		14 157	9 384

Within 2009 value decrease of LTL 4 773 thousand (among them covered activity's loss of Šiaulių banko lizingas UAB comprises LTL 3000 thousand, value decrease of Šiaulių banko turto fondas UAB – LTL 846 thousand, Šiaulių banko investicijų valdymas UAB – LTL 927 thousand) was acknowledged in the balance of Šiaulių bankas AB as well as in the profit (loss) report.

NOTE 7 OTHER ASSETS

	30-06-2010		31-12-2009	
	Group	Bank	Group	Bank
Assets held for sale	32 297	0	23 295	0
Amounts receivable	29 632	1 054	26 775	1 215
Deferred expenses	2 325	2 098	2 652	2 487
Prepayments	3 335	261	3 579	412
Foreclosed assets	2 581	280	2 380	241
Other	2 005	667	842	535
Total:	72 175	4 360	59 523	4 890

FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

NOTE 8 DUE TO OTHER BANKS AND FINANCIAL INSTITUTIONS

	30-06-2010		31-12-2009	
	Group	Bank	Group	Bank
Correspondent accounts and deposits of other banks and financial institutions:				
Correspondent accounts and demand deposits	6 098	6 103	6 145	6 187
Time deposits	59 009	59 009	23 232	23 233
Total:	65 107	65 112	29 377	29 420
Loans received:				
Loans from other banks	91 984	91 984	107 447	98 447
Loans from international organisations	45 233	45 233	57 293	57 293
Loans from financial institutions	54 506	54 506	52 155	52 155
Total:	191 723	191 723	216 895	207 895
Total:	256 830	256 835	246 272	237 315

NOTE 9 DUE TO CUSTOMERS

	30-06-2010		31-12-2009	
	Group	Bank	Group	Bank
Demand deposits:				
National government institutions	4 824	4 824	2 361	2 361
Local government institutions	71 348	71 348	26 920	26 920
Governmental and municipal companies	48 570	48 570	11 045	11 045
Corporate entities	120 455	120 663	96 898	96 914
Non-profit organisations	8 846	8 846	7 153	7 153
Individuals	119 703	119 703	97 428	97 428
Unallocated amounts due to customers	10 691	10 691	5 829	5 829
Total demand deposits:	384 437	384 645	247 634	247 650
Time deposits:				
National government institutions	13 314	13 314	4 733	4 733
Local government institutions	9 626	9 626	8 531	8 531
Governmental and municipal companies	104 515	104 515	145 644	145 644
Corporate entities	119 953	119 953	157 421	157 421
Non-profit organisations	7 388	7 388	7 286	7 286
Individuals	954 545	954 545	957 575	957 575
Total time deposits:	1 209 341	1 209 341	1 281 190	1 281 190
Total:	1 593 778	1 593 986	1 528 824	1 528 840

FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

NOTE 10 SPECIAL AND LENDING FUNDS

	30-06-2010		31-12-2009	
	Group	Bank	Group	Bank
Special funds	6 159	6 159	4 612	4 612
Lending funds	23 575	23 575	26 680	26 680
Total:	29 734	29 734	31 292	31 292

Special funds consist of compulsory social security and health insurance funds. Special funds have to be available to their contributors on their first demand. Lending funds consist of loans from banks and financial institutions for granting of special purpose credits.

NOTE 11 DEBT SECURITIES IN ISSUE

	30-06-2010		31-12-2009	
	Group	Bank	Group	Bank
370 days bonds denominated in EUR with discount rate of 7,8 per cent, maturity 15-07-2010	481	481	464	464
370 days bonds denominated in EUR with discount rate of 5,0 per cent, maturity 02-12-2010	3 784	3 784	3 691	3 691
Total:	4 265	4 265	4 155	4 155

NOTE 12 OTHER LIABILITIES

	30-06-2010		31-12-2009	
	Group	Bank	Group	Bank
Accrued charges	3 510	2 996	3 305	2 903
Deferred income	1 083	521	1 340	455
Advances received from the buyers of assets	1 368	0	1 972	0
Amounts payable for finance lease agreements	522	0	2 110	0
Payable dividends	69	69	69	69
Other	431	369	275	204
Total:	6 983	3 955	9 071	3 631

NOTE 13 SHARE CAPITAL

As of 30 June 2010 the Bank's share capital comprised 204 857 533 ordinary registered shares with par value of LTL 1 each. During the reporting period the authorized capital was increased by additional contributions in the amount of LTL 24.5 million. The Charter was registered in a State Enterprise Centre of Registers on 22-06-2010

Sixteen shareholders of the Bank including the European Bank for Reconstruction and Development, UAB Prekybos Namai Aiva, UAB Mintaka, Įmonių Grupė Alita AB, Algirdas Butkus, Gintaras Kateiva, Arvydas Salda, Kastytis Jonas Vyšniauskas, Sigitas Baguckas, Vigintas Butkus, Vytautas Junevičius, Justas Baguckas, Vita Adomaitytė, Jonas Bartkus, Daiva Kiburienė, and Donatas Savickas form a group which has a permit of the Bank of Lithuania to acquire a qualified share of the authorised capital and votes of the Bank equal to and exceeding 50 per cent. As of 30 June 2010, this group possessed 48.36 percent of the authorised capital and votes of the Bank.

As of 30 June 2010, the Bank had 3 499 shareholder (31 December 2009 - 3 525).

FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

Share premium

The share premium represents the difference between the issue price and nominal value of the shares issued by the Bank. Share premium can be used to increase the Bank's authorised share capital.

Reserve capital

The reserve capital is formed from the Bank's profit and its purpose is to ensure the financial stability of the Bank. The shareholders may decide to use the reserve capital to cover losses incurred.

Statutory reserve

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

Dividends

In 2009, 2010 the annual general meeting of shareholders decided to not to pay dividends.

General reserve to cover possible losses in assets

This reserve is formed from the Bank's profit or additional contributions of shareholders. The purpose of reserve is to cover losses incurred because of the risk related to the major activity of the Bank.

Earnings per share

Basic earnings per share is calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue during the period. The Group and the Bank have no dilutive potential ordinary shares and therefore diluted earnings per share are the same as basic earnings per share.

Bank	30-06-2010	30-06-2009
Profit (loss) for the year attributable to equity holders of the Bank (in LTL thousand)	(11 117)	(2 420)
Weighted average number of issued shares (thousand of shares)	181 440	180 358
Earnings per share (in LTL per share)	-0.06	-0.01

Group	30-06-2010	30-06-2009
Profit (loss) for the year attributable to equity holders of the Bank (in LTL thousand)	(12 976)	(7 472)
Weighted average number of issued shares (thousand of shares)	181 440	180 358
Earnings per share (in LTL per share)	-0.07	-0.04

FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

NOTE 14 NET INTEREST INCOME

	30-06-2010		30-06-2009	
	Group	Bank	Group	Bank
Interest income:				
on loans to other banks and financial institutions and placements with credit institutions	482	3 663	1 361	6 757
on loans to customers	44 818	44 901	60 336	61 066
on debt securities	7 891	7 511	4 158	3 896
on finance leases	4 685	0	7 142	0
Total interest income	57 876	56 075	72 997	71 719
Interest expense:				
on liabilities to other banks and financial institutions and amounts due to credit institutions	(2 547)	(2 453)	(8 152)	(7 827)
on customer deposits and other repayable funds	(37 874)	(37 874)	(44 766)	(44 766)
on debt securities issued	(117)	(117)	(744)	(744)
compulsory insurance of deposits	(3 599)	(3 599)	(3 012)	(3 012)
Total interest expense	(44 137)	(44 043)	(56 674)	(56 349)
Net interest income	13 739	12 032	16 323	15 370

NOTE 15 NET FEE AND COMMISSION INCOME

	30-06-2010		30-06-2009	
	Group	Bank	Group	Bank
Fee and commission income:				
for money transfer operations	3 281	3 339	3 018	3 095
for payment card services	758	760	1 028	1 028
for base currency exchange	647	648	988	988
for operations with securities	59	59	53	53
other fee and commission income	809	853	1 019	1 111
Total fee and commission income	5 554	5 659	6 106	6 275
Fee and commission expense:				
for payment card services	(1 440)	(1 442)	(1 585)	(1 585)
for money transfer operations	(532)	(506)	(532)	(498)
for operations with securities	(32)	(32)	(28)	(28)
for base currency exchange	-	(1)	(1)	(1)
other fee and commission expenses	(14)	(6)	(14)	(9)
Total fee and commission expense	(2 018)	(1 987)	(2 160)	(2 121)
Net fee and commission income	3 536	3 672	3 946	4 154

FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

NOTE 16 ADMINISTRATIVE AND OTHER OPERATING EXPENSES

	30-06-2010		30-06-2009	
	Group	Bank	Group	Bank
Salaries, social security and other related expenses	(9 099)	(7 802)	(10 242)	(8 873)
Rent and maintenance of premises	(1 749)	(1 703)	(2 062)	(2 028)
Office equipment maintenance	(476)	(471)	(465)	(459)
Depreciation of fixed tangible assets	(2 079)	(1 546)	(2 115)	(1 710)
Amortisation of intangible assets	(152)	(149)	(222)	(218)
Transportation, post and communications expenses	(1 031)	(866)	(1 147)	(962)
Real estate tax and other taxes	(415)	(127)	(150)	(118)
Advertising and marketing expenses	(183)	(178)	(266)	(247)
Training and business trip expenses	(26)	(22)	(77)	(57)
Charity	(35)	(32)	(83)	(78)
Service organisation expenses	(328)	(324)	(324)	(319)
Other operating expenses	(1 172)	(905)	(1 753)	(1 260)
Total:	(16 745)	(14 125)	(18 906)	(16 329)

NOTE 17 RELATED-PARTY TRANSACTIONS

Related parties with the Bank include the members of the Bank's Supervisory Council and Board, shareholders acting jointly in accordance with the Agreement of Shareholders, the close family members of these related parties, legal entities that are controlled, jointly controlled or can be significantly influenced by, or for which significant voting power in such entities resides with the above mentioned related parties and subsidiary companies of the Bank.

In the ordinary course of business the Bank performs banking transactions with major shareholders, members of the Council and the Board, as well as with the subsidiaries.

During 2009, 2010 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 year-end balances of loans granted to and deposits accepted from the Bank's related parties, except for subsidiaries, were as follows:

	30-06-2010		31-12-2009	
	Balances of deposits	Balances of loans	Balances of deposits	Balances of loans
Members of the Council and the Board	1 010	6 542	589	5 987
Other related parties (excluding subsidiaries of the Bank)	3 551	245 709	9 714	264 498
Total:	4 561	252 251	10 303	270 485

Transactions with EBRD:

The balance of the Bank's loans received from the EBRD . As of June 30 st 2010 the total value of the EBRD loan was LTL 36 600 thou (in 2009 – LTL 57 293 thou). The interest related with the loan as well as other expenses comprised LTL 1 311 thou on 30 June 2010 (LTL 2 726 thou on 31 December 2009).

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

Balances of transactions with the subsidiaries are given below:

	Balances of	30-06-2010 Balances of	Balances of	31-12-2009 Balances of
	deposits	loans	deposits	loans
Non-financial institutions	208	97 609	16	78 955
Financial institutions	5	104 034	43	111 430
Total:	213	201 643	59	190 385

Transactions with subsidiaries:

Assets	30-06-2010	31-12-2009
Loans	201 643	190 385
Other assets	25	28
Liabilities and shareholders' equity		
Demand deposits	213	59
Bank's investment	16 889	9 384
Income	30-06-2010	30-06-2009
Interest	5 101	7 681
Commission income	118	191
Income from foreign exchange operations	2	1
Dividends	-	6 377
Other income	76	114
Expenses		
Interest	-	-
Commission charges	-	-
Operating expenses	(7)	(14)

NOTE 18 CAPITAL MANAGEMENT

The capital of the Group is calculated and allocated for the risk coverage following the General Regulations for the Calculation of Capital Adequacy approved by the Bank of Lithuania Board. The Group's objectives when managing capital are as follows:

- 1) to comply with the capital requirements set by the Bank of Lithuania as well as the higher target capital requirements set by the major shareholder,
- 2) to safeguard the Bank's and the Group's ability to continue as a going concern so that it can provide returns for shareholders and benefits for other stakeholders,
- 3) to support the development of the Group's business with the help of the strong capital base.

Capital adequacy and the use of the regulatory capital are monitored on a daily basis and information regarding capital adequacy is submitted to the supervising authority quarterly in accordance with the Bank of Lithuania requirements.

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

The Bank of Lithuania has set the following minimum capital requirements:

1) minimum level of capital held must be no less than 5 mill EUR,

2) minimum capital adequacy ratio, calculated as the regulatory capital to the risk-weighted assets, must be no less than 8%.

Additional capital need for credit, operational, market and liquidity risk is subject to the regular stress-testing and Internal Capital Adequacy Assessment processing.

The Group's regulatory capital is divided into two tiers:

1) tier 1 capital consists of the share capital, share premium, reserve capital, retained earnings of the previous financial year and less the intangible assets,

2) tier 2 capital consists of the revaluation reserves of the fixed and financial assets, other reserves.

The regulatory capital is calculated as the sum of the previously mentioned tier 1 and tier 2 capital less the investments in other credit or financial institution.

The risk-weighted assets are measured by means of nine risk weights classified according to the nature of each assets and counterpart, taking into account collaterals and guarantees eligible for risk mitigation. A similar treatment with some adjustments is adopted for the off-balance sheet exposures. Capital requirements for operational risk are calculated using the Basic Indicator Approach.

The table below summarizes the composition of regulatory capital and the ratios of the Bank and Group as of June 30st 2010 and of December 31st 2009. During those two years, the Group complied with capital requirements to which it is subject.

	30-06-2010		31-12-2009	
	Group	Bank	Group	Bank
Tier 1 capital				
Ordinary shares	204 858	204 858	180 358	180 358
Share premium	46 661	46 661	45 681	45 681
Reserve capital	2 611	2 611	2 611	2 611
Previous year's retained earnings	9 192	8 375	45 490	38 930
Not audited result	(12 976)	(11 117)	(35 551)	(30 114)
Others reserve	16 667	16 422	16 376	15 981
Less: financial assets revaluation reserve	-	-	(781)	0
Less: Intangible assets	(481)	(478)	(605)	(600)
Total Tier 1 capital	266 532	267 332	253 579	252 847
Tier 2 capital				
85 % financial assets revaluation reserve	1 346	2 512	0	502
Total Tier 2 capital	1 346	2 512	0	502
Less Investments in other credit or financial institutions	0	(1 777)	0	(1 782)
Total capital:	267 878	268 067	253 579	251 567

FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

Capital requirement:

Standardised approach credit risk	127 126	128 118	122 038	123 501
Traded debt instruments	2 537	2 290	1 034	775
Equities	15	15	1 809	111
Foreign exchange risk exposure	13 229	14 334	12 145	12 005
Operational risk by Basic indicator's method	8 930	8 354	8 930	8 354
Total capital requirement:	151 837	153 111	145 956	144 746
Capital ratio, %	14,11	14,01	13,90	13,90

FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

NOTE 19 LIQUIDITY

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.

The liquidity risk management

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. While managing the liquidity risk the relatively small size of the Bank has both positive and negative features. On the one part, in case of liquidity problems, the demand for total funds is rather small in terms of banking system, therefore, they are solved easily. On the other part, in case of liquidity problems the Bank's ability to borrow from the market may decrease significantly. Due to that fact the Bank possesses a significant Debt Securities Portfolio, which is of high liquidity.

Liquidity risk management is regulated by the Procedures for Liquidity Risk Management approved by the Bank's Board where strategic and current liquidity risk management measures are distinguished. Strategic (up to 3 months) liquidity risk is evaluated by analyzing the dynamics of various liquidity ratios. A list of these ratios as well as recommended limits to their change are defined in the above-mentioned procedures. Decisions regarding liquidity management issues are made by the Bank's Risk Management Committee with reference to the information submitted by the Bank's Planning and Financial Risks Department or by the Bank's Board with reference to the information submitted by the Risk Management Committee. Current liquidity (up to 10 days) risk management is based on current cash flow analysis and projections. The Treasury Department is responsible for this. As of June 30st 2010 the above Group's ratio was 38,92 per cent (31-12-2009 -34,61 per cent), and the Bank's - 39,62 per cent (31-12-2009 - 38,23 per cent.).

The tables below disclose the assets and liabilities as of June 30 st 2010 according to their remaining maturity defined in the agreements. However, the real maturity of the particular types of assets and liabilities may be longer as, for example a portion of loans and deposits is extended and thus the real repayment terms of short-term loans and demand deposits move forward

The structure of the Group's liabilities by maturity as of June 30 st 2010 was as follows.:

	Demand	up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	more than 3 years	maturity undefined	Total:
Total assets	122 688	98 065	122 317	152 355	441 738	513 349	114 029	2 160 226
Total liabilities and shareholder's equity	392 674	239 858	326 468	357 046	331 476	118 532	270 020	2 160 226
Net liquidity gap	(269 986)	(141 793)	(204 151)	(204 691)	110 262	477 153	(155 991)	-

FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

The structure of the Group's liabilities by maturity as of December 31 st 2009 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	149 492	103 781	152 073	146 707	354 262	581 397	482 562	103 524	2 073 798
Total liabilities and shareholder's equity	257 980	304 051	411 823	332 871	302 329	92 608	116 834	255 302	2 073 798
Net liquidity gap	(108 488)	(200 270)	(259 750)	(186 164)	51 933	488 789	365 728	(151 778)	-

The structure of the Bank's liabilities by maturity as of June 30st 2010 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	122 427	109 884	170 296	186 062	470 868	547 732	479 778	72 493	2 159 540
Total liabilities and shareholder's equity	391 530	238 833	326 311	356 882	331 232	118 454	124 113	272 185	2 159 540
Net liquidity gap	(269 103)	(128 949)	(156 015)	(170 820)	139 636	429 278	355 665	(199 692)	-

The structure of the Bank's liabilities by maturity as of December 31st 2009 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	149 272	177 835	156 166	157 969	371 548	536 322	447 182	62 976	2 059 270
Total liabilities and shareholder's equity	256 000	301 606	402 555	332 646	301 990	92 486	116 795	255 192	2 059 270
Net liquidity gap	(106 728)	(123 771)	(246 389)	(174 677)	69 558	443 836	330 387	(192 216)	-

FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

Non-derivative cash flow

Undiscounted cash flows in the table below describe presumable liability side outflows which are represented by nominal contract amounts together with accrued interest till the end of the contract.

Group 30-06-2010

	maturity undefined	up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	more than 5 years	Total:
Liabilities							
Due to banks	-	12 530	24 424	58 752	136 108	39 949	271 763
Due to customers	-	608 634	304 311	630 054	58 550	811	1 602 360
Debt securities in issue	-	482	-	3 911	-	-	4 393
Special and lending fund	-	7 105	128	1 786	20 223	1 280	30 522
Total liabilities (contractual maturity dates)	-	628 751	328 863	694 503	214 881	42 040	1 909 038

Group 31-12-2009

	maturity undefined	up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	more than 5 years	Total:
Liabilities							
Due to banks	-	39 352	23 105	38 071	123 894	42 786	267 208
Due to customers	-	514 321	394 228	601 480	37 852	698	1 548 579
Debt securities in issue	-	-	-	4 437	-	-	4 437
Special and lending fund	-	5 599	155	3 155	21 561	1 935	32 405
Total liabilities (contractual maturity dates)	-	559 272	417 488	647 143	183 307	45 419	1 852 629

FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

Bank 30-06-2010						
Liabilities	maturity undefined	maturity				Total:
		up to 1 month	1 to 3 months	3 to 12 months	more than 5 years	
Due to banks	-	12 535	24 424	58 752	39 949	271 768
Due to customers	-	608 842	304 311	630 054	811	1 602 568
Debt securities in issue	-	482	-	3 911	-	4 393
Special and lending fund	-	7 105	128	1 786	1 280	30 522
Total liabilities (contractual maturity dates)	-	628 964	328 863	694 503	214 881	1 909 251
Bank 31-12-2009						
Liabilities	maturity undefined	maturity				Total:
		up to 1 month	1 to 3 months	3 to 12 months	more than 5 years	
Due to banks	-	39 411	14 008	38 071	42 786	258 170
Due to customers	-	514 258	394 228	601 480	698	1548 516
Debt securities in issue	-	-	-	4 437	-	4 437
Special and lending fund	-	5 599	155	3 155	1 935	32 405
Total liabilities (contractual maturity dates)	-	559 268	408 391	647 143	183 307	1 843 528

FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

NOTE 20 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 foreign exchange risk management is regulated by the Procedures for Foreign Exchange Risk Management. They include the list of types of sale and purchase transactions executed by the Group. Also they establish principles which help the Group to minimize the exposure to foreign exchange risk. The Group does not implement any operations which could cause open currency positions expecting to earn due to the currency rate shift. The Bank's Board approves and reviews on a regular basis the maximum limits for open currency positions for the Bank's branches, subsidiaries and the Bank itself. The established limits are lower than those allowed by the Bank of Lithuania. The Bank's Treasury Department is responsible for the Group's compliance with the Procedures for Foreign Exchange Risk Management.

The Group and the Bank monitors the foreign currency risk by calculating open currency position. Open currency position (OCP) is equal to assets in the balance sheet and off-balance sheet less balance sheet and off-balance sheet liabilities in a single currency. There are two types of OCP, i.e. long and short. The Bank also calculates Total open position (TOP), which is the higher of the separately added short and long positions. As of June 30 st 2010 the TOP to capital ratio was: Group's – 0,68 % (31-12-2009: 0,31 %), Bank's – 0,68 % (31-12-2009: 0,31 %).

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 impact of economic slowdown and financial crisis on exchange rates in 2009 and forecasts that currency weakening tendencies will remain in 2010.

Currency	Annual reasonable shift 2011	Annual reasonable shift 2010
USD	8%	8%
GBP	6%	6%
DKK	1%	1%
SEK	5%	5%
LVL	1%	1%
other currencies	6%	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:

Group/Bank	30-06-2010	31-12-2009
	Impact on profit or loss, on equity	Impact on profit or loss, on equity
USD	8	57
GBP	40	16
DKK	2	1
SEK	10	5
LVL	2	1
other currencies	36	11
Total:	98	91

The presumable FX rate change creates acceptable impact on the Bank's profit and makes LTL 98 thousand in 2010 (2009: LTL 91 thousand) and the Group's annual profit and makes LTL 98 thousand in 2010 (2009: LTL 105 thousand) higher/lower impact on profit.

FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

The Group's open positions of prevailing currencies as of June 30st 2010 were as follow:

	USD	Others currencies	Total currencies:	EUR	LTL	Total:
Assets						
Liabilities and shareholder's equity	59 269	2 440	61 709	798 391	1 300 126	2 160 226
Net balance sheet position	50 913	620	51 533	617 590	1 491 103	2 160 226
Currency swaps	8 356	1 820	10 176	180 801	- 190 977	-
	(8 462)	-	(8 462)	(17 264)	25 740	14
Net open position	(106)	1 820	1 714	163 537	(165 237)	14

The Group's open positions of prevailing currencies as of December 31st 2009 were as follow:

	USD	Others currencies	Total currencies:	EUR	LTL	Total:
Assets						
Liabilities and shareholder's equity	42 430	1 087	43 517	808 083	1 222 198	2 073 798
Net balance sheet position	43 382	409	43 791	667 087	1 362 920	2 073 798
Currency swaps	(952)	678	(274)	140 996	(140 722)	-
	240	84	324	10 034	(10 358)	-
Net open position	(712)	762	50	151 030	(151 080)	-

The Bank's open positions of prevailing currencies as of June 30st 2010 were as follow:

	USD	Others currencies	Total currencies:	EUR	LTL	Total:
Assets						
Liabilities and shareholder's equity	59 269	2 440	61 709	812 179	1 285 652	2 159 540
Net balance sheet position	50 913	620	51 533	617 575	1 490 432	2 159 540
Currency swaps	8 356	1 820	10 176	194 604	(204 780)	-
	(8 462)	-	(8 462)	(17 264)	25 740	14
Net open position	(106)	1 820	1 714	177 340	(179 040)	14

FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

The Bank's open positions of prevailing currencies as of December 31st 2009 were as follow:

	USD	Others currencies	Total currencies:	EUR	LTL	Total:
Assets						
Liabilities and shareholder's equity	42 430	1 087	43 517	806 334	1 209 419	2 059 270
Net balance sheet position	43 382	409	43 791	667 087	1 348 392	2 059 270
Currency swaps	(952)	678	(274)	139 247	(138 973)	-
Net open position	240	84	324	10 034	(10 358)	-
	(712)	762	50	149 281	(149 331)	-

Interest rate risk

An interest rate risk is a risk to incur losses because of the mismatch of re-evaluation possibility between the Bank's assets and liabilities. The risk management is regulated by the Procedures for Interest Rate Risk Management which establish methods of risk measurement and set up measures for risk management. These procedures define that:

- > the Bank observes the principle to avoid the speculation with future interest rates;
- > the risk size is evaluated applying a pattern of interest rate gap (GAP);

> planning and Financial Risk Department provides the information on regular basis to Risk Management Committee about compliance with relative gap limits and submits proposals to the Bank's Board regarding the establishment of interest rates for credits and deposits.

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.

FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

Group 30-06-2010

	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		260 407	418 209	610 476	207 971	331 192	331 971	2 160 226
Liabilities and shareholder's equity		318 262	419 012	366 465	312 117	60 207	684 163	2 160 226
Net interest sensitivity gap at 30 June 2010		(57 855)	(803)	244 011	(104 146)	270 985	(352 192)	-
Higher/lower impact on profit from balance sheet assets and liabilities		(554)	(7)	1 525	(260)			704

Group 31-12-2009

	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		286 605	472 954	614 231	132 420	228 567	339 021	2 073 798
Liabilities and shareholder's equity		384 640	504 619	329 762	283 954	37 543	533 280	2 073 798
Net interest sensitivity gap at 31 December 2010		(98 035)	(31 665)	284 469	(151 534)	191 024	(194 259)	-
Higher/lower impact on profit from balance sheet assets and liabilities		(940)	(264)	1 778	(379)			195

FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

Bank 30-06-2010

	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		269 260	444 201	634 352	258 850	316 549	236 328	2 159 540
Liabilities and shareholder's equity		318 262	419 012	366 465	312 117	60 207	683 477	2 159 540
Net interest sensitivity gap at 30 June 2010		(49 002)	25 189	267 887	(53 267)	256 342	(447 149)	-
Higher/lower impact on profit from balance sheet assets and liabilities		(470)	210	1 674	(133)			1 281

Bank 31-12-2009

	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		354 972	450 390	607 277	176 854	215 928	253 849	2 059 270
Liabilities and shareholder's equity		384 640	495 619	329 762	283 954	37 543	527 752	2 059 270
Net interest sensitivity gap at 31 December 2010		(29 668)	(45 229)	277 515	(107 100)	178 385	(273 903)	-
Higher/lower impact on profit from balance sheet assets and liabilities		(284)	(377)	1 734	(268)			805

Operational risk

The aim of the Bank's operational risk management is to clearly define the operational risk, reduce the operational risk at the Bank to an acceptable level and use the results of the operational risk analysis as the base for the implementation of the risk mitigation processes and its assessment, i.e. to refuse the inefficient measures, implement new ones and maintain the existing means of operational risk management.

The operational risk management system at the Bank includes all the significant fields of the banking activities: operations with cash, investing services (deposits, investment and pension funds), payments and settlements, electronic banking (SB Line, SMS Bank, payment cards), lending (credits, factoring, guarantees and documentary settlements), finance lease, foreign exchange trading, etc.

The Bank also defines the reputation risk as a subcategory of the operational risk.

The reputation risk means an existing or anticipated risk that might have a negative effect on the Bank's revenue and/or capital as a result of adverse opinion about the Bank's reputation which is formed by the clients, counterparties, shareholders and investors. This risk is controlled by adherence to the principle of prudence.

Taking into consideration the nature and scope of the banking activities, the following operational risk sources may be distinguished: information systems (breakdowns of computer hardware and software and telecommunications systems, etc.); human impact (illegal actions of bank employees, illegal actions of external parties, working conditions, errors); and loss of tangible assets (natural disaster, fire, terrorist attacks, etc.).

The operational risk management and control system focuses on the identification of the most problematic places at the Bank in terms of the operational risk. The good functioning within the Bank's internal control system is the main factor mitigating the operational risk at the Bank. The internal control system within the bank is an integral part of the banking day-to-day activities that motivates bank's employees to make the bank's activities more effective; to protect the bank from possible operational risk losses; to ensure that financial and other types of information used for internal, control purposes or by third parties is reliable, precise and presented on a timely basis; to ensure that the bank's activities comply with laws, legal acts of the Bank of Lithuania and other legal acts, the bank's strategy and internal policies.

Since 2005 the Bank has created the registration system to follow the operational risk events. The registration of the operational risk events is a foundation used for disclosing the major sources of the operational risks with the Bank and enables determining operational risk mitigation (preventive) measures.

In order to safeguard that the Bank continues as a going concern the Business Continuity Plan and Procedure for the Provision of Banking Products in the Event of Breakdown of the Bank's Information Systems have been approved. These measures establish procedures and actions to be taken in the event of unforeseen circumstances and emergencies in order to make sure that operational risk is mitigated and avoided and the loss of assets is prevented in case day-to-day activities of the Bank are disrupted.

The Bank's operational risk management system is complimented by the Bank's Business Continuity Management Plan and the Information Security and Emergency Management System created and installed by the IT agency "Blue Bridge".

Taking into consideration the scope of its activities and opportunity to use the historic data related to the operational risk, the Bank has decided to use a basic indicator method established in the Rules on Capital Adequacy Requirements to assess the operational risk.

Stress tests

Besides the regular assessment of the risks and the capital requirement calculation the Group also performs stress tests for the credit, liquidity, market (interest rate and currency), and operational risks. During this process it is determined if the Bank's capital is sufficient to cover the possible losses which may occur because of the financial status impairment. The stress testing is performed once a year in accordance with the requirements set by the Bank of Lithuania.

FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

21 NOTE SEGMENT INFORMATION

Business segments

Below, there is a summary of major indicators for the main business segments of the Group included in the balance sheet as at 30 June 2010 and in the income statement:

	Banking	Leasing	Investment managemen t	Real estate development	Eliminations	Total:
Internal	5 101	(3 181)	(929)	(991)		-
External	6 931	5 661	550	597		13 739
Net interest income	12 032	2 480	(379)	(394)	-	13 739
Internal	5 219	(3 298)	(929)	(992)		-
External	10 485	5 632	561	597		17 275
Net interest, fee and commissions income	15 704	2 334	(368)	(395)	-	17 275
Provision expenses	(18 630)	(1 199)	(10)	(310)		(20 149)
Internal	7	(57)	(12)	(16)	78	-
External	(12 437)	(1 001)	(284)	(792)		(14 514)
Operating expenses	(12 430)	(1 058)	(296)	(808)	78	(14 514)
Amortisation charges	(149)	(1)	-	(2)		(152)
Depreciation charges	(1 546)	(472)	(7)	(54)		(2 079)
Internal	78	(1)	3 507	(61)	(3 523)	-
External	3 628	453	(265)	604		4 420
Net other income	3 706	452	3 242	543	(3 523)	4 420
Profit before tax	(13 345)	56	2 561	(1 026)	(3 445)	(15 199)
Income tax	2 228	(5)	-	-		2 223
Profit per segment after tax	(11 117)	51	2 561	(1 026)	(3 445)	(12 976)
Profit for the year attributable to equity	(11 117)	51	2 561	(1 026)	(3 445)	(12 976)
Total segment assets	2 159 540	108 925	50 188	60 343	(218 770)	2 160 226
Total segment liabilities	1 888 775	106 699	44 486	53 550	(201 881)	1 891 629
Net segment assets (shareholders' equity)	270 765	2 226	5 702	6 793	(16 889)	268 597

FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

Below, there is a summary of major indicators for the main business segments of the Group included in the balance sheet as at 30 June 2009 and in the income statement:

	Banking	Leasing	Investment management	Real estate development	Eliminations	Total:
Internal	7 681	(5 396)	(1 248)	(1 037)		-
External	7 689	7 810	322	502		16 323
Net interest income	15 370	2 414	(926)	(535)	-	16 323
Internal	7 872	(5 587)	(1 248)	(1 037)		-
External	11 652	7 776	334	507		20 269
Net interest, fee and commissions income	19 524	2 189	(914)	(530)	-	20 269
Provision expenses	(13 726)	(1 372)	(240)	(4)		(15 342)
Internal	14	(101)	(13)	(14)	114	-
External	(14 415)	(1 132)	(331)	(691)		(16 569)
Operating expenses	(14 401)	(1 233)	(344)	(705)	114	(16 569)
Amortisation charges	(218)	(2)	-	(2)		(222)
Depreciation charges	(1 710)	(364)	(9)	(32)		(2 115)
Internal	6 492	-	-	(1)	(6 491)	-
External	1 619	198	2 358	2 315		6 490
Net other income	8 111	198	2 358	2 314	(6 491)	6 490
Profit before tax	(2 420)	(584)	851	1 041	(6 377)	(7 489)
Income tax	-	17	-	-		17
Profit per segment after tax	(2 420)	(567)	851	1 041	(6 377)	(7 472)
Profit for the year attributable to equity	(2 420)	(567)	851	1 041	(6 377)	(7 472)
Total segment assets	2 069 162	145 564	44 414	45 933	(218 866)	2 086 207
Total segment liabilities	1 788 581	143 939	39 410	39 502	(207 709)	1 803 723
Net segment assets (shareholders' equity)	280 581	1 625	5 004	6 431	(11 157)	282 484



**INTERIM CONSOLIDATED FINANCIAL REPORT
OF ŠIAULIŲ BANKAS AB FOR THE 6 MONTHS 2010**

Prepared on August 2010 in Šiauliai

1. Accounting period covered in the Consolidated Interim Report

The Consolidated Interim Report of Šiaulių bankas AB is prepared for the first half-year of 2010.

2. Contacts of Šiaulių bankas AB

Name – Šiaulių bankas AB
Legal form – Public Limited Company
Date of registration – 4 February, 1992
Manager of register – State Enterprise Centre of Registers
Company's code – 112025254
Head office – Tilžės street 149, LT-76348 Šiauliai
Telephones: + 370 41 522 117, 595 602, 595 653
Fax + 370 41 430 774
E-mail info@sb.lt
Internet website www.sb.lt

3. Contacts of Šiaulių bankas' Group

Šiaulių bankas AB has five subsidiaries: Šiaulių banko lizingas UAB, Šiaulių banko investicijų valdymas UAB, Šiaulių banko turto fondas UAB, Minera UAB and SBTF UAB.

- Name – Šiaulių banko lizingas UAB
Legal form – Private Limited Company
Date of registration – 16 August, 1999
Manager of register – State Enterprise Centre of Registers
Company's code – 145569548
Head office – Vilniaus street 167, LT-76352 Šiauliai
Telephone: + 370 41 420 855, 502 990
Fax + 370 41 423 437
E-mail lizingas@sb.lt
Internet website www.sblizingas.lt
- Name – Šiaulių banko turto fondas UAB
Legal form – Private Limited Company
Date of registration – 13 August, 2002
Manager of register – State Enterprise Centre of Registers
Company's code – 145855439
Head office – Vilniaus street 167, LT-76352 Šiauliai
Telephone + 370 41 525 322
Fax + 370 41 525 321
E-mail turtofondas@sb.lt
Internet website www.sbturtofondas.lt
- Name – Šiaulių banko investicijų valdymas UAB
Legal form – Private Limited Company
Date of registration – 31 August, 2000
Manager of register – State Enterprise Centre of Registers
Company's code – 145649065
Head office – Vilniaus street 167, LT-76352 Šiauliai
Telephone + 370 41 429 227
Fax + 370 41 525 285
E-mail valdymas@sb.lt
Internet website www.sbiv.lt
- Name – SBTF UAB
Legal form – Private Limited Company
Date of registration – 24 November, 2004
Manager of register – State Enterprise Centre of Registers

Company's code –300069309
 Head office – Vilniaus street 167, LT-76352 Šiauliai
 Telephone + 370 525 322
 Fax + 370 525 321
 E-mail z.kilciauskiene@sb.lt

- Name – Minera UAB
 Legal form – Private Limited Company
 Date of registration – 30 September, 1992
 Manager of register – State Enterprise Centre of Registers
 Company's code – 121736330
 Head office – Vilniaus street 167, LT-76352 Šiauliai
 Telephone/Fax + 370 399 423

4. Nature of Šiaulių bankas' main activity

Šiaulių bankas is a universal bank, providing all the banking services. Šiaulių bankas AB has 51 territorial subdivisions operating in 31 towns of Lithuania. The network of Šiaulių bankas covers the main Lithuanian cities and financially active regional centres.

The Bank provides the following financial services in compliance with the Law and legal acts of the Republic of Lithuania and the Charter:

- accepts deposits and other returnable funds into accounts opened by the customers and manages them;
- grants and takes the loans;
- issues monetary warranties, guarantees and other warranty liabilities;
- issues and performs operations with payable documents (cheques, letters of credits, bills of exchange, etc.);
- performs operations with securities (shares, bonds, etc.);
- performs operations in foreign currency;
- takes customers' valuables for safeguarding and rents safes located at the bank's vault to safeguard valuables and documents;
- provides services and consultations regarding banking activities, finance and customers' investment management issues;
- issues and manages monetary instruments of credit;
- performs other operations in compliance with nature of business of credit institutions defined in the legal acts of the Bank of Lithuania.

5. Group of Šiaulių bankas' subsidiaries

As of 30 June 2010 Šiaulių bankas AB Group consisted of Šiaulių bankas AB and five subsidiary companies. Share of the Bank in the Group's subsidiaries is provided in the following table:

Subsidiary	Activity and authorized capital	Share of the capital managed by the Bank, %
Šiaulių banko lizingas UAB Address: Vilniaus street 167, Šiauliai	<ul style="list-style-type: none"> ▪ Nature of business: financial and operational lease. Enterprise has representative offices in Vilnius, Kaunas and Klaipėda. ▪ Authorized capital: LTL 2 million. ▪ Assets: LTL 108,939 million. 	100
Šiaulių banko investicijų valdymas UAB Address: Vilniaus street 167, Šiauliai	<ul style="list-style-type: none"> ▪ Nature of business: privatization of companies, restructuring and funding of reorganization projects, investments into debt and equity securities as well as into small and medium-sized enterprises, rendering of financial management experience. ▪ Authorized capital: LTL 4 million. ▪ Assets: LTL 50,19 million. 	100

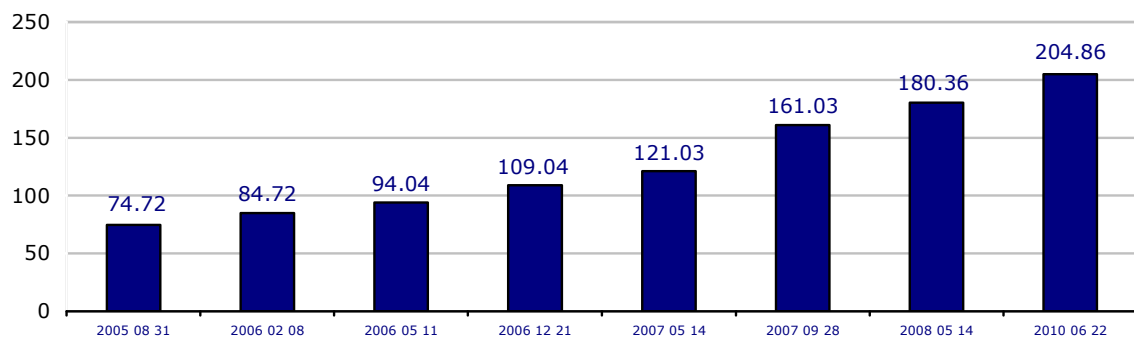
Šiaulių banko turto fondas UAB Address: Vilniaus street 167, Šiauliai	<ul style="list-style-type: none"> ▪ Nature of business: long-term investments into land, preparation of infrastructure, investments into other real estate, purchase of constructions and buildings, reconstruction, change of their purpose, organization of construction of the own objects, rent of buildings, premises and land, consultations regarding the implementation of the long-term investment projects and monitoring issues. ▪ Authorized capital: LTL 5 million. ▪ Assets: LTL 33,18 million. 	100
SBTF UAB Address: Vilniaus street 167, Šiauliai	<ul style="list-style-type: none"> ▪ Nature of business: transactions in real estate property, supportive activities in financial services, management consultancy activities. ▪ Authorized capital: LTL 1,99 million. ▪ Assets: LTL 12,65 million. 	100
Minera UAB Address: Vilniaus street 167, Šiauliai	<ul style="list-style-type: none"> ▪ Nature of business: transactions in real estate property, supportive activities in financial services, management consultancy activities. ▪ Authorized capital: LTL 1,99 million. ▪ Assets: LTL 14,51 million. 	100

6. Bank's authorized capital

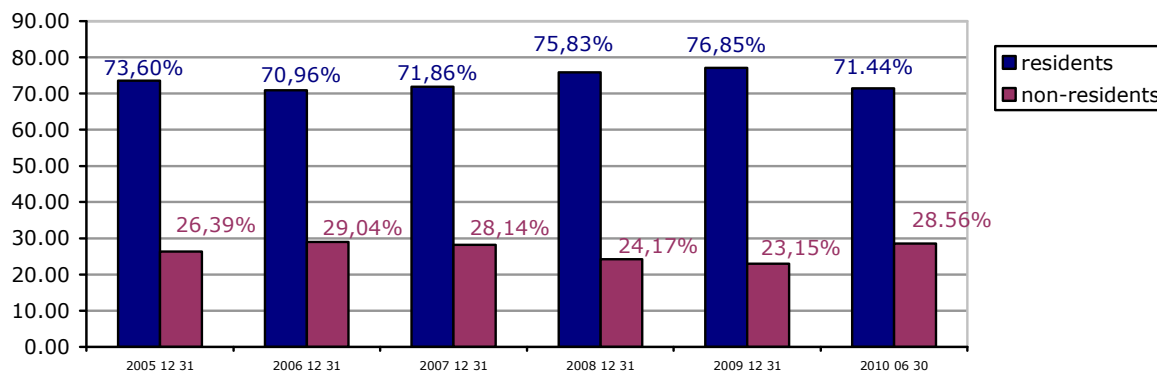
The authorized capital of Šiaulių bankas is LTL 204 857 533. As of 30 June 2010 71.44 per cent of the authorized capital of Šiaulių bankas is owned by the enterprises and private entities registered in Lithuania. Structure of the Bank's authorized capital:

Type of shares	Number of shares, units	Par value, LTL	Total par value, LTL
Ordinary registered shares, ISIN LT0000102253	204 857 533	1	204 857 533

Growth of the Bank's authorized capital since 2005 (in LTL million):



The shareholders by the place of residence:



The Bank's shareholders are entitled to the following property rights:

- to receive the share of the bank's profit (dividend);
- to receive the share of assets of the liquidated bank;
- to receive the bank's shares free of charge in case the bank's authorized capital is increased from the Bank's own funds except the cases defined in the laws;
- when the shareholder is a natural entity – to bequeath the entire shares or a portion of them to one or several individuals;
- to sell or otherwise transfer the entire shares or the portion of them to the ownership of other individuals in compliance with the applicable law;
- to acquire the shares and converted bonds issued by the Bank exercising the pre-emptive right except the cases when the General Meeting of Shareholders makes a resolution to revoke this right from all the shareholders in compliance with the applicable law;
- to credit the Bank in compliance with the applicable law, however, the Bank borrowing from its shareholders has no right to pledge its assets to the shareholders. When the bank is borrowing from its shareholder the interest cannot exceed the average interest rate applied in the commercial banks located in the lender's residential place or business place at the moment of the conclusion of agreement. In such case the bank and the shareholders are not allowed to agree about the higher rate of interest;
- other rights in compliance with the applicable law.

The bank's shareholders are entitled to the following non-property rights:

- to participate in General Shareholders' Meetings;
- to vote in the meetings according to the rights granted by the owned shares;
- to submit the Bank with the questions in advance on the agenda issues of the General Shareholders' Meetings;
- to receive information about the Bank defined in the Law on Public Limited Liability Companies;
- to address the court with the claim requiring to compensate the damage done to the Bank because of the Bank's Chief Executive Officer's or the members of the Bank's Board failure to fulfill the duties or inappropriate fulfillment of duties in accordance with the applicable law or the Bank's Charter as well as in other cases defined in the law;
- to authorize a natural or legal person to represent him in relations with the Bank and other individuals;
- other non-property rights in compliance with the applicable law.

A person acquires all the rights and commitments granted by the portion of the owned Bank's authorized capital and (or) voting rights: in case of capital increase – from the day of registration of the Charter, the amendments of which are related to the increase of the authorized capital and (or) voting rights; in other cases – from the origin of the ownership rights to the bank's authorized capital and (or) voting rights.

7. Information about trading in shares of the subsidiaries belonging to the Group in regulated markets

Only the shares of Šiaulių bankas AB are quoted on the Main Securities Trading List of Vilnius Stock Exchange (AB NASDAQ OMX Vilnius). ISIN code LT0000102253, number of shares – 204 857 533. The shares of the bank's subsidiaries are issued for non-public trading.

In the course of six month of 2010 the biggest trading in bank's shares was registered during the trading session on January 21 2010, when 355 014 units of shares had been purchased/sold for the amount of LTL 387,9 thou. The highest price per share was registered on February 3, 2010, i.e. LTL 1.18, while the lowest – in June 2010, i.e. LTL 0.98.

Below we provide the graphs indicating the bank's share price and trading within the first half-year of this year which are placed on the website of AB NASDAQ OMX Vilnius:

http://www.nasdaqomxbaltic.com/market/?instrument=LT0000102253&list=2&pg=details&tab=historical&lang=lt¤cy=0&downloadcsv=0&date=&start_d=1&start_m=1&start_y=2010&end_d=30&end_m=6&end_y=2010



The graphs below show changes in share price of OMX Vilnius index and Šiaulių bankas AB during the period starting from 01-01-2007 up to 30-06-2010. The information is taken from the website of the NASDAQ OMX Vilnius AB:

http://www.nasdaqomxbaltic.com/market/?pg=charts&idx_main%5B%5D=OMXV&add_index=OMXBBPI&add_equity=LT0000102253&idx_equity%5B%5D=LT0000102253&period=other&start_d=1&start_m=1&start_y=2009&end_d=30&end_m=6&end_y=2009&lang=en

Baltic market indexes:



Graph data:

Index/Shares	01-01-2007	30-06-2010	+/-%
OMX Vilnius	492,65	305,49	-39,99
SAB1L	LTL 3,13	LTL 1,00	-68,09

On 30 June 2010 the Bank's share capitalisation was LTL 204.86 million (EUR 59.33 million); on 30 December 2009 it amounted to LTL 202.00 million (EUR 58.50).

Below we provide the capitalization of Šiaulių bankas' shares and total capitalization of listing shares of AB NASDAQ OMX Vilnius on the last trading day of the first half-year of 2010 and 2009. The information is taken from the website of the AB NASDAQ OMX Vilnius:

http://www.nasdaqomxbaltic.com/market/?pg=capital¤cy=0&market=XVSE&stocktype%5B%5D=main&period=other&start_d=1&start_m=1&start_y=2010&end_d=30&end_m=6&end_y=2010

List of Baltic shares	30-12-2009	30-06-2010	Change
SAB1L	EUR 58 503 370,59	EUR 59 330 842,80	+1.41%
Vilnius Market, total	EUR 3 219 512 569,74	EUR 3 224 103 591,64	+0.14%

During the first half-year of 2010 the following bonds issued by the Bank were listed on Debt securities list of Vilnius Stock Exchange:

- ISIN LT1000401240, amount of issue EUR 1.22 million, interest – 7.8 per cent; issue redeemed on 15 July 2010.
- ISIN LT1000401299, amount of issue EUR 4.12, interest – 5 per cent; redemption date – 2 December 2010.

There were no transactions with the mentioned bonds made over the first half-year of 2010.

8. Information on agreements with intermediaries in public circulation of securities

Šiaulių bankas has agreements on the accounting (safe custody) of securities and on acceptance and execution of orders with the following intermediaries in public circulation of securities:

- Finasta Bank AB;
- Danske Bank A/S Lithuanian branch;
- Parex Bank AB;
- DnB NORD Bank AB;
- Swedbank, AB;
- SEB Bank AB.

Šiaulių bankas has an agreement with AB Ūkio bankas regarding protection of interests of the owners of bonds issued by the Bank.

9. 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 Šiaulių bankas AB. The Bank has not acquired its own shares and has not transferred them to other entities.

10. Shareholders

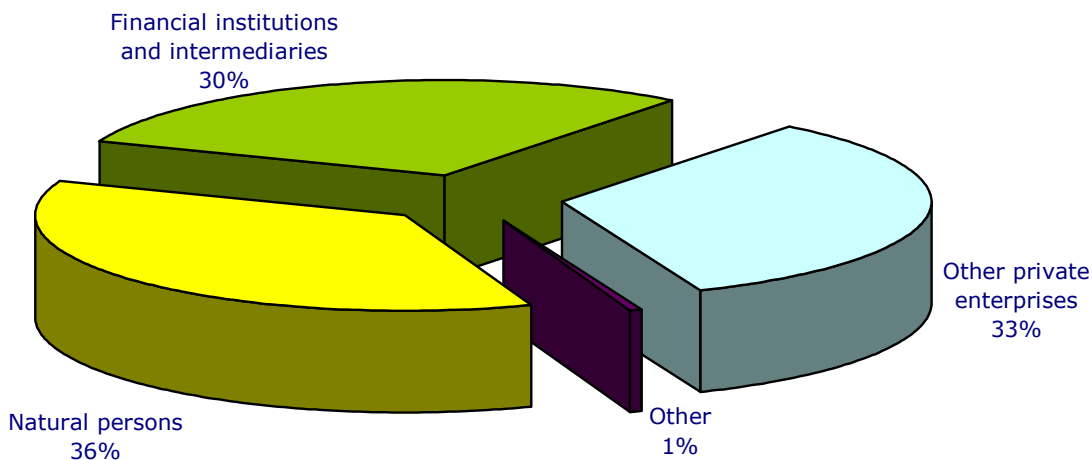
As of 30 June 2010 the total number of Šiaulių bankas' shares comprised 3 499 (while on 31 December 2009 it was 3 525). The holders of all issued shares are entitled to equal rights in compliance with the Law on Public Limited Liability Companies of the Republic of Lithuania and the Charter of the Bank.

Shareholders, who owned more than 5 per cent of the Bank's authorized capital under right of ownership as of 30 June 2010:

No.	Shareholder	Number of shares under the right of ownership	Share of the authorized capital under the right of ownership, %	Share of votes under the right of ownership, %	Share of votes together with related persons, %
1.	European Bank for Reconstruction and Development (EBRD) address: One Exchange Square, London EC2A 2JN, Great Britain	45 965 344	22.44	22.44	48.36
2.	Gintaras Kateiva	14 910 214	7.28	7.28	48.36
3.	Algirdas Butkus	10 590 328	5.17	5.17	48.36

Sixteen shareholders of Šiaulių bankas - the European Bank for Reconstruction and Development, Trade-house Aiva UAB, Mintaka UAB, Company Group Alita AB, Algirdas Butkus, Gintaras Kateiva, Arvydas Salda, Kastytis Jonas Vyšniauskas, Sigita Baguckas, Vigintas Butkus, Vytautas Junevičius, Justas Baguckas, Vita Adomaitytė, Jonas Bartkus, Daiva Kiburienė and Donatas Savickas – comprise the group, having a consent from the Bank of Lithuania to acquire the qualified share of the Bank's authorized capital and voting rights, reaching or exceeding 50 per cent. On 30 June 2010 this group had 48.36 per cent of the Bank's authorized capital and voting rights.

Allocation of the authorized capital by the type of shareholders:



There are no restrictions to securities transfer. The shareholders are entitled to property and nonproperty rights and have their duties foreseen by the Law on Public Limited Liability Companies of the Republic of Lithuania.

Shareholders, having special control rights and description of these rights. The shareholders control the Bank through the elected Supervisory Council. Its functions are defined by the Law on Public Limited Liability Companies of the Republic of Lithuania.

Restrictions to voting rights. All the bank's shares granting a voting right are of the equal par value and each share gives one vote in the General Shareholders' Meeting.

A shareholder has no right to vote in making decisions regarding the pre-emptive right to acquire the shares issued by the Bank or regarding the recall of the converted bonds, in case the agenda of the General Shareholders' Meeting foresees that such a right to acquire these securities is to be granted to him, his close relative, shareholder's spouse or to cohabitant, when the partnership is registered under the applicable law, and to the spouse's close relative, in case the shareholder is a natural entity, as well as to the shareholder's parent company or shareholder's subsidiary, in case the shareholder is a legal entity.

An entity wishing to acquire $\frac{1}{10}$ of the Bank's authorized capital and (or) such a share of the voting rights or to increase it to the extent when the share of the possessed authorized capital and (or) of voting rights would comprise $\frac{1}{5}$, $\frac{1}{3}$, $\frac{1}{2}$ or to the extent the Bank would become controlled by him, should receive the consent from the Bank of Lithuania in advance. In case the entity acquires $\frac{1}{10}$ of the Bank's authorized capital and (or) such a share of the voting rights without a supervisory consent from the Bank of Lithuania when such a consent is necessary or when the supervisory institution comes to the resolution to cancel the right to use voting rights, then all the possessed share of the authorized capital and (or) such a share of the voting rights lose the voting right in the General Shareholders' Meeting.

11. Information on the execution of all the prudential requirements limiting the activity risks of the Bank

During the accounting period Šiaulių bankas operated in compliance with all the prudential requirements limiting the activity risks of the Bank set by the Bank of Lithuania.

12. Risk management

The Group of Šiaulių bankas analyses, evaluates, accepts and manages risks it is exposed to. Risk management at the Group aims at ensuring a sufficient return on equity following the conservative risk management policy. While implementing an advanced risk management policy the Group of Šiaulių bankas focuses not only on minimising potential risk but also on improving pricing and achieving efficient capital allocation.

The Risk Management Policy approved by the Bank Board as well as by the procedures to manage different types of risks prepared on its basis ensures the efficiency of the risk management process in the Group. The goal of the risk management policy is to identify the risks as well as their management principles in the Group's activities. Due to the fact that various risks experienced by the Group are interdependent; their management is centralized. Arrangement and coordination of the experienced risk management system is one of the main goals of the Bank's Risk Management Committee.

The most important types of risk the Group is exposed to are credit risk, market risk, liquidity risk, concentration risk and operational risk. Market risk includes currency risk, interest rate and equity securities (share) price risk. Other types of risks are considered immaterial by the Group and, therefore, are not assessed.

In order to avoid a conflict of interest the Bank's subdivisions that implement risk management functions are separated from those subdivisions the direct activities of which are connected with the uprise of various types of banking risks.

13. Ratings provided by the international rating agencies and their amendments

On 26 June 2009 the international rating agency "Moody's Investors Service" set the reviewed ratings of Šiaulių bankas AB:

- long-term deposit rating – Ba3;
- financial strength rating – D-;
- short-term deposit rating – NP;
- long-term rating outlook – negative.

The rating agency reasoned the changes in the ratings and their negative outlooks by the impact of the recession on the Bank's yield and assets quality.

14. Information about the activity results

The Bank, improving the quality of the existing loan portfolio, within the first quarter of 2010 formed LTL 8.96 million special provisions, which influenced the loss amounting to LTL 6.9 million over the first quarter. During the second quarter special provisions in the amount of LTL 9.7 million were formed; during

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January – June they totaled LTL 18.6 million (or by 36 per cent more than during the relevant period of last year). Thus, the Bank incurred loss in the amount of LTL 11.1 million within the first half-year of this year.

During the first quarter profit of the activity result of the Bank (without evaluation of special provisions and income fee) was LTL 0.757 million. The Bank incurred LTL 458 thousand in loss from the activity in January, while it earned a profit in the amount of LTL 149 thousand in February and made a profit of LTL 1.066 million in March. Within the second quarter of this year the Bank earned LTL 4.5 million operating profit before tax, dividend and provisions or by 2.2 times more comparing to the relevant quarter of the previous year. The operating profit for the first half-year of 2010 grew by 7 per cent and comprised LTL 5.3 million comparing to the first half-year of 2009.

Operating results of the Bank's Group for the first half-year before income fee, dividend and provisions totaled LTL 5.0 million or by 37 per cent less comparing to the relevant period of 2009 when the Group earned LTL 7.9 million. In 2010 special provisions of LTL 20.1 million were formed and they influenced the final loss in the amount of LTL 13 million.

Bank's net interest income during the first quarter comparing to the last quarter of 2009 decreased by LTL 1.4 million (23.3 per cent). Within the second quarter the Bank received LTL 11.2 million operating profit, i.e. by 37 per cent more than within the first quarter. It was determined by the increased net interest income, which in its turn was influenced by resources more frequently becoming cheaper than interest-earning assets.

The biggest part of the Bank's liabilities comprised deposits. Within the first half-year of 2010 the clients' deposits sum placed in the Bank amounted nearly to LTL 1 594 million; comparing to the first half-year of 2009 deposits increased by one tenth.

The assets of Šiaulių bankas at the end of the first half-year of 2010 comprised LTL 2 159,5 million; comparing to the first half-year of 2009 the assets increased by 4.3 per cent, i.e. by more than LTL 90 million. The biggest share of assets was loans extended to clients – during the accounting period the loans in the asset structure comprised more than 73 per cent.

Higher interest earning assets of the Bank was increasing more significantly in April-June. Debt securities portfolio increased by 14.1 per cent (LTL 43.8 million) within a second quarter, the growth totaled 65.3 per cent (LTL 140 million) within six months. Loan balances (without evaluation of special provisions, tax and accrued interest) grew by LTL 22 million within a quarter. This growth slightly exceeded a decrease of loan portfolio that was recorded in the first quarter. Šiaulių bankas became one of the few banks operating in Lithuania, which loan portfolio was increasing in 2010 – at the end of the accounting period credit portfolio of Šiaulių bankas comprised more than LTL 1 597 million.

On 22 June 2010 the amended Charter of Šiaulių bankas AB with an increased authorized capital up to LTL 204.9 million (EUR 59.3 million) was registered in the Register of Legal Entities of the Republic of Lithuania. The increased capital base of the Bank not only will improve the indexes assessing operational risk but also will allow increasing crediting volume as well as expanding scope of services provided by the Bank.

Profitability ratios:

		30-06-2010	31-12-2009	30-06-2009	31-12-2008
Bank	ROAA, %	-1.05	-1.47	-0.24	0.86
	ROAE, %	-8.47	-11.22	-1.72	6.34
	Cost/income, %	71.50	75.71	57.41	55.59
Financial group	ROAA, %	-1.04	-1.53	-0.43	0.84
	ROAE, %	-8.43	-11.74	-3.18	6.22
	Cost/income, %	68.90	71.81	60.86	56.73

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Entire group	ROAA, %	-1.22	-1.71	-0.72	0.65
	ROAE, %	-9.92	-12.96	-5.18	4.64
	Cost/income, %	75.62	78.42	68.81	59.27

In mid-2010 Šiaulių bankas AB was implementing all the prudential requirements limiting the activity risk set by the Bank of Lithuania. The liquidity ratio of the Bank remained high and in the middle of the year comprised 39.62 per cent (the requirement set by the Bank of Lithuania is 30 per cent). The Bank's capital adequacy ratio also remained at a high level and totaled 14.01 per cent, i.e. considerably exceeded the minimum capital adequacy ratio of 8 per cent set by the Bank of Lithuania.

Prudential requirements limiting the activity risks:

		30-06-2010	31-12-2009	30-06-2009	31-12-2008
Bank	Capital adequacy, % (>8%)	14.01	13.90	16.00	15.08
	Liquidity, % (>30%)	39.62	38.23	40.56	38.75
	Maximum loan per borrower, % (< 25%)	21.90	24.56	24.67	21.30
	Big exposure standard, % (< 800%)	210.23	198.85	176.11	166.20
	General open position in foreign currency, % (< 25%)	0.68	0.31	0.58	0.41
Financial group	Capital adequacy, % (>8%)	14.11	13.94	16.06	15.19
	Maximum loan per borrower, % (< 25%)	21.74	24.38	24.56	21.12
	Big exposure standard, % (< 800%)	168.50	152.08	128.34	111.86
	General open position in foreign currency, % (< 25%)	0.68	0.31	1.67	1.30
Entire group	Capital adequacy, %	14.11	13.90	15.85	15.21
	General open position in foreign currency, %	0.68	0.31	1.65	1.26

Šiaulių bankas is one of the Lithuanian Capital Bank with the biggest share of Lithuanian capital. The major shareholder of the Bank is the European Bank for Reconstruction and Development (EBRD), which currently controls 22.44 per cent of the shares.

As of 30 June of 2010 Šiaulių bankas had 51 client service outlets operating in 31 towns of the country. Network of the Bank covered the main cities of Lithuania and financially active regions. Total number of active clients of Šiaulių bankas was nearly 130 thousand.

15. Activity plans, expansion and prognosis

The activity of Šiaulių bankas is directed at promotion of economic activity and financing of SME's. Collaborating with international institutions and financial partners the Bank will be searching for new crediting opportunities as well as seeking to contribute to the solution of problems that arose due to the economy recession and to the improvement of business conditions. The fact that the Bank actively participates in the credit market, contributes to the new business fostering models and pays a big attention to public, cultural and social projects, this leads to favorable conditions for the implementation of the Bank's strategy – to grow organic as well as develop activity in Lithuania.

16. The most important events during the accounting period

In 2010 the European Investment Fund (EIF) and Šiaulių bankas AB signed an agreement and started the implementation of a newly created modern financial engineering instrument under the JEREMIE initiative. This instrument aims at granting risk sharing loans and improving the conditions for enterprises to receive funds from the external sources of financing, i.e. to use EU structural support for 2007-2013. Implementing the financial instrument intended for granting risk sharing loans to micro, small and medium-sized enterprises, equal shares of funds of Holding Fund and the Bank's capital are used. Pursuant to this

agreement concluded between the Bank and EIF over LTL 138 million (EUR 40 million) is allocated for crediting SME in Lithuania.

On 23 March 2010 Šiaulių bankas AB acquired 100 per cent of shares and voting rights of SBTF UAB and Minera UAB. Purchased companies belonged to the Bank's subsidiaries up to the present; they will be engaged in real estate management.

At the end of May Šiaulių bankas and the European Investment Bank (EIB) signed an agreement regarding the financing programme of renovation of multi-apartment buildings. Šiaulių bankas became the first financial partner of the European Investment Bank in Lithuania using JESSICA financial instrument. Pursuant to the terms of the agreement for renovation of multi-apartment buildings Šiaulių bankas will provide the loans for a total amount of EUR 6 million (over LTL 20 million).

Šiaulių bankas together with Šiauliai City Municipality, Šiauliai Industrialists' Association, and Šiauliai Chamber of Commerce, Industry and Crafts awarded to the authors of the best projects of the contest "For the best project to Šiauliai city and business" with two incentive premiums.

17. Paid dividends

	2005	2006	2007	2008	2009
Per cent from the nominal value	2.00	2.00	2.00	0.00	0.00
Amount of dividends per share, in LTL	0.02	0.02	0.02	0.00	0.00
Amount of dividends, in LTL	1 694 400	2 180 784	3 220 670	0	0

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

18. Principles of the Internal audit performance

The goal of the Internal Audit is to inspect the activities independently and impartially and provide consultations, to assess the Bank's risk management systematically and comprehensively, to evaluate the Bank's internal control processes and foster its improvements, to assist the Bank in achieving its aims insuring that the internal control goals are achieved at the lowest possible costs and the functions of the internal control are implemented successfully as it is defined in the General Bank's Internal Control and Risk Evaluation (management) Organization Provisions approved by the Bank of Lithuania.

The activity of Internal Audit is defined in provisions of the Internal Audit Division and internal audit policies of Internal Audit Division (approved by the Internal Audit Committee). The Internal Audit Division performs its functions in accordance with the annual activity plan as well as long-term activity plan (2009-2011) approved by the Internal Audit Committee. The Internal Audit Division performs the finance audit, equivalence audit, activity audit, audit of information systems and projects.

The Internal Audit Division is under direct control of the Internal Audit Committee; Head of Internal Audit Division reports on the implementation of activity under the approved annual activity plan to the Bank Board and the Internal Audit Committee at least every quarter.

The officers of the Internal Audit Division prior to performance of each audit prepare the audit program, where the audit purpose, scope and time schedule are foreseen. Taking into consideration observations and recommendations made by the Internal Audit Division, the heads of the Bank's divisions approve the plan of implementation of recommendations of audited entity. The Heads of Internal Audit Division taking into consideration the significance of the provided observations, conclusions and recommendations assign the internal auditors to perform the control of the implemented recommendations (progress monitoring).

The post-audit activities (progress monitoring) also include inspections on elimination of defects detected by the external auditors and the Bank of Lithuania and implementation of their recommendations.

19. Employees

As of 30 June 2010, Šiaulių bankas employed 475 staff members, 72 per cent of whom had the university education, 16 per cent had college, 7 per cent secondary education (20 per cent of them are recently studying), 2 per cent had special secondary education and 3 per cent had vocational education. As of 30 June 2010, Šiaulių bankas' Group employed 538 employees in total.

Implementing the Human Resource policy the Bank seeks creating and developing the long-term collaboration with its employees. Over 20 per cent of employees have been working in the Bank for more than 10 years. The Bank's employees form the professional and tuneful team, which pays the special attention to the clients, partnership, and efficient and flexible decisions. The employees are provided with the opportunities to progress, facilitate the career as well as fulfill their capacities. The Bank has a name of an attractive employer insuring the social guarantees.

Average monthly salary of the relevant employee group before taxes:

Employee group	30-06-2010		31-12-2009		30-06-2009	
	Number of employees	Average monthly salary, LTL	Number of employees	Average monthly salary, LTL	Number of employees	Average monthly salary, LTL
Management	8	15 300	8	17 106	8	17 743
Officers	438	1 922	454	1 980	466	2 075

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 canceled 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 canceled because of changes in the Bank's control.

20. The Bank's bodies

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

The Supervisory Council is a collegial body supervising the activities of the Bank. It is directed by its Chairman. The General Meeting of the Shareholders elects the Supervisory Council, consisting of 7 members. In accordance with the Bank's Charter the number of tenures of the Council member is not limited.

The Board is a collegial Bank management body consisting of 5 members. It manages the Bank, handles its matters and is liable under the laws for execution of the Bank's financial services. Order of the Board's work is set by the Rules of Procedure of the Board. The Board is elected by the Council for a term of 4 years.

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

Management bodies of the Bank follow the laws and other legal acts of the Republic of Lithuania and the authorizations set by the Charter of the Bank. The Bank's bodies are elected, assigned and dismissed from the capacities in accordance with the provisions of the mentioned documents.

21. Members of the Collegial bodies

The Bank's Supervisory Council:

- **Arvydas Salda** – Chairman of the Bank's Supervisory Council. A consultant of Šiaulių banko turto fondas UAB, the member of the Supervisory Council of Šiaulių bankas AB since 1991 (the Chairman since 1999);
- **Sigitas Baguckas** – Procurist of Namų statyba UAB. Deputy Chairman of Council of Šiaulių bankas AB since 2000, member of Council since 1991;
- **Gintaras Kateiva** – Director of Litagros prekyba UAB; advisor of the director of Litagros mažmena UAB, member of the Supervisory Council of Šiaulių bankas AB since 2008;
- **Kastytis-Jonas Vyšniauskas** – Chairman of the Board of Sulinkiai UAB; member of the Supervisory Council of Šiaulių bankas AB since 1996;
- **Vigintas Butkus** – Director of Mintaka UAB; Director of trade house Aiva UAB (secondary capacity), member of the Supervisory Council of Šiaulių bankas AB since 2004;
- **Vytautas Junevičius** – General Director of Alita AB; A member of the Supervisory Council of Šiaulių bankas AB since 2006;
- **Michael Anthony Hesketh** – the European Bank for Reconstruction and Development (EBRD). Member of the Supervisory Council since 2010.

The Bank's Board:

- **Algirdas Butkus** – the Chairman of the Board, Chief Executive Officer;
- **Donatas Savickas** – Deputy Chairman of the Board, Deputy Chief Executive Officer, Head of Finance and Credit Division;
- **Vita Adomaitytė** – member of the Board, Chief Financial Officer, Head of Accounting and Reporting Division;
- **Jonas Bartkus** – member of the Board, Deputy Chief Executive Officer, Head of Business Development Division;
- **Daiva Kiburienė** – member of the Board, Deputy Chief Executive Officer, Head of Corporate and Retail Banking Division.

Name, surname	Beginning/end of tenure	Share of capital under the right of ownership, %	Share of votes together with the related entities, %
Arvydas Salda	Beginning 27-03-2008 End 2012	2.97	48.36
Sigitas Baguckas	Beginning 27-03-2008 End 2012	0.75	48.36
Kastytis Jonas Vyšniauskas	Beginning 27-03-2008 End 2012	1.12	48.36
Vigintas Butkus	Beginning 27-03-2008 End 2012	0.44	48.36
Vytautas Junevičius	Beginning 27-03-2008 End 2012	0.15	48.36
Michael Anthony Hesketh	Beginning 29-03-2010 End 2012	-	-
Gintaras Kateiva	Beginning 27-03-2008 End 2012	7.28	48.36
Algirdas Butkus	Beginning 27-03-2008	5.17	48.36

	End 2012		
Donatas Savickas	Beginning 27-03-2008 End 2012	<0.01	48.36
Vita Adomaitytė	Beginning 27-03-2008 End 2012	0.02	48.36
Jonas Bartkus	Beginning 27-03-2008 End 2012	<0.01	48.36
Daiva Kiburienė	Beginning 27-03-2008 End 2012	0.01	48.36

Information on participation of the members of the Collegial bodies and Chief Financial Officer in the activity and capital of other companies:

Name, surname	Participation in the activity of other companies (name of the company, position)	Participation in the capital of other companies (percentage in the capital over 5%)
Arvydas Salda	<ul style="list-style-type: none"> Member of the Council of Šiauliai University Member of the Board of Klaipėdos LEZ valdymo bendrovė UAB Member of the Board of LEZ Projektų valdymas UAB A consultant of Šiaulių banko turto fondas UAB Member of the Board of Pavasaris UAB 	<ul style="list-style-type: none"> SLEZVB UAB – 11.05% STIV UAB – 21.60% Pamūrė UAB – 16.50%
Sigitas Baguckas	<ul style="list-style-type: none"> Procurist of Namų statyba UAB 	<ul style="list-style-type: none"> Namų statyba UAB – 47.12% Pamūrė UAB – 16.50%
Kastytis Jonas Vyšniauskas	<ul style="list-style-type: none"> Chairman of the Board of Sulinkiai UAB 	<ul style="list-style-type: none"> Sulinkiai UAB – 8.96%
Vigintas Butkus	<ul style="list-style-type: none"> Director of trade house Aiva UAB Director of Mintaka UAB (secondary capacity) 	<ul style="list-style-type: none"> Šiaulių komercija AB – 9.82% Aiva UAB – 9.25% Mintaka UAB – 9.80%
Vytautas Junevičius	<ul style="list-style-type: none"> Chairman of the Board, General Director of Alita AB Chairman of the Board of the companies' group Alita Chairman of the Board of Anykščių vynos AB 	<ul style="list-style-type: none"> Alita AB – 41.89% companies' group Alita AB – 41.90% Aunuva UAB – 50.00%
Gintaras Kateiva	<ul style="list-style-type: none"> Chairman of the Board and Director of Litagra UAB Adviser Director of Litagros mažmena UAB 	<ul style="list-style-type: none"> Litagra UAB – 57.02% KPC nekilnojamas turtas UAB – 33.33%
Michael Anthony Hesketh	<ul style="list-style-type: none"> Principal Banker of the European Bank for Reconstruction and Development Member of the Supervisory Council of TBC Bank (Georgia) 	-
Algirdas Butkus	-	<ul style="list-style-type: none"> Trade house Aiva UAB – 66.35% Šiaulių komercija AB – 19.99% Visnorus UAB – 24.94% Mintaka UAB – 68.08% Pamūrė UAB – 16.50%
Donatas Savickas	-	-
Vita Adomaitytė	-	-

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Jonas Bartkus	-	-
Daiva Kiburienė	-	-

Amounts of funds in total and average amounts per members of the collegial body calculated during the first half-year of 2010:

Members of management bodies	Number of people	total amounts, LTL	Average amounts, LTL
Members of the Bank's Council	7	0	0
Members of the Bank's Board	5	648 002	129 600
CEO and CFO	2	437 704	218 852

Loans granted to the members of the Council and Board as of 30 June 2010:

Members of management bodies	Granted loans, LTL
Members of the Bank's Council	6 938 433
Members of the Bank's Board	146 358
TOTAL	7 084 791

There were no guarantees or warranties issued during the first half-year of 2010 regarding the fulfillment of liabilities of management bodies' members.

22. Transactions with related parties

There were quite many banking transactions entered with related parties in the course of the first half-year of 2010. The related parties of the Bank are as follows: the members of the Bank's Supervisory Council and the Bank's Board, shareholders acting together under the Shareholders' Agreement, close family members of the mentioned related parties as well the Bank's subsidiaries and the companies which are controlled by the related parties, jointly controlled companies or companies, in which these related parties have a significant influence. All the transactions have been entered into on usual market terms. The comprehensive description of the transactions is provided in the explanatory note of the financial statement of Šiaulių bankas AB for the first half-year of 2010.

23. Data on the publicly disclosed information

Publicly disclosed information during the first half a year of 2010:

- 27-01-2010 the Board of the Bank expressed its opinion on the compulsory non competitive offer to buy the shares of the Bank;
- 17-02-2010 implementation report on the received compulsory non competitive official offer is announced;
- 22-02-2010 pre-audited activity result of Šiaulių bankas AB and Šiaulių bankas' Group of 2009;
- 26-02-2010 Interim financial information of Šiaulių bankas AB for the 12 months of 2009;
- 03-03-2010 the amended interim financial information of Šiaulių bankas AB for the 12 months of 2009;
- 05-03-2010 the Convocation of the Ordinary General Shareholders' Meeting;
- 09-03-2010 draft resolutions for the General Shareholders' Meeting to be held on 29-03-2010;
- 10-03-2010 the amended draft resolutions prepared by the Board for the General Shareholders' Meeting to be held on 29-03-2010 are announced;
- 22-03-2010 a report on the resignation of the member of Supervisory Board;
- 24-03-2010 information on the real estate companies for asset management acquired by the Bank;
- 29-03-2010 resolutions of the General Shareholders' Meeting;
- 30-03-2010 audited annual information for 2009;
- 15-04-2010 summoning of extraordinary General Shareholders' Meeting;
- 26-04-2010 draft resolutions for the Extraordinary General Shareholders' Meeting to be held on 18-05-2010.

- 05-05-2010 pre-audited activity result of Šiaulių bankas AB and Šiaulių bankas' Group for the first quarter of 2010;
- 18-05-2010 draft resolutions for the extraordinary General Shareholders' Meeting;
- 28-05-2010 financial statement of Šiaulių bankas AB for the first quarter 2010;
- 22-06-2010 information on the registered amended Charter by increasing the authorised capital;
- Reports regarding the transactions with the Bank's shares made by the Bank's senior management.

Šiaulių bankas AB has informed the Securities Commission of the Republic of Lithuania and Vilnius Stock Exchange (AB NASDAQ OMX Vilnius) about all the stock events in accordance with the procedures set by the Charter and the legal acts of the Republic of Lithuania, the reports were announced in the central regulated data base and on Šiaulių bankas' website www.sb.lt. The notifications regarding shareholders' meeting were additionally published in the daily newspapers "Lietuvos rytas" and "Šiaulių kraštas".

24. Procedures of Charter amendments

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

25. Information regarding compliance with the Corporate Governance Code

The Bank operates in compliance with the many standards set in the Corporate Governance Code. Information about how the bank complies with the particular articles of the Corporate Governance Code did not changed over the first half-year of 2010. The entire information is provided together with the consolidated financial report of the first half-year of 2010. The entire information is also available on the website of Šiaulių bankas www.sb.lt.

Deputy Chief Executive Officer



Donatas Savickas