



CONFIRMATION FROM THE RESPONSIBLE PERSONS

We, Chief Executive Officer of Šiaulių bankas AB Audrius Žiugžda and Chief Accountant Vita Adomaitytė, confirm that as far as we know, the financial statements for 9 months of 2012 are formed in compliance with the applicable accounting standards, correspond the reality and correctly reflect the total assets, liabilities, financial status, activity result and cash flow of Šiaulių bankas AB and consolidated companies.

Chief Executive Officer

A handwritten signature in black ink, appearing to be 'A. Žiugžda'.

Audrius Žiugžda

Chief Accountant

A handwritten signature in black ink, appearing to be 'V. Adomaitytė'.

Vita Adomaitytė

20-11-2012



FINANCIAL STATEMENT

30 SEPTEMBER 2012

Tilžės 149, LT-76348 Šiauliai
tel.+370 41 595607, fax +370 41 430774
e-mail info@sb.lt
www.sb.lt

FINANCIAL STATEMENT OF ŠIAULIŲ BANKAS AB

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

CONTENTS

THE GROUP'S AND BANK'S STATEMENT OF FINANCIAL POSITION	3
THE GROUP'S AND BANK'S STATEMENT OF COMPREHENSIVE INCOME	4
THE GROUP'S AND BANK'S CASH FLOW STATEMENT	6
THE GROUP'S AND BANK'S STATEMENT OF CHANGES IN EQUITY	7
GENERAL INFORMATION	9
NOTES TO THE FINANCIAL STATEMENTS	10
ADDITIONAL INFORMATION	39

FINANCIAL STATEMENT OF ŠIAULIŲ BANKAS AB

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

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

		30-09-2012		31-12-2011	
	Notes	Group	Bank	Group	Bank
ASSETS					
Cash and cash equivalents	2	183 660	183 656	223 846	223 844
Due from other banks	3	4 137	4 137	4 147	4 147
Trading securities	6	52 201	52 201	16 574	16 574
Derivative financial instruments		-	-	-	-
Loans to customers	4	1 743 868	2 065 389	1 786 631	2 069 758
Finance lease receivables	5	186 807	-	163 741	-
Investment securities:					
- available-for-sale	6	178 107	174 557	35 617	32 068
- held-to-maturity	6	262 223	262 223	306 349	303 281
Investments in subsidiaries, associates	6	0	52 246	18 392	16 889
Intangible assets		1 462	861	916	894
Tangible fixed assets		79 984	45 626	80 188	47 578
Prepaid income tax		-	-	10	-
Deferred income tax assets		6 549	6 287	9 091	8 952
Other assets	7	155 755	6 075	77 803	7 581
Assets related with subsidiaries to sale	7	14 853	-	13 999	-
Total assets		2 869 606	2 853 258	2 737 304	2 731 566
LIABILITIES					
Due to other banks and financial institutions	8	402 538	402 555	470 889	470 900
Derivative financial instruments		662	662	-	-
Due to customers	9	2 065 791	2 066 026	1 893 885	1 894 167
Special and lending funds	10	41 713	41 713	16 900	16 900
Debt securities in issue	11	22 635	22 635	45 284	45 284
Income tax liabilities		368	-	138	-
Deferred income tax liabilities		5 668	-	-	-
Liabilities related with subsidiaries to sale	7	2 100	-	1 296	-
Other liabilities	12	17 305	6 440	14 694	6 707
Total liabilities		2 558 780	2 540 031	2 443 086	2 433 958
EQUITY					
Share capital	13	234 858	234 858	234 858	234 858
Share premium	13	47 861	47 861	47 861	47 861
Reserve capital	13	2 611	2 611	2 611	2 611
Statutory reserve	13	1 891	1 289	960	648
Financial assets revaluation reserve		3 428	3 428	(1 182)	(1 182)
Retained earnings		19 345	23 180	9 110	12 812
Non controlling interest in equity		832	-	-	-
Total equity		310 826	313 227	294 218	297 608
Total liabilities and equity		2 869 606	2 853 258	2 737 304	2 731 566

The notes on pages 10-38 constitute an integral part of these financial statements

Chief executive Officer
Chief accountant



Audrius Žiugžda
Vita Adomaitytė

FINANCIAL STATEMENT OF ŠIAULIŲ BANKAS AB

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

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

		30-09-2012		30-09-2011	
	Notes	Group	Bank	Group	Bank
Continuing operations					
Interest and similar income	14	93 083	91 948	87 456	83 965
Interest expense and similar charges	14	(51 564)	(51 561)	(49 612)	(49 292)
Net interest income		41 519	40 387	37 844	34 673
Fee and commission income	15	12 105	12 146	10 088	10 156
Fee and commission expense	15	(6 140)	(5 955)	(3 996)	(3 967)
Net fee and commission income		5 965	6 191	6 092	6 189
Allowance for impairment losses	17	(17 494)	(16 979)	(6 226)	(6 448)
Net gain on operations with securities		6 673	5 671	223	223
Net foreign exchange gain		3 585	3 586	3 546	3 553
Gain on disposal of assets		5 485	214	1 503	16
Other income		3 104	872	1 741	532
Administrative and other operating expenses	16	(34 785)	(28 077)	(31 571)	(26 355)
(Losses) profit from continuing operations		14 052	11 865	13 152	12 383
Dividends from investments in subsidiaries		-	1 000	-	-
(Losses) profit before income tax		14 052	12 865	13 152	12 383
Discontinued operations:		-	-	-	-
(Losses) profit from discontinued operations before tax	7	(723)	-	(554)	-
Income tax expense		(2 164)	(1 856)	(1 877)	- 1 654
(Losses) profit for the year		11 165	11 009	10 721	10 729
Other comprehensive (loss) income					
Gain (losses) from revaluation of financial assets		5 418	5 418	(1 999)	(1 999)
Deferred income tax on (loss) gain from revaluation of financial assets		(808)	(808)	(14)	(14)
Other comprehensive (loss) income, net of tax		4 610	4 610	(2 013)	(2 013)
Total comprehensive (losses) income		15 775	15 619	8 708	8 716
Profit is attributable to:					
Equity holders of the Bank		11 165	11 009	10 721	10 729
from continuing operations		11 790	11 009	11 275	10 729
from discontinued operations		(723)	-	(554)	-
Non controlling interest		98	-	-	-
(Losses) profit for the year					
Equity holders of the Bank		15 677	15 619	8 708	8 716
Non controlling interest		98	-	-	-
Basic earnings (losses) per share, net (in LTL per share)	13	0,05	0,05	0,05	0,05

The notes on pages 10-38 constitute an integral part of these financial statements

Chief executive Officer

Audrius Žiugžda

Chief accountant

Vita Adomaitytė

20 November 2012

FINANCIAL STATEMENT OF ŠIAULIŲ BANKAS AB

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

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

	FROM 07 TO 09 MONTH 2012		FROM 07 TO 09 MONTH 2011	
	Group	Bank	Group	Bank
Continuing operations				
Interest and similar income	30 834	30 303	32 012	30 665
Interest expense and similar charges	(17 237)	(17 235)	(16 747)	(16 426)
Net interest income	13 597	13 068	15 265	14 239
Fee and commission income	4 370	4 345	3 635	3 670
Fee and commission expense	(2 120)	(1 988)	(1 458)	(1 435)
Net fee and commission income	2 250	2 357	2 177	2 235
Allowance for impairment losses	(6 267)	(6 396)	(3 329)	(3 512)
Net gain on operations with securities	3 166	3 164	(396)	(396)
Income from associates	-	-	-	-
Net foreign exchange gain	1 540	1 541	2 052	2 056
Gain on disposal of assets	1 105	(5)	862	2
Other income	536	336	581	135
Administrative and other operating expenses	(10 649)	(9 264)	(11 855)	(9 844)
(Losses) profit from continuing operations	5 278	4 801	5 357	4 915
Dividends from investments in subsidiaries	-	-	-	-
(Losses) profit before income tax	5 278	4 801	5 357	4 915
Discontinued operations:				
(Losses) profit from discontinued operations before tax	(254)	-	(270)	-
Income tax expense	(1 010)	(815)	(682)	(574)
(Losses) profit for the period	4 014	3 986	4 405	4 341
Equity holders of the Bank	4 010	3 986	4 405	4 341
Non controlling interest	4	-	-	-

FINANCIAL STATEMENT OF ŠIAULIŲ BANKAS AB

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

THE GROUP'S AND BANK'S CASH FLOW STATEMENT

	30-09-2012		31-12-2011	
	Group	Bank	Group	Bank
Operating activities				
Interest received	79 713	78 381	71 979	70 017
Interest paid	(51 105)	(51 102)	(45 302)	(44 982)
Net cash received from service and commission fees	5 965	6 191	6 092	6 189
Net cash received from operations in trading securities	7 182	6 180	819	819
Net cash received from operations in foreign currency	3 696	3 697	3 499	3 506
Cash received from previously written-off loans	908	535	897	447
Salaries and related payments to and on behalf of employees	(20 147)	(17 144)	(18 069)	(15 688)
Other receipts (payments)	(4 820)	(8 828)	(10 420)	(8 939)
Income tax paid	-	-	-	-
Net cash flow from operating activities before change in short-term assets and liabilities	21 392	17 910	9 495	11 369
(Increase) decrease in assets:				
Decrease in trading securities	(34 712)	(34 712)	35 627	32 707
Decrease in loans to credit and financial institutions	123	10	570	(14 770)
(Increase) in loans to customers	2 125	(13 016)	(364 662)	(349 509)
Decrease in other assets	(80 365)	1 505	15 198	6 772
Increase in liabilities				-
Increase in liabilities to credit and financial institutions	(68 362)	(68 345)	77 533	77 517
Increase in deposits, special and leanding funds	196 719	196 672	244 591	244 727
Increase in other liabilities	9 679	22	6 322	3 369
Change	25 207	82 136	15 179	813
Net cash flow from operating activities	46 599	100 046	24 674	12 182
Investing activities				
(Purchase) of tangible and intangible fixed assets	(5 574)	(1 031)	(12 611)	(7 059)
Disposal of tangible and intangible fixed assets	3 053	1 709	3 316	1 591
(Acquisition) of held to maturity securities	(5 628)	(5 628)	(30 410)	(25 633)
Proceeds from redemption of held to maturity securities	58 742	55 674	22 536	22 536
(Acquisition) of available-for-sale securities	(252 906)	(252 905)	(183 940)	(180 051)
Disposal of available-for-sale securities	119 352	119 352	127 078	127 078
(Acquisition) of subsidiary	18 392	(35 357)	-	-
Dividends received	60	1 060	42	42
Net cash used in investing activities	(64 509)	(117 126)	(73 989)	(61 496)
Financing activities				
Increase in share capital	-	-	31 200	31 200
Dividends paid	-	-	-	-
Payment to non controlling interest	832	-	-	-
Debt securities issued	4 864	4 864	75 021	75 021
Debt securities repurchased and redeemed	(27 972)	(27 972)	(42 172)	(42 172)
Net cash flow from financing activities	(22 276)	(23 108)	64 049	64 049
Net increase in cash and cash equivalents	(40 186)	(40 188)	14 734	14 735
Cash and cash equivalents at 1 January	223 846	223 844	208 400	208 397
Cash and cash equivalents at 30 September	183 660	183 656	223 134	223 132

FINANCIAL STATEMENT OF 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							
	Share capital	Share premium	Reserve capital	Statutory reserve and others reserves	Retained earnings	Total:	Non controlling interest	Total equity:
31 December 2010	204 858	46 661	2 611	16 665	(19 614)	251 181	-	251 181
Financial assets revaluation reserve	-	-	-	(1 999)	-	(1 999)	-	(1 999)
Recognition of deferred income tax	-	-	-	(14)	-	(14)	-	(14)
Profit (loss) for the year	-	-	-	-	10 721	10 721	-	10 721
Others transfers	30 000	1 200	-	(15 707)	15 701	31 194	-	31 194
30 September 2011	234 858	47 861	2 611	(1 055)	6 808	291 083	-	291 083
Financial assets revaluation reserve	-	-	-	343	-	343	-	343
Recognition of deferred income tax	-	-	-	490	-	490	-	490
Others transfers	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	2 302	2 302	-	2 302
31 December 2011	234 858	47 861	2 611	(222)	9 110	294 218	-	294 218
Financial assets revaluation reserve	-	-	-	5 418	-	5 418	-	5 418
Recognition of deferred income tax	-	-	-	(808)	-	(808)	-	(808)
Others moves	-	-	-	931	(832)	99	734	833
Profit (loss) for the year	-	-	-	-	11 067	11 067	98	11 165
30 September 2012	234 858	47 861	2 611	5 319	19 345	309 994	832	310 826

FINANCIAL STATEMENT OF 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 2010	204 858	46 661	2 611	1 369	16 422	(15 774)	256 147
Others transfers	30 000	1 200	-	-	(15 774)	15 774	31 200
Financial assets revaluation reserve	-	-	-	(1 999)	-	-	(1 999)
Recognition of deferred income tax	-	-	-	(14)	-	-	(14)
Profit (loss) for the year	-	-	-	-	-	10 729	10 729
30 September 2011	234 858	47 861	2 611	(644)	648	10 729	296 063
Financial assets revaluation reserve	-	-	-	(1 028)	-	-	(1 028)
Recognition of deferred income tax	-	-	-	490	-	-	490
Others transfers	-	-	-	-	-	-	-
Profit (loss) for the year	-	-	-	-	-	2 083	2 083
31 December 2011	234 858	47 861	2 611	(1 182)	648	12 812	297 608
Financial assets revaluation reserve	-	-	-	5 418	-	-	5 418
Recognition of deferred income tax	-	-	-	(808)	-	-	(808)
Others transfers	-	-	-	-	641	(641)	-
Profit (loss) for the year	-	-	-	-	-	11 009	11 009
30 September 2012	234 858	47 861	2 611	3 428	1 289	23 180	313 227

FINANCIAL STATEMENT OF ŠIAULIŲ BANKAS AB

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

GENERAL INFORMATION

Šiaulių Bankas AB was registered as a public company in the Enterprise Register of the Republic of Lithuania on 4 February 1992. The Bank is licensed by the Bank of Lithuania to perform all banking operations provided for in the Law on Commercial Banks of the Republic of Lithuania and the Statute of the Bank.

The Head Office of the Bank is located in Šiauliai, Tilžės str. 149, LT-76348. As of September 30 th 2012 the Bank had 480 employees (31 December 2011: 484). As of September 30 th 2012 the Group had 553 employees (31 December 2011: 559 employees).

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

The Bank As of September 30 th 2012 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).
6. Pavasaris UAB - development of the area of multi-apartment residential houses .

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 , concentration risk and operational 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 OF 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 40 client services.

As of September 30 th 2012 the number of the bank's clients included 290 municipal company and governmental company, 47 state companies, 59 agricultural companies, 31 economic partnership, 6 431 limited liability public company, 1 644 private companies, 767 non-profit making and public sector companies and 1 532 other organizations as well as 146 464 individuals.

As of September 30 th 2012 the bank controlled 6 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), "Pavasaris" UAB (development of the area of multi-apartment residential houses). "Pavasaris " UAB was an associate entity as of 31 December 2011. The bank owns 100% of "Šiaulių banko lizingas" UAB (acquisition value – 30 th September 2012 – LTL 5 000 thou), 100 % of "Šiaulių banko investicijų valdymas" UAB (acquisition value – 30 th September 2012 - LTL 4 040 thou), 100 % of "Šiaulių banko turto fondas" UAB (acquisition value – 30 th September 2012 - LTL 5 117 thou), 100 % of "Minera" UAB (acquisition value – 30 th September 2012 - LTL 5 505 thou), 100 % of "SBTF" UAB (acquisition value – 30 th September 2012- LTL 2 000 thou), Pavasaris UAB (acquisition value – 30 th September 2012- LTL 35 357 thou, the group owns 97.93 % votes).

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

NOTE 2 CASH AND CASH EQUIVALENTS

	30-09-2012		31-12-2011	
	Group	Bank	Group	Bank
Cash and other valuables	36 254	36 253	29 990	29 988
Banks demand deposits	-	-	-	-
Mandatory reserves in national currency	82 472	82 472	77 003	77 003
Correspondent bank accounts	49 315	49 315	85 530	85 530
Banks time deposits	3	-	15 001	15 001
Correspondent account with central bank	15 616	15 616	16 322	16 322
Total:	183 660	183 656	223 846	223 844

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

	30-09-2012		31-12-2011	
	Group	Bank	Group	Bank
Due from other banks	4 137	4 137	4 147	4 147
Total:	4 137	4 137	4 147	4 147

FINANCIAL STATEMENT OF ŠIAULIŲ BANKAS AB

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

NOTE 4 LOANS TO CUSTOMERS

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

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

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

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

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

	30-09-2012		31-12-2011	
	Group	Bank	Group	Bank
Loans and advances to banks	4 137	4 137	4 147	4 147
Loans and advances to customers:	1 743 868	2 065 389	1 786 631	2 069 758
Loans and advances to financial institutions	-	211 188	1 319	174 886
Loans to individuals (Retail)	203 108	176 098	205 297	193 071
Loans to business customers	1 540 760	1 678 103	1 580 015	1 701 801
Finance lease receivables	186 807	-	163 741	-
Trading assets:	-	-	-	-
Debt securities	49 722	49 722	16 216	16 216
Derivative financial instruments	-	-	-	-
Securities available for sale	-	-	-	-
Debt securities	172 823	172 823	30 379	30 379
Investment securities held to maturity	-	-	-	-
Debt securities	262 223	262 223	306 349	303 281
Other financial assets	7 374	110	23 125	116
Credit risk exposures relating to off-balance sheet items are as follows:			-	-
Financial guarantees	92 236	92 281	73 396	73 396
Letters of credit	4 795	4 795	5 064	5 064
Loan commitments and other credit related liabilities	146 723	163 070	126 281	122 860
Total	2 670 708	2 814 550	2 535 329	2 625 217

FINANCIAL STATEMENT OF ŠIAULIŲ BANKAS AB

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

	30-09-2012		31-12-2011	
	Group	Bank	Group	Bank
Loans are summarised as follows:				
Loans to business customers	1 626 983	1 975 330	1 656 621	1 951 564
Loans to individuals	219 966	191 723	220 593	206 730
Gross	1 846 949	2 167 053	1 877 214	2 158 294
Allowance for impairment	103 081	101 664	90 583	88 536
Net	1 743 868	2 065 389	1 786 631	2 069 758

	30-09-2012		31-12-2011	
	Group	Bank	Group	Bank
Neither past due not impaired	1 487 000	1 810 982	1 595 717	1 883 208
Past due but not impaired	154 651	152 877	104 745	103 245
Impaired	205 298	203 194	176 752	171 841
Gross	1 846 949	2 167 053	1 877 214	2 158 294
Allowance for impairment	103 081	101 664	90 583	88 536
Net	1 743 868	2 065 389	1 786 631	2 069 758

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

	30-09-2012		31-12-2011	
	Group	Bank	Group	Bank
Past due up to 7 days	59 306	58 412	39 731	38 962
Past due 8 to 30 days	38 349	37 640	28 657	28 086
Past due 31-60 days	12 536	12 427	3 359	3 280
Past due 61-90 days	14 567	14 524	3 658	3 577
Past due more than 90 days	29 893	29 874	29 340	29 340
Total	154 651	152 877	104 745	103 245
Fair value of collateral	251 457	251 457	163 304	163 304

FINANCIAL STATEMENT OF ŠIAULIŲ BANKAS AB

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

Loans and advances impaired

	30-09-2012		31-12-2011	
	Group	Bank	Group	Bank
Impaired loans	205 298	203 194	176 752	171 841
Fair value of collateral	107 611	107 611	102 303	99 904

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:

	30-09-2012	31-12-2011
Business customers	177 857	157 628
Individuals	8 950	7 753
Gross	186 807	165 381

	30-09-2012	31-12-2011
Neither past due not impaired	135 084	125 908
Past due but not impaired	49 368	35 333
Impaired	3 971	4 140
Gross	188 423	165 381
Allowance for impairment	1 616	1 640
Net	186 807	163 741

	30-09-2012		
	Individuals	Business customers	Total:
Finance lease receivables by sector:			
transport vehicles	4 738	42 271	47 009
residential real estate	1 626	90 103	91 729
airplanes	-	765	765
production equipment	38	21 106	21 144
other equipment	447	11 079	11 526
other assets	2 665	13 585	16 250
Total:	9 514	178 909	188 423

FINANCIAL STATEMENT OF ŠIAULIŲ BANKAS AB

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

	31-12-2011		
	Individuals	Business customers	Total:
Finance lease receivables by sector:			
transport vehicles	2 653	37 058	39 711
residential real estate	139	70 583	70 722
airplanes	-	8 092	8 092
production equipment	27	23 838	23 865
other equipment	482	8 847	9 329
other assets	4 452	9 210	13 662
Total:	7 753	157 628	165 381

NOTE 6 SECURITIES

Trading securities

Debt securities:

	30-09-2012		31-12-2011	
	Group	Bank	Group	Bank
Government bonds of the Republic of Lithuania	5 085	5 085	16 216	16 216
Government bonds of foreign states	6 207	6 207	-	-
Private enterprise bonds of foreign states	37 487	37 487	-	-
State companies bonds of foreign states	943	943	-	-

Nuosavybės vertybiniai popieriai:

Listed equity securities	2 381	2 381	267	267
Unlisted equity securities	2	2	6	6
Units of funds	96	96	85	85
Total:	52 201	52 201	16 574	16 574

Bank 30-09-2012	State companies debt securities	Treasury bills	Corporate debt securities	Corporate equity securities	Investment fund units
from AA-to AAA	943	5 535	12 881	-	-
from A- to A+	-	-	19 455	-	-
from BBB- to BBB+	-	5 757	1 699	-	-
from BB- to BB+	-	-	-	-	-
below už BB-	-	-	-	54	-
no rating	-	-	3 452	2 329	96
Total:	943	11 292	37 487	2 383	96

Bank 31-12-2011	State companies debt securities	Treasury bills	Corporate debt securities	Corporate equity securities	Investment fund units
from AA-to AAA	-	-	-	-	-
from A- to A+	-	-	-	-	-
from BBB- to BBB+	-	16 216	-	-	-
from BB- to BB+	-	-	-	-	-
below už BB-	-	-	-	60	-
no rating	-	-	-	213	85
Total:	-	16 216	-	273	85

FINANCIAL STATEMENT OF ŠIAULIŲ BANKAS AB

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

	State companies debt securities	Treasury bills	Corporate debt securities	Corporate equity securities	Investment fund units
Group 30-09-2012					
from AA- to AAA	943	5 535	12 881	-	-
from A- to A+	-	-	19 455	-	-
from BBB- to BBB+	-	5 757	1 699	-	-
from BB- to BB+	-	-	-	-	-
below už BB-	-	-	-	54	-
no rating	-	-	3 452	2 329	96
Total:	943	11 292	37 487	2 383	96

	State companies debt securities	Treasury bills	Corporate debt securities	Corporate equity securities	Investment fund units
Group 31-12-2011					
from AA- to AAA	-	-	-	-	-
from A- to A+	-	-	-	-	-
from BBB- to BBB+	-	16 216	-	-	-
from BB- to BB+	-	-	-	-	-
below už BB-	-	-	-	60	-
no rating	-	-	-	213	85
Total:	-	16 216	-	273	85

Investment securities

Securities available-for-sale:

	30-09-2012		31-12-2011	
	Group	Bank	Group	Bank
Debt securities				
Private enterprise bonds the Republic of Lithuania	-	-	-	-
Government bonds of the Republic of Lithuania	19 608	19 608	10 602	10 602
Government bonds of foreign states	33 447	33 447	19 777	19 777
Private enterprise bonds of foreign states	119 768	119 768	-	-
Equity securities				
Listed equity securities	-	-	-	-
Unlisted equity securities	4 941	1 391	4 940	1 391
Units of funds	343	343	298	298
Total:	178 107	174 557	35 617	32 068

Securities held-to-maturity

	30-09-2012		31-12-2011	
	Group	Bank	Group	Bank
Debt securities				
Private enterprise bonds the Republic of Lithuania	-	-	3 068	-
Government bonds of the Republic of Lithuania	223 174	223 174	263 045	263 045
Government bonds of foreign states	23 937	23 937	24 144	24 144
Private enterprise bonds of foreign states	15 112	15 112	16 092	16 092
Total:	262 223	262 223	306 349	303 281

FINANCIAL STATEMENT OF ŠIAULIŲ BANKAS AB

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

		State companies debt securities	Corporate debt securities
Bank 30-09-2012	Treasury bills		
from AA-to AAA	8 023	-	6 982
from A- to A+	10 595	-	-
from BBB- to BBB+	223 174	7 414	716
from BB- to BB+	5 319	-	-
below už BB-	-	-	-
no rating	-	-	-
Total:	247 111	7 414	7 698

		Municipality debt securities	Corporate debt securities
Bank 31-12-2011	Treasury bills		
from AA-to AAA	8 106	-	6 798
from A- to A+	10 686	-	-
from BBB- to BBB+	263 045	-	9 294
from BB- to BB+	5 352	-	-
below už BB-	-	-	-
no rating	-	-	-
Total:	287 189	-	16 092

		State companies debt securities	Corporate debt securities
Group 30-09-2012	Treasury bills		
from AA-to AAA	8 023	-	6 982
from A- to A+	10 595	-	-
from BBB- to BBB+	223 174	7 414	716
from BB- to BB+	5 319	-	-
below už BB-	-	-	-
no rating	-	-	-
Total:	247 111	7 414	7 698

		Municipality debt securities	Corporate debt securities
Group 31-12- 2011	Treasury bills		
from AA-to AAA	8 106	-	6 798
from A- to A+	10 686	-	-
from BBB- to BBB+	263 045	-	9 294
from BB- to BB+	5 352	-	-
below už BB-	-	-	-
no rating	-	-	3 068
Total:	287 189	-	19 160

FINANCIAL STATEMENT OF ŠIAULIŲ BANKAS AB

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

Investments in subsidiaries

	30-09-2012		
	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
Pavasaris UAB	98	35 357	35 357
Total:		57 019	52 246

	31-12-2011		
	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

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.

Associate company

	31-12-2011		
	Share in equity %	Acquisition cost	Carrying value
Pavasaris UAB (equity method)	49,6	18 381	18 392

NOTE 7 OTHER ASSETS

	30-09-2012		31-12-2011	
	Group	Bank	Group	Bank
Assets held for sale	139 289	-	44 327	-
Amounts receivable	7 374	110	23 125	116
Deferred expenses	2 986	1 926	3 031	2 399
Prepayments	941	794	2 545	2 295
Foreclosed assets	2 865	1 995	2 710	1 980
Other	2 300	1 250	2 065	791
Total:	155 755	6 075	77 803	7 581

FINANCIAL STATEMENT OF ŠIAULIŲ BANKAS AB

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

In 2010 Kėdainių oda UAB, a company controlled by the subsidiary of the Bank Šiaulių banko investicijų valdymas UAB, has become material to the Group and therefore is consolidated in these financial statements. The management of the Bank is taking steps to sell the investment into Kėdainių oda UAB in the near future, therefore assets, liabilities and profit and loss related to this subsidiary are disclosed in these financial statements as related to the subsidiary that is held for sale.

Kėdainių oda UAB:

Sales income	11 141
Cost of goods sold	(10 651)
Gross profit (loss)	490
Sales and marketing expenses	-
Operating expenses	(1 213)
Other income (expenses)	-
Operating profit (loss)	(723)
Net profit (loss) from financial activities	-
(Loss) profit before income tax	(723)
Income tax	-
(Loss) profit from before impairment provision	(723)
(Loss) related to an impairment provision regarding the impairment of assets held (see below)	-
Net profit (loss) for the year	(723)

Identified that the recoverable amount is not lower than the book value of the assets therefore no impairment has been recognised.

Long term assets	9 586
Short term assets (except for cash & cash equivalents)	4 927
Cash & cash equivalents	0
Deferred income tax assets	340
Total assets	14 853
Long term liabilities	0
Short term liabilities	2 100
Total liabilities	2 100
Total net assets related to discontinued operations	12 753
Net assets attributable to Group	12 753

FINANCIAL STATEMENT OF ŠIAULIŲ BANKAS AB

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

NOTE 8 DUE TO OTHER BANKS AND FINANCIAL INSTITUTIONS

	30-09-2012		31-12-2011	
	Group	Bank	Group	Bank
Correspondent accounts and deposits of other banks and financial institutions:				
Correspondent accounts and demand deposits	16 382	16 399	21 313	21 324
Time deposits	57 267	57 267	75 653	75 653
Total:	73 649	73 666	96 966	96 977
Loans received:				
Loans from other banks	61 376	61 376	72 206	72 206
Loans from international organisations	45 846	45 846	80 364	80 364
Loans from financial institutions	221 667	221 667	221 353	221 353
Total:	328 889	328 889	373 923	373 923
Total:	402 538	402 555	470 889	470 900

NOTE 9 DUE TO CUSTOMERS

	30-09-2012		31-12-2011	
	Group	Bank	Group	Bank
Demand deposits:				
National government institutions	22 570	22 570	28 256	28 256
Local government institutions	89 977	89 977	28 961	28 961
Governmental and municipal companies	30 193	30 193	32 932	32 932
Corporate entities	184 207	184 442	184 697	184 979
Non-profit organisations	11 444	11 444	10 755	10 755
Individuals	185 707	185 707	158 431	158 431
Unallocated amounts due to customers	12 758	12 758	12 668	12 668
Total demand deposits:	536 856	537 091	456 700	456 982
Time deposits:				
National government institutions	6 705	6 705	3 336	3 336
Local government institutions	2 329	2 329	1 185	1 185
Governmental and municipal companies	24 040	24 040	85 020	85 020
Corporate entities	166 291	166 291	187 944	187 944
Non-profit organisations	9 388	9 388	8 442	8 442
Individuals	1 320 182	1 320 182	1 151 258	1 151 258
Total time deposits:	1 528 935	1 528 935	1 437 185	1 437 185
Total:	2 065 791	2 066 026	1 893 885	1 894 167

FINANCIAL STATEMENT OF ŠIAULIŲ BANKAS AB

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

NOTE 10 SPECIAL AND LENDING FUNDS

	30-09-2012		31-12-2011	
	Group	Bank	Group	Bank
Special funds	35 770	35 770	5 439	5 439
Lending funds	5 943	5 943	11 461	11 461
Total:	41 713	41 713	16 900	16 900

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

	30-09-2012		31-12-2011	
	Group	Bank	Group	Bank
276 days coupon bonds in LTL with rate of 4,5 per cent, maturity 07-05-2012	-	-	15 274	15 274
555 days coupon bonds in LTL with rate of 5,25 per cent, maturity 06-03-2013	15 069	15 069	15 268	15 268
505 days coupon bonds in LTL with rate of 4,25 per cent, maturity 03-01-2013	7 046	7 046	6 936	6 936
367 days coupon bonds in LTL with rate of 4,9 per cent, maturity 24-09-2012	-	-	7 787	7 787
547 days coupon bonds in LTL with rate of 4,5 per cent, maturity 29-05-2013	520	520	19	19
Total:	22 635	22 635	14 723	14 723

NOTE 12 OTHER LIABILITIES

	30-09-2012		31-12-2011	
	Group	Bank	Group	Bank
Accrued charges	6 223	4 822	6 072	5 351
Deferred income	2 453	900	1 182	787
Advances received from the buyers of assets	2 100	-	1 322	-
Amounts payable for finance lease agreements	2 084	-	3 922	-
Payable dividends	41	41	41	41
Other liabilities	4 404	677	2 155	528
Total:	17 305	6 440	14 694	6 707

FINANCIAL STATEMENT OF ŠIAULIŲ BANKAS AB

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

NOTE 13 SHARE CAPITAL

As of 30 September 2012 the Bank's share capital comprised 234 857 533 ordinary registered shares with par value of LTL 1 each. Authorized capital was registered in the Register of Legal Entities on 4 August 2011, by additional contributions in the amount of LTL 30 million .

Shareholders including 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, Sigitas Baguckas, Vigintas Butkus, Vytautas Junevičius, Audrius Žiugžda, Daiva Kiburienė, Jonas Bartkus, Vita Adomaitytė, Vytautas Sinius and Donatas Savickas comprise the group of shareholders, whose votes are calculated jointly. As of 30 September 2012, this group possessed 43.17 percent of the authorised capital and votes of the Bank.

As of 30 September 2012, the Bank had 3 715 shareholders (31 December 2011 - 3 805). A share of capital held by Bank's shareholders by the place of residence : 30-09-2012 residents 68,70 % , non-residents 31,30 %; 12-31-2011 residents 70,66 %, non-residents 29,34 %.

Shareholder	Share of votes held together with the related persons, %
The European Bank for Reconstruction and Development (EBRD);	19,57
Gintaras Kateiva	6,24
Skandinaviska Enskilda Banken customers	5,50
"Eglės" sanatorija AB	5,37
	36,68

Another 13 shareholders had less than 5 % but more than 1 of the Bank's share capital.

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 2011, 2012 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.

FINANCIAL STATEMENT OF ŠIAULIŲ BANKAS AB

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

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	30-09-2012	30-09-2011
Profit (loss) for the year attributable to equity holders of the Bank (in LTL thousand)	11 009	10 729
Weighted average number of issued shares (thousand of shares)	234 858	211 121
Basic earnings per share (in LTL per share)	0,05	0,05

Group	30-09-2012	30-09-2011
Profit (loss) for the year attributable to equity holders of the Bank (in LTL thousand)	11 067	10 721
Weighted average number of issued shares (thousand of shares)	234 858	211 121
Basic earnings per share (in LTL per share)	0,05	0,05

NOTE 14 NET INTEREST INCOME

	Group	30-09-2012 Bank	Group	30-09-2011 Bank
Interest income:				
on loans to other banks and financial institutions and placements with credit institutions	1 448	6 248	1 474	4 840
on loans to customers	71 935	72 870	65 890	66 154
on debt securities	12 830	12 830	14 447	12 971
on finance leases	6 870	-	5 645	-
Total interest income	93 083	91 948	87 456	83 965
Interest expense:				
on liabilities to other banks and financial institutions and amounts due to credit institutions	(10 669)	(10 669)	(9 973)	(9 973)
on customer deposits and other repayable funds	(32 829)	(32 826)	(33 204)	(32 882)
on debt securities issued	(1 340)	(1 340)	(314)	(314)
compulsory insurance of deposits	(6 726)	(6 726)	(6 121)	(6 121)
Total interest expense	(51 564)	(51 561)	(49 612)	(49 290)
Net interest income	41 519	40 387	37 844	34 675

FINANCIAL STATEMENT OF ŠIAULIŲ BANKAS AB

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

NOTE 15 NET FEE AND COMMISSION INCOME

	30-09-2012		30-09-2011	
	Group	Bank	Group	Bank
Fee and commission income:				
for money transfer operations	7 510	7 581	6 349	6 414
for payment card services	1 671	1 671	1 355	1 364
for base currency exchange	1 465	1 471	1 153	1 157
for operations with securities	110	110	109	109
other fee and commission income	1 349	1 313	1 122	1 112
Total fee and commission income	12 105	12 146	10 088	10 156
Fee and commission expense:				
for payment card services	(4 560)	(4 560)	(2 822)	(2 822)
for money transfer operations	(1 346)	(1 333)	(1 100)	(1 071)
for operations with securities	(60)	(60)	(63)	(63)
for base currency exchange	-	(2)	(2)	(2)
other fee and commission expenses	(174)	-	(9)	(9)
Total fee and commission expense	(6 140)	(5 955)	(3 996)	(3 967)
Net fee and commission income	5 965	6 191	6 092	6 189

NOTE 16 ADMINISTRATIVE AND OTHER OPERATING EXPENSES

	30-09-2012		30-09-2011	
	Group	Bank	Group	Bank
Salaries, social security and other related expenses	(19 781)	(16 855)	(18 398)	(15 724)
Rent and maintenance of premises	(3 596)	(3 393)	(3 061)	(3 021)
Office equipment maintenance	(807)	(778)	(804)	(789)
Depreciation of fixed tangible assets	(3 103)	(2 242)	(3 203)	(2 362)
Amortisation of intangible assets	(229)	(221)	(177)	(172)
Transportation, post and communications expenses	(1 436)	(1 557)	(1 741)	(1 469)
Real estate tax and other taxes	(1 941)	(216)	(1 132)	(207)
Advertising and marketing expenses	(549)	(420)	(477)	(450)
Training and business trip expenses	(151)	(99)	(73)	(61)
Charity	(147)	(143)	(195)	(185)
Service organisation expenses	(796)	(680)	(462)	(452)
Other operating expenses	(2 249)	(1 473)	(1 848)	(1 463)
Total:	(34 785)	(28 077)	(31 571)	(26 355)

NOTE 17 ALLOWANCE FOR IMPAIRMENT LOSSES

	30-09-2012		30-09-2011	
	Grupė	Bankas	Grupė	Bankas
Impairment losses on loan	(17 292)	(17 513)	(6 533)	(6 195)
Recoveries of loans previously written-off	535	535	447	447
Impairment losses on finance lease receivables	(98)	-	(331)	-
Recovered previously written-off finance lease receivables	373	-	450	-
Expenses for provision on other assets	(1 012)	(1)	(259)	(700)
Iš viso	(17 494)	(16 979)	(6 226)	(6 448)

FINANCIAL STATEMENT OF ŠIAULIŲ BANKAS AB

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

NOTE 18 RELATED-PARTY TRANSACTIONS

Related parties with the Bank are classified as follows:

a) the members of the Bank's Supervisory Council and the Bank's Board, their close family members and companies where the related parties own more than 5 per cent of shares and/or take managing positions;

b) subsidiaries of the Bank;

c) the shareholders owning more than 5 per cent of the Bank's shares.

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 2011, 2012 a certain number of banking transactions were entered into with related parties in the ordinary course of business. These transactions include settlements, loans, deposits and foreign currency transactions.

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

	Balances of deposits	30-09-2012 Balances of loans	Balances of deposits	31-12-2011 Balances of loans
Members of the Council and the Board	2 128	4 762	1 823	6 437
Other related parties (excluding subsidiaries of the Bank)	6 735	135 457	11 472	195 511
Total:	8 863	140 219	13 295	201 948

Transactions with EBRD:

The balance of the Bank's loans received from the EBRD . As of September 30 th 2012 the total value of the EBRD loan was LTL 88 070 thou (in 31-12-2011 – LTL 91 791 thou). The interest related with the loan as well as other expenses comprised LTL 3 730 thou on 30 September 2012 (LTL 5 283 thou on 31 December 2011).

Balances of transactions with the subsidiaries are given below:

	Balances of deposits	30-09-2012 Balances of loans	Balances of deposits	31-12-2011 Balances of loans
Non-financial institutions	235	153 651	268	141 864
Financial institutions	17	211 188	11	173 567
Total:	252	364 839	279	315 431

FINANCIAL STATEMENT OF ŠIAULIŲ BANKAS AB

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

Transactions with subsidiaries:

	30-09-2012	31-12-2011
Assets		
Loans	364 839	315 431
Other assets	688	25
Liabilities and shareholders' equity		
Demand deposits	252	279
Bank's investment	52 246	16 889
Other liabilities	9	-
	30-09-2012	30-09-2011
Income		
Interest	9 429	6 623
Commission income	113	118
Income from foreign exchange operations	1	7
Dividends	-	-
Other income	146	140
Expenses		
Interest	-	(2)
Commission charges	-	-
Operating expenses	(549)	(25)

NOTE 19 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.

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%. Capital adequacy (solvency) ratio is calculated as a ratio of the capital of the Bank and the capital required to cover credit, trading book and operating risks multiplied by 0.08 and presented in percentage points.

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

FINANCIAL STATEMENT OF ŠIAULIŲ BANKAS AB

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

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 September 30 th 2012 and of December 31 st 2011. During those two years, the Group complied with capital requirements to which it is subject.

	30-09-2012		31-12-2011	
	Group	Bank	Group	Bank
Tier 1 capital				
Ordinary shares	234 858	234 858	234 858	234 858
Share premium	47 861	47 861	47 861	47 861
Reserve capital	2 611	2 611	2 611	2 611
Previous year's retained earnings	8 180	12 171	(3 913)	-
Not audited result	-	-	-	-
Others reserve	1 891	1 289	960	648
Less: financial assets revaluation reserve	-	-	(1 182)	(1 182)
Less: Intangible assets	(1 462)	(861)	(916)	(894)
Total Tier 1 capital	293 939	297 929	280 279	283 902
Tier 2 capital				
85 % financial assets revaluation reserve	2 914	2 914	-	-
Total Tier 2 capital	2 914	2 914	-	-
Less Investments in other credit or financial institutions	-	(1 511)	-	(1 647)
Total capital:	296 853	299 332	280 279	282 255
Capital requirement:				
Standardised approach credit risk	166 287	166 868	157 723	158 179
Traded debt instruments	2 667	2 667	140	140
Equities	451	451	57	57
Foreign exchange risk exposure	11 969	11 806	7 149	7 097
Operational risk by Basic indicator's method	8 199	7 500	8 199	7 500
Total capital requirement:	189 573	189 292	173 268	172 973
Capital ratio, %	12,53	12,65	12,94	13,05

FINANCIAL STATEMENT OF ŠIAULIŲ BANKAS AB

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

NOTE 20 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.

The liquidity risk management is regulated by the Liquidity Risk Management Procedures approved by the Board of the Bank. The management of the current and non-current liquidity risk is distinguished in the mentioned procedures. The current liquidity is based on the control of the incoming and outgoing cash flow. The non-current liquidity is managed on the limit system basis.

As of September 30 th 2012 the above Group's ratio was 37,60 per cent (31-12-2011 - 37,26 per cent), and the Bank's – 38,41 per cent (31-12-2011 – 38,36 per cent.).

The tables below disclose the assets and liabilities as of June 30 st 2012 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 September 30 th 2012 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	183 842	79 963	113 995	192 145	295 335	725 434	1 034 078	244 814	2 869 606
Total liabilities and shareholder's equity	600 531	197 479	388 449	434 479	616 083	213 963	94 159	324 463	2 869 606
Net liquidity gap	(416 689)	(117 516)	(274 454)	(242 334)	(320 748)	511 471	939 919	(79 649)	-

FINANCIAL STATEMENT OF 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 2011 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	222 494	49 599	142 457	143 921	341 430	794 110	848 365	194 928	2 737 304
Total liabilities and shareholder's equity	494 190	257 325	305 279	419 163	530 829	330 772	102 586	297 160	2 737 304
Net liquidity gap	(271 696)	(207 726)	(162 822)	(275 242)	(189 399)	463 338	745 779	(102 232)	-

The structure of the Bank's liabilities by maturity as of September 30 th 2012 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	183 656	106 391	137 981	276 600	395 302	659 183	929 703	164 442	2 853 258
Total liabilities and shareholder's equity	599 814	193 859	387 926	433 831	615 194	213 577	94 153	314 904	2 853 258
Net liquidity gap	(416 158)	(87 468)	(249 945)	(157 231)	(219 892)	445 606	835 550	(150 462)	-

The structure of the Bank's liabilities by maturity as of December 31st 2011 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	222 351	76 612	186 008	199 346	431 067	734 770	754 709	126 703	2 731 566
Total liabilities and shareholder's equity	493 393	251 330	305 047	418 990	530 415	330 554	102 586	299 251	2 731 566
Net liquidity gap	(271 042)	(174 718)	(119 039)	(219 644)	(99 348)	404 216	652 123	(172 548)	-

FINANCIAL STATEMENT OF 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.

Bank 30-09-2012	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	-	55 760	11 659	106 414	202 452	39 568	415 853
Due to customers	-	699 157	374 968	923 502	65 869	8 473	2 071 969
Debt securities in issue	-	-	-	25 068	-	-	25 068
Special and lending fund	-	35 776	1 502	1 347	3 245	-	41 870
Total liabilities (contractual maturity dates)	-	790 693	388 129	1 056 331	271 566	48 041	2 554 760

Bank 31-12-2011	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	-	54 924	45 021	77 940	274 685	42 474	495 044
Due to customers	-	680 285	260 912	851 505	101 969	7 818	1 902 489
Debt securities in issue	-	-	-	23 574	23 778	-	47 352
Special and lending fund	-	6 218	36	6 351	4 677	-	17 282
Total liabilities (contractual maturity dates)	-	741 427	305 969	959 370	405 109	50 292	2 462 167

FINANCIAL STATEMENT OF ŠIAULIŲ BANKAS AB

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

Bank 30-09-2012	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	-	55 777	11 659	106 414	202 452	39 568	415 870
Due to customers	-	699 392	374 968	923 502	65 869	8 473	2 072 204
Debt securities in issue	-	-	-	25 068	-	-	25 068
Special and lending fund	-	35 776	1 502	1 347	3 245	-	41 870
Total liabilities (contractual maturity dates)	-	790 945	388 129	1 056 331	271 566	48 041	2 555 012

Bank 31-12-2011	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	-	54 935	45 021	77 940	274 685	42 474	495 055
Due to customers	-	680 567	260 912	851 505	101 969	7 818	1 902 771
Debt securities in issue	-	-	-	23 574	23 778	-	47 352
Special and lending fund	-	6 218	36	6 351	4 677	-	17 282
Total liabilities (contractual maturity dates)	-	741 720	305 969	959 370	405 109	50 292	2 462 460

FINANCIAL STATEMENT OF ŠIAULIŲ BANKAS AB

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

NOTE 21 MARKET RISK

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

Foreign exchange risk

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

The Group and the Bank monitors the foreign currency risk by calculating open currency position, which is equal to assets in the balance sheet and off-balance sheet less balance sheet and off-balance sheet liabilities in a single currency. The position can be 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 September 30 th 2012 the TOP to capital ratio was: Group's – 0,77 % (31-12-2011: 0,50 %), Bank's – 0,76 % (31-12-2011: 0,50 %).

Sensitivity of foreign exchange risk

Foreign exchange (FX) risk is limited by amounts of open FX positions. For calculation of sensitivity to FX risk all exposures shall be converted into possible loss, i.e. open FX position is multiplied by possible FX rate change. The FX risk parameters for the Group (Bank) have been established in view of the maximum fluctuations of currency exchange rate in 2012 and prognosis that exchange rate fluctuations will remain similar in 2011. The Group does not evaluate FX risk on open EUR position as LTL is pegged to EUR at a fixed rate (see General information).

Currency	Annual reasonable shift 2012
USD	7%
GBP	4,5%
DKK	0,5%
SEK	3%
LVL	1%
other currencies	6,5%

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

	30-09-2012		31-12-2011	
	Impact on profit or loss, on equity		Impact on profit or loss, on equity	
	Group	Bank	Group	Bank
USD	23	23	6	6
GBP	20	20	1	1
DKK	4	4	1	1
SEK	11	11	13	13
LVL	3	3	2	2
other currencies	45	45	31	31
Total:	106	106	54	54

The presumable FX rate change creates acceptable impact on the Bank's profit and makes LTL 87 thousand in 2012 (2011: LTL 54 thousand) and the Group's annual profit and makes LTL 106 thousand in 2012 (2011: LTL 54 thousand) higher/lower impact on profit.

FINANCIAL STATEMENT OF ŠIAULIŲ BANKAS AB

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

Žemiau pateiktos Banko atviros pagrindinių valiutų pozicijos 2011 m. gruodžio 31 d.:

	USD	Others currencies	Total currencies:	EUR	LTL	Total:
Assets	70 865	4 374	75 239	848 030	1 808 297	2 731 566
Liabilities and shareholder's equity	72 816	2 192	75 008	759 656	1 896 902	2 731 566
Net balance sheet position	(1 951)	2 182	231	88 374	(88 605)	-
Currency swaps	1 869	(826)	1 043	(1 045)	-	(2)
Net open position	(82)	1 356	1 274	87 329	(88 605)	(2)

Interest rate risk

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

FINANCIAL STATEMENT OF ŠIAULIŲ BANKAS AB

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

Sensitivity of interest rate risk

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

The data provided in the table below specify the Group and the Bank's interest rate risk when the assets and liabilities shown at the carrying amount are allocated by the date of the interest rate review or by maturity of assets and liabilities, depending on which comes first.

Group 30-09-2012

	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	359 639	561 888	851 814	98 784	523 596	473 885	2 869 606
Liabilities and shareholder's equity	428 062	421 063	474 739	524 472	57 392	963 878	2 869 606
Net interest sensitivity gap at 30 June 2010	(68 423)	140 825	377 075	(425 688)	466 204	(489 993)	-
Higher/lower impact on profit from balance sheet assets and liabilities	(656)	1 174	2 357	(1 064)	-	-	1 811

Group 31-12-2011

	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	398 784	560 439	772 547	139 569	384 241	481 724	2 737 304
Liabilities and shareholder's equity	415 875	397 950	490 184	488 218	110 208	834 869	2 737 304
Net interest sensitivity gap at 31 December 2010	(17 091)	162 489	282 363	(348 649)	274 033	(353 145)	-
Higher/lower impact on profit from balance sheet assets and liabilities	(164)	1 354	1 762	(873)	-	-	2 079

FINANCIAL STATEMENT OF ŠIAULIŲ BANKAS AB

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

Bank 30-09-2012

	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	388 531	531 598	868 817	210 748	533 275	320 289	2 853 258
Liabilities and shareholder's equity	428 062	421 063	474 739	524 472	57 392	947 530	2 853 258
Net interest sensitivity gap at 30 June 2010	(39 531)	110 535	394 078	(313 724)	475 883	(627 241)	-
Higher/lower impact on profit from balance sheet assets and liabilities	(379)	921	2 463	(784)	-	-	2 221

Bank 31-12-2011

	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	416 797	574 807	756 739	247 141	380 596	355 486	2 731 566
Liabilities and shareholder's equity	415 875	397 950	490 184	488 218	110 208	829 131	2 731 566
Net interest sensitivity gap at 31 December 2010	922	176 857	266 555	(241 077)	270 388	(473 645)	-
Higher/lower impact on profit from balance sheet assets and liabilities	9	1 474	1 666	(603)	-	-	2 546

FINANCIAL STATEMENT OF ŠIAULIŲ BANKAS AB

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

Operational risk

The goals of the Bank's operational risk management include such areas as implementation of the internal control, processes and measures of the operational risk mitigation, prevention of accidents and losses; proper identification and assessment of the operational risks; concentration of funds and time on the establishment and management of the major operational risk sources in every area of the Bank's activity; proper arrangement of the internal control environment and monitoring constantly reviewing the applied methods and learning from the past.

Operational risk management system at the Bank covers all the areas of banking activities: work with cash (cash values), investment services (deposits, investment and pension funds), account payments (bank accounts, direct debit, fee collection), e-banking (SB linija, SMS bank, payment card), credits (credits, factoring, guarantees and documentary settlements), leasing, trading in foreign currency, etc.

The bank distinguishes a reputation risk as an operational risk sub-group. The reputation risk is the existing or foreseen risk, which might have a negative impact on the Bank's income and (or) capital with regard to unfavourable opinion about the Bank's reputation and which is made by the clients, parties of the agreement, shareholders and investors. Considering the nature and scope of the banking activities, the following key sources of the operational risk are distinguished within the Bank:

1. Information systems (technical and software equipment, disorders in telecommunication systems, etc.)
2. Influence of human factors:
 - 2.1. A suspected unintended error or action of an employee;
 - 2.2. The bank's employees errors without establishing a motive of action;
 - 2.3. Suspected illegal actions, fraud, deceit made by the bank's employees;
 - 2.4. Illegal actions, fraud, deceit made by non- bank's employees.
3. Working conditions (violation of the safe working conditions, etc.)
4. The forces of nature.

In order to collect information about operational risk events, the Bank accumulates the historical data related to operational risk and losses caused by it. For this purpose the Operational Risk Event Registration procedure is approved by the Bank's Board.

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

The Bank's operational risk management system is supplemented by the Bank's Activity Continuity Plan and the Information Security and Emergency Management systems created and installed by the Information technologies agency "Blue Bridge".

Referring to the scope of the Bank's activities and possibilities to take advantage of the historical data with regard to operational risk, the Bank has decided to apply a basic indicator approach indicated in the regulations for the Capital adequacy ratios.

Stress tests

Alongside with the assessment of various types of risks and calculation of the capital requirement, the Group performs the stress testing to such types of risks which, after the self-assessment, fall under the high or very high level of risk. During the stress testing it is established if the Group's capital is adequate to cover the likely loss which could be incurred from the deterioration of the Group's financial status. The stress testing is performed in compliance with the requirements set by the Bank of Lithuania.

FINANCIAL STATEMENT OF ŠIAULIŲ BANKAS AB

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

22 NOTE SEGMENT INFORMATION

Business segments

Below, there is a summary of major indicators for the main business segments of the Group included in the statement of financial position as at 30 September 2012 and in the statement of comprehensive income :

	Banking	Leasing	Investment management	Real estate development	Eliminations	Total:
Internal	9 429	(4 320)	(679)	(3 794)	(636)	-
External	30 958	9 096	267	1 198		41 519
Net interest income	40 387	4 776	(412)	(2 596)	(636)	41 519
Internal	9 542	(4 417)	(679)	(3 801)	(645)	-
External	37 036	8 915	329	1 204		47 484
Net interest, fee and commissions income	46 578	4 498	(350)	(2 597)	(645)	47 484
Provision expenses	(16 979)	44	-	(559)		(17 494)
Internal	(549)	(134)	(10)	(25)	718	-
External	(25 065)	(2 323)	(482)	(3 583)		(31 453)
Operating expenses	(25 614)	(2 457)	(492)	(3 608)	718	(31 453)
Amortisation charges	(221)	(6)	-	(2)		(229)
Depreciation charges	(2 242)	(689)	(10)	(162)		(3 103)
Internal	1 187	(1)	26	50	(1 262)	-
External	10 156	1 147	798	6 746		18 847
Net other income	11 343	1 146	824	6 796	(1 262)	18 847
Profit before tax	12 865	2 536	(28)	(132)	(1 189)	14 052
Losses from discontinued operations	-	-	-	-	(723)	(723)
Income tax	(1 856)	(172)	-	(136)		(2 164)
Profit per segment after tax	11 009	2 364	(28)	(268)	(1 912)	11 165
Profit for the year attributable to equity holders of the Bank	11 009	2 364	(28)	(268)	(1 912)	11 165
Total segment assets	2 853 258	221 504	21 719	191 539	(418 414)	2 869 606
Total segment liabilities	2 540 031	216 614	16 458	151 845	(366 168)	2 558 780
Net segment assets (shareholders' equity)	313 227	4 890	5 261	39 694	(52 246)	310 826

FINANCIAL STATEMENT OF 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 statement of financial position as at 30 September 2011 and in the statement of comprehensive income:

	Banking	Leasing	Investment management	Real estate development	Eliminations	Total:
Internal	6 621	(3 362)	(694)	(2 565)	-	-
External	28 052	7 179	336	2 277		37 844
Net interest income	34 673	3 817	(358)	(288)	-	37 844
Internal	6 739	(3 468)	(694)	(2 577)		-
External	34 123	7 160	376	2 277		43 936
Net interest, fee and commissions income	40 862	3 692	(318)	(300)	-	43 936
Provision expenses	(6 448)	(166)	312	76		(6 226)
Internal	(25)	(127)	(44)	(51)	247	-
External	(23 796)	(2 145)	(504)	(1 746)		(28 191)
Operating expenses	(23 821)	(2 272)	(548)	(1 797)	247	(28 191)
Amortisation charges	(172)	(5)	-	-		(177)
Depreciation charges	(2 362)	(753)	(11)	(77)		(3 203)
Internal	153	93	-	1	(247)	-
External	4 171	609	382	1 851		7 013
Net other income	4 324	702	382	1 852	(247)	7 013
Profit before tax	12 383	1 198	(183)	(246)	-	13 152
Income tax	(1 654)	(213)	-	(10)		(1 877)
Profit per segment after tax	10 729	985	(183)	(256)	(554)	10 721
Profit for the year attributable to equity holders of the Bank	10 729	985	(183)	(256)	(554)	10 721
Total segment assets	2 735 754	142 799	41 185	108 130	(289 112)	2 738 756
Total segment liabilities	2 439 691	139 434	36 251	104 520	(272 223)	2 447 673
Net segment assets (shareholders' equity)	296 063	3 365	4 934	3 610	(16 889)	291 083

Additional information

Trade in Bank's shares in regulated markets

The Bank's shares are quoted in the official trading list of AB NASDAQ OMX Vilnius. ISIN code LT0000102253; the number of shares: 234 857 533.



Source: NASDAQ OMX Vilnius AB website

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=2012&end_d=30&end_m=9&end_y=2012



Source: NASDAQ OMX Vilnius AB website

http://www.nasdaqomxbaltic.com/market/?instrument=LT0000102253&list=2&pg=details&tab=historical&lang=lt¤cy=0&downloadcsv=0&date=&start_d=30&start_m=9&start_y=2009&end_d=30&end_m=9&end_y=2012

A price and turnover of shares on 2011 and during three quarters of 2011:

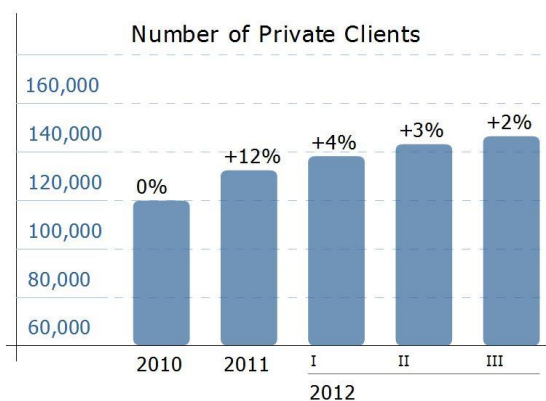
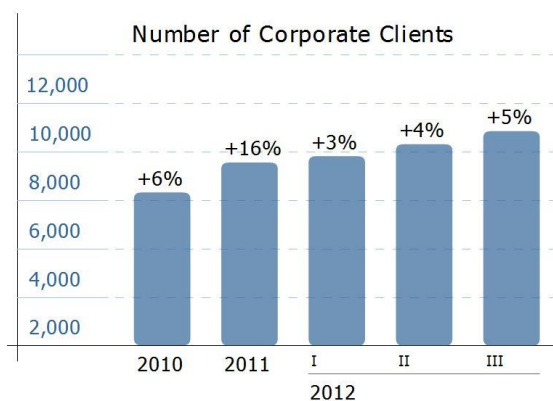
Quarter	Price of the last trading session, EUR	Maks. kaina, EUR	Min. kaina, EUR	Akcijų skaičius, vnt.	Apyvarta, mln. EUR
I-2011	0,327	0,353	0,312	3 428 636	1,118
II-2011	0,316	0,325	0,306	3 026 771	0,948
III-2011	0,270	0,344	0,260	6 880 750	2,095
IV-2011	0,245	0,292	0,230	4 563 345	1,181
I-2012	0,272	0,285	0,242	2 920 163	0,763
II-2012	0,246	0,27	0,242	5 924 381	1,534
III-2012	0,243	0,256	0,241	885 640	0,217

The review and most significant events of the accounting period

Over the three quarters 2012 Šiaulių bankas earned LTL 11 million of unaudited net profit. The net profit earned by the Bank's Group reached LTL 11.1 million. The net profit gained by the Bank and the Bank's Group over the respective period in 2011 comprised LTL 10.7. The Bank's operating profit (before the income tax, dividends from the subsidiaries and special provisions) for the three quarters of 2012 exceeded the respective result of 2011 by 53 per cent and reached LTL 29 million. It is worth noticing, that operating profit of the third quarter of the current year was the biggest one ever earned in the history of Šiaulių bankas – it comprised LTL 11.2 million.



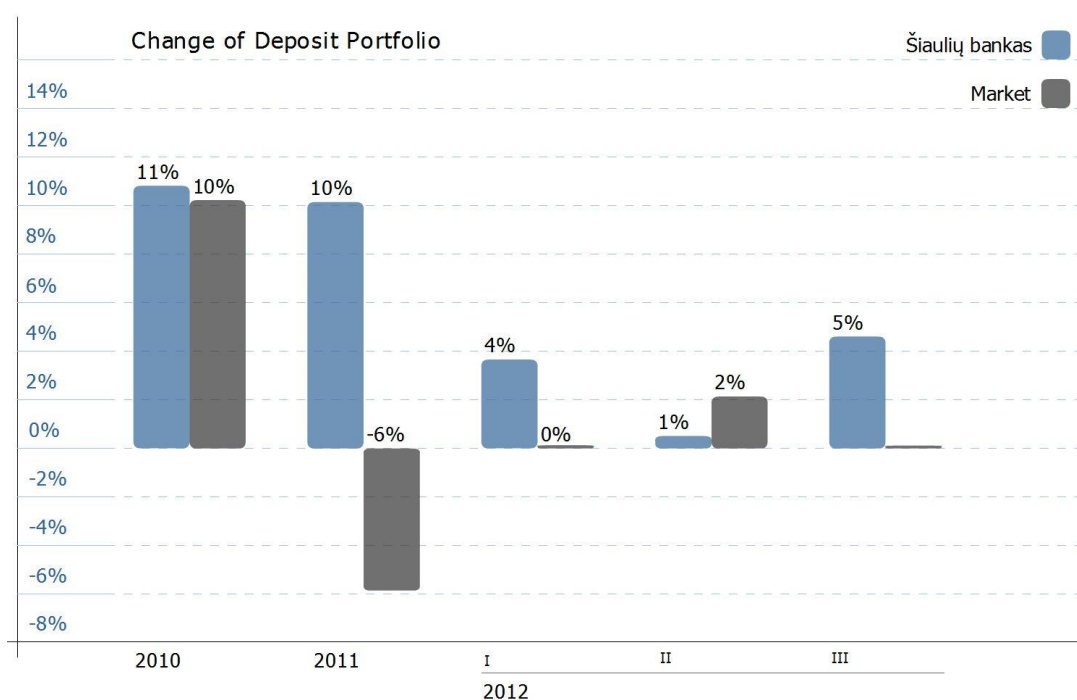
Comparing to the three quarters of 2011 the Bank has improved its activities in all key areas of its performance. The net interest income grew by 16 per cent and reached LTL 40.4 million. The Bank's net interest and commission fee has been also constantly growing over each quarter of the current year – it reached LTL 1.7 million, 2.1 million and 2.4 million respectively. This was influenced by the growing number of the clients and their increasing activity. According to the data as of the end of September, the number of the Bank's clients exceeded 157 thousand. Since the beginning of the year the corporate clients have grown by 12 per cent, the private ones - by 9 per cent.

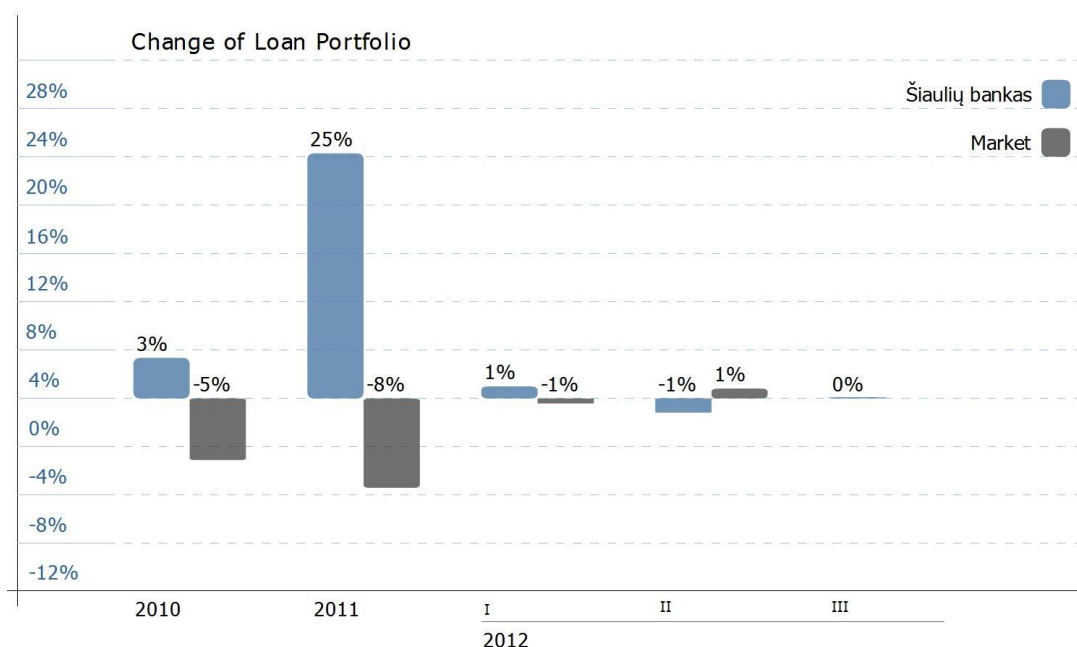


Over the third quarter of 2012 the Bank gained significant profit of LTL 3.2 million from the securities transactions (LTL 5.7 million - over the entire period of nine months). LTL 6.4 million of special provisions have been additionally formed over the third quarter, whereas, since the beginning of the year the expenses on special provisions comprise almost LTL 17 million.

The cost to income ratio has decreased by 10.9 percentage points since the beginning of the year and comprised 48 per cent late in September (the ratio of the third quarter was 43.8 per cent). The ROE and ROA ratios remained stable over the year and comprised 4.8 per cent and 0.5 per cent respectively after the period of three quarters.

Since the beginning of the year the Bank's assets have grown by 4.5 per cent up to LTL 2,9 billion. The steadily increasing deposit portfolio assisted maintaining the growing trend – it increased by 9.1 per cent up to LTL 2.07 billion over the nine months. The deposits placed by the individuals were growing especially rapidly – they have increased by 15 per cent over the mentioned period and comprised LTL 1.51 billion at the end of the third quarter.





The Bank's loan portfolio has not incurred significant changes over the third quarter – it comprised LTL 2.07 billion late in September. The collaboration agreement with the European Investment Fund (EIF) extended at the beginning of October (for additional EUR 20 million) as well as the loan of EUR 5 million received from the Commerzbank shall be used to provide funding to small and medium-sized business and shall contribute to the more rapid growth of the loan portfolio during the fourth quarter of the current year.

The members of Bank's management bodies

The Bank's Supervisory Council:

Arvydas Salda The member of the Supervisory Council of Šiaulių bankas AB since 1991, Chairman of the Bank's Supervisory Council since 1999.

Education: Kaunas Institute of Technology.
Vilnius University, a specialty of applicable mathematics.

Work experience: A consultant of "SB turto fondas" UAB since 2004.

Sigitas Baguckas Deputy Chairman of Council of Šiaulių bankas AB since 2000, member of Council since 1991.

Education: Vilnius Civic Engineering Institute. An engineer-constructor.

Work experience: Director of "Namų statyba" UAB till 2007, a procurist since 2007.

Gintaras Kateiva The member of the Supervisory Council of Šiaulių bankas AB since 2008.

Education: Vilnius Pedagogic Institute, a teacher.

Work experience: Counsellor Director of "Litagros cmemija" UAB (currently – "Litagra" UAB) until 2005, Chairman of the Board since 2005, Director General of "Litagros prekyba" UAB until 2008, Director of "Litagros" mažmena UAB since 2008.

Kastytis Jonas Vyšniauskas	The member of the Supervisory Council of Šiaulių bankas AB since 1996.
<i>Education:</i>	Kaunas Institute of TechnologyKaunas Technology Institute, an engineer-mechanic.
<i>Work experience:</i>	Director General of "Sulinkiai" UAB until 2009.
Vigintas Butkus	The member of the Supervisory Council of Šiaulių bankas AB since 2004.
<i>Education:</i>	Marijampole School of Culture, a director.
<i>Work experience:</i>	Director of "Mintaka" UAB since 2000, Director of Trade House "Aiva" UAB since 2002.
Vytautas Junevičius	The member of the Supervisory Council of Šiaulių bankas AB since 2006.
<i>Education:</i>	Kaunas Technology Institute, an engineer-economist. Vilnius University, a specialist of international economy relations.
<i>Work experience:</i>	the Director General of "Alita" AB until 2009, the Consultant of the Director General of the Company's Group "Alita", 2009-2011.
Peter Reiniger	The member of the Supervisory Council of Šiaulių bankas AB since 2011.
<i>Education:</i>	Technical University of Budapest, an engineer-mechanic (master), an engineer of production organization (master).
<i>Work experience:</i>	European Bank for Reconstruction and Development (EBRD), the Director of the Business Group until 2010, the Managing director 2010-2011. Chief Advisor of the First Vice-president and Executive Committee since 2001.
Ramunė Vilija Zabulienė	The independent member of the Supervisory Council of Šiaulių bankas AB since 04/05/2012.
<i>Education:</i>	Vilnius University, an engineer-economist.
<i>Work experience:</i>	the member of the Board of the Bank of Lithuania, Deputy Chairman until 2011. (Certificate of the Lithuanian resident for individual activity).

The Board of the Bank:

Algirdas Butkus	Chairman of the Board.
<i>Education:</i>	Kaunas Technology Institute, a master of economy.
<i>Work experience:</i>	the Chairman of the Board, Chief Executive Officer of Šiaulių bankas AB from 1999 to February 2011, the Deputy Chief Executive Officer since February 2011.
Audrius Žiugžda	The Deputy Chairman of the Board, Chief Executive Officer.
<i>Education:</i>	Vytautas Magnus University, a master of Business Administration and Management.
<i>Work experience:</i>	the Chairman of the Board and President of SEB AB 2006-2009, the Advisor of the Director General TEO LT, AB 2010-2011, the Chief Executive Officer of Siauliu bankas AB since February 2011.

Donatas Savickas	The member of the Board, Deputy Chief Executive Officer, Head of Finance and Risk Management Division.
<i>Education:</i>	Vilnius University, a master of economy. Vytautas Magnus University, a master of Business Administration and Management.
<i>Work experience:</i>	the Deputy Chairman of the Board of Šiaulių bankas AB since 1995, Deputy Chief Executive Officer, Head of Finance and Credit Division since 2005, Head of Finance and Risk Management Division since 2011.
Daiva Kiburienė	The member of the Board, Deputy Chief Executive Officer, Head of Šiauliai region.
<i>Education:</i>	Vilnius University, a master of economy. Vytautas Magnus University, a master of Business Administration and Management.
<i>Work experience:</i>	the Deputy Chairperson of the Board of Šiaulių bankas AB since 1998, Deputy Chief Executive Officer, Head of Corporate and Retail Banking Division 2005-2011, Head of Šiauliai region since 2011.
Vita Adomaitytė	The member of the Board, Chief Financial Officer, Head of Accounting and Reporting Division.
<i>Education:</i>	Vilnius University, a master of finance and credit.
<i>Work experience:</i>	the Chief Financial Officer of Šiaulių bankas since 2002, Head of Accounting and Reporting Division since 2005.
Vytautas Sinius	The member of the Board, Head of Corporate Banking Division.
<i>Education:</i>	Vilnius Higher School of Economics, a bank officer. Vilnius University, a bachelor of economy. Vytautas Magnus University, a master of Business Administration and Management.
<i>Work experience:</i>	the Director of Retail Banking Division of SEB AB 2006-2010, Head of Corporate Banking Division of Šiaulių bankas AB since May 2011.
Jonas Bartkus	The member of the Board since 29/03/2012, Head of the IT Division.
<i>Education:</i>	Vilnius University, a master of mathematics.
<i>Work experience:</i>	Head of Computerization of Šiaulių bankas AB since 2011, Head of Business Development Division since 2005, Head of the IT Division since 2011.

Name, surname	Beginning / end of tenure	Share of capital under the right of ownership, %	Share of votes together with related persons, %
Arvydas Salda	beginning 29/03/2012 end 2016	2,59	43,17
Sigitas Baguckas	beginning 29/03/2012 end 2016	0,65	43,17
Vigintas Butkus	beginning 29/03/2012 end 2016	0,39	43,17
Vytautas Junevičius	beginning 29/03/2012 end 2016	0,13	43,17
Gintaras Kateiva	beginning 29/03/2012, end 2016	6,24	43,17
Peter Reiniger	beginning 29/03/2012 end 2016	-	43,17
Ramunė Vilija Zabulienė	beginning 04/05/2012 end 2016	0,00	0,00
Algirdas Butkus	beginning 29/03/2012 end 2016	4,53	43,17
Audrius Žiugžda	beginning 29/03/2012 end 2016	0,58	43,17

Donatas Savickas	beginning 29/03/2012 end 2016	0,10	43,17
Vita Adomaitytė	beginning 29/03/2012 end 2016	0,03	43,17
Daiva Kiburienė	beginning 29/03/2012 end 2016	0,06	43,17
Vytautas Sinius	beginning 29/03/2012 end 2016	0,07	43,17
Jonas Bartkus	beginning 29/03/2012 end 2016	0,05	43,17

Data on the publicly disclosed information

The following information was publicly disclosed over the 9 months of 2012:

- 18/01/2012 - the calendar of the Bank's information to be announced to the investors;
- 20/02/2012 - a pre-audited activity result of the Bank and the Group for 2011;
- 20/02/2012 - interim financial information of the Bank for 12 months of 2011;
- 05/03/2012 - convocation of the Ordinary General Meeting of Shareholders;
- 08/03/2012 - the draft resolutions prepared by the Board for the Ordinary General Meeting of Shareholders to be held on 29-03-2012;
- 09/03/2012 - corrected draft resolutions prepared by the Board for the Ordinary General Meeting of Shareholders to be held on 29-03-2012 (a corrected annex to the notification);
- 20/03/2012 - notification regarding the Board's decision to acquire the shares of „Pavasaris“ UAB;
- 29/03/2012 - resolutions of the Ordinary General Meeting of Shareholders held on 29-03-2012;
- 30/03/2012 - information regarding decisions of the Bank's Council and Bank's Board (with regard to the Bank's Board);
- 30/03/2012 - annual information;
- 02/04/2012 - supplement of annual information;
- 19/04/2012 - the un-audited activity result for the first quarter of 2012 of the Bank and the Group;
- 14/05/2012 - report regarding concluded transactions, related to payment of the variable remuneration in the Bank's shares;
- 18/05/2012 - interim information of the Bank for 3months of 2012;
- 01/06/2012 - information regarding acquisition of the share block of „Pavasaris“ UAB.
- 19/07/2012 - a pre-audited activity result of Bank and the Group for the first half-year;
- 14/08/2012 - Notification regarding the acquisition of the voting rights;
- 20/08/2012 - The interim information for the six months of 2012;
- reports regarding the transactions with the Banks shares entered by the Bank's senior managers.

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