



RESPONSIBLE PERSONS' CONFIRMATION

We, Chairman of the Board Algirdas Butkus and Chief Financial Officer Vita Adomaitytė, confirm that this interim financial statement is formed in compliance with applicable accounting standards, corresponds to the facts and properly indicates the assets of Šiaulių bankas AB and total assets of the consolidated enterprises as well as liabilities, financial status and profit.

Chairman of the board

 Algirdas Butkus

Chief Financial Officer

 Vita Adomaitytė

29 May 2009



FINANCIAL STATEMENTS

31 MARCH 2009

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FINANCIAL STATEMENTS ŠIAULIŲ BANKAS AB

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

THE GROUP'S AND BANK'S BALANCE SHEET

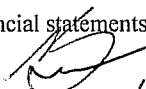
		31 March 2009		31 December 2008	
	Notes	Group	Bank	Group	Bank
Assets					
Cash and cash equivalents	2	125 004	124 906	142 939	142 927
Due from other banks	3	1 046	1 046	1 220	1 220
Trading securities	6	3 622	582	3 689	714
Loans to customers	4	1 472 041	1 665 809	1 490 014	1 674 541
Finance lease receivables	5	125 040	-	128 836	-
Investment securities:					
- available-for-sale	6	50 566	23 528	36 860	21 336
- held-to-maturity	6	145 252	142 212	150 012	147 038
Investments in subsidiaries	6	-	3 157	-	2 135
Intangible assets		733	724	791	780
Tangible fixed assets		61 370	46 794	56 359	46 290
Prepaid income tax		949	39	1 002	-
Deferred income tax assets		20	-	-	-
Other assets	7	64 121	18 543	67 852	12 704
Total assets		2 049 764	2 027 340	2 079 574	2 049 685
Liabilities					
Due to other banks and financial institutions	8	366 250	357 261	445 835	445 945
Due to customers	9	1 328 111	1 328 122	1 259 750	1 259 755
Special and lending funds	10	29 223	29 223	30 699	30 699
Debt securities in issue	11	23 699	23 699	24 997	24 997
Current income tax liabilities		37	-	543	526
Deferred income tax liabilities		161	161	98	98
Other liabilities	12	14 533	4 805	14 028	4 784
Total liabilities		1 762 014	1 743 271	1 784 950	1 766 804
Equity					
Capital and reserves attributable to equity holders of the parent					
Share capital	13	180 358	180 358	180 358	180 358
Share premium		45 681	45 681	45 681	45 681
Reserve capital		2 611	2 611	2 611	2 611
Statutory reserve		6 376	5 981	3 683	3 405
General reserve to cover possible losses in assets		10 000	10 000	-	-
Financial assets revaluation reserve		(621)	(621)	(680)	(680)
Retained earnings		43 345	40 059	58 004	51 506
		287 750	284 069	289 657	282 881
Minority interest	14	-	-	4 967	-
Total equity		287 750	284 069	294 624	282 881
Total liabilities and equity		2 049 764	2 027 340	2 079 574	2 049 685


The notes on pages 10-30 constitute an integral part of these financial statements

Chairman of the Board

Chief Financial Officer

29 May 2009


Algirdas Butkus


Vita Adomaitytė

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

THE GROUP'S AND BANK'S INCOME STATEMENT

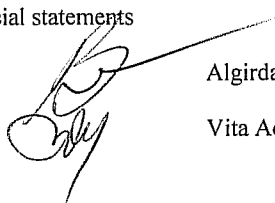
	Notes	31 March 2009		31 March 2008	
		Group	Bank	Group	Bank
Interest and similar income	15	37 404	35 855	32 811	31 248
Interest expense and similar charges	15	(28 614)	(27 601)	(20 772)	(20 654)
Net interest income		8 790	8 254	12 039	10 594
Fee and commission income	16	3 068	3 162	3 243	3 326
Fee and commission expense	16	(1 068)	(1 051)	(1 218)	(1 192)
Net fee and commission income		2 000	2 111	2 025	2 134
Impairment charge for credit losses		(8 895)	(8 147)	(1 424)	(1 245)
Gain on disposal of subsidiary		-	-	-	-
Net gain on operations with securities		4 831	207	6 386	497
Net foreign exchange gain		614	614	525	528
Gain on disposal of assets		(8)	1	23	2
Other income		236	117	298	127
Administrative and other operating expenses	17	(9 713)	(8 405)	(10 891)	(9 328)
Operating profit		(2 145)	(5 248)	8 981	2 315
Dividends from investments in subsidiaries		-	6 377	-	8 797
Profit before income tax		(2 145)	1 129	8 981	11 112
Income tax expense		-	-	55	-
Profit for the year		(2 145)	1 129	9 036	11 112
Profit is attributable to:					
Equity holders of the Bank		(2 145)	1 129	6 390	11 112
Minority interest	14	-	-	2 646	-
Profit for the year		(2 145)	1 129	9 036	11 112
Basic and diluted earnings per share, net (in LTL per share)	13	-0,01	0,01	0,04	0,06

The notes on pages 10 – 30 constitute an integral part of these financial statements


Chairman of the Board

Chief Financial Officer

29 May 2009



Algirdas Butkus



Vita Adomaitytė

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

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

	From 1 to 3 month 2009		From 1 to 3 month 2008	
	Group	Bank	Group	Bank
Interest and similar income	37 404	35 855	32 811	31 248
Interest expense and similar charges	(28 614)	(27 601)	(20 772)	(20 654)
Net interest income	8 790	8 254	12 039	10 594
Fee and commission income	3 068	3 162	3 243	3 326
Fee and commission expense	(1 068)	(1 051)	(1 218)	(1 192)
Net fee and commission income	2 000	2 111	2 025	2 134
Impairment charge for credit losses	(8 895)	(8 147)	(1 424)	(1 245)
Gain on disposal of subsidiary	-	-	-	-
Net gain on operations with securities	4 831	207	6 386	497
Net foreign exchange gain	614	614	525	528
Gain on disposal of assets	(8)	1	23	2
Other income	236	117	298	127
Administrative and other operating expenses	(9 713)	(8 405)	(10 891)	(9 328)
Operating profit	(2 145)	(5 248)	8 981	2 315
Dividends from investments in subsidiaries	-	6 377	-	8 797
Profit before income tax	(2 145)	1 129	8 981	11 112
Income tax expense	-	-	55	-
Profit for the period	(2 145)	1 129	9 036	11 112
Profit is attributable to:				
Equity holders of the Bank	(2 145)	1 129	6 390	11 112
Minority interest	-	-	2 646	-
Profit for the period	(2 145)	1 129	9 036	11 112

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

THE GROUP'S AND BANK'S CASH FLOW STATEMENT

	Notes	31 March 2009		31 March 2008	
		Group	Bank	Group	Bank
Operating activities					
Interest received		36 135	34 521	32 811	31 248
Interest paid		(30 838)	(29 825)	(20 772)	(20 654)
Cash received from previously written-off loans		31	4	37	10
Net cash received from operations in foreign currency		906	906	516	518
Net cash received from operations in securities		(165)	(165)	29	1
Net cash received from service and commission fees		2 000	2 111	2 025	2 134
Salaries and related payments to and on behalf of employees		(5 193)	(4 407)	(5 136)	(6 059)
Other receipts		236	118	321	190
Other payments		(6 386)	(5 683)	(6 942)	(3 728)
Net cash flow from operating activities before change in short-term assets and liabilities		(3 274)	(2 420)	2 889	3 660
(Increase) decrease in assets:					
(Increase) in loans to credit and financial institutions		8 206	15 982	(1 579)	(1 755)
(Increase) in loans to customers		11 912	(8 505)	(28 777)	(28 103)
Decrease in trading securities		128	324	436	285
(Increase) decrease in other assets		(4 673)	(1 091)	5 679	314
Change in assets		15 573	6 710	(24 241)	(29 259)
Increase in liabilities					
Increase in liabilities to credit and financial institutions		(71 491)	(71 491)	(28 847)	(28 702)
Increase in deposits, special and leanding funds		52 015	51 658	65 860	55 136
Increase in other liabilities		527	226	(664)	12 610
Change in liabilities		(18 949)	(19 607)	36 349	39 044
Net cash flow from/(used in) operating activities before tax		(6 650)	(15 317)	14 997	13 445
Income tax paid		(565)	(565)	(134)	(136)
Net cash flow from operating activities		(7 215)	(15 882)	14 863	13 309
Investing activities					
Purchase of tangible and intangible fixed assets		(6 339)	(1 567)	(2 819)	(1 636)
Disposal of tangible and intangible fixed assets		625	489	61	61
Acquisition of available-for-sale securities		(11 083)	(11 083)	(14 218)	(14 218)
Disposal of available-for-sale securities		9 013	9 013	1 505	1 505
Acquisition of held to maturity securities		-	-	(1 933)	(1 933)
Proceeds from redemption of held to maturity securities		3 329	3 329	10 120	10 120
Acquisition of subsidiary		-	(1 022)	-	-
Dividends received		-	-	3 138	38
Net cash used in investing activities		(4 455)	(841)	(4 146)	(6 063)
Financing activities					
Increase in share capital		-	-	-	-
Dividends paid		-	-	(1)	(1)
Payment to minority shareholders		(4 967)	-	(3 457)	-
Debt securities issued		-	-	-	-
Debt securities repurchased and redeemed		(1 298)	(1 298)	329	329
Net cash flow from financing activities		(6 265)	(1 298)	(3 129)	328
Net increase in cash and cash equivalents		(17 935)	(18 021)	7 588	7 574
Cash and cash equivalents at 1 January		142 939	142 927	230 540	230 528
Cash and cash equivalents at 31 March	2	125 004	124 906	238 128	238 102

The notes on pages 10 – 30 constitute an integral part of these financial statements

Chairman of the Bord

Chief Financial Officer

29 May 2009

Algirdas Butkus

Vita Adomaitytė

(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							Total equity
	Share capital	Share premium	Reserve capital	Statutory reserve and other reserve	Retained earnings	Total:	Minority interest	
31 December 2007	161 033	65 006	2 611	2 103	49 824	280 577	8 629	289 206
Dividends	-	-	-	-	(3 221)	(3 221)	-	(3 221)
Dividends to minority	-	-	-	-	-	-	(6 103)	(6 103)
Formation of statutory reserve	-	-	-	1 940	(1 940)	-	-	-
Financial assets revaluation reserv	-	-	-	275	-	275	-	275
Profit for the year	-	-	-	-	6 390	6 390	2 646	9 036
31 March 2008	161 033	65 006	2 611	4 318	51 053	284 021	5 172	289 193
Bonus issue of share capital	19 325	(19 325)	-	-	-	-	-	-
Financial assets revaluation reserv	-	-	-	(1 393)	-	(1 393)	-	(1 393)
Recognition of deferred income tax	-	-	-	78	-	78	-	78
Profit for the year	-	-	-	-	6 951	6 951	(205)	6 746
31 December 2008	180 358	45 681	2 611	3 003	58 004	289 657	4 967	294 624
Dividends to minority	-	-	-	-	-	-	(3 923)	(3 923)
Financial assets revaluation reserv	-	-	-	118	-	118	-	118
Recognition of deferred income tax	-	-	-	(59)	-	(59)	-	(59)
Formation of reserve	-	-	-	12 514	(12 514)	-	-	-
Decrease in share capital of minority shareholders in subsidiaries	-	-	-	179	-	179	(1 044)	(865)
Profit for the year	-	-	-	-	(2 145)	(2 145)	-	(2 145)
31 March 2009	180 358	45 681	2 611	15 755	43 345	287 750	-	287 750

Chairman of the Board

Chief Financial Officer

29 May 2009

Algirdas Butkus

Vita Adomaitytė

FINANCIAL STATEMENTS 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 other reserve	Retained earnings	Total
31 December 2007	161 033	65 006	2 611	360	1 445	39 162	269 617
Dividends	-	-	-	-	-	(3 221)	(3 221)
Financial assets revaluation reserve	-	-	-	275	-	-	275
Formation of statutory reserve	-	-	-	-	1 960	(1 960)	-
Profit for the year	-	-	-	-	-	11 112	11 112
31 March 2008	161 033	65 006	2 611	635	3 405	45 093	277 783
Bonus issue of share capital	19 325	(19 325)	-	-	-	-	-
Financial assets revaluation reserve	-	-	-	(1 393)	-	-	(1 393)
Recognition of deferred income tax	-	-	-	78	-	-	78
Profit for the year	-	-	-	-	-	6 413	6 413
31 December 2008	180 358	45 681	2 611	(680)	3 405	51 506	282 881
Dividends	-	-	-	-	-	-	-
Formation of statutory reserve	-	-	-	-	2 576	(2 576)	-
Financial assets revaluation reserve	-	-	-	118	-	-	118
Formation of general reserve	-	-	-	-	10 000	(10 000)	-
Recognition of deferred income tax	-	-	-	(59)	-	-	(59)
Profit for the year	-	-	-	-	-	1 129	1 129
31 March 2009	180 358	45 681	2 611	(621)	15 981	40 059	284 069

Chairman of the Board

Chief Financial Officer

29 May 2009

Algirdas Butkus

Vita Adomaitytė

(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 March 31st 2009 the Bank had 512 employees (31 December 2008: 522). As of March 31st 2009 the Group had 566 employees (31 December 2008: 578 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),

Basis of preparation

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.

(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 44 client service centres.

As of March 31st 2009 the number of the bank's clients included 245 municipal companies and governmental companies, 29 state companies, 43 agricultural companies, 30 economic partnerships, 4 022 limited liability public companies, 1.629 private companies, 465 non-profit making and public sector companies and 948 other organizations as well as 117 036 individuals.

As of March 31st 2009 and December 31st 2008 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 (real estate management). The bank owns 100% of "Šiaulių banko lizingas" UAB (nominal share value – LTL 1,000 thou), 100 % (31st December 2008 - 60.4%) of "Šiaulių banko investicijų valdymas" UAB (nominal share value – LTL 1 000 thou, 31st December 2008 LTL 604 thou), 100 % (31st December 2008 - 53.1%) of "Šiaulių banko turto fondas" UAB (nominal share value – LTL 1 000 thou, 31st December 2008 – LTL 531 thou).

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

NOTE 2 CASH AND CASH EQUIVALENTS

	Group 31 March 2009	Bank 31 March 2009	Group 31 December r 2008	Bank 31 December r 2008
Cash and other valuables	32 056	32 054	41 116	41 114
Mandatory reserves in national currency	55 287	55 287	46 822	46 822
Correspondent bank accounts	32 077	32 077	19 866	19 866
Banks time deposits	-	-	35 125	35 125
Correspondent account with central bank	5 488	5 488	-	-
Total:	125 004	124 906	142 939	142 927

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

	Group 31 March 2009	Bank 31 March 2009	Group 31 December r 2008	Bank 31 December r 2008
Due from other banks	1 046	1 046	1 220	1 220
Total:	1 046	1 046	1 220	1 220

(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**

Credit risk exposures relating to on-balance sheet assets are as follows:	31 March 2009		31 December 2008	
	Group	Bank	Group	Bank
Cash and balances with central banks	92 948	92 852	101 823	101 813
Loans and advances to banks	1 046	1 046	1 220	1 220
Loans and advances to customers:	1 597 081	1 665 809	1 618 850	1 674 541
Loans and advances to financial institutions	16 782	152 346	24 988	165 065
Loans to individuals (Retail)	271 888	255 801	283 697	267 560
Loans to business customers	1 183 371	1 257 662	1 181 329	1 241 916
Finance lease receivables	125 040	-	128 836	-
Trading assets:				
- Debt securities	3 040	-	2 975	-
- Equity securities	582	582	714	714
Derivative financial instruments	-	-	-	-
Securities available for sale				
- Debt securities	22 825	22 825	20 608	20 608
- Equity securities	27 741	703	16 252	728
Investment securities held to maturity				
- Debt securities	145 252	142 212	150 012	147 038
Other financial assets	30 313	7 830	28 918	7 810
Credit risk exposures relating to off-balance sheet items are as follows:				
Financial guarantees	46 011	46 011	68 115	68 115
Letters of credit	7 969	7 969	9 282	9 282
Loan commitments and other credit related liabilities	66 147	63 947	71 156	64 425
/31 March/31 December	2 040 955	2 051 786	2 089 925	2 096 294

Loans and advances are summarised as follows:

	31 March 2009		31 December 2008	
	Group	Bank	Group	Bank
Business customers	1 211 346	1 421 122	1 214 456	1 415 117
Individuals	276 682	260 215	287 048	270 692
Gross	1 488 028	1 681 337	1 501 504	1 685 809
Less: allowance for impairment	15 987	15 528	11 490	11 268
Net	1 472 041	1 665 809	1 490 014	1 674 541

	31 March 2009		31 December 2008	
	Group	Bank	Group	Bank
Neither past due nor impaired	1 278 793	1 477 999	1 359 123	1 547 564
Past due but not impaired	167 561	163 234	97 659	94 209
Impaired	41 674	40 104	44 722	44 036
Gross	1 488 028	1 681 337	1 501 504	1 685 809
Less: allowance for impairment	15 987	15 528	11 490	11 268
Net	1 472 041	1 665 809	1 490 014	1 674 541

Loans and advances neither past due nor 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.

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

The list of loss events:

- 1) The borrower's financial status is evaluated as poor or bad;
- 2) A borrower is past due with the loan payments (on a principal or interest) for more than 90 days or loan agreement is terminated;
- 3) Proceeds granted to the borrower are used not according to the loan purpose and the implementation terms of investment project are violated;
- 4) Decrease in collateral value, when the 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;

The borrower's financial status is evaluated as sufficient and the borrower is past due with the loan payments (on a principal or interest) between 31 day and 90 days.

Loans and advances past due but not impaired

	31 March 2009		31 December 2008	
	Group	Bank	Group	Bank
Past due up to 30 days	110 261	108 020	63 347	61 096
Past due 31-60 days	38 891	38 017	19 684	18 907
Past due 61-90 days	7 307	6 730	5 824	5 402
Past due more than 90 days	11 102	10 467	8 804	8 804
Total	167 561	163 234	97 659	94 209
Fair value of collateral	281,673	281,673	165,438	165,438

Loans and advances impaired

	31 March 2009		31 December 2008	
	Group	Bank	Group	Bank
Impaired loans	41 674	40 104	44 722	44 036
Fair value of collateral	30 452	29 445	44 473	44 473

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:

	31 March 2009	31 December 2008
Business customers	84 388	86 667
Individuals	42 470	43 828
Gross	126 858	130 495
	31 March 2009	31 December 2008
Neither past due not impaired	83 734	103 343
Past due but not impaired	38 777	18 213
Impaired	4 347	8 939
Gross	126 858	130 495
Less: allowance for impairment	(1 818)	(1 659)
Net	125 040	128 836

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

	31 March 2009			31 December 2008		
	Individuals	Business customers	Total	Individuals	Business customers	Total
Finance lease receivables by sector:						
- transport vehicles	2 404	18 919	21 323	2 499	21 880	24 379
- residential real estate	83	21 857	21 940	87	22 047	22 134
- airplanes	0	11 468	11 468	-	11 668	11 668
- production equipment	177	17 660	17 837	233	15 807	16 040
- other equipment	5 546	8 074	13 620	8 155	8 968	17 123
- other assets	34 260	6 410	40 670	32 854	6 297	39 151
Total:	42 470	84 388	126 858	43 828	86 667	130 495

NOTE 6 SECURITIES**Trading securities**

	31 March 2009		31 December 2008	
	Group	Bank	Group	Bank
Debt securities:				
Private enterprise bonds	3 040	-	2 975	-
Government bonds	-	-	-	-
Equity securities:				
Listed	420	420	551	551
Unlisted	38	38	42	42
Units of funds	124	124	121	121
Total:	3 622	582	3 689	714

BREAKDOWN OF THE BANK'S TRADING SECURITIES AS OF MARCH 31st 2009 AND DECEMBER 31st 2008:

Rating	Treasury bills		Corporate debt securities		Corporate equity securities		Investment fund units	
	2009	2008	2009	2008	2009	2008	2009	2008
AAA	-	-	-	-	-	-	-	-
FROM AA- TO AA+	-	-	-	-	-	-	-	-
FROM A- TO A+	-	-	-	-	-	-	-	-
BELOW A-	-	-	-	-	-	-	-	-
NO RATING	-	-	-	-	458	593	124	121
TOTAL:	-	-	-	-	458	593	124	121

BREAKDOWN OF THE GROUP'S TRADING SECURITIES AS OF MARCH 31st 2009 AND DECEMBER 31st 2008:

Rating	Treasury bills		Corporate debt securities		Corporate equity securities		Investment fund units	
	2009	2008	2009	2008	2009	2008	2009	2008
AAA	-	-	-	-	-	-	-	-
FROM AA- TO AA+	-	-	-	-	-	-	-	-
FROM A- TO A+	-	-	-	-	-	-	-	-
BELOW A-	-	-	-	-	-	-	-	-
NO RATING	-	-	3 040	2 975	458	593	124	121
Total:	-	-	3 040	2 975	458	593	124	121

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

Investment securities

	31 March 2009		31 December 2008	
	Group	Bank	Group	Bank
Bonds:				
Government bonds of the Republic of Lithuania	9 774	9 774	4 273	4 273
Private enterprise bonds the Republic of Lithuania	13 051	13 051	16 335	16 335
Government bonds of foreign states	-	-	-	-
Securities available-for-sale:				
Unlisted equity securities	27 553	515	16 039	515
Units of funds	188	188	213	213
Total :	50 566	23 528	36 860	21 336

The shares that have been bought by the bank not only with the purpose to earn profit later selling them but also because of the opportunity to participate in the issuer's management or in pursue to represent other bank's or its clients' or business partners' interest are allocated to the category of securities held for sales.

Securities held-to-maturity

	31 March 2009		31 December 2008	
	Group	Bank	Group	Bank
Bonds of non-residents	6 468	6 468	6 477	6 477
Government bonds of foreign states	21 737	21 737	23 482	23 482
Government bonds of the Republic of Lithuania	112 335	112 335	115 424	115 424
Private enterprise bonds the Republic of Lithuania	4 712	1 672	4 629	1 655
Total investment securities:	145 252	142 212	150 012	147 038

Bank Rating	Treasury bills		Municipality debt securities		Corporate debt securities	
	2009	2008	2009	2008	2009	2008
AAA	-	-	-	-	-	-
FROM AA- TO AA+	-	-	-	-	-	-
FROM A- TO A+	10 595	12 378	-	-	1 672	1 655
BELOW A-	122 737	125 795	741	733	6 467	6 477
NO RATING	-	-	-	-	-	-
Total:	133 332	138 173	741	733	8 139	8 132

Group Rating	Treasury bills		Municipality debt securities		Corporate debt securities	
	2009	2008	2009	2008	2009	2008
AAA	-	-	-	-	-	-
FROM AA- TO AA+	-	-	-	-	-	-
FROM A- TO A+	10 595	12 378	-	-	1 672	1 655
BELOW A-	122 737	125 795	741	733	6 467	6 477
NO RATING	-	-	-	-	3 040	2 974
Total:	133 332	138 173	741	733	11 179	11 106

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

Investments in subsidiaries			31 March 2009			31 December 2008
Bank	Share in equity	Acquisitio n cost	Carrying value	Share in equity	Acquisitio n cost	Carrying value
Investments in consolidated subsidiaries:						
ŠB Lizingas UAB	100,0%	1 000	1 000	100,0%	1 000	1 000
ŠB Investicijų Valdymas UAB	100,0%	1 040	1 000	60,4%	604	604
ŠB Turto Fondas UAB	100,0%	1 117	1 000	53,1%	531	531
Total :		3 157	3 000		2 135	2 135

NOTE 7 OTHER ASSETS

		31 March 2009		31 December 2008
	Group	Bank	Group	Bank
Assets held for sale and real estate projects under development	10 351	-	24 797	-
Amounts receivable	30 313	7 830	28 918	7 810
Deferred expenses	3 272	3 151	3 509	3 401
Accrued dividend and other income	8 753	6 557	-	-
Prepayments	8 127	293	8 644	809
Foreclosed assets	1 353	45	742	45
Other	1 952	667	1 242	639
Total:	64 121	18 543	67 852	12 704

NOTE 8 DUE TO OTHER BANKS AND FINANCIAL INSTITUTIONS

		31 March 2009		31 December 2008
	Group	Bank	Group	Bank
Correspondent accounts and deposits of other banks and financial institutions:				
Correspondent accounts and demand deposits	30 091	30 102	17 771	17 881
Time deposits	25 498	25 498	96 802	96 802
Total correspondent accounts and deposits of other banks and financial institutions	55 589	55 600	114 573	114 683
Loans received:				
Loans from other banks	246 007	237 007	257 532	257 532
Loans from international organisations	64 654	64 654	73 730	73 730
Total loans received	310 661	301 661	331 262	331 262
Total:	366 250	357 261	445 835	445 945

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

NOTE 9 DUE TO CUSTOMERS

	31 March 2009		31 December 2008	
	Group	Bankas	Group	Bankas
Demand deposits:				
National government institutions	2 042	2 042	3 039	3 039
Local government institutions	41 391	41 391	26 039	26 039
Governmental and municipal companies	8 064	8 064	2 154	2 154
Corporate entities	72 974	72 985	88 397	88 416
Non-profit organisations	6 218	6 218	6 379	6 379
Individuals	88 560	88 560	98 914	98 914
Unallocated amounts due to customers	6 171	6 171	5 907	5 907
Total demand deposits:	225 420	225 431	230 829	230 848
Time deposits:				
National government institutions	534	534	646	646
Local government institutions	7 910	7 910	5 003	5 003
Governmental and municipality companies	110 985	110 985	85 951	85 951
Corporate entities	134 310	134 310	126 577	126 563
Non-profit organisations	5 268	5 268	4 738	4 738
Individuals	843 684	843 684	806 006	806 006
Total time deposits:	1 102 691	1 102 691	1 028 921	1 028 907
Total:	1 328 111	1 328 122	1 259 750	1 259 755

NOTE 10 SPECIAL AND LENDING FUNDS

	31 March 2009		31 December 2008	
	Group	Bank	Group	Bank
Special funds	288	288	386	386
Lending funds	28 935	28 935	30 313	30 313
Total:	29 223	29 223	30 699	30 699

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

	31 March 2009		31 December 2008	
	Group	Bank	Group	Bank
373 days bonds denominated in EUR with coupon rate of 7,5 per cent, maturity 27-05-2009	23 699	23 699	24 997	24 997
Total :	23 699	23 699	24 997	24 997

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

NOTE 12 OTHER LIABILITIES

	31 March 2009		31 December 2008	
	Group	Bank	Group	Bank
Accrued charges	5 243	3 877	4 113	3 696
Deferred income	1 550	389	1 646	485
Advances received from the buyers of assets	1 772	-	2 016	-
Amounts payable for finance lease agreements	1 910	-	3 845	-
Payable dividends	2 994	70	73	73
Other	1 064	469	2 335	530
Total:	14 533	4 805	14 028	4 784

NOTE 13 SHARE CAPITAL

As of March 31st 2009, the Bank's share capital comprised 180 357 533 ordinary registered shares with par value of LTL 1 each.

A resolution to increase the bank's authorized capital by LTL 19.324.021 and to issue the same number of ordinary registered shares with the par value of LTL1 each was made during the General Shareholders' Meeting of Šiaulių bankas AB held on March 27th 2008. On 14 May 2008, the Bank has registered the increase of the Bank's authorised share capital.

Seven shareholders of the Bank – European Bank for Reconstruction and Development, Prekybos Namai Aiva UAB, Mintaka UAB, Alita AB, Algirdas Butkus, Gintaras Kateiva and Arvydas Salda – acting jointly in accordance with the Agreement of Shareholders, together with related persons at the end of the year held 39,87 per cent of the Bank's shares and voting rights. Based on its Resolution No. 103 dated 23 June 2005, the Bank of Lithuania gave its consent for this group of shareholders to acquire a qualified share of the authorised share capital and voting rights.

As of 31 December 2009, the Bank had 3 574 shareholder (31 December 2008- 3 549).

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 2008, the annual general meeting of shareholders decided to pay 2 % dividends to the holders of ordinary shares. In 2009, the annual general meeting of shareholders decided to not to pay dividends.

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(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	31 March 2009	31 March 2008
Profit for the year attributable to equity holders of the Bank (in LTL thousand)	1 129	11 112
Weighted average number of issued shares (thousand of shares)	180 358	180 358
Earnings per share (in LTL per share)	0,01	0,06

Group	31 March 2009	31 March 2008
Profit (loss) for the year attributable to equity holders of the Bank (in LTL thousand)	(2 145)	6 390
Weighted average number of issued shares (thousand of shares)	180 358	180 358
Earnings per share (in LTL per share)	(0,01)	0,04

NOTE 14 MINORITY INTEREST

	31 March 2009	31 December 2008
	Group	Group
Balance at 1 January	4 967	8 629
Profit for the accounting period	-	2 441
Effect of dividends paid	(3 923)	(6 103)
Increase (decrease) in minority interest	(1 044)	-
Balance at 31 March/31 December	-	4 967

NOTE 15 NET INTEREST INCOME

	31 March 2009		31 March 2008	
	Group	Bank	Group	Bank
Interest income:				
on loans to other banks and financial institutions and placements with credit institutions	3 419	3 419	3 085	3 085
on loans to customers	28 179	30 502	24 376	26 037
on debt securities	2 064	1 934	2 244	2 126
on finance leases	3 742	-	3 106	-
Total interest income	37 404	35 855	32 811	31 248
Interest expense:				
on liabilities to other banks and financial institutions and amounts due to credit institutions	(5 668)	(4 655)	(5 605)	(5 487)
on customer deposits and other repayable funds	(21 074)	(21 074)	(13 391)	(13 391)
on debt securities issued	(424)	(424)	(328)	(328)
Compulsory insurance of deposits	(1 448)	(1 448)	(1 448)	(1 448)
Total interest expense	(28 614)	(27 601)	(20 772)	(20 654)
Net interest income	8 790	8 254	12 039	10 594

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

NOTE 16 NET FEE AND COMMISSION INCOME

	31 March 2009		31 March 2008	
	Group	Bank	Group	Bank
Fee and commission income:				
for money transfer operations	1 503	1 563	1 718	1 752
for payment card services	510	511	571	571
for base currency exchange	439	439	345	345
for operations with securities	29	29	113	113
	587	620	496	545
Total fee and commission income	3 068	3 162	3 243	3 326
Fee and commission expense:				
for payment card services	(770)	(770)	(821)	(820)
for money transfer operations	(277)	(260)	(281)	(281)
for operations with securities	(16)	(16)	(86)	(85)
for base currency exchange	(1)	(1)	(1)	(1)
other fee and commission expenses	(4)	(4)	(29)	(5)
Total fee and commission expense	(1 068)	(1 051)	(1 218)	(1 192)
Net fee and commission income	2 000	2 111	2 025	2 134

NOTE 17 ADMINISTRATIVE AND OTHER OPERATING EXPENSES

	31 March 2009		31 March 2008	
	Group	Bank	Group	Bank
Salaries, social security and other related expenses	(5 171)	(4 466)	(5 939)	(4 934)
Rent and maintenance of premises	(1 111)	(1 140)	(1 132)	(1 108)
Office equipment maintenance	(240)	(235)	(234)	(230)
Depreciation of fixed tangible assets	(1 045)	(852)	(944)	(728)
Amortisation of intangible assets	(115)	(113)	(166)	(160)
Transportation, post and communications expenses	(564)	(476)	(588)	(501)
Real estate tax and other taxes	(410)	(392)	(313)	(294)
Advertising and marketing expenses	(120)	(106)	(183)	(148)
Training and business trip expenses	(18)	(15)	(85)	(40)
Charity	(42)	(40)	(69)	(67)
Service organisation expenses	(205)	(200)	(109)	(89)
Other operating expenses	(672)	(370)	(1 129)	(1 029)
Total	(9 713)	(8 405)	(10 891)	(9 328)

NOTE 18 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 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 2007, 2008 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.

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

The year-end balances of loans granted to and deposits accepted from the Bank's related parties, except for subsidiaries, and their average annual interest rates (calculated as weighted average) were as follows:

	Balances of deposits		Average annual interest rates		Balances of loans		Average annual interest rates	
	31 March	31 December	2009	2008	31 March	31 December	2009	2008
	2009	2008			2009	2008		
Members of the Council and the Board	4 645	4 503	7,12	7,16	3 897	2 892	6,67	8,65
Other related parties (excluding subsidiaries of the Bank)	5 653	5 276	7,28	4,67	230 925	207 340	7,17	7,26

Transactions with EBRD:

The balance of the Bank's loans received from the EBRD comprised LTL 64 654 million (EUR 18,6 million) as of March 31st 2009 including the syndicated loan of EUR 12 million (LTL 41,4 million, the EBRD's share – 33 per cent). As of March 31st 2009 the total value of the EBRD loan was LTL 64 654 thou (in 2008 – LTL 73 730 thou). The interest related with the loan as well as other expenses comprised LTL 991 thou over 2009 (LTL 1 302 thou over 2008).

Balances of transactions with the subsidiaries are given below:

	Balances of deposits		Average annual interest rates		Balances of loans		Average annual interest rates	
	31 March	31 December	2009	2008	31 March	31 December	2009	2008
	2009	2008			2009	2008		
Non-financial institutions	11	19	0,00	0,00	78 905	64 569	6,06	7,59
Financial institutions	11	110	0,00	0,00	135 564	140 077	7,81	7,14

Transactions with subsidiaries: Šiaulių Banko Turto Fondas UAB (as of March 31st 2009 the Bank's holding is 100 % LTL 1 000 thousand, in 2008 - 53.10 %, LTL 531 thousand), Šiaulių Banko Investicijų Valdymas UAB (as of March 31st 2009 the Bank's holding is 100 % LTL 1 000 thousand, in 2008 - 60.4%, LTL 604 thousand), Šiaulių Banko Lizingas UAB (as of March 31st 2009 the Bank's holding is 100 % LTL 1 000 thousand, in 2008 - is 100%, LTL 1,000 thousand).

Assets

	31 March 2009	31 December 2008
Demand deposits	-	-
Loans	214 469	204 646
Debt securities	-	-
Equity securities	-	-
Dividends receivable	6 377	-
Other assets	36	44

Liabilities and shareholders' equity

Demand deposits	22	129
Loans	-	-
Debt securities	-	-
Other liabilities	-	-
Bank's investment	3 157	2 135

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

Income and expenses arising from transactions with subsidiaries:

Income	31 March 2009	31 March 2008
Interest	3 083	2 341
Commission income	100	104
Income from foreign exchange operations	-	2
Dividends	6 377	8 797
Other income	56	58
Expenses		
Interest	-	-
Commission charges	-	-
Operating expenses	7	5

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%.

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 four 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 March 31st 2009 and December 31st 2008. During those two years, the Group complied with capital requirements to which it is subject.

	31 March 2009		31 December 2008	
	Group	Bank	Group	Bank
Tier 1 capital				
Ordinary shares	180 358	180 358	180 358	180 358
Share premium	45 681	45 681	45 681	45 681
Reserve capital	2 611	2 611	2 611	2 611
Previous year's retained earnings	39 113	38 930	44 648	33 981
Other reserves	16 376	15 981	3 698	3 405
Not audited result	(2 145)	-	-	-
Less: Financial assets revaluation reserve	(621)	(621)	(680)	(680)
Less: Intangible assets	(733)	(724)	(791)	(780)
Total Tier 1 capital	280 640	282 216	275 525	264 576

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

Tier 2 capital				
Financial assets revaluation reserve	-	-	-	-
Total Tier 2 capital	-	-	-	-
Less Investments in other credit or financial institutions	-	(900)	-	(900)
Total capital	280 640	281 316	275 525	263 676
Capital requirement:				
Standardised approach credit risk	126 003	128 268	128 359	129 177
Traded debt instruments	491	227	499	240
Equities	3 399	154	2 025	170
Foreign exchange risk exposure	-	-	3 084	2 045
Operational risk by Basic indicator's method	10 971	8 217	10 971	8 217
Total capital requirement:	140 864	136 866	144 938	139 849
Capital ratio, %	15,94	16,44	15,21	15,08

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 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 March 31st 2009 the above Group's ratio was 31,88 per cent (31-12-2008 -32,14 per cent), and the Bank's – 39,45 per cent (31-12-2008 – 38,75 per cent.).

The tables below disclose the assets and liabilities as of December 31st 2008 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.

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

The structure of the Group's liabilities by maturity as of March 31st 2009 was as follows.:

	Demand	Up to 1 month	1 to 3 month.	3 to 6 month.	6 to 12 month	1 to 3 years	More than 3 years	Maturity undefined	Total:
Total assets	144 182	114 622	126 961	122 879	310 790	575 164	555 618	99 548	2 049 764
Total liabilities and shareholders' equity	254 323	301 607	427 972	245 674	315 494	120 475	94 517	289 702	2 049 764
Net liquidity gap	(110 141)	(186 985)	(301 011)	(122 795)	(4 704)	454 689	461 101	(190 154)	-

The structure of the Group's liabilities by maturity as of December 31st 2008 was as follows.:

	Demand	Up to 1 month	1 to 3 month.	3 to 6 month.	6 to 12 month	1 to 3 years	More than 3 years	Maturity undefined	Total:
Total assets	137 111	182 957	108 821	176 359	245 398	559 248	572 099	97 581	2 079 574
Total liabilities and shareholders' equity	266 546	359 188	304 536	315 563	270 198	165 939	101 024	296 580	2 079 574
Net liquidity gap	(129 435)	(176 231)	(195 715)	(139 204)	(24 800)	393 309	471 075	(198 999)	-

The structure of the Bank's liabilities by maturity as of March 31st 2009 was as follows.:

	Demand	Up to 1 month	1 to 3 month.	3 to 6 month.	6 to 12 month	1 to 3 years	More than 3 years	Maturity undefined	Total:
Total assets	142 648	266 994	159 554	105 435	272 445	502 295	521 897	56 068	2 027 340
Total liabilities and shareholders' equity	252 529	294 935	427 717	236 375	314 935	120 327	94 513	286 011	2 027 340
Net liquidity gap	(109 881)	(27 941)	(268 163)	(130 940)	(42 484)	381 968	427 384	(229 943)	-

The structure of the Bank's liabilities by maturity as of December 31st 2008 was as follows.:

	Demand	Up to 1 month	1 to 3 month.	3 to 6 month.	6 to 12 month	1 to 3 years	More than 3 years	Maturity undefined	Total:
Total assets	135 750	323 226	150 922	157 709	197 889	492 991	535 836	55 362	2 049 685
Total liabilities and shareholders' equity	264 599	353 252	295 227	315 270	269 714	165 786	101 020	284 817	2 049 685
Net liquidity gap	(128 849)	(30 026)	(144 305)	(157 561)	(71 825)	327 205	434 816	(229 455)	-

(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**31 March 2009**

Liabilities	Maturity undefined	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total:
Due to banks	-	31 376	81 021	91 424	137 739	44 034	385 594
Due to customers	-	516 186	349 257	467 427	19 400	464	1 352 734
Debt securities in issue	-	-	23 977	-	-	-	23 977
Special and lending fund	-	666	161	3 039	25 041	2 648	31 555
Total liabilities (contractual maturity dates)	-	548 228	454 416	561 890	182 180	47 146	1 793 860

Group**31 December 2008**

Liabilities	Maturity undefined	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total:
Due to banks	-	101 662	32 219	123 178	186 236	51 327	494 622
Due to customers	-	516 507	282 684	454 295	30 923	391	1 284 800
Debt securities in issue	-	-	-	25 752	-	-	25 752
Special and lending fund	-	1 720	228	2 703	27 121	3 447	35 219
Total liabilities (contractual maturity dates)	-	619 889	315 131	605 928	244 280	55 165	1 840 393

Bank**31 March 2009**

Liabilities	Maturity undefined	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total:
Due to banks	-	31 387	71 954	91 424	137 739	44 034	376 538
Due to customers	-	516 154	349 257	467 427	19 400	464	1 352 702
Debt securities in issue	-	-	23 977	-	-	-	23 977
Special and lending fund	-	666	161	3 039	25 041	2 648	31 555
Total liabilities (contractual maturity dates)	-	548 207	445 349	561 890	182 180	47 146	1 784 772

Bank**31 December 2008**

Liabilities	Maturity undefined	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total:
Due to banks	-	101 772	23 152	123 178	186 236	51 327	485 665
Due to customers	-	516 512	282 684	454 295	30 923	391	1 284 805
Debt securities in issue	-	-	-	25 752	-	-	25 752
Special and lending fund	-	1 720	228	2 703	27 121	3 447	35 219
Total liabilities (contractual maturity dates)	-	620 004	306 064	605 928	244 280	55 165	1 831 441

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.

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

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 March 31st 2009 the TOP to capital ratio was: Group's – 1,42 % (31-12-2008: 1,26 %), Bank's – 0,33 % (31-12-2008: 0,41 %).

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. After the evaluation of the maximum fluctuation among currency rates during 2010, the FX risk parameters for the Group have been chosen.

Currency	Annual reasonable shift,	Annual reasonable shift,
	2010	2009
LVL	10%	10%
GBP	10%	10%
DKK	1%	1%
USD	10%	10%
SEK	5%	5%
Other currencies	3%	3%

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	31 March 2009		31 December 2008	
	Impact on profit or loss	Impact on equity	Impact on profit or loss	Impact on equity
USD	307	307	238	238
GBP	10	10	20	20
DKK	2	2	4	4
SEK	4	4	7	7
LVL	19	19	13	13
Other strengthening by 3%	11	11	7	7
Total :	353	353	289	289

Bank	31 March 2009		31 December 2008	
	Impact on profit or loss	Impact on equity	Impact on profit or loss	Impact on equity
USD	3	3	65	65
GBP	10	10	20	20
DKK	2	2	4	4
SEK	4	4	7	7
LVL	19	19	13	13
Other strengthening by 3%	11	11	7	7
Total :	49	49	116	116

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

The presumable FX rate change creates acceptable impact on the Bank's profit and makes LTL 49 thousand in 2009 (2008: LTL 116 thousand) and the Group's annual profit and makes LTL 353 thousand in 2009 (2008: LTL 289 thousand) higher/lower impact on profit.

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

	USD	Other currencies	Total currencies	EUR	LTL	Total:
Assets	49 010	1 650	50 660	665 504	1 333 600	2 049 764
Liabilities and shareholder's equity	46 070	780	46 850	667 481	1 335 433	2 049 764
Net balance sheet position	2 940	870	3 810	(1 977)	(1 833)	-
Currency swaps	130	38	168	(166)	-	2
Net open position	3 070	908	3 978	(2 143)	(1 833)	2

The Group's open positions of prevailing currencies as of December 31st 2008 were as follow:

	USD	Other currencies	Total currencies	EUR	LTL	Total:
Assets	49 186	1 802	50 988	604 499	1 424 087	2 079 574
Liabilities and shareholder's equity	46 802	715	47 517	653 399	1 378 658	2 079 574
Net balance sheet position	2 384	1 087	3 471	(48 900)	45 429	-
Currency swaps	-	-	-	10 358	(10 358)	-
Net open position	2 384	1 087	3 471	(38 542)	35 071	-

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

	USD	Other currencies	Total currencies	EUR	LTL	Total:
Assets	45 971	1 650	47 621	668 455	1 311 264	2 027 340
Liabilities and shareholder's equity	46 070	780	46 850	667 481	1 313 009	2 027 340
Net balance sheet position	(99)	870	771	974	(1 745)	-
Currency swaps	130	38	168	(166)	-	2
Net open position	31	908	939	808	(1 745)	2

The Bank's open positions of prevailing currencies as of December 31st 2008 were as follow:

	USD	Other currencies	Total currencies	EUR	LTL	Total:
Assets	46 148	1 802	47 950	618 130	1 383 605	2 049 685
Liabilities and shareholder's equity	46 802	715	47 517	653 399	1 348 769	2 049 685
Net balance sheet position	(654)	1,087	433	(35,269)	34,836	-
Currency swaps	-	-	-	10 358	(10 358)	-
Net open position	(654)	1 087	433	(24 911)	24 478	-

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

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.

Group

	Demand and less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	More than 1 year	Non- monetary	Total:
Total assets	320 104	496 922	564 541	156 462	227 317	284 418	2 049 764
Total liabilities and shareholder's equity	305 198	530 473	367 471	258 376	23 041	565 205	2 049 764
Net interest sensitivity gap at 31 March 2009	14 906	(33 551)	197 070	(101 914)	204 276	(280 787)	-
Higher/lower impact on profit from balance sheet assets and liabilities	143	(280)	1 232	(255)	-	-	840

Group

	Demand and less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	More than 1 year	Non- monetary	Total:
Total assets	317 917	432 844	654 394	145 790	255 852	272 777	2 079 574
Total liabilities and shareholder's equity	434 488	536 749	259 082	242 791	35 210	571 254	2 079 574
Net interest sensitivity gap at 31 December 2008	(116 571)	(103 905)	395 312	(97 001)	220 642	(298 477)	-
Higher/lower impact on profit from balance sheet assets and liabilities	(1 117)	(866)	2 471	(243)	-	-	245

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

Bank

	Demand and less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	More than 1 year	Non- monetary	Total:
Total assets	475 150	521 087	496 591	128 141	212 951	193 420	2 027 340
Total liabilities and shareholder's equity	305 198	530 473	358 471	258 376	23 041	551 781	2 027 340
Net interest sensitivity gap at 31 March 2009	169 952	(9 386)	138 120	(130 235)	189 910	(358 361)	-
Higher/lower impact on profit from balance sheet assets and liabilities	1 629	(78)	863	(326)	-	-	2 088

Bank

	Demand and less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	More than 1 year	Non- monetary	Total:
Total assets	460 524	440 344	613 839	105 780	241 320	187 878	2 049 685
Total liabilities and shareholder's equity	434 617	527 749	259 082	242 791	35 210	550 236	2 049 685
Net interest sensitivity gap at 31 December 2008	25 907	(87 405)	354 757	(137 011)	206 110	(362 358)	-
Higher/lower impact on profit from balance sheet assets and liabilities	248	(728)	2 217	(343)	-	-	1 395

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 reduction processes and their 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 operations: work with cash, lending, establishment and application of fees, payments and settlements, IT, accounting, public trading intermediary, etc.

Taking into consideration the nature and scope of the banking activities, the following operational risk sources may be distinguished: information systems, human impact and loss of tangible assets.

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.

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.

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

The Bank's operational risk management system is complimented by the Information Security and Emergency Management System created and installed by the IT agency "Blue Bridge", which increased the reliability of e-banking services and reduced the risks that the Bank's activities might be disturbed using the IT. New regulations regarding the secure work with the IT have

been established and started to be applied in all the outlets of the Bank and for separate bank officers, which allows significantly mitigate the risks of crisis related to information security.

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 to calculate the additional capital requirements.

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.

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 balance sheet as at 31 March 2009 and in the income statement for the year then ended:

	Banking	Investment Leasing management	Real estate development	Elimina tions	Total Group
Internal	3 083	(1 943)	(680)	(460)	-
External	5 171	3 212	160	247	-
Net interest income	8 254	1 269	(520)	(213)	-
Internal	3 183	(2 043)	(680)	(460)	-
External	7 182	3 197	164	247	-
Net interest, fee and commissions income	10 365	1 154	(516)	(213)	-
Provision expenses	(8 147)	(672)	(76)	-	-
Internal	7	(51)	(6)	(6)	56
External	(7 447)	(510)	(179)	(417)	-
Operating expenses	(7 440)	(561)	(185)	(423)	56
Amortisation charges	(113)	(1)	-	(1)	-
Depreciation charges	(852)	(173)	(4)	(16)	-
Internal	6 433	-	-	-	(6 433)
External	883	160	2 349	2 281	-
Net other income	7 316	160	2 349	2 281	(6 433)
Profit before tax	1 129	(93)	1 568	1 628	(6 377)
Income tax	-	-	-	-	-
Profit per segment after tax	1 129	(93)	1 568	1 628	(6 377)
Minority interest	-	-	-	-	-
Profit for the year attributable to equity holders of the Bank	1 129	(93)	1 568	1 628	(6 377)
Total segment assets	2 027 340	152 888	47 783	45 814	(224 061)
Total segment liabilities	1 743 271	151 789	45 062	42 796	(220 904)
Net segment assets (shareholders' equity)	284 069	1 099	2 721	3 018	(3 157)

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(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 of December 31st 2008 and in the income statement for the year then ended:

	Banking	Investment Leasing management	Real estate development	Elimina tions	Total Group
Internal	2 341	(1 647)	(381)	(313)	-
External	8 253	3 337	161	288	12 039
Net interest income	10 594	1 690	(220)	(25)	12 039
Internal	2 445	(1 751)	(381)	(313)	-
External	10 283	3 316	177	288	14 064
Net interest, fee and commissions income	12 728	1 565	(204)	(25)	14 064
Provision expenses	(1 245)	(179)	-	-	(1 424)
Internal	5	(51)	(6)	(6)	58
External	(8 445)	(708)	(202)	(416)	-
Operating expenses	(8 440)	(759)	(208)	(422)	58
Amortisation charges	(160)	(5)	-	(1)	-
Depreciation charges	(728)	(193)	(7)	(16)	-
Internal	8 908	(53)	-	-	(8 855)
External	49	244	4 060	2 869	-
Net other income	8 957	191	4 060	2 869	(8 855)
Profit before tax	11 112	620	3 641	2 405	(8 797)
Income tax	-	(111)	-	166	-
Profit per segment after tax	11 112	509	3 641	2 571	(8 797)
Minority interest	-	-	(1 441)	(1 205)	-
Profit for the year attributable to equity holders of the Bank	11 112	509	2 200	1 366	(8 797)
Total segment assets	2 062 644	143 135	27 091	38 539	(178 355)
Total segment liabilities	1 784 861	141 394	22 039	31 787	(176 220)
Net segment assets (shareholders' equity)	277 783	17 41	5 052	6 752	(2 135)