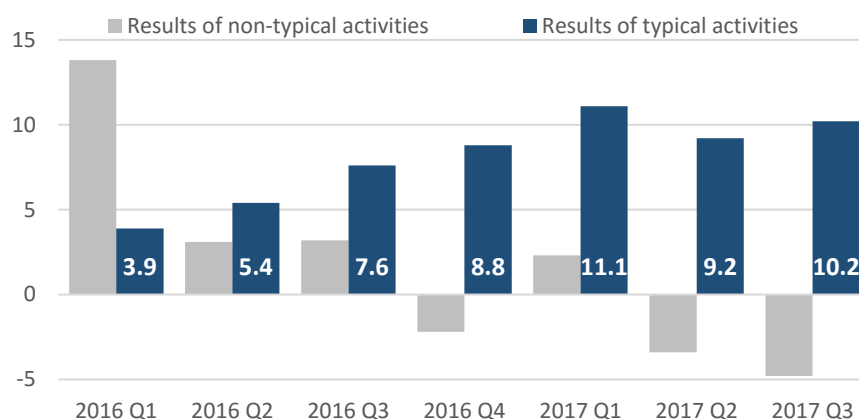


## Šiaulių Bankas Group maintains successful advance

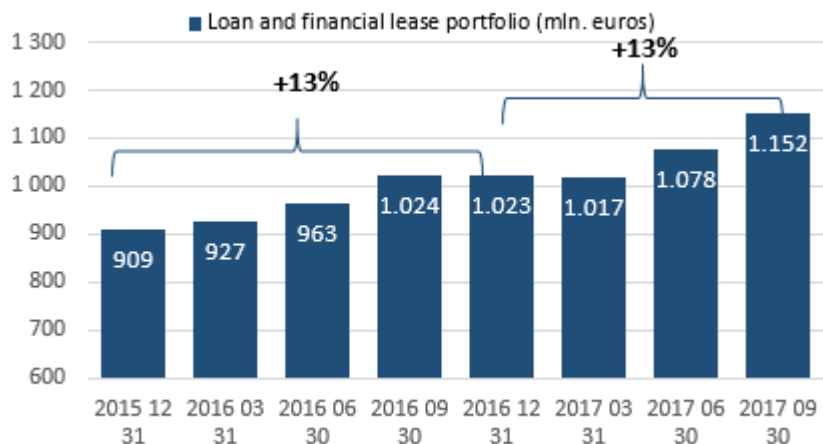
- Profit for typical activities up 80 % in nine months of year
- Loan and financial lease portfolio expanded significantly
- Moody's gave Šiaulių Bankas investment-grade rating of Baa3
- Rising share price further increased value of subordinated loan conversion option

In nine months of this year the Šiaulių Bankas Group earned an unaudited net profit of 24.6 million euros. Excluding one-time factors that have influenced the results, profit for typical activities was 30.6 million euros, which is 80 per cent more than in the same period last year.



The group's loan and financial lease portfolio grew 13 per cent from the start of the year to more than 1.1 billion euros at the end of September. The third quarter of the year was especially dynamic as in July-September alone the loan portfolio increased 7 per cent, or 74 million euros.

"We've signed loan agreements this year with clients for more than half a billion euros. One thing that's helped increase clients' trust is the selection of flexible and innovative financing solutions which the banks offers, and which we've further expanded in light of clients' needs. A month ago we began offering risk-sharing loans with INVEGA guarantees for small and medium-size businesses – a further allocation of over 100 million euros for business financing is foreseen under this facility. It's significant that for several years now the bank's loan portfolio has been growing faster than the banking-sector average and its quality indicators are improving – that's confirmation that the bank's business model assumptions are correct," Šiaulių Bankas CEO Vytautas Sinusius said.



The deposit portfolio grew 9 per cent and at the end of September exceeded 1.6 billion euros, while the total duration of deposits rose. Contributing to these results was the successful debut of a new saving solution – fixed-term deposits with extra interest tied to changes in the price of a certain financial asset. Over the past year, three such deposit issues have been offered.

Growing assets and client activity created the conditions to bolster core revenues. In nine months of this year the group had net interest income of 42.1 million euros, net service fees and commission income of 7.9 million euros, and foreign exchange trading income of 3.5 million euros. Each of these figures represents pronounced growth both compared with the year-earlier period and on a quarterly basis.

The group maintained strong operational efficiency, with the cost-to-income ratio at 51 per cent. Capital and liquidity levels remained solid, while return on capital exceeded 17 per cent.

The international rating agency Moody's Investors Service on 23 October assigned Šiaulių Bankas an investment-grade long-term credit rating of Baa3 with a positive outlook, citing the bank's sustainable operations, its improving levels of profitability and capitalization, and the stable macroeconomic environment in Lithuania with positive trends.

"It's nice that the bank's steady progress is being recognised not only by clients, but also by international institutions. Getting an investment-grade rating is not just a symbolic step – it will help attract financing on better terms for use in lending to corporate clients and providing consumer finance," Vytautas Sinius said.

Further growth in the market price of Šiaulių Bankas's shares in the third quarter of this year had a negative impact on the bank's profit for the current period. The increased value of the conversion option embedded in the subordinated loan from the European Bank for Reconstruction and Development (EBRD) led to an additional loss of 4.8 million euros. Since the start of the year, to date an unrealized negative effect of 10.5 million euros has been recognized. Whether or not the conversion option is exercised, in the future the recognized loss will increase the equity of the bank's shareholders by a corresponding amount, therefore, it should be eliminated when assessing the performance of the group.