## Šiaulių Bankas began the year with growing operating results

- 1st-quarter net profit: EUR 9.9 mln for the group, EUR 13.4 mln for the bank

- Result for recurring activities up 8% in year

- Bank expanded activities in building renovation financing programmes

- EUR 2.3 mln allocated for dividends

In the first quarter of 2018, the Šiaulių Bankas group had an unaudited net profit of 9.9 million euros and the net profit of the bank was 13.4 million euros. Compared to the same period of 2017, the group's first-quarter earnings for recurring activities increased 8 per cent. Dividends paid by subsidiaries had a significant impact on the bank's profit.

Profit by type of activities
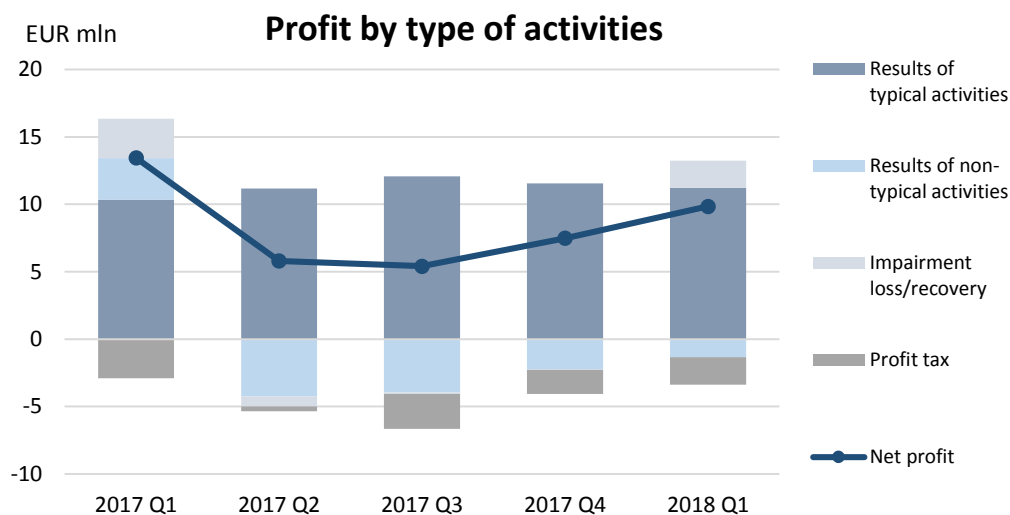
"The start of 2018 was successful for Šiaulių Bankas with all key operating indicators improving in the first quarter: profit and revenue for recurring activities and loan and deposit portfolios. Lithuania's steadily growing economy provides reason for optimism – we see that business is investing ever more boldly in expansion and modernisation. As people's incomes and expectations steadily rise, the scale of consumer financing and deposits is increasing. The robust situation of the economy offers grounds to expect good results from the bank also in the other quarters of this year," Šiaulių Bankas CEO Vytautas Sinius said.

The group's loan and financial lease portfolio grew 20 per cent from 12 months earlier to more than 1.2 billion euros at the end of March. Nearly 150 million euros of new loan agreements were signed in the first three months of 2018, for portfolio growth of 30 million euros. The group's deposit portfolio also grew rapidly, expanding 6 per cent in the first quarter and 13 per cent over the past year to more

than 1.7 billion euros at the end of March. The new *Deposit Plus* fixed-term deposit product introduced in mid-2017 has gotten the attention of the bank's clients: its portfolio reached 300 million euros.

The bank continues successfully participating in programmes to finance building renovation. A tender was won to renovate municipal public buildings under which Šiaulių Bankas will provide loans of up to 36 million euros. That agreement complements the bank's active work in financing multi-apartment building renovation, where Šiaulių Bankas remains the market leader.

The group had net interest income of 14.2 million euros in the first quarter. Net service fees and commission income grew 23 per cent from the same period last year to more than 3.1 million euros. That was mainly due to income from service plans for private and corporate clients. Profit from foreign exchange operations increased 13 per cent compared to the first quarter last year, to 1.2 million euros. Gains from securities trading, meanwhile, were lower due to market volatility.

The main reason for the negative result for non-recurring activities, as has become usual, was the increased value of the subordinated loan, which is connected to Šiaulių Bankas's rising share price. In the first three months of this year an unrealized negative effect of 2.2 million euros was recognized. It was partly offset by income of a one-off income from the sale of debt securities.

Changed accounting principles led to a 10-million-euro increase in the group's balance of provisions at the start of this year, though due to favourable economic conditions and the improved situation of borrowers, 1.4 million euros was recovered through the income statement in the first quarter.

With revenues growing faster than expenses, operational efficiency remains strong. The group's cost-to-income ratio at the end of March 2018 was 47 per cent. Return on equity exceeded 19 per cent. Capital and liquidity positions remain solid as prudential requirements are being met with proper cushion.

Šiaulių Bankas shareholders, at the annual general meeting held on 29 March, approved the proposal of the bank's board to pay dividends of 2.3 million euros and to increase the bank's authorized capital by 26.3 million euros from its accumulated reserve, issuing shares for proportionate distribution to all shareholders.