



## 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 3 months of 2013 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

10-05-2013



## **FINANCIAL STATEMENT**

**31 MARCH 2013**

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# **FINANCIAL STATEMENT OF ŠIAULIŲ BANKAS AB**

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

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# 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

	Notes	31-03-2013		31-12-2012	
		Group	Bank	Group	Bank
<b>ASSETS</b>					
Cash and cash equivalents	2	658 589	658 588	221 855	221 805
Due from other banks	3	8 391	8 391	4 137	4 137
Trading securities	6	89 984	89 984	51 198	51 198
Derivative financial instruments		12 380	12 380	13 690	13 690
Loans to customers	4	2 401 739	2 721 293	1 731 858	2 052 809
Finance lease receivables	5	254 317	74 465	183 863	-
Investment securities:					
- available-for-sale	6	193 164	190 817	207 611	205 385
- held-to-maturity	6	1 205 456	1 350 048	273 031	273 031
Investments in subsidiaries, associates	6	0	51 791	-	51 791
Intangible assets		1 130	831	1 207	903
Tangible fixed assets		60 097	45 598	52 988	38 211
Investment property		62 891	34 216	37 508	7 517
Prepaid income tax		10	-	208	-
Deferred income tax assets		6 594	5 155	6 997	5 553
Other assets	7	185 888	38 147	156 552	5 436
Assets related with subsidiaries to sale	6	378 058	140 739	-	-
<b>Total assets</b>		<b>5 518 688</b>	<b>5 422 443</b>	<b>2 942 703</b>	<b>2 931 466</b>
<b>LIABILITIES</b>					
Due to other banks and financial institutions	8	331 080	331 141	406 270	408 568
Subordinated loan	18	69 389	69 389	-	-
Due to customers	9	4 625 285	4 640 396	2 165 691	2 165 852
Special and lending funds	10	34 564	34 564	7 294	7 294
Debt securities in issue	11	534	534	22 912	22 912
Income tax liabilities		258	-	390	-
Deferred income tax liabilities		5 638	-	5 668	-
Liabilities related with subsidiaries to sale	6	98 939	-	-	-
Other liabilities	12	37 636	26 974	20 022	7 984
<b>Total liabilities</b>		<b>5 203 323</b>	<b>5 102 998</b>	<b>2 628 247</b>	<b>2 612 610</b>
<b>EQUITY</b>					
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	3 243	2 641	1 891	1 289
Financial assets revaluation reserve		3 542	3 542	5 194	5 194
Retained earnings		22 412	27 932	21 206	27 043
Non controlling interest in equity		838	-	835	-
<b>Total equity</b>		<b>315 365</b>	<b>319 445</b>	<b>314 456</b>	<b>318 856</b>
<b>Total liabilities and equity</b>		<b>5 518 688</b>	<b>5 422 443</b>	<b>2 942 703</b>	<b>2 931 466</b>

The notes on pages 11-40 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

	Notes	31-03-2013		31-03-2012	
		Group	Bank	Group	Bank
Continuing operations					
Interest and similar income	14	33 573	32 314	31 360	30 756
Interest expense and similar charges	14	(21 247)	(21 298)	(17 187)	(17 187)
<b>Net interest income</b>		<b>12 326</b>	<b>11 016</b>	<b>14 173</b>	<b>13 569</b>
Fee and commission income	15	4 773	4 818	3 634	3 666
Fee and commission expense	15	(2 461)	(2 094)	(1 928)	(1 920)
<b>Net fee and commission income</b>		<b>2 312</b>	<b>2 724</b>	<b>1 706</b>	<b>1 746</b>
Allowance for impairment losses	17	(3 936)	(3 688)	(4 334)	(3 692)
Result from associate company		-	-	3	-
Net gain on operations with derivative financial instruments		(1 309)	(1 309)	-	-
Net gain on operations with securities		6 250	6 250	1 856	856
Net foreign exchange gain		1 740	1 740	932	933
Gain on disposal of assets		69	8	81	50
Other income	17	9 015	240	1 287	266
Administrative and other operating expenses	16	(22 518)	(12 894)	(11 461)	(10 015)
<b>(Losses) profit from continuing operations</b>		<b>3 949</b>	<b>4 087</b>	<b>4 243</b>	<b>3 713</b>
Dividends from investments in subsidiaries		-	-	-	-
<b>(Losses) profit before income tax</b>		<b>3 949</b>	<b>4 087</b>	<b>4 243</b>	<b>3 713</b>
<b>Discontinued operations:</b>		-	-	-	-
(Losses) profit from discontinued operations before tax	7	566	-	(292)	-
Income tax expense		(800)	(672)	(486)	- 408
<b>(Losses) profit for the year</b>		<b>3 715</b>	<b>3 415</b>	<b>3 465</b>	<b>3 305</b>
<b>Other comprehensive (loss) income</b>					
Gain (losses) from revaluation of financial assets		(1 927)	(1 927)	2 362	2 362
Deferred income tax on (loss) gain from revaluation of financial assets		275	275	(304)	(304)
Other comprehensive (loss) income, net of tax		(1 652)	(1 652)	2 058	2 058
<b>Total comprehensive (losses) income</b>		<b>2 063</b>	<b>1 763</b>	<b>5 523</b>	<b>5 363</b>
<b>Profit is attributable to:</b>					
Equity holders of the Bank		3 711	3 415	3 465	3 305
from continuing operations		3 145	3 415	3 757	3 305
from discontinued operations		566	-	(292)	-
Non controlling interest		4	-	-	-
<b>(Losses) profit for the year</b>					
Equity holders of the Bank		2 059	1 763	5 523	5 363
Non controlling interest		4	-	-	-
Basic earnings (losses) per share, net (in LTL per share)	13	0,06	0,06	0,06	0,06

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

Chief executive Officer  
Chief accountant



Audrius Žiugžda  
Vita Adomaitytė

10 May 2013

# 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 01 TO 03 MONTH 2013		FROM 01 TO 03 MONTH 2012	
	Group	Bank	Group	Bank
<b>Continuing operations</b>				
Interest and similar income	33 573	32 314	31 360	30 756
Interest expense and similar charges	(21 247)	(21 298)	(17 187)	(17 187)
<b>Net interest income</b>	<b>12 326</b>	<b>11 016</b>	<b>14 173</b>	<b>13 569</b>
Fee and commission income	4 773	4 818	3 634	3 666
Fee and commission expense	(2 461)	(2 094)	(1 928)	(1 920)
<b>Net fee and commission income</b>	<b>2 312</b>	<b>2 724</b>	<b>1 706</b>	<b>1 746</b>
Allowance for impairment losses	(3 936)	(3 688)	(4 334)	(3 692)
Net gain on operations with securities	6 250	6 250	1 856	856
Income from associates	-	-	3	-
Net gain on operations with derivative financial instruments	(1 309)	(1 309)	-	-
Net foreign exchange gain	1 740	1 740	932	933
Gain on disposal of assets	69	8	81	50
Other income	9 015	240	1 287	266
Administrative and other operating expenses	(22 518)	(12 894)	(11 461)	(10 015)
<b>(Losses) profit from continuing operations</b>	<b>3 949</b>	<b>4 087</b>	<b>4 243</b>	<b>3 713</b>
Dividends from investments in subsidiaries	-	-	-	-
<b>(Losses) profit before income tax</b>	<b>3 949</b>	<b>4 087</b>	<b>4 243</b>	<b>3 713</b>
<b>Discontinued operations:</b>				
(Losses) profit from discontinued operations before tax	566	-	( 292)	-
Income tax expense	( 800)	( 672)	( 486)	( 408)
<b>(Losses) profit for the period</b>	<b>3 715</b>	<b>3 415</b>	<b>3 465</b>	<b>3 305</b>
Equity holders of the Bank	3 711	3 415	3 465	3 305
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

	31-03-2013		31-12-2012	
	Group	Bank	Group	Bank
<b>Operating activities</b>				
Interest received	26 001	22 812	27 515	26 764
Interest paid	(21 096)	(21 147)	(12 317)	(12 317)
Net cash received from service and commission fees	2 312	2 724	1 706	1 746
Net cash received from operations in trading securities	6 381	6 381	2 390	1 007
Net cash received from operations in foreign currency	1 980	1 986	932	933
Cash received from previously written-off loans	137	27	228	101
Salaries and related payments to and on behalf of employees	(8 459)	(7 018)	(6 967)	(6 059)
Other receipts (payments)	(3 105)	(4 711)	(2 865)	(3 115)
Income tax paid	(361)	-	-	-
<b>Net cash flow from operating activities before change in short-term assets and liabilities</b>	<b>3 790</b>	<b>1 054</b>	<b>10 622</b>	<b>9 060</b>
<b>(Increase) decrease in assets:</b>				
Decrease in trading securities	(38 394)	(38 400)	(17 211)	(17 211)
Decrease in loans to credit and financial institutions	(4 254)	(4 254)	(10)	(2 220)
(Increase) in loans to customers	(744 228)	(744 554)	(28 634)	(27 779)
Decrease in other assets	(407 090)	(32 700)	(10 690)	(5 280)
<b>Increase in liabilities</b>				
Increase in liabilities to credit and financial institutions	(5 801)	(8 038)	(50 578)	(50 525)
Increase in deposits, special and leanding funds	2486 864	2501 814	64 137	64 082
Increase in other liabilities	115 053	17 504	1 241	234
<b>Change</b>	<b>1402 150</b>	<b>1691 372</b>	<b>(41 745)</b>	<b>(38 699)</b>
<b>Net cash flow from operating activities</b>	<b>1405 940</b>	<b>1692 426</b>	<b>(31 123)</b>	<b>(29 639)</b>
<b>Investing activities</b>				
(Purchase) of tangible and intangible fixed assets	(34 617)	(34 617)	(1 693)	(145)
Disposal of tangible and intangible fixed assets	1 227	-	861	650
(Acquisition) of held to maturity securities	(985 373)	(1129 965)	(1 848)	(1 848)
Proceeds from redemption of held to maturity securities	57 879	57 879	29 695	26 627
(Acquisition) of available-for-sale securities	(39 089)	(38 968)	(45 909)	(45 908)
Disposal of available-for-sale securities	53 296	53 296	22 774	22 774
(Acquisition) of subsidiary	-	(140 739)	(247)	-
Dividends received	-	-	-	-
<b>Net cash used in investing activities</b>	<b>(946 677)</b>	<b>(1233 114)</b>	<b>3 633</b>	<b>2 150</b>
<b>Financing activities</b>				
Increase in share capital	-	-	-	-
Dividends paid	-	-	-	-
Payment to non controlling interest	-	-	-	-
Debt securities issued	-	-	920	920
Debt securities repurchased and redeemed	(22 529)	(22 529)	(500)	(500)
<b>Net cash flow from financing activities</b>	<b>(22 529)</b>	<b>(22 529)</b>	<b>420</b>	<b>420</b>
<b>Net increase in cash and cash equivalents</b>	<b>436 734</b>	<b>436 783</b>	<b>(27 070)</b>	<b>(27 069)</b>
<b>Cash and cash equivalents at 1 January</b>	<b>221 855</b>	<b>221 805</b>	<b>223 846</b>	<b>223 844</b>
<b>Cash and cash equivalents at 31 March</b>	<b>658 589</b>	<b>658 588</b>	<b>196 776</b>	<b>196 775</b>

# 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:
<b>31 December 2011</b>	<b>234 858</b>	<b>47 861</b>	<b>2 611</b>	<b>(4 135)</b>	<b>13 023</b>	<b>294 218</b>	-	<b>294 218</b>
Transfer to statutory reserve	-	-	-	641	(641)	-	-	-
Financial assets revaluation reserve	-	-	-	2 362	-	2 362	-	<b>2 362</b>
Recognition of deferred income tax	-	-	-	(304)	-	(304)	-	<b>(304)</b>
Profit (loss) for the year	-	-	-	-	3 465	3 465	-	<b>3 465</b>
Others transfers	-	-	-	13 035	(13 023)	12	-	<b>12</b>
<b>31 March 2012</b>	<b>234 858</b>	<b>47 861</b>	<b>2 611</b>	<b>11 599</b>	<b>2 824</b>	<b>299 753</b>	-	<b>299 753</b>
Financial assets revaluation reserve	-	-	-	5 156	-	5 156	-	<b>5 156</b>
Recognition of deferred income tax	-	-	-	(838)	-	(838)	-	<b>(838)</b>
Others transfers	-	-	-	(113)	-	(113)	734	<b>621</b>
Profit for the year	-	-	-	-	9 663	9 663	101	<b>9 764</b>
<b>31 December 2012</b>	<b>234 858</b>	<b>47 861</b>	<b>2 611</b>	<b>15 804</b>	<b>12 487</b>	<b>313 621</b>	<b>835</b>	<b>314 456</b>
Financial assets revaluation reserve	-	-	-	(1 927)	-	(1 927)	-	<b>(1 927)</b>
Recognition of deferred income tax	-	-	-	275	-	275	-	<b>275</b>
Others transfers	-	-	-	1 352	(2 505)	(1 153)	(1)	<b>(1 154)</b>
Profit (loss) for the year	-	-	-	-	3 711	3 711	4	<b>3 715</b>
<b>31 March 2013</b>	<b>234 858</b>	<b>47 861</b>	<b>2 611</b>	<b>15 504</b>	<b>13 693</b>	<b>314 527</b>	<b>838</b>	<b>315 365</b>



# 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:
<b>31 December 2011</b>	<b>234 858</b>	<b>47 861</b>	<b>2 611</b>	<b>(1 182)</b>	<b>648</b>	<b>12 812</b>	<b>297 608</b>
Transfer to statutory reserve	-	-	-	-	641	(641)	-
Financial assets revaluation reserve	-	-	-	2 362	-	-	2 362
Recognition of deferred income tax	-	-	-	(304)	-	-	(304)
Profit (loss) for the year	-	-	-	-	-	3 305	3 305
<b>31 March 2012</b>	<b>234 858</b>	<b>47 861</b>	<b>2 611</b>	<b>876</b>	<b>1 289</b>	<b>15 476</b>	<b>302 971</b>
Financial assets revaluation reserve	-	-	-	5 156	-	-	5 156
Recognition of deferred income tax	-	-	-	(838)	-	-	(838)
Others transfers	-	-	-	-	-	-	-
Profit (loss) for the year	-	-	-	-	-	11 567	11 567
<b>31 December 2012</b>	<b>234 858</b>	<b>47 861</b>	<b>2 611</b>	<b>5 194</b>	<b>1 289</b>	<b>27 043</b>	<b>318 856</b>
Financial assets revaluation reserve	-	-	-	(1 927)	-	-	(1 927)
Recognition of deferred income tax	-	-	-	275	-	-	275
Others transfers	-	-	-	-	1 352	(2 526)	(1 174)
Profit (loss) for the year	-	-	-	-	-	3 415	3 415
<b>31 March 2013</b>	<b>234 858</b>	<b>47 861</b>	<b>2 611</b>	<b>3 542</b>	<b>2 641</b>	<b>27 932</b>	<b>319 445</b>

# 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 March 31 th 2013 the Bank had 699 employees (31 December 2012: 481). As of March 31 th 2013 the Group (except subsidiaries held for sale) had 846 employees (31 December 2012: 556 employees).

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

On 23 February 2013, an agreement was signed between Ūkio Bankas AB registered in Lithuania (legal entity's code 112020136, hereinafter Ūkio Bankas), Šiaulių Bankas AB (legal entity's code 112025254) and a state-owned enterprise Indėlių ir Investicijų Draudimas (legal entity's code 110069451, hereinafter Deposit Insurance Fund) on the transfer of assets, rights, transactions and liabilities of Ūkio Bankas, based on which a part of assets, rights, transactions and liabilities of Ūkio Bankas was transferred to Šiaulių Bankas. Under the agreement, Šiaulių Bankas takes over LTL 1.9bn assets (rights) and LTL 2.7bn liabilities from Ūkio Bankas. The difference of LTL 800m between the liabilities and the assets taken over will be covered by the Deposit Insurance Fund. The assets of Ūkio Bankas transferred to Šiaulių Bankas are based on a preliminary valuation carried out by an audit company, the results of which have been approved by the Board of the Bank of Lithuania. To have an accurate estimation of assets and liabilities transferred, a more detailed final valuation of assets and liabilities transferred will be carried out within 3 months after the date of signing the agreement. If the results of the final valuation show that the value of the assets transferred is higher than that established during the preliminary valuation, Šiaulių Bankas will refund to Ūkio Bankas the difference between the values of the assets established during the preliminary and the final valuations. If the results of the final valuation show that the value of the assets transferred is lower than that established during the preliminary valuation, IDF will pay to Šiaulių Bankas the difference between the values of the assets established during the preliminary and the final valuations (the total amount payable by IDF cannot exceed LTL 800m). In addition, the agreement provides for the possibility for the creditors of Ūkio Bankas to sell four different portfolios of assets within 9 months after the date of signing the agreement: (a) portfolio of real estate transferred into the ownership of Šiaulių Bankas, (b) portfolio of higher risk (potentially lower-quality performance) loan groups, (c) portfolio of subsidiaries of Ūkio Bankas engaged in real estate development activities and (d) portfolio of shares of subsidiaries of Ūkio Bankas engaged in other activities – Ūkio Banko Lizingas UAB and life insurance company Bonum Publicum UAB. Another very important clause in the agreement says that in the event the value of the assets transferred to Šiauliai Bankas increases after 2 years, Šiaulių Bankas will have to refund a part of such increase in the value of the assets to the creditors of Ūkio Bankas. This is applicable to lower risk (potentially higher-quality performance) loan groups and collateral real estate repossessed and sold. In this case the Bank bears no risk, because portfolio of the assets would be fully exchanged in another form of asset – cash, also covering all related administration, financing and other expenses which are foreseen in the agreement.

The transactions had not been fully completed as of 31 March 2013 as according to the agreement dated 20 April 2013 the remaining part of assets and liabilities were transferred at their preliminary values. Signing the supplement of the agreement resulted in one more assets' option consisting of the loans exposed to increased risk and assets foreclosed under recovery loans into the bank's balance sheet.

### **As of March 31 th 2013 the Bank had the following subsidiaries :**

1. Šiaulių Banko Lizingas UAB (finance and operating lease activities),
2. Šiaulių Banko Investicijų Valdymas UAB (investment management activities),
3. Šiaulių Banko Turto Fondas UAB ( real estate management activities),
4. Minera UAB ( real estate management activities),
5. SBTF UAB (real estate management activities).
6. Pavasaris UAB - development of the area of multi-apartment residential houses .
7. Kėdainių oda UAB (indirect control, planned to be sold till reporting date) - leather processing, production.

# FINANCIAL STATEMENT OF ŠIAULIŲ BANKAS AB

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

## As of March 31 th 2013 the Bank had the directly controlled subsidiaries held for sale :

8. Eastern Europe Development Fund UAB (real estate management activities),
9. sporto klubų investicijos UAB (real estate management activities),
10. Trade project UAB (real estate management activities),
11. Investicinio turto valdymas UAB (real estate management activities),
- 12-16. ŽSA 1 UAB, ŽSA 2 UAB, ŽSA 3 UAB , ŽSA 4 UAB , ŽSA 5 UAB (real estate management activities),

## As of March 31 th 2013 the Bank had the indirectly controlled subsidiaries held for sale :

17. Žalgirio sporto arena UAB (real estate management activities),
18. Nacionalinis futbolo stadionas UAB ( development of the football stadium).

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 64 client services.

## NOTE 2 CASH AND CASH EQUIVALENTS

	31-03-2013		31-12-2012	
	Group	Bank	Group	Bank
Cash and other valuables	133 480	133 479	47 107	47 106
Banks demand deposits	-	-	-	-
Mandatory reserves in national currency	133 626	133 626	85 630	85 630
Correspondent bank accounts	157 807	157 807	21 647	21 598
Banks time deposits	0	-	5 000	5 000
Correspondent account with central bank	233 676	233 676	62 471	62 471
<b>Total:</b>	<b>658 589</b>	<b>658 588</b>	<b>221 855</b>	<b>221 805</b>

Mandatory reserves comprise the funds calculated on a monthly basis as a 3 % 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

	31-03-2013		31-12-2012	
	Group	Bank	Group	Bank
Due from other banks	8 391	8 391	4 137	4 137
<b>Total:</b>	<b>8 391</b>	<b>8 391</b>	<b>4 137</b>	<b>4 137</b>

## 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.

# FINANCIAL STATEMENT OF ŠIAULIŲ BANKAS AB

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

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

	31-03-2013		31-12-2012	
	Group	Bank	Group	Bank
Loans and advances to banks	8 391	8 391	4 137	4 137
Loans and advances to customers:	2 401 739	2 721 293	1 731 858	2 052 809
Loans and advances to financial institutions	-	209 322	-	216 789
Loans to individuals (Retail)	239 324	205 006	194 394	159 927
Loans to business customers	2 162 415	2 306 965	1 537 464	1 676 093
Finance lease receivables	254 317	74 465	183 863	-
Trading assets:	-	-	-	-
Debt securities	89 600	89 600	50 741	50 741
Derivative financial instruments	12 380	12 380	13 690	13 690
Securities available for sale	-	-	-	-
Debt securities	189 064	189 064	203 641	203 641
Investment securities held to maturity	-	-	-	-
Debt securities	1350 048	1350 048	273 031	273 031
Other financial assets	32 053	24 020	5 970	133
Credit risk exposures relating to off-balance sheet items are as follows:			-	-
Financial guarantees	80 804	80 879	88 313	88 360
Letters of credit	3 568	3 568	3 541	3 541
Loan commitments and other credit related liabilities	138 252	149 083	114 483	115 966
<b>Total</b>	<b>4 547 836</b>	<b>4 690 411</b>	<b>2 659 578</b>	<b>2 792 359</b>

	31-03-2013		31-12-2012	
	Group	Bank	Group	Bank
Loans are summarised as follows:				
Loans to business customers	2 737 486	3 091 202	1 631 892	1 987 154
Loans to individuals	258 916	223 741	211 565	176 086
<b>Gross</b>	<b>2 996 402</b>	<b>3 314 943</b>	<b>1 843 457</b>	<b>2 163 240</b>
Allowance for impairment	594 663	593 650	111 599	110 431
<b>Net</b>	<b>2 401 739</b>	<b>2 721 293</b>	<b>1 731 858</b>	<b>2 052 809</b>

	31-03-2013		31-12-2012	
	Group	Bank	Group	Bank
Neither past due not impaired	1 465 088	1 789 145	1 517 839	1 841 997
Past due but not impaired	225 205	221 586	128 477	125 920
Impaired	1 306 109	1 304 212	197 141	195 323
<b>Gross</b>	<b>2 996 402</b>	<b>3 314 943</b>	<b>1 843 457</b>	<b>2 163 240</b>
Allowance for impairment	594 663	593 650	111 599	110 431
<b>Net</b>	<b>2 401 739</b>	<b>2 721 293</b>	<b>1 731 858</b>	<b>2 052 809</b>

# FINANCIAL STATEMENT OF ŠIAULIŲ BANKAS AB

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

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

	31-03-2013		31-12-2012	
	Group	Bank	Group	Bank
Past due up to 7 days	67 438	65 226	50 672	48 969
Past due 8 to 30 days	84 659	83 383	37 278	36 572
Past due 31-60 days	20 423	20 342	11 561	11 480
Past due 61-90 days	13 292	13 248	1 670	1 627
Past due more than 90 days	39 393	39 387	27 296	27 272
<b>Total</b>	<b>225 205</b>	<b>221 586</b>	<b>128 477</b>	<b>125 920</b>
Fair value of collateral	201 819	201 819	113 502	113 502

## Loans and advances impaired

	31-03-2013		31-12-2012	
	Group	Bank	Group	Bank
Impaired loans	1 306 109	1 304 212	197 141	195 323
Fair value of collateral	953 326	953 326	91 757	91 757

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

# FINANCIAL STATEMENT OF ŠIAULIŲ BANKAS AB

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

Finance lease receivables are summarised as follows:

## Group

	<u>31-03-2013</u>	<u>31-12-2012</u>
Business customers	287 005	176 195
Individuals	9 403	9 417
<b>Gross</b>	<b>296 408</b>	<b>185 612</b>

	<u>31-03-2013</u>	<u>31-12-2012</u>
Neither past due not impaired	151 683	156 089
Past due but not impaired	25 360	25 371
Impaired	119 365	4 152
<b>Gross</b>	<b>296 408</b>	<b>185 612</b>
Allowance for impairment	42 091	1 749
<b>Net</b>	<b>254 317</b>	<b>183 863</b>

	<u>31-03-2013</u>		
	<u>Individuals</u>	<u>Business customers</u>	<u>Total:</u>
Finance lease receivables by sector:			
transport vehicles	5 173	39 303	44 476
residential real estate	1 711	193 586	195 297
airplanes	-	7 158	7 158
production equipment	18	22 582	22 600
other equipment	492	20 167	20 659
other assets	2 009	4 209	6 218
<b>Total:</b>	<b>9 403</b>	<b>287 005</b>	<b>296 408</b>

	<u>31-12-2012</u>		
	<u>Individuals</u>	<u>Business customers</u>	<u>Total:</u>
Finance lease receivables by sector:			
transport vehicles	4 957	41 386	46 343
residential real estate	1 587	89 615	91 202
airplanes	-	7 623	7 623
production equipment	34	12 540	12 574
other equipment	554	18 344	18 898
other assets	2 285	6 687	8 972
<b>Total:</b>	<b>9 417</b>	<b>176 195</b>	<b>185 612</b>

Ūkio bankas transferred the part of financial lease agreements (see the general information).

	<u>31-03-2013</u>	<u>31-12-2012</u>
Business customers	115 051	-
Individuals	-	-
<b>Gross</b>	<b>115 051</b>	<b>-</b>

# FINANCIAL STATEMENT OF ŠIAULIŲ BANKAS AB

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

	31-03-2013	31-12-2012
Neither past due not impaired	-	-
Past due but not impaired	-	-
Impaired	115 051	-
<b>Gross</b>	<b>115 051</b>	-
Allowance for impairment	40 586	-
<b>Net</b>	<b>74 465</b>	-

	31-03-2013		
	Individuals	Business customers	Total:
Finance lease receivables by sector:			
transport vehicles	-	486	486
residential real estate	-	104 359	104 359
airplanes	-	-	-
rolling-stock	-	-	-
production equipment	-	10 145	10 145
other equipment	-	61	61
other assets	-	-	-
<b>Total:</b>	<b>-</b>	<b>115 051</b>	<b>115 051</b>

The Bank had no lease as of 31-12-2012.

## NOTE 6 SECURITIES

	31-03-2013		31-12-2012	
	Group	Bank	Group	Bank
<b>Trading securities</b>				
<b>Debt securities:</b>				
Government bonds of the Republic of Lithuania	79 476	79 476	19 939	19 939
Government bonds of foreign states	-	-	661	661
Private enterprise bonds of foreign states	10 124	10 124	23 569	23 569
State companies bonds of foreign states	-	-	6 572	6 572
<b>Equity securities:</b>				
Listed equity securities	277	277	357	357
Unlisted equity securities	4	4	3	3
Units of funds	103	103	97	97
<b>Total:</b>	<b>89 984</b>	<b>89 984</b>	<b>51 198</b>	<b>51 198</b>

Bank 31-03-2013	State companies debt securities	Treasury bills	Corporate debt securities	Corporate equity securities	Investment fund units
	from AA-to AAA	-	-	-	-
from A- to A+	-	-	10 124	-	-
from BBB- to BBB+	-	79 476	-	-	-
from BB- to BB+	-	-	-	-	-
below už BB-	-	-	-	-	-
no rating	-	-	-	281	103
<b>Total:</b>	<b>-</b>	<b>79 476</b>	<b>10 124</b>	<b>281</b>	<b>103</b>



# 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
<b>Bank 31-12-2012</b>					
from AA-to AAA	-	-	3 437	-	-
from A- to A+	4 752	-	13 199	-	-
from BBB- to BBB+	1 820	20 600	6 933	-	-
from BB- to BB+	-	-	-	-	-
below už BB-	-	-	-	38	-
no rating	-	-	-	322	97
<b>Total:</b>	<b>6 572</b>	<b>20 600</b>	<b>23 569</b>	<b>360</b>	<b>97</b>

	State companies debt securities	Treasury bills	Corporate debt securities	Corporate equity securities	Investment fund units
<b>Group 31-03-2013</b>					
from AA-to AAA	-	-	-	-	-
from A- to A+	-	-	10 124	-	-
from BBB- to BBB+	-	79 476	-	-	-
from BB- to BB+	-	-	-	-	-
below už BB-	-	-	-	-	-
no rating	-	-	-	281	103
<b>Total:</b>	<b>-</b>	<b>79 476</b>	<b>10 124</b>	<b>281</b>	<b>103</b>

	State companies debt securities	Treasury bills	Corporate debt securities	Corporate equity securities	Investment fund units
<b>Group 31-12-2012</b>					
from AA-to AAA	-	-	3 437	-	-
from A- to A+	4 752	-	13 199	-	-
from BBB- to BBB+	1 820	20 600	6 933	-	-
from BB- to BB+	-	-	-	-	-
below už BB-	-	-	-	38	-
no rating	-	-	-	322	97
<b>Total:</b>	<b>6 572</b>	<b>20 600</b>	<b>23 569</b>	<b>360</b>	<b>97</b>

## Investment securities

Securities available-for-sale:	31-03-2013		31-12-2012	
	Group	Bank	Group	Bank
<b>Debt securities</b>				
Government bonds of the Republic of Lithuania	24 883	24 883	21 293	21 293
Government bonds of foreign states	27 883	27 883	35 037	35 037
Private enterprise bonds of foreign states	136 298	136 298	147 311	147 311
<b>Equity securities</b>				
Listed equity securities	-	-	-	-
Unlisted equity securities	3 737	1 390	3 617	1 391
Units of funds	363	363	353	353
<b>Total:</b>	<b>193 164</b>	<b>190 817</b>	<b>207 611</b>	<b>205 385</b>

# FINANCIAL STATEMENT OF ŠIAULIŲ BANKAS AB

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

Securities held-to-maturity	31-03-2013		31-12-2012	
	Group	Bank	Group	Bank
<b>Debt securities</b>				
Private enterprise bonds the Republic of Lithuania	8 408	153 000	-	-
Government bonds of the Republic of Lithuania	1005 558	1005 558	209 340	209 340
Government bonds of foreign states	42 494	42 494	31 172	31 172
Private enterprise bonds of foreign states	148 996	148 996	32 519	32 519
<b>Total:</b>	<b>1 205 456</b>	<b>1 350 048</b>	<b>273 031</b>	<b>273 031</b>

Bank 31-03-2013	Treasury bills	State companies	Corporate
		debt securities	debt securities
from AA-to AAA	19 408	-	27 029
from A- to A+	17 729	14 163	30 919
from BBB- to BBB+	1 005 558	15 236	39 433
from BB- to BB+	5 357	-	22 216
below už BB-	-	-	-
no rating	-	-	153 000
<b>Total:</b>	<b>1048 052</b>	<b>29 399</b>	<b>272 597</b>

Bank 31-12-2012	Treasury bills	State companies	Corporate
		debt securities	debt securities
from AA-to AAA	8 092	-	6 811
from A- to A+	17 704	-	8 615
from BBB- to BBB+	209 340	2 681	14 412
from BB- to BB+	5 376	-	-
below už BB-	-	-	-
no rating	-	-	-
<b>Total:</b>	<b>240 512</b>	<b>2 681</b>	<b>29 838</b>

Group 31-03-2013	Treasury bills	State companies	Corporate
		debt securities	debt securities
from AA-to AAA	19 408	-	27 029
from A- to A+	17 729	14 163	30 919
from BBB- to BBB+	1 005 558	15 236	39 433
from BB- to BB+	5 357	-	22 216
below už BB-	-	-	-
no rating	-	-	8 408
<b>Total:</b>	<b>1048 052</b>	<b>29 399</b>	<b>128 005</b>

# FINANCIAL STATEMENT OF ŠIAULIŲ BANKAS AB

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

Group 31-12-2012	Treasury bills	State companies	Corporate
		debt securities	debt securities
from AA-to AAA	8 092	-	6 811
from A- to A+	17 704	-	8 615
from BBB- to BBB+	209 340	2 681	14 412
from BB- to BB+	5 376	-	-
below už BB-	-	-	-
no rating	-	-	-
<b>Total:</b>	<b>240 512</b>	<b>2 681</b>	<b>29 838</b>

## Investments in subsidiaries

	31-03-2013		
	Share in equity %	Acquisition cost	Carrying value
ŠB Lizingas UAB	100	5 000	3 000
ŠB Investicijų Valdymas UAB	100	4 040	1 658
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
<b>Total:</b>		<b>57 019</b>	<b>51 791</b>

## Investments in consolidated indirectly controlled subsidiaries

	31-03-2013		
	Share in equity %	Acquisition cost	Carrying value
Kėdainių oda UAB	100	12 000	11 990

	31-12-2012		
	Share in equity %	Acquisition cost	Carrying value
ŠB Lizingas UAB	100	5 000	3 000
ŠB Investicijų Valdymas UAB	100	4 040	1 658
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
<b>Total:</b>		<b>57 019</b>	<b>51 791</b>

## Investments in consolidated indirectly controlled subsidiaries

	31-12-2012		
	Share in equity %	Acquisition cost	Carrying value
Kėdainių oda UAB	100	12 000	11 990

# FINANCIAL STATEMENT OF ŠIAULIŲ BANKAS AB

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

Within 2012 Bank recognised loss of 1 455 thou LTL impairment for investment into "Šiaulių banko investicijų valdymas" UAB and reversed 1 000 thou LTL impairment loss for investment into "Šiaulių banko lizingas" UAB. Additional information: 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.

## Subsidiaries held for sale

3 March 2013, under the agreement on the transfer of assets, rights, transactions and liabilities of Ūkio Bankas, based on which a part of assets, rights, transactions and liabilities of Ūkio Bankas was transferred to Šiaulių Bankas (see general information), Šiaulių Bankas AB acquired 100 % control over following subsidiaries:

i) subsidiaries engaged in real estate development activities: Eastern Europe Development Fund UAB, Sporto Klubų Investicijos UAB, Trade Project UAB, Investicinio Turto Valdymas UAB, ŽSA 1 UAB, ŽSA 2 UAB, ŽSA 3 UAB, ŽSA 4 UAB and ŽSA 5 UAB (ŽSA 1 UAB, ŽSA 2 UAB, ŽSA 3 UAB, ŽSA 4 UAB and ŽSA 5 UAB together own 100% shares of Žalgirio Sporto Arena UAB; Žalgirio Sporto Arena UAB owns 100% shares of Nacionalinis Futbolo Stadionas UAB) and

ii) subsidiaries engaged in other activities: Ūkio Banko Lizingas UAB and Bonum Publicum GD UAB.

As the sale of subsidiaries mentioned above is highly probable because the agreement under which the subsidiaries were acquired until 3 December 2013 provides the opportunity to the creditors of the Ūkio bankas to sell these subsidiaries as two portfolios of assets: i) portfolio of subsidiaries of Ūkio Bankas engaged in real estate development activities and ii) portfolio of shares of subsidiaries of Ūkio Bankas engaged in other activities, the above-mentioned subsidiaries are included in the financial statements of the Group as subsidiaries held for sale.

Above-mentioned subsidiaries are accounted at the lower of fair value (which, in case of these subsidiaries, is equal to acquisition value) and carrying amount. According to the terms of the agreement, in case of sale of portfolios of assets, Šiaulių Bankas AB has a guarantee that it will receive the amount of cash equal to acquisition value of these subsidiaries, therefore in case the carrying amount of acquired subsidiaries is lower than the acquisition value, the Group recognizes derivative assets in discontinued operations related to such subsidiaries, the carrying value of which is equal to the difference between the acquisition value of the portfolio of shares and the carrying amount.

	<b>31-03-2013</b>		
	<b>Entities engaged in real estate development</b>	<b>Entities engaged in other activities</b>	<b>Total:</b>
Assets held for sale attributable to the group of entities	109 659	268 399	378 058
Liabilities attributable to assets held for sale attributable to the group of entities	36 088	62 851	98 939
Profit (loss) of the current year from the date of acquisition of the entities 03-03-2013	(65)	631	566

During the three month period ended 31 March 2013, the Group did not incur any gain or loss related to the the measurement to fair value less costs to sell or on the disposal of the subsidiaries mentioned above.

## NOTE 7 OTHER ASSETS

	<b>31-03-2013</b>		<b>31-12-2012</b>	
	<b>Group</b>	<b>Bank</b>	<b>Group</b>	<b>Bank</b>
Assets held for sale	130 343	-	132 803	-
Amounts receivable	32 053	24 020	5 970	133
Deferred expenses	4 976	3 611	3 280	1 902
Prepayments	10 316	6 252	4 545	-
Foreclosed assets	2 657	1 984	2 422	1 995
Other	5 543	2 280	7 532	1 406
<b>Total:</b>	<b>185 888</b>	<b>38 147</b>	<b>156 552</b>	<b>5 436</b>

# FINANCIAL STATEMENT OF ŠIAULIŲ BANKAS AB

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

## NOTE 8 DUE TO OTHER BANKS AND FINANCIAL INSTITUTIONS

	31-03-2013		31-12-2012	
	Group	Bank	Group	Bank
Correspondent accounts and deposits of other banks and financial institutions:				
Correspondent accounts and demand deposits	31 786	31 842	13 179	15 472
Time deposits	28 088	28 093	27 383	27 388
<b>Total:</b>	<b>59 874</b>	<b>59 935</b>	<b>40 562</b>	<b>42 860</b>
Loans received:				
Loans from other banks	72 442	72 442	76 421	76 421
Loans from financial institutions	142 336	142 336	74 035	74 035
Loans from international organisations	56 428	56 428	215 252	215 252
<b>Total:</b>	<b>271 206</b>	<b>271 206</b>	<b>365 708</b>	<b>365 708</b>
<b>Total:</b>	<b>331 080</b>	<b>331 141</b>	<b>406 270</b>	<b>408 568</b>

## NOTE 9 DUE TO CUSTOMERS

	31-03-2013		31-12-2012	
	Group	Bank	Group	Bank
<b>Demand deposits:</b>				
National government institutions	34 417	34 417	37 033	37 033
Local government institutions	74 066	74 066	53 094	53 094
Governmental and municipal companies	24 289	24 289	24 849	24 849
Corporate entities	284 227	293 072	219 489	219 650
Non-profit organisations	17 103	17 103	13 128	13 128
Individuals	381 447	381 447	205 037	205 037
Unallocated amounts due to customers	14 018	14 018	7 364	7 364
<b>Total demand deposits:</b>	<b>829 567</b>	<b>838 412</b>	<b>559 994</b>	<b>560 155</b>
<b>Time deposits:</b>				
National government institutions	1 285	1 285	2 198	2 198
Local government institutions	8 122	8 122	2 011	2 011
Governmental and municipal companies	25 508	25 508	24 277	24 277
Corporate entities	161 831	168 097	155 991	155 991
Non-profit organisations	18 845	18 845	9 160	9 160
Individuals	3 580 127	3 580 127	1 412 060	1 412 060
<b>Total time deposits:</b>	<b>3 795 718</b>	<b>3 801 984</b>	<b>1 605 697</b>	<b>1 605 697</b>
<b>Total:</b>	<b>4 625 285</b>	<b>4 640 396</b>	<b>2 165 691</b>	<b>2 165 852</b>

# FINANCIAL STATEMENT OF ŠIAULIŲ BANKAS AB

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

## NOTE 10 SPECIAL AND LENDING FUNDS

	31-03-2013		31-12-2012	
	Group	Bank	Group	Bank
Special funds	3 795	3 795	2 835	2 835
Lending funds	30 769	30 769	4 459	4 459
<b>Total:</b>	<b>34 564</b>	<b>34 564</b>	<b>7 294</b>	<b>7 294</b>

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

	31-03-2013		31-12-2012	
	Group	Bank	Group	Bank
276 days coupon bonds in LTL with rate of 4,5 per cent, maturity 07-05-2012	-	-	-	-
555 days coupon bonds in LTL with rate of 5,25 per cent, maturity 06-03-2013	-	-	15 268	15 268
505 days coupon bonds in LTL with rate of 4,25 per cent, maturity 03-01-2013	-	-	7 116	7 116
547 days coupon bonds in LTL with rate of 4,5 per cent, maturity 29-05-2013	534	534	528	528
<b>Total:</b>	<b>534</b>	<b>534</b>	<b>22 912</b>	<b>22 912</b>

## NOTE 12 OTHER LIABILITIES

	31-03-2013		31-12-2012	
	Group	Bank	Group	Bank
Accrued charges	9 868	8 545	8 362	6 541
Deferred income	2 584	737	3 003	859
Advances received from the buyers of assets	1 850	-	2 056	-
Amounts payable for finance lease agreements	2 502	-	3 456	-
Payable dividends	1 203	1 203	29	29
Other liabilities	19 629	16 489	3 116	555
<b>Total:</b>	<b>37 636</b>	<b>26 974</b>	<b>20 022</b>	<b>7 984</b>

# FINANCIAL STATEMENT OF ŠIAULIŲ BANKAS AB

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

## NOTE 13 SHARE CAPITAL

As of 31 March 2013 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 31 March 2013, this group possessed 43.17 percent of the authorised capital and votes of the Bank.

As of 31 March 2013, the Bank had 3 650 shareholders (31 December 2012 - 3 671). A share of capital held by Bank's shareholders by the place of residence : 31-03-2013 residents 68,60 % , non-residents 31,40 %; 12-31-2012 residents 68,68 % , non-residents 31,32 %.

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	5,42
"Eglės" sanatorija AB	5,31
	<b>36,54</b>

Another 15 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 2012 the annual general meeting of shareholders it was decided to not to pay dividends. On 28 03 2013 the ordinary general meeting of shareholders made a decision to pay LTL 0.005 dividends per one ordinary registered share with LTL 1 nominal value each.

# FINANCIAL STATEMENT OF ŠIAULIŲ BANKAS AB

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

## General reserve to cover possible losses in assets

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

## Earnings per share

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

<b>Bank</b>	<b>31-03-2013</b>	<b>31-03-2012</b>
Profit (loss) for the year attributable to equity holders of the Bank (in LTL thousand)	3 415	3 305
Weighted average number of issued shares (thousand of shares)	234 858	234 858
<b>Basic annual earnings per share (in LTL per share)</b>	<b>0,06</b>	<b>0,06</b>

<b>Group</b>	<b>31-03-2013</b>	<b>31-03-2012</b>
Profit (loss) for the year attributable to equity holders of the Bank (in LTL thousand)	3 711	3 465
Weighted average number of issued shares (thousand of shares)	234 858	234 858
<b>Basic annual earnings per share (in LTL per share)</b>	<b>0,06</b>	<b>0,06</b>

## NOTE 14 NET INTEREST INCOME

	<b>31-03-2013</b>		<b>31-03-2012</b>	
	<b>Group</b>	<b>Bank</b>	<b>Group</b>	<b>Bank</b>
Interest income:				
on loans to other banks and financial institutions and placements with credit institutions	469	2 166	497	2 015
on loans to customers	23 391	22 631	24 613	24 820
on debt securities	7 013	7 013	3 921	3 921
on finance leases	2 700	504	2 329	-
<b>Total interest income</b>	<b>33 573</b>	<b>32 314</b>	<b>31 360</b>	<b>30 756</b>
Interest expense:				
on liabilities to other banks and financial institutions and amounts due to credit institutions	(2 752)	(2 752)	(3 936)	(3 936)
on customer deposits and other repayable funds	(15 045)	(15 096)	(10 534)	(10 534)
on debt securities issued	( 117)	( 117)	( 537)	( 537)
compulsory insurance of deposits	(3 333)	(3 333)	(2 180)	(2 180)
on finance leases	-	-	-	-
<b>Total interest expense</b>	<b>(21 247)</b>	<b>(21 298)</b>	<b>(17 187)</b>	<b>(17 187)</b>
<b>Net interest income</b>	<b>12 326</b>	<b>11 016</b>	<b>14 173</b>	<b>13 569</b>



# FINANCIAL STATEMENT OF ŠIAULIŲ BANKAS AB

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

## NOTE 15 NET FEE AND COMMISSION INCOME

	31-03-2013		31-03-2012	
	Group	Bank	Group	Bank
Fee and commission income:				
for money transfer operations	3 005	3 044	2 272	2 293
for payment card services	559	559	492	492
for base currency exchange	530	531	423	424
for operations with securities	51	51	37	37
other fee and commission income	628	633	410	420
<b>Total fee and commission income</b>	<b>4 773</b>	<b>4 818</b>	<b>3 634</b>	<b>3 666</b>
Fee and commission expense:				
for payment card services	(1 559)	(1 559)	(1 540)	(1 540)
for money transfer operations	( 522)	( 511)	( 363)	( 355)
for operations with securities	( 23)	( 23)	( 24)	( 24)
for base currency exchange	-	-	( 1)	( 1)
other fee and commission expenses	( 357)	( 1)	-	-
<b>Total fee and commission expense</b>	<b>(2 461)</b>	<b>(2 094)</b>	<b>(1 928)</b>	<b>(1 920)</b>
<b>Net fee and commission income</b>	<b>2 312</b>	<b>2 724</b>	<b>1 706</b>	<b>1 746</b>

## NOTE 16 ADMINISTRATIVE AND OTHER OPERATING EXPENSES

	31-03-2013		31-03-2012	
	Group	Bank	Group	Bank
Salaries, social security and other related expenses	(8 785)	(7 330)	(7 036)	(6 128)
Raw materials and consumables used *	(2 368)	-	-	-
Construction works *	(3 781)	-	-	-
Rent and maintenance of premises	(1 703)	(1 555)	(1 307)	(1 267)
Office equipment maintenance	( 482)	( 476)	( 257)	( 252)
Depreciation of fixed tangible assets	(1 135)	( 738)	(1 077)	( 781)
Amortisation of intangible assets	( 77)	( 72)	( 73)	( 71)
Transportation, post and communications expenses	( 490)	( 515)	( 488)	( 527)
Real estate tax and other taxes	( 874)	( 34)	( 112)	( 75)
Advertising and marketing expenses	( 224)	( 185)	( 119)	( 102)
Training and business trip expenses	( 27)	( 13)	( 25)	( 16)
Charity	( 34)	( 30)	( 32)	( 32)
Service organisation expenses	(1 006)	( 991)	( 279)	( 279)
Other operating expenses	(1 532)	( 955)	( 656)	( 485)
<b>Total:</b>	<b>(22 518)</b>	<b>(12 894)</b>	<b>(11 461)</b>	<b>(10 015)</b>

\* the Group accounted for Pavasaris UAB as an associate entity, Kėdainių oda as a subsidiary held for sale as of 31 March 2012.

# FINANCIAL STATEMENT OF ŠIAULIŲ BANKAS AB

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

## NOTE 17 ALLOWANCE FOR IMPAIRMENT LOSSES

	31-03-2013		31-03-2012	
	Group	Bank	Group	Bank
Impairment losses on loan	(3 727)	(3 726)	(4 166)	(3 792)
Recoveries of loans previously written-off	137	27	101	101
Impairment losses on finance lease receivables	-	-	( 59)	-
Recovered previously written-off finance lease receivables	-	-	127	-
Expenses for provision on other assets	( 346)	11	( 337)	( 1)
<b>Total:</b>	<b>(3 936)</b>	<b>(3 688)</b>	<b>(4 334)</b>	<b>(3 692)</b>

## OTHER OPERATING INCOME

	31-03-2013		31-03-2012	
	Group	Bank	Group	Bank
Revenue from sale of goods *	2 538	-	-	-
Revenue from sale of apartments *	5 433	-	-	-
Income from lease of assets	664	150	717	184
Other income	380	90	570	82
<b>Total:</b>	<b>9 015</b>	<b>240</b>	<b>1 287</b>	<b>266</b>

\* the Group accounted for Pavasaris UAB as an associate entity, Kėdainių oda as a subsidiary held for sale as of 31 March 2012.

## NOTE 18 RELATED-PARTY TRANSACTIONS

Related parties with the Bank are classified as follows:

- 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;
- subsidiaries of the Bank;
- 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 2012, 2013 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:

	31-03-2013		31-12-2012	
	Balances of deposits	Balances of loans	Balances of deposits	Balances of loans
Members of the Council and the Board	1 114	7 011	1 031	4 857
Other related parties (excluding subsidiaries of the Bank)	15 356	158 002	5 353	121 954
<b>Total:</b>	<b>16 470</b>	<b>165 013</b>	<b>6 384</b>	<b>126 811</b>
Capital	381 292	381 292	299 827	299 827
a ratio of the capital %	4,3	43,3	2,1	42,3

# FINANCIAL STATEMENT OF ŠIAULIŲ BANKAS AB

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

## Transactions with EBRD:

The balance of the Bank's loans received from the EBRD . As of March 31 th 2013 the total value of the EBRD loan was LTL 77 785 thou (in 31-12-2012 – LTL 79 109 thou). The interest related with the loan as well as other expenses comprised LTL 1 039 thou on 31 March 2013 (LTL 4 685 thou on 31 December 2012). At the end of February 2013, Šiaulių Bankas and EBRD signed an agreement on the subordinated loan for the amount of EUR 20m (LTL 69m) for the period of 10 years,

Balances of transactions with the subsidiaries are given below:

	<b>31-03-2013</b>	<b>31-12-2012</b>		
	<b>Balances of deposits</b>	<b>Balances of loans</b>	<b>Balances of deposits</b>	<b>Balances of loans</b>
Non-financial institutions	975	161 757	161	154 609
Financial institutions	14 197	362 322	2 298	216 789
<b>Total:</b>	<b>15 172</b>	<b>524 079</b>	<b>2 459</b>	<b>371 398</b>

Transactions with subsidiaries:

<b>Assets</b>	<b>31-03-2013</b>	<b>31-12-2012</b>
Loans	371 079	371 398
Debt securities	153 000	-
Other assets	20	27
<b>Liabilities and shareholders' equity</b>		
Demand deposits	15 172	2 459
Bank's investment	51 791	16 889
Other liabilities	9	9
	<b>31-03-2013</b>	<b>31-03-2012</b>
<b>Income</b>		
Interest	3 125	2 786
Commission income	55	33
Income from foreign exchange operations	1	-
Dividends	-	-
Other income	62	46
<b>Expenses</b>		
Interest	( 51)	-
Commission charges	-	-
Operating expenses	( 198)	( 163)
Loss of impairment value of investment	-	-

# FINANCIAL STATEMENT OF ŠIAULIŲ BANKAS AB

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

## 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.

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 II capital consist of 85 per cent of re-appraised reserves of financial assets if they are positive and Tier II additional capital comprising of the subordinated loans with the fixed maturity which meet the legal acts of other Lithuanian

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 March 31 th 2013 and of December 31 st 2012. During those two years, the Group complied with capital requirements to which it is subject.

# FINANCIAL STATEMENT OF ŠIAULIŲ BANKAS AB

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

	31-03-2013		31-12-2012	
	Group	Bank	Group	Bank
<b>Tier 1 capital</b>				
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	18 701	24 517	8 179	12 171
Not audited result	-	-	-	-
Others reserve	3 243	2 641	1 891	1 289
Less: financial assets revaluation reserve	-	-	-	-
Less: Intangible assets	(1 130)	( 831)	(1 207)	( 903)
<b>Total Tier 1 capital</b>	<b>306 144</b>	<b>311 657</b>	<b>294 193</b>	<b>297 887</b>
<b>Tier 2 capital</b>				
85 % financial assets revaluation reserve	3 011	3 011	4 415	4 415
Subordinated loan	69 056	69 056	-	-
<b>Total Tier 2 capital</b>	<b>72 067</b>	<b>72 067</b>	<b>4 415</b>	<b>4 415</b>
Less Investments in other credit or financial institutions	-	(2 432)	-	(2 505)
<b>Total capital:</b>	<b>378 211</b>	<b>381 292</b>	<b>298 608</b>	<b>299 797</b>
<b>Capital requirement:</b>				
Standardised approach credit risk	261 817	256 433	166 071	166 817
Traded debt instruments	2 272	2 272	2 335	2 335
Equities	61	61	73	73
Foreign exchange risk exposure	21 475	21 404	8 558	8 563
Operational risk by Basic indicator's method	11 885	9 453	11 885	8 453
<b>Total capital requirement:</b>	<b>297 510</b>	<b>289 623</b>	<b>188 921</b>	<b>186 241</b>
<b>Capital ratio, %</b>	<b>10,17</b>	<b>10,53</b>	<b>12,64</b>	<b>12,81</b>

# 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 March 31 th 2013 the above Group's ratio was 59,96 per cent (31-12-2012 - 41,56 per cent), and the Bank's – 56,93 per cent (31-12-2012 – 42,78 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 March 31 th 2013 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:
<b>Total assets</b>	681 970	91 458	131 414	206 982	330 023	1 476 682	1 858 731	741 428	5 518 688
<b>Total liabilities and shareholder's equity</b>	910 243	451 657	763 592	932 803	1 452 350	407 325	175 131	425 587	5 518 688
<b>Net liquidity gap</b>	(228 273)	(360 199)	(632 178)	(725 821)	(1122 327)	1069 357	1683 600	315 841	-

# 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 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:
<b>Total assets</b>	222 023	89 195	147 397	171 250	280 217	710 761	1 080 086	241 774	2 942 703
<b>Total liabilities and shareholder's equity</b>	574 970	205 409	370 533	474 224	669 357	228 896	95 012	324 302	2 942 703
<b>Net liquidity gap</b>	(352 947)	(116 214)	(223 136)	(302 974)	(389 140)	481 865	985 074	(82 528)	-

The structure of the Bank's liabilities by maturity as of March 31 th 2013 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:
<b>Total assets</b>	681 700	104 143	176 828	281 219	566 039	1 417 846	1 763 718	430 950	5 422 443
<b>Total liabilities and shareholder's equity</b>	917 681	448 170	763 556	936 154	1 452 357	406 578	175 120	322 827	5 422 443
<b>Net liquidity gap</b>	(235 981)	(344 027)	(586 728)	(654 935)	(886 318)	1011 268	1588 598	108 123	-

The structure of the Bank's liabilities by maturity as of December 31st 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:
<b>Total assets</b>	221 810	126 708	193 023	236 068	356 872	653 339	981 778	161 868	2 931 466
<b>Total liabilities and shareholder's equity</b>	575 882	200 300	369 718	473 644	666 781	228 128	94 999	322 014	2 931 466
<b>Net liquidity gap</b>	(354 072)	(73 592)	(176 695)	(237 576)	(309 909)	425 211	886 779	(160 146)	-

# 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.

	maturity undefined	up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	more than 5 years	Total:
<b>Group 31-03-2013</b>							
<b>Liabilities</b>							
Due to banks	-	44 721	46 694	88 219	119 854	36 574	336 062
Subordinated loan	-	-	1 096	3 251	17 401	90 697	112 445
Due to customers	-	1261 100	719 013	2 328 048	361 183	12 725	4 682 069
Debt securities in issue	-	-	538	-	-	-	538
Special and lending fund	-	30 769	-	1 307	2 564	-	34 640
<b>Total liabilities (contractual maturity dates)</b>	-	<b>1 336 590</b>	<b>767 341</b>	<b>2 420 825</b>	<b>501 002</b>	<b>139 996</b>	<b>5 165 754</b>

	maturity undefined	up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	more than 5 years	Total:
<b>Group 31-12-2012</b>							
<b>Liabilities</b>							
Due to banks	-	17 664	39 557	118 033	202 695	39 633	417 582
Due to customers	-	744 508	314 932	1 036 123	79 336	7 999	2 182 898
Debt securities in issue	-	7 119	15 408	538	-	-	23 065
Special and lending fund	-	3 512	-	667	3 245	-	7 424
<b>Total liabilities (contractual maturity dates)</b>	-	<b>772 803</b>	<b>369 897</b>	<b>1 155 361</b>	<b>285 276</b>	<b>47 632</b>	<b>2 630 969</b>



# FINANCIAL STATEMENT OF ŠIAULIŲ BANKAS AB

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

	maturity undefined	up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	more than 5 years	Total:
<b>Bank 31-03-2013</b>							
<b>Liabilities</b>							
Due to banks	-	44 777	46 694	88 224	119 854	36 574	336 123
Subordinated loan	-	-	1 096	3 251	17 401	90 697	112 445
Due to customers	-	1 270 300	719 509	2 333 463	361 183	12 725	4 697 180
Debt securities in issue	-	-	538	-	-	-	538
Special and lending fund	-	30 769	-	1 307	2 564	-	34 640
<b>Total liabilities (contractual maturity dates)</b>	-	<b>1 345 846</b>	<b>767 837</b>	<b>2 426 245</b>	<b>501 002</b>	<b>139 996</b>	<b>5 180 926</b>

	maturity undefined	up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	more than 5 years	Total:
<b>Bank 31-12-2012</b>							
<b>Liabilities</b>							
Due to banks	-	19 957	39 557	118 038	202 695	39 633	419 880
Due to customers	-	744 669	314 932	1 036 123	79 336	7 999	2 183 059
Debt securities in issue	-	7 119	15 408	538	-	-	23 065
Special and lending fund	-	3 512	-	667	3 245	-	7 424
<b>Total liabilities (contractual maturity dates)</b>	-	<b>775 257</b>	<b>369 897</b>	<b>1 155 366</b>	<b>285 276</b>	<b>47 632</b>	<b>2 633 428</b>

# 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 March 31 th 2013 the TOP to capital ratio was: Group’s – 5,88 % (31-12-2012: 1,02 %), Bank’s – 5,83 % (31-12-2012: 1,02 %).

### 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 2013. 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 2013	Annual reasonable shift 2012
USD	6%	7%
GBP	4,5%	4,5%
DKK	0%	1%
SEK	10%	3%
LVL	1%	1%
other currencies	4%	7%

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:

	31-03-2013		31-12-2012	
	Impact on profit or loss, on equity		Impact on profit or loss, on equity	
	Group	Bank	Group	Bank
USD	167	172	26	26
GBP	999	999	3	3
DKK	1	1	1	1
SEK	72	72	74	74
LVL	2	2	1	1
other currencies	287	287	72	72
<b>Total:</b>	<b>1528</b>	<b>1 533</b>	<b>177</b>	<b>177</b>

The presumable FX rate change makes an impact on the Bank’s profit LTL 1 533 thousand in 2013 (2012: LTL 177 thousand) and the Group’s al profit LTL 1 528 thousand in 2013 (2012: LTL 177 thousand).

# FINANCIAL STATEMENT OF ŠIAULIŲ BANKAS AB

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

The Group's open positions of prevailing currencies as of March 31 th 2013 were as follow:

	USD	Others currencies	Total currencies:	EUR	LTL	Total:
Assets	249 431	25 410	274 841	1 458 839	3 785 008	5 518 688
Liabilities and shareholder's equity	242 463	38 936	281 399	1 292 384	3 944 905	5 518 688
Net balance sheet position	6 968	(13 526)	(6 558)	166 455	(159 897)	-
Currency swaps	(4 183)	-	(4 183)	90 500	(87 482)	(1 165)
<b>Net open position</b>	<b>2 785</b>	<b>(13 526)</b>	<b>(10 741)</b>	<b>256 955</b>	<b>(247 379)</b>	<b>(1 165)</b>

The Group's open positions of prevailing currencies as of December 31st 2012 were as follow:

	USD	Others currencies	Total currencies:	EUR	LTL	Total:
Assets	70 290	9 045	79 335	835 220	2 028 148	2 942 703
Liabilities and shareholder's equity	68 766	6 054	74 820	733 258	2 134 625	2 942 703
Net balance sheet position	1 524	2 991	4 515	101 962	(106 477)	-
Currency swaps	(1 954)	-	(1 954)	1 959	-	5
<b>Net open position</b>	<b>( 430)</b>	<b>2 991</b>	<b>2 561</b>	<b>103 921</b>	<b>(106 477)</b>	<b>5</b>

The Bank's open positions of prevailing currencies as of March 31 th 2013 were as follow:

	USD	Others currencies	Total currencies:	EUR	LTL	Total:
Assets	249 430	25 410	274 840	1 457 364	3 690 239	5 422 443
Liabilities and shareholder's equity	242 386	38 936	281 322	1 291 876	3 849 245	5 422 443
Net balance sheet position	7 044	(13 526)	(6 482)	165 488	(159 006)	-
Currency swaps	(4 183)	-	(4 183)	90 500	(87 482)	(1 165)
<b>Net open position</b>	<b>2 861</b>	<b>(13 526)</b>	<b>(10 665)</b>	<b>255 988</b>	<b>(246 488)</b>	<b>(1 165)</b>

# FINANCIAL STATEMENT OF ŠIAULIŲ BANKAS AB

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

The Bank's open positions of prevailing currencies as of December 31st 2012 were as follow:

	USD	Others currencies	Total currencies:	EUR	LTL	Total:
Assets	70 289	9 045	79 334	836 170	2 015 962	2 931 466
Liabilities and shareholder's equity	68 766	6 054	74 820	733 046	2 123 600	2 931 466
Net balance sheet position	1 523	2 991	4 514	103 124	(107 638)	-
Currency swaps	(1 954)	-	(1 954)	1 959	-	5
<b>Net open position</b>	<b>(431)</b>	<b>2 991</b>	<b>2 560</b>	<b>105 083</b>	<b>(107 638)</b>	<b>5</b>

## 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 31-03-2013

	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	318 410	614 128	1 172 630	147 869	1 746 485	1 519 166	5 518 688
Liabilities and shareholder's equity	573 223	819 302	956 950	1 402 669	341 840	1 424 704	5 518 688
Net interest sensitivity gap	(254 813)	(205 174)	215 680	(1254 800)	1 404 645	94 462	-
Higher/lower impact on profit from balance sheet assets and liabilities	(2 442)	(1 710)	1 348	(3 137)	-	-	(5 941)

### Group 31-12-2012

	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	380 747	543 467	798 257	98 937	617 568	503 727	2 942 703
Liabilities and shareholder's equity	340 077	427 380	517 669	622 362	67 145	968 070	2 942 703
Net interest sensitivity gap	40 670	116 087	280 588	(523 425)	550 423	(464 343)	-
Higher/lower impact on profit from balance sheet assets and liabilities	390	967	1 754	(1 309)	-	-	1 802

# FINANCIAL STATEMENT OF ŠIAULIŲ BANKAS AB

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

## Bank 31-03-2013

	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	332 544	606 742	1 185 197	398 828	1 762 567	1 136 565	5 422 443
Liabilities and shareholder's equity	573 741	819 786	960 760	1 404 184	341 840	1 322 132	5 422 443
Net interest sensitivity gap	(241 197)	(213 044)	224 437	(1005 356)	1420 727	(185 567)	0
Higher/lower impact on profit from balance sheet assets and liabilities	(2 311)	(1 775)	1 403	(2 513)	-	-	(5 196)

## Bank 31-12-2012

	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	419 951	529 989	798 003	199 256	631 388	352 879	2 931 466
Liabilities and shareholder's equity	340 238	427 380	517 669	622 367	67 145	956 667	2 931 466
Net interest sensitivity gap	79 713	102 609	280 334	(423 111)	564 243	(603 788)	-
Higher/lower impact on profit from balance sheet assets and liabilities	764	855	1 752	(1 058)	-	-	2 313

# 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 31 March 2013 and in the statement of comprehensive income :

	<b>Banking</b>	<b>Leasing</b>	<b>Investment management</b>	<b>Other activity</b>	<b>Eliminations</b>	<b>Total:</b>
Internal	3 074	(1 514)	(109)	(1 022)	(429)	-
External	7 942	3 821	79	484	-	12 326
<b>Net interest income</b>	<b>11 016</b>	<b>2 307</b>	<b>(30)</b>	<b>(538)</b>	<b>(429)</b>	<b>12 326</b>
Internal	3 129	(1 565)	(109)	(1 022)	(433)	-
External	10 611	3 458	85	484	-	14 638
<b>Net interest, fee and commissions income</b>	<b>13 740</b>	<b>1 893</b>	<b>(24)</b>	<b>(538)</b>	<b>(433)</b>	<b>14 638</b>
<b>Provision expenses</b>	<b>(3 688)</b>	<b>(187)</b>	<b>(45)</b>	<b>(16)</b>	<b>-</b>	<b>(3 936)</b>
Internal	(198)	(41)	(3)	(18)	260	-
External	(11 886)	(788)	(92)	(8 540)	-	(21 306)
<b>Operating expenses</b>	<b>(12 084)</b>	<b>(829)</b>	<b>(95)</b>	<b>(8 558)</b>	<b>260</b>	<b>(21 306)</b>
<b>Amortisation charges</b>	<b>(72)</b>	<b>(4)</b>	<b>-</b>	<b>(1)</b>	<b>-</b>	<b>(77)</b>
<b>Depreciation charges</b>	<b>(738)</b>	<b>(203)</b>	<b>(5)</b>	<b>(189)</b>	<b>-</b>	<b>(1 135)</b>
Internal	62	-	9	9	(80)	-
External	6 867	125	3	8 770	-	15 765
<b>Net other income</b>	<b>6 929</b>	<b>125</b>	<b>12</b>	<b>8 779</b>	<b>(80)</b>	<b>15 765</b>
Profit before tax	4 087	795	(157)	(523)	(253)	3 949
Losses from discontinued operations	-	-	-	-	566	566
Income tax	(672)	(64)	-	(64)	-	(800)
<b>Profit per segment after tax</b>	<b>3 415</b>	<b>731</b>	<b>(157)</b>	<b>(587)</b>	<b>313</b>	<b>3 715</b>
<b>Profit for the year attributable to equity holders of the Bank</b>	<b>3 415</b>	<b>731</b>	<b>(157)</b>	<b>(587)</b>	<b>313</b>	<b>3 715</b>
<b>Total segment assets</b>	<b>5422 443</b>	<b>221 669</b>	<b>18 333</b>	<b>195 697</b>	<b>(339 454)</b>	<b>5 518 688</b>
<b>Total segment liabilities</b>	<b>5102 998</b>	<b>215 986</b>	<b>15 612</b>	<b>156 390</b>	<b>(287 663)</b>	<b>5 203 323</b>
<b>Net segment assets (shareholders' equity)</b>	<b>319 445</b>	<b>5 683</b>	<b>2 721</b>	<b>39 307</b>	<b>(51 791)</b>	<b>315 365</b>



# 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 31 March 2012 and in the statement of comprehensive income:

	<b>Banking</b>	<b>Leasing</b>	<b>Investment management</b>	<b>Other activity</b>	<b>Eliminations</b>	<b>Total:</b>
Internal	2 786	(1 374)	(291)	(978)	(143)	-
External	10 783	2 895	102	393	-	14 173
<b>Net interest income</b>	<b>13 569</b>	<b>1 521</b>	<b>(189)</b>	<b>(585)</b>	<b>(143)</b>	<b>14 173</b>
Internal	2 819	(1 403)	(291)	(982)	(143)	-
External	12 496	2 888	102	393	-	15 879
<b>Net interest, fee and commissions income</b>	<b>15 315</b>	<b>1 485</b>	<b>(189)</b>	<b>(589)</b>	<b>(143)</b>	<b>15 879</b>
<b>Provision expenses</b>	<b>(3 692)</b>	<b>(135)</b>	<b>-</b>	<b>(507)</b>	<b>-</b>	<b>(4 334)</b>
Internal	(163)	(45)	(3)	(8)	219	-
External	(9 000)	(697)	(79)	(535)	-	(10 311)
<b>Operating expenses</b>	<b>(9 163)</b>	<b>(742)</b>	<b>(82)</b>	<b>(543)</b>	<b>219</b>	<b>(10 311)</b>
<b>Amortisation charges</b>	<b>(71)</b>	<b>(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(73)</b>
<b>Depreciation charges</b>	<b>(781)</b>	<b>(253)</b>	<b>(4)</b>	<b>(39)</b>	<b>-</b>	<b>(1 077)</b>
Internal	46	-	9	21	(76)	-
External	2 059	28	2	2 070	-	4 159
<b>Net other income</b>	<b>2 105</b>	<b>28</b>	<b>11</b>	<b>2 091</b>	<b>(76)</b>	<b>4 159</b>
Profit before tax	3 713	381	(264)	413	-	4 243
Income tax	(408)	3	-	-	-	(405)
<b>Profit per segment after tax</b>	<b>3 305</b>	<b>384</b>	<b>(264)</b>	<b>332</b>	<b>(292)</b>	<b>3 465</b>
<b>Profit for the year attributable to equity holders of the Bank</b>	<b>3 305</b>	<b>384</b>	<b>(264)</b>	<b>332</b>	<b>(292)</b>	<b>3 465</b>
<b>Total segment assets</b>	<b>2756 654</b>	<b>187 186</b>	<b>38 653</b>	<b>137 722</b>	<b>(356 032)</b>	<b>2 764 183</b>
<b>Total segment liabilities</b>	<b>2453 683</b>	<b>183 276</b>	<b>33 628</b>	<b>114 344</b>	<b>(320 501)</b>	<b>2 464 430</b>
<b>Net segment assets (shareholders' equity)</b>	<b>302 971</b>	<b>3 910</b>	<b>5 025</b>	<b>23 378</b>	<b>(35 531)</b>	<b>299 753</b>

# FINANCIAL STATEMENT OF ŠIAULIŲ BANKAS AB

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

## 22 NOTE ADDITIONAL INFORMATION

### Trade in Bank's shares in regulated markets

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

### A share price between January — March 2013

(trading in foreign currency - euro)



Source: website of NASDAQ OMX Vilnius AB

[http://www.nasdaqomxbaltic.com/market/?instrument=LT0000102253&list=2&date=2013-05-09&pg=details&tab=historical&lang=lt&currency=0&downloadcsv=0&start\\_d=1&start\\_m=1&start\\_y=2013&end\\_d=31&end\\_m=3&end\\_y=2013](http://www.nasdaqomxbaltic.com/market/?instrument=LT0000102253&list=2&date=2013-05-09&pg=details&tab=historical&lang=lt&currency=0&downloadcsv=0&start_d=1&start_m=1&start_y=2013&end_d=31&end_m=3&end_y=2013)

### A price of the Bank's shares on AB NASDAQ OMX Vilnius over three recent years:



Source: website of NASDAQ OMX Vilnius AB

# FINANCIAL STATEMENT OF ŠIAULIŲ BANKAS AB

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

[http://www.nasdaqomxbaltic.com/market/?instrument=LT0000102253&list=2&pg=details&tab=historical&lang=lt&currency=0&downloadcsv=0&date=&start\\_d=1&start\\_m=1&start\\_y=2010&end\\_d=31&end\\_m=3&end\\_y=2013](http://www.nasdaqomxbaltic.com/market/?instrument=LT0000102253&list=2&pg=details&tab=historical&lang=lt&currency=0&downloadcsv=0&date=&start_d=1&start_m=1&start_y=2010&end_d=31&end_m=3&end_y=2013)

Share price and turnover in 2011 - 2013

Quarter	Price of the last trading session, EUR	Max.price, EUR	Min. price EUR	Number of shares units	Turnover, mln. EUR
I - 2011	0.327	0.353	0.312	3428636	1.118
II - 2011	0.316	0.325	0.306	3428771	0.948
III - 2011	0.270	0.344	0.260	6880750	2.095
IV- 2011	0.245	0.292	0.230	4563345	1.181
I - 2012	0.272	0.285	0.242	2920163	0.763
II - 2012	0.246	0.27	0.242	5924381	1.534
III - 2012	0.243	0.256	0.241	885640	0.217
IV- 2012	0.231	0.245	0.230	1 376 057	0.325
2013- I	0.273	0.289	0.228	4 974 316	1.289

## 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, 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 (5 years):* a procurist of „Namų statyba“ UAB since 2007

- **Gintaras Kateiva**

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

*Education:* Vilnius Pedagogic Institute, a teacher

*Work experience(5 years):* the Chairman of the Board – since 2005, Director of “Litagros prekyba” UAB until 2008, Director of “Litagros mažmena” UAB since 2008.

- **Vigintas Butkus**

The member of the Supervisory Council of Šiaulių bankas AB since 2004.

*Education:* Marijampole School of Culture, a director.

*Work experience (5 years):* the 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.

# FINANCIAL STATEMENT OF ŠIAULIŲ BANKAS AB

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

*Education:* Kaunas Institute of Technology, an engineer-economist.

Vilnius University, a specialist of international economy relations.

*Work experience (5 years):* 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.

*Education:* Technical University of Budapest, an engineer-mechanic, an engineer of production organization .

*Work experience (5 years):* 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.

*Education:* Vilnius University, an engineer - economist.

*Work experience:* the member of the Board of the Bank of Lithuania, Deputy Chairman until 2011. acts in accordance with the Certificate of the Lithuanian resident for individual activity.

## ***The Board of the Bank:***

- **Algirdas Butkus**

Chairman of the Board.

*Education:* Kaunas Technology Institute, a master of economy.

*Work experience:* the Chairman of the Board, Chief Executive Officer of Šiaulių bankas AB from 1999 to 2011, the Deputy Chief Executive Officer since 2011.

- **Audrius Žiugžda**

The Deputy Chairman of the Board, Chief Executive Officer.

*Education:* Vytautas Magnus University, a master of Business Administration and Management.

*Work experience:* the Chairman of the Board and President of SEB AB 2006-2009, the Advisor of the Director General TEO LT, AB 2010-2011 m., the Chief Executive Officer of Šiaulių bankas AB since 2011.

- **Donatas Savickas**

The member of the Board, Deputy Chief Executive Officer, Head of Finance and Risk Management Division.

*Education:* Vilnius University, a bachelor of economy.

Vytautas Magnus University, a master of Business Administration and Management.

*Work experience:* 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.

*Education:* Vilnius University, a bachelor of economy.

Vytautas Magnus University, a master of Business Administration and Management.

*Work experience:* the Deputy Chairperson of the Board of Šiaulių bankas AB since 1998, Deputy Chief Executive Officer, Head of Corporate and Retail Banking Division since 2005, Head of Šiauliai region since 2011.

# FINANCIAL STATEMENT OF ŠIAULIŲ BANKAS AB

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

- **Vita Adomaitytė**

The member of the Board, Chief Financial Officer, Head of Accounting and Reporting Division.

*Education:* Vilnius University, a master of finance and credit.

*Work experience:* the Chief Financial Officer of Šiaulių bankas since 2002, Head of Accounting and Reporting Division since 2005.

- **Jonas Bartkus**

The member of the Board since 29/03/2012, Head of the IT Division.

*Education:* Vilnius University, a bachelor of economy.

*Work experience:* Head of Computerization of Šiaulių bankas AB since 2011, Head of Business Development Division since 2005, Head of the IT Division since 2011.

- **Vytautas Sinius**

The member of the Board, Head of Corporate Banking Division.

*Education:* Vilnius Higher School of Economics, a bank officer.

Vilnius University, a bachelor of economy.

Vytautas Magnus University, a master of Business Administration and Management.

*Work experience:* the Director of Retail Banking Division of SEB AB 2006-2010, Head of Corporate Banking Division of Šiaulių bankas AB since 2011.

Name, surname	Beginning / end of tenure	Share of capital under the right of ownership, %	Share of votes together with the 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	0.18	43.17
Vytautas Junevičius	beginning 29/03/2012 end 2016	0.13	43.17
Peter Reiniger	beginning 29/03/2012 end 2016	-	43.17
Gintaras Kateiva	beginning 29/03/2012 end 2016	6.24	43.17
Ramunė Vilija Zabulienė	beginning 04/05/2012 end 2016	-	-
Algirdas Butkus	beginning 29/03/2012 end 2016	4.39	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

# FINANCIAL STATEMENT OF ŠIAULIŲ BANKAS AB

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

Jonas Bartkus	beginning 29/03/2012 end 2016	0.05	43.17
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## The review and most significant events of the

The first quarter of 2013 was the period of exceptional changes and extraordinary events to Šiaulių bankas. The Board of the Bank of Lithuania recognized Ūkio bankas as insolvent and permanently revoked its activity licence which led to the conclusion of the tripartite agreement among Šiaulių bankas, temporary administrator of Ūkio bankas and the state undertaking "Deposit and Investment Insurance" signed on 23 February 2013 according to which the part of Ūkio bankas' assets and liabilities was transferred to Šiaulių bankas.

Šiaulių bankas opened 25 former outlets of Ūkio bankas over the very short period of time, it expediently resumed the provision of services to the former clients of Ūkio bankas and allowed them disposing their funds. Resuming the provision of services to the former clients of Ūkio bankas, the network of Šiaulių bankas was expanded to 77 outlets operating in 36 towns throughout Lithuania.

Over the first quarter of 2013 Šiaulių bankas generated LTL 3.4 mln of unaudited net profit. The operating profit before income tax and special provisions comprised almost LTL 7.8 million and exceeded the operating result achieved over the respective period in previous year by 5 per cent. The unaudited profit earned by the Bank Group over the first quarter of the current year reached LTL 3.7 mln.

At the end of the first quarter of the current year the bank's assets exceeded LTL 5.4 billion, the loan portfolio reached LTL 2.7 billion - Šiaulių bankas is taking 5 per cent of the Lithuanian loan market in terms of the managed loan portfolio. The deposit portfolio, accounting for the major share of liabilities, increased up to LTL 4.6 billion over the three first month of the year. According to the data as of the end of the quarter, the share of the deposit market owned by Šiaulių bankas grew up to 10 per cent. - Šiaulių bankas is the fourth in the Lithuanian banking market by the total deposit portfolio while by the amount of deposits placed by individuals - the bank's market share of the natural entities' deposits reached almost 15 per cent.

The major shareholder of Šiaulių bankas - the European Bank for Reconstruction and Development (EBRD) expressed its support in taking over the liabilities of Ūkio bankas reaching LTL 2.7 billion and the part of its assets - the EBRD granted the subordinated loan of 20 million euros to Šiaulių bankas seeking to strengthen the capital base of Šiaulių bankas.

The first quarter of 2013 was significant to Šiaulių bankas for one more reason - the bank has become the member of the Baltic market which consists of stock exchanges of Estonia, Latvia and Lithuania as well as of the Central Securities Depositories.

- 15/01/2013 in the final event of development programme of the project "VARTAI (gateway): sustainable and environmental business innovations" arranged by the the United Nations in Lithuania for fostering of sustainability in regions Šiaulių bankas was awarded for the activities representing sustainable business ideas. Šiaulių bankas was recognized as a leader of sustainability in Šiauliai region.
- On 7 February the bank extended cooperation with EIB and signed an agreement for implementation of multi-apartment building renovation programme under JESSICA facility. According to the mentioned agreement the additional amount of LTL 12 mln (LTL 41.4 mln) is planned to be assigned to Šiaulių bankas.
- On February 13, the bank announced that after the resolution of the Bank of Lithuania to restrict the activities of Ūkio bankas temporary Šiaulių bankas was ready to start negotiations with the Bank of Lithuania regarding takeover of Ūkio bankas banking business in Lithuania pursuing to restore the activities of Ūkio bankas as soon as possible and to maintain the stability of the financial system.

# FINANCIAL STATEMENT OF ŠIAULIŲ BANKAS AB

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

- On 23 of February, Šiauliu Bankas, the temporary administrator of Ūkio bankas and the State undertaking “Deposit and Investment Insurance” signed an agreement on the transfer of Ūkio bankas’ assets, transactions, rights and liabilities to Šiauliu bankas.
- During the General Shareholders’ Meeting of Šiauliu bankas held on March 28, 2013 it was resolved to increase the bank’s authorized capital from the bank’s own funds by LTL 15 142 467, i.e. from LTL 234 857 533 to LTL 250 000 000 by issuing 15 142 467 new ordinary registered shares.

## Data on the publicly disclosed information

The following information was publicly disclosed over the I quarter of 2013:

- 14/01/2013 the calendar of the Bank’s information to be announced to the investors;
- 11/02/2013 a pre-audited activity result of the Bank and the Group for 2012;
- 12/02/2013 it was announced that Šiauliu bankas AB had no any deposits, securities or other assets in the Ūkio Bankas AB, operation of which is temporarily suspended.
- 12/02/2013 it was informed that the Board and Supervisory Council meetings resolved to participate in negotiations on the possible takeover of assets, rights, contracts and liabilities or part of them from Ūkio bankas AB (according to the article 76<sup>1</sup> of the Law on Banks of the Republic of Lithuania).
- 13/02/2013 a letter of intent was signed with the Ūkio bankas AB, represented by the temporal administrator assigned by the Bank of Lithuania by which it was agreed to start negotiations regarding the likely transfer of the assets and liabilities of Ūkio bankas AB to Šiauliu bankas AB;
- 13/02/2013 the European Bank for Reconstruction and Development publicly announced about its intention provide subordinated loan to Šiauliu bankas AB for possible takeover of good assets and insured deposits of Ūkio bankas, the banking activities of which were suspended by the Bank of Lithuania;
- 15/02/2013 it was announced that the bank provided an application to the Competition Council regarding implementation of concentration with Ūkio bankas AB and its subsidiaries taking over the share of its assets and liabilities;
- 18/02/2013 the Board of the Bank of Lithuania agreed to the transfer of the liabilities and assets of insolvent Ūkio bankas to another bank and denoted the temporary administrator of Ūkio bankas AB to begin negotiations with Šiauliu bankas regarding the transfer of the assets, rights, transactions, and liabilities of Ūkio bankas;
- 07/03/2013 notification regarding convocation of the General meeting of shareholders;
- 07/03/2013 - the draft resolutions prepared by the Board for the Ordinary General Meeting of Shareholders to be held on 28-03-2013;
- 08/03/2013 provision of the corrected notifications regarding [draft resolutions of the Board](#) (corrected annex);
- 20/03/2013 information on transfer of the clients' securities safe kept with Ūkio bankas AB to Šiauliu bankas AB;
- 21/03/2013 Moody’s Investors Service affirmed the long-term deposit rating **B1** of Šiauliu bankas and established a developing outlook of this rating. Moreover, the bank’s financial strength rating **E+** and short-term deposit rating „Non Prime“ were affirmed.
- 28/03/2013 - notification regarding resolutions passed by [the Ordinary General Meeting of Shareholders](#);
- 29/03/2013 provision of the annual information.
- 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

# FINANCIAL STATEMENT OF ŠIAULIŲ BANKAS AB

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website [www.sb.lt](http://www.sb.lt). Reports on the Meetings of Shareholders are additionally announced in the daily newspaper "Lietuvos rytas".