

**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, consolidated financial statements for the 1<sup>st</sup> half-year of 2012 are formed in compliance with the applicable accounting standards, correspond the reality and correctly reflect the total assets, liabilities, financial status, activity result and cash flow of Šiaulių bankas AB and consolidated companies. As far as we know, the interim report contains the correct review of the business development and activities.

Chief Executive Officer



Audrius Žiugžda

Chief Accountant



Vita Adomaitytė

20-08-2012



**FINANCIAL STATEMENT**

**30 JUNE 2012**

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## **FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB**

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

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# FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

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

	Notes	30-06-2012		31-12-2011	
		Group	Bank	Group	Bank
<b>ASSETS</b>					
Cash and cash equivalents	2	173 747	173 745	223 846	223 844
Due from other banks	3	4 664	4 664	4 147	4 147
Trading securities	6	63 840	63 840	16 574	16 574
Derivative financial instruments		-	-	-	-
Loans to customers	4	1 756 257	2 064 248	1 786 631	2 069 758
Finance lease receivables	5	172 348	-	163 741	-
Investment securities:					
- available-for-sale	6	114 902	111 352	35 617	32 068
- held-to-maturity	6	261 030	261 030	306 349	303 281
Investments in subsidiaries, associates	6	0	52 246	18 392	16 889
Intangible assets		2 111	883	916	894
Tangible fixed assets		79 574	46 129	80 188	47 578
Prepaid income tax		-	-	10	-
Deferred income tax assets		8 028	7 692	9 091	8 952
Other assets	7	157 823	6 332	77 803	7 581
Assets related with subsidiaries to sale	7	14 488	-	13 999	-
<b>Total assets</b>		<b>2 808 812</b>	<b>2 792 161</b>	<b>2 737 304</b>	<b>2 731 566</b>
<b>LIABILITIES</b>					
Due to other banks and financial institutions	8	436 027	436 039	470 889	470 900
Derivative financial instruments		800	800	-	-
Due to customers	9	1 993 980	1 995 077	1 893 885	1 894 167
Special and lending funds	10	17 331	17 331	16 900	16 900
Debt securities in issue	11	30 624	30 624	45 284	45 284
Income tax liabilities		247	-	138	-
Deferred income tax liabilities		5 709	-	-	-
Liabilities related with subsidiaries to sale	7	1 463	-	1 296	-
Other liabilities	12	19 086	6 217	14 694	6 707
<b>Total liabilities</b>		<b>2 505 267</b>	<b>2 486 088</b>	<b>2 443 086</b>	<b>2 433 958</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	1 891	1 289	960	648
Financial assets revaluation reserve		260	260	(1 182)	(1 182)
Retained earnings		15 237	19 194	9 110	12 812
Non controlling interest in equity		827	-	-	-
<b>Total equity</b>		<b>303 545</b>	<b>306 073</b>	<b>294 218</b>	<b>297 608</b>
<b>Total liabilities and equity</b>		<b>2 808 812</b>	<b>2 792 161</b>	<b>2 737 304</b>	<b>2 731 566</b>

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

Chief executive Officer  
Chief accountant



Audrius Žiugžda  
Vita Adomaitytė

# FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

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

	Notes	30-06-2012		30-06-2011	
		Group	Bank	Group	Bank
Continuing operations					
Interest and similar income	14	62 249	61 645	55 444	53 300
Interest expense and similar charges	14	(34 327)	(34 326)	(32 865)	(32 866)
<b>Net interest income</b>		<b>27 922</b>	<b>27 319</b>	<b>22 579</b>	<b>20 434</b>
Fee and commission income	15	7 735	7 801	6 453	6 486
Fee and commission expense	15	(4 020)	(3 967)	(2 538)	(2 532)
<b>Net fee and commission income</b>		<b>3 715</b>	<b>3 834</b>	<b>3 915</b>	<b>3 954</b>
Allowance for impairment losses		(11 227)	(10 583)	(2 897)	(2 936)
Net gain on operations with securities		3 507	2 507	619	619
Net foreign exchange gain		2 045	2 045	1 494	1 497
Gain on disposal of assets		4 380	219	641	14
Other income		2 568	536	1 160	397
Administrative and other operating expenses	16	(24 136)	(18 813)	(19 716)	(16 511)
<b>(Losses) profit from continuing operations</b>		<b>8 774</b>	<b>7 064</b>	<b>7 795</b>	<b>7 468</b>
Dividends from investments in subsidiaries		-	1 000	-	-
<b>(Losses) profit before income tax</b>		<b>8 774</b>	<b>8 064</b>	<b>7 795</b>	<b>7 468</b>
<b>Discontinued operations:</b>		-	-	-	-
(Losses) profit from discontinued operations before tax	7	(469)	-	(284)	-
Income tax expense		(1 154)	(1 041)	(1 195)	- 1 080
<b>(Losses) profit for the year</b>		<b>7 151</b>	<b>7 023</b>	<b>6 316</b>	<b>6 388</b>
<b>Other comprehensive (loss) income</b>					
Gain (losses) from revaluation of financial assets		1 661	1 661	(2 362)	(2 362)
Deferred income tax on (loss) gain from revaluation of financial assets		(219)	(219)	198	198
Other comprehensive (loss) income, net of tax		1 442	1 442	(2 164)	(2 164)
<b>Total comprehensive (losses) income</b>		<b>8 593</b>	<b>8 465</b>	<b>4 152</b>	<b>4 224</b>
<b>Profit is attributable to:</b>					
Equity holders of the Bank		7 151	7 023	6 316	6 388
from continuing operations		7 526	7 023	6 600	6 388
from discontinued operations		(469)	-	(284)	-
Non controlling interest		94	-	-	-
<b>(Losses) profit for the year</b>					
Equity holders of the Bank		8 499	8 465	4 152	4 224
Non controlling interest		94	-	-	-
Basic earnings (losses) per share, net (in LTL per share)	13	0,03	0,03	0,03	0,03

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

Chief executive Officer

Audrius Žiugžda

Chief accountant

Vita Adomaitytė

20 August 2012

# FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

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

	FROM 04 TO 06 MONTH 2012		FROM 04 TO 06 MONTH 2011	
	Group	Bank	Group	Bank
<b>Continuing operations</b>				
Interest and similar income	30 889	30 889	28 600	27 765
Interest expense and similar charges	(17 140)	(17 139)	(16 311)	(16 311)
<b>Net interest income</b>	<b>13 749</b>	<b>13 750</b>	<b>12 289</b>	<b>11 454</b>
Fee and commission income	4 101	4 135	3 425	3 459
Fee and commission expense	(2 092)	(2 047)	(1 361)	(1 352)
<b>Net fee and commission income</b>	<b>2 009</b>	<b>2 088</b>	<b>2 064</b>	<b>2 107</b>
Allowance for impairment losses	(6 893)	(6 891)	(2 880)	(3 099)
Net gain on operations with securities	1 651	1 651	575	575
Income from associates	( 3)	-	-	-
Net foreign exchange gain	1 113	1 112	875	878
Gain on disposal of assets	4 299	169	311	25
Other income	1 281	270	662	256
Administrative and other operating expenses	(12 675)	(8 798)	(9 942)	(8 341)
<b>(Losses) profit from continuing operations</b>	<b>4 531</b>	<b>3 351</b>	<b>3 954</b>	<b>3 855</b>
Dividends from investments in subsidiaries	-	1 000	-	-
<b>(Losses) profit before income tax</b>	<b>4 531</b>	<b>4 351</b>	<b>3 954</b>	<b>3 855</b>
<b>Discontinued operations:</b>				
(Losses) profit from discontinued operations before tax	( 177)	-	( 378)	-
Income tax expense	( 668)	( 633)	( 591)	( 532)
<b>(Losses) profit for the period</b>	<b>3 686</b>	<b>3 718</b>	<b>3 363</b>	<b>3 323</b>
Equity holders of the Bank	3 592	3 718	2 985	3 323
Non controlling interest	94	-	-	-

# FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

## THE GROUP'S AND BANK'S CASH FLOW STATEMENT

	30-06-2012		31-12-2011	
	Group	Bank	Group	Bank
<b>Operating activities</b>				
Interest received	53 644	52 952	45 661	44 905
Interest paid	(33 987)	(33 986)	(31 508)	(31 509)
Net cash received from service and commission fees	3 715	3 834	3 915	3 954
Net cash received from operations in trading securities	3 527	2 527	605	605
Net cash received from operations in foreign currency	2 363	2 363	1 556	1 559
Cash received from previously written-off loans	826	586	341	344
Salaries and related payments to and on behalf of employees	(13 195)	(11 262)	(10 874)	(9 493)
Other receipts (payments)	(2 855)	(5 811)	(6 127)	(5 261)
Income tax paid	-	-	-	-
<b>Net cash flow from operating activities before change in short-term assets and liabilities</b>	<b>14 038</b>	<b>11 203</b>	<b>3 569</b>	<b>5 104</b>
<b>(Increase) decrease in assets:</b>				
Decrease in trading securities	(46 019)	(46 019)	27 850	27 850
Decrease in loans to credit and financial institutions	( 440)	( 517)	570	(8 920)
(Increase) in loans to customers	10 220	(5 936)	(233 025)	(226 334)
Decrease in other assets	(81 582)	1 248	8 528	6 609
<b>Increase in liabilities</b>				-
Increase in liabilities to credit and financial institutions	(34 873)	(34 861)	57 716	57 743
Increase in deposits, special and leanding funds	100 526	101 341	124 667	124 906
Increase in other liabilities	10 109	( 534)	5 475	1 985
<b>Change</b>	<b>(42 059)</b>	<b>14 722</b>	<b>(8 219)</b>	<b>(16 161)</b>
<b>Net cash flow from operating activities</b>	<b>(28 021)</b>	<b>25 925</b>	<b>(4 650)</b>	<b>(11 057)</b>
<b>Investing activities</b>				
(Purchase) of tangible and intangible fixed assets	(4 657)	( 616)	(7 236)	(2 268)
Disposal of tangible and intangible fixed assets	2 480	1 136	1 297	670
(Acquisition) of held to maturity securities	(4 598)	(4 598)	(26 966)	(23 966)
Proceeds from redemption of held to maturity securities	56 060	52 992	20 430	19 474
(Acquisition) of available-for-sale securities	(136 707)	(136 707)	(160 686)	(160 686)
Disposal of available-for-sale securities	61 066	61 067	121 380	121 380
(Acquisition) of subsidiary	18 392	(35 357)	-	-
Dividends received	59	1 059	41	41
<b>Net cash used in investing activities</b>	<b>(7 905)</b>	<b>(61 024)</b>	<b>(51 740)</b>	<b>(45 355)</b>
<b>Financing activities</b>				
Increase in share capital	-	-	27 540	27 540
Dividends paid	-	-	-	-
Payment to non controlling interest	827	-	-	-
Debt securities issued	-	-	-	-
Debt securities repurchased and redeemed	(15 000)	(15 000)	-	-
<b>Net cash flow from financing activities</b>	<b>(14 173)</b>	<b>(15 000)</b>	<b>27 540</b>	<b>27 540</b>
<b>Net increase in cash and cash equivalents</b>	<b>(50 099)</b>	<b>(50 099)</b>	<b>(28 850)</b>	<b>(28 872)</b>
<b>Cash and cash equivalents at 1 January</b>	<b>223 846</b>	<b>223 844</b>	<b>208 400</b>	<b>208 397</b>
<b>Cash and cash equivalents at 30 June</b>	<b>173 747</b>	<b>173 745</b>	<b>179 550</b>	<b>179 525</b>

# FINANCIAL STATEMENT 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 2010</b>	<b>204 858</b>	<b>46 661</b>	<b>2 611</b>	<b>16 665</b>	<b>(19 614)</b>	<b>251 181</b>	<b>-</b>	<b>251 181</b>
Financial assets revaluation reserve	-	-	-	(2 362)	-	(2 362)	-	(2 362)
Recognition of deferred income tax	-	-	-	198	-	198	-	198
Profit (loss) for the year	-	-	-	-	6 316	6 316	-	6 316
Others transfers	-	-	-	(15 707)	15 701	(6)	-	(6)
<b>30 June 2011</b>	<b>204 858</b>	<b>46 661</b>	<b>2 611</b>	<b>(1 206)</b>	<b>2 403</b>	<b>255 327</b>	<b>-</b>	<b>255 327</b>
Financial assets revaluation reserve	-	-	-	706	-	706	-	706
Recognition of deferred income tax	-	-	-	278	-	278	-	278
Others transfers	30 000	1 200	-	-	-	31 200	-	31 200
Profit (loss) for the year	-	-	-	-	6 707	6 707	-	6 707
<b>31 December 2011</b>	<b>234 858</b>	<b>47 861</b>	<b>2 611</b>	<b>(222)</b>	<b>9 110</b>	<b>294 218</b>	<b>-</b>	<b>294 218</b>
Financial assets revaluation reserve	-	-	-	1 661	-	1 661	-	1 661
Recognition of deferred income tax	-	-	-	(219)	-	(219)	-	(219)
Others transfers	-	-	-	931	(930)	1	733	734
Profit (loss) for the year	-	-	-	-	7 057	7 057	94	7 151
<b>30 June 2012</b>	<b>234 858</b>	<b>47 861</b>	<b>2 611</b>	<b>2 151</b>	<b>15 237</b>	<b>302 718</b>	<b>827</b>	<b>303 545</b>



# FINANCIAL STATEMENT 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>2010 m. gruodžio 31 d.</b>	<b>204 858</b>	<b>46 661</b>	<b>2 611</b>	<b>1 369</b>	<b>16 422</b>	<b>(15 774)</b>	<b>256 147</b>
Formation of reserve	-	-	-	-	(15 774)	15 774	-
Financial assets revaluation reserve	-	-	-	(2 362)	-	-	(2 362)
Recognition of deferred income tax	-	-	-	198	-	-	198
Profit (loss) for the year	-	-	-	-	-	6 388	6 388
<b>30 June 2011</b>	<b>204 858</b>	<b>46 661</b>	<b>2 611</b>	<b>( 795)</b>	<b>648</b>	<b>6 388</b>	<b>260 371</b>
Financial assets revaluation reserve	-	-	-	( 665)	-	-	( 665)
Recognition of deferred income tax	-	-	-	278	-	-	278
Others transfers	30 000	1 200	-	-	-	-	31 200
Profit (loss) for the year	-	-	-	-	-	6 424	6 424
<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>
Financial assets revaluation reserve	-	-	-	1 661	-	-	1 661
Recognition of deferred income tax	-	-	-	( 219)	-	-	( 219)
Others transfers	-	-	-	-	641	( 641)	-
Profit (loss) for the year	-	-	-	-	-	7 023	7 023
<b>30 June 2012</b>	<b>234 858</b>	<b>47 861</b>	<b>2 611</b>	<b>260</b>	<b>1 289</b>	<b>19 194</b>	<b>306 073</b>

# FINANCIAL STATEMENT 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 June 30 th 2012 the Bank had 479 employees (31 December 2011: 484). As of June 30 th 2012 the Group had 554 employees (31 December 2011: 559 employees).

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

### **The Bank had the following subsidiaries:**

1. Šiaulių Banko Lizingas UAB (hereinafter – SB Lizingas, finance and operating lease activities),
2. Šiaulių Banko Investicijų Valdymas UAB (hereinafter SB Investicijų Valdymas, investment management activities),
3. Šiaulių Banko Turto Fondas UAB (hereinafter – SB Turto Fondas, real estate management activities),
4. Minera UAB (hereinafter – Minera, real estate management activities),
5. SBTF UAB (hereinafter – SBTF, real estate management activities).
6. Pavasaris UAB - development of the area of multi-apartment residential houses

The financial statements of the Group and the Bank have been prepared in accordance with International Financial Reporting Standards as adopted by the EU. The financial statements have been prepared under the historical cost convention as modified for the revaluation of available-for-sale investment securities, financial assets and financial liabilities held for trading and all derivative financial instruments.

The preparation of financial statements in conformity with International Financial Reporting Standards require the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current event and actions, actual results ultimately may differ from those estimates.

These financial statements combine the consolidated financial statements for the Group and stand-alone financial statements of the Bank. Such format of reporting was adopted to ensure consistency of presentation with the format prescribed by the Bank of Lithuania and applied for statutory reporting.

Amounts shown in these financial statements are presented in the local currency, Litas (LTL). Since 2 February 2002 the exchange rate of the litas was pegged to the euro at a rate of LTL 3.4528 = EUR 1.

## **Financial risk management**

The Group analyses, evaluates, accepts and manages the risk or combination of risks it is exposed to. Risk management at the Group aims at ensuring a sufficient return on equity following the conservative risk management policy. While implementing an advanced risk management policy the Group focuses not only on minimising potential risk but also on improving pricing and achieving efficient capital allocation.

The Risk Management Policy approved by the Bank Board as well as by the procedures to manage different types of risks prepared on its basis ensures the integrity of the risk management process in the Group.

The most important types of risk the Group is exposed to are credit risk, market risk, liquidity risk, concentration risk and operational risk. Market risk includes currency risk, interest rate and equity price risk. Other types of risk are considered immaterial by the Group and, therefore, are not assessed.

In order to avoid a conflict of interest the Bank's subdivisions that implement risk management functions are separated from those subdivisions the direct activities of which are connected with the up rise of various types of banking risks.

# FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

## NOTE 1 CREDIT INSTITUTION ACTIVITIES

The bank's Head Office is located in Šiauliai. The bank has 14 branches in Kelmė, Klaipėda, Kuršėnai, Mažeikiai, Palanga, Šilutė, Vilnius, Alytus, Utena, Kaunas, Druskininkai, Panevėžys, Šiauliai, Radviliškis and 40 client services.

As of June 30 th 2012 the number of the bank's clients included 291 municipal company and governmental company, 43 state companies, 58 agricultural companies, 31 economic partnership, 6 006 limited liability public company, 1 643 private companies, 754 non-profit making and public sector companies and 1 469 other organizations as well as 143 088 individual.

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

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

## NOTE 2 CASH AND CASH EQUIVALENTS

	30-06-2012		31-12-2011	
	Group	Bank	Group	Bank
Cash and other valuables	41 383	41 382	29 990	29 988
Banks demand deposits	-	-	-	-
Mandatory reserves in national currency	80 264	80 264	77 003	77 003
Correspondent bank accounts	31 972	31 972	85 530	85 530
Banks time deposits	1	-	15 001	15 001
Correspondent account with central bank	20 127	20 127	16 322	16 322
<b>Total:</b>	<b>173 747</b>	<b>173 745</b>	<b>223 846</b>	<b>223 844</b>

Mandatory reserves comprise the funds calculated on a monthly basis as a 4 % share of the average balance of deposits of the previous month. The mandatory reserves are held with the Bank of Lithuania in the form of deposits. The compensation for deposits held is calculated according to the Regulations of the Bank of Lithuania.

## NOTE 3 DUE FROM OTHER BANKS

	30-06-2012		31-12-2011	
	Group	Bank	Group	Bank
Due from other banks	4 664	4 664	4 147	4 147
<b>Total:</b>	<b>4 664</b>	<b>4 664</b>	<b>4 147</b>	<b>4 147</b>

# FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

## NOTE 4 LOANS TO CUSTOMERS

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

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

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

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

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

	30-06-2012		31-12-2011	
	Group	Bank	Group	Bank
Loans and advances to banks	4 664	4 664	4 147	4 147
Loans and advances to customers:	1 756 257	2 064 248	1 786 631	2 069 758
Loans and advances to financial institutions	-	186 656	1 319	174 886
Loans to individuals (Retail)	206 418	187 979	205 297	193 071
Loans to business customers	1 549 839	1 689 613	1 580 015	1 701 801
Finance lease receivables	172 348	-	163 741	-
Trading assets:	-	-	-	-
Debt securities	61 212	61 212	16 216	16 216
Derivative financial instruments	-	-	-	-
Securities available for sale	-	-	-	-
Debt securities	109 638	109 638	30 379	30 379
Investment securities held to maturity	-	-	-	-
Debt securities	261 030	261 030	306 349	303 281
Other financial assets	10 393	86	23 125	116
Credit risk exposures relating to off-balance sheet items are as follows:			-	-
Financial guarantees	72 231	72 276	73 396	73 396
Letters of credit	6 157	6 157	5 064	5 064
Loan commitments and other credit related liabilities	146 723	149 645	126 281	122 860
<b>Total</b>	<b>2 600 653</b>	<b>2 728 956</b>	<b>2 535 329</b>	<b>2 625 217</b>

# FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

	30-06-2012		31-12-2011	
	Group	Bank	Group	Bank
Loans are summarised as follows:				
Loans to business customers	1 633 453	1 959 727	1 656 621	1 951 564
Loans to individuals	222 723	202 652	220 593	206 730
<b>Gross</b>	<b>1 856 176</b>	<b>2 162 379</b>	<b>1 877 214</b>	<b>2 158 294</b>
Allowance for impairment	99 919	98 131	90 583	88 536
<b>Net</b>	<b>1 756 257</b>	<b>2 064 248</b>	<b>1 786 631</b>	<b>2 069 758</b>

	30-06-2012		31-12-2011	
	Group	Bank	Group	Bank
Neither past due not impaired	1 500 402	1 812 833	1 595 717	1 883 208
Past due but not impaired	159 711	155 898	104 745	103 245
Impaired	196 063	193 648	176 752	171 841
<b>Gross</b>	<b>1 856 176</b>	<b>2 162 379</b>	<b>1 877 214</b>	<b>2 158 294</b>
Allowance for impairment	99 919	98 131	90 583	88 536
<b>Net</b>	<b>1 756 257</b>	<b>2 064 248</b>	<b>1 786 631</b>	<b>2 069 758</b>

Loans and advances neither past due not impaired are loans which are not impaired and payments of which are not past due. Past due but not impaired loans are loans for which principal or interest is past due but no allowance for impairment is recognized.

Impaired loan - is a loan to which a loss event is recognized and allowance for impairment is made

The list of loss events:

- 1) significant financial difficulties of the debtor or issuer, i.e. the borrower's financial status is evaluated as poor or bad;
- 2) violation of the loan agreement (non-payment of the periodic loan payments (the part of the loan or interest)) for more than 30 days;
- 3) the loan is being recovered;
- 4) funds granted to the borrower are used not according to the loan purpose and the implementation terms of investment project are violated or decrease in collateral value, when repayment terms of the evaluated loans directly depend on the value of the object of security measure;
- 5) third parties related to the borrower do not fulfil their obligations, which impacts the borrower's ability to fulfil its financial obligations;
- 6) other loss events (termination or cancellation of the licence validity of the borrower or issuer engaged in licensed activity; the death of the borrower or issuer).

## Loans and advances past due but not impaired

	30-06-2012		31-12-2011	
	Group	Bank	Group	Bank
Past due up to 7 days	53 396	52 720	39 731	38 962
Past due 8 to 30 days	50 389	49 881	28 657	28 086
Past due 31-60 days	15 858	15 758	3 359	3 280
Past due 61-90 days	5 771	5 702	3 658	3 577
Past due more than 90 days	34 297	31 837	29 340	29 340
<b>Total</b>	<b>159 711</b>	<b>155 898</b>	<b>104 745</b>	<b>103 245</b>
Fair value of collateral	226 511	224 052	163 304	163 304

# FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

## Loans and advances impaired

	30-06-2012		31-12-2011	
	Group	Bank	Group	Bank
Impaired loans	196 063	193 648	176 752	171 841
Fair value of collateral	96 707	96 707	102 303	99 904

Unsecured loans also include loans secured by other types of collateral (e.g. future inflow of funds into the borrowers' Bank accounts (controlled by the Bank), third party warrantees, bills of exchange, etc.).

## NOTE 5 FINANCE LEASE RECEIVABLES

“Šiaulių banko lizingas” UAB was established on 16th August 1999. The main business of the company is financial lease.

Leasing activities mainly depend on the attracted financial resources. The funds allocated to provide funding to leasing operations are formed from two following sources: own funds and bank's loans. The leasing company pays interest to the bank for the borrowed funds

Finance lease receivables are summarised as follows:

	30-06-2012	31-12-2011
Business customers	166 358	157 628
Individuals	7 576	7 753
<b>Gross</b>	<b>173 934</b>	<b>165 381</b>

	30-06-2012	31-12-2011
Neither past due not impaired	116 582	125 908
Past due but not impaired	53 626	35 333
Impaired	3 726	4 140
<b>Gross</b>	<b>173 934</b>	<b>165 381</b>
Allowance for impairment	1 586	1 640
<b>Net</b>	<b>172 348</b>	<b>163 741</b>

	30-06-2012		
	Individuals	Business customers	Total:
Finance lease receivables by sector:			
transport vehicles	3 985	42 891	46 876
residential real estate	107	74 923	75 030
airplanes	-	7 600	7 600
production equipment	34	23 090	23 124
other equipment	503	10 065	10 568
other assets	2 947	7 789	10 736
<b>Total:</b>	<b>7 576</b>	<b>166 358</b>	<b>173 934</b>

# FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

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

## NOTE 6 SECURITIES

Trading securities	30-06-2012		31-12-2011	
	Group	Bank	Group	Bank
Debt securities:				
Private enterprise bonds of the Republic of Lithuania	-	-	-	-
Government bonds of the Republic of Lithuania	24 841	24 841	16 216	16 216
Private enterprise bonds of foreign states	33 585	33 585	-	-
State companies bonds of foreign states	2 786	2 786	-	-

## Nuosavybės vertybiniai popieriai:

Listed equity securities	2 519	2 519	267	267
Unlisted equity securities	19	19	6	6
Units of funds	90	90	85	85
<b>Total:</b>	<b>63 840</b>	<b>63 840</b>	<b>16 574</b>	<b>16 574</b>

Bank 30-06-2012	State companies debt securities		Corporate debt securities	Corporate equity securities	Investment fund units
	Treasury bills				
from AA-to AAA	2 902	-	1 378	-	-
from A- to A+	1 716	-	20 739	-	-
from BBB- to BBB+	-	27 627	6 850	-	-
from BB- to BB+	-	-	-	-	-
below už BB-	-	-	-	56	-
no rating	-	-	-	2 482	90
<b>Total:</b>	<b>4 618</b>	<b>27 627</b>	<b>28 967</b>	<b>2 538</b>	<b>90</b>

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

# FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

Group 30-06-2012	State companies debt securities		Corporate debt securities	Corporate equity securities	Investment fund units
	Treasury bills				
from AA-to AAA	2 902	-	1 378	-	-
from A- to A+	1 716	-	20 739	-	-
from BBB- to BBB+	-	27 627	6 850	-	-
from BB- to BB+	-	-	-	-	-
below už BB-	-	-	-	56	-
no rating	-	-	-	2 482	90
<b>Total:</b>	<b>4 618</b>	<b>27 627</b>	<b>28 967</b>	<b>2 538</b>	<b>90</b>

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

## Investment securities

### Securities available-for-sale:

	30-06-2012		31-12-2011	
	Group	Bank	Group	Bank
<b>Debt securities</b>				
Private enterprise bonds the Republic of Lithuania	-	-	-	-
Government bonds of the Republic of Lithuania	16 013	16 013	10 602	10 602
Government bonds of foreign states	25 277	25 277	19 777	19 777
Private enterprise bonds of foreign states	68 348	68 348	-	-
<b>Equity securities</b>				
Listed equity securities	-	-	-	-
Unlisted equity securities	4 941	1 391	4 940	1 391
Units of funds	323	323	298	298
<b>Total:</b>	<b>114 902</b>	<b>111 352</b>	<b>35 617</b>	<b>32 068</b>

### Securities held-to-maturity

	30-06-2012		31-12-2011	
	Group	Bank	Group	Bank
<b>Debt securities</b>				
Private enterprise bonds the Republic of Lithuania	-	-	3 068	-
Government bonds of the Republic of Lithuania	222 259	222 259	263 045	263 045
Government bonds of foreign states	23 820	23 820	24 144	24 144
Private enterprise bonds of foreign states	14 951	14 951	16 092	16 092
<b>Total:</b>	<b>261 030</b>	<b>261 030</b>	<b>306 349</b>	<b>303 281</b>



# FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

	Treasury bills	Municipality debt securities	Corporate debt securities
<b>Bank 30-06-2012</b>			
from AA-to AAA	7 952	-	6 920
from A- to A+	10 478	-	-
from BBB- to BBB+	222 259	-	8 031
from BB- to BB+	5 390	-	-
below už BB-	-	-	-
no rating	-	-	-
<b>Total:</b>	<b>246 079</b>	<b>-</b>	<b>14 951</b>

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

	Treasury bills	Municipality debt securities	Corporate debt securities
<b>Group 30-06-2012</b>			
from AA-to AAA	7 952	-	6 920
from A- to A+	10 478	-	-
from BBB- to BBB+	222 259	-	8 031
from BB- to BB+	5 390	-	-
below už BB-	-	-	-
no rating	-	-	-
<b>Total:</b>	<b>246 079</b>	<b>-</b>	<b>14 951</b>

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

# FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

## Investments in subsidiaries

	<b>30-06-2012</b>		
	<b>Share in equity %</b>	<b>Acquisition cost</b>	<b>Carrying value</b>
ŠB Lizingas UAB	100	5 000	2 000
ŠB Investicijų Valdymas UAB	100	4 040	3 113
ŠB Turto Fondas UAB	100	5 117	4 271
Minera UAB	100	5 505	5 505
SBTF UAB	100	2 000	2 000
Pavasaris UAB	98	35 357	35 357
<b>Total:</b>		<b>57 019</b>	<b>52 246</b>

	<b>31-12-2011</b>		
	<b>Share in equity %</b>	<b>Acquisition cost</b>	<b>Carrying value</b>
ŠB Lizingas UAB	100	5 000	2 000
ŠB Investicijų Valdymas UAB	100	4 040	3 113
ŠB Turto Fondas UAB	100	5 117	4 271
Minera UAB	100	5 505	5 505
SBTF UAB	100	2 000	2 000
<b>Total:</b>		<b>21 662</b>	<b>16 889</b>

Within 2009 value decrease of LTL 4 773 thousand (among them covered activity's loss of Šiaulių banko lizingas UAB comprises LTL 3000 thousand, value decrease of Šiaulių banko turto fondas UAB – LTL 846 thousand, Šiaulių banko investicijų valdymas UAB – LTL 927 thousand) was acknowledged in the balance of Šiaulių bankas AB as well as in the profit (loss) report.

Associate company

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

## NOTE 7 OTHER ASSETS

	<b>30-06-2012</b>		<b>31-12-2011</b>	
	<b>Group</b>	<b>Bank</b>	<b>Group</b>	<b>Bank</b>
Assets held for sale	137 780	-	44 327	-
Amounts receivable	10 393	86	23 125	116
Deferred expenses	3 061	2 359	3 031	2 399
Prepayments	518	893	2 545	2 295
Foreclosed assets	2 623	1 995	2 710	1 980
Other	3 448	999	2 065	791
<b>Total:</b>	<b>157 823</b>	<b>6 332</b>	<b>77 803</b>	<b>7 581</b>

# FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

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

## **Kėdainių oda UAB:**

Sales income	6 607
Cost of goods sold	(6 292)
<b>Gross profit (loss)</b>	315
Sales and marketing expenses	-
Operating expenses	( 787)
Other income (expenses)	-
<b>Operating profit (loss)</b>	( 472)
Net profit (loss) from financial activities	3
<b>(Loss) profit before income tax</b>	( 469)
Income tax	-
<b>(Loss) profit from before impairment provision</b>	( 469)
(Loss) related to an impairment provision regarding the impairment of assets held (see below)	-
<b>Net profit (loss) for the year</b>	<b>( 469)</b>

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

Long term assets	9 542
Short term assets (except for cash & cash equivalents)	4 603
Cash & cash equivalents	0
Deferred income tax assets	343
<b>Total assets</b>	<b>14 488</b>
Long term liabilities	0
Short term liabilities	1 463
<b>Total liabilities</b>	<b>1 463</b>
Total net assets related to discontinued operations	13 025
<b>Net assets attributable to Group</b>	<b>13 025</b>

# FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

## NOTE 8 DUE TO OTHER BANKS AND FINANCIAL INSTITUTIONS

	30-06-2012		31-12-2011	
	Group	Bank	Group	Bank
Correspondent accounts and deposits of other banks and financial institutions:				
Correspondent accounts and demand deposits	36 188	36 200	21 313	21 324
Time deposits	59 226	59 226	75 653	75 653
<b>Total:</b>	<b>95 414</b>	<b>95 426</b>	<b>96 966</b>	<b>96 977</b>
Loans received:				
Loans from other banks	65 605	65 605	72 206	72 206
Loans from international organisations	47 154	47 154	80 364	80 364
Loans from financial institutions	227 854	227 854	221 353	221 353
<b>Total:</b>	<b>340 613</b>	<b>340 613</b>	<b>373 923</b>	<b>373 923</b>
<b>Total:</b>	<b>436 027</b>	<b>436 039</b>	<b>470 889</b>	<b>470 900</b>

## NOTE 9 DUE TO CUSTOMERS

	30-06-2012		31-12-2011	
	Group	Bank	Group	Bank
<b>Demand deposits:</b>				
National government institutions	29 928	29 928	28 256	28 256
Local government institutions	70 355	70 355	28 961	28 961
Governmental and municipal companies	52 265	52 265	32 932	32 932
Corporate entities	167 834	168 931	184 697	184 979
Non-profit organisations	12 835	12 835	10 755	10 755
Individuals	176 739	176 739	158 431	158 431
Unallocated amounts due to customers	13 912	13 912	12 668	12 668
<b>Total demand deposits:</b>	<b>523 868</b>	<b>524 965</b>	<b>456 700</b>	<b>456 982</b>
<b>Time deposits:</b>				
National government institutions	5 490	5 490	3 336	3 336
Local government institutions	3 105	3 105	1 185	1 185
Governmental and municipal companies	26 509	26 509	85 020	85 020
Corporate entities	165 502	165 502	187 944	187 944
Non-profit organisations	9 371	9 371	8 442	8 442
Individuals	1 260 135	1 260 135	1 151 258	1 151 258
<b>Total time deposits:</b>	<b>1 470 112</b>	<b>1 470 112</b>	<b>1 437 185</b>	<b>1 437 185</b>
<b>Total:</b>	<b>1 993 980</b>	<b>1 995 077</b>	<b>1 893 885</b>	<b>1 894 167</b>

# FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

## NOTE 10 SPECIAL AND LENDING FUNDS

	30-06-2012		31-12-2011	
	Group	Bank	Group	Bank
Special funds	9 243	9 243	5 439	5 439
Lending funds	8 088	8 088	11 461	11 461
<b>Total:</b>	<b>17 331</b>	<b>17 331</b>	<b>16 900</b>	<b>16 900</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

	30-06-2012		31-12-2011	
	Group	Bank	Group	Bank
276 days coupon bonds in LTL with rate of 4,5 per cent, maturity 07-05-2012	-	-	15 274	15 274
555 days coupon bonds in LTL with rate of 5,25 per cent, maturity 06-03-2013	15 660	15 660	15 268	15 268
505 days coupon bonds in LTL with rate of 4,25 per cent, maturity 03-01-2013	6 970	6 970	6 936	6 936
367 days coupon bonds in LTL with rate of 4,9 per cent, maturity 24-09-2012	7 975	7 975	7 787	7 787
547 days coupon bonds in LTL with rate of 4,5 per cent, maturity 29-05-2013	19	19	19	19
<b>Total:</b>	<b>30 624</b>	<b>30 624</b>	<b>14 723</b>	<b>14 723</b>

## NOTE 12 OTHER LIABILITIES

	30-06-2012		31-12-2011	
	Group	Bank	Group	Bank
Accrued charges	5 628	4 929	6 072	5 351
Deferred income	1 630	727	1 182	787
Advances received from the buyers of assets	2 316	-	1 322	-
Amounts payable for finance lease agreements	6 129	-	3 922	-
Payable dividends	41	41	41	41
Other liabilities	3 342	520	2 155	528
<b>Total:</b>	<b>19 086</b>	<b>6 217</b>	<b>14 694</b>	<b>6 707</b>

# FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

## NOTE 13 SHARE CAPITAL

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

Shareholders including the European Bank for Reconstruction and Development, Trade-house Aiva UAB, Mintaka UAB, Company Group Alita AB, Algirdas Butkus, Gintaras Kateiva, Arvydas Salda, Kastytis Jonas Vyšniauskas, Sigitas Baguckas, Vigintas Butkus, Vytautas Junevičius, Audrius Žiugžda, Daiva Kiburienė, Jonas Bartkus, Vita Adomaitytė, Vytautas Sinius and Donatas Savickas comprise the group of shareholders, whose votes are calculated jointly. As of 30 June 2012, this group possessed 43.17 percent of the authorised capital and votes of the Bank.

As of 30 June 2012, the Bank had 3 753 shareholders (31 December 2011 - 3 805). A share of capital held by Bank's shareholders by the place of residence : 30-06-2012 residents 69,08 % , non-residents 30,92%; 12-31-2011 residents 70,66 % , non-residents 29,34 %.

Shareholder	Share of votes held together with the related persons, %
The European Bank for Reconstruction and Development (EBRD); Gintaras Kateiva	19,57 6,24
Skandinaviska Enskilda Banken customers	5,14
	<b>30,95</b>

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

### Share premium

The share premium represents the difference between the issue price and nominal value of the shares issued by the Bank. Share premium can be used to increase the Bank's authorised share capital.

### Reserve capital

The reserve capital is formed from the Bank's profit and its purpose is to ensure the financial stability of the Bank. The shareholders may decide to use the reserve capital to cover losses incurred.

### Statutory reserve

According to the Law of the Republic of Lithuania on Banks, allocations to the statutory reserve shall be compulsory and may not be less than 1/20 of the profit available for appropriation. The statutory reserve may, by a decision of the annual or extraordinary general meeting of the shareholders, be used only to cover losses of the activities.

### Dividends

In 2011, 2012 the annual general meeting of shareholders decided to not to pay dividends.

### General reserve to cover possible losses in assets

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

# FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

## Earnings per share

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

<b>Bank</b>	<b>30-06-2012</b>	<b>30-06-2011</b>
Profit (loss) for the year attributable to equity holders of the Bank (in LTL thousand)	7 023	6 388
Weighted average number of issued shares (thousand of shares)	234 858	204 858
<b>Basic earnings per share (in LTL per share)</b>	<b>0,03</b>	<b>0,03</b>

<b>Group</b>	<b>30-06-2012</b>	<b>30-06-2011</b>
Profit (loss) for the year attributable to equity holders of the Bank (in LTL thousand)	7 057	6 316
Weighted average number of issued shares (thousand of shares)	234 858	204 858
<b>Basic earnings per share (in LTL per share)</b>	<b>0,03</b>	<b>0,03</b>

## NOTE 14 NET INTEREST INCOME

	<b>30-06-2012</b>		<b>30-06-2011</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	980	4 100	970	3 179
on loans to customers	48 316	49 216	41 139	41 585
on debt securities	8 329	8 329	9 722	8 536
on finance leases	4 624	-	3 613	-
<b>Total interest income</b>	<b>62 249</b>	<b>61 645</b>	<b>55 444</b>	<b>53 300</b>
Interest expense:				
on liabilities to other banks and financial institutions and amounts due to credit institutions	(7 427)	(7 427)	(6 352)	(6 352)
on customer deposits and other repayable funds	(21 515)	(21 514)	(22 422)	(22 422)
on debt securities issued	( 973)	( 973)	( 101)	( 101)
compulsory insurance of deposits	(4 412)	(4 412)	(3 990)	(3 990)
<b>Total interest expense</b>	<b>(34 327)</b>	<b>(34 326)</b>	<b>(32 865)</b>	<b>(32 865)</b>
<b>Net interest income</b>	<b>27 922</b>	<b>27 319</b>	<b>22 579</b>	<b>20 435</b>

# FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

## NOTE 15 NET FEE AND COMMISSION INCOME

	30-06-2012		30-06-2011	
	Group	Bank	Group	Bank
Fee and commission income:				
for money transfer operations	4 832	4 876	4 066	4 110
for payment card services	1 069	1 069	855	865
for base currency exchange	917	920	694	695
for operations with securities	80	80	71	71
other fee and commission income	837	856	767	745
<b>Total fee and commission income</b>	<b>7 735</b>	<b>7 801</b>	<b>6 453</b>	<b>6 486</b>
Fee and commission expense:				
for payment card services	(3 129)	(3 129)	(1 805)	(1 805)
for money transfer operations	( 802)	( 795)	( 681)	( 676)
for operations with securities	( 42)	( 42)	( 44)	( 44)
for base currency exchange	( 1)	( 1)	( 1)	( 1)
other fee and commission expenses	( 46)	-	( 7)	( 6)
<b>Total fee and commission expense</b>	<b>(4 020)</b>	<b>(3 967)</b>	<b>(2 538)</b>	<b>(2 532)</b>
<b>Net fee and commission income</b>	<b>3 715</b>	<b>3 834</b>	<b>3 915</b>	<b>3 954</b>

## NOTE 16 ADMINISTRATIVE AND OTHER OPERATING EXPENSES

	30-06-2012		30-06-2011	
	Group	Bank	Group	Bank
Salaries, social security and other related expenses	(13 216)	(11 306)	(11 518)	(9 833)
Rent and maintenance of premises	(2 402)	(2 368)	(1 940)	(1 911)
Office equipment maintenance	( 456)	( 446)	( 502)	( 492)
Depreciation of fixed tangible assets	(2 116)	(1 518)	(2 125)	(1 561)
Amortisation of intangible assets	( 149)	( 144)	( 118)	( 115)
Transportation, post and communications expenses	(1 001)	(1 055)	(1 123)	( 963)
Real estate tax and other taxes	(1 339)	( 148)	( 563)	( 120)
Advertising and marketing expenses	( 328)	( 261)	( 199)	( 182)
Training and business trip expenses	( 107)	( 81)	( 61)	( 38)
Charity	( 112)	( 108)	( 116)	( 108)
Service organisation expenses	( 505)	( 505)	( 351)	( 341)
Other operating expenses	(2 405)	( 873)	(1 100)	( 847)
<b>Total:</b>	<b>(24 136)</b>	<b>(18 813)</b>	<b>(19 716)</b>	<b>(16 511)</b>



# FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

## NOTE 17 RELATED-PARTY TRANSACTIONS

Related parties with the Bank are classified as follows:

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

b) subsidiaries of the Bank;

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

In the ordinary course of business the Bank performs banking transactions with major shareholders, members of the Council and the Board, as well as with the subsidiaries.

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

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

	30-06-2012		31-12-2011	
	Balances of deposits	Balances of loans	Balances of deposits	Balances of loans
Members of the Council and the Board	2 797	5 620	1 823	6 437
Other related parties (excluding subsidiaries of the Bank)	4 465	136 787	11 472	195 511
<b>Total:</b>	<b>7 262</b>	<b>142 407</b>	<b>13 295</b>	<b>201 948</b>

### Transactions with EBRD:

The balance of the Bank's loans received from the EBRD . As of June 30 th 2012 the total value of the EBRD loan was LTL 89 293 thou (in 31-12-2011 – LTL 91 791 thou). The interest related with the loan as well as other expenses comprised LTL 2 533 thou on 30 June 2012 (LTL 5 283 thou on 31 December 2011).

Balances of transactions with the subsidiaries are given below:

	30-06-2012		31-12-2011	
	Balances of deposits	Balances of loans	Balances of deposits	Balances of loans
Non-financial institutions	1 097	158 635	268	141 864
Financial institutions	12	186 656	11	173 567
<b>Total:</b>	<b>1 109</b>	<b>345 291</b>	<b>279</b>	<b>315 431</b>

# FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

Transactions with subsidiaries:

	<b>30-06-2012</b>	<b>31-12-2011</b>
<b>Assets</b>		
Loans	345 291	315 431
Other assets	673	25
<b>Liabilities and shareholders' equity</b>		
Demand deposits	1 109	279
Bank's investment	52 246	16 889
Other liabilities	9	-
	<b>30-06-2012</b>	<b>30-06-2011</b>
<b>Income</b>		
Interest	6 364	4 562
Commission income	68	82
Income from foreign exchange operations	-	-
Dividends	-	-
Other income	110	110
<b>Expenses</b>		
Interest	-	(1)
Commission charges	-	-
Operating expenses	(357)	(34)

## NOTE 18 CAPITAL MANAGEMENT

The capital of the Group is calculated and allocated for the risk coverage following the General Regulations for the Calculation of Capital Adequacy approved by the Bank of Lithuania Board. The Group's objectives when managing capital are as follows:

- 1) to comply with the capital requirements set by the Bank of Lithuania as well as the higher target capital requirements set by the major shareholder,
- 2) to safeguard the Bank's and the Group's ability to continue as a going concern so that it can provide returns for shareholders and benefits for other stakeholders,
- 3) to support the development of the Group's business with the help of the strong capital base.

Capital adequacy and the use of the regulatory capital are monitored on a daily basis and information regarding capital adequacy is submitted to the supervising authority quarterly in accordance with the Bank of Lithuania requirements.

The Bank of Lithuania has set the following minimum capital requirements:

- 1) minimum level of capital held must be no less than 5 mill EUR,
- 2) minimum capital adequacy ratio, calculated as the regulatory capital to the risk-weighted assets, must be no less than 8%. Capital adequacy (solvency) ratio is calculated as a ratio of the capital of the Bank and the capital required to cover credit, trading book and operating risks multiplied by 0.08 and presented in percentage points.

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

# FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

The Group's regulatory capital is divided into two tiers:

- 1) tier 1 capital consists of the share capital, share premium, reserve capital, retained earnings of the previous financial year and less the intangible assets,
- 2) tier 2 capital consists of the revaluation reserves of the fixed and financial assets, other reserves.

The regulatory capital is calculated as the sum of the previously mentioned tier 1 and tier 2 capital less the investments in other credit or financial institution.

The risk-weighted assets are measured by means of nine risk weights classified according to the nature of each assets and counterpart, taking into account collaterals and guarantees eligible for risk mitigation. A similar treatment with some adjustments is adopted for the off-balance sheet exposures. Capital requirements for operational risk are calculated using the Basic Indicator Approach.

The table below summarizes the composition of regulatory capital and the ratios of the Bank and Group as of June 30 th 2012 and of December 31 st 2011. During those two years, the Group complied with capital requirements to which it is subject.

	30-06-2012		31-12-2011	
	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	8 180	12 171	(3 913)	-
Not audited result	-	-	-	-
Others reserve	1 891	1 289	960	648
Less: financial assets revaluation reserve	-	-	(1 182)	(1 182)
Less: Intangible assets	(2 111)	( 883)	( 916)	( 894)
<b>Total Tier 1 capital</b>	<b>293 290</b>	<b>297 907</b>	<b>280 279</b>	<b>283 902</b>
<b>Tier 2 capital</b>				
85 % financial assets revaluation reserve	221	221	-	-
<b>Total Tier 2 capital</b>	<b>221</b>	<b>221</b>	<b>-</b>	<b>-</b>
Less Investments in other credit or financial institutions	-	(1 648)	-	(1 647)
<b>Total capital:</b>	<b>293 511</b>	<b>296 480</b>	<b>280 279</b>	<b>282 255</b>
<b>Capital requirement:</b>				
Standardised approach credit risk	161 848	162 053	157 723	158 179
Traded debt instruments	2 535	2 535	140	140
Equities	489	489	57	57
Foreign exchange risk exposure	11 572	11 468	7 149	7 097
Operational risk by Basic indicator's method	8 199	7 500	8 199	7 500
<b>Total capital requirement:</b>	<b>184 643</b>	<b>184 045</b>	<b>173 268</b>	<b>172 973</b>
<b>Capital ratio, %</b>	<b>12,72</b>	<b>12,89</b>	<b>12,94</b>	<b>13,05</b>

# FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

## NOTE 19 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 June 30 th 2012 the above Group's ratio was 36,80 per cent (31-12-2011 - 37,26 per cent), and the Bank's – 37,25 per cent (31-12-2011 – 38,36 per cent.).

The tables below disclose the assets and liabilities as of June 30 st 2012 according to their remaining maturity defined in the agreements. However, the real maturity of the particular types of assets and liabilities may be longer as, for example a portion of loans and deposits is extended and thus the real repayment terms of short-term loans and demand deposits move forward

The structure of the Group's liabilities by maturity as of June 30 th 2012 was as follows.:

	Demand	up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	more than 3 years	maturity undefined	Total:
<b>Total assets</b>	176 660	112 063	104 544	165 648	361 708	693 499	948 486	246 204	2 808 812
<b>Total liabilities and shareholder's equity</b>	574 731	241 098	283 718	451 901	617 120	221 499	103 065	315 680	2 808 812
<b>Net liquidity gap</b>	(398 071)	(129 035)	(179 174)	(286 253)	(255 412)	472 000	845 421	(69 476)	-

# FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

The structure of the Group's liabilities by maturity as of December 31 st 2011 was as follows.:

	Demand	up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	more than 3 years	maturity undefined	Total:
<b>Total assets</b>	222 494	49 599	142 457	143 921	341 430	794 110	848 365	194 928	2 737 304
<b>Total liabilities and shareholder's equity</b>	494 190	257 325	305 279	419 163	530 829	330 772	102 586	297 160	2 737 304
<b>Net liquidity gap</b>	(271 696)	(207 726)	(162 822)	(275 242)	(189 399)	463 338	745 779	(102 232)	-

The structure of the Bank's liabilities by maturity as of June 30 th 2012 was as follows.:

	Demand	up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	more than 3 years	maturity undefined	Total:
<b>Total assets</b>	173 747	120 020	156 219	205 953	453 915	672 731	844 619	164 957	2 792 161
<b>Total liabilities and shareholder's equity</b>	574 873	234 182	283 536	451 382	616 607	221 092	103 061	307 428	2 792 161
<b>Net liquidity gap</b>	(401 126)	(114 162)	(127 317)	(245 429)	(162 692)	451 639	741 558	(142 471)	-

The structure of the Bank's liabilities by maturity as of December 31st 2011 was as follows.:

	Demand	up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	more than 3 years	maturity undefined	Total:
<b>Total assets</b>	222 351	76 612	186 008	199 346	431 067	734 770	754 709	126 703	2 731 566
<b>Total liabilities and shareholder's equity</b>	493 393	251 330	305 047	418 990	530 415	330 554	102 586	299 251	2 731 566
<b>Net liquidity gap</b>	(271 042)	(174 718)	(119 039)	(219 644)	(99 348)	404 216	652 123	(172 548)	-

# FINANCIAL STATEMENT 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 30-06-2012</b>							
<b>Liabilities</b>							
Due to banks	-	73 321	16 076	106 076	211 804	44 780	452 057
Due to customers	-	720 907	261 031	942 956	69 625	7 974	2 002 493
Debt securities in issue	-	-	8 354	25 103	-	-	33 457
Special and lending fund	-	9 982	34	3 609	3 958	-	17 583
<b>Total liabilities (contractual maturity dates)</b>	-	<b>804 210</b>	<b>285 495</b>	<b>1 077 744</b>	<b>285 387</b>	<b>52 754</b>	<b>2 505 590</b>
<b>Group 31-12-2011</b>							
<b>Liabilities</b>							
Due to banks	-	54 924	45 021	77 940	274 685	42 474	495 044
Due to customers	-	680 285	260 912	851 505	101 969	7 818	1 902 489
Debt securities in issue	-	-	-	23 574	23 778	-	47 352
Special and lending fund	-	6 218	36	6 351	4 677	-	17 282
<b>Total liabilities (contractual maturity dates)</b>	-	<b>741 427</b>	<b>305 969</b>	<b>959 370</b>	<b>405 109</b>	<b>50 292</b>	<b>2 462 167</b>

# FINANCIAL STATEMENT 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>Bankas 2012-06-30</b>							
<b>Liabilities</b>							
Due to banks	-	73 333	16 076	106 076	211 804	44 780	452 069
Due to customers	-	722 004	261 031	942 956	69 625	7 974	2 003 590
Debt securities in issue	-	-	-	8 354	25 103	-	33 457
Special and lending fund	-	9 982	34	3 609	3 958	-	17 583
<b>Total liabilities (contractual maturity dates)</b>	-	<b>805 319</b>	<b>277 141</b>	<b>1 060 995</b>	<b>310 490</b>	<b>52 754</b>	<b>2 506 699</b>
<b>Bankas 2011-12-31</b>							
<b>Liabilities</b>							
Due to banks	-	54 935	45 021	77 940	274 685	42 474	495 055
Due to customers	-	680 567	260 912	851 505	101 969	7 818	1 902 771
Debt securities in issue	-	-	-	23 574	23 778	-	47 352
Special and lending fund	-	6 218	36	6 351	4 677	-	17 282
<b>Total liabilities (contractual maturity dates)</b>	-	<b>741 720</b>	<b>305 969</b>	<b>959 370</b>	<b>405 109</b>	<b>50 292</b>	<b>2 462 460</b>

# FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

## NOTE 20 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. Open currency position (OCP) is equal to assets in the balance sheet and off-balance sheet less balance sheet and off-balance sheet liabilities in a single currency. There are two types of OCP, i.e. long and short. The Bank also calculates Total open position (TOP), which is the higher of the separately added short and long positions. As of June 30 th 2012 the TOP to capital ratio was: Group’s – 0,64 % (31-12-2011: 0,50 %), Bank’s – 0,63 % (31-12-2011: 0,50 %).

### Sensitivity of foreign exchange risk

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

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

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

	30-06-2012		31-12-2011	
	Impact on profit or loss, on equity		Impact on profit or loss, on equity	
	Group	Bank	Group	Bank
USD	12	12	6	6
GBP	3	3	1	1
DKK	1	1	1	1
SEK	13	13	13	13
LVL	2	2	2	2
other currencies	56	56	31	31
<b>Total:</b>	<b>87</b>	<b>87</b>	<b>54</b>	<b>54</b>

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



# FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

The Group's open positions of prevailing currencies as of June 30 th 2012 were as follow:

	USD	Others currencies	Total currencies:	EUR	LTL	Total:
Assets	73 560	5 387	78 947	853 269	1 876 596	2 808 812
Liabilities and shareholder's equity	74 351	3 593	77 944	716 595	2 014 273	2 808 812
Net balance sheet position	( 791)	1 794	1 003	136 674	(137 677)	-
Currency swaps	967	( 149)	818	6 095	(7 706)	( 793)
<b>Net open position</b>	<b>176</b>	<b>1 645</b>	<b>1 821</b>	<b>142 769</b>	<b>(145 383)</b>	<b>( 793)</b>

The Group's open positions of prevailing currencies as of December 31st 2011 were as follow:

	USD	Others currencies	Total currencies:	EUR	LTL	Total:
Assets	70 866	4 374	75 240	849 083	1 812 981	2 737 304
Liabilities and shareholder's equity	72 816	2 192	75 008	759 656	1 902 640	2 737 304
Net balance sheet position	(1 950)	2 182	232	89 427	(89 659)	-
Currency swaps	1 869	( 826)	1 043	(1 045)	-	( 2)
<b>Net open position</b>	<b>( 81)</b>	<b>1 356</b>	<b>1 275</b>	<b>88 382</b>	<b>(89 659)</b>	<b>( 2)</b>

The Bank's open positions of prevailing currencies as of June 30 th 2012 were as follow:

	USD	Others currencies	Total currencies:	EUR	LTL	Total:
Assets	73 559	5 387	78 946	851 969	1 861 246	2 792 161
Liabilities and shareholder's equity	74 351	3 593	77 944	716 596	1 997 621	2 792 161
Net balance sheet position	( 792)	1 794	1 002	135 373	(136 375)	-
Currency swaps	967	( 149)	818	6 095	(7 706)	( 793)

# FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

The Bank's open positions of prevailing currencies as of December 31st 2011 were as follow:

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

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

## Sensitivity of interest rate risk

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

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

### Group 30-06-2012

	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	444 965	502 900	762 896	134 028	489 794	474 229	2 808 812
Liabilities and shareholder's equity	409 730	368 852	507 061	535 609	59 070	928 490	2 808 812
Net interest sensitivity gap at 30 June 2010	35 235	134 048	255 835	(401 581)	430 724	(454 261)	-
Higher/lower impact on profit from balance sheet assets and liabilities	338	1 117	1 599	(1 004)	-	-	2 050

### Group 31-12-2011

	Demand and less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	more than 1 year	non monetary	Total:
Assets	398 784	560 439	772 547	139 569	384 241	481 724	2 737 304
Liabilities and shareholder's equity	415 875	397 950	490 184	488 218	110 208	834 869	2 737 304
Net interest sensitivity gap at 31 December 2010	(17 091)	162 489	282 363	(348 649)	274 033	(353 145)	-
Higher/lower impact on profit from balance sheet assets and liabilities	(164)	1 354	1 762	(873)	-	-	2 079

# FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

## Bank 30-06-2012

	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	447 271	519 812	733 975	245 219	529 790	316 094	2 792 161
Liabilities and shareholder's equity	409 730	368 852	507 061	535 609	59 070	911 839	2 792 161
Net interest sensitivity gap at 30 June 2010	37 541	150 960	226 914	(290 390)	470 720	(595 745)	-
Higher/lower impact on profit from balance sheet assets and liabilities	360	- 1 258	1 418	( 726)	-	-	2 310

## Bank 31-12-2011

	Demand and less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	more than 1 year	non monetary	Total:
Assets	416 797	574 807	756 739	247 141	380 596	355 486	2 731 566
Liabilities and shareholder's equity	415 875	397 950	490 184	488 218	110 208	829 131	2 731 566
Net interest sensitivity gap at 31 December 2010	922	176 857	266 555	(241 077)	270 388	(473 645)	-
Higher/lower impact on profit from balance sheet assets and liabilities	9	1 474	1 666	( 603)	-	-	2 546

# FINANCIAL STATEMENT 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 ŠIAULIŲ BANKAS AB

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

## 21 NOTE SEGMENT INFORMATION

### Business segments

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

	Banking	Leasing	Investment management	Real estate development	Eliminations	Total:
Internal	6 364	(2 812)	( 534)	(2 611)	( 407)	-
External	20 955	5 871	203	893		27 922
<b>Net interest income</b>	<b>27 319</b>	<b>3 059</b>	<b>( 331)</b>	<b>(1 718)</b>	<b>( 407)</b>	<b>27 922</b>
Internal	6 433	(2 871)	( 534)	(2 613)	( 415)	-
External	24 720	5 820	203	894		31 637
<b>Net interest, fee and commissions income</b>	<b>31 153</b>	<b>2 949</b>	<b>( 331)</b>	<b>(1 719)</b>	<b>( 415)</b>	<b>31 637</b>
<b>Provision expenses</b>	<b>(10 583)</b>	<b>( 39)</b>	<b>-</b>	<b>( 605)</b>	<b></b>	<b>(11 227)</b>
Internal	( 357)	( 89)	( 5)	( 17)	468	-
External	(16 794)	(2 113)	( 387)	(2 577)		(21 871)
<b>Operating expenses</b>	<b>(17 151)</b>	<b>(2 202)</b>	<b>( 392)</b>	<b>(2 594)</b>	<b>468</b>	<b>(21 871)</b>
<b>Amortisation charges</b>	<b>( 144)</b>	<b>( 4)</b>	<b>-</b>	<b>( 1)</b>	<b></b>	<b>( 149)</b>
<b>Depreciation charges</b>	<b>(1 518)</b>	<b>( 484)</b>	<b>( 7)</b>	<b>( 107)</b>	<b></b>	<b>(2 116)</b>
Internal	1 110	-	39	( 707)	( 442)	-
External	5 197	843	535	5 925		12 500
<b>Net other income</b>	<b>6 307</b>	<b>843</b>	<b>574</b>	<b>5 218</b>	<b>( 442)</b>	<b>12 500</b>
Profit before tax	8 064	1 063	( 156)	192	( 389)	8 774
Losses from discontinued operations	-	-	-	-	( 469)	( 469)
Income tax	(1 041)	( 68)	-	( 45)		(1 154)
<b>Profit per segment after tax</b>	<b>7 023</b>	<b>995</b>	<b>( 156)</b>	<b>147</b>	<b>( 858)</b>	<b>7 151</b>
<b>Profit for the year attributable to equity holders of the Bank</b>	<b>7 023</b>	<b>995</b>	<b>( 156)</b>	<b>147</b>	<b>( 858)</b>	<b>7 151</b>
<b>Total segment assets</b>	<b>2 792 161</b>	<b>198 727</b>	<b>21 796</b>	<b>195 640</b>	<b>(399 512)</b>	<b>2 808 812</b>
<b>Total segment liabilities</b>	<b>2 486 088</b>	<b>195 206</b>	<b>16 663</b>	<b>154 576</b>	<b>(347 266)</b>	<b>2 505 267</b>
<b>Net segment assets (shareholders' equity)</b>	<b>306 073</b>	<b>3 521</b>	<b>5 133</b>	<b>41 064</b>	<b>(52 246)</b>	<b>303 545</b>

# FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

Below, there is a summary of major indicators for the main business segments of the Group included in the statement of financial position as at 30 June 2011 and in the statement of comprehensive income:

	Banking	Leasing	Investment management	Real estate development	Eliminations	Total:
Internal	4 561	(2 208)	( 694)	(1 659)	-	-
External	15 873	4 591	451	1 664	-	22 579
<b>Net interest income</b>	<b>20 434</b>	<b>2 383</b>	<b>( 243)</b>	<b>5</b>	<b>-</b>	<b>22 579</b>
Internal	4 643	(2 283)	( 694)	(1 666)	-	-
External	19 745	4 587	498	1 664	-	26 494
<b>Net interest, fee and commissions income</b>	<b>24 388</b>	<b>2 304</b>	<b>( 196)</b>	<b>( 2)</b>	<b>-</b>	<b>26 494</b>
<b>Provision expenses</b>	<b>(2 936)</b>	<b>( 81)</b>	<b>19</b>	<b>101</b>	<b>-</b>	<b>(2 897)</b>
Internal	( 34)	( 83)	( 44)	( 16)	177	-
External	(14 801)	(1 159)	( 315)	(1 198)	-	(17 473)
<b>Operating expenses</b>	<b>(14 835)</b>	<b>(1 242)</b>	<b>( 359)</b>	<b>(1 214)</b>	<b>177</b>	<b>(17 473)</b>
<b>Amortisation charges</b>	<b>( 115)</b>	<b>( 3)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>( 118)</b>
<b>Depreciation charges</b>	<b>(1 561)</b>	<b>( 508)</b>	<b>( 8)</b>	<b>( 48)</b>	<b>-</b>	<b>(2 125)</b>
Internal	109	56	-	12	( 177)	-
External	2 418	134	263	1 099	-	3 914
<b>Net other income</b>	<b>2 527</b>	<b>190</b>	<b>263</b>	<b>1 111</b>	<b>( 177)</b>	<b>3 914</b>
Profit before tax	7 468	660	( 281)	( 52)	-	7 795
Income tax	(1 080)	( 115)	-	-	-	(1 195)
<b>Profit per segment after tax</b>	<b>6 388</b>	<b>545</b>	<b>( 281)</b>	<b>( 52)</b>	<b>( 284)</b>	<b>6 316</b>
<b>Profit for the year attributable to equity holders of the Bank</b>	<b>6 388</b>	<b>545</b>	<b>( 281)</b>	<b>( 52)</b>	<b>( 284)</b>	<b>6 316</b>
<b>Total segment assets</b>	<b>2 555 200</b>	<b>138 266</b>	<b>44 149</b>	<b>105 397</b>	<b>(284 459)</b>	<b>2 558 553</b>
<b>Total segment liabilities</b>	<b>2 294 829</b>	<b>135 341</b>	<b>39 313</b>	<b>101 313</b>	<b>(267 570)</b>	<b>2 303 226</b>
<b>Net segment assets (shareholders' equity)</b>	<b>260 371</b>	<b>2 925</b>	<b>4 836</b>	<b>4 084</b>	<b>(16 889)</b>	<b>255 327</b>



**CONSOLIDATED INTERIM REPORT OF  
ŠIAULIŲ BANKAS AB  
FOR THE PERIOD OF 6 MONTHS OF 2012**

Prepared in Šiauliai  
August 2012



## 1. Reporting period, covered in the consolidated interim report

The present consolidated interim report of Šiaulių bankas AB (hereinafter – the Bank) covers the period of the 1<sup>st</sup> half-year, i.e. from Januarys 1, 2012 to June 30, 2012.

## 2. The strategy of the Bank

The Bank aims to be a strong and advanced Lithuanian bank.

**The philosophy of our business** includes professional performance, direct and easy-going communication, quick and comprehensible services, expedience in decision-making, long-term relations with the clients based on mutual trust. We are seeking to become the major bank for our clients.

### Our mission

- We are here to help our clients grow, reach for their goals, fulfil their dreams and projects which assist in creating a new quality of life in Lithuania.

### Our vision

- To be a professional, reliable and modern financial partner to our clients.

### Our values:

- attention to clientele;
- high internal standards, respect to each other and clients;
- open communication;
- constant growing.

Implementing the strategy of our activities, the Bank pays special attention to funding of small and medium-sized business (SME), assists small and medium-sized enterprises and natural entities in seeking for financial welfare and stability. Being a European / Lithuanian bank it contributes to the development of business in the country, finances municipal and regional projects, renders professional services to private customers and searches for new solutions of efficient business development. The Bank seeks to become an active participant in the country's social life, to promote cultural, sports and social projects as well as to cooperate with the local communities.

The strength of the Bank lies in close partnership with the international financial institutions, experienced team of employees and developed network of regional outlets which make basis for its successful performance, flexibility and competitiveness, proper usage of opportunities occurring in the country's market, and contribution to the growth of financial success of its clients.

## 3. Nature of the activities of the Bank

In its activities the Bank follows the laws and other legal acts of the Republic of Lithuania, the Charter of the Bank and agreements concluded, the Bank is engaged in usual activity of commercial banks and renders the services typical to the sector. The key area of the Bank's activities is focused on lending to small and medium-sized business (SMEs). The private and corporate customers are entitled to the following banking services:

- opening and handling of bank accounts in litas and foreign currency to Lithuanian and foreign clients;
- domestic and international payments in litas and foreign currency;
- acceptance of fees, direct debit, standing and conditional orders;
- management of accounts via "SB linija" on the Internet;
- information about balances of the accounts with the bank and executed

Contact information of the Bank

**Siauliu bankas AB**  
 Legal form –  
**Public Limited Liability Company**  
 Registration date:  
**February 4<sup>th</sup>, 1992**  
 Data are collected and stored at the Registry of Legal Entities  
 Company code:  
**112025254**  
 Head Office –  
**Tilzes St. 149, LT-76348**  
 Siauliai, Lithuania  
 Telephone  
**+370 41 595 607**  
 Fax **+370 41 430 774**  
 E-mail **info@sb.lt**  
 Website **www.sb.lt**

Contact information of the companies of the Bank Group

**"Siauliu banko lizingas" UAB**  
 Legal form – private limited liability company  
 Registration date –  
**August 16, 1999**  
 Data are collected and stored at the Registry of Legal Entities  
 Company code –  
**145569548**  
 Head Office –  
**Vilniaus St. 167, LT-76352 Siauliai**  
 Telephones –  
**+370 41 420 855, 502 990**  
 Fax **+370 41 423 437**  
 E-mail **lizingas@sb.lt**  
 Website **www.sblizingas.lt**

**"Siauliu banko turto fondas" UAB**  
 Legal form – private limited liability company  
 Registration date –  
**August 13, 2002**  
 Data are collected and stored at the Registry of Legal Entities  
 Company code –  
**145855439**  
 Head Office –  
**Vilniaus St. 167, LT-76352 Siauliai**  
 Telephone  
**+370 41 525 322**  
 Fax **+ 370 41 525 321**  
 E-mail **turtofondas@sb.lt**  
 Website  
**www.sbturtofondas.lt**

transactions via the mobile connection “SMS bankas” and “SMS bankas plus”;

- trading in foreign currencies;
- conclusion of deposit agreements;
- issue, purchase and sales of cheques,
- granting of various short-term and long-term credits;
- issue and administration of payment cards “Visa” and “MasterCard”
- intermediation in entering transactions on the Stock Exchange;
- registration of transactions in securities off-stock trading;
- consulting regarding issue, acquisition and transfer of securities;
- handling of accounting of shares issued by the entities;
- issue of debt securities;
- preparation of share issue prospectus;
- dissemination of pension accumulation agreements;
- distribution of commemorative coins and numismatic sets, etc.

The head office of the Bank is in Šiauliai, and the Bank’s network covers the main towns and financially active regional centres – as of June 30, 2012 the Bank operated through 53 client service centres in 31 town in Lithuania.

#### 4. The companies of the Bank Group

The financial Group consists of the Bank and “Šiaulių banko lizingas” UAB. As of June 30, 2012 the Group consisted of the Bank and the following subsidiaries:

“Šiaulių banko lizingas” UAB (hereinafter – “SB lizingas”):

- *assets* – LTL 198,73 million;
- *nature of activities*: finance leases (leasing) and leases.

“Šiaulių banko turto fondas” UAB (hereinafter – “SB turto fondas”):

- *assets* – LTL 41,13 million;
- *nature of activities*: real estate management.

“Šiaulių banko investicijų valdymas” UAB (hereinafter – “SB investicijų valdymas”):

- *assets* – LTL 21,80 million;
- *nature of activities*: investment management.

“SBTF” UAB (hereinafter – “SBTF”):

- *assets* – LTL 42,57million;
- *nature of activities*: management and administration of liquid real estate and movable estate, assurance and realization of the current activity.

“Minera” UAB (hereinafter – “Minera”):

- *assets* – LTL 32,37 million;
- *nature of activities*: management of real estate.

“Pavasaris” UAB (further – “Pavasaris”):

- *assets* – LTL 38,08 million;
- *nature of activities*: development of the area of multi-apartment residential houses

A share of the Bank in the Bank’s subsidiaries as of June 30, 2012 is provided in the table below.

Subsidiary	A share of the authorized capital owned by the Bank, %
“SB lizingas”	100.00
“SB investicijų valdymas”	100.00
“SB turto fondas”	100.00
“SBTF”	100.00
“Minera”	100.00
“Pavasaris”	97.93

Contact information of the companies of the Bank Group

“SB investicijų valdymas” UAB

Legal form – private limited liability company  
 Registration date – August 31, 2000  
 Data are collected and stored at the Registry of Legal Entities  
 Company code – 145649065  
 Head Office – Vilnius St. 167, LT-76352 Šiauliai  
 Telephone – +370 41 429 227  
 Fax + 370 41 525 285  
 E-mail vika@sb.lt  
 Website www.sбив.lt

“SBTF” UAB

Legal form – private limited liability company  
 Registration date – November 24, 2004  
 Data are collected and stored at the Registry of Legal Entities  
 Company code – 300069309  
 Head Office – Vilnius St. 167, LT-76352 Šiauliai  
 Telephone – +370 41 525 322  
 Fax +370 41 525 321  
 E-mail: z.kilciauskiene@sb.lt

“Minera” UAB

Legal form – private limited liability company  
 Registration date – September 30, 1992  
 Data are collected and stored at the Registry of Legal Entities  
 Company code – 121736330  
 Head Office – Vilnius St. 167, LT-76352 Šiauliai  
 Telephone – +370 41 399 423  
 Fax (8 41) 399 423

As of June 30, 2012 the Bank had the following subsidiary held for sale:

“Kedainiu oda” UAB (further – “Kedainiu oda”):

- *assets* – LTL 14,50 million;
- *nature of activities*: leather processing, production.

Contact information of the companies of the Bank Group

## 5. Involvement in associated structures

The Bank participates in the activities of the following organizations, associations, and associated structures:

- Society for Worldwide Interbank Financial Telecommunication (SWIFT);
- “Visa Europe”;
- “MasterCard Worldwide”;
- Stock Exchange AB NASDAQ OMX Vilnius;
- International initiative - Global Compact;
- International Chamber of Commerce (ICC) Lithuania;
- Association of Lithuanian Banks;
- Association of Lithuanian Financial Brokers;
- Lithuanian Business Confederation “ICC Lietuva”;
- Lithuanian Business Employers’ Confederation;
- Kaunas Chamber of Commerce, Industry and Crafts;
- Klaipeda Chamber of Commerce, Industry and Crafts;
- Panevezys Chamber of Commerce, Industry and Crafts;
- Siauliai Chamber of Commerce, Industry and Crafts;
- Klaipeda Association of Industrialists;
- Siauliai Association of Industrialists;
- Kelme Association of Business People;
- Mazeikiai Association of Business People;
- Taurage Association of Business People.

“Pavasaris” UAB  
 Legal form – private limited liability company  
 Registration date – September 25, 1992  
 Data are collected and stored at the Registry of Legal Entities  
 Company code – 121681115  
 Head Office – Siltnamiu St. 27, LT-04130 Vilnius  
 Telephone + 370 5 240 1623  
 Fax + 370 5 244 8096  
 E-mail info@pavasaris.net  
 Website www.pavasaris.net

## 6. Authorized capital and shareholders of the Bank

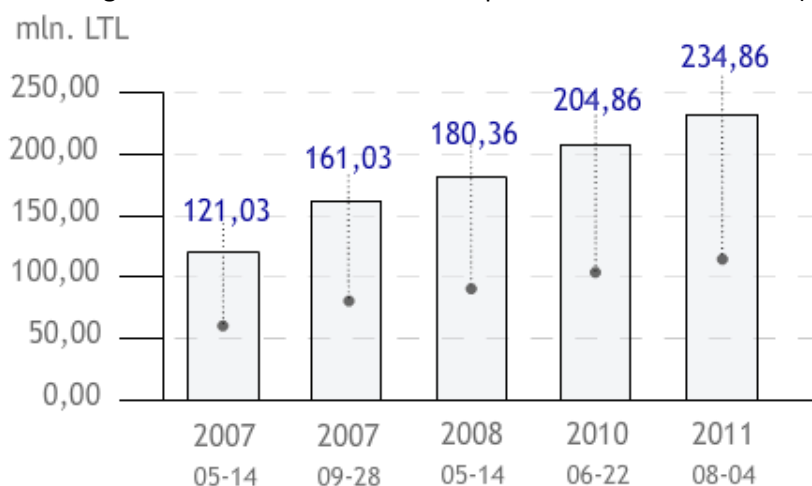
The authorized capital of the Bank is LTL 234 857 533 as of 30-06-2012. On the mentioned period 69.08 per cent of the authorized capital of the Bank was owned by the companies registered in Lithuania and individuals.

The structure of the Bank’s authorized capital:

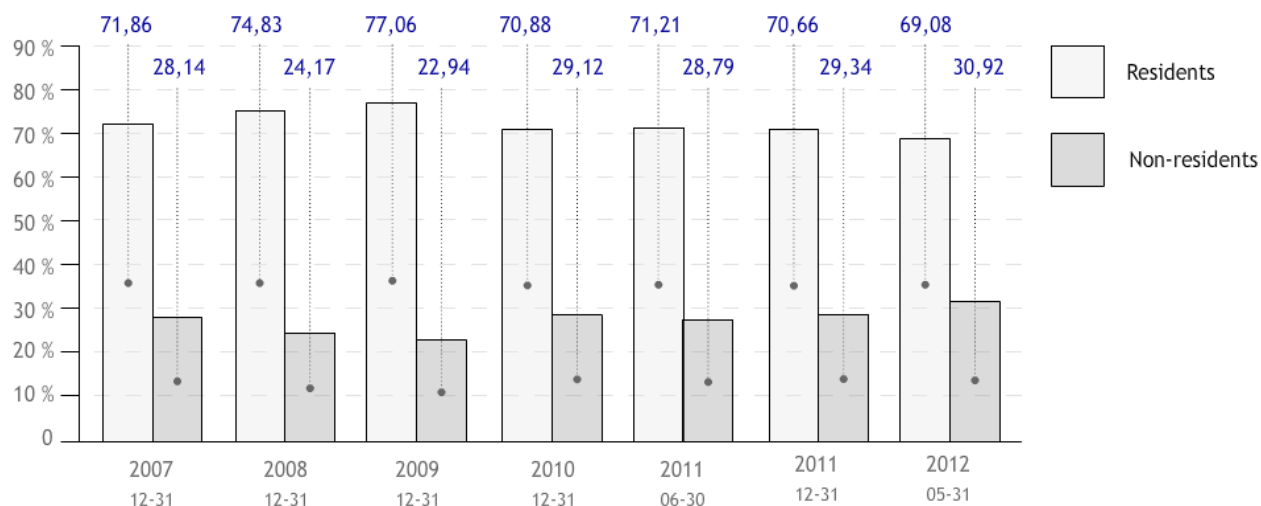
Type of shares	Number of shares, units	Nominal value, LTL	Total nominal value, LTL
Ordinary registered shares, ISIN LT0000102253	234 857 533	1	234 857 533

“Kedainiu oda” UAB  
 Legal form – private limited liability company  
 Registration date – October 29, 2008  
 Data are collected and stored at the Registry of Legal Entities  
 Company code – 302190537  
 Head Office – Biochemiku St. 7, LT-57234 Kedainiai  
 Telephone +370 347 55 089  
 Fax +370 347 55 857

The change of the Bank’s authorized capital amount since 2007 (in LTL million):



The shareholders by the place of residence (in per cent):



The shareholders of the Bank have the following property rights:

- to receive a share of the Bank's profit (dividends);
- to receive a share of the assets of the bank when the Bank's authorized capital is decreased in order to pay the Bank's funds to its shareholders;
- to receive shares free of charge if the authorized capital is raised using the funds of the Bank except for the cases stipulated by the law;
- when the shareholder is a natural person, to leave under the will all or a part of the shares to one or several persons;
- following the procedure and according to the conditions stipulated by the laws, to sell or otherwise transfer all or a part of the shares to the ownership of other persons;
- to have the pre-emption right to purchase the shares issued or converted by the Bank except for the case when the General Meeting of Shareholders, following the procedure stipulated by the laws, withdraws this right for all shareholders;
- to lend to the Bank in the manners stipulated by the laws. However, when borrowing from its shareholders, the Bank shall not have the right to pledge its assets to the shareholders. When the Bank borrows from a shareholder, the interest rate may not exceed the average interest rate of commercial banks available in the place of residence or business of the lender effective at the moment of conclusion of the loan agreement. In such a case, the Bank and the shareholders shall not be allowed to agree on a higher interest rate;
- other property rights stipulated by the laws.

The right to dividends, free shares and pre-emption right to acquire shares issued by the Bank shall belong to those persons who were the Bank's shareholders at the end of the tenth working day after the General Meeting of Shareholders which made the corresponding decision, i.e. at the end of the day of accounting of the rights.

The Bank's shareholders have the following non-property rights:

- to take part in General Meetings of Shareholders;
- to provide, in advance, questions to the Company in relation to the issues of the agenda of the General Meeting of Shareholders;
- to vote at Meetings in accordance with the rights granted by the shares;
- to receive information on the Bank specified by the Law on Companies;
- to file a lawsuit requesting to compensate the Bank for the damage that resulted from the failure to execute or improper execution of the obligations of the Chief Executive Officer and members of the Board of the Bank as well as in other cases stipulated by the laws;
- other non-property rights stipulated by the laws.

The person shall obtain all the rights and obligations granted to this person by the share of the authorized capital and (or) voting rights of the Bank: in case of the raise of the authorized capital of the Bank - from the date of registration of the changes related to the raise of the authorized capital and (or) voting rights of the Bank; in other cases – from the emergence of the property right to the share of the authorized capital and (or) voting rights of the Bank.

As of June 30, 2012 the number of the Bank's shareholders comprised 3 753. At the end of 2011 – 3 805, on June 30, 2011 – 3 726. All the shares issued by the Bank grant equal rights to the shareholders as foreseen by the Law on Companies of the Republic of Lithuania and the Charter of the Bank.

The shareholders of the Bank that owned more than 5 per cent of the authorized capital and votes of the Bank as of 30 June 2012 are as follows:

No.	Shareholder	Number of shares held under the right of ownership, units	Share of authorized capital held under the right of ownership, %	Share of votes held under the right of ownership, %	Share of votes held together with related persons, %
1.	European Bank for Reconstruction and Development (EBRD) adr. One Exchange Square, EC 2A 2JN London, Great Britain	45 965 344	19,57	19,57	43,17
2.	Gintaras Kateiva	14 660 214	6,24	6,24	43,17
3.	Skandinaviska Enskilda Banken clients adr. Sergels Torg 2, 10640 Stockholm, Sweden	12 078 606	5,14	5,14	5,14

Shareholders of the Bank including the European Bank for Reconstruction and Development, Trade House Aiva UAB, Mintaka UAB, Enerprise Group Alita AB, Gintaras Kateiva, Algirdas Butkus, Arvydas Salda, Kastytis Jonas Vyšniauskas, Sigitas Baguckas, Vigintas Butkus, Vytautas Junevičius, Audrius Žiugžda, Daiva Kiburienė, Vita Adomaitytė, Jonas Bartkus, Donatas Savickas and Vytautas Sinius form a group of persons the votes possessed by whom are weighted together. As of 30-06-2012, this group owned 43,17 per cent of the authorized capital and votes of the Bank.

**There are no restrictions to the transfer of securities.** The shareholders exercise property and non-property rights and have obligations specified in the Law on Companies of the Republic of Lithuania and the Charter of the Bank.

**The shareholders entitled to special control rights and descriptions of those rights.** The shareholders control the Bank through the elected Supervisory Council. Its functions are stipulated by the Law on Companies.

**Restrictions to the voting rights.** All the shares of the Bank granting the voting rights are of the same nominal value. Each share grants one vote at the General Meeting of Shareholders.

The shareholders shall not have the right to vote when adopting a decision on the pre-emption right to acquire the shares of the Bank being issued or withdrawal of convertible bonds if it is stipulated in the agenda of the General Meeting of Shareholders that the right to acquire these securities is granted to him, his close relative, spouse or common-law spouse when partnership is registered in the procedure stipulated by the laws, and to a close relative of the spouse when the shareholder is a natural person as well as to the company patronizing the shareholder when the shareholder is a legal entity.

The person or persons acting jointly, having decided to acquire a qualified share of the authorized capital (10 %) or to raise it to such extent that the available share of the authorized capital and (or) voting rights of the Bank would be equal to or exceed 20 per cent, 30 per cent or 50 per cent or as much as the Bank would become controllable, shall be obliged to receive the prior consent from to the Bank of Lithuania. Due to the failure to observe this requirement the mentioned persons shall lose the voting right in the General Meeting of Shareholders.

## 7. Trade in shares of the companies of the Bank Group in regulated markets

In the official trading list of AB NASDAQ OMX Vilnius, only the shares of the Bank are quoted. ISIN code LT0000102253; the number of shares: 234 857 533. Shares of the Bank's subsidiary companies are issued for non-public circulation.

Shares issued by the Bank are included in the comparative index of the OMX Baltic states securities market OMX Baltic Benchmark, which comprises shares of the highest capitalization and most liquid companies as well as in indices OMX Vilnius, OMX Baltic, OMX Baltic Financials, and OMX Baltic Benchmark Cap. Besides, shares issued by the Bank are included in the indices STOXX All Europe Total Market, STOXX Eastern Europe TMI, STOXX Eastern Europe TMI Small, STOXX EU Enlarged TMI, STOXX Global Total Market and STOXX Lithuania Total Market.

**A share price between January 2010 – June 2012**  
(trading in foreign currency - euro)



Source: NASDAQ OMX Vilnius AB website

[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=2009&end\\_d=30&end\\_m=6&end\\_y=2012](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=2009&end_d=30&end_m=6&end_y=2012)

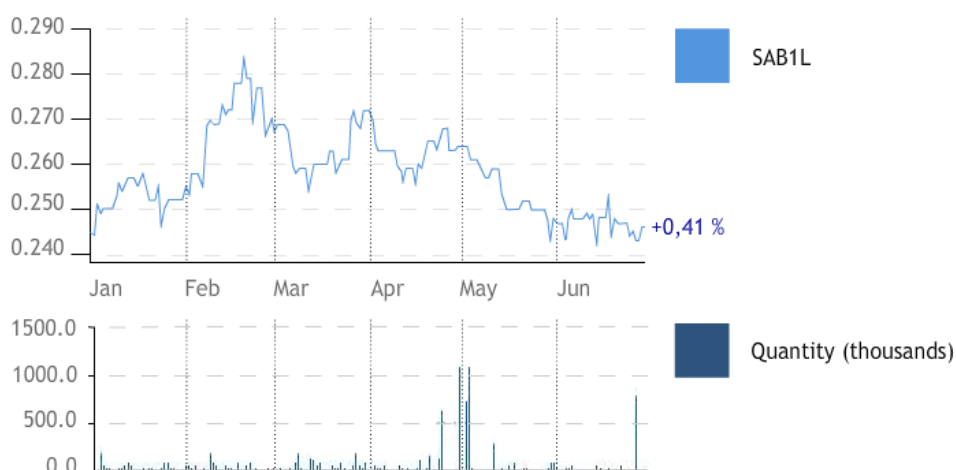
**Turnover of the Bank’s shares over the period of 2010-2012:**

Year	Price of the last trading session, EUR	Max. price, EUR	Min. price, EUR	Amount of shares, units	Turnover, mln. EUR
2010	0,337	0,345	0,264	17 784 012	5,65
2011	0,245	0,372	0,225	17 899 502	5,34
1 <sup>st</sup> half-year	0,246	0,285	0,241	8 844 544	2,30

Further we are providing the charts of the Bank’s share price and turnover over the 1<sup>st</sup> half-year of the current year placed on the website of NASDAQ OMX Vilnius AB at:

[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=2012&end\\_d=30&end\\_m=6&end\\_y=2012](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=2012&end_d=30&end_m=6&end_y=2012)

**A share price during January - June 2012**  
(trading in foreign currency - euro)





The share price change charts of the OMX Vilnius index, OMX Baltic Benchmark, and the Bank between January 2012 and June 2012 are provided below:

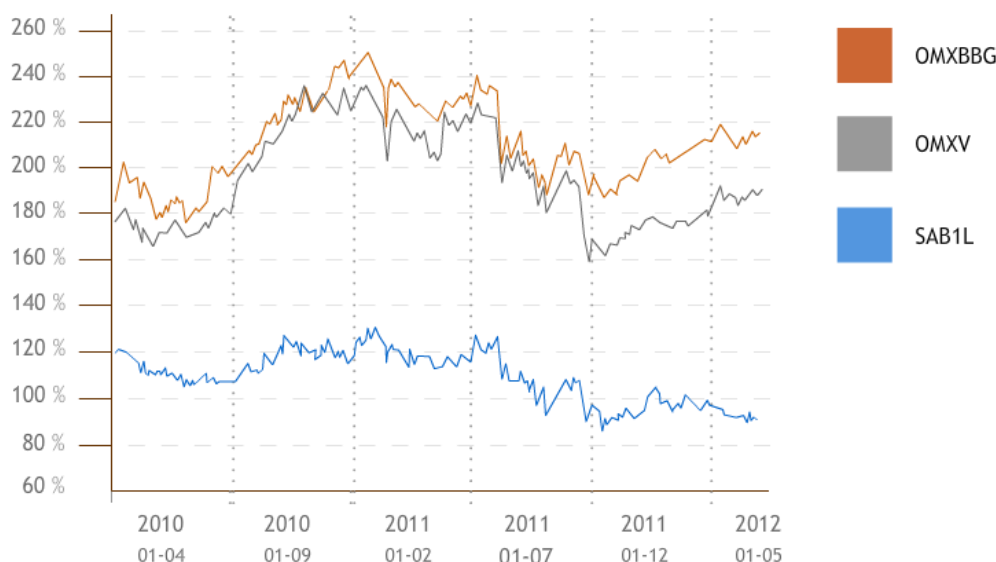


Chart data:

Index/Shares	01-01-2010	01-01-2011	01-01-2012	30-06-2012
OMX Baltic Benchmark	314,42	533,99	431,94	492,93
OMX Vilnius	261,77	409,65	298,78	339,89
SAB1L	0,32 EUR	0,34 EUR	0,25 EUR	0,25 EUR

Source: NASDAQ OMX Vilnius AB website

[http://www.nasdaqomxbaltic.com/market/?pg=charts&lang=lt&idx\\_main%5B%5D=OMXBBG&idx\\_main%5B%5D=OMXV&add\\_index=OMXBBPI&add\\_equity=LT0000128266&idx\\_equity%5B%5D=LT0000102253&period=other&start\\_d=1&start\\_m=1&start\\_y=2012&end\\_d=30&end\\_m=6&end\\_y=2012](http://www.nasdaqomxbaltic.com/market/?pg=charts&lang=lt&idx_main%5B%5D=OMXBBG&idx_main%5B%5D=OMXV&add_index=OMXBBPI&add_equity=LT0000128266&idx_equity%5B%5D=LT0000102253&period=other&start_d=1&start_m=1&start_y=2012&end_d=30&end_m=6&end_y=2012)

The capitalization of shares of the Bank and the total capitalization of shares quoted on the NASDAQ OMX Vilnius AB as of the last trading day of 1<sup>st</sup> half-year of 2012 and 2009, 2010, 2011 is provided below.

Information is taken from the website of NASDAQ OMX Vilnius AB:

[http://www.nasdaqomxbaltic.com/market/?currency=EUR&pg=capital&list%5B0%5D=BAMT&list%5B1%5D=BAIT&list%5B2%5D=BAFN&market=XVSE&period=other&start\\_d=31&start\\_m=12&start\\_y=2009&end\\_d=30&end\\_m=6&end\\_y=2012&lang=lt&downloadcsv=0](http://www.nasdaqomxbaltic.com/market/?currency=EUR&pg=capital&list%5B0%5D=BAMT&list%5B1%5D=BAIT&list%5B2%5D=BAFN&market=XVSE&period=other&start_d=31&start_m=12&start_y=2009&end_d=30&end_m=6&end_y=2012&lang=lt&downloadcsv=0)

Baltic share list	31-12-2009	31-12-2010	31-12-2011	30-06-2012
SAB1L	58 503 370,59 EUR	69 036 988,62 EUR	57 540 095,59 EUR	57 774 953,12 EUR
Vilnius market, total	3 219 512 569,74 EUR	4 219 761 406,81 EUR	3 139 310 661,61 EUR	2 928 784 576,74 EUR

The indicator of the relation between the Bank's share market price and profit P/E:

Indicator	31-12-2009	31-12-2010	31-12-2011	6 months of 2012
P/E	negative	negative	14,12	14,24

Information is taken from the website of NASDAQ OMX Vilnius AB:

<http://www.nasdaqomxbaltic.com/market/?instrument=LT0000102253&list=2&pg=details&tab=reports>

## 8. Information on agreements with intermediaries in public circulation of securities

The Bank has concluded agreements with the following intermediaries in public circulation of securities:

- Bank "Finasta" AB;
- Danske Bank A/S Lithuanian Branch;
- "Citadele" Bank AB
- DnB Bank AB;
- Swedbank AB;
- SEB Bank AB;
- "Barclays Capital" Bank;
- "Commerzbank AG" Bank.

The Bank has an agreement with UAB FMI “Orion Securities” regarding protection of the interests of the owners of bonds issued by the Bank.

## 9. Acquisition of own shares

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The Bank and its subsidiary companies or persons acting at the instruction of the subsidiary companies do not hold any shares of the Bank. The Bank has not acquired its own shares and has not transferred them to other entities.

## 10. Information on compliance with the standards limiting the Bank’s activity risk

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During the 1<sup>st</sup> half-year of 2012, the Bank executed all the standards limiting the operational risk stipulated by the Bank of Lithuania. Information regarding the compliance with the standards is revealed in the chapter 13 of the present report.

## 11. Risk management

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The Group of the Bank analysis, evaluates, assumes, and manages the risks and group of risks which it encounters in its activities. The purpose of risk management in the group of the Bank is to ensure sufficient return on equity by managing risks in a conservative manner. By implementing an advanced risk management policy, the Group of the Bank seeks not only minimization of potential risks, but also improvement of pricing and assurance of effective distribution of capital.

The risk management policy is approved by the Board of the Bank. The procedures for the management of various types of risks prepared on the basis of the policy help to ensure the integrity of the risk management process throughout the group of the Bank. Since various risks encountered by the group of the Bank are interdependent, their management is centralized and performed by the Bank’s Risk Management Committee. One of the main objectives of the Bank’s Risk Management Committee is the establishment and coordination of an appropriate risk management system.

The Bank group revises its risk management policies and systems regularly, not less than once a year, with regard to market changes, new products, and newly applied principles best practices.

The most important types of risks encountered by the group of the Bank include credit, market, liquidity, concentration and operational risks. The market risk encompasses the risk of currency exchange rate, interest rate, and price of securities. Concentrations of other types of risk are considered by the Group of the Bank as insignificant, and they are not evaluated.

More detailed information regarding the management of risks is provided in the explanatory note of the financial statements for 2011 in the chapter *Financial risk management* as well as in the notes of the Interim financial statements for 1<sup>st</sup> half-year of 2012.

## 12. Ratings assigned by international agencies

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The international rating agency Moody’s Investors Service determined the following ratings for the Bank-on April 11<sup>th</sup>, 2011:

- |                             |        |
|-----------------------------|--------|
| • long-term credit rating   | B1     |
| • financial strength rating | E+     |
| • short-term credit rating  | NP     |
| • outlook                   | stable |

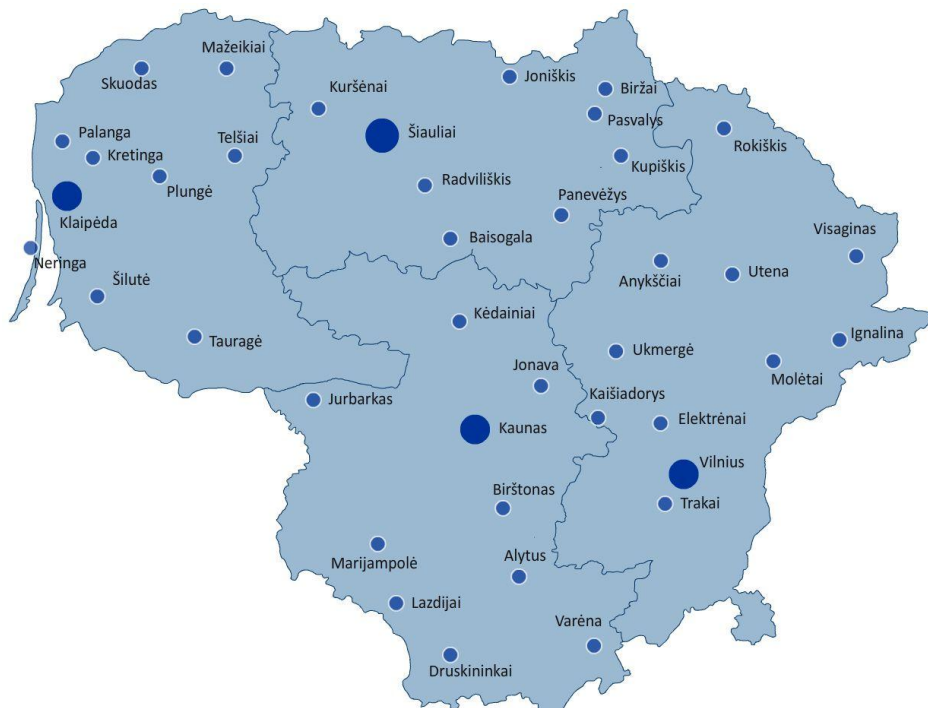
## 13. Information on results of performance

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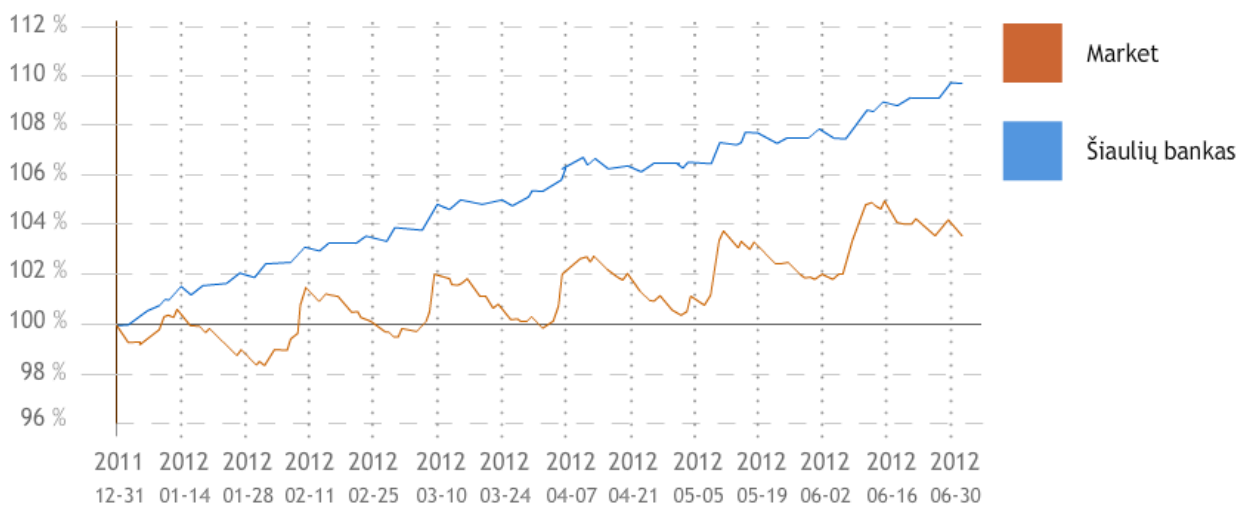
- The Bank earned LTL 7 million of net profit – by 10 per cent more than last year.
- Deposit portfolio reached LTL 2 billion.
- Positive tendencies of growth of the net service and commission fee.
- Significant impact of the profit from the transactions in debt securities on operating income.
- Focus on the quality of loan portfolio – the special provisions comprised LTL 10.6 million.



As of 30 June, 2012 having 53 regional outlets operating in 31 town the Bank was further growing and improving the results of its performance over the six months of the current year. The Bank’s un-audited net profit for the first half-year of 2012 comprised LTL 7.0 million. The Bank earned LTL 3.7 million of unaudited net profit over the second quarter of the current year, i.e. by 12.5 per cent more than during the first quarter of the same year. The Bank’s operating profit (before the income tax, dividends from the subsidiaries and special provisions) for the 1<sup>st</sup> half-year exceeded the respective result of 2011 by even 70 per cent and reached LTL 17.6 million. The un-audited net profit of the Bank Group for the 1<sup>st</sup> half-year of the current year comprised almost LTL 7.1 million.



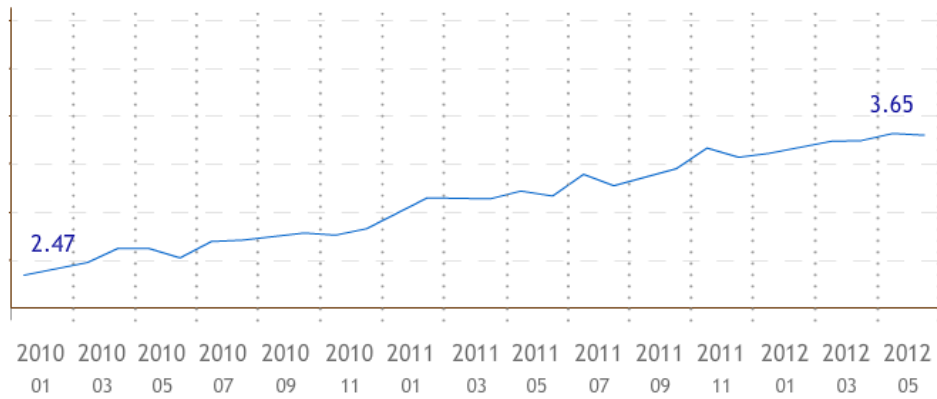
Deposits from natural Entities



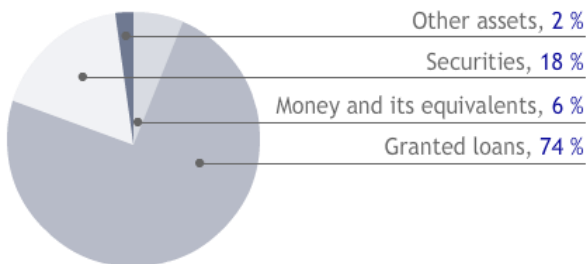
Over the six-month period of the current year the Bank’s deposit portfolio comprising the major share of liabilities was rapidly growing – the amount of the deposits trusted by the client to the Bank has grown by 5.3 per cent up to LTL 2.0 billion. The deposits placed by the individuals were growing especially rapidly - they have increased by 9.7 per cent over the six months of 2012 and comprised LTL 1.44 billion at the end of June. The total amount of the deposits with the Bank has increased by 10.4 per cent or by LTL 188.4 million over the last twelve months.

Since the beginning of the year the Bank’s assets have grown by LTL 61.0 million up to LTL 2.8 billion. The market share of the assets reached LTL 3.7 per cent. The structure of interest-bearing assets has slightly changed over the second quarter of the year: the liquid debt securities portfolio of the credit rated issuers and investments into the Bank’s subsidiaries have increased. Though slightly declined the Bank’s loan portfolio still comprised the major share of the Bank’s assets and totaled LTL 2.1 billion.

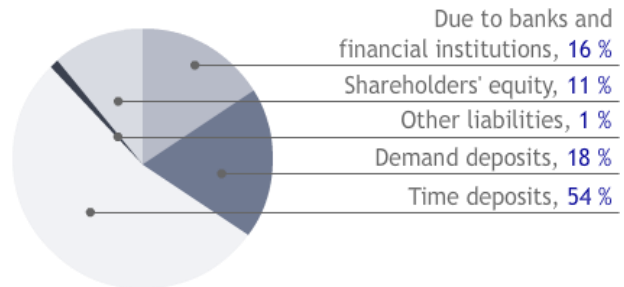
Dynamic of Šiaulių bankas' assets market share



Structure of assets

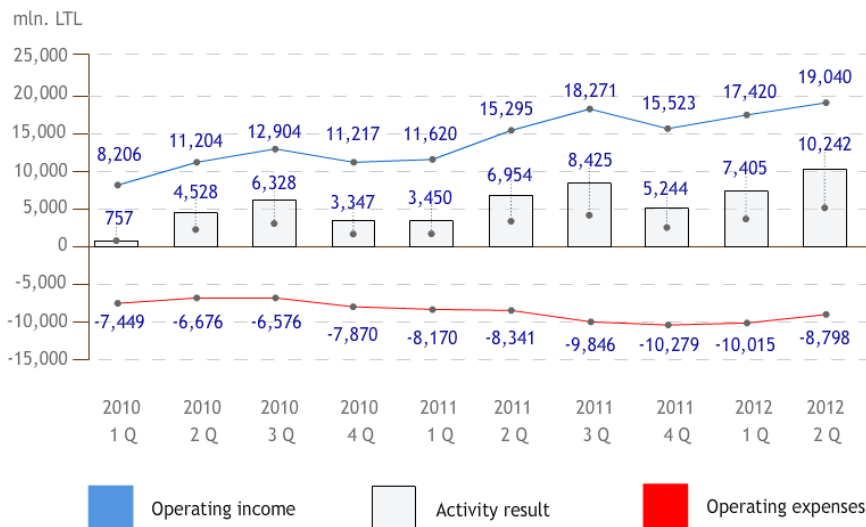


Structure of Liabilities



Over the second quarter the profit gained from the securities transactions has had the significant impact on the Bank's operating income as well, which comparing to the first quarter it has almost doubled and comprised LTL 1.7 million. The Bank's profit from the securities transactions gained over the half-year reached LTL 2.5 million. The profit from the transactions in foreign currency has also positively influenced the change of the operating income – LTL 2 million have been earned over the six-month period of the current year. The positive tendencies of growth in the field of the net service and commission fee which were observed over the second quarter infused with optimism - the Bank has earned by 20 per cent more of the latter comparing to the first quarter of the year. The net service and commission fee over the period of six months comprised LTL 3.8 million. Consistently and conservatively assessing the status of the debtors the Bank has additionally formed LTL 10.6 million of the special provisions during the first half of the year.

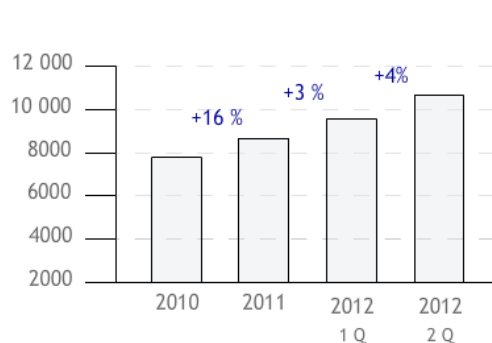
Dynamics of the activity results



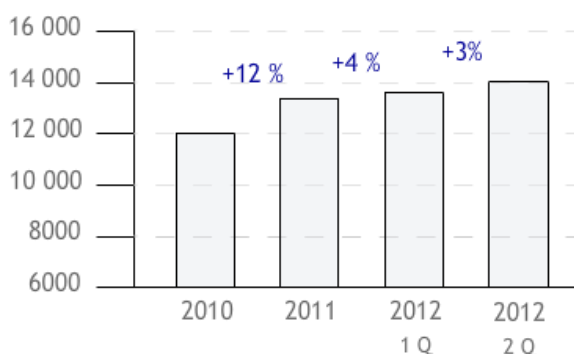
## INTERIM CONSOLIDATED REPORT OF ŠIAULIŲ BANKAS AB FOR THE 6 MONTHS 2012

The Bank's positive results were caused by the growing number of the clients and their increasing activity. Over the first half-year the number of clients has grown by 9.5 thousand and exceeded 153 thousand: both the private and corporate clients have grown by 7 per cent since the beginning of the year.

Number of Corporate Clients



Number of Private Clients



Actively expanding the e-banking services the Bank has increased the number of the „SB linija“ clients by 14 per cent since the beginning of the year up to 71 thousand. At the end of the second quarter the Bank has had issued more than 56 thousand of payment cards i.e. by 21 per cent more than at the same time last year. The clients of the Bank can take advantage of 269 ATMs belonging to the joint ATM network and operating in 47 cities and towns throughout Lithuania.

### Profitability ratios

		2008	2009	2010	2011	2012-06-30
Bank	Costs/ income, %	55,59	75,71	63,78	58,87	50,36
	ROAA, %	0,86	-1,47	-1,10	0,49	0,51
	ROAE, %	6,34	-11,22	-9,47	4,61	4,67
Financial Group	Costs / income, %	56,73	71,81	62,77	59,13	50,90
	ROAA, %	0,84	-1,53	-1,09	0,53	0,51
	ROAE, %	6,22	-11,74	-9,38	4,87	4,64
Group	Costs / income, %	59,27	78,42	67,85	60,42	51,50
	ROAA, %	0,65	-1,71	-1,28	0,49	0,51
	ROAE, %	4,68	-13,07	-11,20	4,64	4,75

According to the data as of June 30, 2012, the Bank operated in compliance with all standards limiting the activity risks stipulated by the Bank of Lithuania.

### Prudential requirements limiting the activity risk

		2008	2009	2010	2011	2012-06-30
Bank	Capital adequacy, % (>8 %)	15,08	13,90	14,06	13,05	12,89
	Liquidity, % (>30 %)	38,75	38,23	46,00	38,36	37,25
	Maximum loan per borrower, % (<25%)	21,30	24,56	21,68	21,36	20,34
	General open position in foreign currency, % (<25 %)	0,41	0,31	0,55	0,49	0,63
Financial Group	Capital adequacy, % (>8 %)	15,19	13,90	14,17	13,12	13,03
	Maximum loan per borrower, % (<25 %)	21,12	24,38	21,50	21,42	20,13
	General open position in foreign currency, % (<25 %)	1,30	0,31	0,54	0,49	0,63
Group	Capital adequacy, %	15,21	13,90	13,92	12,94	12,72
	General open position in foreign currency, % (<25 %)	1,26	0,31	0,55	0,49	0,64

As of June 30, 2012 the Bank had 53 territorial outlets operating in 31 town of Lithuania – the Bank's network covers the main cities of the country as well as financially active regions.

## 14. Activity plans, development and prognosis

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Seeking to increase the share of its market and improve the business conditions in Lithuania the Bank operates in compliance with the principles of transparency, close and professional collaboration with the clients, quick decision making, and incentives to employees' initiatives.

The Bank's priority objective includes the high quality of rendered services as well as quick professional solutions. In 2012 the Bank is increasing the number of payments cards and their functionality; also, it shall offer the competitive service prices- this will allow ensuring the expedient, simple and flexible servicing of the clientele. The Bank has attractive packaged of services prepared for corporate clients.

Having strong positions in Siauliai region and reacting to the market needs, the Bank strengthens its positions within the regions by expanding the network establishing or transferring the existing centres into more attractive locations exposed to the larger flow of people.

## 15. The most important events over the accounting period

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- On January 27, 2012 the NASDAQ OMX Vilnius awarded the Bank for the improvement working with the investors. The nomination of the best stockbroker of 2011 went to the employee of the Bank - Rimantas Januševičius as well.
- In March during the meeting of alumnus of the Social Faculty of the Šiauliai University the Bank was awarded as the "The Most Patriotic Employer" and "The Safest Work Place".
- On March 20, the Board of the Bank seeking to optimize the structure of the Group of the Bank passed the resolution to acquire 100 per cent of the shares of UAB "Pavasaris".
- On March 29 during the ordinary general shareholders' meeting the Bank's Supervisory Council was for the first time expended by an independent member Ramunė Zabulienė .
- On April 6 during their general annual assembly Šiauliai Chamber of Commerce, the Bank was recognized as „The Most successful business company 2011“ among the big enterprises.
- In June the network of the Bank was expanded by a new Rotuses client service centre opened in the old town of Kaunas.

## 16. Social responsibility

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Social responsibility includes the general values of the company and its employees while the spread of it contributes to the development of the society's welfare. For the fifth year in turn the Bank belongs to the Global Compact network under the United Nations and is an active member of the National network of sustainable business, therefore social responsibility, appliance of the Global Compact canons, encouragement of the employees and partners to act according to the sustainable business principles is an integral part of the Bank's activities.

The Bank operates transparently, honestly and responsibly with the respect to human and labour rights, clients' rights, is environment friendly, prevents the corruption and other possible dishonesty, takes care of society and contributing to its sustainable development.

### Employees

The employees are one of the biggest values of the Bank. The Bank and the Group foster responsible relations with the employees, take care of their welfare. The quarterly bonuses are paid for the achieved results.

In February of the current year commemorating 20<sup>th</sup> anniversary of the Bank's performance the top management of the Bank congratulated all the employees and honoured those with the biggest work experience at the Bank - they were thanked for their sincere work, efforts and achieved results.

Seeking to define and assess the principles of behaviour , norms of ethics and to ensure they are complied with within the Bank, in March 2012 the Board of the Bank approved the Code of Ethics of Šiaulių bankas AB due to which the Bank's employees in their activities refer to the principles of honesty, reporting and responsibility, respect to the law, human and his rights, impartiality, objectivity, rightness and exemplary behaviour.

To make the employees to feel more convenient the uniforms of the officers working in the Bank's client service centres were changed into more comfortable and more practical ones. The uniforms not only assist

in creating the Bank's image but at the same time they are an important part of the Bank's culture strengthening the sense of its community.

The Bank takes care of the constant growth of the employees' qualifications, thus, various trainings, courses and seminars were arranged over the six months of 2012. In March – April the Credit Risk Department conducted seminars to the loan officers employed in the Bank's outlets while in May - June the heads of the Bank's branches and departments were improving their leadership skills in the particular trainings.

The Bank's employees meet their colleagues not only at their working place, they spend their leisure riding bicycles, canoeing, participating in inter-bank events. For example, in the championship of the carting race among the Lithuanian banks the Bank's employees took the second place.

### **Clients**

The Bank actively works with small and medium-sized business granting preferential credits to business people, rendering micro-credits to very small enterprises, individual undertakings, individual entrepreneurs, to business women at especially favourable conditions, also, credits to partnerships of multi-apartment houses according to the JESSICA programmes. Cooperating with the initiators of "Judus jaunimas" in Lithuania, in February 2012 during the Study and Career Fair the Bank presented the financing facilities under "Progress" and "Jeremie" programmes which are intended to initiate and enterprising the youth to start their own businesses.

The Bank's experts participate in various meetings with the representatives of municipalities and business to whom they comprehensively present lending and other financial services rendered by the Bank.

The Bank pays much attention to its clients by taking care of the quality of the rendered services and the servicing itself.

### **Environment**

The Bank supports the ideas of environmental protection, responsible consumption and saving of nature resources. The employees and clients are encouraged to reduce the usage of paper due to possibilities of electronic document handling. The Bank and its subsidiaries foster to refuse printing of not very important documents, using double side printing where possible and recovering already used paper for the "second life" by printing on the clean side. The Bank's clients are encouraged filling electronic applications and performing a number of typical services via the Internet, thus, saving not only printing costs but time and money as well.

On April 22, 2012 the Bank contributing to the Global Earth Day in cooperation with the United Nations development programme in Lithuania and the members of the National network of sustainable business (NNSB) arranged the free review of the film "One Day on the Earth" in Šiauliai. The event was participated not only by the Bank's employees, marking the "Noise Awareness Day", the Bank's employees, the members of the NNSB but also inhabitants and guests of the town.

On April 25 the Bank joined the public campaign "Stay off the noise, listen to the silence!" thus marking the International Noise Awareness Day.

### **Prevention of corruption**

The Bank pays much attention to prevention of corruption. The Code of Bank's Ethics approved this year strictly regulates the actions of the employee in case of possible aspects of corruption – granting or accepting presents, interests of conflicts, etc.

### **Society**

The Bank is an active promoter and participant of the country's social and cultural life. For many years the Bank and Šiauliai University have been collaborating successfully implementing the various projects - in March the Bank participated as the partner and provided the assignment to the traditional Youth Entrepreneurship Tournament "FIX'12" arranged by the Faculty of Social Sciences.

In 2012 the Bank paid much attention to young people, their professional guidance, introduction of the Bank's activities and the banker's profession. On March 28 the eight formers from Šiaulių "Jovaro" progymnasium visited the Bank and were comprehensively introduced to the history of the establishment of the Bank, its branches, departments, employees, key areas of activities, services rendered to the clients, to the responsible work of bankers. Moreover, the Bank participated in "The Junior Colleague" programme arranged by "Lithuanian Junior Achievement" – it was the programme of partnership between the school and the company. On April 19, the Bank was visited by the final year students from gymnasiums of Šiauliai city who became the junior colleagues of the bankers for several hours - they had observed their work, got familiar with the Bank's activities and skills necessary for work. The Bank's employees told the stories of their careers and the specifics of their works.

Participation in the social campaigns, charity granting is also an integral part of the Bank's activities. When it is possible the Bank supports the country's culture, local communities, individual projects, participates in charity campaigns.

Commemorating the 20<sup>th</sup> anniversary of its performance the Bank arranged the social campaign and assigned the funds planned for jubilee to purchase TV sets which were donated to 71 residential home of old people from various cities and towns of Lithuania. Visiting the residential homes of old people in spring, the Bank's employees were interested in the seniors' living conditions, daily joys and worries, they congratulated the residents with the Easter, wished the good health, bright moments and granted presents – the digital TV sets.

## 17. Dividends paid

The Bank does not have an established procedure for allocation of dividends. The General Shareholders' Meeting decides either to pay dividends or not while allocating the Bank's profit. A table provides data on the dividends paid by the Bank within the last five years:

	2008	2009	2010	2011	2012
Per cent from the nominal value	2,00	0,00	0,00	0,00	0,00
Amount of dividends per share, LTL	0,02	0,00	0,00	0,00	0,00
Amount of dividends, LTL	3 220 670	0,00	0,00	0,00	0,00

Taxation of dividends – profit taxation of legal entities is regulated by the Profit Law of the Republic of Lithuania No. IX-675 as of 20 December (further – PL) , 2001 and the resolutions and other legal acts adopted by the Government of the Republic of Lithuania on its basis. The charge of 15 per cent is applied to the paid dividends. The dividends of the Lithuanian unit that owns 10 per cent of issuer's capital for the period longer than one year are not subject to charges (with exceptions described in the chapter VII of the Profit Law of the Republic of Lithuania). The dividends of the foreign units are charged by applying an income tax rate of 15 per cent. If a foreign unit owns the shares granting at least 10 per cent of votes for a period of at least 12 months without interruption, the dividends paid to that foreign entity are not charged, except for the cases when a foreign entity receiving dividends is registered or otherwise organized in the targeted countries.

Taxation of citizens' income is regulated by the Law on Citizen's Income Tax of the Republic of Lithuania No. IX-1007 as of 2<sup>nd</sup> July, 2002 and the latter amendments of the Law as well as resolutions adopted on the basis of this Law. The dividends are charged by 20 per cent tax, which is deducted and paid to the budget by the Bank in compliance with the applicable orders.

## 18. Principles of the Internal Audit performance

The purposes, functions, organization of the performance, rights, duties and responsibilities of the Internal Audit Department are foreseen by the Provisions of the Internal Audit Department and Methodology of the Internal Audit, which are prepared in accordance with the laws of the Republic of Lithuania, resolutions passed by the Government of the Republic of Lithuania and the Bank of Lithuania, International Accounting Standards, International Internal Audit standards, the Code of Ethics, the general organization regulations of the Internal Audit of the Bank approved by the Board of the Bank of Lithuania, the Charter of the Bank, the resolutions of the General Shareholders' Meeting, Bank's Supervisory Council, Internal Audit Committee and the Bank's Board.

The Internal Audit Division by implementing its functions performs the financial, eligibility, activity, management and informational system audit. A purpose of the Internal Audit is to audit the Banks' activity independently and objectively, to evaluate the Bank's activity risk management thoroughly and systematically as well as the efficiency of the internal control system, to assist the Bank in implementation of its objectives by seeking to ensure that the objectives of the internal control are achieved at the lowest cost and the functions of internal control are efficiently implemented.

The Internal Audit Division performs its functions by implementing annual and long-term 2011-2013 activity plans, which are approved by the Internal Audit Committee.



The Internal Audit Department is under the direct control of the Internal Audit Committee and submits the reports to the latter on quarterly basis at least

The purpose of the Internal Audit Committee is to supervise the process of the preparation of the Bank's financial statements, the efficiency of the Bank's internal control, risk management and internal audit systems, the process of the audit and internal audit performance, to discuss the information provided by the Internal Audit Department regarding the performed inspections, elimination of detected defects, implementation of the Internal audit's plans and to ensure the independency of the Internal audit's performance.

The Internal Audit Committee performs functions foreseen in the regulations of the Internal Audit Committee approved by the Supervisory Council of the Bank and in the activity plan of the Internal Audit Committee for the current year approved by the Chairman of the Internal Audit Committee. The Internal Audit Committee reports on its activities to the Bank Supervisory Council once a year.

The Bank's Internal Audit Committee consists of 4 members: 3 members of Supervisory Council the Bank and one independent member. The employees of the Internal Audit prepare the inspection programme before each inspection, which shall foresee the purpose, volume and time of audit. Inspection programme is coordinated with the Head of Internal Audit Department. The prepared draft report is coordinated with the Head of audited unit and the Head of relevant division. The prepared and coordinated report is submitted to the members of the Board.

The heads of the Bank's divisions considering the recommendations and comments of the Internal Audit Department, approve the plan of measures for implementation of Recommendations, provided in the Internal Audit's report, prepared by the head of the audited subject. The Head of Internal Audit Department considering the significance of provided conclusions and recommendations assigns the employees to perform the implementation control of recommendations (monitoring of the progress). The post-audit activities (monitoring of progress) include the overcoming shortcomings established during the inspection by the external audits and the Bank of Lithuania as well as implementation inspections of provided recommendations.

On quarterly basis the director of the Internal Audit Department provides the Bank Board with the information regarding the recommendations submitted after the performed inspections and their implementation.

## 19. Assessment of Internal control and risks management

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In terms of the Bank Group the risk management system includes the risk management strategy, policy, the system of the risk limits, internal control and internal audit. The risks management is defined in the Bank's Policy of the risk management in the bank's activities.

The internal control is uninterrupted part of the Bank's daily activities ensuring the following:

- the efficient performance of the Bank using the Bank's assets and other resources and protecting from the possible loss
- the Bank's performance compliance with the laws, the acts issued by the Bank of Lithuania and other legal acts, the Bank's strategy and the internal policy
- the financial and other information used within the Bank, for supervisory purposes or by the third parties to be reliable, appropriate and submitted in time.

The internal control of the Bank's activities is comprised of:

- organizational structure of the Bank facilitating separation of the functions of employees and vertical and horizontal responsibility relationships, forwarding of information from bottom-up and top-down and in the same level;
- information system of management bodies (heads) of the Bank enabling to make timely decisions (responsible structural divisions of the Bank shall inform the committees or the Bank, Bank Board, Supervisory Council);
- reliable IT system covering all the significant areas of the Bank's activity and ensuring safe and continuous its operation, in particular activity related with data-collection, processing and use, activity continuation plan and preparation for specific situations;
- risk control and risk assessment covering all the areas of risk (credit, concentration, liquidity, operational, interest rate, and foreign currency rate and securities price risks);

- appropriate responsibility and competence of personnel (appropriate qualification and reputation of employees, also experience and necessary skills to perform their duties);
- internal control procedures and regular supervision of them;
- regular assessment of internal control system: constant (Bank's employees perform their duties), periodical (internal and external audit) and correction of identified deficiencies.

The internal audit of the Bank's internal control system is performed by the Bank's Internal Audit Department, which informs the Bank's Internal Audit Committee and the Bank's Board regarding the detected shortcoming and violations.

## 20. Major aspects of the Internal control and risk management systems related to compiling of the consolidated financial reports

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The financial reports of the Bank and the Group are prepared in accordance with the International Financial Reporting Standards (IFRS) applicable in the European Union. Preparing the financial reports in compliance with the IFRS the assumptions and assessments that have impact on the amounts of the accounted assets and liabilities and disclosure of the indefinite assets and liabilities as of the financial reporting day as well as on the amounts of income and costs during the reporting period are applied.

The financial reports include the consolidated annual report of the Group and separate financial reports of the Bank. Such form of the financial reports is used to ensure the compliance with the format established by the Bank of Lithuania for the financial reporting purposes.

The subsidiary companies are all the companies (including the companies of special purpose), the financial and operational policy of which is controlled by the Bank Group. Usually such control is ensured by owning more than a half of voting rights. Deciding if the Bank Group takes control over the other company the existence and influence of the possible voting rights that can be realized or converted are taken into consideration. The subsidiary companies are completely consolidated since the day when the Bank Group gains the control over these companies and cease to be consolidated after the day this control is lost.

If the transaction with the non-controlling party does not make an impact on the loss of control then the result of acquisition of the non-controlling party or transactions of the share transfer to the non-controlling party is accounted directly in the Bank Group's equity.

The financial reports of the consolidating Bank and controlled companies are of the same reporting period (except the cases when this cannot be done) and prepared in compliance with the same principles of accounting and reporting applicable in the same business areas. Upon necessity the principles of accounting of subsidiary companies are adjusted in order to meet the accounting principles applied within the Bank.

The transactions among the companies of the Group, the balances and unrealized profit from the transactions among the companies of the Bank Group are eliminated. Unrealized loss is eliminated as well unless it is possible to prove that the value of transferred assets decreased after the transaction.

In the separate financial reports the subsidiary companies are accounted at their acquisition cost, i.e. income from the investment are recognized only by such portion which is received by the Bank as distribution of the companies accrued profit (after the acquisition date). The amounts received from the subsidiary companies and exceeding such distribution of profit are accounted as decreasing investment value.

## 21. Employees

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As of June 30 2012, the Bank employed 479 staff members, 77 per cent of whom had the university education, 15 per cent had college, 5 per cent - secondary education and 3 per cent had special secondary education. (On December 31 2011 174 per cent of the total number of the Bank's employees had the university education, 15 per cent had college, 6 per cent - secondary education and 5 per cent had special secondary education). Over the first-half year of 2012 the number of employees decreased by 3 per cent.

As of June 30, 2012 the companies of the Group employed 554 staff members (On December 31, 2011 – 559 employees).

Implementation of the Human resource policy allows the employees to perfection their knowledge, seek for career, and realize their abilities. The heads of the Bank's branches and departments participated in the project "Creation of the system of the students' practice in the financial and insurance sectors" arranged by the Confederation of the Lithuanian Industrialists and financed from the funds of the



European Union. The knowledge gained by the Bank's employees during the seminars and workshops is going to be used not only for students, but also for the employees who start their career to form their working skills, gain necessary experience and conduct trainings in the working places.

The Bank's employees pay much attention to the partnership, simple and quick decisions, they comply with the Code of Ethics, which assist ensuring the transparent relations with the clients, friendly and professional environment, lawful behaviour and compliance with the principles of ethical business.

The Bank is consistently creating and developing the long-term relations with its employees. More than 27 per cent of the staff has been working at the bank for more than 10 years. The bank is appreciated as attractive employer rendering all social guarantees.

Average monthly salary of the relevant employee group before taxes is provided in the table below:

Employees' group	30-06-2011		31-12-2011		30-06-2012	
	Number of Employees	Average monthly salary, in LTL	Number of Employees	Average monthly salary, in LTL	Number of Employees	Average monthly salary, in LTL
Management	12	23 228	12	23 568	11	28 288
Officers	419	2 298	418	2 476	405	2 808

**The Bank does not have agreements with the employees foreseeing compensations** in case of retirement or dismissal without the reasonable ground or in case their capacities would be cancelled because of changes in the Bank's control.

There are no collective agreements concluded within the Bank.

**The Bank also is not the party of material agreements**, which would become effective, change or would be cancelled because of changes in the Bank's control.

## 22. Information on implementation of Remuneration policy

The information is prepared and delivered implementing the requirement set by the cl. 25 of the resolution No. 03-175 of the Board of the Bank of Lithuania as of December 23, 2010 regarding "The amendment of the "Policy of minimal requirements to remuneration of employees of credit institutions" approved by resolution No. 228 of the Board of the Bank of Lithuania as of December 10, 2009 ". The Bank acts in compliance with the Remuneration Policy approved by the Supervisory Council of the Bank dated March 28, 2011. The services of the external consultants have not been engaged while creating the Remuneration Policy.

The Remuneration Policy of the Bank and the companies belonging to the financial Group meet the strategy of the Bank's activities, its goals, values and long-term interest, it, also, defines the processes and principles according to which the Bank pays remuneration to the employees and seeks fostering the reliable and efficient risk management.

The remuneration consists of the fixed salary, i.e. the official salary agreed in advance and specified in the labour agreement and of the variable one - a variable portion of the remuneration (premiums, rights to the Bank's shares, financial measures related to the shares, other financial and non-financial measures).

The methods of variable remuneration calculation are created in the manner to meet the strategy, goals and values of the business, long-term interest for continuity of activities and to foster reliable and efficient risk management and the employees would not be encouraged to take excessive risk unacceptable to the Bank.

The variable remuneration system is based on the establishment and evaluation of the aggregate of the strategic plans of the Bank as the institution on annual basis and of personal objectives focused on the Bank's long-term goals.

While assessing the achievement of the personal objectives the quantitative and qualitative criteria have to be met. Evaluating the employee's achievements personal financial result is as important as non-financial/non-quantitative factors, i.e. relations with the clients, colleagues, compliance with the standards, implementation of the internal regulations, policies and procedures, initiative, responsibility, improvement of activities, etc.

In compliance with the requirements passed by the bank of Lithuania, the Remuneration Policy provides the list of employees whose professional performance may have a significant impact on the risks accepted by the Bank. As of December 31, 2011 – 27 employees were included into the mentioned category, as of June 30, 2012 - 26 employees.

Subject to the possible risks related to the evaluated annual results of the employee whose professional performance may have a significant impact on the risks accepted by the Bank, payment of not less than 40 per cent of variable remuneration is subject to 3 (three) years of grace period paying it in equal portions. Calculation of the variable remuneration is based on the employee's annual results for the period not less than three years. 50 per cent of the variable remuneration which is payable immediately and after period of grace is foreseen to be paid in the Bank's shares, which are subject to one-year period of restriction to transfer.

Referring to the Remuneration Policy approved by the Board of the Bank, the variable remuneration, including the deferred part is paid only in case of the sustainable financial status of the Bank. The Bank's internal policies specify the cases when the variable remuneration can be corrected (decreased).

The employee whose professional performance may have a significant impact on the risks accepted by the Bank are not distinguished by the areas of business.

The general quantitative information about employees whose professional performance may have a significant impact on the risks accepted by the Bank is provided below:

Quantitative information	Calculated over the period, in LTL thou			Indebtedness of variable remuneration to employees, in LTL thou	
	2011		January-June 2012	31-12-2011	30-06-2012
	fixed	fixed	variable		
<b>Bank</b>	3848	2286	431	718	287
Management *	3065	1709	359	598	239
Other employees	783	577	72	120	48
<b>Financial group</b>	<b>4233</b>	<b>2491</b>	<b>465</b>	<b>774</b>	<b>309</b>

The variable remuneration consists of 50 per cent payment in cash, 50 per cent payment in financial measures.

The variable remuneration for 2011 is distributed, as of the accounting date no corrections were made.

\* On 30.06.2012 the Bank terminated the labour agreement with one of employees belonging to the top management group.

In May 2011 the Remuneration Committee was established within the Bank, the composition of which was approved by the Board of the Bank. The composition of the Remuneration committee as well as its functions are defined in the cl. 23 of the present report.

The Remuneration Policy is reviewed annually. The suggestions regarding the principles of remuneration are submitted by the Remuneration Committee. The Remuneration Policy is approved by the Supervisory council of the Bank, while the Board of the Bank bears responsibility for its implementation.

## 23. Members of the Committees formed within the Bank, the areas of their performance

The Loan, Internal Audit, Risk Management and Remuneration Committees are non-structural divisions operating within the Bank on on-going basis. The procedures of formation and the competences of the Loan, Risk Management and Remuneration committees are defined by the legal acts of the banks' supervisory authority, Charter of the Bank, provisions of the committees approved by the Board of the Bank and other documents passed by the bodies of the Bank.

The Loan Committee analyses loan application documents, decides regarding granting of loans and amendment of their terms, assesses risks of loans, suggests regarding loan granting, loan interest rates, improvement of loan administration procedures and performs other functions foreseen by its provisions.

The Risk Management Committee performs the functions related to the efficiency of the Bank's activities taking into consideration the parameters of the acceptable risks and integrating the management of the interest rates, capital and liquidity, also, performs other functions foreseen by its provisions.

The Internal Audit Committee tackles the issues related to strengthening the Bank's internal control system and improvement of the performance of the Internal Audit department, ensures the independent performance of this department, coordinates the allocation of the audited areas between internal and external auditors, discusses other issues foreseen by the legal acts of the supervisory authority and provisions of the Internal Audit committee. In compliance with the laws and legal acts of the banks' supervisory authority the Bank's Supervisory Council bears responsibility for the composition, competences, arrangement of activities, approval of the provisions and control of the activities of the Internal Audit Committee.

The Remuneration Committee evaluates the Policy of variable remuneration, practice and incentives created to manage the risks accepted by the Bank, its capital and liquidity, supervises the variable remuneration of the employees responsible for risk management and control of compliance, prepares draft resolutions regarding variable remunerations and performs other functions foreseen by its provisions.

Data of the members of the committees as of 30-06-2012:

Name, surname	Beginning / end of tenure	Share of capital under the right of ownership, %	Workplace
<b>Internal Audit Committee</b>			
Sigitas Baguckas	29-03-2012 / 2016	0,75	„Namų statyba“ UAB
Vytautas Junevičius	29-03-2012 / 2016	0,15	Company Group „Alita“ AB
Ramunė Vilija Zabulienė	29-03-2012 / 2016	0,00	Registered individual activity
Rimantas Purtulis	29-03-2012 / 2016	0,00	Registered individual activity
<b>Risk Management Committee</b>			
Donatas Savickas	29-05-2012 / constantly operating	0,10	the Bank
Jolanta Dūdaitė	29-05-2012 / constantly operating	0,00	the Bank
Pranas Gedgaudas	29-05-2012 / constantly operating	0,01	the Bank
Morena Liachauskienė	29-05-2012 / constantly operating	0,00	the Bank
Vytautas Sinius	29-05-2012 / constantly operating	0,07	the Bank
<b>Loan Committee</b>			
Vytautas Sinius	27-03-2012 / constantly operating	0,07	the Bank
Edas Mirijauskas	27-03-2012 / constantly operating	<0,01	the Bank
Danutė Gaubienė	27-03-2012 / constantly operating	<0,01	the Bank
Daiva Kiburienė	27-03-2012 / constantly operating	0,06	the Bank
Aurelija Pociūtė	27-03-2012 / constantly operating	<0,01	the Bank
Giedrius Sarapinas	27-03-2012 / constantly operating	<0,01	the Bank
Donatas Savickas	27-03-2012 / constantly operating	0,10	the Bank

## Remuneration Committee

Avydas Salda	09-05-2011 / constantly operating	2,97	UAB „Šiaulių banko turto fondas“
Jonas Bartkus	209-05-011 / 13-08-2012	0,05	the Bank
Ernesta Laurinavičienė	09-05-2011 / constantly operating	0,00	the Bank
Živilė Skibarkienė	09-05-2011 / constantly operating	0,05	the Bank

## 24. The Bank's management bodies

The management bodies of the Bank are as follows: the General Meeting of the Shareholders of the Bank, Council of the Bank, Board of the Bank and Chief Executive Officer.

**The Council of the Bank** is a collegial body supervising the activities of the Bank and directed by its Chairman. The number of members of the Council is seven. The Council shall be elected by the General Meeting of Shareholders for a term of four years. In accordance with the Bank's Charter the number of tenures of the Council member is not limited.

**The Board of the Bank** is a collegial Bank management body, consisting of five members. It manages the Bank, handles its matters and answers under the laws for the execution of the Bank's financial services. Order of the Board's work is set by the Board work regulations. The Board of the Bank is elected by the Council for a term of 4 years.

**Chief Executive Officer** arranges everyday activities of the Bank and performs other actions necessary to perform his functions, to implement the decisions of the Bank's bodies and to ensure the Bank's activities. The management bodies of the Bank act in compliance with the laws of the Republic of Lithuania, legal acts and within their authorization. The management bodies of the Bank are elected, assigned and removed from the office according to the provisions of the mentioned documents.

## 25. Members of the Collegial bodies

### The Bank's Supervisory Council:

- **Arvydas Salda** – Chairman of the Bank's Supervisory Council. A consultant of „SB turto fondas“ UAB, the member of the Supervisory Council of the Bank since 1991 (the Chairman since 1999).
- **Sigitas Baguckas** – Procurist of „Namų statyba“ UAB. Deputy Chairman of Council of the Bank since 2000, member of Council since 1991;
- **Gintaras Kateiva** – Director General of „Litagra“ UAB; member of the Supervisory Council of the Bank since 2008.
- **Kastytis-Jonas Vyšniauskas** – Chairman of the Board of „Sulinkiai“ UAB; member of the Supervisory Council of the Bank from 1996 to 29-03-2012;
- **Vigintas Butkus** – Director of „Mintaka: UAB; Director of trade house „Aiva“ UAB, member of the Supervisory Council of the Bank since 2004.
- **Vytautas Junevičius** – Senior Adviser of Group of Companies „Alita“ AB; a member of the Supervisory Council of the Bank since 2006;
- **Peter Reiniger** – Chief Advisor of the First Vice-president and Executive Committee of the European Bank for Reconstruction and Development (EBRD), member of Supervisory Council of the Bank since 2011.
- **Ramunė Vilija Zabulienė** - member of Supervisory Council of the Bank since 04-05-2012.

### Bank Board:

- **Algirdas Butkus** – Chairman of the Board, Deputy Chief Executive Officer;
- **Audrius Žiugžda** – Deputy Chairman of the Board, Chief Executive Officer;
- **Donatas Savickas** – Deputy Chairman of the Board, Deputy Chief Executive Officer, Head of Finance and Risk Management Division;
- **Vita Adomaitytė** – Member of the Board, Chief Financial Officer, Head of Accounting and Reporting Division;
- **Jonas Bartkus** - Member of the Board since 29-03-2012, Head of Information Technologies Division;
- **Daiva Kiburienė** – Member of the Board, Deputy Chief Executive Officer, Head of Šiauliai region;
- **Arūnas Užupis** – Member of the Board until 29-03-2012, Head of Retail Banking Division until 10-04-2012;
- **Vytautas Sinius** – Member of the Board, Head of Corporate Banking Division.

## INTERIM CONSOLIDATED REPORT OF ŠIAULIŲ BANKAS AB FOR THE 6 MONTHS 2012

Name, surname	Beginning / end of tenure	Share of capital under the right of ownership, % (30-06-2012)	Share of votes together with the related persons, % (30-06-2012)
Arvydas Salda	beginning 27-03-2008, re-elected 29-03-2012, end in 2016	2,59	43,17
Sigitas Baguckas	beginning 27-03-2008, re-elected 29-03-2012, end in 2016	0,65	43,17
Kastytis Jonas Vyšniauskas	beginning 27-03-2008, end 29-03-2012	0,98	43,17
Vigintas Butkus	beginning 27-03-2008, re-elected 29-03-2012, end in 2016	0,39	43,17
Vytautas Junevičius	beginning 27-03-2008, re-elected 29-03-2012, end in 2016	0,13	43,17
Peter Reiniger	beginning 29-03-2011, re-elected 29-03-2012, end in 2016	-	43,17
Gintaras Kateiva	beginning 27-03-2008, re-elected 29-03-2012, end in 2016	6,24	43,17
Ramunė Vilija Zabulienė	beginning 04-05-2012, end in 2016	0,00	0,00
Algirdas Butkus	beginning 27-03-2008, re-elected 29-03-2012, end in 2016	4,53	43,17
Audrius Žiugžda	beginning 22-02-2011, re-elected 29-03-2012, end in 2016	0,57	43,17
Donatas Savickas	beginning 27-03-2008, re-elected 29-03-2012, end in 2016	0,10	43,17
Vita Adomaitytė	beginning 03-05-2011, re-elected 29-03-2012, end in 2016	0,02	43,17
Daiva Kiburienė	beginning 27-03-2008, re-elected 29-03-2012, end in 2016	0,05	43,17
Vytautas Sinius	beginning 11-08-2011, re-elected 29-03-2012, end in 2016	0,06	43,17
Arūnas Užupis	beginning 10-03-2011 end 29-03-2012	0,11	43,17
Jonas Bartkus	beginning 2012-03-29, end in 2016	0,04	43,17

The information regarding participation of the collegial bodies of the Bank and Chief Financial Officer in activities and capital of other undertakings is provided in the table below:

Name, surname	Participating in activities of other undertakings (name of the company, position)	Participating in capital of other undertakings (percentage in capital exceeding 5 %)
Arvydas Salda	<ul style="list-style-type: none"> <li>Member of the Board „Klaipėdos LEZ valdymo bendrovė“ UAB</li> <li>Consultant „Šiaulių banko turto fondas“ UAB</li> </ul>	–
Sigitas Baguckas	<ul style="list-style-type: none"> <li>Procurist of „Namų statyba“ UAB</li> </ul>	<ul style="list-style-type: none"> <li>„Namų statyba“ UAB – 47,12%</li> </ul>

INTERIM CONSOLIDATED REPORT OF ŠIAULIŲ BANKAS AB FOR THE 6 MONTHS 2012

Kastytis Jonas Vyšniauskas	<ul style="list-style-type: none"> <li>Chairman of the Board „Sulinkiai“ UAB</li> </ul>	<ul style="list-style-type: none"> <li>„Sulinkiai“ UAB – 13,82 %</li> </ul>
Vigintas Butkus	<ul style="list-style-type: none"> <li>Director of Trading house „Aiva“ UAB</li> <li>Director of „Mintaka“ UAB</li> </ul>	<ul style="list-style-type: none"> <li>„Šiaulių komercija“ AB – 7,26 %</li> <li>„Aiva“ UAB - 9,25 %</li> <li>„Mintaka“ UAB - 9,80 %</li> </ul>
Vytautas Junevičius	<ul style="list-style-type: none"> <li>Senior advisor of Company Group „Alita“ AB, member of the Supervisory Council.</li> <li>Chairman of the Board of „Anykščių vynos“ AB</li> </ul>	<ul style="list-style-type: none"> <li>Company Group „Alita“ AB – 14,48%</li> </ul>
Gintaras Kateiva	<ul style="list-style-type: none"> <li>Director General of „Litagra“ UAB, Chairman of the Board</li> <li>Director of „Litagros” mažmena UAB</li> </ul>	<ul style="list-style-type: none"> <li>„Litagra“ UAB – 37,00 %</li> </ul>
Peter Reiniger	<ul style="list-style-type: none"> <li>Chief Counsellor of the first Vice-President and Executive Committee of the EBRD</li> </ul>	–
Ramunė Vilija Zabulienė	–	–
Algirdas Butkus	–	<ul style="list-style-type: none"> <li>Trading house „Aiva” UAB – 66,35 %</li> <li>„Šiaulių komercija“ AB – 15,63 %</li> <li>„Visnorus” UAB – 48,94%</li> <li>„Mintaka” UAB – 68,08 %</li> </ul>
Audrius Žiugžda	<ul style="list-style-type: none"> <li>Member of the Board of „Limarko laivininkystės kompanija“ AB</li> <li>Member of the Council of Vytautas Magnus University</li> <li>Member of the Advisory Board of LitCapital I KŪB</li> <li>Member of the Advisory Board of the Public Undertaking „Investuok Lietuvoje“</li> </ul>	–
Donatas Savickas	–	–
Vita Adomaitytė	–	–
Jonas Bartkus	–	–
Daiva Kiburienė	Chairperson of the Board „Kėdainių oda“ UAB	–
Vytautas Sinius	–	<ul style="list-style-type: none"> <li>Public undertaking Sporto šaltinis - 33,33 %</li> </ul>
Arūnas Užupis	–	<ul style="list-style-type: none"> <li>„UZU“ UAB – 30 %</li> </ul>

Amounts of funds calculated over 1<sup>st</sup> half-year of 2012 and average sizes per member of the collegial body as well as provided guarantees:

Members of management bodies	Number of people	Total calculated amounts, in LTL	Average sizes, in LTL	Assets transferred, in LTL	Guarantees provided, in LTL
Members of the Bank's Council	7	0	0	0	0
Members of the Bank's Board	7	1 324 132	189 162	0	0
Chief Executive Officer and Chief Financial Officer	2	373 188	186 594	0	0

## 26. Transactions with related parties

Implementing its usual activities the Bank concludes the banking transactions with the members of the Council and Board, other related parties and subsidiary companies. The related parties of the Bank are 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;
- the Bank's subsidiaries;
- the shareholders owning more than 5 per cent of the Bank's shares.

All the transactions have been entered in terms of normal market conditions. The comprehensive description of the transactions is provided in the notes of the interim financial statement of the Bank for 2012.



## 27. Information on malicious transactions

No malicious transactions which did not correspond to the Bank's goals, usual market conditions, violated the interests of shareholders or other groups of persons, which had had or might have had a negative impact on the Bank's activities in the future or on the results of its performance were entered during the accounting period. Moreover, there were no transactions entered in terms of conflict of interest among the senior managers of the Bank, controlling shareholders or other related parties' positions to the Bank and their private interests and (or) positions.

## 28. Data on the publicly disclosed information

The following information was publicly disclosed over the 1<sup>st</sup> half-year of 2012:

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

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

## 29. Procedures of Charter amendments

The Bank's Charter can be amended only by the resolution of the General Shareholders' Meeting at 2/3 majority of votes, except exclusive cases defined by the law.

## 30. Information regarding compliance with the Governance Code

Information regarding the Bank's compliance with the standards set by the Governance Code is provided alongside with the consolidated report of 2011. The new thing during the accounting period is that General meeting of Shareholders held on 29-03-2012 elected Ramunė Vilija Zabulienė as an independent member of the Supervisory Council. The Bank's Governance Code as the annex to the consolidated annual report is also available on the website of the Bank [www.sb.lt](http://www.sb.lt).

Chief Executive Officer

Audrius Žiugžda