

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, financial statements for 3 months 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.

Chief Executive Officer



Audrius Žiugžda

Chief Accountant



Vita Adomaitytė

18-05-2012



FINANCIAL STATEMENT

31 MARCH 2012

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FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

(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	31-03-2012		31-12-2011	
		Group	Bank	Group	Bank
ASSETS					
Cash and cash equivalents	2	196 776	196 775	223 846	223 844
Due from other banks	3	4 137	4 137	4 147	4 147
Trading securities	6	34 287	34 287	16 574	16 574
Derivative financial instruments		-	-	-	-
Loans to customers	4	1 809 659	2 096 087	1 786 631	2 069 758
Finance lease receivables	5	165 526	-	163 741	-
Investment securities:					
- available-for-sale	6	61 873	58 323	35 617	32 068
- held-to-maturity	6	281 730	281 730	306 349	303 281
Investments in subsidiaries, associates	6	18 642	16 889	18 392	16 889
Intangible assets		854	834	916	894
Tangible fixed assets		80 598	46 676	80 188	47 578
Prepaid income tax		10	-	10	-
Deferred income tax assets		8 408	8 240	9 091	8 952
Other assets	7	87 463	12 676	77 803	7 581
Assets related with subsidiaries to sale	7	14 220	-	13 999	-
Total assets		2 764 183	2 756 654	2 737 304	2 731 566
LIABILITIES					
Due to other banks and financial institutions	8	419 426	419 490	470 889	470 900
Derivative financial instruments		575	575	-	-
Due to customers	9	1 956 926	1 957 153	1 893 885	1 894 167
Special and lending funds	10	23 751	23 751	16 900	16 900
Debt securities in issue	11	45 704	45 704	45 284	45 284
Income tax liabilities		245	-	138	-
Liabilities related with subsidiaries to sale	7	1 506	-	1 296	-
Other liabilities	12	16 297	7 010	14 694	6 707
Total liabilities		2 464 430	2 453 683	2 443 086	2 433 958
EQUITY					
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
General reserve to cover possible losses in assets	13	-	-	-	-
Statutory reserve	13	1 891	1 289	960	648
Financial assets revaluation reserve		876	876	(1 182)	(1 182)
Retained earnings		11 656	15 476	9 110	12 812
Total equity		299 753	302 971	294 218	297 608
Total liabilities and equity		2 764 183	2 756 654	2 737 304	2 731 566

The notes on pages 10-43 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	31-03-2012		31-03-2011	
		Group	Bank	Group	Bank
Continuing operations					
Interest and similar income	14	31 360	30 756	26 844	25 535
Interest expense and similar charges	14	(17 187)	(17 187)	(16 554)	(16 555)
Net interest income		14 173	13 569	10 290	8 980
Fee and commission income	15	3 634	3 666	3 028	3 027
Fee and commission expense	15	(1 928)	(1 920)	(1 177)	(1 180)
Net fee and commission income		1 706	1 746	1 851	1 847
Allowance for impairment losses		(4 334)	(3 692)	(17)	163
Net gain on operations with securities		1 856	856	44	44
Income from associates		3	-	-	-
Net foreign exchange gain		932	933	619	619
Gain on disposal of assets		81	50	330	(11)
Other income		1 287	266	498	141
Administrative and other operating expenses	16	(11 461)	(10 015)	(9 774)	(8 170)
(Losses) profit from continuing operations		4 243	3 713	3 841	3 613
Dividends from investments in subsidiaries		-	-	-	-
(Losses) profit before income tax		4 243	3 713	3 841	3 613
Discontinued operations:		-	-	-	-
(Losses) profit from discontinued operations before tax	7	(292)	-	94	-
Income tax expense		(486)	(408)	(604)	- 548
(Losses) profit for the year		3 465	3 305	3 331	3 065
Other comprehensive (loss) income					
Gain (losses) from revaluation of financial assets		2 362	2 362	(1 265)	(1 265)
Deferred income tax on (loss) gain from revaluation of financial assets		(304)	(304)	59	59
Other comprehensive (loss) income, net of tax		2 058	2 058	(1 206)	(1 206)
Total comprehensive (losses) income		5 523	5 363	2 125	1 859
Profit is attributable to:					
Equity holders of the Bank		3 465	3 305	3 331	3 065
from continuing operations		3 757	3 305	3 237	3 065
from discontinued operations		(292)	-	94	-
Non controlling interest		-	-	-	-
(Losses) profit for the year					
Equity holders of the Bank		5 523	5 363	2 125	1 859
Non controlling interest		-	-	-	-
Basic earnings (losses) per share, net (in LTL per share)	13	0,01	0,01	0,02	0,02

The notes on pages 10-43 constitute an integral part of these financial statements

Chief executive Officer

Audrius Žiugžda

Chief accountant

Vita Adomaitytė

18 May 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 01 TO 03 MONTH 2012		FROM 01 TO 03 MONTH 2011	
	Group	Bank	Group	Bank
Continuing operations				
Interest and similar income	31 360	30 756	26 844	25 535
Interest expense and similar charges	(17 187)	(17 187)	(16 554)	(16 555)
Net interest income	14 173	13 569	10 290	8 980
Fee and commission income	3 634	3 666	3 028	3 027
Fee and commission expense	(1 928)	(1 920)	(1 177)	(1 180)
Net fee and commission income	1 706	1 746	1 851	1 847
Allowance for impairment losses	(4 334)	(3 692)	(17)	163
Net gain on operations with securities	1 856	856	44	44
Income from associates	3	-	-	-
Net foreign exchange gain	932	933	619	619
Gain on disposal of assets	81	50	330	(11)
Other income	1 287	266	498	141
Administrative and other operating expenses	(11 461)	(10 015)	(9 774)	(8 170)
(Losses) profit from continuing operations	4 243	3 713	3 841	3 613
Dividends from investments in subsidiaries	-	-	-	-
(Losses) profit before income tax	4 243	3 713	3 841	3 613
Discontinued operations:				
(Losses) profit from discontinued operations before tax	(292)	-	94	-
Income tax expense	(486)	(408)	(604)	(548)
(Losses) profit for the period	3 465	3 305	3 237	3 065

FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

THE GROUP'S AND BANK'S CASH FLOW STATEMENT

	31-03-2012		31-03-2011	
	Group	Bank	Group	Bank
Operating activities				
Interest received	27 515	26 764	20 384	19 181
Interest paid	(12 317)	(12 317)	(14 611)	(14 612)
Net cash received from service and commission fees	1 706	1 746	1 851	1 847
Net cash received from operations in trading securities	2 390	1 007	285	285
Net cash received from operations in foreign currency	932	933	710	710
Cash received from previously written-off loans	228	101	273	158
Salaries and related payments to and on behalf of employees	(6 967)	(6 059)	(5 213)	(4 423)
Other receipts (payments)	(2 865)	(3 115)	(3 406)	(2 945)
Income tax paid	-	-	-	-
Net cash flow from operating activities before change in short-term assets and liabilities	10 622	9 060	273	201
(Increase) decrease in assets:				
Decrease in trading securities	(17 211)	(17 211)	9 945	9 945
Decrease in loans to credit and financial institutions	(10)	(2 220)	570	1 349
(Increase) in loans to customers	(28 634)	(27 779)	(63 230)	(71 874)
Decrease in other assets	(10 690)	(5 280)	932	(989)
Increase in liabilities				
Increase in liabilities to credit and financial institutions	(50 578)	(50 525)	64 487	64 472
Increase in deposits, special and leanding funds	64 137	64 082	87 607	87 634
Increase in other liabilities	1 241	234	3 843	786
Change	(41 745)	(38 699)	104 154	91 323
Net cash flow from operating activities	(31 123)	(29 639)	104 427	91 524
Investing activities				
(Purchase) of tangible and intangible fixed assets	(1 693)	(145)	(6 271)	(1 783)
Disposal of tangible and intangible fixed assets	861	650	582	355
(Acquisition) of held to maturity securities	(1 848)	(1 848)	(25 070)	(16 448)
Proceeds from redemption of held to maturity securities	29 695	26 627	12 015	12 015
(Acquisition) of available-for-sale securities	(45 909)	(45 908)	(71 827)	(71 827)
Disposal of available-for-sale securities	22 774	22 774	29 530	29 530
(Acquisition) of subsidiary, associates	(247)	-	-	-
Dividends received	-	-	-	-
Net cash used in investing activities	3 633	2 150	(61 041)	(48 158)
Financing activities				
Increase in share capital	-	-	-	-
Dividends paid	-	-	-	-
Payment to non controlling interest	-	-	-	-
Debt securities issued	920	920	-	-
Debt securities repurchased and redeemed	(500)	(500)	(1)	(1)
Net cash flow from financing activities	420	420	(1)	(1)
Net increase in cash and cash equivalents	(27 070)	(27 069)	43 385	43 365
Cash and cash equivalents at 1 January	223 846	223 844	208 400	208 397
Cash and cash equivalents at 31 March	196 776	196 775	251 785	251 762

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:
31 December 2010	204 858	46 661	2 611	16 665	(19 614)	251 181	-	251 181
Financial assets revaluation reserve	-	-	-	(1 265)	-	(1 265)	-	(1 265)
Recognition of deferred income tax	-	-	-	59	-	59	-	59
Profit (loss) for the year	-	-	-	-	3 331	3 331	-	3 331
Others transfers	-	-	-	(19 620)	19 614	(6)	-	(6)
31 March 2011	204 858	46 661	2 611	(4 161)	3 331	253 300	-	253 300
Financial assets revaluation reserve	-	-	-	(391)	-	(391)	-	(391)
Recognition of deferred income tax	-	-	-	417	-	417	-	417
Others transfers	30 000	1 200	-	-	-	31 200	-	31 200
Profit for the year	-	-	-	-	9 692	9 692	-	9 692
31 December 2011	234 858	47 861	2 611	(4 135)	13 023	294 218	-	294 218
Financial assets revaluation reserve	-	-	-	2 362	-	2 362	-	2 362
Recognition of deferred income tax	-	-	-	(304)	-	(304)	-	(304)
Others moves	-	-	-	13 035	(13 023)	12	-	12
Profit (loss) for the year	-	-	-	-	3 465	3 465	-	3 465
31 March 2012	234 858	47 861	2 611	10 958	3 465	299 753	-	299 753

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:
31 December 2010	204 858	46 661	2 611	1 369	16 422	(15 774)	256 147
Formation of reserve	-	-	-	-	(15 774)	15 774	-
Financial assets revaluation reserve	-	-	-	(1 265)	-	-	(1 265)
Recognition of deferred income tax	-	-	-	59	-	-	59
Profit (loss) for the year	-	-	-	-	-	3 065	3 065
31 March 2011	204 858	46 661	2 611	163	648	3 065	258 006
Financial assets revaluation reserve	-	-	-	(1 762)	-	-	(1 762)
Recognition of deferred income tax	-	-	-	417	-	-	417
Others transfers	30 000	1 200	-	-	-	-	31 200
Profit (loss) for the year	-	-	-	-	-	9 747	9 747
31 December 2011	234 858	47 861	2 611	(1 182)	648	12 812	297 608
Financial assets revaluation reserve	-	-	-	2 362	-	-	2 362
Recognition of deferred income tax	-	-	-	(304)	-	-	(304)
Others transfers	-	-	-	-	641	(641)	-
Profit (loss) for the year	-	-	-	-	-	3 305	3 305
31 March 2012	234 858	47 861	2 611	876	1 289	15 476	302 971

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, except for operations with precious metals.

The Head Office of the Bank is located in Šiauliai, Tilžės str. 149, LT-76348. As of March 31 th 2012 the Bank had 487 employees (31 December 2011: 484). As of March 31 th 2012 the Group had 551 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).

The Bank had the following associated company:

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 38 client services.

As of March 31 th 2012 the number of the bank's clients included 289 municipal companies and governmental companies, 33 state companies, 57 agricultural companies, 31 economic partnership, 5 751 limited liability public company, 1 638 private companies, 727 non-profit making and public sector companies and 1 397 other organizations as well as 139 141 individual.

As of March 31 th 2012 and December 31 st 2011 the bank controlled 5 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). The bank owns 100% of "Šiaulių banko lizingas" UAB (acquisition value – 31 th March 2012 – LTL 5 000 thou), 100 % of "Šiaulių banko investicijų valdymas" UAB (acquisition value – 31 th March 2012 - LTL 4 040 thou), 100 % of "Šiaulių banko turto fondas" UAB (acquisition value – 31 th March 2012 - LTL 5 117 thou), 100 % of "Minera" UAB (acquisition value – 31 th March 2012 - LTL 5 505 thou), 100 % of "SBTF" UAB (acquisition value – 31 th March 31 2012- LTL 2 000 thou). The associated company- Pavasaris UAB (acquisition value – 31 th March 2012- LTL 18 642 thou, tge group owns 49.60 % votes).

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

NOTE 2 CASH AND CASH EQUIVALENTS

	31-03-2012		31-12-2011	
	Group	Bank	Group	Bank
Cash and other valuables	41 947	41 946	29 990	29 988
Banks demand deposits	3 087	3 087	-	-
Mandatory reserves in national currency	77 624	77 624	77 003	77 003
Correspondent bank accounts	37 206	37 206	85 530	85 530
Banks time deposits	18 128	18 128	15 001	15 001
Correspondent account with central bank	18 784	18 784	16 322	16 322
Total:	196 776	196 775	223 846	223 844

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

	31-03-2012		31-12-2011	
	Group	Bank	Group	Bank
Due from other banks	4 137	4 137	4 147	4 147
Total:	4 137	4 137	4 147	4 147

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

	31-03-2012		31-12-2011	
	Group	Bank	Group	Bank
Loans and advances to banks	4 137	4 137	4 147	4 147
Loans and advances to customers:	1 809 659	2 096 087	1 786 631	2 069 758
Loans and advances to financial institutions	1 998	177 795	1 319	174 886
Loans to individuals (Retail)	200 839	187 226	205 297	193 071
Loans to business customers	1 606 822	1 731 066	1 580 015	1 701 801
Finance lease receivables	165 526	-	163 741	-
Trading assets:	-	-	-	-
Debt securities	32 616	32 616	16 216	16 216
Derivative financial instruments	-	-	-	-
Securities available for sale	-	-	-	-
Debt securities	56 603	56 603	30 379	30 379
Investment securities held to maturity	-	-	-	-
Debt securities	281 730	281 730	306 349	303 281
Other financial assets	16 528	6 998	23 125	116
Credit risk exposures relating to off-balance sheet items are as follows:			-	-
Financial guarantees	71 034	71 079	73 396	73 396
Letters of credit	6 268	6 268	5 064	5 064
Loan commitments and other credit related liabilities	129 929	135 708	126 281	122 860
Total	2 574 030	2 691 226	2 535 329	2 625 217

FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

	31-03-2012		31-12-2011	
	Group	Bank	Group	Bank
Loans are summarised as follows:				
Loans to business customers	1 686 588	1 986 352	1 656 621	1 951 564
Loans to individuals	217 108	201 862	220 593	206 730
Gross	1 903 696	2 188 214	1 877 214	2 158 294
Allowance for impairment	94 037	92 127	90 853	88 536
Net	1 809 659	2 096 087	1 786 361	2 069 758

	31-03-2012		31-12-2011	
	Group	Bank	Group	Bank
Neither past due not impaired	1 549 455	1 840 296	1 595 717	1 883 208
Past due but not impaired	166 941	165 527	104 745	103 245
Impaired	187 300	182 391	176 752	171 841
Gross	1 903 696	2 188 214	1 877 214	2 158 294
Allowance for impairment	94 037	92 127	90 853	88 536
Net	1 809 659	2 096 087	1 786 361	2 069 758

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

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

The list of loss events:

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

Loans and advances past due but not impaired

	31-03-2012		31-12-2011	
	Group	Bank	Group	Bank
Past due up to 30 days	100 731	99 440	68 388	67 048
Past due 31-60 days	24 729	24 656	3 359	3 280
Past due 61-90 days	17 513	17 463	3 658	3 577
Past due more than 90 days	23 968	23 968	29 340	29 340
Total	166 941	165 527	104 745	103 245
Fair value of collateral	253 138	253 138	163 304	163 304

FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

Loans and advances impaired

	31-03-2012		31-12-2011	
	Group	Bank	Group	Bank
Impaired loans	187 300	182 391	176 752	171 841
Fair value of collateral	112 666	110 267	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:

	31-03-2012	31-12-2011
Business customers	159 411	157 628
Individuals	7 685	7 753
Gross	167 096	165 381

	31-03-2012	31-12-2011
Neither past due not impaired	120 030	125 908
Past due but not impaired	43 771	35 333
Impaired	3 295	4 140
Gross	167 096	165 381
Allowance for impairment	1 570	1 640
Net	165 526	163 741

	31-03-2012		
	Individuals	Business customers	Total:
Finance lease receivables by sector:			
transport vehicles	3 443	39 034	42 477
residential real estate	131	70 835	70 966
airplanes	-	7 745	7 745
production equipment	35	24 181	24 216
other equipment	551	10 289	10 840
other assets	3 525	7 327	10 852
Total:	7 685	159 411	167 096

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
Total:	7 753	157 628	165 381

NOTE 6 SECURITIES

Trading securities	31-03-2012		31-12-2011	
Debt securities:	Group	Bank	Group	Bank
Private enterprise bonds of the Republic of Lithuania	-	-	-	-
Government bonds of the Republic of Lithuania	6 142	6 142	16 216	16 216
Government bonds of foreign states	13 699	13 699	-	-
State companies bonds of foreign states	12 775	12 775	-	-
Private enterprise bonds of foreign states	-	-	-	-
Nuosavybės vertybiniai popieriai:				
Listed equity securities	1 570	1 570	267	267
Unlisted equity securities	8	8	6	6
Units of funds	93	93	85	85
Total:	34 287	34 287	16 574	16 574

Bank 31-03-2012	State companies debt securities	Treasury bills	Corporate debt securities	Corporate equity securities	Investment fund units
from AA-to AAA	-	13 699	3 365	-	-
from A- to A+	-	-	1 727	-	-
from BBB- to BBB+	-	6 142	7 683	-	-
from BB- to BB+	-	-	-	-	-
below už BB-	-	-	-	62	-
no rating	-	-	-	1 516	93
Total:	-	19 841	12 775	1 578	93

Bank 31-12-2011	State companies debt securities	Treasury bills	Corporate debt securities	Corporate equity securities	Investment fund units
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
Total:	-	16 216	-	273	85

FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

Group 31-03-2012	State companies debt securities		Corporate debt securities	Corporate equity securities	Investment fund units
	Treasury bills				
from AA-to AAA	-	13 699	3 365	-	-
from A- to A+	-	-	1 727	-	-
from BBB- to BBB+	-	6 142	7 683	-	-
from BB- to BB+	-	-	-	-	-
below už BB-	-	-	-	62	-
no rating	-	-	-	1 516	93
Total:	-	19 841	12 775	1 578	93

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
Total:	-	16 216	-	273	85

Investment securities

Securities available-for-sale:

	31-03-2012		31-12-2011	
	Group	Bank	Group	Bank
Debt securities				
Private enterprise bonds the Republic of Lithuania	-	-	-	-
Government bonds of the Republic of Lithuania	14 996	14 996	10 602	10 602
Government bonds of foreign states	28 719	28 719	19 777	19 777
Private enterprise bonds of foreign states	12 888	12 888	-	-
Equity securities				
Listed equity securities	-	-	-	-
Unlisted equity securities	4 941	1 391	4 940	1 391
Units of funds	329	329	298	298
Total:	61 873	58 323	35 617	32 068

Securities held-to-maturity

	31-03-2012		31-12-2011	
	Group	Bank	Group	Bank
Debt securities				
Private enterprise bonds the Republic of Lithuania	-	-	3 068	-
Government bonds of the Republic of Lithuania	242 775	242 775	263 045	263 045
Government bonds of foreign states	24 165	24 165	24 144	24 144
Private enterprise bonds of foreign states	14 790	14 790	16 092	16 092
Total:	281 730	281 730	306 349	303 281

FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

	Treasury bills	Municipality debt securities	Corporate debt securities
Bank 31-03-2012			
from AA-to AAA	8 174	-	6 859
from A- to A+	10 658	-	-
from BBB- to BBB+	242 775	-	7 931
from BB- to BB+	5 333	-	-
below už BB-	-	-	-
no rating	-	-	-
Total:	266 940	-	14 790

	Treasury bills	Municipality debt securities	Corporate debt securities
Bank 31-12-2011			
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	-	-	-
Total:	287 189	-	16 092

	Treasury bills	Municipality debt securities	Corporate debt securities
Group 31-03-2012			
from AA-to AAA	8 174	-	6 859
from A- to A+	10 658	-	-
from BBB- to BBB+	242 775	-	7 931
from BB- to BB+	5 333	-	-
below už BB-	-	-	-
no rating	-	-	-
Total:	266 940	-	14 790

	Treasury bills	Municipality debt securities	Corporate debt securities
Group 31-12- 2011			
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
Total:	287 189	-	19 160

FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

Investments in subsidiaries, associates

	31-03-2012		
	Share in equity %	Acquisition cost	Carrying value
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
Total:		21 662	16 889

	31-12-2011		
	Share in equity %	Acquisition cost	Carrying value
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
Total:		21 662	16 889

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.

Associated company

	31-03-2012		
	Share in equity %	Acquisition cost	Carrying value
Pavasaris UAB (equity method)	49,6	18 628	18 642

Associated company

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

NOTE 7 OTHER ASSETS

	31-03-2012		31-12-2011	
	Group	Bank	Group	Bank
Assets held for sale	60 782	-	44 327	-
Amounts receivable	16 528	6 998	23 125	116
Deferred expenses	3 114	2 455	3 031	2 399
Prepayments	1 147	203	2 545	2 295
Foreclosed assets	2 854	2 184	2 710	1 980
Other	3 038	836	2 065	791
Total:	87 463	12 676	77 803	7 581

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	3 036
Cost of goods sold	(2 753)
Gross profit (loss)	283
Sales and marketing expenses	-
Operating expenses	(575)
Other income (expenses)	-
Operating profit (loss)	(292)
Net profit (loss) from financial activities	-
(Loss) profit before income tax	(292)
Income tax	-
(Loss) profit from before impairment provision	(292)
(Loss) related to an impairment provision regarding the impairment of assets held (see below)	-
Net profit (loss) for the year	(292)

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

Long term assets	9 622
Short term assets (except for cash & cash equivalents)	4 255
Cash & cash equivalents	0
Deferred income tax assets	343
Total assets	14 220
Long term liabilities	0
Short term liabilities	1 506
Total liabilities	1 506
Total net assets related to discontinued operations	12 714
Net assets attributable to Group	12 714

FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

NOTE 8 DUE TO OTHER BANKS AND FINANCIAL INSTITUTIONS

	31-03-2012		31-12-2011	
	Group	Bank	Group	Bank
Correspondent accounts and deposits of other banks and financial institutions:				
Correspondent accounts and demand deposits	8 245	8 309	21 313	21 324
Time deposits	69 732	69 732	75 653	75 653
Total:	77 977	78 041	96 966	96 977
Loans received:				
Loans from other banks	67 896	67 896	72 206	72 206
Loans from international organisations	48 930	48 930	80 364	80 364
Loans from financial institutions	224 623	224 623	221 353	221 353
Total:	341 449	341 449	373 923	373 923
Total:	419 426	419 490	470 889	470 900

NOTE 9 DUE TO CUSTOMERS

	31-03-2012		31-12-2011	
	Group	Bank	Group	Bank
Demand deposits:				
National government institutions	31 418	31 418	28 256	28 256
Local government institutions	70 272	70 272	28 961	28 961
Governmental and municipal companies	32 555	32 555	32 932	32 932
Corporate entities	189 799	190 026	184 697	184 979
Non-profit organisations	10 391	10 391	10 755	10 755
Individuals	157 947	157 947	158 431	158 431
Unallocated amounts due to customers	10 216	10 216	12 668	12 668
Total demand deposits:	502 598	502 825	456 700	456 982
Time deposits:				
National government institutions	2 884	2 884	3 336	3 336
Local government institutions	3 106	3 106	1 185	1 185
Governmental and municipal companies	51 683	51 683	85 020	85 020
Corporate entities	164 983	164 983	187 944	187 944
Non-profit organisations	9 343	9 343	8 442	8 442
Individuals	1 222 329	1 222 329	1 151 258	1 151 258
Total time deposits:	1 454 328	1 454 328	1 437 185	1 437 185
Total:	1 956 926	1 957 153	1 893 885	1 894 167

FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

NOTE 10 SPECIAL AND LENDING FUNDS

	31-03-2012		31-12-2011	
	Group	Bank	Group	Bank
Special funds	14 258	14 258	5 439	5 439
Lending funds	9 493	9 493	11 461	11 461
Total:	23 751	23 751	16 900	16 900

Special funds consist of compulsory social security and health insurance funds. Special funds have to be available to their contributors on their first demand. Lending funds consist of loans from banks and financial institutions for granting of special purpose credits.

NOTE 11 DEBT SECURITIES IN ISSUE

	31-03-2012		31-12-2011	
	Group	Bank	Group	Bank
276 days coupon bonds in LTL with rate of 4,5 per cent, maturity 07-05-2012	15 442	15 442	15 274	15 274
555 days coupon bonds in LTL with rate of 5,25 per cent, maturity 06-03-2013	15 464	15 464	15 268	15 268
505 days coupon bonds in LTL with rate of 4,25 per cent, maturity 03-01-2013	6 898	6 898	6 936	6 936
367 days coupon bonds in LTL with rate of 4,9 per cent, maturity 24-09-2012	7 881	7 881	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
Total:	45 704	45 704	14 723	14 723

NOTE 12 OTHER LIABILITIES

	31-03-2012		31-12-2011	
	Group	Bank	Group	Bank
Accrued charges	6 418	5 773	6 072	5 351
Deferred income	1 206	713	1 182	787
Advances received from the buyers of assets	1 244	-	1 322	-
Amounts payable for finance lease agreements	5 390	-	3 922	-
Payable dividends	41	41	41	41
Other liabilities	1 998	483	2 155	528
Total:	16 297	7 010	14 694	6 707

FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

NOTE 13 SHARE CAPITAL

As of 31 March 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 31 March 2012, this group possessed 43.31 percent of the authorised capital and votes of the Bank.

As of 31 March 2012, the Bank had 3 812 shareholders (31 December 2011 - 3 805).

Shareholder	Share of votes held together with the related persons, %
The European Bank for Reconstruction and Development (EBRD);	19,57
Gintaras Kateiva	6,24

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.

Bank	31-03-2012	31-03-2011
Profit (loss) for the year attributable to equity holders of the Bank (in LTL thousand)	3 305	3 065
Weighted average number of issued shares (thousand of shares)	234 858	204 858
Basic earnings per share (in LTL per share)	0,01	0,02

Group	31-03-2012	31-03-2011
Profit (loss) for the year attributable to equity holders of the Bank (in LTL thousand)	3 465	3 331
Weighted average number of issued shares (thousand of shares)	234 858	204 858
Basic earnings per share (in LTL per share)	0,01	0,02

NOTE 14 NET INTEREST INCOME

	31-03-2012		31-03-2011	
	Group	Bank	Group	Bank
Interest income:				
on loans to other banks and financial institutions and placements with credit institutions	497	2 015	438	1 575
on loans to customers	24 613	24 820	19 605	19 825
on debt securities	3 921	3 921	5 025	4 135
on finance leases	2 329	-	1 776	-
Total interest income	31 360	30 756	26 844	25 535
Interest expense:				
on liabilities to other banks and financial institutions and amounts due to credit institutions	(3 936)	(3 936)	(3 095)	(3 095)
on customer deposits and other repayable funds	(10 534)	(10 534)	(11 459)	(11 460)
on debt securities issued	(537)	(537)	(50)	(50)
compulsory insurance of deposits	(2 180)	(2 180)	(1 950)	(1 950)
Total interest expense	(17 187)	(17 187)	(16 554)	(16 555)
Net interest income	14 173	13 569	10 290	8 980

FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

NOTE 15 NET FEE AND COMMISSION INCOME

	31-03-2012		31-03-2011	
	Group	Bank	Group	Bank
Fee and commission income:				
for money transfer operations	2 272	2 293	1 889	1 911
for payment card services	492	492	397	405
for base currency exchange	423	424	295	295
for operations with securities	37	37	36	36
other fee and commission income	410	420	411	380
Total fee and commission income	3 634	3 666	3 028	3 027
Fee and commission expense:				
for payment card services	(1 540)	(1 540)	(848)	(848)
for money transfer operations	(363)	(355)	(306)	(309)
for operations with securities	(24)	(24)	(20)	(20)
for base currency exchange	(1)	(1)	-	-
other fee and commission expenses	-	-	(3)	(3)
Total fee and commission expense	(1 928)	(1 920)	(1 177)	(1 180)
Net fee and commission income	1 706	1 746	1 851	1 847

NOTE 16 ADMINISTRATIVE AND OTHER OPERATING EXPENSES

	31-03-2012		31-03-2011	
	Group	Bank	Group	Bank
Salaries, social security and other related expenses	(7 036)	(6 128)	(5 539)	(4 749)
Rent and maintenance of premises	(1 307)	(1 267)	(1 099)	(1 047)
Office equipment maintenance	(257)	(252)	(248)	(244)
Depreciation of fixed tangible assets	(1 077)	(781)	(1 060)	(774)
Amortisation of intangible assets	(73)	(71)	(58)	(58)
Transportation, post and communications expenses	(488)	(527)	(512)	(450)
Real estate tax and other taxes	(112)	(75)	(285)	(61)
Advertising and marketing expenses	(119)	(102)	(57)	(48)
Training and business trip expenses	(25)	(16)	(19)	(7)
Charity	(32)	(32)	(48)	(46)
Service organisation expenses	(279)	(279)	(227)	(227)
Other operating expenses	(656)	(485)	(622)	(459)
Total:	(11 461)	(10 015)	(9 774)	(8 170)

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:

	31-03-2012		31-12-2011	
	Balances of deposits	Balances of loans	Balances of deposits	Balances of loans
Members of the Council and the Board	1 527	5 993	1 823	6 437
Other related parties (excluding subsidiaries of the Bank)	6 266	194 104	11 472	195 511
Total:	7 793	200 097	13 295	201 948

Transactions with EBRD:

The balance of the Bank's loans received from the EBRD . As of March 31 th 2012 the total value of the EBRD loan was LTL 90 682 thou (in 31-12-2011 – LTL 91 791 thou). The interest related with the loan as well as other expenses comprised LTL 1 350 thou on 31 March 2012 (LTL 5 283 thou on 31 December 2011).

Balances of transactions with the subsidiaries are given below:

	31-03-2012		31-12-2011	
	Balances of deposits	Balances of loans	Balances of deposits	Balances of loans
Non-financial institutions	227	144 173	268	141 864
Financial institutions	64	175 797	11	173 567
Total:	291	319 970	279	315 431

FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

Transactions with subsidiaries:

	31-03-2012	31-12-2011
Assets		
Loans	319 970	315 431
Other assets	57	25
Liabilities and shareholders' equity		
Demand deposits	291	279
Bank's investment	16 889	16 889
Other liabilities	8	-
	31-03-2012	31-03-2011
Income		
Interest	2 786	2 268
Commission income	33	44
Income from foreign exchange operations	-	-
Dividends	-	-
Other income	46	48
Expenses		
Interest	-	-
Commission charges	-	-
Operating expenses	(163)	(38)

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 March 31 th 2012 and of December 31 st 2011. During those two years, the Group complied with capital requirements to which it is subject.

	31-03-2012		31-12-2011	
	Group	Bank	Group	Bank
Tier 1 capital				
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	8 191	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	(854)	(834)	(916)	(894)
Total Tier 1 capital	294 558	297 956	280 279	283 902
Tier 2 capital				
85 % financial assets revaluation reserve	745	745	-	-
Total Tier 2 capital	745	745	-	-
Less Investments in other credit or financial institutions	-	(1 609)	-	(1 647)
Total capital:	295 303	297 092	280 279	282 255
Capital requirement:				
Standardised approach credit risk	157 218	157 512	157 723	158 179
Traded debt instruments	1 718	1 718	140	140
Equities	308	308	57	57
Foreign exchange risk exposure	11 700	11 612	7 149	7 097
Operational risk by Basic indicator's method	8 199	7 500	8 199	7 500
Total capital requirement:	179 143	178 650	173 268	172 973
Capital ratio, %	13,19	13,30	12,94	13,05

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(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 March 31 th 2012 the above Group's ratio was 36,00 per cent (31-12-2011 - 37,26 per cent), and the Bank's – 37,49 per cent (31-12-2011 – 38,36 per cent.).

The tables below disclose the assets and liabilities as of March 31 st 2011 according to their remaining maturity defined in the agreements. However, the real maturity of the particular types of assets and liabilities may be longer as, for example a portion of loans and deposits is extended and thus the real repayment terms of short-term loans and demand deposits move forward

The structure of the Group's liabilities by maturity as of March 31 th 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:
Total assets	178 272	86 113	96 536	183 666	359 790	757 757	894 062	207 987	2 764 183
Total liabilities and shareholder's equity	534 216	205 055	367 058	382 958	597 040	273 322	101 338	303 196	2 764 183
Net liquidity gap	(355 944)	(118 942)	(270 522)	(199 292)	(237 250)	484 435	792 724	(95 209)	-

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(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:
Total assets	222 494	49 599	142 457	143 921	341 430	794 110	848 365	194 928	2 737 304
Total liabilities and shareholder's equity	494 190	257 325	305 279	419 163	530 829	330 772	102 586	297 160	2 737 304
Net liquidity gap	(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 March 31 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:
Total assets	175 566	124 475	137 196	225 767	445 739	696 468	810 143	141 300	2 756 654
Total liabilities and shareholder's equity	533 398	197 727	366 976	382 694	596 678	272 939	101 337	304 905	2 756 654
Net liquidity gap	(357 832)	(73 252)	(229 780)	(156 927)	(150 939)	423 529	708 806	(163 605)	-

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:
Total assets	222 351	76 612	186 008	199 346	431 067	734 770	754 709	126 703	2 731 566
Total liabilities and shareholder's equity	493 393	251 330	305 047	418 990	530 415	330 554	102 586	299 251	2 731 566
Net liquidity gap	(271 042)	(174 718)	(119 039)	(219 644)	(99 348)	404 216	652 123	(172 548)	-

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(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 undefinited	up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	more than 5 years	Total:
Group 31-03-2012							
Liabilities							
Due to banks	-	40 737	26 263	56 072	269 792	45 746	438 610
Due to customers	-	672 596	326 325	892 501	67 356	7 924	1 966 702
Debt securities in issue	-	-	-	24 212	24 441	-	48 653
Special and lending fund	-	14 335	70	5 691	3 958	-	24 054
Total liabilities (contractual maturity dates)	-	727 668	352 658	978 476	365 547	53 670	2 478 019

	maturity undefinited	up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	more than 5 years	Total:
Group 31-12-2011							
Liabilities							
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
Total liabilities (contractual maturity dates)	-	741 427	305 969	959 370	405 109	50 292	2 462 167

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(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:
Bank 31-03-2012							
Liabilities							
Due to banks	-	40 673	26 263	56 072	269 792	45 746	438 546
Due to customers	-	672 369	326 325	892 501	67 356	7 924	1 966 475
Debt securities in issue	-	-	-	24 212	24 441	-	48 653
Special and lending fund	-	14 335	70	5 691	3 958	-	24 054
Total liabilities (contractual maturity dates)	-	727 377	352 658	978 476	365 547	53 670	2 477 728

	maturity undefined	up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	more than 5 years	Total:
Bank 31-12-2011							
Liabilities							
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
Total liabilities (contractual maturity dates)	-	741 720	305 969	959 370	405 109	50 292	2 462 460

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(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 foreign exchange risk management is regulated by the Procedures for Foreign Currency Risk Management. They include the list of types of sale and purchase transactions executed by the Group. Also they establish principles which help the Group to minimize the exposure to foreign exchange risk. The Group does not carry out speculative FX operations expecting to gain from favourable changes in currency exchange. The Bank's Board approves and reviews on a regular basis the maximum limits for open currency positions for the Bank's branches, subsidiaries and the Bank itself. The established limits are lower than those allowed by the Bank of Lithuania. The Bank's Treasury Department is responsible for the Group's compliance with the Procedures for Foreign Currency Risk Management.

The Group and the Bank monitors the foreign currency risk by calculating open currency position. Open currency position (OCP) is equal to assets in the balance sheet and off-balance sheet less balance sheet and off-balance sheet liabilities in a single currency. There are two types of OCP, i.e. long and short. The Bank also calculates Total open position (TOP), which is the higher of the separately added short and long positions. As of March 31 th 2012 the TOP to capital ratio was: Group's – 0,630 % (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 2010 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	Annual reasonable shift 2011
USD	7%	7%
GBP	4,5%	4,5%
DKK	0,5%	0,5%
SEK	3%	3%
LVL	1%	1%
other currencies	6,5%	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:

	31-03-2012		31-12-2011	
	Impact on profit or loss, on equity		Impact on profit or loss, on equity	
	Group	Bank	Group	Bank
USD	110	110	6	6
GBP	13	13	1	1
DKK	-	-	1	1
SEK	16	16	13	13
LVL	4	4	2	2
other currencies	35	35	31	31
Total:	178	178	54	54

The presumable FX rate change creates acceptable impact on the Bank's profit and makes LTL 178 thousand in 2012 (2011: LTL 54 thousand) and the Group's annual profit and makes LTL 178 thousand in 2012 (2011: LTL 54 thousand) higher/lower impact on profit.

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The Group's open positions of prevailing currencies as of March 31 th 2012 were as follow:

	USD	Others currencies	Total currencies:	EUR	LTL	Total:
Assets	80 540	3 943	84 483	849 804	1 829 896	2 764 183
Liabilities and shareholder's equity	81 337	2 484	83 821	712 922	1 967 440	2 764 183
Net balance sheet position	(797)	1 459	662	136 882	(137 544)	-
Currency swaps	(777)	186	(591)	7 498	(7 481)	(574)
Net open position	(1 574)	1 645	71	144 380	(145 025)	(574)

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)
Net open position	(81)	1 356	1 275	88 382	(89 659)	(2)

The Bank's open positions of prevailing currencies as of March 31 th 2012 were as follow:

	USD	Others currencies	Total currencies:	EUR	LTL	Total:
Assets	80 539	3 943	84 482	848 733	1 823 439	2 756 654
Liabilities and shareholder's equity	81 337	2 484	83 821	712 944	1 959 889	2 756 654
Net balance sheet position	(798)	1 459	661	135 789	(136 450)	-
Currency swaps	(777)	186	(591)	7 498	(7 481)	(574)
Net open position	(1 575)	1 645	70	143 287	(143 931)	(574)

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The Bank's open positions of prevailing currencies as of December 31st 2010 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)
Net open position	(82)	1 356	1 274	87 329	(88 605)	(2)

Interest rate risk

An interest rate risk is a risk to incur losses because of the mismatch of re-evaluation possibility between the Bank's assets and liabilities. The risk management is regulated by the Procedures for Interest Rate Risk Management which establish methods of risk measurement and set up measures for risk management. These procedures define that:

- > the Bank observes the principle to avoid the speculation with future interest rates;
- > the risk size is evaluated applying a pattern of interest rate gap (GAP);
- > planning and Financial Risk Department provides the information on regular basis to Risk Management Committee about compliance with relative gap limits and submits proposals to the Bank's Board regarding the establishment of interest rates for credits and deposits.

Sensitivity of interest rate risk

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

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

Group 31-03-2012

	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	357 161	581 282	822 583	139 314	424 420	439 423	2 764 183
Liabilities and shareholder's equity	440 579	408 185	434 388	552 123	60 064	868 844	2 764 183
Net interest sensitivity gap at 30 June 2010	(83 418)	173 097	388 195	(412 809)	364 356	(429 421)	-
Higher/lower impact on profit from balance sheet assets and liabilities	(799)	1 442	2 426	(1 032)	-	-	2 037

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

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Bank 31-03-2012

	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	400 893	564 917	815 120	241 807	426 437	307 480	2 756 654
Liabilities and shareholder's equity	440 579	408 215	434 388	552 123	60 064	861 285	2 756 654
Net interest sensitivity gap at 30 June 2010	(39 686)	156 702	380 732	(310 316)	366 373	(553 805)	-
Higher/lower impact on profit from balance sheet assets and liabilities	(380)	1 306	2 380	(776)	-	-	2 530

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

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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

Besides the regular assessment of the risks and the capital requirement calculation the Group also performs stress tests for the credit, liquidity, market (interest rate and currency), and operational risks. During this process it is determined if the Bank's capital is sufficient to cover the possible losses which may occur because of the financial status impairment. The stress testing is performed once a year in accordance with the requirements set by the Bank of Lithuania.

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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 balance sheet as at 31 March 2012 and in the statement of comprehensive income :

	Banking	Leasing	Investment management	Real estate development	Eliminations	Total:
Internal	2 786	(1 374)	(291)	(978)	(143)	-
External	10 783	2 895	102	393		14 173
Net interest income	13 569	1 521	(189)	(585)	(143)	14 173
Internal	2 819	(1 403)	(291)	(982)	(143)	-
External	12 496	2 888	102	393		15 879
Net interest, fee and commissions income	15 315	1 485	(189)	(589)	(143)	15 879
Provision expenses	(3 692)	(135)	-	(507)		(4 334)
Internal	(163)	(45)	(3)	(8)	219	-
External	(9 000)	(697)	(79)	(535)		(10 311)
Operating expenses	(9 163)	(742)	(82)	(543)	219	(10 311)
Amortisation charges	(71)	(2)	-	-		(73)
Depreciation charges	(781)	(253)	(4)	(39)		(1 077)
Internal	46	-	9	21	(76)	-
External	2 059	28	2	2 070		4 159
Net other income	2 105	28	11	2 091	(76)	4 159
Profit before tax	3 713	381	(264)	413	-	4 243
Losses from discontinued operations	-	-	-	-	(292)	(292)
Income tax	(408)	3	-	(81)		(486)
Profit per segment after tax	3 305	384	(264)	332	(292)	3 465
Profit for the year attributable to equity holders of the Bank	3 305	384	(264)	332	(292)	3 465
Total segment assets	2 756 654	187 186	38 653	137 722	(356 032)	2 764 183
Total segment liabilities	2 453 683	183 276	33 628	114 344	(320 501)	2 464 430
Net segment assets (shareholders' equity)	302 971	3 910	5 025	23 378	(35 531)	299 753

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Below, there is a summary of major indicators for the main business segments of the Group included in the balance sheet as at 31 March 2011 and in the statement of comprehensive income:

	Banking	Leasing	Investment management	Real estate development	Eliminations	Total:
Internal	2 267	(1 136)	(329)	(802)		-
External	6 713	2 254	202	1 121		10 290
Net interest income	8 980	1 118	(127)	319	-	10 290
Internal	2 311	(1 177)	(329)	(805)		-
External	8 516	2 255	247	1 123		12 141
Net interest, fee and commissions income	10 827	1 078	(82)	318	-	12 141
Provision expenses	163	(188)	19	(11)		(17)
Internal	24	(28)	(37)	(8)	49	-
External	(7 362)	(542)	(150)	(602)		(8 656)
Operating expenses	(7 338)	(570)	(187)	(610)	49	(8 656)
Amortisation charges	(58)	-	-	-		(58)
Depreciation charges	(774)	(258)	(4)	(24)		(1 060)
Internal	48	-	-	1	(49)	-
External	745	83	131	532		1 491
Net other income	793	83	131	533	(49)	1 491
Profit before tax	3 613	145	(123)	206	-	3 841
Income tax	(548)	(56)	-	-		(604)
Profit per segment after tax	3 065	89	(123)	206	94	3 331
Profit for the year attributable to equity holders of the Bank	3 065	89	(123)	206	94	3 331
Total segment assets	2 491 201	124 594	49 604	102 822	(273 825)	2 494 396
Total segment liabilities	2 233 195	122 125	44 610	98 102	(256 936)	2 241 096
Net segment assets (shareholders' equity)	258 006	2 469	4 994	4 720	(16 889)	253 300

22 NOTE ADDITIONAL INFORMATION

Trading in Bank's shares in the regulated markets

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

The share price during January – March, 2012

(trade currency – euro)



Source: website of NASDAQ OMX Vilnius AB

http://www.nasdaqomxbaltic.com/market/?instrument=LT0000102253&list=2&date=2012-04-25&pg=details&tab=historical&lang=lt¤cy=0&downloadcsv=0&start_d=1&start_m=1&start_y=2012&end_d=31&end_m=3&end_y=2012

The price of the Bank's shares NASDAQ OMX Vilnius AB during the period of three recent years:



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

Source: website of NASDAQ OMX Vilnius AB

http://www.nasdaqomxbaltic.com/market/?instrument=LT0000102253&list=2&date=2012-04-25&pg=details&tab=historical&lang=lt¤cy=0&downloadcsv=0&start_d=1&start_m=1&start_y=2010&end_d=31&end_m=3&end_y=2012

The share price and turnover in 2011 and during 1st quarter of 2012

Quarter	Price of the last trading session, EUR	Max. price, EUR	Min. price, EUR	Number of shares, units	Turnover, mln. EUR
2011-I	0,327	0,353	0,312	3 428 636	1,118
2011-II	0,316	0,325	0,306	3 026 771	0,948
2011-III	0,270	0,344	0,260	6 880 750	2,095
2011-IV	0,245	0,292	0,230	4 563 345	1,181
2012-I	0,272	0,285	0,242	2 920 163	0,763

Members of the Collegial bodies

The Supervisory Council of the Bank:

- **Arvydas Salda** – the Chairman of the Supervisory Council since 1999 (a member of the Supervisory Council of Siauliu bankas AB from 1991 – 1999), a consultant of “Siauliu banko turto fondas”.
- **Sigitas Baguckas** - the Deputy Chairman of the Supervisory Council of Siauliu bankas AB since 2000 (a member of the Council from 1991 – 2000), a procurist of “Namų statyba” UAB.
- **Vigintas Butkus** - a member of the Supervisory Council of Siauliu bankas AB since 2004, Director of “Mintaka“ UAB, Director of Trade House “Aiva“ UAB.
- **Vytautas Junevičius** - a member of the Supervisory Council of Siauliu bankas AB since 2006, Senior Adviser of the Company’s Group “Alita”.
- **Gintaras Kateiva** - a member of the Supervisory Council of Siauliu bankas AB since 2008, Director General, Chairman of the Board of “Litagra” UAB, Director of “Litagros mažmena” UAB.
- **Peter Reiniger** - a member of the Supervisory Council of Siauliu bankas AB since 2011, the Chief Counselor of the First Vice President and Executive Committee of the European Bank for Reconstruction and Development (EBRD).
- **Kastytis Jonas Vyšniauskas** – a member of the Supervisory Council of Siauliu bankas AB from 1996 to 29-03-2012, Chairman of the Board of “Sulinkiai” UAB .

The Board of the Bank:

- **Algirdas Butkus** - the Chairman of the Board, the Deputy Chief Executive Officer;
- **Audrius Žiugžda** - the Deputy Chairman of the Board, Chief Executive Officer;
- **Donatas Savickas** - the member of the Board, Deputy Chief Executive Officer, Head of Finance and Risk Management Division.
- **Vita Adomaitytė** - the member of the Board, Chief Financial Officer, Head of Accounting and Reporting Division.

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- **Daiva Kiburienė** - the member of the Board, Deputy Chief Executive Officer, Head of Siauliai region.
- **Vytautas Sinius** - the member of the Board, Head of Corporate Banking Division.
- **Arūnas Užupis** - the member of the Board until 29.03-2012, Head of Retail Banking Division until 10-04-2012.
- **Jonas Bartkus** - the member of the Board from 29.03-2012, Head of IT Division.

Name, surname	Beginning / end of tenure	Share of capital under the right of ownership, %	Share of votes together with the related persons, %
Arvydas Salda	beginning 27-03-2008, re-elected 29-03-2012, end 2016	2,59	43,31
Sigitas Baguckas	beginning 27-03-2008, re-elected 29-03-2012, end 2016	0,65	43,31
Kastytis Jonas Vyšniauskas	beginning 27-03-2008, end 29-03-2012	0,98	43,31
Vigintas Butkus	beginning 27-03-2008, re-elected 29-03-2012, end 2016	0,39	43,31
Vytautas Junevičius	beginning 27-03-2008, re-elected 29-03-2012, end 2016	0,13	43,31
Peter Reiniger	beginning 29-03-2011, re-elected 29-03-2012, end 2016	-	43,31
Gintaras Kateiva	beginning 27-03-2008, re-elected 29-03-2012, end 2016	6,24	43,31
Algirdas Butkus	beginning 27-03-2008, re-elected 29-03-2012, end 2016	4,71	43,31
Audrius Žiugžda	beginning 2011-02-22, re-elected 29-03-2012, end 2016	0,57	43,31
Donatas Savickas	beginning 27-03-2008, re-elected 29-03-2012, end 2016	0,10	43,31
Vita Adomaitytė	beginning 03-05-2011, re-elected 29-03-2012, end 2016	0,02	43,31
Daiva Kiburienė	beginning 27-03-2008, re-elected 29-03-2012, end 2016	0,05	43,31
Vytautas Sinius	beginning 11-08-2011, re-elected 29-03-2012, end 2016	0,06	43,31
Arūnas Užupis	beginning 10-03-2011	0,11	43,31

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

	end 29-03-2012		
Jonas Bartkus	beginning 29-03-2012, end 2016	0,04	43,31

Review of the activities and key events over the reporting period

According to the unaudited data, the net profit earned by the Bank over the three months of 2012 comprises LTL 3,3 million, i.e. by 59 per cent better result in comparison with the last quarter of the year 2011. Unaudited net profit earned by the Bank Group over the first quarter of the current year reached almost LTL 3,5 million.

The number of the Bank's clients increased by almost 20 thou, i.e. up to 149 thou during the period between the end of the first quarter of 2011 and the end of March of the current year: the number of private clients increased by 15.2 per cent, the number of corporate customers – by 17.2 per cent respectively.

In comparison with the result of the first quarter of 2011, the operating income of the Bank throughout the period between January and March has increased by 50 per cent and reached LTL 17,4 million. The gains were mainly influenced by 51 per cent growth of the net interest income and by the same percentage increase of the net profit earned from the transactions in foreign currency. The first quarter of the year resulted in 5.5 per cent lower net service and commission fee – the Bank has earned almost LTL 1,8 million of the latter. The expenses of the Bank have increased by 23 per cent and comprised LTL 10 million in comparison with the first quarter of 2011. The ratio of cost to income has improved from 69.06 per cent to 56.27 in the course of the year. The Bank has been further paying much attention to the quality of the loan portfolio. Almost LTL 3,7 million of special provisions have been additionally formed over the first quarter of 2012. The assets of the Bank have grown by LTL 25 million, i.e. up to LTL 2,76 billion since the beginning of the year. Over the recent 12 months the assets have increased by LTL 265 million or by 10.7 per cent. At the end of March of this year the portfolio of granted loans comprised LTL 2,1 billion and was by 21 per cent bigger than at the end of the first quarter in 2011. This year over the period of the first three months the amount of loans granted to the clients has grown by 1.3 per cent (by LTL 26 million) while the loan portfolio of the banking sector has been declining. Moreover, the deposit portfolio has been rapidly growing over this three-month period – the amount of deposits trusted by the clients to the Bank has increased by 3.3 per cent up to LTL 1.96 billion. Comparing to the relative period in 2011 the amount of deposits with the Bank has increased by 10.5 (or by LTL 185,8 million). The Bank has increased its debt securities portfolio by 6 per cent up to LTL 371 million since the beginning of the year.

Actively expanding the e-banking services, the Bank has increased the clientele of “SB linija” by more than one third (37 per cent) - up to 67 thou over the year prior to March 31, 2012. More than 55 thou of payment cards have been issued by the Bank at the end of the first quarter of 2012, which is by 26.4 per cent more than a year ago.

The Bank's clients can take advantage of 270 ATMs located in 47 cities and towns of Lithuania including the joint network of ATMs.

- Since the beginning of 2012 the Bank cooperating with the credit bureau “Creditinfo” managing the system of the personal credit information “Manocreditinfo.lt” has enabled its clients to find out and independently observe their credit history, i.e. the current and past due payments to financial institutions, telecommunications, utility service companies, insurance agencies and to enterprises in other sectors in real time and free of charge.

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- In February the Bank commemorated the 20th anniversary of its performance. The funds planned for the jubilee were donated to the social care centres, i.e. 70 centres taking care of old people received modern TV sets.
- In March the Faculty of Social Sciences of Siauliai University invited its alumni and partners to the meeting. After the event the Bank was nominated as “The Most Patriotic Employer of Siauliai” and “The Safest Working Place”.
- In the General Meeting of Shareholders held on March 29, 2012 the shareholders of the Bank approved the financial statements of the Bank and the Bank Group for 2011, elected the audit agency, agreed with the distribution of the profit (loss) of 2011 and with the amendments of the Charter of the Bank, also, elected the new Supervisory Council of the Bank and decided to assigned the generated profit to strengthen the Bank.

Data on publicly announced information

- 18-01-2012 the calendar of the delivery of information by the Bank to the investors announced;
- 20-02-2012 a pre-audited activity result of the Bank and the Bank Group for 2011 announced;
- 20-02-2012 interim financial information for 12 months of 2011;
- 05-03-2012 announcement regarding 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 the corrected notification regarding the draft resolutions prepared by the Board (the corrected annex to the notification)
- 20-03-2012 the report regarding the resolution to acquire the shares of “Pavasaris” UAB;
- 29-03-2012 notification regarding resolutions of the Ordinary General Meeting of Shareholders;
- 30-03-2012 Information regarding the resolutions passed by the Supervisory Council and the Board (regarding the elections of the Board for a new tenure)
- 30-03-2012 delivery of the annual report.
- Notifications regarding the transactions with the Bank’s shares entered by the Bank’s senior management.

In accordance with the procedures set by the Bank’s Charter and the normative acts of the Republic of Lithuania the Bank announces the reports on the stock events in the Central regulated information base and on the Bank’s Internet site www.sb.lt.