

RESPONSIBLE PERSONS' CONFIRMATION

We, Chairman of the Board Algirdas Butkus and Chief Financial Officer Vita Adomaitytė, confirm that interim financial statement for the half-year of 2008 is formed in compliance with applicable accounting standards, corresponds to the facts and properly indicates the assets of Šiaulių bankas AB and total assets of the consolidated enterprises as well as liabilities, financial status and profit.

Chairman of the board
Butkus



Algirdas

Chief Financial Officer



Vita Adomaitytė

11 August 2008



FINANCIAL STATEMENTS
30 JUNE 2008

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

THE GROUP'S AND BANK'S BALANCE SHEET

	Notes	30 June 2008		31 December 2007	
		Group	Bank	Group	Bank
Assets					
Cash and cash equivalents	2	239 104	239 057	230 540	230 528
Due from other banks	3	1 057	1 057	593	593
Trading securities	6	41 363	8 145	41 134	9 539
Loans to customers	4	1 467 537	1 624 964	1 385 835	1 540 637
Finance lease receivables	5	122 156	-	121 605	-
Investment securities:					
- available-for-sale	6	30 415	30 415	13 726	13 726
- held-to-maturity	6	155 219	155 219	164 163	164 163
Investments in subsidiaries	6	-	2 135	-	2 135
Intangible assets		973	958	1 251	1 227
Tangible fixed assets		53 359	46 058	51 279	45 204
Prepaid income tax		2 157	-	2 043	-
Other assets	7	33 164	8 367	40 208	5 394
Total assets		2 146 504	2 116 375	2 052 377	2 013 146
Liabilities					
Due to other banks and financial institutions	8	416 745	407 760	463 595	454 671
Due to customers	9	1 357 695	1 357 710	1 217 008	1 216 942
Special and lending funds	10	32 905	32 776	36 550	36 092
Debt securities in issue	11	30 448	30 448	28 550	28 550
Derivative financial instruments		-	-	119	119
Current income tax liabilities		1 357	1 023	1 156	930
Deferred income tax liabilities		210	210	225	225
Other liabilities	12	13 635	5 244	15 968	6 000
Total liabilities		1 852 995	1 835 171	1 763 171	1 743 529
Equity					
Capital and reserves attributable to equity holders of the parent					
Share capital	13	180 358	180 358	161 033	161 033
Share premium		45 681	45 681	65 006	65 006
Reserve capital		2 611	2 611	2 611	2 611
Statutory reserve		3 683	3 405	1 743	1 445
Financial assets revaluation reserve		149	149	360	360
Retained earnings		55 543	49 000	49 824	39 162
Minority interest	14	5 484	-	8 629	-
Total equity		293 509	281 204	289 206	269 617
Total liabilities and equity		2 146 504	2 116 375	2 052 377	2 013 146

The notes on pages 9 – 28 constitute an integral part of these financial statements

Chairman of the Board



Algirdas Butkus

Chief Financial Officer



Vita Adomaitytė

11 August 2008

FINANCIAL STATEMENTS ŠIAULIŲ BANKAS AB AND THE GROUP

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

THE GROUP'S AND BANK'S INCOME STATEMENT

	Notes	30 June 2008		30 June 2007	
		Group	Bank	Group	Bank
Interest and similar income	15	68 014	64 916	42 250	39 230
Interest expense and similar charges	15	(43 241)	(42 982)	(23 266)	(23 297)
Net interest income		24 773	21 934	18 984	15 933
Fee and commission income	16	6 846	7 003	6 779	6 979
Fee and commission expense	16	(2 532)	(2 480)	(2 641)	(2 594)
Net fee and commission income		4 314	4 523	4 138	4 385
Impairment charge for credit losses		(3 012)	(2 599)	(916)	(433)
Gain on disposal of subsidiary		-	-	8 525	8 421
Net gain on operations with securities		7 864	(89)	2 506	144
Net foreign exchange gain		1 238	1 241	1 609	1 606
Gain on disposal of assets		81	2	2 453	21
Other income		524	248	2 030	229
Administrative and other operating expenses	17	(21 305)	(18 438)	(18 364)	(15 799)
Operating profit		14 477	6 822	20 965	14 507
Dividends from investments in subsidiaries		-	8 797	-	7 114
Profit before income tax		14 477	15 619	20 965	21 621
Income tax expense		(639)	(600)	(2 120)	(1 080)
Profit for the year		13 838	15 019	18 845	20 541
Profit is attributable to:					
Equity holders of the Bank		10 880	15 019	16 722	20 541
Minority interest	14	2 958	-	2 123	-
Profit for the year		13 838	15 019	18 845	20 541
Basic and diluted earnings per share, net (in LTL per share)	13	0,06	0,08	0,14	0,17

The notes on pages 9 – 28 constitute an integral part of these financial statements

Chairman of the Board



Algirdas Butkus

Chief Financial Officer



Vita Adomaitytė

11 August 2008

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

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

	From 4 to 6 month 2008		From 4 to 6 month 2007	
	Group	Bank	Group	Bank
Interest and similar income	35 203	33 668	22 615	21 096
Interest expense and similar charges	(22 469)	(22 328)	(12 705)	(12 651)
Net interest income	12 734	11 340	9 910	8 445
Fee and commission income	3 603	3 677	3 301	3 404
Fee and commission expense	(1 314)	(1 288)	(1 407)	(1 384)
Net fee and commission income	2 289	2 389	1 894	2 020
Impairment charge for credit losses	(1 588)	(1 354)	(6 85)	(327)
Gain on disposal of subsidiary	-	-	8 525	8 421
Net gain on operations with securities	1 478	408	(510)	257
Net foreign exchange gain	713	713	893	889
Gain on disposal of assets	58	-	2 416	(16)
Other income	226	121	304	116
Administrative and other operating expenses	(10 414)	(9 110)	(8 788)	(7 950)
Operating profit	5 496	4 507	14 979	11 855
Dividends from investments in subsidiaries	-	-	-	-
Profit before income tax	5 496	4 507	14 979	11 855
Income tax expense	(694)	(600)	(1 034)	(480)
Profit for the year	4 802	3 907	13 945	11 375
Profit is attributable to:				
Equity holders of the Bank	4 490	3 907	12 994	11 375
Minority interest	312	-	951	-
Profit for the year	4 802	3 907	13 945	11 375

FINANCIAL STATEMENTS ŠIAULIŲ BANKAS AB AND THE GROUP

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

THE GROUP'S AND BANK'S CASH FLOW STATEMENT

	Notes	30 June 2008		30 June 2007	
		Group	Bank	Group	Bank
Operating activities					
Interest received		67 746	64 648	40 759	37 739
Interest paid		(43 492)	(42 233)	(21 822)	(21 836)
Cash received from previously written-off loans		95	43	388	354
Net cash received from operations in foreign currency		1 181	1 181	1 484	1 492
Net cash received from operations in securities		576	548	8 897	8 222
Net cash received from service and commission fees		4 314	4 523	4 138	4 385
Salaries and related payments to and on behalf of employees		(13 231)	(11 476)	(10 738)	(9 290)
Other receipts		605	507	4 587	235
Other payments		(10 394)	(6 275)	(12 331)	(7 194)
Net cash flow from operating activities before change in short-term assets and liabilities		8 400	11 466	15 362	14 103
(Increase) decrease in assets:					
(Increase) in loans to credit and financial institutions		(6 080)	(10 833)	(9 040)	(28 985)
(Increase) in loans to customers		(76 648)	(76 305)	(260 320)	(256 425)
Decrease in trading securities		(983)	640	(13 259)	(6)
(Increase) decrease in other assets		4 527	(2 956)	(10 113)	(1 305)
Change in assets		(79 184)	(89 454)	(292 732)	(286 721)
Increase in liabilities					
Increase in liabilities to credit and financial institutions		(46 340)	(46 401)	155 752	151 662
Increase in deposits, special and leanding funds		135 783	136 193	143 785	144 019
Increase in other liabilities		(1 623)	(60)	3030	4 546
Change in liabilities		87 820	89 732	302 567	300 227
Net cash flow from/(used in) operating activities before tax		17 036	11 744	25 197	27 609
Income tax paid		(552)	(507)	(1 024)	(600)
Net cash flow from operating activities		16 484	11 237	24 173	27 009
Investing activities					
Purchase of tangible and intangible fixed assets		(3 752)	(2 476)	(6 006)	(4 235)
Disposal of tangible and intangible fixed assets		222	141	11 391	826
Acquisition of available-for-sale securities		(19 651)	(19 651)	-	4 518
Disposal of available-for-sale securities		2 738	2 738	(5 967)	(5 967)
Acquisition of held to maturity securities		(3 986)	(3 986)	(12 006)	(12 006)
Proceeds from redemption of held to maturity securities		12 929	12 929	14 092	14 092
Dividends received		8 041	8 913	2 351	7 356
Net cash used in investing activities		(3 459)	(1 392)	3 855	4 584
Financing activities					
Increase in share capital		-	-	-	-
Dividends paid		(3 214)	(3 214)	(2 175)	(2 175)
Payment to minority shareholders		(3 145)	-	(14 229)	-
Debt securities issued		41 193	41 193	6 106	6 106
Debt securities repurchased and redeemed		(39 295)	(39 295)	(2 737)	(20 520)
Net cash flow from financing activities		(4 461)	(1 316)	(13 035)	(16 589)
Net increase in cash and cash equivalents		8 564	8 529	14 993	15 004
Cash and cash equivalents at 1 January		230 540	230 528	121 558	121 546
Cash and cash equivalents at 31 March	2	239 104	239 057	136 551	136 550

The notes on pages 9 – 28 constitute an integral part of these financial statements

Chairman of the Bord



Algirdas Butkus

Chief Financial Officer



Vita Adomaitytė

11 August 2008

FINANCIAL STATEMENTS ŠIAULIŲ BANKAS AB AND THE GROUP

(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							Total equity
	Share capital	Share premium	Reserve capital	Statutory reserve and other reserve	Retained earnings	Total:	Minority interest	
31 December 2006	109 039	25 000	2 611	927	28 419	165 996	21 373	187 369
Dividends	-	-	-	-	(2 181)	(2 181)	-	(2 181)
Dividends to minority	-	-	-	-	-	-	(14 229)	(14 229)
Formation of statutory reserve	-	-	-	816	(816)	-	-	-
Bonus issue of share capital	11 994	(11 994)	-	-	-	-	-	-
Issue of share capital	40 000	52 000	-	-	-	92 000	-	92 000
Financial assets revaluation reserve	-	-	-	436	-	436	-	436
Recognition of deferred income tax	-	-	-	(76)	-	(76)	-	(76)
Decrease in share capital of minority shareholders in subsidiaries	-	-	-	-	-	-	(574)	(574)
Profit for the year	-	-	-	-	24 402	24 402	2 059	26 461
31 December 2007	161 033	65 006	2 611	2 103	49 824	280 577	8 629	289 206
Dividends	-	-	-	-	(3 221)	(3 221)	-	(3 221)
Dividends to minority	-	-	-	-	-	-	(6 103)	(6 103)
Financial assets revaluation reserve	-	-	-	(227)	-	(227)	-	(227)
Recognition of deferred income tax	-	-	-	16	-	16	-	16
Formation of statutory reserve	-	-	-	1 940	(1 940)	-	-	-
Bonus issue of share capital	19 325	(19 325)	-	-	-	-	-	-
Profit for the year	-	-	-	-	10 880	10 880	2 958	13 838
30 June 2008	180 358	45 681	2 611	3 832	55 543	288 025	5 484	293 509

Chairman of the Board



Algirdas Butkus

Chief Financial Officer



Vita Adomaitytė

11 August 2008

FINANCIAL STATEMENTS ŠIAULIŲ BANKAS AB AND THE GROUP

(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	Retained earnings	Total
31 December 2006	109 039	25 000	2 611	-	700	14 840	152 190
Dividends	-	-	-	-	-	(2 181)	(2 181)
Financial assets revaluation reserve	-	-	-	436	-	-	436
Recognition of deferred income tax	-	-	-	(76)	-	-	(76)
Formation of statutory reserve	-	-	-	-	745	(745)	-
Bonus issue of share capital	11 994	(11 994)	-	-	-	-	-
Issue of share capital	40 000	52 000	-	-	-	-	92 000
Profit for the year	-	-	-	-	-	27 248	27 248
31 December 2007	161 033	65 006	2 611	360	1 445	39 162	269 617
Dividends	-	-	-	-	-	(3 221)	(3 221)
Formation of statutory reserve	-	-	-	-	1 960	(1 960)	-
Financial assets revaluation reserve	-	-	-	(227)	-	-	(227)
Recognition of deferred income tax	-	-	-	16	-	-	16
Bonus issue of share capital	19 325	(19 325)	-	-	-	-	-
Profit for the year	-	-	-	-	-	15 019	15 019
30 June 2008	180 358	45 681	2 611	149	3 405	49 000	281 204

Chairman of the Board



Algirdas Butkus

Chief Financial Officer



Vita Adomaitytė

11 August 2008

(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 at 30 June 2008 the Bank had 503 employees (31 December 2007: 483). As at 30 June 2008 the Group had 559 employees (31 December 2007: 535 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),

Basis of preparation

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 and operational risk. Concentration risk is treated as part of credit 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.

(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 46 client service centres.

As of 30st June 2008 the number of the bank's clients included 236 municipal companies and government companies, 26 state companies, 45 agricultural company, 31 economic partnership, 3,759 limited liability public companies, 1,638 private companies, 458 non-profit making and public sector companies and 914 other organizations as well as 113 058 natural entities. As of 31st December 2007 and 30st June 2008 the bank controlled 4 subsidiaries: "Šiaulių banko lizingas" UAB (financial and operational leasing), "Šiaulių banko investicijų valdymas" UAB (investment management), "Šiaulių banko turto fondas" UAB (real estate management), "Pajūrio alka" UAB (hotel service). The bank owns 100% of "Šiaulių banko lizingas" UAB (nominal share value – LTL 1,000 thou), 60.4% of "Šiaulių banko investicijų valdymas" UAB (nominal share value – LTL 604 thou), 53.1% of "Šiaulių banko turto fondas" UAB (nominal share value – LTL 531 thou)..

The consolidated statements of the Group include financial statements of the bank and its subsidiaries. "Pajūrio alka" UAB is sold in May 2007.

NOTE 2 CASH AND CASH EQUIVALENTS

	Group 30 June 2008	Bank 30 June 2008	Group 31 December 2007	Bank 31 December 2007
Cash and other valuables	50 339	50 337	43 325	43 323
Mandatory reserves in national currency	82 270	82 270	74 488	74 488
Correspondent bank accounts	19 866	19 866	26 727	26 727
Banks time deposits	73 264	73 219	12 574	12 564
Correspondent account with central bank	13 365	13 365	73 426	73 426
Total:	239 104	239 057	230 540	230 528

Mandatory reserves comprise the funds calculated on a monthly basis as a 6% 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

	Group 30 June 2008	Bank 30 June 2008	Group 31 December 2007	Bank 31 December 2007
Due from other banks	1 057	1 057	593	593
Total:	1 057	1 057	593	593

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

NOTE 4 LOANS TO CUSTOMERS
Maximum exposure to credit risk before collateral held or other credit enhancements

Credit risk exposures relating to on-balance sheet assets are as follows:	30 June 2008		31 December 2007	
	Group	Bank	Group	Bank
Cash and balances with central banks	188 765	188 720	187 215	187 205
Loans and advances to banks	1 057	1 057	593	593
Loans and advances to customers:	1 589 693	1 624 964	1 509 853	1 540 637
Loans and advances to financial institutions	32 676	159 511	27 060	149 142
Loans to individuals (Retail)	286 756	275 478	284 460	274 677
Loans to business customers	1 148 105	1 189 975	1 074 315	1 116 818
Finance lease receivables	122 156	-	121 605	-
Trading assets:				
- Debt securities	10 856	4 676	12 309	6 363
- Equity securities	30 507	3 469	28 825	3 176
Derivative financial instruments	-	-	-	-
Securities available for sale				
- Debt securities	29 061	29 061	12 170	12 170
- Equity securities	1 354	1 354	1 556	1 556
Investment securities held to maturity				
- Debt securities	155 219	155 219	164 163	164 163
Other financial assets	4 838	381	11 823	611
Credit risk exposures relating to off –balance sheet items are as follows:				
Financial guarantees	68 924	68 924	89 809	89 809
Letters of credit	18 062	18 062	8 387	8 387
Loan commitments and other credit related liabilities	114 846	111 970	118 074	112 868
30 June /31 December	2 213 082	2 207 857	2 144 777	2 127 538

Loans and advances are summarised as follows:

	30 June 2008		31 December 2007	
	Group	Bank	Group	Bank
Business customers	1 189 034	1 357 754	1 110 050	1 272 222
Individuals	288 657	276 993	285 744	275 585
Gross	1 477 691	1 634 747	1 395 794	1 547 807
Less: allowance for impairment	10 154	9 783	7 546	7 170
Net	1 467 537	1 624 964	1 388 248	1 540 637

	30 June 2008		31 December 2007	
	Group	Bank	Group	Bank
Neither past due nor impaired	1 230 658	1 317 265	1 255 707	1 410 748
Past due but not impaired	114 094	185 002	71 863	69 248
Impaired	132 939	132 480	68 224	67 811
Gross	1 477 691	1 634 747	1 395 794	1 547 807
Less: allowance for impairment	10 154	9 783	7 546	7 170
Net	1 467 537	1 624 964	1 388 248	1 540 637

At the beginning of the year 2008 the Bank has amended the Procedures for Loan Evaluation. The definition of impaired loans has been changed, therefore the Bank calculated the loan data for the end of 2007 according to the new regulations.

Neither past due nor impaired loan – is a loan to which a loss event is not recognized and the borrower is not past due with the loan payments (on a principal or interest).

Past due but not impaired loan – is a loan to which a loss event is not recognized and the borrower is past due with the loan payments (on a principal or interest) less than 90 days.

FINANCIAL STATEMENTS ŠIAULIŲ BANKAS AB AND THE GROUP

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

Impaired loan – is a loan to which a loss event is recognized. The list of loss events:

1. The borrower's financial status is evaluated as bad or as insufficient ;
2. A borrower is past due with the loan payments (on a principal or interest) for more than 90 days;
3. Proceeds granted to the borrower are used not according to the loan purpose and the implementation terms of investment project are violated;
4. Decrease in collateral value, when the 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. The borrower's financial status is evaluated as sufficient (group 3) and the borrower is past due with the loan payments (on a principal or interest) between 31 day and 90 days.

Loans and advances neither past due nor impaired

	30 June 2008		31 December 2007	
	Group	Bank	Group	Bank
Past due up to 30 days	98 049	169 718	59 875	58 146
Past due 30-60 days	12 741	12 159	8 030	7 379
Past due 60-90 days	3 304	3 125	3 958	3 723
Gross	114 094	185 002	71 863	69 248

Loans and advances impaired

	30 June 2008		31 December 2007	
	Group	Bank	Group	Bank
Impaired loans	132 939	132 480	68 224	67 811
Fair value of collateral	284 364	284 364	186 913	186 913

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 June	31 December
	2008	2007
Business customers	87 136	88 605
Individuals	36 364	34 124
Gross	123 500	122 729
Neither past due nor impaired	101 595	98 434
Past due but not impaired	16 684	20 253
Impaired	5 221	4 042
Gross	123 500	122 729
Less: allowance for impairment	(1 344)	(1 124)
Net	122 156	121 605

FINANCIAL STATEMENTS ŠIAULIŲ BANKAS AB AND THE GROUP

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

	30 June 2008			31 December 2007		
	Individuals	Business customers	Total	Individuals	Business customers	Total
Finance lease receivables by sector:						
- transport vehicles	2 543	24 881	27 474	2 446	25 369	27 815
- residential real estate	13	21 196	21 209	88	20 569	20 657
- airplanes	-	11 230	11 230	-	11 756	11 756
- production equipment	230	13 550	13 780	164	14 987	15 151
- other equipment	12 578	10 004	22 582	21 287	10 681	31 968
- other assets	21 000	6 275	27 275	10 139	5 243	15 382
Total	33 364	87 136	123 500	34 124	88 605	122 729

NOTE 6 SECURITIES

Trading securities	30 June 2008		31 December 2007	
	Group	Bank	Group	Bank
Debt securities:				
Private enterprise bonds		-	5 946	-
Government bonds	6 180	4 676	6 363	6 363
Equity securities:				
Listed	1 159	1 159	393	393
Unlisted	27 080	42	25 688	39
Units of funds	2 268	2 268	2 744	2 744
Total:	41 363	8 145	41 134	9 539

BREAKDOWN OF THE BANK'S TRADING SECURITIES AS AT 30 JUNE 2008 AND 31 DECEMBER 2007:

Rating	Treasury bills		Corporate debt securities		Corporate equity securities		Investment fund units	
	2008	2007	2008	2007	2008	2007	2008	2007
AAA	-	-	-	-	-	-	-	-
FROM AA- TO AA+	-	-	-	-	-	-	-	-
FROM A- TO A+	4 676	6 363	-	-	-	-	-	-
BELOW A-	-	-	-	-	-	-	-	-
NO RATING	-	-	-	-	1 201	432	2 268	2 744
TOTAL:	4 676	6 363	-	-	1 201	432	2 268	2 744

BREAKDOWN OF THE GROUP'S TRADING SECURITIES AS AT 31 JUNE 2008 AND 31 DECEMBER 2007:

Rating	Treasury bills		Corporate debt securities		Corporate equity securities		Investment fund units	
	2008	2007	2008	2007	2008	2007	2008	2007
AAA	-	-	-	-	-	-	-	-
FROM AA- TO AA+	-	-	-	-	-	-	-	-
FROM A- TO A+	4 676	6 363	-	-	-	-	-	-
BELOW A-	-	-	-	-	-	-	-	-
NO RATING	-	-	6 180	5 946	28 239	26 081	2 268	2 744
TOTAL:	4 676	6 363	6 180	5 946	28 239	26 081	2 268	2 744

FINANCIAL STATEMENTS ŠIAULIŲ BANKAS AB AND THE GROUP

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

Investment securities	30		31	
	June 2008		December 2007	
	Group	Bank	Group	Bank
Bonds:				
Private enterprise bonds the Republic of Lithuania	14 172	14 172	-	-
Government bonds of foreign states (rating AAA)	14 889	14 889	12 170	12 170
Securities available-for-sale:				
Unlisted equity securities	515	515	515	515
Units of funds	839	839	1 041	1041
Total :	30 415	30 415	13 726	13 726

The shares that have been bought by the bank not only with the purpose to earn profit later selling them but also because of the opportunity to participate in the issuer's management or in pursue to represent other bank's or its clients' or business partners' interest are allocated to the category of securities held for sales.

Securities held-to-maturity

	30		31	
	June 2008		December 2007	
	Group	Bank	Group	Bank
Bonds of non-residents	8 412	8 412	8 358	8 358
Government bonds of foreign states	23 346	23 346	23 429	23 429
Government bonds of the Republic of Lithuania	112 443	112 443	120 728	120 728
Bonds of residents	11 018	11 018	11 648	11 648
Total investment securities:	155 219	155 219	164 163	164 163

Rating	Treasury bills		Municipality debt securities		Corporate debt securities	
	2008	2007	2008	2007	2008	2007
AAA	-	-	-	-	-	-
FROM AA- TO AA+	-	-	-	-	-	-
FROM A- TO A+	135 028	143 413	-	-	1 689	2 681
BELOW A-	-	-	761	744	6 501	6 532
NO RATING	-	-	-	-	11 240	10 793
TOTAL:	135 028	143 413	761	744	19 430	20 006

Investments in subsidiaries

Bank	30			31		
	June 2008			December 2007		
	Share in equity	Acquisition cost	Carrying value	Share in equity	Acquisition cost	Carrying value
Investments in consolidated subsidiaries:						
ŠB Lizingas UAB	100,0%	1 000	1 000	100,0%	1 000	1 000
ŠB Investicijų Valdymas UAB	60,4%	604	604	60,4%	604	604
ŠB Turto Fondas UAB	53,1%	531	531	53,10%	531	531
Total :			2 135			2 135

“Pajūrio alka“ UAB is sold in May 2007.

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

NOTE 7 OTHER ASSETS

	30		31	
	June 2008		December 2007	
	Group	Bank	Group	Bank
Assets held for sale and real estate projects under development	13 976	-	16 531	-
Amounts receivable	4 838	381	11 823	611
Deferred expenses	4 643	4 589	3 378	3 337
Prepayments	6 127	1 723	4 699	1 021
Foreclosed assets	45	45	45	45
Dividends receivable	1 403	1 052	-	-
Other	2 132	577	1 319	380
Total:	33 164	8 367	37 795	5 394

NOTE 8 DUE TO OTHER BANKS AND FINANCIAL INSTITUTIONS

	30		31	
	June 2008		December 2007	
	Group	Bank	Group	Bank
Correspondent accounts and deposits of other banks and financial institutions:				
Correspondent accounts and demand deposits	29 501	29 516	89 938	90 014
Time deposits	53 654	53 654	65 437	65 437
Total correspondent accounts and deposits of other banks and financial institutions	83 155	83 170	155 375	155 451
Loans received:				
Loans from other banks	248 844	239 844	223 837	214 837
Loans from international organisations	84 746	84 746	84 383	84 383
Total loans received	333 590	324 590	308 220	299 220
Total:	416 745	407 760	463 595	454 671

NOTE 9 DUE TO CUSTOMERS

	30		31	
	June 2008		December 2007	
	Group	Bankas	Group	Bankas
Demand deposits:				
National government institutions	8 615	8 615	3 571	3 571
Local government institutions	51 380	51 380	24 579	24 579
Governmental and municipal companies	4 671	4 671	5 856	5 856
Corporate entities	92 087	92 196	136 984	137 022
Non-profit organisations	6 590	6 590	7 583	7 583
Individuals	117 167	117 167	117 239	117 239
Unallocated amounts due to customers	16 084	16 084	11 033	11 033
Total demand deposits:	296 594	296 703	306 845	306 883
Time deposits:				
National government institutions	10 242	10 242	15 378	15 378
Local government institutions	8 000	8 000	9 606	9 606
Governmental and municipality companies	98 144	98 144	86 499	86 499
Corporate entities	138 500	138 406	113 588	113 484
Non-profit organisations	5 019	5 019	4 875	4 875
Individuals	801 196	801 196	680 217	680 217
Total time deposits:	1 061 101	1 061 007	910 163	910 059
Total:	1 357 695	1 357 710	1 217 008	1 216 942

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

NOTE 10 SPECIAL AND LENDING FUNDS

	30		31	
	June 2008		December 2007	
	Group	Bank	Group	Bank
Special funds	429	429	217	217
Lending funds	32 476	32 347	36 333	35 875
Total:	32 905	33 776	36 550	36 092

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		31	
	June 2008		December 2007	
	Group	Bank	Group	Bank
Short term debenture bonds denominated in LTL with discount rate of 5.2 per cent, maturity 05-08-2008	9 620	9 620	9 382	9 382
Two year bonds denominated in EUR with coupon rate of 4.6 per cent, maturity 17-05-2008	20 828	20 828	19 168	19 168
Total :	30 448	30 448	28 550	28 550

NOTE 12 OTHER LIABILITIES

	30		31	
	June 2008		December 2007	
	Group	Bank	Group	Bank
Accrued charges	4 853	4 260	4 922	4 422
Deferred income	1 318	439	1 636	437
Advances received from the buyers of assets	3 685	-	3 180	-
Amounts payable for finance lease agreements	2 841	-	4 977	-
Payable dividends	76	76		
Other	862	469	1 253	1 141
Total:	13 635	5 244	15 968	6 000

NOTE 13 SHARE CAPITAL

As at 30 June 2008, the Bank's share capital comprised 180 357 533 ordinary registered shares with par value of LTL 1 each.

A resolution to increase the bank's authorized capital by LTL 19.324.021 and to issue the same number of ordinary registered shares with the par value of LTL1 each was made during the General Shareholders' Meeting of Šiaulių bankas AB held on March 27th 2007. On 14 May 2008, the Bank has registered the increase of the Bank's authorised share capital.

As of 30 June 2008, the shareholders holding over 5% of the Bank's shares with voting rights are listed in the table below:

Shareholders	Percentage of shares with voting rights, %
European Bank for Reconstruction and Development	16,06
Gintaras Kateiva	5,86
Prekybos Namai Aiva UAB	5,18
Total:	27,10

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

Another 17 shareholders had less than 5% but more than 1% of the Bank's share capital. The remaining shareholders on an individual basis had less than 1% of the Bank's shares and voting rights.

Seven shareholders of the Bank – European Bank for Reconstruction and Development, Prekybos Namai Aiva UAB, Mintaka UAB, Alita AB, Algirdas Butkus, Gintaras Kateiva and Arvydas Salda – acting jointly in accordance with the Agreement of Shareholders, together with related persons at the end of the year held 39,54 per cent of the Bank's shares and voting rights. Based on its Resolution No. 103 dated 23 June 2005, the Bank of Lithuania gave its consent for this group of shareholders to acquire a qualified share of the authorised share capital and voting rights.

As at 30 June 2008, the Bank had 3 740 shareholder (31 December 2007- 3 495).

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 2008, the annual general meeting of shareholders decided to pay 2 % dividends to the holders of ordinary shares.

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	30 June 2008	30 June 2007
Profit for the year attributable to equity holders of the Bank (in LTL thousand)	15 019	20 541
Weighted average number of issued shares (thousand of shares)	180 358	121 033
Earnings per share (in LTL per share)	0,08	0,17
Group	30 June 2008	30 June 2007
Profit for the year attributable to equity holders of the Bank (in LTL thousand)	10 880	16 722
Weighted average number of issued shares (thousand of shares)	180 358	121 033
Earnings per share (in LTL per share)	0,06	0,14

NOTE 14 MINORITY INTEREST

	30 June 2008	30 June 2007
	Group	Group
Balance at 1 January	8 629	21 373
Profit for the accounting period	2 958	2 059
Effect of dividends paid	(6 103)	(14 229)
Increase (decrease) in minority interest	-	(574)
Balance at 30 June/31 December	5 484	8 629

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

NOTE 15 NET INTEREST INCOME

	30 June 2008		30 June 2007	
	Group	Bank	Group	Bank
Interest income:				
on loans to other banks and financial institutions and placements with credit institutions	3 254	6 841	1 483	3 208
on loans to customers	53 921	53 751	32 525	32 259
on debt securities	4 559	4 324	3 763	3 763
on finance leases	6 280	-	4 479	-
Total interest income	68 014	64 916	42 250	39 230
Interest expense:				
on liabilities to other banks and financial institutions and amounts due to credit institutions	(10 525)	(10 266)	(4 849)	(4 687)
on customer deposits and other repayable funds	(28 968)	(28 968)	(15 485)	(15 487)
on debt securities issued	(760)	(760)	(634)	(825)
Compulsory insurance of deposits	(2 988)	(2 988)	(2 298)	(2 298)
Total interest expense	(43 241)	(42 982)	(23 266)	(23 297)
Net interest income	24 773	21 934	18 984	15 933

NOTE 16 NET FEE AND COMMISSION INCOME

	30 June 2008		30 June 2007	
	Group	Bank	Group	Bank
Fee and commission income:				
for money transfer operations	3 709	3 787	3 923	3 988
for payment card services	1 205	1 205	915	918
for base currency exchange	726	726	504	505
for operations with securities	165	165	484	484
other fee and commission income	1 041	1 120	952	1 084
Total fee and commission income	6 846	7 003	6 778	6 979
Fee and commission expense:				
for payment card services	(1676)	(1 676)	(1 635)	(1 635)
for money transfer operations	(658)	(635)	(703)	(703)
for operations with securities	(154)	(154)	(238)	(237)
for base currency exchange	(7)	(7)	(2)	(2)
other fee and commission expenses	(37)	(8)	(63)	(17)
Total fee and commission expense	(2 532)	(2 480)	(2 641)	(2 594)
Net fee and commission income	4 314	4 523	4 138	4 385

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

NOTE 17 ADMINISTRATIVE AND OTHER OPERATING EXPENSES

	30 June 2008		30 June 2007	
	Group	Bank	Group	Bank
Salaries, social security and other related expenses	(12 395)	(10 715)	(11 126)	(9 678)
Rent and maintenance of premises	(2 346)	(2 080)	(1 401)	(1 367)
Office equipment maintenance	(462)	(462)	(340)	(332)
Depreciation of fixed tangible assets	(1 925)	(1 505)	(1 650)	(1 314)
Amortisation of intangible assets	(328)	(318)	(340)	(316)
Transportation, post and communications expenses	(1 160)	(1 020)	(1 000)	(814)
Real estate tax and other taxes	(470)	(429)	(306)	(225)
Advertising and marketing expenses	(346)	(294)	(423)	(373)
Training and business trip expenses	(101)	(84)	(170)	(130)
Charity	(155)	(131)	(144)	(108)
Service organisation expenses	(220)	(208)	(256)	(214)
Other operating expenses	(1 397)	(1 192)	(1 208)	(928)
Total	(21 305)	(18 438)	(18 364)	(15 799)

NOTE 18 RELATED-PARTY TRANSACTIONS

Related parties with the Bank include the members of the Bank's Supervisory Council and Board, shareholders acting jointly in accordance with the Agreement of Shareholders (see Note 27), the close family members of these related parties and subsidiary companies of the Bank.

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 2007, 2008 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 year-end balances of loans granted to and deposits accepted from the Bank's related parties, except for subsidiaries, and their average annual interest rates (calculated as weighted average) were as follows:

	Balances of deposits		Average annual interest rates		Balances of loans		Average annual interest rates	
	30 June 2008	31 December 2007	2008	2007	30 June 2008	31 December 2007	2008	2007
Members of the Council and the Board	4 616	3 058	4,60	4,18	1 054	3 204	7,14	6,55
Other related parties (excluding subsidiaries of the Bank)	3 326	2 697	3,98	1,65	104 472	81 864	6,80	6,84

Transactions with EBRD:

The Bank received a syndicated loan from the EBRD with its balance as at 30 June 2008 (12-31-2007) amounting to EUR 24 million, of which EBRD's share as at 31 December 2007 was LTL 34,804 thousand. Gross loan of EBRD as at 30 June 2008 was LTL 84 746 thousand (2007: LTL 84 383 thousand). Interest and other expenses related to the loan during six months 2008 amounted to LTL 2 597 thousand (31-12-2007: LTL 3 845 thousand).

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Balances of transactions with the subsidiaries are given below:

	Balances of deposits		Average annual interest rates		Balances of loans		Average annual interest rates	
	31		2008	2007	31		2008	2007
	30 June 2008	December 2007			30 June 2008	December 2007		
Non-financial institutions	109	38	0,00	0,00	45 266	46 694	6,65	5,93
Financial institutions	15	76	0,00	0,00	126 835	122 082	6,44	5,10

Transactions with subsidiaries: Šiaulių Banko Turto Fondas UAB (the Bank's holding is 53.10 %, LTL 531 thousand), Šiaulių Banko Investicijų Valdymas UAB (the Bank's holding is 60.4%, LTL 604 thousand), Šiaulių Banko Lizingas UAB (the Bank's holding is 100%, LTL 1,000 thousand).

Assets	30 June 2008	31 December 2007
Demand deposits		-
Loans	172 101	168 776
Debt securities	-	-
Equity securities	-	-
Dividends receivable	-	-
Other assets	36	41
Liabilities and shareholders' equity		
Demand deposits	124	114
Loans	-	-
Debt securities	-	-
Other liabilities	-	-
Bank's investment	2 135	2 135

Income and expenses arising from transactions with subsidiaries:

	30 June 2008	31 December 2007
Income		
Interest	5 058	2 337
Commission income	214	233
Income from foreign exchange operations	2	7
Dividends	8 797	7 114
Other income	117	137
Expenses		
Interest	-	193
Commission charges	-	-
Operating expenses	6	18

NOTE 19 CAPITAL MANAGEMENT

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

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

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

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

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%.

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

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

- 1) Tier 1 capital consists of the share capital, share premium, reserve capital, retained earnings of the previous financial year and less the intangible assets,
- 2) Tier 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 four 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.

The table below summarizes the composition of regulatory capital and the ratios of the Bank and Group for 30 June 2008 and 31 December 2007. During those two years, the Group complied with capital requirements to which it is subject.

	30 June 2008		31 December 2007	
	Group	Bank	Group	Bank
Tier 1 capital				
Ordinary shares	180 358	180 358	161 033	161 033
Share premium	45 681	45 681	65 006	65 006
Reserve capital	2 611	2 611	2 611	2 611
Previous year's retained earnings	44 663	33 981	25 422	11 914
Other reserves	3 683	3 405	1 667	1 369
Less: Intangible assets	(973)	(958)	(1 251)	(1 227)
Total Tier 1 capital	276 023	265 078	254 488	240 706
Tier 2 capital				
Financial assets revaluation reserve	127	127	371	371
Total Tier 2 capital	127	127	371	371
Less Investments in other credit or financial institutions	-	(900)	-	(900)
Total capital	276 150	264 305	254 859	240 177
Capital requirement:				
Standardised approach credit risk	124 469	117 594	116 160	109 920
Traded debt instruments	923	676	940	422
Equities	3 823	578	3 644	567
Foreign exchange risk exposure	861	727	10 178	9 892
Operational risk by Basic indicator's method	9 514	6 718	9 514	6 718
Total capital requirement:	139 590	126 293	140 436	127 519
Capital ratio, %	15,83	16,74	14,52	15,07

NOTE 20 LIQUIDITY

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.

Liquidity risk management is regulated by the Procedures for Liquidity Risk Management approved by the Bank's Board where strategic and current liquidity risk management measures are distinguished. Strategic (up to 3 months) liquidity risk is evaluated by analyzing the dynamics of various liquidity ratios. A list of these ratios as well as recommended limits to their change are defined in the above-mentioned procedures. Decisions regarding liquidity management issues are made by the

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

Bank's Risk Management Committee with reference to the information submitted by the Bank's Planning and Financial Risks Department or by the Bank's Board with reference to the information submitted by the Risk Management Committee. Current liquidity (up to 10 days) risk management is based on current cash flow analysis and projections. The Treasury Department is responsible for this.

The Group controls liquidity risk through established ratios and limits. For the purpose of managing liquidity risk, in addition to the liquidity ratio set by the Bank of Lithuania, which as at 30 June 2008 the Group's ratio was 38,62 (31-12-2007: 39,48) and the Bank's 41,35 (31-12-2007: 44,05), the Group uses the ratio of liquid assets to the total assets, which should not be lower than 20 per cent. Liquid assets used in calculation of the above ratio represents funds held at banks and financial institutions with maturity of less than three months. As at 30 June 2008 the above Group's ratio was 20,02 per cent (31-12-2007: 20,40 per cent), and the Banks – 20,30 (31-12-2007: 20,80).

To follow the solvency status the Group and the Bank monitors availability of liquid funds needed to cover liabilities with a maturity of less than 30 days. Based on the Group's liquidity management policy this ratio (i.e. liquid funds / liabilities of less than 30 days) should not be lower than 100 per cent. As at 30 June 2008 the above ratio on the Group's and the Bank's level was 129,60 (31-12-2007: 107,50 per cent) per cent and 129,61 (31-12-2007: 110,14 per cent) per cent respectively.

The Group and the Bank also calculates 3-months liquidity ratio to monitor longer term liquidity risk. Based on the Group's liquidity risk management policy this ratio should not be lower than 36 per cent. As at 30 June 2008 the Group's and the Bank's ratio was 42,37 per cent (31-12-2007: 48,27 per cent) and 51,83 per cent (31-12-2007: 58,72 per cent) respectively.

The tables below disclose the assets and liabilities as of March 31st 2008 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 compatibility of the assets' and liabilities maturity terms and (or) controlled incompatibility as well as interest rates are essential factors in the Bank's management. It is not a common practise that banks would manage to combine the assets' and liabilities maturity terms completely due to the fact that transactions of various nature and terms frequently take place at the bank. An incompatible position potentially increases profitability, however, it also bears a risk of potential losses.

The maturity of assets and liabilities as well as possibility to change the liabilities that create interest expenditure on their maturity at reasonable price are very significant factors evaluating the Bank's liquidity and incurring risks related to fluctuations in interest rates and currency exchange rates.

The structure of the Group's liabilities by maturity as at 30 June 2008 was as follows.:

	Demand	Up to 1 month	1 to 3 month.	3 to 6 month.	6 to 12 month	1 to 3 years	More than 3 years	Maturity undefined	Total
Total assets	166 061	171 799	107 012	172 666	316 476	534 206	557 337	120 947	2 146 504
Total liabilities and shareholders' equity	320 613	293 281	328 873	240 417	379 728	189 845	97 867	295 880	2 146 504
Net liquidity gap	(154 552)	(121 482)	(221 861)	(67 751)	(63 252)	344 361	459 470	(174 933)	

The structure of the Group's liabilities by maturity as at 31 December 2007 was as follows.:

	Demand	Up to 1 month	1 to 3 month.	3 to 6 month.	6 to 12 month	1 to 3 years	More than 3 years	Maturity undefined	Total
Total assets	235 181	114 262	145 746	131 667	225 894	534 218	576 409	89 000	2 052 377
Total liabilities and shareholders' equity	400 086	256 055	224 285	220 910	366 859	187 807	105 561	290 814	2 052 377
Net liquidity gap	(164 905)	(141 793)	(78 539)	(89 243)	(140 965)	346 411	470 848	(201 814)	

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The structure of the Bank's liabilities by maturity as at 30 June 2008 was as follows.:

	Demand	Up to 1 month	1 to 3 month.	3 to 6 month.	6 to 12 month	1 to 3 years	More than 3 years	Maturity undefined	Total
Total assets	166 014	232 333	145 143	198 729	287 500	483 188	521 336	82 132	2 116 375
Total liabilities and shareholders' equity	318 318	289 701	328 678	239 801	370 139	188 322	97 861	283 555	2 116 375
Net liquidity gap	(152 304)	(57 368)	(183 535)	(41 072)	(82 639)	294 866	423 475	(201 423)	

The structure of the Bank's liabilities by maturity as at 31 December 2007 was as follows.:

	Demand	Up to 1 month	1 to 3 month.	3 to 6 month.	6 to 12 month	1 to 3 years	More than 3 years	Maturity undefined	Total
Total assets	232 201	180 793	174 093	157 590	190 589	484 606	539 191	54 083	2 013 146
Total liabilities and shareholders' equity	397 792	241 343	224 031	220 495	366 200	186 682	105 437	271 166	2 013 146
Net liquidity gap	(165 591)	(60 550)	(49 938)	(62 905)	(175 611)	297 924	433 754	(217 083)	

NOTE 21 MARKET RISK

The Group takes on exposure to market risk, which means the risk for the Bank to incur losses due to the adverse fluctuations in the market parameters such as currency exchange rates (foreign currency risk), interest rates (interest rate risk) or equities prices (equity risk). The most significant market risk for a Group is interest rate risk while other market risks are of lower significance.

Foreign exchange risk

The foreign exchange risk management is regulated by the Procedures for Foreign Exchange 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 implement any operations which could cause open currency positions expecting to earn due to the currency rate shift. 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 Exchange 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. Based on the Bank's policy TOP may not exceed 3% of the total Bank's capital. As at 30 June 2008 the TOP to capital ratio was: Group's – 1,27 % (31-12-2007: 1,36 %), Bank's – 1,11 % (31-12-2007: 1,40 %).

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. After the evaluation of the maximum fluctuation among currency rates during 2008, the FX risk parameters for the Group have been chosen.

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

Currency	Annual reasonable shift, 2008	Annual reasonable shift, 2008
LVL	1%	1%
GBP	1%	1%
NOK	1%	1%
USD	5%	5%
SEK	1%	1%
Other currencies	3%	3%

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:

Group	30 June 2008		31 December 2007	
	Impact on profit or loss	Impact on equity	Impact on profit or loss	Impact on equity
US Dollars weakening by 5%	25	25	16	16
GBP strengthening by 1%	9	9	9	9
NOK strengthening by 1%	1	1	6	6
SEK strengthening by 1%	5	5	4	4
LVL strengthening by 1%	6	6	4	4
Other strengthening by 3%	23	23	30	30
Total	69	69	69	69

Bank	30 June 2008		31 December 2007	
	Impact on profit or loss	Impact on equity	Impact on profit or loss	Impact on equity
US Dollars weakening by 5%	25	16	16	16
GBP strengthening by 1%	9	7	9	9
NOK strengthening by 1%	1	(2)	6	6
SEK strengthening by 1%	5	2	4	4
LVL strengthening by 1%	6	5	4	4
Other strengthening by 3%	9	24	30	30
Total	55	52	69	69

The presumable FX rate change creates acceptable impact on the Bank's profit and makes LTL 55 thousand in 2008 and the Group's annual profit and makes LTL 69 thousand in 2008 (2007: LTL 69 thousand) higher/lower impact on profit.

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.

FINANCIAL STATEMENTS ŠIAULIŲ BANKAS AB AND THE GROUP

(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.

Group	Demand and less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	More than 1 year	Non- monetary	Total
Total assets	326 768	461 867	688 189	115 058	260 908	293 714	2 146 504
Total liabilities and shareholder's equity	362 935	534 174	247 158	299 900	56 656	645 681	2 146 504
Net interest sensitivity gap at 30 June 2008	(36 167)	(72 307)	441 031	(184 842)	204 252	(351 967)	
Higher/lower impact on profit from balance sheet assets and liabilities	(347)	(603)	2 756	(462)	-	-	1 345

Group	Demand and less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	More than 1 year	Non- monetary	Total
Total assets	217 149	434 270	639 114	116 981	292 606	352 257	2 052 377
Total liabilities and shareholder's equity	351 672	417 799	238 358	260 860	60 562	723 126	2 052 377
Net interest sensitivity gap at 31 December 2007	(134 523)	16 471	400 756	(143 879)	232 044	(370 869)	
Higher/lower impact on profit from balance sheet assets and liabilities	(1 289)	137	2 505	(360)	-	-	993

Bank

Bank	Demand and less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	More than 1 year	Non- monetary	Total
Total assets	375 316	469 011	699 336	94 674	247 206	230 832	2 116 375
Total liabilities and shareholder's equity	362 935	534 174	247 064	290 900	56 656	624 646	2 116 375
Net interest sensitivity gap at 30 June 2008	12 381	(65 163)	452 272	(196 226)	190 550	(393 814)	
Higher/lower impact on profit from balance sheet assets and liabilities	119	(543)	2 827	(491)	-	-	1 912

FINANCIAL STATEMENTS ŠIAULIŲ BANKAS AB AND THE GROUP

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

Bank

	Demand and less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	More than 1 year	Non- monetary	Total
Total assets	287 337	432 711	653 183	76 313	280 063	283 539	2 013 146
Total liabilities and shareholder's equity	342 672	417 799	238 358	260 756	60 562	692 999	2 013 146
Net interest sensitivity gap at 31 December 2007	(55 335)	14 912	414 825	(184 443)	219 501	(409 460)	
Higher/lower impact on profit from balance sheet assets and liabilities	(530)	124	2 593	(461)	-	-	1 726

Operational risk

The aim of the Bank's operational risk management is to clearly define the operational risk, reduce the operational risk at the Bank to an acceptable level and use the results of the operational risk analysis as the base for the implementation of the risk reduction processes and their assessment, i.e. to refuse the inefficient measures, implement new ones and maintain the existing means of operational risk management.

The operational risk management system at the Bank includes all the significant fields of the banking operations: work with cash, lending, establishment and application of fees, payments and settlements, IT, accounting, public trading intermediary, etc.

Taking into consideration the nature and scope of the banking activities, the following operational risk sources may be distinguished: information systems, human impact and loss of tangible assets.

The operational risk management and control system focuses on the identification of the most problematic places at the Bank in terms of the operational risk. The good functioning within the Bank's internal control system is the main factor mitigating the operational risk at the Bank.

Since 2005 the Bank has created the registration system to follow the operational risk events. The registration of the operational risk events is a foundation used for disclosing the major sources of the operational risks with the bank.

The Bank's operational risk management system is complimented by the Information Security and Emergency Management System created and installed by the IT agency "Blue Bridge", which increased the reliability of e-banking services and reduced the risks that the Bank's activities might be disturbed using the IT. New regulations regarding the secure work with the IT have been established and started to be applied in all the outlets of the Bank and for separate bank officers, which allows significantly mitigate the risks of crisis related to information security.

Taking into consideration the scope of its activities and opportunity to use the historic data related to the operational risk, the Bank has decided to use a basic indicator method to calculate the additional capital requirements.

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.

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

22 NOTE SEGMENT INFORMATION
Business segments

Below, there is a summary of major indicators for the main business segments of the Group included in the balance sheet as at 30 June 2008 and in the income statement for the year then ended:

	Banking	Investment Leasing management	Real estate development	Elimina tions	Total Group
Internal	5 058	(3 587)	(715)	(756)	-
External	16 876	6 720	311	866	-
Net interest income	21 934	3 133	(404)	110	-
Internal	5 272	(3 801)	(715)	(756)	-
External	21 185	6 675	332	895	-
Net interest, fee and commissions income	26 457	2 874	(383)	139	-
Provision expenses	(2 599)	(413)	-	-	(3 012)
Internal	6	(97)	(13)	(13)	117
External	(16 621)	(1 376)	(360)	(695)	-
Operating expenses	(16 615)	(1 473)	(373)	(708)	117
Amortisation charges	(318)	(8)	-	(2)	-
Depreciation charges	(1 505)	(376)	(12)	(32)	-
Internal	8 916	(2)	-	-	(8 914)
External	1 283	382	4 071	3 971	-
Net other income	10 199	380	4 071	3 971	(8 914)
Profit before tax	15 619	984	3 303	3 368	(8 797)
Income tax	(600)	(190)	-	151	-
Profit per segment after tax	15 019	794	3 303	3 519	(8 797)
Minority interest	-	-	(1 308)	(1 650)	-
Profit for the year attributable to equity holders of the Bank	15 019	794	1 995	1 869	(8 797)
Total segment assets	2 116 375	144 805	27 009	32 716	(174 401)
Total segment liabilities	1 835 171	142 779	22 295	25 016	(172 266)
Net segment assets (shareholders' equity)	281 204	2 026	4 714	7 700	(2 135)

FINANCIAL STATEMENTS ŠIAULIŲ BANKAS AB AND THE GROUP

(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 balance sheet as at 31 December 2007 and in the income statement for the year then ended:

	Banking	Investment Leasing management	Real estate development	Elimina tions	Total Group
Internal	6 015	(4 341)	(808)	(866)	-
External	36 595	10 948	179	1 239	-
Net interest income	42 610	6 607	(629)	373	-
Internal	6 488	(4 811)	(809)	(868)	-
External	45 558	10 861	240	1 241	-
Net interest, fee and commissions income	52 046	6 050	(569)	373	-
Provision expenses	(5 108)	(950)	44	96	(5 918)
Internal	36	(239)	(25)	(31)	259
External	(34 528)	(2 591)	(858)	(1 324)	-
Operating expenses	(34 492)	(2 830)	(883)	(1 355)	259
Amortisation charges	(617)	(35)	-	(2)	-
Depreciation charges	(2 664)	(650)	(37)	(142)	-
Internal	7 404	(24)	-	(7)	(7 373)
External	12 632	662	3 011	4 679	-
Net other income	20 036	638	3 011	4 672	(7 373)
Profit before tax	29 201	2 223	1 566	3 642	(7 114)
Income tax	(1 953)	(468)	(112)	(524)	-
Profit per segment after tax	27 248	1 755	1 454	3 118	(7 114)
Minority interest	-	-	(576)	(1 483)	-
Profit for the year attributable to equity holders of the Bank	27 248	1 755	878	1 635	(7 114)
Total segment assets	2 013 146	143 412	29 428	37 469	(171 078,)
Total segment liabilities	1 743 529	140 480	26 817	21 288	(168 943)
Net segment assets (shareholders' equity)	269 617	2 932	2 611	16 181	(2 135)



**INTERIM REPORT
FOR THE 6 MONTHS OF 2008 OF ŠIAULIŲ BANKAS AB
AND THE GROUP**

11 AUGUST 2008

TILŽĖS ST. 149, LT-76348 ŠIAULIAI
TEL.(41) 595607, FAX (41) 430774
e-mail info@sb.lt
www.sb.lt

1. Accounting period covered in the prepared report

The present report has been prepared for the first half year of 2008 according to the "Procedures for preparation and furnishing the periodical and additional information" approved by the resolution No. 1K-3 under the Securities Commission of the Republic of Lithuania dated 23 02 2007.

2. Major data about the issuer

Issuer's name – Stock company Šiaulių bankas

Authorized capital – LTL 180.357.533

Domicile address – Tilžės st. 149, LT – 76348 Šiauliai

Telephone: (+ 370 41) 522117, 595602, 595653.

Fax: (+ 370 41) 430774.

E-mail: info@sb.lt

Internet website: www.sb.lt

Legal-organizational form – a stock company, private limited liability legal entity.

Registry date - February 4th 1992.

The last edit of the Charter registered on 14-05-2008.

The Bank's register code – 112025254.

Period of activity – unlimited.

3. Nature of the issuer's main business

The main business of Šiaulių bankas AB includes commercial banking activities (a code of activity type 65.12.10).

The Bank performs the following operations under the law and legal acts of the Republic of Lithuania and the Charter:

- accepts deposits and other returnable funds into accounts opened by the customers and manages them;
- grants and takes loans;
- issues monetary warranties, guarantees and other warranty liabilities;
- issues and performs operations with payable documents (cheques, letters of credits, bills of exchange, etc.);
- performs operations with securities (shares, bonds, etc.);
- performs operations with foreign currency;
- takes customers' valuables for safeguarding and rents safes located at the bank's vault to safeguard valuables and documents;
- provides services and consultations regarding banking activities, finance and customers' investment management issues;
- issues and manages monetary instruments of credit;
- performs other operations in compliance with the nature of business of credit institutions defined in the legal acts of the Bank of Lithuania.

4. The Group's enterprises

The subsidiaries run by the Bank:

"Šiaulių banko lizingas" UAB , reg. code 145569548.

Authorized capital – LTL 1 million. The Bank owns 100% of shares.

Domicile address – Vilniaus st. 167, LT – 76352 Šiauliai

Telephone: (+ 370 41) 420855

Fax: (+ 370 41) 430774

E-mail: lizingas@sb.lt

Nature of business – financial lease.

"Šiaulių banko investicijų valdymas" UAB , reg. code 145649065.

Authorized capital – LTL 1 million. The Bank owns 60.4 % of shares, i.e. LTL 604.000 of the company's authorized capital

Domicile address – Vilniaus st. 167, LT – 76352 Šiauliai

Telephone: (+ 370 41) 429227

Fax: (+ 370 41) 525585

E-mail: valdymas@sb.lt

Nature of business – investments into debt and equity securities, into small and medium-sized private companies, funding and sharing the financial management experience.

"Šiaulių banko turto fondas" UAB , reg. code 145855439.

Authorized capital – LTL 1 million. The Bank owns 53.10 % of shares, i.e. LTL 531.000 of the company's authorized capital

Domicile address – Vilniaus st. 167, LT – 76352 Šiauliai

Telephone: (+ 370 41) 525320

Fax: (+ 370 41) 460774

E-mail: turtofondas@sb.lt

Nature of business – long-term investments into land and real estate.

Šiaulių bankas has 58 client service outlets that operate in 32 towns of the country.

5. Data on trading in shares of the enterprises belonging to the Group in the regulated markets

Only the Bank's shares are listed on the main list of Vilnius Stock Exchange . ISIN code LT0000102253, a number of shares – 180.357.533

A two-year bond issue amounting in EUR 10 million ISIN LT0000402016 has been listed on the debt securities list of the Vilnius Stock during the first half-year. The bond redemption term is 17-05-2008.

Transactions with the Bank's shares in Vilnius Stock Exchange:

Quarter	The highest price, LTL	The lowest price, LTL	Biggest trading, LTL	Smallest trading, LTL	Last session price, LTL	Last session trading, LTL
I quart. 2008	3,49	2,71	3.397.320	0	2,74	480.511
II quart. 2008	2,79	2,08	1.195.144	0	2,09	110.229

6. The Bank's activities, standards limiting risks of the Bank's activities and profitability ratios

During 6 months this year the amount of credits granted by the bank increased by 27.2 per cent and exceeded LTL 1,6 billion in comparison with the same period last year. The clients' deposit portfolio increased by a quarter during the year and comprised LTL 1,36 billion at the end of the half-year. The bank started accept a new type of deposit, i.e. a Child's deposit. The number of users of the Internet system "SB linija" bank increased by 48 per cent in comparison with the half-year last year. During the half-year Šiaulių bankas AB opened new client service centers in Vilnius, Klaipėda, Rokiškis, Kupiškis, Kaunas, Panevėžys and Šiauliai.

Šiaulių bankas and public institution Lithuanian Innovation Centre signed a collaboration agreement in May regarding fostering of business innovations.

The long-time collaboration relate Šiaulių bankas with the European Bank for reconstruction and Development (EBRD), Northern Investment Bank (NIB), Council of Europe Development Bank (CEB) and commercial banks from the various states of the world. Resources lent by the foreign banks and international organizations comprises almost 20 per cent of the bank's liabilities. On June 20, 2008 Šiaulių bankas signed the agreement regarding a syndicated loan of EUR 20 million. The loan has been organized by the HSH Nordbank AG from Germany and Raiffaisen Zentralbank Osterreich AG from Austria.

On 19/05/2008 the bank disseminated a bond issue of EUR 8 million. The redemption term is 27/05/2007; the yield is 7.5 per cent.

Financial ratios of the Bank and Group:

	30-06-2007	30-06-2008
Net interest income (thou, LTL) of the Bank	15.933	21.934
of the Group	18.984	24.773
Net service and commission income (thou, LTL) of the Bank	4.385	4.523
of the Group	4.138	4.314
Profit (thou, LTL) of the Bank	20.541	15.019
of the Group	16.722	10.880

	30-06-2007	30-06-2008
Bank's liquidity ratio (%)	38,25	41,35
Capital adequacy ratio (%): of the Bank	11,19	16,74
of the Group	11,54	15,83

The Bank's profitability ratios:

	30-06-2007	30-06-2008
ROAA, %	1.12	2.73
ROAE, %	11.80	25.57

Other financial information is provided in the notes of the financial statement for 6-month period.

7. Information about agreements with the intermediaries of public trading of securities

Šiaulių bankas AB has entered into the agreements regarding securities accounting (custody) and acceptance and execution of commissions with the following intermediaries of public trading of securities: AB FMI "Finasta"; DnB NOR bankas; AB bankas Snoras FMS; AB "Hansabankas"; UAB Medicinos bankas FMS; FMI UAB "Suprema"; AB SEB Vilniaus bankas VP Accounting and Custody Department.

8. Acquisition of the own shares

During the accounting period there were no shares that would belong to the bank itself, to its subsidiaries or to entities that operate under the delegation of the subsidiaries. The bank neither acquired its own shares nor delegated them to others.

9. Shareholders

As of June 30th 2008 the total number of shareholders comprised of 3.740.

The following bank's shareholders owned more than 5% of the authorized capital:

No	Shareholder	Number of shares under ownership	Number of shares owned by persons operating together	Percentage of the authorized capital, % (operating together %)	Percentage of votes, %
1.	European Bank for Reconstruction and Development (EBRD), One Exchange Square, London, Great Britain	28.965.344	42.351.731	16,06 (23,48)	16,06
2.	Gintaras Kateiva	10.561.509	60.755.566	5,86 (33,68)	5,86
3.	Trading House "Aiva" UAB, Vilniaus st.167, Šiauliai reg. code 144031190	9.350.405	61.966.670	5,18 (34,36)	5,18

The Bank's shareholders such as the European Bank for Reconstruction and Development, Trading House "Aiva" UAB, "Mintaka" UAB, "Alita" AB, Algirdas Butkus, Gintaras Kateiva and Arvydas Salda operating together form the Group. As of 30-06-2008 39.57 per cent of the Bank's authorized capital and votes were owned by this Group.

10. Ratings and their amendments provided by the International rating agencies

The financial stability and strength of Šiaulių bankas AB has been positively evaluated by the independent experts – In February 2007 the international rating agency "Moody's" have granted the following ratings to Šiaulių bankas:

- long-term deposit rating – Ba2;
- financial strength rating – D;
- short-term deposit rating – NP;
- long-term rating outlook – stable.

11. Other information about the Issuer

11.1. Structure of the Issuer's authorized capital

The bank's authorized capital is registered at State Enterprise Centre of Registers on May 14th 2008. The capital's size – LTL 180.357.533. It consists of 180.357.533 ordinary registered shares. A par value per share is LTL 1. One share gives one vote to a shareholder during the General Shareholders' Meeting. Shareholders are entitled with interest and non-interest rights as well as to commitments defined in the Law on Stock Companies of the Republic of Lithuania.

11.2. all the limits applied to delegation of securities – ;

11.3. shareholders entitled to special control rights and definitions of these rights – the shareholders control the Bank through the elected Supervisory Board. Their functions are defined in the Law on Stock Companies of the Republic of Lithuania.

11.4. all the limits applied to voting rights – a shareholder has no right to make a decision regarding a prerogative right to acquire the bank's issued shares or regarding recall of the converted bonds in case the agenda of the general shareholders' meeting foresees that the right to acquire these securities is granted to him, his close relative, shareholder's spouse or cohabitant, when the partnerships is registered under the applicable law, and to the spouse's close relative, when a shareholder is a natural entity, also to the shareholder's patron company or shareholder's subsidiary, when a shareholder is a legal entity.

Persons or groups of related persons that are acquiring the bank's share blocks (1/10) or increasing them up to 1/5, 1/3, 1/2, 2/3 or exceeding this amount have to receive the prior consent from the Bank of Lithuania. Persons that acquire the shares without the mentioned consent lose their voting right in the General Shareholders' Meeting. Persons that do not report the Bank or Securities Commission of the Republic of Lithuania about the share block acquisition lose their votes in the General Shareholders' Meeting for 2 years after disclosure of the incorrect data under the Law and legal acts of the Republic of Lithuania, which exceed the amount of the last reported block.

12. Employees

On 30-06-2008 the Bank employed a staff of 520. By end-2007 – 483 employees. Average staff number during six months of 2007 – 496. Average staff number in 2007 – 438.

At the end of the reporting year 60% of all Bank employees had university education, 26% – non-higher professional education, and 14% – special secondary and secondary education.

Distribution of employees groups by the number of staff and average monthly wage is given in the Table below:

	Staff number		Average monthly wage (LTL)	
	2007	Ist quarter of 2008	2007	Ist quarter of 2008
Leadership	8	8	18.027	21.937
Employees	450	488	2.088	2.363

13. Transactions with the related parties

During the accounting period there were many banking transactions entered with the related parties on usual activity basis. The related parties are deemed to be the members of the Bank's Supervisory Council and Bank's Board acting together under the Shareholders' Agreement, the close relatives of the mentioned related parties and the Bank's subsidiaries. All the transactions have been entered in terms of the usual market conditions. The comprehensive description of transactions entered with the related parties is provided in the enclosed financial statements.

14. Information about the compliance with the Corporate Governance Code

The Bank obeys most of the rules defined in the Code on Company's Management. The Bank's management bodies consist of the general shareholders' meeting, Supervisory Council of 7 members elected for 4 years, the Bank's Board of 5 members elected for 4 years by the Supervisory Council and Chief Executive Officer. The Bank has formed the Audit Committee. All the Council members have the bank's shares (personally or through the companies represented by them), therefore they are not considered to be the independent members.

15. Data on the publicly announced information

the information announced publicly during the Ist half-year of 2008:

- 24-01-2008 – preliminary results of 2007;
- 21-02-2008 – pre-audited activity result of the Bank's Group for 2007;
- 21-02-2008 - summoning of the General Shareholders' Meeting;
- 29-02-2008 – interim financial statements of Šiaulių bankas AB for 12 months of 2007;
- 15-03-2008 – draft resolution of the General Shareholders' Meeting to be held on 27-03-2008;
- 27-03-2008 – resolutions of the General Shareholders' Meeting dated 27-03-2008;
- 28-03-2008 – audited financial statements for 2007;
- 01-04-2008 – corrected audited financial statements for 2007;
- 14-04-2008 – pre-audited result of Šiaulių bankas AB for the Ist quarter of 2008;
- 23-04-2008 – pre-audited result of Šiaulių bankas Group for the Ist quarter of 2008;
- 15-05-2008 – registration of the amended Charter of the Bank after the increase of the authorized capital;
- 22-05-2008 – after dissemination of 80.000 units of the bond issue an account was opened in the Central Securities Depository of Lithuania;
- 30-05-2008 – financial statements of Šiaulių bankas AB for the Ist quarter of 2008;
- 25-06-2008 - Šiaulių bankas AB is granted with a syndicated loan amounting in EUR 20 million.

Šiaulių bankas AB has informed the Securities Commission and Vilnius Stock Exchange about all the stock events. The notifications about summoning of general shareholders' meetings as well as their resolutions have been additionally published in the daily newspapers "Lietuvos rytas" and "Šiaulių kraštas". Other regulated information (reports on the share block acquisition or loss as well information about leaders' transactions) has been published on the websites of Vilnius Stock Exchange and the Securities Commission.

16. The Bank's bodies

The Bank's Bodies are as follows: General Meeting of the Shareholders of the Bank, Supervisory Council of the Bank, Board of the Bank and Chief Executive Officer of the Bank (Head of the Bank). The Board and Head of the Bank are managing bodies of the Bank.

The Council is a collegial body supervising the activities of the Bank. It is directed by its Chairman. The General Meeting of the Shareholders elects the Supervisory Council, consisting of 7 members.

The Board is a collegial Bank management body consisting of 5 members. It manages the bank, handles its matters and answers under the laws for execution of the bank's financial services. Order of the board's work is set by the Board work regulations. The Board is elected by the Council for a term of 4 years.

The Head of the Bank arranges everyday activities of the bank and performs other actions necessary to perform his functions, to implement decisions of the Bank's bodies and to secure the bank's activities.

Managing bodies of the bank observe laws and other legal acts of the Republic of Lithuania and follow the requirements of the Charter of the Bank.

17. Members of the collegial bodies, a CEO of the company and a chief financial officer

Name, surname Beginning-end of the tenure	Position held at Šiaulių bankas AB	Capital share owned, %	Vote share possessed, %
Arvydas Salda a.k.35511070011 27 03 2008 - 2012	Chairman of the Council	2.53	2.53
Sigitas Baguckas a.k. 35108250244 27 03 2008 - 2012	Deputy Chairman of the Council	0,55	0,55
Gintaras Kateiva 27 03 2008 - 2012		5.86	5.86
Kastytis Jonas Vyšniauskas a.k. 34111210053 27 03 2008 - 2012	Member of the Council	1,05	1,05
Vigintas Butkus a.k. 36405230260 27 03 2008 - 2012	Member of the Council	0,28	0,28
Vytautas Junevičius a.k.36004140014 27 03 2008 - 2012	Member of the Council	0,03	0,03
Matti Hyrynen Gim.data 1963-07-27 27 03 2008 - 2012	Member of the Council	-	-
Ričardas Valskis 27 03 2008 - 2012		0.60	0.60
Algirdas Butkus a.k. 35106260110 27 03 2008 - 2012	Chairman of the Board Chief Executive Officer	3.07	3.07
Donatas Savickas a.k. 36902240658 27 03 2008 - 2012	Member of the Board, Deputy Chief Executive Officer, Head of Finance and Credit Division	<0,01	<0,01
Vita Adomaitytė a.k. 47010290815 27 03 2008 - 2012	Member of the Board, Chief Financial Officer, Head of Accounting and Reporting Division	0,02	0,02
Daiva Kiburienė a.k. 46606050114 27 03 2008 - 2012	Member of the Board, Head of Corporate and Retail Banking Division	<0,01	<0,01
Jonas Bartkus a.k.35811070171 27 03 2008 - 2012	Member of the Board, Head of Business Development Division	<0,01	<0,01

Amounts calculated in total and in average sizes allocated to one member of the collegial body during the accounting period:

Members of the management bodies	Number of people	Total amounts of salaries/bonuses, other payoffs from profit (LTL)	Average amounts of salaries/bonuses, other payoffs from profit (LTL)
Council members	7	624.000	89.143
Board members	5	926.111	185.222
Administration members	2	584.362	292.181

No guarantees or warranties regarding the implementation of management bodies' liabilities have been granted during the I st quarter of 2008.

18. Procedure for Charter amendment

The Bank's Charter may be amended only by a resolution of the general shareholders' meeting made by 2/3 majority of votes except exclusive cases foreseen by the law.

Chief Executive Officer



Algirdas Butkus

Chief Financial Officer



Vita Adomaitytė

August 11th, 2008