



**REPORT ON RISK AND CAPITAL MANAGEMENT
PILLAR3 OF THE BASEL
FOR THE THIRD QUARTER OF THE YEAR 2021**
DISCLOSURE OF INFORMATION UNDER PART EIGHT OF REGULATION (EU) No 575/2013

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DISCLOSURE OF KEY METRICS

Template EU OV1 – Overview of total risk exposure amounts

		Total risk exposure amounts (TREA)		Total own funds requirements
		30.09.2021	30.06.2021	30.09.2021
1	Credit risk (excluding CCR)	1,840,225	1,846,767	147,218
2	Of which the standardised approach	1,840,225	1,846,767	147,218
3	Of which the Foundation IRB (F-IRB) approach	-	-	-
4	Of which slotting approach	-	-	-
EU 4a	Of which equities under the simple risk weighted approach	-	-	-
5	Of which the Advanced IRB (A-IRB) approach	-	400	
6	Counterparty credit risk - CCR	11,160	6,366	893
7	Of which the standardised approach	8,182	3,254	655
8	Of which internal model method (IMM)	-	-	-
EU 8a	Of which exposures to a CCP	-	-	-
EU 8b	Of which credit valuation adjustment - CVA	100	100	8
9	Of which other CCR	2,879	3,012	230
10	Not applicable			
11	Not applicable			
12	Not applicable			
13	Not applicable			
14	Not applicable			
15	Settlement risk	-	-	-
16	Securitisation exposures in the non-trading book (after the cap)	-	-	-
17	Of which SEC-IRBA approach	-	-	-
18	Of which SEC-ERBA (including IAA)	-	-	-
19	Of which SEC-SA approach	-	-	-
EU 19a	Of which 1250% / deduction	-	-	-
20	Position, foreign exchange and commodities risks (Market risk)	13,753	21,732	1,100
21	Of which the standardised approach	13,753	21,732	1,100
22	Of which IMA	-	-	-
EU 22a	Large exposures	-	-	-
23	Operational risk	184,598	184,598	14,768
EU 23a	Of which basic indicator approach	184,598	184,598	14,768
EU 23b	Of which standardised approach	-	-	-
EU 23c	Of which advanced measurement approach	-	-	-
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-	-
25	Not applicable			
26	Not applicable			
27	Not applicable			
28	Not applicable			
29	Total	2,049,737	2 059 463	163,979



Template EU KM1 - Key metrics template

		a	b	c	d	e
		30.09.2021	30.06.2021	31.03.2021	31.12.2020	30.09.2020
Available own funds (amounts)						
1	Common Equity Tier 1 (CET1) capital	359,952	363,544	365,590	376,773	321,167
2	Tier 1 capital	359,952	363,544	365,590	376,773	321,167
3	Total capital	379,952	383,544	385,590	396,773	341,167
Risk-weighted exposure amounts						
4	Total risk exposure amount	2,049,737	2,059,463	1,961,798	1,917,403	1,696,393
Capital ratios (as a percentage of risk-weighted exposure amount)						
5	Common Equity Tier 1 ratio (%)	0.1756	0.1765	0.1864	0.1965	0.1893
6	Tier 1 ratio (%)	0.1756	0.1765	0.1864	0.1965	0.1893
7	Total capital ratio (%)	0.1854	0.1862	0.1965	0.2069	0.2011
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)						
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	0.0160	0.016	0.016	0.014	0.014
EU 7b	of which: to be made up of CET1 capital (percentage points)	0.0090	0.009	0.009	0.008	0.008
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	0.0120	0.012	0.012	0.011	0.011
EU 7d	Total SREP own funds requirements (%)	0.1260	0.126	0.126	0.134	0.134
Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)						
8	Capital conservation buffer (%)	0.0250	0.0250	0.0250	0.0250	0.0250
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.0000	0.0000	0.0000	0.0000	0.0000
9	Institution specific countercyclical capital buffer (%)	0.0000	0.0000	0.0000	0.0000	0.0000
EU 9a	Systemic risk buffer (%)	0.0000	0.0000	0.0000	0.0000	0.0000
10	Global Systemically Important Institution buffer (%)	0.0000	0.0000	0.0000	0.0000	0.0000
EU 10a	Other Systemically Important Institution buffer (%)	0.0050	0.0050	0.0050	0.0050	0.0050
11	Combined buffer requirement (%)	0.0300	0.0300	0.0300	0.0300	0.0300
EU 11a	Overall capital requirements (%)	0.1260	0.1260	0.1260	0.1240	0.1340
12	CET1 available after meeting the total SREP own funds requirements (%)	0.0916	0.0925	0.1024	0.1136	0.1064
Leverage ratio						
13	Total exposure measure	4,132,240	3,623,492	3,522,721	3,342,728	3,162,657
14	Leverage ratio (%)	0.0871	0.1003	0.1038	0.1127	0.1015
Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)						
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	0.0000	0.0000	0.0000	0.0000	0.0000
EU 14b	of which: to be made up of CET1 capital (percentage points)	0.0000	0.0000	0.0000	0.0000	0.0000
EU 14c	Total SREP leverage ratio requirements (%)	0.0300	0.0300	0.0300	0.0300	0.0300
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)						
EU 14d	Leverage ratio buffer requirement (%)	0.0000	0.0000	0.0000	0.0000	0.0000
EU 14e	Overall leverage ratio requirement (%)	0.0300	0.0300	0.0300	0.0300	0.0300
Liquidity Coverage Ratio						
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	884,536	919,380	998,633	889,594	778,651
EU 16a	Cash outflows - Total weighted value	441,119	444,150	390,427	360,776	324,706
EU 16b	Cash inflows - Total weighted value	54,434	51,064	50,963	46,504	79,119
16	Total net cash outflows (adjusted value)	386,685	393,086	339,464	314,273	245,587
17	Liquidity coverage ratio (%)	2.2875	2.3389	2.9418	2.8306	3.1706
Net Stable Funding Ratio						
18	Total available stable funding	3,263,226	2,586,641	2,625,564	2,534,115	2,507,346
19	Total required stable funding	2,345,982	1,810,617	1,740,062	1,727,099	1,698,937
20	NSFR ratio (%)	1.3910	1.4286	1.5089	1.4673	1.4758



Template TFAS 9-FL: Comparison of institutions' own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECLs

		30.09.2021	30.06.2021	31.03.2021	31.12.2020
Available capital (amounts)					
1	Common Equity Tier 1 (CET1) capital	359,952	363,544	365,590	376,773
2	Common Equity Tier 1 (CET1) capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	333,686	337,588	339,874	348,353
3	Tier 1 capital	359,952	363,544	365,590	376,773
4	Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	333,686	337,588	339,874	348,353
5	Total capital	379,952	383,544	385,590	396,773
6	Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	353,686	357,588	359,874	368,353
Risk-weighted assets (amounts)					
7	Total risk-weighted assets	2,049,737	2,059,463	1,961,798	1,917,403
8	Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	2,023,472	2,033,507	1,936,081	1,888,983
Capital ratios					
9	Common Equity Tier 1 (as a percentage of risk exposure amount)	0.1756	0.1765	0.1864	0.1965
10	Common Equity Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	0.1649	0.1660	0.1755	0.1844
11	Tier 1 (as a percentage of risk exposure amount)	0.1756	0.1765	0.1864	0.1965
12	Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	0.1649	0.1660	0.1755	0.1844
13	Total capital (as a percentage of risk exposure amount)	0.1854	0.1862	0.1965	0.2069
14	Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	0.1748	0.1758	0.1859	0.1950
Leverage ratio					
15	Leverage ratio total exposure measure	4,132,240	3,623,492	3,522,721	3,342,728
16	Leverage ratio	0.0871	0.1003	0.1038	0.1127
17	Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	0.0813	0.0938	0.0965	0.1042

As of 1 January 2018, Šiaulių Bankas AB transitioned to the application of IFRS 9 and exercised the option provided for in Article 473a (1) of CRR to apply transitional measures to institutions to mitigate the impact of the introduction of IFRS 9 on own funds and chose to apply Article 473a (4) of CRR, it is a dynamic component. The bank did not change its initial decision made in 2018. The bank shall assign a 100% risk weight to the amount of AB_{SA} referred to in point (a) of the second subparagraph of Article 473a (1) of Regulation 2020/873.



DISCLOSURE OF LIQUIDITY REQUIREMENTS

Template EU LIQ1 - Quantitative information of LCR

Scope of consolidation (consolidated)

		Total <u>unweighted</u> value (average)			
EU 1a	Quarter ending on (30 September 2021)	30.09.2021	30.06.2021	31.03.2021	31.12.2020
EU 1b	Number of data points used in the calculation of averages	12	12	12	12
HIGH-QUALITY LIQUID ASSETS					
1	Total high-quality liquid assets (HQLA)				
CASH – OUTFLOWS					
2	Retail deposits and deposits from small business customers, of which:	2,088,747	2,050,476	1,983,737	1,777,036
3	<i>Stable deposits</i>	946,463	901,687	865,860	829,883
4	<i>Less stable deposits</i>	634,639	606,222	558,311	510,989
5	Unsecured wholesale funding	411,394	371,665	345,056	328,682
6	<i>Operational deposits (all counterparties) and deposits in networks of cooperative banks</i>	-	-	-	-
7	<i>Non-operational deposits (all counterparties)</i>	381,193	333,150	301,146	281,913
8	<i>Unsecured debt</i>	30,201	38,515	43,911	46,768
9	Secured wholesale funding				
10	Additional requirements	271,076	239,482	201,854	151,218
11	<i>Outflows related to derivative exposures and other collateral requirements</i>	791	994	969	858
12	<i>Outflows related to loss of funding on debt products</i>	-	-	-	-
13	<i>Credit and liquidity facilities</i>	270,285	238,488	200,885	150,360
14	Other contractual funding obligations	11,236	6,483	6,472	6,033
15	Other contingent funding obligations	40,571	37,099	43,792	105,447
16	TOTAL CASH OUTFLOWS				
CASH – INFLOWS					
17	Secured lending (e.g. reverse repos)	1,236	959	2,621	3,858
18	Inflows from fully performing exposures	65,728	63,331	61,175	66,073
19	Other cash inflows	13,759	15,263	19,799	23,192
ES-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)				
ES-19b	(Excess inflows from a related specialised credit institution)				
20	TOTAL CASH INFLOWS	80,723	79,553	83,594	93,123
ES-20a	Fully exempt inflows	-	-	-	-
ES-20b	Inflows subject to 90% cap	-	-	-	-
ES-20c	Inflows subject to 75% cap	80,723	79,553	83,594	93,123
TOTAL ADJUSTED VALUE					
21	LIQUIDITY BUFFER				
22	TOTAL NET CASH OUTFLOWS				
23	LIQUIDITY COVERAGE RATIO (%)				

(continued)

		Total <u>weighted</u> value (average)			
EU 1a	Quarter ending on (30 September 2021)	30.09.2021	30.06.2021	31.03.2021	31.12.2020
EU 1b	Number of data points used in the calculation of averages	12	12	12	12
HIGH-QUALITY LIQUID ASSETS					
1	Total high-quality liquid assets (HQLA)	934,115	889,429	808,167	725,766



CASH – OUTFLOWS					
2	Retail deposits and deposits from small business customers, of which:	166,560	160,152	151,434	143,852
3	<i>Stable deposits</i>	47,323	45,084	43,293	41,494
4	<i>Less stable deposits</i>	81,729	78,107	71,612	65,295
5	Unsecured wholesale funding	205,891	191,910	180,596	173,446
6	<i>Operational deposits (all counterparties) and deposits in networks of cooperative banks</i>	-	-	-	-
7	<i>Non-operational deposits (all counterparties)</i>	175,690	153,395	136,685	126,678
8	<i>Unsecured debt</i>	30,201	38,515	43,911	46,768
9	Secured wholesale funding	-	-	-	-
10	Additional requirements	24,474	21,638	18,223	13,265
11	<i>Outflows related to derivative exposures and other collateral requirements</i>	791	994	969	858
12	<i>Outflows related to loss of funding on debt products</i>	-	-	-	-
13	<i>Credit and liquidity facilities</i>	23,683	20,644	17,253	12,407
14	Other contractual funding obligations	11,236	6,483	6,472	6,033
15	Other contingent funding obligations	2,029	1,855	2,190	4,717
16	TOTAL CASH OUTFLOWS	410,190	382,038	358,913	341,312
CASH – INFLOWS					
17	Secured lending (e.g. reverse repos)	1,228	951	2,614	3,858
18	Inflows from fully performing exposures	42,888	41,666	40,629	43,863
19	Other cash inflows	13,759	15,263	19,799	23,192
ES-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)	-	-	-	-
ES-19b	(Excess inflows from a related specialised credit institution)	-	-	-	-
20	TOTAL CASH INFLOWS	57,875	57,880	63,042	70,913
ES-20a	<i>Fully exempt inflows</i>	-	-	-	-
ES-20b	<i>Inflows subject to 90% cap</i>	-	-	-	-
ES-20c	<i>Inflows subject to 75% cap</i>	57,875	57,880	63,042	70,913
TOTAL ADJUSTED VALUE					
21	LIQUIDITY BUFFER	934,115	889,429	808,167	725,766
22	TOTAL NET CASH OUTFLOWS	352,314	324,158	295,871	270,400
23	LIQUIDITY COVERAGE RATIO (%)	266.56%	275.77%	273.16%	269.75%

Scope of consolidation (solo)

		Total unweighted value (average)			
EU 1a	Quarter ending on (30 September 2021)	30.09.2021	30.06.2021	31.03.2021	31.12.2020
EU 1b	Number of data points used in the calculation of averages	12	12	12	12
HIGH-QUALITY LIQUID ASSETS					
1	Total high-quality liquid assets (HQLA)				
CASH – OUTFLOWS					
2	Retail deposits and deposits from small business customers, of which:	2,088,747	2,050,476	1,983,737	1,777,036
3	<i>Stable deposits</i>	946,463	901,687	865,860	829,883
4	<i>Less stable deposits</i>	634,639	606,222	558,311	510,989
5	Unsecured wholesale funding	415,571	374,563	346,770	329,828
6	<i>Operational deposits (all counterparties) and deposits in networks of cooperative banks</i>	-	-	-	-
7	<i>Non-operational deposits (all counterparties)</i>	385,363	336,048	302,859	283,060
8	<i>Unsecured debt</i>	30,208	38,515	43,911	46,768
9	Secured wholesale funding				



10	Additional requirements	294,945	263,777	227,894	172,418
11	<i>Outflows related to derivative exposures and other collateral requirements</i>	791	994	969	858
12	<i>Outflows related to loss of funding on debt products</i>	-	-	-	-
13	<i>Credit and liquidity facilities</i>	294,153	262,783	226,924	171,560
14	Other contractual funding obligations	11,386	5,126	5,201	4,925
15	Other contingent funding obligations	33,747	32,302	41,025	109,865
16	TOTAL CASH OUTFLOWS				
CASH – INFLOWS					
17	Secured lending (e.g. reverse repos)	1,236	959	2,621	3,858
18	Inflows from fully performing exposures	59,694	56,979	54,624	59,573
19	Other cash inflows	13,383	14,894	19,425	22,817
ES-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)				
ES-19b	(Excess inflows from a related specialised credit institution)				
20	TOTAL CASH INFLOWS	74,313	72,831	76,670	86,249
ES-20a	Fully exempt inflows	-	-	-	-
ES-20b	Inflows subject to 90% cap	-	-	-	-
ES-20c	Inflows subject to 75% cap	74,313	72,831	76,670	86,249
TOTAL ADJUSTED VALUE					
21	LIQUIDITY BUFFER				
22	TOTAL NET CASH OUTFLOWS				
23	LIQUIDITY COVERAGE RATIO (%)				

(continued)

		Total weighted value (average)			
		30.09.2021	30.06.2021	31.03.2021	31.12.2020
EU 1a	Quarter ending on (30 September 2021)				
EU 1b	Number of data points used in the calculation of averages	12	12	12	12
HIGH-QUALITY LIQUID ASSETS					
1	Total high-quality liquid assets (HQLA)	934,015	889,328	808,061	725,666
CASH – OUTFLOWS					
2	Retail deposits and deposits from small business customers, of which:	166,560	160,152	151,434	143,852
3	<i>Stable deposits</i>	47,323	45,084	43,293	41,494
4	<i>Less stable deposits</i>	81,729	78,107	71,612	65,295
5	Unsecured wholesale funding	208,319	193,864	181,995	174,560
6	<i>Operational deposits (all counterparties) and deposits in networks of cooperative banks</i>	-	-	-	-
7	<i>Non-operational deposits (all counterparties)</i>	178,111	155,349	138,085	127,792
8	<i>Unsecured debt</i>	30,208	38,515	43,911	46,768
9	Secured wholesale funding	-	-	-	-
10	Additional requirements	26,863	24,062	20,817	15,376
11	<i>Outflows related to derivative exposures and other collateral requirements</i>	791	994	969	858
12	<i>Outflows related to loss of funding on debt products</i>	-	-	-	-
13	<i>Credit and liquidity facilities</i>	26,072	23,068	19,848	14,518
14	Other contractual funding obligations	9,919	5,225	5,281	4,925
15	Other contingent funding obligations	1,687	1,615	2,051	4,938
16	TOTAL CASH OUTFLOWS	413,348	384,917	361,578	343,650
CASH – INFLOWS					
17	Secured lending (e.g. reverse repos)	1,228	951	2,614	3,858



18	Inflows from fully performing exposures	39,733	38,355	37,215	40,488
19	Other cash inflows	13,383	14,894	19,425	22,817
ES-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)	-	-	-	-
ES-19b	(Excess inflows from a related specialised credit institution)	-	-	-	-
20	TOTAL CASH INFLOWS	54,344	54,200	59,254	67,164
ES-20a	<i>Fully exempt inflows</i>	-	-	-	-
ES-20b	<i>Inflows subject to 90% cap</i>	-	-	-	-
ES-20c	<i>Inflows subject to 75% cap</i>	54,344	54,200	59,254	67,164
TOTAL ADJUSTED VALUE					
21	LIQUIDITY BUFFER	934,015	889,328	808,061	725,666
22	TOTAL NET CASH OUTFLOWS	359,004	330,717	302,324	276,486
23	LIQUIDITY COVERAGE RATIO (%)	261.52%	270.17%	267.19%	263.62%

Table EU LIQB on qualitative information on LCR, which complements template EU LIQ1

Row number	Qualitative information - Free format	
a)	Explanations on the main drivers of LCR results and the evolution of the contribution of inputs to the LCR's calculation over time	The main drivers which have the impact of LCR results are: : HQLA, which consists of Cash and Cash at the Central Bank and debt securities of the Republic of Lithuania and European Union countries and net cash outflows, primarily related to unsecured wholesale funding.
b)	Explanations on the changes in the LCR over time	LCR fluctuations were insignificant during the third quarter of year 2021.
c)	Explanations on the actual concentration of funding sources	The Financial Group uses Retail deposits as the main source of financing. More detailed information on the concentration of funding sources in NOTE 4 of Interim financial report Šiaulių bankas AB and the bank's Group for 3 quarter 2021.
d)	High-level description of the composition of the institution's liquidity buffer.	Liquidity buffer is formed of high-quality assets that can easily be converted into cash without any restrictions and with minimal losses. Due to that fact the Financial Group possesses a significant debt securities portfolio, which is highly liquid.
e)	Derivative exposures and potential collateral calls	Derivative exposures consists of Foreign exchange forward transactions and derivatives Related to Prices of Financial Instruments. Derivative exposures amounted to less than 7% of assets at the third quarter of 2021.
f)	Currency mismatch in the LCR	The Financial Group's 99% of assets are accounted for in euro and 96 % of liabilities. Therefore it not gives rise to an inherent risk of currency mismatch in the LCR.
g)	Other items in the LCR calculation that are not captured in the LCR disclosure template but that the institution considers relevant for its liquidity profile	-