



**REPORT ON RISK AND CAPITAL MANAGEMENT  
PILLAR3 OF THE BASEL  
FOR THE THIRD QUARTER OF THE YEAR 2022**

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
		30.09.2022	30.06.2022	30.09.2022
1	Credit risk (excluding CCR)	2,072,656	1,943,601	165,812
2	Of which the standardised approach	2,072,656	1,943,601	165,812
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	-	-	-
6	Counterparty credit risk - CCR	47,966	13,522	3,837
7	Of which the standardised approach	41,701	7,654	3,336
8	Of which internal model method (IMM)	-	-	-
EU 8a	Of which exposures to a CCP	-	-	-
EU 8b	Of which credit valuation adjustment - CVA	588	275	47
9	Of which other CCR	5,677	5,593	454
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)	44,227	43,960	3,538
17	Of which SEC-IRBA approach	-	-	-
18	Of which SEC-ERBA (including IAA)	-	-	-
19	Of which SEC-SA approach	44,227	43,960	3,538
EU 19a	Of which 1250% / deduction	-	-	-
20	Position, foreign exchange and commodities risks (Market risk)	36,065	36,666	2,885
21	Of which the standardised approach	36,065	36,666	2,885
22	Of which IMA	-	-	-
EU 22a	Large exposures	-	-	-
23	Operational risk	198,456	198,456	15,877
EU 23a	Of which basic indicator approach	198,456	198,456	15,877
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			
<b>29</b>	<b>Total</b>	<b>2,399,370</b>	<b>2,236,205</b>	<b>191,950</b>



## Template EU KM1 - Key metrics template

		a	b	c	d	e
		30.09.2022	30.06.2022	31.03.2022	31.12.2021	30.09.2021
<b>Available own funds (amounts)</b>						
1	Common Equity Tier 1 (CET1) capital	376,371	381,713	389,346	409,984	359,952
2	Tier 1 capital	376,371	381,713	389,346	409,984	359,952
3	Total capital	396,371	401,713	409,346	429,984	379,952
<b>Risk-weighted exposure amounts</b>						
4	Total risk exposure amount	2,399,370	2,236,205	2,031,862	2,105,529	2,049,737
<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>						
5	Common Equity Tier 1 ratio (%)	15.69%	17.07%	19.16%	19.47%	17.56%
6	Tier 1 ratio (%)	15.69%	17.07%	19.16%	19.47%	17.56%
7	Total capital ratio (%)	16.52%	17.96%	20.15%	20.42%	18.54%
<b>Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)</b>						
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	1.60%	1.60%	1.60%	1.60%	1.60%
EU 7b	of which: to be made up of CET1 capital (percentage points)	0.009	0.009	0.009	0.009	0.009
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	0.012	0.012	0.012	0.012	0.012
EU 7d	Total SREP own funds requirements (%)	15.01%	14.85%	14.85%	13.10%	12.60%
<b>Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)</b>						
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%	2.50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.00%	0.00%	0.00%	0.00%	0.00%
9	Institution specific countercyclical capital buffer (%)	0.01%	0.00%	0.00%	0.00%	0.00%
EU 9a	Systemic risk buffer (%)	0.16%	0.00%	0.00%	0.00%	0.00%
10	Global Systemically Important Institution buffer (%)	0.00%	0.00%	0.00%	0.00%	0.00%
EU 10a	Other Systemically Important Institution buffer (%)	1.00%	1.00%	0.50%	0.50%	0.50%
11	Combined buffer requirement (%)	3.66%	3.50%	3.00%	3.00%	3.00%
EU 11a	Overall capital requirements (%)	13.26%	13.10%	12.60%	12.60%	12.60%
12	CET1 available after meeting the total SREP own funds requirements (%)	6.92%	10.57%	9.16%	9.25%	10.24%
<b>Leverage ratio</b>						
13	Total exposure measure	4,520,601	4,392,278	4,453,022	4,387,232	4,132,240
14	Leverage ratio (%)	8.33%	8.69%	8.74%	9.34%	8.71%
<b>Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)</b>						
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	0%	0.00%	0.00%	0.00%	0.00%
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 (%)	3%	3.00%	3.00%	3.00%	3.00%
<b>Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)</b>						
EU 14d	Leverage ratio buffer requirement (%)	0%	0%	0%	0%	0%
EU 14e	Overall leverage ratio requirement (%)	3%	3%	3%	3%	3%
<b>Liquidity Coverage Ratio</b>						
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	417,425	698,793	879,607	998,174	884,536
EU 16a	Cash outflows - Total weighted value	492,180	528,690	507,494	477,165	441,119
EU 16b	Cash inflows - Total weighted value	224,287	69,171	76,373	72,680	54,434
16	Total net cash outflows (adjusted value)	267,894	459,519	431,121	404,486	386,685
17	Liquidity coverage ratio (%)	155.82%	152.07%	204.03%	246.78%	228.75%
<b>Net Stable Funding Ratio</b>						
18	Total available stable funding	3,452,741	3,379,611	3,374,054	3,457,995	3,263,226
19	Total required stable funding	2,684,789	2,506,383	2,437,565	2,384,297	2,345,982
20	NSFR ratio (%)	128.60%	134.84%	138.42%	147.39%	139.10%



A systemic risk buffer requirement of 2.0% of the sum of risk-weighted retail exposures secured by residential real estate to natural persons resident in the Republic of Lithuania has been introduced from 1 July 2022.

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

		30.09.2022	30-06-2022	31-03-2022	31-12-2021	30-09-2021
<b>Available capital (amounts)</b>						
1	Common Equity Tier 1 (CET1) capital	376,371	381,713	389,346	409,984	359,952
2	Common Equity Tier 1 (CET1) capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	357,263	362,183	369,660	382,443	333,686
3	Tier 1 capital	376,371	381,713	389,346	409,984	359,952
4	Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	357,263	362,183	369,660	382,443	333,686
5	Total capital	396,371	401,713	409,346	429,984	379,952
6	Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	377,263	382,183	389,660	402,443	353,686
<b>Risk-weighted assets (amounts)</b>						
7	Total risk-weighted assets	2,399,370	2,236,205	2,031,862	2,105,529	2,049,737
8	Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	2,380,261	2,216,676	2,012,176	2,077,988	2,023,472
<b>Capital ratios</b>						
9	Common Equity Tier 1 (as a percentage of risk exposure amount)	15.69%	17.07%	19.16%	19.47%	17.56%
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	15.01%	16.34%	18.37%	18.40%	16.49%
11	Tier 1 (as a percentage of risk exposure amount)	15.69%	17.07%	19.16%	19.47%	17.56%
12	Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	15.01%	16.34%	18.37%	18.40%	16.49%
13	Total capital (as a percentage of risk exposure amount)	16.52%	17.96%	20.15%	20.42%	18.54%
14	Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	15.85%	17.24%	19.37%	19.37%	17.48%
<b>Leverage ratio</b>						
15	Leverage ratio total exposure measure	4,520,601	4,392,278	4,453,022	4,387,232	4,132,240
16	Leverage ratio	8.33%	8.69%	8.74%	9.34%	8.71%
17	Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	7.94%	8.28%	8.34%	8.77%	8.13%

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<sub>SA</sub> 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 unweighted value (average)			
EU 1a	Quarter ending on (30 September 2022)	30.09.2022	30.06.2022	31.03.2022	31.12.2021
EU 1b	Number of data points used in the calculation of averages	12	12	12	12
<b>HIGH-QUALITY LIQUID ASSETS</b>					
1	Total high-quality liquid assets (HQLA)				
<b>CASH – OUTFLOWS</b>					
2	Retail deposits and deposits from small business customers, of which:	2,118,384	2,107,871	2,121,268	2,117,627
3	<i>Stable deposits</i>	1,108,942	1,077,756	1,040,767	996,924
4	<i>Less stable deposits</i>	710,950	681,568	676,382	662,094
5	Unsecured wholesale funding	543,702	528,129	500,363	443,927
6	<i>Operational deposits (all counterparties) and deposits in networks of cooperative banks</i>	-	-	-	-
7	<i>Non-operational deposits (all counterparties)</i>	543,702	526,182	492,775	430,940
8	<i>Unsecured debt</i>	-	1,947	7,589	12,987
9	Secured wholesale funding				
10	Additional requirements	370,215	347,793	328,065	300,322
11	<i>Outflows related to derivative exposures and other collateral requirements</i>	555	573	519	575
12	<i>Outflows related to loss of funding on debt products</i>	-	-	-	-
13	<i>Credit and liquidity facilities</i>	369,660	347,220	327,546	299,747
14	Other contractual funding obligations	70,544	63,671	34,617	19,737
15	Other contingent funding obligations	58,411	47,945	45,947	42,864
16	<b>TOTAL CASH OUTFLOWS</b>				
<b>CASH – INFLOWS</b>					
17	Secured lending (e.g. reverse repos)	1,492	1,740	1,721	1,375
18	Inflows from fully performing exposures	111,963	76,442	72,834	68,384
19	Other cash inflows	19,611	20,245	18,709	13,645
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	<b>TOTAL CASH INFLOWS</b>	<b>133,066</b>	<b>98,428</b>	<b>93,264</b>	<b>83,404</b>
ES-20a	<b>Fully exempt inflows</b>	-	-	-	-
ES-20b	<b>Inflows subject to 90% cap</b>	-	-	-	-
ES-20c	<b>Inflows subject to 75% cap</b>	<b>133,066</b>	<b>98,428</b>	<b>93,264</b>	<b>83,404</b>
<b>TOTAL ADJUSTED VALUE</b>					
21	<b>LIQUIDITY BUFFER</b>				
22	<b>TOTAL NET CASH OUTFLOWS</b>				
23	<b>LIQUIDITY COVERAGE RATIO (%)</b>				



(continued)

		Total <u>weighted</u> value (average)			
EU 1a	Quarter ending on (30 September 2022)	30.09.2022	30.06.2022	31.03.2022	31.12.2021
EU 1b	Number of data points used in the calculation of averages	12	12	12	12
<b>HIGH-QUALITY LIQUID ASSETS</b>					
1	Total high-quality liquid assets (HQLA)	826,516	925,690	967,582	959,203
<b>CASH – OUTFLOWS</b>					
2	Retail deposits and deposits from small business customers, of which:	180,293	176,142	175,096	172,556
3	<i>Stable deposits</i>	55,447	53,888	52,038	49,846
4	<i>Less stable deposits</i>	91,213	87,213	86,932	85,246
5	Unsecured wholesale funding	237,127	234,374	228,267	209,356
6	<i>Operational deposits (all counterparties) and deposits in networks of cooperative banks</i>	-	-	-	-
7	<i>Non-operational deposits (all counterparties)</i>	237,127	232,427	220,679	196,368
8	<i>Unsecured debt</i>	-	1,947	7,589	12,987
9	Secured wholesale funding	-	-	-	-
10	Additional requirements	34,396	32,033	29,861	27,216
11	<i>Outflows related to derivative exposures and other collateral requirements</i>	555	573	519	575
12	<i>Outflows related to loss of funding on debt products</i>	-	-	-	-
13	<i>Credit and liquidity facilities</i>	33,841	31,460	29,342	26,641
14	Other contractual funding obligations	70,544	63,671	34,617	19,737
15	Other contingent funding obligations	2,921	2,397	2,297	2,143
16	<b>TOTAL CASH OUTFLOWS</b>	<b>525,281</b>	<b>508,617</b>	<b>470,139</b>	<b>431,007</b>
<b>CASH – INFLOWS</b>					
17	Secured lending (e.g. reverse repos)	1,490	1,738	1,718	1,365
18	Inflows from fully performing exposures	85,178	50,471	48,237	45,024
19	Other cash inflows	19,611	20,245	18,709	13,645
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	<b>TOTAL CASH INFLOWS</b>	<b>106,280</b>	<b>72,455</b>	<b>68,664</b>	<b>60,034</b>
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>	106,280	72,455	68,664	60,034
<b>TOTAL ADJUSTED VALUE</b>					
21	<b>LIQUIDITY BUFFER</b>	<b>826,516</b>	<b>925,690</b>	<b>967,582</b>	<b>959,203</b>
22	<b>TOTAL NET CASH OUTFLOWS</b>	<b>419,002</b>	<b>436,162</b>	<b>401,475</b>	<b>370,973</b>
23	<b>LIQUIDITY COVERAGE RATIO (%)</b>	<b>197.02%</b>	<b>216.28%</b>	<b>242.61%</b>	<b>260.13%</b>

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

The main factors influencing the Group's LCR are changes in the liquidity buffer, which is largely made up of highly liquid government securities and funds held with the central bank, and cash outflows, primarily related to unsecured wholesale funding.



The volume of lending increased significantly during the first three quarters of 2022. Free funds were used for lending financing, which influenced the decrease of the Liquidity reserve, and the latter - the decrease of the LCR.

The Financial Group uses Retail deposits as the main source of financing. More detailed information on the concentration of funding sources in note 4 to Interim financial report Šiaulių bankas AB and the bank's Group for 3 quarter 2022.

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.

The Group has insignificant derivative positions consisting of forward foreign exchange contracts and derivatives linked to the prices of financial instruments. Their share of total assets is 0.97%.

The Financial Group's 99% of assets are accounted for in euro and 95 % of liabilities. Therefore it not gives rise to an inherent risk of currency mismatch in the LCR.