



**REPORT ON RISK AND CAPITAL MANAGEMENT
PILLAR3 OF THE BASEL
FOR THE FIRST QUARTER OF THE YEAR 2023**
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
		31-03-2023	31-12-2022	31-03-2023
1	Credit risk (excluding CCR)	2,084,378	2,097,928	166,750
2	Of which the standardised approach	2,084,378	2,097,928	166,750
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	36,655	24,218	2,932
7	Of which the standardised approach	25,319	14,580	2,025
8	Of which internal model method (IMM)	-	-	-
EU 8a	Of which exposures to a CCP	-	-	-
EU 8b	Of which credit valuation adjustment - CVA	200	125	16
9	Of which other CCR	11,136	9,513	891
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)	45,114	47,521	3,609
17	Of which SEC-IRBA approach	-	-	-
18	Of which SEC-ERBA (including IAA)	-	-	-
19	Of which SEC-SA approach	45,114	47,521	3,609
EU 19a	Of which 1250% / deduction	-	-	-
20	Position, foreign exchange and commodities risks (Market risk)	31,041	30,230	2,483
21	Of which the standardised approach	31,041	30,230	2,483
22	Of which IMA	-	-	-
EU 22a	Large exposures	-	-	-
23	Operational risk	221,464	221,464	17,717
EU 23a	Of which basic indicator approach	221,464	221,464	17,717
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	2,418,651	2,421,361	193,492



Template EU KM1 - Key metrics template

		a	b	c	d	e
		31-03-2023	31-12-2022	30-09-2022	30-06-2022	31-03-2022
Available own funds (amounts)						
1	Common Equity Tier 1 (CET1) capital	418,407	439,170	376,371	381,713	389,346
2	Tier 1 capital	418,407	439,170	376,371	381,713	389,346
3	Total capital	438,407	459,170	396,371	401,713	409,346
Risk-weighted exposure amounts						
4	Total risk exposure amount	2,418,651	2,421,361	2,399,370	2,236,205	2,031,862
Capital ratios (as a percentage of risk-weighted exposure amount)						
5	Common Equity Tier 1 ratio (%)	17.30%	18.14%	15.69%	17.07%	19.16%
6	Tier 1 ratio (%)	17.30%	18.14%	15.69%	17.07%	19.16%
7	Total capital ratio (%)	18.13%	18.96%	16.52%	17.96%	20.15%
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 (%)	2.05%	1.60%	1.60%	1.60%	1.60%
EU 7b	of which: to be made up of CET1 capital (percentage points)	0.012	0.009	0.009	0.009	0.009
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	0.015	0.012	0.012	0.012	0.012
EU 7d	Total SREP own funds requirements (%)	15.49%	15.03%	15.01%	14.85%	14.85%
Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)						
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%	0.01%	0.01%	0.00%	0.00%
EU 9a	Systemic risk buffer (%)	0.18%	0.17%	0.16%	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%	1.00%	1.00%	1.00%
11	Combined buffer requirement (%)	3.69%	3.68%	3.66%	3.50%	3.50%
EU 11a	Overall capital requirements (%)	13.74%	13.28%	13.26%	13.10%	13.10%
12	CET1 available after meeting the total SREP own funds requirements (%)	8.08%	9.36%	6.92%	8.36%	10.26%
Leverage ratio						
13	Total exposure measure	4,804,920	4,673,509	4,520,601	4,392,278	4,453,022
14	Leverage ratio (%)	8.71%	9.40%	8.33%	8.69%	8.74%
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 (%)	0.00%	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 (%)	3.00%	3.00%	3.00%	3.00%	3.00%
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)						
EU 14d	Leverage ratio buffer requirement (%)	0%	0%	0%	0%	0%
EU 14e	Overall leverage ratio requirement (%)	3%	3%	3%	3%	3%
Liquidity Coverage Ratio						
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	534,242	680,586	826,516	925,690	967,582
EU 16a	Cash outflows - Total weighted value	508,600	524,760	525,281	508,617	470,139
EU 16b	Cash inflows - Total weighted value	201,564	145,591	106,280	72,455	68,664
16	Total net cash outflows (adjusted value)	307,036	379,170	419,002	436,162	401,475
17	Liquidity coverage ratio (%)	186.09%	177.71%	197.02%	216.28%	242.61%
Net Stable Funding Ratio						
18	Total available stable funding	3,512,041	3,664,932	3,452,741	3,379,611	3,374,054
19	Total required stable funding	2,650,745	2,663,430	2,684,789	2,506,383	2,437,565
20	NSFR ratio (%)	132.49%	137.60%	128.60%	134.84%	138.42%



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

		31-03-2023	31-12-2022	30-09-2022	30-06-2022	31-03-2022
Available capital (amounts)						
1	Common Equity Tier 1 (CET1) capital	418,407	439,170	376,371	381,713	389,346
2	Common Equity Tier 1 (CET1) capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	408,289	420,243	357,263	362,183	369,660
3	Tier 1 capital	418,407	439,170	376,371	381,713	389,346
4	Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	408,289	420,243	357,263	362,183	369,660
5	Total capital	438,407	459,170	396,371	401,713	409,346
6	Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	428,289	440,243	377,263	382,183	389,660
Risk-weighted assets (amounts)						
7	Total risk-weighted assets	2,418,651	2,421,361	2,399,370	2,236,205	2,031,862
8	Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	2,408,534	2,402,434	2,380,261	2,216,676	2,012,176
Capital ratios						
9	Common Equity Tier 1 (as a percentage of risk exposure amount)	17.30%	18.14%	15.69%	17.07%	19.16%
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	16.95%	17.49%	15.01%	16.34%	18.37%
11	Tier 1 (as a percentage of risk exposure amount)	17.30%	18.14%	15.69%	17.07%	19.16%
12	Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	16.95%	17.49%	15.01%	16.34%	18.37%
13	Total capital (as a percentage of risk exposure amount)	18.13%	18.96%	16.52%	17.96%	20.15%
14	Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	17.78%	18.32%	15.85%	17.24%	19.37%
Leverage ratio						
15	Leverage ratio total exposure measure	4,804,920	4,673,509	4,520,601	4,392,278	4,453,022
16	Leverage ratio	8.71%	9.40%	8.33%	8.69%	8.74%
17	Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	8.52%	9.03%	7.94%	8.28%	8.34%

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 unweighted value (average)			
EU 1a	Quarter ending on (31 March 2023)	31-03-2023	31-12-2022	30-09-2022	30-06-2022
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:	2,168,717	2,129,852	2,118,384	2,107,871
3	<i>Stable deposits</i>	1,123,676	1,122,780	1,108,942	1,077,756
4	<i>Less stable deposits</i>	741,800	727,859	710,950	681,568
5	Unsecured wholesale funding	536,399	551,538	543,702	528,129
6	<i>Operational deposits (all counterparties) and deposits in networks of cooperative banks</i>	-	-	-	-
7	<i>Non-operational deposits (all counterparties)</i>	536,399	551,538	543,702	526,182
8	<i>Unsecured debt</i>	-	-	-	1,947
9	Secured wholesale funding				
10	Additional requirements	387,628	384,524	370,215	347,793
11	<i>Outflows related to derivative exposures and other collateral requirements</i>	1,708	1,441	555	573
12	<i>Outflows related to loss of funding on debt products</i>	-	-	-	-
13	<i>Credit and liquidity facilities</i>	385,920	383,084	369,660	347,220
14	Other contractual funding obligations	55,908	65,625	70,544	63,671
15	Other contingent funding obligations	100,412	74,472	58,411	47,945
16	TOTAL CASH OUTFLOWS				
CASH – INFLOWS					
17	Secured lending (e.g. reverse repos)	18,499	2,632	1,492	1,740
18	Inflows from fully performing exposures	158,046	153,988	111,963	76,442
19	Other cash inflows	69,920	17,791	19,611	20,245
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	246,465	174,411	133,066	98,428
ES-20a	Fully exempt inflows	-	-	-	-
ES-20b	Inflows subject to 90% cap	-	-	-	-
ES-20c	Inflows subject to 75% cap	246,465	174,411	133,066	98,428
TOTAL ADJUSTED VALUE					
21	LIQUIDITY BUFFER				
22	TOTAL NET CASH OUTFLOWS				
23	LIQUIDITY COVERAGE RATIO (%)				



(continued)

		Total weighted value (average)			
EU 1a	Quarter ending on (31 March 2023)	31-03-2023	31-12-2022	30-09-2022	30-06-2022
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)	534,242	680,586	826,516	925,690
CASH – OUTFLOWS					
2	Retail deposits and deposits from small business customers, of which:	180,309	180,163	180,293	176,142
3	Stable deposits	56,184	56,139	55,447	53,888
4	Less stable deposits	95,729	93,638	91,213	87,213
5	Unsecured wholesale funding	229,720	238,453	237,127	234,374
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-	-	-
7	Non-operational deposits (all counterparties)	229,720	238,453	237,127	232,427
8	Unsecured debt	-	-	-	1,947
9	Secured wholesale funding	-	-	-	-
10	Additional requirements	37,643	36,797	34,396	32,033
11	Outflows related to derivative exposures and other collateral requirements	1,708	1,441	555	573
12	Outflows related to loss of funding on debt products	-	-	-	-
13	Credit and liquidity facilities	35,935	35,356	33,841	31,460
14	Other contractual funding obligations	55,908	65,625	70,544	63,671
15	Other contingent funding obligations	5,021	3,724	2,921	2,397
16	TOTAL CASH OUTFLOWS	508,600	524,760	525,281	508,617
CASH – INFLOWS					
17	Secured lending (e.g. reverse repos)	4,323	2,631	1,490	1,738
18	Inflows from fully performing exposures	127,321	125,169	85,178	50,471
19	Other cash inflows	69,920	17,791	19,611	20,245
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	201,564	145,591	106,280	72,455
ES-20a	Fully exempt inflows	-	-	-	-
ES-20b	Inflows subject to 90% cap	-	-	-	-
ES-20c	Inflows subject to 75% cap	201,564	145,591	106,280	72,455
TOTAL ADJUSTED VALUE					
21	LIQUIDITY BUFFER	534,242	680,586	826,516	925,690
22	TOTAL NET CASH OUTFLOWS	307,036	379,170	419,002	436,162
23	LIQUIDITY COVERAGE RATIO (%)	186.09%	177.71%	197.02%	216.28%

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 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 1 quarter 2023.



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 0.71%.

The Financial Group's 100% of assets are accounted for in euro and 97 % of liabilities. Therefore it not gives rise to an inherent risk of currency mismatch in the LCR.