



**REPORT ON RISK AND CAPITAL MANAGEMENT
PILLAR3 OF THE BASEL
FOR THE THIRD QUARTER OF THE YEAR 2023**
DISCLOSURE OF INFORMATION UNDER PART EIGHT OF REGULATION (EU) No 575/2013

CONTENTS

_Toc103159442

DISCLOSURE OF KEY METRICS	2
Template EU OV1 – Overview of total risk exposure amounts.....	2
Template EU KM1 - Key metrics template	3
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	4
DISCLOSURE OF LIQUIDITY REQUIREMENTS	5
Template EU LIQ1 - Quantitative information of LCR.....	5
Table EU LIQB on qualitative information on LCR, which complements template EU LIQ1	6



DISCLOSURE OF KEY METRICS

Template EU OV1 – Overview of total risk exposure amounts

		Total risk exposure amounts (TREA)		Total own funds requirements
		30-09-2023	30-06-2023	30-09-2023
1	Credit risk (excluding CCR)	2,114,283	2,118,493	169,143
2	Of which the standardised approach	2,114,283	2,118,493	169,143
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	13,819	14,203	1,105
7	Of which the standardised approach	3,870	4,171	310
8	Of which internal model method (IMM)	-	-	-
EU 8a	Of which exposures to a CCP	-	-	-
EU 8b	Of which credit valuation adjustment - CVA	13	75	1
9	Of which other CCR	9,936	9,957	795
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)	42,975	46,785	3,438
17	Of which SEC-IRBA approach	-	-	-
18	Of which SEC-ERBA (including IAA)	-	-	-
19	Of which SEC-SA approach	42,975	46,785	3,438
EU 19a	Of which 1250% / deduction	-	-	-
20	Position, foreign exchange and commodities risks (Market risk)	29,246	29,306	2,340
21	Of which the standardised approach	29,246	29,306	2,340
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	2,421,787	2,430,251	193,743



Template EU KM1 - Key metrics template

		a	b	c	d	e
		30-09-2023	30-06-2023	31-03-2023	31-12-2022	30-09-2022
Available own funds (amounts)						
1	Common Equity Tier 1 (CET1) capital	455,880	415,624	418,407	439,170	376,371
2	Tier 1 capital	455,880	415,624	418,407	439,170	376,371
3	Total capital	516,727	476,649	438,407	459,170	396,371
Risk-weighted exposure amounts						
4	Total risk exposure amount	2,421,787	2,430,251	2,418,651	2,421,361	2,399,370
Capital ratios (as a percentage of risk-weighted exposure amount)						
5	Common Equity Tier 1 ratio (%)	18.82%	17.10%	17.30%	18.14%	15.69%
6	Tier 1 ratio (%)	18.82%	17.10%	17.30%	18.14%	15.69%
7	Total capital ratio (%)	21.34%	19.61%	18.13%	18.96%	16.52%
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%	2.05%	2.05%	1.60%	1.60%
EU 7b	of which: to be made up of CET1 capital (percentage points)	0.012	0.012	0.012	0.009	0.009
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	0.015	0.015	0.015	0.012	0.012
EU 7d	Total SREP own funds requirements (%)	15.51%	15.51%	15.49%	15.03%	15.01%
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 (%)	0.02%	0.02%	0.01%	0.01%	0.01%
EU 9a	Systemic risk buffer (%)	0.19%	0.19%	0.18%	0.17%	0.16%
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 (%)	3.71%	3.71%	3.69%	3.68%	3.66%
EU 11a	Overall capital requirements (%)	13.76%	13.76%	13.74%	13.28%	13.26%
12	CET1 available after meeting the total SREP own funds requirements (%)	11.29%	9.56%	8.08%	9.36%	6.92%
Leverage ratio						
13	Total exposure measure	4,912,200	4,715,718	4,804,920	4,673,509	4,520,601
14	Leverage ratio (%)	9.28%	8.81%	8.71%	9.40%	8.33%
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)	451,117	440,233	534,242	680,586	826,516
EU 16a	Cash outflows - Total weighted value	474,839	483,283	508,600	524,760	525,281
EU 16b	Cash inflows - Total weighted value	266,306	258,327	201,564	145,591	106,280
16	Total net cash outflows (adjusted value)	208,532	224,956	307,036	379,170	419,002
17	Liquidity coverage ratio (%)	227.72%	206.10%	186.09%	177.71%	197.02%
Net Stable Funding Ratio						
18	Total available stable funding	3,812,960	3,656,657	3,512,041	3,664,932	3,452,741
19	Total required stable funding	2,621,431	2,726,304	2,650,745	2,663,430	2,684,789
20	NSFR ratio (%)	145.45%	134.13%	132.49%	137.60%	128.60%



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

		30-09-2023	30-06-2023	31-03-2023	31-12-2022	30-09-2022
Available capital (amounts)						
1	Common Equity Tier 1 (CET1) capital	455,880	415,624	418,407	439,170	376,371
2	Common Equity Tier 1 (CET1) capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	444,079	404,937	408,289	420,243	357,263
3	Tier 1 capital	455,880	415,624	418,407	439,170	376,371
4	Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	444,079	404,937	408,289	420,243	357,263
5	Total capital	516,727	476,649	438,407	459,170	396,371
6	Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	504,926	465,963	428,289	440,243	377,263
Risk-weighted assets (amounts)						
7	Total risk-weighted assets	2,421,787	2,430,251	2,418,651	2,421,361	2,399,370
8	Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	2,409,986	2,419,565	2,408,534	2,402,434	2,380,261
Capital ratios						
9	Common Equity Tier 1 (as a percentage of risk exposure amount)	18.82%	17.10%	17.30%	18.14%	15.69%
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	18.43%	16.74%	16.95%	17.49%	15.01%
11	Tier 1 (as a percentage of risk exposure amount)	18.82%	17.10%	17.30%	18.14%	15.69%
12	Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	18.43%	16.74%	16.95%	17.49%	15.01%
13	Total capital (as a percentage of risk exposure amount)	21.34%	19.61%	18.13%	18.96%	16.52%
14	Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	20.95%	19.26%	17.78%	18.32%	15.85%
Leverage ratio						
15	Leverage ratio total exposure measure	4,912,200	4,715,718	4,804,920	4,673,509	4,520,601
16	Leverage ratio	9.28%	8.81%	8.71%	9.40%	8.33%
17	Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	9.06%	8.61%	8.52%	9.03%	7.94%

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 (30 September 2023)	30-09-2023	30-06-2023	31-03-2023	31-12-2022
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:	2,297,351	2,228,339	2,168,717	2,129,852
3	<i>Stable deposits</i>	1,091,394	1,112,614	1,123,676	1,122,780
4	<i>Less stable deposits</i>	732,301	743,206	741,800	727,859
5	Unsecured wholesale funding	533,040	535,762	536,399	551,538
6	<i>Operational deposits (all counterparties) and deposits in networks of cooperative banks</i>	-	-	-	-
7	<i>Non-operational deposits (all counterparties)</i>	533,040	535,762	536,399	551,538
8	<i>Unsecured debt</i>	-	-	-	-
9	Secured wholesale funding				
10	Additional requirements	389,065	393,159	387,628	384,524
11	<i>Outflows related to derivative exposures and other collateral requirements</i>	2,752	2,438	1,708	1,441
12	<i>Outflows related to loss of funding on debt products</i>	-	-	-	-
13	<i>Credit and liquidity facilities</i>	386,313	390,721	385,920	383,084
14	Other contractual funding obligations	22,843	30,666	55,908	65,625
15	Other contingent funding obligations	154,216	131,217	100,412	74,472
16	TOTAL CASH OUTFLOWS				
CASH – INFLOWS					
17	Secured lending (e.g. reverse repos)	18,505	18,626	18,499	2,632
18	Inflows from fully performing exposures	129,940	158,107	158,046	153,988
19	Other cash inflows	165,136	127,467	69,920	17,791
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	313,581	304,200	246,465	174,411
ES-20a	Fully exempt inflows	-	-	-	-
ES-20b	Inflows subject to 90% cap	-	-	-	-
ES-20c	Inflows subject to 75% cap	313,581	304,200	246,465	174,411
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 (30 September 2023)	30-09-2023	30-06-2023	31-03-2023	31-12-2022
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)	451,117	440,233	534,242	680,586
CASH – OUTFLOWS					
2	Retail deposits and deposits from small business customers, of which:	178,584	179,896	180,309	180,163
3	<i>Stable deposits</i>	54,570	55,631	56,184	56,139
4	<i>Less stable deposits</i>	94,614	96,073	95,729	93,638
5	Unsecured wholesale funding	227,175	227,226	229,720	238,453
6	<i>Operational deposits (all counterparties) and deposits in networks of cooperative banks</i>	-	-	-	-
7	<i>Non-operational deposits (all counterparties)</i>	227,175	227,226	229,720	238,453
8	<i>Unsecured debt</i>	-	-	-	-
9	Secured wholesale funding	-	-	-	-
10	Additional requirements	38,527	38,935	37,643	36,797
11	<i>Outflows related to derivative exposures and other collateral requirements</i>	2,752	2,438	1,708	1,441
12	<i>Outflows related to loss of funding on debt products</i>	-	-	-	-
13	<i>Credit and liquidity facilities</i>	35,775	36,497	35,935	35,356
14	Other contractual funding obligations	22,843	30,666	55,908	65,625
15	Other contingent funding obligations	7,711	6,561	5,021	3,724
16	TOTAL CASH OUTFLOWS	474,839	483,283	508,600	524,760
CASH – INFLOWS					
17	Secured lending (e.g. reverse repos)	4,298	4,419	4,323	2,631
18	Inflows from fully performing exposures	96,872	126,441	127,321	125,169
19	Other cash inflows	165,136	127,467	69,920	17,791
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	266,306	258,327	201,564	145,591
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>	266,306	258,327	201,564	145,591
TOTAL ADJUSTED VALUE					
21	LIQUIDITY BUFFER	451,117	440,233	534,242	680,586
22	TOTAL NET CASH OUTFLOWS	208,532	224,956	307,036	379,170
23	LIQUIDITY COVERAGE RATIO (%)	227.72%	206.10%	186.09%	177.71%

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 3 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 0.69%.

The Financial Group's 99% 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.