

**CONFIRMATION FROM THE RESPONSIBLE PERSONS**

We, Deputy Chief Executive Officer of Šiaulių bankas AB Algirdas Butkus and Chief Financial Officer Vita Adomaitytė, confirm that as far as we know, financial statements for 3 months of 2011 are formed in compliance with the applicable accounting standards, correspond the reality and correctly reflect the total assets, liabilities, financial status, activity result and cash flow of Šiaulių bankas AB and consolidated companies.

Deputy Chief Executive Officer



Algirdas Butkus

Chief Financial Officer



Vita Adomaitytė

2011-05-31



**FINANCIAL STATEMENT**

**31 MARCH 2011**

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## **FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB**

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

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# FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

## THE GROUP'S AND BANK'S BALANCE SHEET

	Notes	31-12-2010		31-12-2009	
		Group	Bank	Group	Bank
<b>ASSETS</b>					
Cash and cash equivalents	2	251 785	251 762	208 400	208 397
Due from other banks	3	4 147	4 147	4 147	4 147
Trading securities	6	68 824	68 824	81 326	78 406
Loans to customers	4	1 502 238	1 730 220	1 438 387	1 657 609
Finance lease receivables	5	104 421	-	103 988	-
Investment securities:					
- available-for-sale	6	146 098	131 875	103 598	89 375
- held-to-maturity	6	232 231	214 269	214 055	207 635
Investments in subsidiaries	6	0	16 889	0	16 889
Intangible assets		870	623	608	606
Tangible fixed assets		72 491	44 673	67 156	43 699
Prepaid income tax		1 136	1 126	1 615	1 598
Deferred income tax assets		9 862	9 688	10 407	10 177
Other assets	7	87 081	17 105	88 472	16 116
Assets related with subsidiaries to sale	7	13 212	-	12 455	-
<b>Total assets</b>		<b>2 494 396</b>	<b>2 491 201</b>	<b>2 334 614</b>	<b>2 334 654</b>
<b>LIABILITIES</b>					
Due to other banks and financial institutions	8	432 157	432 166	369 067	369 091
Due to customers	9	1 771 259	1 771 381	1 672 299	1 672 394
Special and lending funds	10	19 948	19 948	28 011	28 011
Debt securities in issue	11	5 340	5 340	5 291	5 291
Liabilities related with subsidiaries to sale	7	1 363	0	882	0
Other liabilities	12	11 029	4 360	7 883	3 720
<b>Total liabilities</b>		<b>2 241 096</b>	<b>2 233 195</b>	<b>2 083 433</b>	<b>2 078 507</b>
<b>EQUITY</b>					
Share capital	13	204 858	204 858	204 858	204 858
Share premium	13	46 661	46 661	46 661	46 661
Reserve capital	13	2 611	2 611	2 611	2 611
General reserve to cover possible losses in assets	13	0	0	10 000	10 000
Statutory reserve	13	860	648	6 667	6 422
Financial assets revaluation reserve		(1 208)	163	(2)	1 369
Retained earnings		(482)	3 065	(19 614)	(15 774)
<b>Total equity</b>		<b>253 300</b>	<b>258 006</b>	<b>251 181</b>	<b>256 147</b>
<b>Total liabilities and equity</b>		<b>2 494 396</b>	<b>2 491 201</b>	<b>2 334 614</b>	<b>2 334 654</b>

The notes on pages 10-38 constitute an integral part of these financial statements

Deputy Chief executive Officer



Algirdas Butkus

Chief Financial Officer



Vita Adomaitytė

31 May 2011

# FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

## THE GROUP'S AND BANK'S STATEMENT OF COMPREHENSIVE INCOME

	Notes	31-03-2011		31-03-2010	
		Group	Bank	Group	Bank
Continuing operations					
Interest and similar income	14	26 844	25 535	30 321	29 434
Interest expense and similar charges	14	(16 554)	(16 555)	(24 778)	(24 684)
<b>Net interest income</b>		<b>10 290</b>	<b>8 980</b>	<b>5 543</b>	<b>4 750</b>
Fee and commission income	15	3 028	3 027	2 618	2 669
Fee and commission expense	15	(1 177)	(1 180)	( 957)	( 942)
<b>Net fee and commission income</b>		<b>1 851</b>	<b>1 847</b>	<b>1 661</b>	<b>1 727</b>
Allowance for impairment losses		( 17)	163	(9 874)	(8 957)
Net gain on operations with securities		44	44	1 140	1 140
Net foreign exchange gain		619	619	466	466
Gain on disposal of assets		330	( 11)	34	3
Other income		498	141	318	120
Administrative and other operating expenses	16	(9 774)	(8 170)	(8 670)	(7 449)
<b>(Losses) profit from continuing operations</b>		<b>3 841</b>	<b>3 613</b>	<b>(9 382)</b>	<b>(8 200)</b>
Dividends from investments in subsidiaries		-	-	-	-
<b>(Losses) profit before income tax</b>		<b>3 841</b>	<b>3 613</b>	<b>(9 382)</b>	<b>(8 200)</b>
<b>Discontinued operations:</b>		-	-	-	-
(Losses) profit from discontinued operations before tax	7	94	-	-	-
Income tax expense		( 604)	( 548)	1 257	1 300
<b>(Losses) profit for the year</b>		<b>3 331</b>	<b>3 065</b>	<b>(8 125)</b>	<b>(6 900)</b>
<b>Other comprehensive (loss) income</b>					
Gain (losses) from revaluation of financial assets		(1 265)	(1 265)	3 026	3 026
Deferred income tax on (loss) gain from revaluation of financial assets		59	59	( 480)	( 480)
Other comprehensive (loss) income, net of tax		(1 206)	(1 206)	2 546	2 546
<b>Total comprehensive (losses) income</b>		<b>2 125</b>	<b>1 859</b>	<b>(5 579)</b>	<b>(4 354)</b>
<b>Profit is attributable to:</b>					
Equity holders of the Bank		3 331	3 065	(8 125)	(6 900)
from continuing operations		3 211	-	-	-
from discontinued operations		94	-	-	-
Minority interest		-	-	-	-
<b>(losses) profit for the year</b>					
Equity holders of the Bank		2 125	1 859	(5 579)	(4 354)
Minority interest		-	-	-	-
Basic earnings (losses) per share, net (in LTL per share)	13	0.02	0.02	-0.05	-0.04

The notes on pages 10-38 constitute an integral part of these financial statements

Deputy Chief executive Officer

Chief Financial Officer

31 May 2011




Algirdas Butkus

Vita Adomaitytė

# FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

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

	FROM 01 TO 03 MONTH 2011		FROM 01 TO 03 MONTH 2010	
	Group	Bank	Group	Bank
<b>Continuing operations</b>				
Interest and similar income	26 844	25 535	30 321	29 434
Interest expense and similar charges	(16 554)	(16 555)	(24 778)	(24 684)
<b>Net interest income</b>	<b>10 290</b>	<b>8 980</b>	<b>5 543</b>	<b>4 750</b>
Fee and commission income	3 028	3 027	2 618	2 669
Fee and commission expense	(1 177)	(1 180)	( 957)	( 942)
<b>Net fee and commission income</b>	<b>1 851</b>	<b>1 847</b>	<b>1 661</b>	<b>1 727</b>
Allowance for impairment losses	( 17)	163	(9 874)	(8 957)
Net gain on operations with securities	44	44	1 140	1 140
Net foreign exchange gain	619	619	466	466
Gain on disposal of assets	330	( 11)	34	3
Other income	498	141	318	120
Administrative and other operating expenses	(9 774)	(8 170)	(8 670)	(7 449)
<b>(Losses) profit from continuing operations</b>	<b>3 841</b>	<b>3 613</b>	<b>(9 382)</b>	<b>(8 200)</b>
Dividends from investments in subsidiaries	-	-	-	-
<b>(Losses) profit before income tax</b>	<b>3 841</b>	<b>3 613</b>	<b>(9 382)</b>	<b>(8 200)</b>
<b>Discontinued operations:</b>				
(Losses) profit from discontinued operations before tax	94	-	-	-
Income tax expense	( 604)	( 548)	1 257	1 300
<b>(Losses) profit for the period</b>	<b>3 331</b>	<b>3 065</b>	<b>(8 125)</b>	<b>(6 900)</b>

# FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

## THE GROUP'S AND BANK'S CASH FLOW STATEMENT

	31-03-2011		31-03-2010	
	Group	Bank	Group	Bank
<b>Operating activities</b>				
Interest received	20 384	19 181	28 869	28 149
Interest paid	(14 611)	(14 612)	(24 538)	(24 444)
Net cash received from service and commission fees	1 851	1 847	1 661	1 727
Net cash received from operations in trading securities	285	285	391	391
Net cash received from operations in foreign currency	710	710	776	776
Cash received from previously written-off loans	273	158	128	50
Salaries and related payments to and on behalf of employees	(5 213)	(4 423)	(4 474)	(3 846)
Other receipts (payments)	(3 406)	(2 945)	(1 266)	(2 423)
Income tax paid	-	-	-	-
<b>Net cash flow from operating activities before change in short-term assets and liabilities</b>	<b>273</b>	<b>201</b>	<b>1 547</b>	<b>380</b>
<b>(Increase) decrease in assets:</b>				
Decrease in trading securities	9 945	9 945	(46 629)	(46 561)
Decrease in loans to credit and financial institutions	570	1 349	9 130	7 176
(Increase) in loans to customers	(63 230)	(71 874)	17 917	3 849
Decrease in other assets	932	( 989)	(7 112)	(2 436)
<b>Increase in liabilities</b>				
Increase in liabilities to credit and financial institutions	64 487	64 472	4 261	13 220
Increase in deposits, special and leanding funds	87 607	87 634	55 983	56 023
Increase in other liabilities	3 843	786	(2 424)	( 116)
<b>Change</b>	<b>104 154</b>	<b>91 323</b>	<b>31 126</b>	<b>31 155</b>
<b>Net cash flow from operating activities</b>	<b>104 427</b>	<b>91 524</b>	<b>32 673</b>	<b>31 535</b>
<b>Investing activities</b>				
(Purchase) of tangible and intangible fixed assets	(6 271)	(1 783)	(3 279)	( 216)
Disposal of tangible and intangible fixed assets	582	355	221	210
(Acquisition) of held to maturity securities	(25 070)	(16 448)	(6 874)	(3 275)
Proceeds from redemption of held to maturity securities	12 015	12 015	6 279	6 279
(Acquisition) of available-for-sale securities	(71 827)	(71 827)	(62 884)	(62 884)
Disposal of available-for-sale securities	29 530	29 530	16 971	16 971
(Acquisition) of subsidiary	-	-	-	(5 500)
Dividends received	-	-	-	-
<b>Net cash used in investing activities</b>	<b>(61 041)</b>	<b>(48 158)</b>	<b>(49 566)</b>	<b>(48 415)</b>
<b>Financing activities</b>				
Increase in share capital	-	-	-	-
Dividends paid	-	-	-	-
Payment to minority shareholders	-	-	-	-
Debt securities issued	-	-	245	245
Debt securities repurchased and redeemed	( 1)	( 1)	( 190)	( 190)
<b>Net cash flow from financing activities</b>	<b>( 1)</b>	<b>( 1)</b>	<b>55</b>	<b>55</b>
<b>Net increase in cash and cash equivalents</b>	<b>43 385</b>	<b>43 365</b>	<b>(16 838)</b>	<b>(16 825)</b>
<b>Cash and cash equivalents at 1 January</b>	<b>208 400</b>	<b>208 397</b>	<b>168 708</b>	<b>168 651</b>
<b>Cash and cash equivalents at 31 March</b>	<b>251 785</b>	<b>251 762</b>	<b>151 870</b>	<b>151 826</b>

# FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

(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

	Share capital	Share premium	Reserve capital	Statutory reserve and others reserves	Retained earnings	Total:	Minority interest	Total equity:
<b>31 December 2009</b>	<b>180 358</b>	<b>45 681</b>	<b>2 611</b>	<b>15 595</b>	<b>9 939</b>	<b>254 184</b>	-	<b>254 184</b>
Formation of reserve	-	-	-	441	(441)	-	-	-
Financial assets revaluation reserve	-	-	-	3 026	-	3 026	-	<b>3 026</b>
Recognition of deferred income tax	-	-	-	(480)	-	(480)	-	<b>(480)</b>
Others moves	-	-	-	132	(301)	(169)	-	<b>(169)</b>
Profit (loss) for the year	-	-	-	-	(8 125)	(8 125)	-	<b>(8 125)</b>
<b>31 March 2010</b>	<b>180 358</b>	<b>45 681</b>	<b>2 611</b>	<b>18 714</b>	<b>1 072</b>	<b>248 436</b>	-	<b>248 436</b>
Increasing of capital	24 500	980	-	-	-	25 480	-	<b>25 480</b>
Financial assets revaluation reserve	-	-	-	(2 427)	-	(2 427)	-	<b>(2 427)</b>
Recognition of deferred income tax	-	-	-	660	-	660	-	<b>660</b>
Others moves	-	-	-	(282)	(519)	(801)	-	<b>(801)</b>
Profit (loss) for the year	-	-	-	-	(20 167)	(20 167)	-	<b>(20 167)</b>
<b>31 December 2010</b>	<b>204 858</b>	<b>46 661</b>	<b>2 611</b>	<b>16 665</b>	<b>(19 614)</b>	<b>251 181</b>	-	<b>251 181</b>
Financial assets revaluation reserve	-	-	-	(1 265)	-	(1 265)	-	<b>(1 265)</b>
Recognition of deferred income tax	-	-	-	59	-	59	-	<b>59</b>
Others moves	-	-	-	(19 620)	19 614	(6)	-	<b>(6)</b>
Profit (loss) for the year	-	-	-	-	3 331	3 331	-	<b>3 331</b>
<b>31 March 2011</b>	<b>204 858</b>	<b>46 661</b>	<b>2 611</b>	<b>(4 161)</b>	<b>3 331</b>	<b>253 300</b>	-	<b>253 300</b>



# FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

(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 and others reserves	Retained earnings	Total equity:
<b>31 December 2009</b>	<b>180 358</b>	<b>45 681</b>	<b>2 611</b>	<b>590</b>	<b>15 981</b>	<b>8 816</b>	<b>254 037</b>
	-	-	-	-	-	-	-
Formation of reserve	-	-	-	-	441	(441)	-
Financial assets revaluation reserve	-	-	-	3 026	-	-	<b>3 026</b>
Recognition of deferred income tax	-	-	-	(480)	-	-	<b>(480)</b>
Profit (loss) for the year	-	-	-	-	-	(6 900)	<b>(6 900)</b>
<b>31 March 2010</b>	<b>180 358</b>	<b>45 681</b>	<b>2 611</b>	<b>3 136</b>	<b>16 422</b>	<b>1 475</b>	<b>249 683</b>
Increasing of capital	24 500	980	-	-	-	-	<b>25 480</b>
Financial assets revaluation reserve	-	-	-	(2 427)	-	-	<b>(2 427)</b>
Recognition of deferred income tax	-	-	-	660	-	-	<b>660</b>
Profit (loss) for the year	-	-	-	-	-	(17 249)	<b>(17 249)</b>
<b>31 December 2010</b>	<b>204 858</b>	<b>46 661</b>	<b>2 611</b>	<b>1 369</b>	<b>16 422</b>	<b>(15 774)</b>	<b>256 147</b>
Financial assets revaluation reserve	-	-	-	(1 265)	-	-	<b>(1 265)</b>
Recognition of deferred income tax	-	-	-	59	-	-	<b>59</b>
Others moves	-	-	-	-	(15 774)	15 774	-
Profit (loss) for the year	-	-	-	-	-	3 065	<b>3 065</b>
<b>31 March 2011</b>	<b>204 858</b>	<b>46 661</b>	<b>2 611</b>	<b>163</b>	<b>648</b>	<b>3 065</b>	<b>258 006</b>

# FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

(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 of March 31 st 2011 the Bank had 489 employees (31 December 2010: 481). As of March 31st 2011 the Group had 558 employees (31 December 2010: 545 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),
4. Minera UAB (hereinafter – Minera, real estate management activities),
5. SBTF UAB (hereinafter – SBTF, real estate management activities).

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.

# FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

(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 38 client service. As of March 31 st 2011 the number of the bank's clients included 263 municipal companies and governmental companies, 57 state companies, 48 agricultural companies, 31 economic partnership, 4 813 limited liability public companies, 1 516 private companies, 567 non-profit making and public sector companies and 1 172 other organizations as well as 120 777 individuals.

As of March 31 st 2011 and December 31st 2010 the bank controlled 5 subsidiaries: "Šiaulių banko lizingas" UAB (financial and operational leasing), "Šiaulių banko investicijų valdymas" UAB (investment management), "Šiaulių banko turto fondas" UAB, "Minera" UAB, "SBTF" UAB (real estate management). The bank owns 100% of "Šiaulių banko lizingas" UAB (acquisition value – 31st March 2011 – LTL 5 000 thou), 100 % of "Šiaulių banko investicijų valdymas" UAB (acquisition value – 31 st March 2011 - LTL 4 040 thou), 100 % of "Šiaulių banko turto fondas" UAB (acquisition value – 31 st March 2011 -LTL 5 117 thou), 100 % of "Minera" UAB (acquisition value – 31 st March 2011 -LTL 5 505 thou), 100 % of "SBTF" UAB (acquisition value – 31 st March 2011- LTL 2 000 thou). The consolidated statements of the Group include financial statements of the bank and its subsidiaries.

## NOTE 2 CASH AND CASH EQUIVALENTS

	31-03-2011		31-12-2010	
	Group	Bank	Group	Bank
Cash and other valuables	40 614	40 591	34 605	34 602
Mandatory reserves in national currency	73 181	73 181	67 381	67 381
Correspondent bank accounts	30 631	30 631	12 744	12 744
Banks time deposits	84 901	84 901	68 006	68 006
Correspondent account with central bank	22 458	22 458	25 664	25 664
<b>Total:</b>	<b>251 785</b>	<b>251 762</b>	<b>208 400</b>	<b>208 397</b>

Mandatory reserves comprise the funds calculated on a monthly basis as a 4 % 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

	31-03-2011		31-12-2010	
	Group	Bank	Group	Bank
Due from other banks	4 147	4 147	4 147	4 147
<b>Total:</b>	<b>4 147</b>	<b>4 147</b>	<b>4 147</b>	<b>4 147</b>

# FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

(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

	31-03-2011		31-12-2010	
	Group	Bank	Group	Bank
Cash and balances with central banks	251 785	251 762	208 400	208 397
Loans and advances to banks	4 147	4 147	4 147	4 147
Loans and advances to customers:	1502 238	1730 220	1438 387	1657 609
Loans and advances to financial institutions	-	118 334	570	119 342
Loans to individuals (Retail)	196 695	185 222	202 569	191 321
Loans to business customers	1305 543	1426 664	1235 248	1346 946
Finance lease receivables	104 421	-	103 988	-
Trading assets:	-	-	-	-
Debt securities	68 341	68 341	81 228	78 308
Equity securities	483	483	98	98
Derivative financial instruments	-	-	-	-
Securities available for sale	-	-	-	-
Debt securities	130 126	130 126	87 626	87 626
Equity securities	15 972	1 749	15 972	1 749
Investment securities held to maturity	-	-	-	-
Debt securities	232 231	214 269	214 055	207 635
Other financial assets	41 524	12 048	35 254	12 025
Credit risk exposures relating to off –balance sheet items are as follows:			-	-
Financial guarantees	58 680	58 680	62 025	62 070
Letters of credit	4 223	4 223	4 472	4 472
Loan commitments and other credit related liabilities	138 967	135 062	94 145	89 495
	<b>2 553</b>			
<b>March 31/ December 31</b>	<b>138</b>	<b>2 611 110</b>	<b>2 349 797</b>	<b>2 413 631</b>

The table above represents a worst case scenario of credit risk exposure at 31 March 2011 and at 31 December 2010, without taking into account any collateral held or other credit enhancements attached. For on-balance sheet assets, the exposures set out above on net carrying amount as reported in the balance sheet.

# FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

	31-03-2011		31-12-2010	
	Group	Bank	Group	Bank
Loans are summarised as follows:				
Loans to business customers	1 370 533	1 609 833	1 302 230	1 532 232
Loans to individuals	211 472	198 171	216 537	203 232
<b>Gross</b>	<b>1 582 005</b>	<b>1 808 004</b>	<b>1 518 767</b>	<b>1 735 464</b>
Allowance for impairment	79 767	77 784	80 380	77 855
<b>Net</b>	<b>1 502 238</b>	<b>1 730 220</b>	<b>1 438 387</b>	<b>1 657 609</b>

  

	31-03-2011		31-12-2010	
	Group	Bank	Group	Bank
Neither past due not impaired	1 265 173	1 496 409	1 281 030	1 502 817
Past due but not impaired	157 297	154 961	73 768	72 535
Impaired	159 535	156 634	163 969	160 112
<b>Gross</b>	<b>1 582 005</b>	<b>1 808 004</b>	<b>1 518 767</b>	<b>1 735 464</b>
Allowance for impairment	79 767	77 784	80 380	77 855
<b>Net</b>	<b>1 502 238</b>	<b>1 730 220</b>	<b>1 438 387</b>	<b>1 657 609</b>

Loans and advances neither past due not impaired are loans which are not impaired and payments of which are not past due.

Past due but not impaired loans are loans for which principal or interest is past due but no allowance for impairment is recognized.

Impaired loan - is a loan to which a loss event is recognized and allowance for impairment is made

The list of loss events:

- 1) significant financial difficulties of the debtor or issuer, i.e. the borrower's financial status is evaluated as poor or bad;
- 2) violation of the loan agreement (non-payment of the periodic loan payments (the part of the loan or interest)) for more than 30 days;
- 3) the loan is being recovered;
- 4) funds granted to the borrower are used not according to the loan purpose and the implementation terms of investment project are violated or decrease in collateral value, when 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) other loss events (termination or cancellation of the licence validity of the borrower or issuer engaged in licensed activity; the death of the borrower or issuer).

## Loans and advances past due but not impaired

	31-03-2011		31-12-2010	
	Group	Bank	Group	Bank
Past due up to 30 days	115 243	114 265	44 487	43 500
Past due 31-60 days	26 762	25 646	11 916	11 686
Past due 61-90 days	3 286	3 047	2 826	2 810
Past due more than 90 days	12 006	12 003	14 539	14 539
<b>Total</b>	<b>157 297</b>	<b>154 961</b>	<b>73 768</b>	<b>72 535</b>
Fair value of collateral	206 304	205 323	121 677	121 677

# FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

## Loans and advances impaired

	31-03-2011		31-12-2010	
	Group	Bank	Group	Bank
Impaired loans	159 535	156 634	163 969	160 112
Fair value of collateral	104 279	104 279	109 643	108 957

Unsecured loans also include loans secured by other types of collateral (e.g. future inflow of funds into the borrowers' Bank accounts (controlled by the Bank), third party warranties, bills of exchange, etc.).

## 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:

	31-03-2011	31-12-2010
Business customers	94 019	90 965
Individuals	12 242	14 975
<b>Gross</b>	<b>106 261</b>	<b>105 940</b>

	31-03-2011	31-12-2010
Neither past due not impaired	66 033	74 148
Past due but not impaired	35 108	26 735
Impaired	5 120	5 057
<b>Gross</b>	<b>106 261</b>	<b>105 940</b>
Allowance for impairment	1 840	1 952
<b>Net</b>	<b>104 421</b>	<b>103 988</b>

	31-03-2011		
	Individuals	Business customers	Total:
Finance lease receivables by sector:			
transport vehicles	1 291	15 982	17 273
residential real estate	414	40 798	41 212
airplanes	-	9 037	9 037
rolling-stock	-	731	731
production equipment	83	15 310	15 393
other equipment	979	5 296	6 275
other assets	9 475	6 865	16 340
<b>Total:</b>	<b>12 242</b>	<b>94 019</b>	<b>106 261</b>

# FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

	31-12-2010		
	Individuals	Business customers	Total:
Finance lease receivables by sector:			
transport vehicles	1 239	12 424	13 663
residential real estate	443	41 370	41 813
airplanes	-	9 306	9 306
rolling-stock	-	774	774
production equipment	94	14 303	14 397
other equipment	1 136	5 068	6 204
other assets	12 063	7 720	19 783
<b>Total:</b>	<b>14 975</b>	<b>90 965</b>	<b>105 940</b>

## NOTE 6 SECURITIES

### Trading securities

	31-03-2011		31-12-2010	
	Group	Bank	Group	Bank
<b>Debt securities:</b>				
Private enterprise bonds of the Republic of Lithuania	-	-	16 496	13 576
Government bonds of the Republic of Lithuania	51 004	51 004	63 444	63 444
State companies bonds of the Republic of Lithuania	1 235	1 235	1 288	1 288
Private enterprise bonds of foreign states	16 102	16 102	-	-
<b>Nuosavybės vertybiniai popieriai:</b>	-	0	-	-
Listed equity securities	388	388	-	-
Unlisted equity securities	-	0	2	2
Units of funds	95	95	96	96
<b>Total:</b>	<b>68 824</b>	<b>68 824</b>	<b>81 326</b>	<b>78 406</b>

	State companies debt securities	Treasury bills	Corporate debt securities	Corporate equity securities	Investment fund units
<b>Bank 31-03-2011</b>					
from AA-to AAA	-	-	1 662	-	-
from A- to A+	-	-	5 903	-	-
from BBB- to BBB+	1 235	51 004	7 643	-	-
from BB- to BB+	-	-	894	-	-
below BB-	-	-	-	78	-
no rating	-	-	-	310	95
<b>Total:</b>	<b>1 235</b>	<b>51 004</b>	<b>16 102</b>	<b>388</b>	<b>95</b>

	State companies debt securities	Treasury bills	Corporate debt securities	Corporate equity securities	Investment fund units
<b>Bank 31-12-2010</b>					
from AA-to AAA	-	-	1 689	-	-
from A- to A+	-	-	4 170	-	-
from BBB- to BBB+	1 288	63 444	6 885	-	-
from BB- to BB+	-	-	832	-	-
below už BB-	-	-	-	-	-
no rating	-	-	-	2	96
<b>Total:</b>	<b>1 288</b>	<b>63 444</b>	<b>13 576</b>	<b>2</b>	<b>96</b>

# FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

	State companies debt securities	Treasury bills	Corporate debt securities	Corporate equity securities	Investment fund units
<b>Group 31-03-2011</b>					
from AA-to AAA	-	-	1 662	-	-
from A- to A+	-	-	5 903	-	-
from BBB- to BBB+	1 235	51 004	7 643	-	-
from BB- to BB+	-	-	894	-	-
below už BB-	-	-	-	78	-
no rating	-	-	-	310	95
<b>Total:</b>	<b>1 235</b>	<b>51 004</b>	<b>16 102</b>	<b>388</b>	<b>95</b>

	State companies debt securities	Treasury bills	Corporate debt securities	Corporate equity securities	Investment fund units
<b>Group 31-12-2010</b>					
from AA-to AAA	-	-	1 689	-	-
from A- to A+	-	-	4 170	-	-
from BBB- to BBB+	1 288	63 444	6 885	-	-
from BB- to BB+	-	-	832	-	-
below už BB-	-	-	-	-	-
no rating	-	-	2 920	2	96
<b>Total:</b>	<b>1 288</b>	<b>63 444</b>	<b>16 496</b>	<b>2</b>	<b>96</b>

## Investment securities

### Securities available-for-sale:

	31-03-2011		31-12-2010	
	Group	Bank	Group	Bank
<b>Debt securities</b>				
Private enterprise bonds the Republic of Lithuania	3 211	3 211	3 216	3 216
Government bonds of the Republic of Lithuania	64 961	64 961	46 594	46 594
Government bonds of foreign states	43 875	43 875	27 595	27 595
Private enterprise bonds of foreign states	18 079	18 079	10 221	10 221
<b>Equity securities</b>	-	-	0	0
Listed equity securities	-	-	0	0
Unlisted equity securities	15 614	1 391	15 614	1 391
Units of funds	358	358	358	358
<b>Total:</b>	<b>146 098</b>	<b>131 875</b>	<b>103 598</b>	<b>89 375</b>

### Securities held-to-maturity

	31-03-2011		31-12-2010	
	Group	Bank	Group	Bank
<b>Debt securities</b>				
Private enterprise bonds the Republic of Lithuania	17 962	-	6 420	-
Government bonds of the Republic of Lithuania	173 121	173 121	166 602	166 602
Government bonds of foreign states	29 335	29 335	29 250	29 250
Private enterprise bonds of foreign states	11 813	11 813	11 783	11 783
<b>Total:</b>	<b>232 231</b>	<b>214 269</b>	<b>214 055</b>	<b>207 635</b>



# FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

	Treasury bills	Municipality debt securities	Corporate debt securities
<b>Bank 31-03-2011</b>			
from AA-to AAA	8 188	-	-
from A- to A+	10 632	-	6 845
from BBB- to BBB+	180 184	718	4 967
from BB- to BB+	2 735	-	-
below už BB-	-	-	-
no rating	-	-	-
<b>Total:</b>	<b>201 739</b>	<b>718</b>	<b>11 812</b>

	Treasury bills	Municipality debt securities	Corporate debt securities
<b>Bank 31-12-2010</b>			
from AA-to AAA	8 120	-	-
from A- to A+	10 662	-	6 785
from BBB- to BBB+	173 666	709	4 998
from BB- to BB+	2 695	-	-
below už BB-	-	-	-
no rating	-	-	-
<b>Total:</b>	<b>195 143</b>	<b>709</b>	<b>11 783</b>

	Treasury bills	Municipality debt securities	Corporate debt securities
<b>Group 31-03-2011</b>			
from AA-to AAA	8 188	-	-
from A- to A+	10 632	-	6 845
from BBB- to BBB+	180 184	718	4 967
from BB- to BB+	2 735	-	-
below už BB-	-	-	-
no rating	-	-	17 962
<b>Total:</b>	<b>201 739</b>	<b>718</b>	<b>29 774</b>

	Treasury bills	Municipality debt securities	Corporate debt securities
<b>Group 31-12- 2010</b>			
from AA-to AAA	8 120	-	-
from A- to A+	10 662	-	6 785
from BBB- to BBB+	173 666	709	4 998
from BB- to BB+	2 695	-	-
below už BB-	-	-	-
no rating	-	-	6 420
<b>Total:</b>	<b>195 143</b>	<b>709</b>	<b>18 203</b>

# FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

## Investments in subsidiaries

	31-03-2011		
	Share in equity %	Acquisition cost	Carrying value
ŠB Lizingas UAB	100	5 000	2 000
ŠB Investicijų Valdymas UAB	100	4 040	3 113
ŠB Turto Fondas UAB	100	5 117	4 271
Minera UAB	100	5 505	5 505
SBTF UAB	100	2 000	2 000
<b>Total:</b>		<b>21 662</b>	<b>16 889</b>

	31-12-2010		
	Share in equity %	Acquisition cost	Carrying value
ŠB Lizingas UAB	100	5 000	2 000
ŠB Investicijų Valdymas UAB	100	4 040	3 113
ŠB Turto Fondas UAB	100	5 117	4 271
Minera UAB	100	5 505	5 505
SBTF UAB	100	2 000	2 000
<b>Total:</b>		<b>21 662</b>	<b>16 889</b>

Within 2009 value decrease of LTL 4 773 thousand (among them covered activity's loss of Šiaulių banko lizingas UAB comprises LTL 3000 thousand, value decrease of Šiaulių banko turto fondas UAB – LTL 846 thousand, Šiaulių banko investicijų valdymas UAB – LTL 927 thousand) was acknowledged in the balance of Šiaulių bankas AB as well as in the profit (loss) report.

## NOTE 7 OTHER ASSETS

	31-03-2011		31-12-2010	
	Group	Bank	Group	Bank
Assets held for sale	33 858	-	42 961	-
Amounts receivable	41 524	12 048	35 254	12 025
Deferred expenses	3 024	2 509	2 791	2 528
Prepayments	644	135	4 491	918
Foreclosed assets	7 187	1 950	1 442	246
Other	844	463	1 533	399
<b>Total:</b>	<b>87 081</b>	<b>17 105</b>	<b>88 472</b>	<b>16 116</b>

In 2010 Kėdainių oda UAB, a company controlled by the subsidiary of the Bank Šiaulių banko investicijų valdymas UAB, has become material to the Group and therefore is consolidated in these financial statements. The management of the Bank is taking steps to sell the investment into Kėdainių oda UAB in the near future, therefore assets, liabilities and profit and loss related to this subsidiary are disclosed in these financial statements as related to the subsidiary that is held for sale (of sale or balance value).

# FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

Note 7 continued

Sales income	1 564
Cost of goods sold	(1 317)
<b>Gross profit (loss)</b>	247
Sales and marketing expenses	-
Operating expenses	( 464)
Other income (expenses)	-
<b>Operating profit (loss)</b>	( 217)
Net profit (loss) from financial activities	( 3)
<b>(Loss) profit before income tax</b>	( 220)
Income tax	314
<b>(Loss) profit from before impairment provision</b>	94
(Loss) related to an impairment provision regarding the impairment of assets held (see below)	-
<b>Net profit (loss) for the year</b>	94

Identified that the recoverable amount is not lower than the book value of the assets therefore no impairment has been recognised.

Long term assets	10 352
Short term assets (except for cash & cash equivalents)	2 466
Cash & cash equivalents	20
Deferred income tax assets	374
<b>Total assets</b>	13 212
Long term liabilities	45
Short term liabilities	1 318
<b>Total liabilities</b>	1 363
Total net assets related to discontinued operations	11 849
<b>Net assets attributable to Group</b>	11 849

# FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

## NOTE 8 DUE TO OTHER BANKS AND FINANCIAL INSTITUTIONS

	31-03-2011		31-12-2010	
	Group	Bank	Group	Bank
Correspondent accounts and deposits of other banks and financial institutions:				
Correspondent accounts and demand deposits	43 303	43 312	26 417	26 441
Time deposits	70 171	70 171	62 317	62 317
<b>Total:</b>	<b>113 474</b>	<b>113 483</b>	<b>88 734</b>	<b>88 758</b>
Loans received:				
Loans from other banks	80 827	80 827	89 919	89 919
Loans from international organisations	55 618	55 618	57 251	57 251
Loans from financial institutions	182 238	182 238	133 163	133 163
<b>Total:</b>	<b>318 683</b>	<b>318 683</b>	<b>280 333</b>	<b>280 333</b>
<b>Total:</b>	<b>432 157</b>	<b>432 166</b>	<b>369 067</b>	<b>369 091</b>

## NOTE 9 DUE TO CUSTOMERS

	31-03-2011		31-12-2010	
	Group	Bank	Group	Bank
<b>Demand deposits:</b>				
National government institutions	28 859	28 859	28 388	28 388
Local government institutions	91 370	91 370	58 364	58 364
Governmental and municipal companies	65 042	65 042	49 940	49 940
Corporate entities	119 368	119 490	127 925	128 020
Non-profit organisations	6 844	6 844	8 361	8 361
Individuals	128 239	128 239	129 131	129 131
Unallocated amounts due to customers	9 864	9 864	3 698	3 698
<b>Total demand deposits:</b>	<b>449 586</b>	<b>449 708</b>	<b>405 807</b>	<b>405 902</b>
<b>Time deposits:</b>				
National government institutions	9 507	9 507	10 037	10 037
Local government institutions	14 013	14 013	801	801
Governmental and municipal companies	101 615	101 615	102 771	102 771
Corporate entities	155 133	155 133	154 510	154 510
Non-profit organisations	9 100	9 100	8 589	8 589
Individuals	1 032 305	1 032 305	989 784	989 784
<b>Total time deposits:</b>	<b>1 321 673</b>	<b>1 321 673</b>	<b>1 266 492</b>	<b>1 266 492</b>
<b>Total:</b>	<b>1 771 259</b>	<b>1 771 381</b>	<b>1 672 299</b>	<b>1 672 394</b>

# FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

## NOTE 10 SPECIAL AND LENDING FUNDS

	31-03-2011		31-12-2010	
	Group	Bank	Group	Bank
Special funds	3 498	3 498	9 289	9 289
Lending funds	16 450	16 450	18 722	18 722
<b>Total:</b>	<b>19 948</b>	<b>19 948</b>	<b>28 011</b>	<b>28 011</b>

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

	31-03-2011		31-12-2010	
	Group	Bank	Group	Bank
260 days coupon bonds in LTL with rate of 3,8 per cent, maturity 05-07-2011	5 340	5 340	5 291	5 291
370 days bonds denominated in EUR with discount rate of 7,8 per cent, maturity 15-07-2010	-	-	-	-
370 days bonds denominated in EUR with discount rate of 5,0 per cent, maturity 02-12-2010	-	-	-	-
<b>Total:</b>	<b>5 340</b>	<b>5 340</b>	<b>5 291</b>	<b>5 291</b>

## NOTE 12 OTHER LIABILITIES

	31-03-2011		31-12-2010	
	Group	Bank	Group	Bank
Accrued charges	3 867	3 380	3 399	2 934
Deferred income	874	480	922	519
Advances received from the buyers of assets	1 933	-	1 699	0
Amounts payable for finance lease agreements	1 479	-	1 503	0
Payable dividends	67	67	67	67
Other liabilities	2 809	433	293	200
<b>Total:</b>	<b>11 029</b>	<b>4 360</b>	<b>7 883</b>	<b>3 720</b>

## NOTE 13 SHARE CAPITAL

As of 31 March 2011 the Bank's share capital comprised 204 857 533 ordinary registered shares with par value of LTL 1 each.

Shareholders including the European Bank for Reconstruction and Development, Trade-house Aiva UAB, Mintaka UAB, Company Group Alita AB, Algirdas Butkus, Gintaras Kateiva, Arvydas Salda, Kastytis Jonas Vyšniauskas, Sigita Baguckas, Vigintas Butkus, Vytautas Junevičius, Justas Baguckas, Audrius Žiugžda, Arūnas Užupis, Daiva Kiburienė and Donatas Savickas comprise the group of shareholders, whose votes are calculated jointly. As of 31 March 2011, this group possessed 48.32 percent of the authorised capital and votes of the Bank.

As of 31 March 2011, the Bank had 3 662 shareholder (31 December 2010 - 3 601).

# FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

Shareholder	Number of shares held the right of ownership, units	Share of votes held on the right of ownership, %	Share of votes held together with the related persons, %
The European Bank for Reconstruction and Development (EBRD);	45 965 344	22,44	48,32
Gintaras Kateiva	14 710 214	7,18	48,32
Algirdas Butkus	10 590 328	5,17	48,32

## 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 authorized 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 2010, 2011 the annual general meeting of shareholders decided to not to pay dividends.

## General reserve to cover possible losses in assets

This reserve is formed from the Bank's profit or additional contributions of shareholders. The purpose of reserve is to cover losses incurred because of the risk related to the major activity of the Bank.

## 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	31-03-2011	31-03-2010
Profit (loss) for the year attributable to equity holders of the Bank (in LTL thousand)	3 065	(6 900)
Weighted average number of issued shares (thousand of shares)	204 858	180 358
<b>Basic earnings per share (in LTL per share)</b>	<b>0.02</b>	<b>-0.04</b>

# FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

Group	31-03-2011	31-03-2010
Profit (loss) for the year attributable to equity holders of the Bank (in LTL thousand)	3 331	(8 125)
Weighted average number of issued shares (thousand of shares)	204 858	180 358
<b>Basic earnings per share (in LTL per share)</b>	<b>0.02</b>	<b>-0.05</b>

## NOTE 14 NET INTEREST INCOME

	31-03-2011		31-03-2010	
	Group	Bank	Group	Bank
Interest income:				
on loans to other banks and financial institutions and placements with credit institutions	438	1 575	285	1 934
on loans to customers	19 605	19 825	23 952	24 122
on debt securities	5 025	4 135	3 536	3 378
on finance leases	1 776	0	2 548	0
<b>Total interest income</b>	<b>26 844</b>	<b>25 535</b>	<b>30 321</b>	<b>29 434</b>
Interest expense:				
on liabilities to other banks and financial institutions and amounts due to credit institutions	(3 095)	(3 095)	(1 597)	(1 503)
on customer deposits and other repayable funds	(11 459)	(11 460)	(21 367)	(21 367)
on debt securities issued	( 50)	( 50)	( 58)	( 58)
compulsory insurance of deposits	(1 950)	(1 950)	(1 756)	(1 756)
<b>Total interest expense</b>	<b>(16 554)</b>	<b>(16 555)</b>	<b>(24 778)</b>	<b>(24 684)</b>
<b>Net interest income</b>	<b>10 290</b>	<b>8 980</b>	<b>5 543</b>	<b>4 750</b>

## NOTE 15 NET FEE AND COMMISSION INCOME

	31-03-2011		31-03-2010	
	Group	Bank	Group	Bank
Fee and commission income:				
for money transfer operations	1 889	1 911	1 532	1 562
for payment card services	397	405	366	367
for base currency exchange	295	295	268	268
for operations with securities	36	36	33	33
other fee and commission income	411	380	419	439
<b>Total fee and commission income</b>	<b>3 028</b>	<b>3 027</b>	<b>2 618</b>	<b>2 669</b>
Fee and commission expense:				
for payment card services	( 848)	( 848)	( 681)	( 681)
for money transfer operations	( 306)	( 309)	( 255)	( 240)
for operations with securities	( 20)	( 20)	( 17)	( 17)
for base currency exchange	-	-	( 1)	( 1)
other fee and commission expenses	( 3)	( 3)	( 3)	( 3)
<b>Total fee and commission expense</b>	<b>(1 177)</b>	<b>(1 180)</b>	<b>( 957)</b>	<b>( 942)</b>
<b>Net fee and commission income</b>	<b>1 851</b>	<b>1 847</b>	<b>1 661</b>	<b>1 727</b>

# FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

## NOTE 16 ADMINISTRATIVE AND OTHER OPERATING EXPENSES

	31-03-2011		31-03-2010	
	Group	Bank	Group	Bank
Salaries, social security and other related expenses	(5 539)	(4 749)	(4 787)	(4 159)
Rent and maintenance of premises	(1 099)	(1 047)	( 984)	( 967)
Office equipment maintenance	( 248)	( 244)	( 228)	( 224)
Depreciation of fixed tangible assets	(1 060)	( 774)	(1 036)	( 779)
Amortisation of intangible assets	( 58)	( 58)	( 83)	( 81)
Transportation, post and communications expenses	( 512)	( 450)	( 494)	( 425)
Real estate tax and other taxes	( 285)	( 61)	( 154)	( 60)
Advertising and marketing expenses	( 57)	( 48)	( 102)	( 99)
Training and business trip expenses	( 19)	( 7)	( 13)	( 13)
Charity	( 48)	( 46)	( 3)	-
Service organisation expenses	( 227)	( 227)	( 226)	( 226)
Other operating expenses	( 622)	( 459)	( 560)	( 416)
<b>Total:</b>	<b>(9 774)</b>	<b>(8 170)</b>	<b>(8 670)</b>	<b>(7 449)</b>

## NOTE 17 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, the close family members of these related parties, legal entities that are controlled, jointly controlled or can be significantly influenced by, or for which significant voting power in such entities resides with the above mentioned 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 2010, 2011 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 balances of loans granted to and deposits accepted from the Bank's related parties, except for subsidiaries, were as follows:

	31-03-2011		31-12-2010	
	Balances of deposits	Balances of loans	Balances of deposits	Balances of loans
Members of the Council and the Board	731	6 791	921	6 784
Other related parties (excluding subsidiaries of the Bank)	5 188	236 850	4 705	233 488
<b>Total:</b>	<b>5 919</b>	<b>243 641</b>	<b>5 626</b>	<b>240 272</b>

### Transactions with EBRD:

The balance of the Bank's loans received from the EBRD . As of March 31 st 2011 the total value of the EBRD loan was LTL 94 681 thou (in 31-12-2010 – LTL 95 950 thou). The interest related with the loan as well as other expenses comprised LTL 1 234 thou on 31 March 2011 (LTL 3 029 thou on 31 December 2010).



# FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

Balances of transactions with the subsidiaries are given below:

	<b>Balances of deposits</b>	<b>31-03-2011 Balances of loans</b>	<b>Balances of deposits</b>	<b>31-12-2010 Balances of loans</b>
Non-financial institutions	122	138 365	95	128 466
Financial institutions	9	118 334	24	118 772
<b>Total:</b>	<b>131</b>	<b>256 699</b>	<b>119</b>	<b>247 238</b>

Transactions with subsidiaries:

<b>Assets</b>	<b>31-03-2011</b>	<b>31-12-2010</b>
Loans	256 699	247 238
Other assets	30	21
<b>Liabilities and shareholders' equity</b>		
Demand deposits	131	119
Bank's investment	16 889	16 889
	<b>31-03-2011</b>	<b>31-03-2010</b>
<b>Income</b>		
Interest	2 268	2 714
Commission income	44	62
Income from foreign exchange operations	-	1
Dividends	-	-
Other income	48	50
<b>Expenses</b>		
Interest	-	-
Commission charges	-	-
Operating expenses	(38)	(2)

## NOTE 18 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.

# FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

(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 nine 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. Capital requirements for operational risk are calculated using the Basic Indicator Approach.

The table below summarizes the composition of regulatory capital and the ratios of the Bank and Group as of March 31st 2011 and of December 31st 2010. During those two years, the Group complied with capital requirements to which it is subject.

	31-03-2011		31-12-2010	
	Group	Bank	Group	Bank
<b>Tier 1 capital</b>				
Ordinary shares	204 858	204 858	204 858	204 858
Share premium	46 661	46 661	46 661	46 661
Reserve capital	2 611	2 611	2 611	2 611
Previous year's retained earnings	(3 813)	-	8 678	8 375
Not audited result	-	-	(28 292)	(24 149)
Others reserve	860	648	16 667	16 422
Less: financial assets revaluation reserve	(1 208)	-	(2)	-
Less: Intangible assets	( 870)	( 623)	( 608)	( 606)
<b>Total Tier 1 capital</b>	<b>249 099</b>	<b>254 155</b>	<b>250 573</b>	<b>254 172</b>
<b>Tier 2 capital</b>				
85 % financial assets revaluation reserve	-	139	-	1 164
<b>Total Tier 2 capital</b>	<b>-</b>	<b>139</b>	<b>-</b>	<b>1164</b>
Less Investments in other credit or financial institutions	-	(1 753)	-	(1 762)
<b>Total capital:</b>	<b>249 099</b>	<b>252 541</b>	<b>250 573</b>	<b>253 574</b>

# FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

## Capital requirement:

Standardised approach credit risk	139 097	139 337	131 965	131 810
Traded debt instruments	2 011	2 011	2 039	1 784
Equities	58	58	12	12
Foreign exchange risk exposure	1 020	1 872	1 882	3 050
Operational risk by Basic indicator's method	8 084	7 600	8 084	7 600
<b>Total capital requirement:</b>	<b>150 270</b>	<b>150 878</b>	<b>143 982</b>	<b>144 256</b>
<b>Capital ratio, %</b>	<b>13,26</b>	<b>13,39</b>	<b>13,92</b>	<b>14,06</b>

# FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

## NOTE 19 LIQUIDITY

Liquidity risk means the risk that the Bank is unable to meet its financial obligations in time or that it will not manage to receive financial resources during a short time by borrowing or selling the assets.

### The liquidity risk management

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 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.

As of March 31 st 2011 the above Group's ratio was 46,94 per cent (31-12-2010 -44,61 per cent), and the Bank's – 47,82 per cent (31-12-2010 – 46,00 per cent.).

The tables below disclose the assets and liabilities as of March 31 st 2011 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 structure of the Group's liabilities by maturity as of March 31 st 2011 was as follows.:

	Demand	up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	more than 3 years	maturit y undefin ited	Total:
<b>Total assets</b>	237 285	110 485	124 733	96 114	243 682	790 223	692 178	199 696	2 494 396
<b>Total liabilities and shareholder's equity</b>	485 103	199 845	361 179	367 554	462 581	145 713	216 163	256 258	2 494 396
<b>Net liquidity gap</b>	-247 818	(89 360)	(236 446)	(271 440)	(218 899)	644 510	476 015	(56 562)	-

# FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

The structure of the Group's liabilities by maturity as of December 31 st 2010 was as follows.:

	Demand	up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	more than 3 years	maturity undefined	Total:
<b>Total assets</b>	200 493	71 911	166 600	220 779	182 505	694 686	613 428	184 212	2 334 614
<b>Total liabilities and shareholder's equity</b>	441 626	222 179	293 816	389 547	403 823	158 886	171 441	253 296	2 334 614
<b>Net liquidity gap</b>	(241 133)	(150 268)	(127 216)	(168 768)	(221 318)	535 800	441 987	(69 084)	-

The structure of the Bank's liabilities by maturity as of March 31 st 2011 was as follows.:

	Demand	up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	more than 3 years	maturity undefined	Total:
<b>Total assets</b>	236 906	116 303	158 193	165 363	308 137	719 670	639 011	147 618	2 491 201
<b>Total liabilities and shareholder's equity</b>	483 971	196 304	360 057	367 399	462 188	145 525	216 163	259 594	2 491 201
<b>Net liquidity gap</b>	(247 065)	(80 001)	(201 864)	(202 036)	(154 051)	574 145	422 848	(111 976)	-

The structure of the Bank's liabilities by maturity as of December 31st 2010 was as follows.:

	Demand	up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	more than 3 years	maturity undefined	Total:
<b>Total assets</b>	200 395	98 072	209 978	277 703	229 332	628 540	556 100	134 534	2 334 654
<b>Total liabilities and shareholder's equity</b>	440 819	219 918	293 685	389 381	403 439	158 594	171 441	257 377	2 334 654
<b>Net liquidity gap</b>	(240 424)	(121 846)	(83 707)	(111 678)	(174 107)	469 946	384 659	(122 843)	-

# FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

## Non-derivative cash flow

Undiscounted cash flows in the table below describe presumable liability side outflows which are represented by nominal contract amounts together with accrued interest till the end of the contract.

<b>Group 31-03-2011</b>	maturity undefined	up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	more than 5 years	Total:
<b>Liabilities</b>							
Due to banks	-	49 834	20 931	75 562	269 926	41 243	457 496
Due to customers	-	625 177	338 583	754 673	51 593	7 732	1 777 758
Debt securities in issue	-	-	-	5 392	-	-	5 392
Special and lending fund	-	3 648	54	1 846	14 933	-	20 481
<b>Total liabilities (contractual maturity dates)</b>	-	<b>678 659</b>	<b>359 568</b>	<b>837 473</b>	<b>336 452</b>	<b>48 975</b>	<b>2 261 127</b>
<b>Group 31-12-2010</b>	maturity undefined	up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	more than 5 years	Total:
<b>Liabilities</b>							
Due to banks	-	32 428	21 950	65 752	239 658	34 799	394 587
Due to customers	-	617 086	273 085	729 833	56 221	4 836	1 681 061
Debt securities in issue	-	-	-	5 392	-	-	5 392
Special and lending fund	-	10 160	167	1 309	16 318	637	28 591
<b>Total liabilities (contractual maturity dates)</b>	-	<b>659 674</b>	<b>295 202</b>	<b>802 286</b>	<b>312 197</b>	<b>40 272</b>	<b>2 109 631</b>

# FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

<b>Bank 31-03-2011</b>	maturity undefined	up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	more than 5 years	Total:
<b>Liabilities</b>							
Due to banks	-	49 834	20 931	75 562	269 926	41 243	457 496
Due to customers	-	625 308	338 583	754 673	51 593	7 732	1 777 889
Debt securities in issue	-	-	-	5 392	-	-	5 392
Special and lending fund	-	3 648	54	1 846	14 933	-	20 481
<b>Total liabilities (contractual maturity dates)</b>	-	<b>678 790</b>	<b>359 568</b>	<b>837 473</b>	<b>336 452</b>	<b>48 975</b>	<b>2 261 258</b>

<b>Bank 31-12-2010</b>	maturity undefined	up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	more than 5 years	Total:
<b>Liabilities</b>							
Due to banks	-	32 428	21 950	65 752	239 658	34 799	394 587
Due to customers	-	617 153	273 085	729 833	56 221	4 836	1 681 128
Debt securities in issue	-	-	-	5 392	-	-	5 392
Special and lending fund	-	10 160	167	1 309	16 318	637	28 591
<b>Total liabilities (contractual maturity dates)</b>	-	<b>659 741</b>	<b>295 202</b>	<b>802 286</b>	<b>312 197</b>	<b>40 272</b>	<b>2 109 698</b>

# FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

## NOTE 20 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. As of March 31 st 2011 the TOP to capital ratio was: Group's – 0,49 % (31-12-2010: 0,55 %), Bank's – 0,48 % (31-12-2010: 0,55 %).

### 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. The FX risk parameters for the Group (Bank) have been established in view of the impact of economic slowdown and financial crisis on exchange rates in 2010 and forecasts that currency weakening tendencies will remain in 2011.

Currency	Annual reasonable shift 2011	Annual reasonable shift 2010
USD	9%	8%
GBP	6%	6%
DKK	1%	1%
SEK	7%	5%
LVL	1%	1%
other currencies	6%	6%

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:

	31-03-2011		31-12-2010	
	Impact on profit or loss, on equity		Impact on profit or loss, on equity	
	Group	Bank	Group	Bank
USD	7	8	36	41
GBP	4	4	4	4
DKK	0	-	2	2
SEK	14	14	11	11
LVL	1	1	1	1
other currencies	45	45	31	31
<b>Total:</b>	<b>71</b>	<b>72</b>	<b>85</b>	<b>90</b>

The presumable FX rate change creates acceptable impact on the Bank's profit and makes LTL 72 thousand in 2011 (2010: LTL 90 thousand) and the Group's annual profit and makes LTL 71 thousand in 2011 (2010: LTL 85 thousand) higher/lower impact on profit.



# FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

The Group's open positions of prevailing currencies as of March 31 st 2011 were as follow:

	USD	Others currencies	Total currencies:	EUR	LTL	Total:
Assets	46 285	2 452	48 737	816 529	1 629 130	2 494 396
Liabilities and shareholder's equity	44 968	1 397	46 365	799 307	1 648 724	2 494 396
Net balance sheet position	1 317	1 055	2 372	17 222	(19 594)	-
Currency swaps	(1 228)	-	(1 228)	(5 684)	6 906	(6)
<b>Net open position</b>	<b>89</b>	<b>1 055</b>	<b>1 144</b>	<b>11 538</b>	<b>(12 688)</b>	<b>(6)</b>

The Group's open positions of prevailing currencies as of December 31st 2010 were as follow:

	USD	Others currencies	Total currencies:	EUR	LTL	Total:
Assets	44 367	1 747	46 114	740 304	1 548 196	2 334 614
Liabilities and shareholder's equity	43 131	922	44 053	718 949	1 571 612	2 334 614
Net balance sheet position	1 236	825	2 061	21 355	(23 416)	-
Currency swaps	( 783)	0	( 783)	783	-	-
<b>Net open position</b>	<b>453</b>	<b>825</b>	<b>1 278</b>	<b>22 138</b>	<b>(23 416)</b>	<b>-</b>

The Bank's open positions of prevailing currencies as of March 31st 2011 were as follow:

	USD	Others currencies	Total currencies:	EUR	LTL	Total:
Assets	46 284	2 452	48 736	826 899	1 615 566	2 491 201
Liabilities and shareholder's equity	44 968	1 397	46 365	799 017	1 645 819	2 491 201
Net balance sheet position	1 316	1 055	2 371	27 882	(30 253)	-
Currency swaps	(1 228)	0	(1 228)	(5 684)	6 906	(6)
<b>Net open position</b>	<b>88</b>	<b>1 055</b>	<b>1 143</b>	<b>22 198</b>	<b>(23 347)</b>	<b>(6)</b>

# FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

The Bank's open positions of prevailing currencies as of December 31st 2010 were as follow:

	USD	Others currencies	Total currencies:	EUR	LTL	Total:
Assets	44 366	1 747	46 113	754 584	1 533 957	2 334 654
Liabilities and shareholder's equity	43 131	922	44 053	718 628	1 571 973	2 334 654
Net balance sheet position	1 235	825	2 060	35 956	(38 016)	-
Currency swaps	( 783)	0	( 783)	783	0	-
<b>Net open position</b>	<b>452</b>	<b>825</b>	<b>1 277</b>	<b>36 739</b>	<b>(38 016)</b>	<b>-</b>

## 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.

## 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.

# FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

## Group 31-03-2011

	Demand and less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	more than 1 year	non monetary	Total:
Assets	319 677	492 930	604 501	128 786	464 884	483 618	2 494 396
Liabilities and shareholder's equity	383 643	412 232	429 286	438 473	52 636	778 126	2 494 396
Net interest sensitivity gap at 30 June 2010	(63 966)	80 698	175 215	(309 687)	412 248	(294 508)	-
Higher/lower impact on profit from balance sheet assets and liabilities	( 613)	672	1 095	( 774)	-	-	380

## Group 31-12-2010

	Demand and less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	more than 1 year	non monetary	Total:
Assets	266 843	487 776	671 754	58 343	398 490	451 408	2 334 614
Liabilities and shareholder's equity	303 182	402 234	461 783	384 335	59 414	723 666	2 334 614
Net interest sensitivity gap at 31 December 2010	(36 339)	85 542	209 971	(325 992)	339 076	(272 258)	-
Higher/lower impact on profit from balance sheet assets and liabilities	( 348)	713	1 312	( 815)	-	-	862

# FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

## Bank 31-03-2011

	Demand and less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	more than 1 year	non monetary	Total:
Assets	333 309	513 549	610 924	205 547	460 197	367 675	2 491 201
Liabilities and shareholder's equity	383 643	412 232	429 286	438 473	52 636	774 931	2 491 201
Net interest sensitivity gap at 30 June 2010	(50 334)	101 317	181 638	(232 926)	407 561	(407 256)	-
Higher/lower impact on profit from balance sheet assets and liabilities	(482)	844	1 135	(582)	-	-	915

## Bank 31-12-2010

	Demand and less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	more than 1 year	non monetary	Total:
Assets	287 795	488 439	706 037	119 611	394 568	338 204	2 334 654
Liabilities and shareholder's equity	303 182	402 234	461 783	384 335	59 414	723 706	2 334 654
Net interest sensitivity gap at 31 December 2010	(15 387)	86 205	244 254	(264 724)	335 154	(385 502)	-
Higher/lower impact on profit from balance sheet assets and liabilities	(147)	718	1 527	(662)	-	-	1 436

# FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

## 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 mitigation processes and its 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 activities: operations with cash, investing services (deposits, investment and pension funds), payments and settlements, electronic banking (SB Line, SMS Bank, payment cards), lending (credits, factoring, guarantees and documentary settlements), finance lease, foreign exchange trading, etc.

The Bank also defines the reputation risk as a subcategory of the operational risk.

The reputation risk means an existing or anticipated risk that might have a negative effect on the Bank's revenue and/or capital as a result of adverse opinion about the Bank's reputation which is formed by the clients, counterparties, shareholders and investors. This risk is controlled by adherence to the principle of prudence.

Taking into consideration the nature and scope of the banking activities, the following operational risk sources may be distinguished: information systems (breakdowns of computer hardware and software and telecommunications systems, etc.); human impact (illegal actions of bank employees, illegal actions of external parties, working conditions, errors); and loss of tangible assets (natural disaster, fire, terrorist attacks, etc.).

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. The internal control system within the bank is an integral part of the banking day-to-day activities that motivates bank's employees to make the bank's activities more effective; to protect the bank from possible operational risk losses; to ensure that financial and other types of information used for internal, control purposes or by third parties is reliable, precise and presented on a timely basis; to ensure that the bank's activities comply with laws, legal acts of the Bank of Lithuania and other legal acts, the bank's strategy and internal policies.

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 and enables determining operational risk mitigation (preventive) measures.

In order to safeguard that the Bank continues as a going concern the Business Continuity Plan and Procedure for the Provision of Banking Products in the Event of Breakdown of the Bank's Information Systems have been approved. These measures establish procedures and actions to be taken in the event of unforeseen circumstances and emergencies in order to make sure that operational risk is mitigated and avoided and the loss of assets is prevented in case day-to-day activities of the Bank are disrupted.

The Bank's operational risk management system is complimented by the Bank's Business Continuity Management Plan and the Information Security and Emergency Management System created and installed by the IT agency "Blue Bridge".

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 established in the Rules on Capital Adequacy Requirements to assess the operational risk.

## 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.

# FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

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

## 21 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 31 March 2011 and in the income statement:

	<b>Banking</b>	<b>Leasing</b>	<b>Investment management</b>	<b>Real estate development</b>	<b>Eliminations</b>	<b>Total:</b>
Internal	2 267	(1 136)	(329)	(802)	-	-
External	6 713	2 254	202	1 121	-	10 290
<b>Net interest income</b>	<b>8 980</b>	<b>1 118</b>	<b>(127)</b>	<b>319</b>	<b>-</b>	<b>10 290</b>
Internal	2 311	(1 177)	(329)	(805)	-	-
External	8 516	2 255	247	1 123	-	12 141
<b>Net interest, fee and commissions income</b>	<b>10 827</b>	<b>1 078</b>	<b>(82)</b>	<b>318</b>	<b>-</b>	<b>12 141</b>
<b>Provision expenses</b>	<b>163</b>	<b>(188)</b>	<b>19</b>	<b>(11)</b>	<b>-</b>	<b>(17)</b>
Internal	24	(28)	(37)	(8)	49	-
External	(7 362)	(542)	(150)	(602)	-	(8 656)
<b>Operating expenses</b>	<b>(7 338)</b>	<b>(570)</b>	<b>(187)</b>	<b>(610)</b>	<b>49</b>	<b>(8 656)</b>
<b>Amortisation charges</b>	<b>(58)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(58)</b>
<b>Depreciation charges</b>	<b>(774)</b>	<b>(258)</b>	<b>(4)</b>	<b>(24)</b>	<b>-</b>	<b>(1 060)</b>
Internal	48	-	-	1	(49)	-
External	745	83	131	532	-	1 491
<b>Net other income</b>	<b>793</b>	<b>83</b>	<b>131</b>	<b>533</b>	<b>(49)</b>	<b>1 491</b>
Profit before tax	3 613	145	(123)	206	-	3 841
Losses from discontinued operations	-	-	-	-	94	94
Income tax	(548)	(56)	-	-	-	(604)
<b>Profit per segment after tax</b>	<b>3 065</b>	<b>89</b>	<b>(123)</b>	<b>206</b>	<b>94</b>	<b>3 331</b>
<b>Profit for the year attributable to equity holders of the Bank</b>	<b>3 065</b>	<b>89</b>	<b>(123)</b>	<b>206</b>	<b>94</b>	<b>3 331</b>
<b>Total segment assets</b>	<b>2491 201</b>	<b>124 594</b>	<b>49 604</b>	<b>102 822</b>	<b>(273 825)</b>	<b>2 494 396</b>
<b>Total segment liabilities</b>	<b>2233 195</b>	<b>122 125</b>	<b>44 610</b>	<b>98 102</b>	<b>(256 936)</b>	<b>2 241 096</b>
<b>Net segment assets (shareholders' equity)</b>	<b>258 006</b>	<b>2 469</b>	<b>4 994</b>	<b>4 720</b>	<b>(16 889)</b>	<b>253 300</b>

# FINANCIAL STATEMENT ŠIAULIŲ BANKAS AB

(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 March 2010 and in the income statement:

	<b>Banking</b>	<b>Leasing</b>	<b>Investment management</b>	<b>Real estate development</b>	<b>Eliminations</b>	<b>Total:</b>
Internal	2 714	(1 649)	( 535)	( 530)	-	-
External	2 036	3 001	287	219	-	5 543
<b>Net interest income</b>	<b>4 750</b>	<b>1 352</b>	<b>( 248)</b>	<b>( 311)</b>	<b>-</b>	<b>5 543</b>
Internal	2 776	(1 711)	( 535)	( 530)	-	-
External	3 701	2 987	293	223	-	7 204
<b>Net interest, fee and commissions income</b>	<b>6 477</b>	<b>1 276</b>	<b>( 242)</b>	<b>( 307)</b>	<b>-</b>	<b>7 204</b>
<b>Provision expenses</b>	<b>(8 957)</b>	<b>( 685)</b>	<b>2</b>	<b>37</b>	<b>-</b>	<b>(9 603)</b>
Internal	2	( 40)	( 6)	( 7)	51	-
External	(6 591)	( 475)	( 124)	( 361)	-	(7 551)
<b>Operating expenses</b>	<b>(6 589)</b>	<b>( 515)</b>	<b>( 130)</b>	<b>( 368)</b>	<b>51</b>	<b>(7 551)</b>
<b>Amortisation charges</b>	<b>( 81)</b>	<b>( 1)</b>	<b>-</b>	<b>( 1)</b>	<b>-</b>	<b>( 83)</b>
<b>Depreciation charges</b>	<b>( 779)</b>	<b>( 227)</b>	<b>( 3)</b>	<b>( 27)</b>	<b>-</b>	<b>(1 036)</b>
Internal	51	( 1)	3 507	( 61)	(3 496)	-
External	1 678	204	( 268)	73	-	1 687
<b>Net other income</b>	<b>1 729</b>	<b>203</b>	<b>3 239</b>	<b>12</b>	<b>(3 496)</b>	<b>1 687</b>
Profit before tax	(8 200)	51	2 866	( 654)	(3 445)	(9 382)
Income tax	1 300	( 43)	-	-	-	1 257
<b>Profit per segment after tax</b>	<b>(6 900)</b>	<b>8</b>	<b>2 866</b>	<b>( 654)</b>	<b>(3 445)</b>	<b>(8 125)</b>
<b>Profit for the year attributable to equity holders of the Bank</b>	<b>(6 900)</b>	<b>8</b>	<b>2 866</b>	<b>( 654)</b>	<b>(3 445)</b>	<b>(8 125)</b>
<b>Total segment assets</b>	<b>2124 651</b>	<b>118 215</b>	<b>51 739</b>	<b>63 453</b>	<b>(231 541)</b>	<b>2 126 517</b>
<b>Total segment liabilities</b>	<b>1874 968</b>	<b>116 032</b>	<b>45 732</b>	<b>58 006</b>	<b>(216 657)</b>	<b>1 878 081</b>
<b>Net segment assets (shareholders' equity)</b>	<b>249 683</b>	<b>2 183</b>	<b>6 007</b>	<b>5 447</b>	<b>(14 884)</b>	<b>248 436</b>