

Šiaulių Bankas Group operating results: net profit doubles, loan portfolio exceeds 1 billion euros

- 9-month net profit EUR 37.0 mln for the Group, EUR 38.4 mln for the Bank
- Loan and financial lease portfolio crossed the billion-euro threshold
- Guarantee agreement for SME financing signed with the European Investment Fund

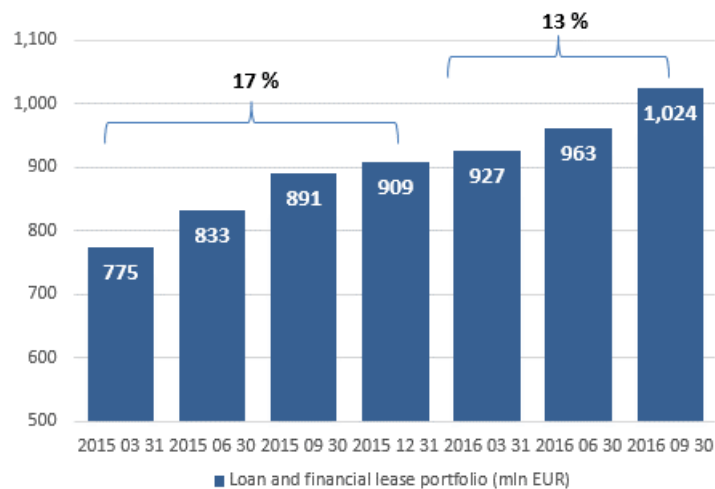
Šiaulių Bankas, the fourth largest bank in Lithuania, grew significantly in size and earnings in the first nine months of this year. The Group had an unaudited net profit of 37 million euros, or 115 per cent more than in the same period of 2015 when net profit was 17.2 million euros. Šiaulių Bankas's nine-month net profit was 38.4 million euros, compared with 16.6 million euros in the same period last year.

Together with higher operating income, Šiaulių Bankas Group's profitability ratios also improved: at the end of the third quarter, return on assets was 2.8 per cent while return on capital was 31.4 per cent.

"In three quarters of this year we achieved substantial results and expect to successfully end 2016 with a record return on capital. We've already set one record – the group's loan and financial lease portfolio surpassed the level of 1 billion euros," Šiaulių Bankas CEO Vytautas Sinius said.

Several factors drove the growth of the loan and financial lease portfolio: positive expectations among individuals and business entities, increasing investments and consumption, and the low interest rate environment. In January-September, 385 million euros of new loans were issued and the size of the portfolio increased by 115 million euros, or 13 per cent.

The priority lending areas, according to CEO Vytautas Sinius, continue to be loans to small and medium-sized enterprises (SMEs), consumer financing, and the multi-apartment building modernization programme where Šiaulių Bankas has more than 60 per cent of the market.



In order to enhance access to financing for innovative SMEs in Lithuania, in September the European Investment Fund and Šiaulių Bankas signed a guarantee agreement which will enable Šiaulių Bankas to provide financing to SMEs and small mid-caps over the next two years at reduced interest rates. Some 450 businesses are expected to take advantage of this EU support, with Šiaulių Bankas creating a 50-million-euro portfolio of loans and financial leases.

Šiaulių Bankas Group's deposit portfolio grew by 3 per cent from the start of the year to nearly 1.48 billion euros at the end of September. Responding to a growing need in the market for alternative saving products, Šiaulių Bankas introduced a structured finance instrument – a fixed-term deposit whose interest rate is linked to changes in the price of oil company shares. During its month-long distribution, the new banking product attracted strong client interest, with 1600 of them making such deposits. In light of that market response, the bank plans to offer more such products in the future.

Net interest income increased by 40 per cent in the first nine months of this year and exceeded 47 million euros. Group net service fees and commission income also grew significantly in the nine months to 6.5 million euros, or 16 per cent more than in the same period last year.

Profit from foreign exchange operations increased by 11 per cent in January-September to more than 2.8 million euros. New foreign exchange products and increased client activity contributed to that growth. Profit from securities trading also had a noteworthy impact on earnings. The safe portfolio of investment securities which has been formed is not only generating stable income. In the first three quarters of this year the Group earned 6.3 million euros from securities trading, of which 3.5 million euros was profit from one-time transactions.