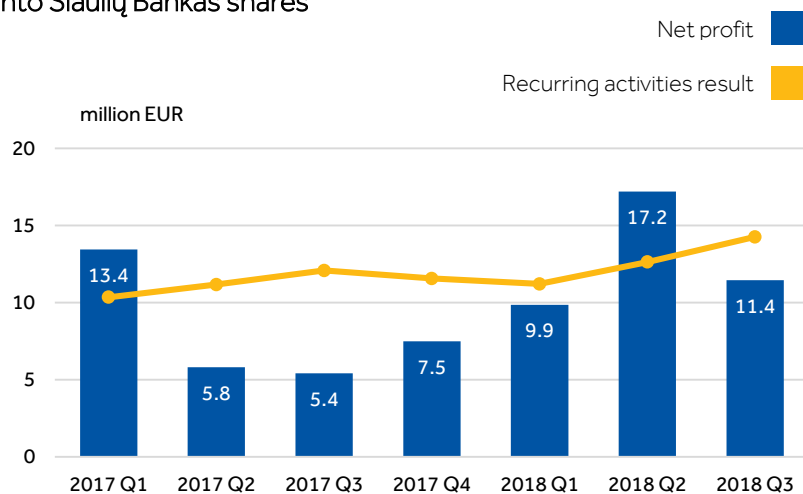


## Šiaulių Bankas group earnings show solid growth

- Group earned 38 million euros of net profit
- Results of recurring activities up 13% for 2nd quarter in a row
- Rapid growth of loan portfolio while yield maintained stable
- EBRD loan is in the process of conversion into Šiaulių Bankas shares

In nine months of this year, the Šiaulių Bankas group had an unaudited net profit of 38 million euros, or 56 per cent more than in the same period last year. The profit of the bank alone in the three quarters was over 41 million euros, compared to the 23 million euros earned in respective period last year. A sustainable and steady increase of profit is supported by the group's recurring activities, earnings for which grew by 13 per cent for the second consecutive quarter.



Šiaulių Bankas group's loan and financial lease portfolio is growing steadily: the size of the portfolio increased by 4 per cent during the third quarter and 13 per cent from the start of the year, to more than 1.3 billion euros at the end of September. In the first nine months of this year more than 0.5 billion euros of new loan agreements were signed. The group's deposit portfolio expanded by 3 per cent in the third quarter and 11 per cent from the start of the year, exceeding 1.8 billion euros as of the end of September 2018.

Growth of net interest income and net service fees and commission income also contributed heavily to earnings improvement. With the loan and lease portfolio expanding rapidly and loan yields held stable, the group earned 45.7 million euros of net interest income in nine months. Net service fees and commission income grew 30 per cent compared with the same period last year to over 10 million euros. Significant impact on the growth of this income is caused by increasing settlement volumes and not decreasing cash transactions turnover. Profit from foreign exchange operations also grew notably, with gains of 5 million euros for the Šiaulių Bankas group in the first three quarters of the year. Assessing the condition of borrowers conservatively, an additional 2.1 million euros of loan impairment losses were recognized during the third quarter of this year, and a loss of 2.7 million euros due to the change in value of non-financial assets was also recognized.

An extraordinary general meeting of shareholders on 24 September 2018 approved the conversion of the 20-million-euro EBRD subordinated loan and an increase of the authorized capital of Šiaulių Bankas through an issue of new shares. This process is expected to be completed by the end of this year. The change in the value of a subordinated loan, which has had a significant impact on bank results in recent years, was re-adjusted in the third quarter of this year, accounting for an unrealized positive effect of 2.5 million euros. After a loan conversion and all related procedures, this factor will not affect the results any longer.

„The decision that has been made and its approval by shareholders dispel the uncertainty which reigned for some time about possible conversion of the EBRD loan. The decision to strengthen the bank's capital not only shows that the largest shareholder has a positive view of the bank's operating strategy and its outlook, but also creates conditions for the bank to continue expanding its activities and increasing its shares' attractiveness for investors“, - Šiaulių Bankas CEO Vytautas Sinius said.

The bank group's cost-to-income ratio at the end of September 2018 was 38 per cent. Return on equity exceeded 23 per cent. The capital and liquidity situation remains solid as prudential requirements are being met with a proper cushion.