



FINANCIAL STATEMENTS
30 SEPTEMBER 2009

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CONTENTS

THE GROUP'S AND BANK'S BALANCE SHEET	3
THE GROUP'S AND BANK'S INCOME STATEMENT	4
THE GROUP'S AND BANK'S CASH FLOW STATEMENT	6
THE GROUP'S AND BANK'S STATEMENT OF CHANGES IN EQUITY	7
CONSOLIDATION OF FINANCIAL STATEMENTS, AMENDMENTS IN ACCOUNTING POLICY	9
NOTES TO THE FINANCIAL STATEMENTS	10

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

THE GROUP'S AND BANK'S BALANCE SHEET

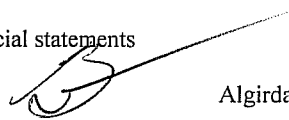
		30 September 2009		31 December 2008	
	Notes	Group	Bank	Group	Bank
Assets					
Cash and cash equivalents	2	128 140	128 124	142 939	142 927
Due from other banks	3	2 214	2 214	1 220	1 220
Trading securities	6	3 289	117	3 689	714
Loans to customers	4	1 453 509	1 634 857	1 490 014	1 674 541
Finance lease receivables	5	107 733	-	128 836	-
Investment securities:					
- available-for-sale	6	68 155	52 631	36 860	21 336
- held-to-maturity	6	147 693	144 521	150 012	147 038
Investments in subsidiaries	6	-	11 157	-	2 135
Intangible assets		594	588	791	780
Tangible fixed assets		59 858	45 796	56 359	46 290
Prepaid income tax		1 943	1 696	1 002	-
Deferred income tax assets		20	-	-	-
Other assets	7	67 399	5 768	67 852	12 704
Total assets		2 040 547	2 027 469	2 079 574	2 049 685
Liabilities					
Due to other banks and financial institutions	8	304 593	295 817	445 835	445 945
Due to customers	9	1 417 818	1 417 837	1 259 750	1 259 755
Special and lending funds	10	29 724	29 724	30 699	30 699
Debt securities in issue	11	6 282	6 282	24 997	24 997
Current income tax liabilities		20	-	543	526
Deferred income tax liabilities		171	171	98	98
Other liabilities	12	8 432	3 831	14 028	4 784
Total liabilities		1 767 040	1 753 662	1 784 950	1 766 804
Equity					
Capital and reserves attributable to equity holders of the parent					
Share capital	13	180 358	180 358	180 358	180 358
Share premium		45 681	45 681	45 681	45 681
Reserve capital		2 611	2 611	2 611	2 611
Statutory reserve		6 376	5 981	3 683	3 405
General reserve to cover possible losses in assets		10 000	10 000	-	-
Financial assets revaluation reserve		(112)	(112)	(680)	(680)
Retained earnings		28 593	29 288	58 004	51 506
		282 484	273 807	289 657	282 881
Minority interest	14	-	-	4 967	-
Total equity		273 507	273 807	294 624	282 881
Total liabilities and equity		2 040 547	2 027 469	2 079 574	2 049 685

The notes on pages 10-30 constitute an integral part of these financial statements


Chairman of the Board

Chief Financial Officer

30 November 2009



Algirdas Butkus



Vita Adomaitytė

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

THE GROUP'S AND BANK'S INCOME STATEMENT

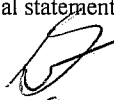

	Notes	30 September 2009		30 September 2008	
		Group	Bank	Group	Bank
Interest and similar income	15	108 562	106 671	103 652	99 202
Interest expense and similar charges	15	(85 782)	(85 266)	(68 874)	(68 427)
Net interest income		22 780	21 405	34 778	30 775
Fee and commission income	16	9 368	9 616	10 786	11 032
Fee and commission expense	16	(3 325)	(3 271)	(4 024)	(3 943)
Net fee and commission income		6 043	6 345	6 762	7 089
Impairment charge for credit losses		(25 998)	(22 957)	(3 734)	(3 359)
Net gain on operations with securities		4 977	353	7 320	(633)
Net foreign exchange gain		1 804	1 805	2 143	2 149
Gain on disposal of assets		(209)	9	169	5
Other income		822	417	887	428
Administrative and other operating expenses	17	(27 253)	(23 516)	(31 085)	(27 052)
Operating profit		(17 034)	(16 139)	17 240	9 402
Dividends from investments in subsidiaries		-	6 377	-	8 797
Profit before income tax		(17 034)	(9 762)	17 240	18 199
Income tax expense		137	120	(930)	(783)
Profit for the year		(16 897)	(9 642)	16 310	17 416
Profit is attributable to:					
Equity holders of the Bank		(16 897)	(9 642)	13 562	17 416
Minority interest	14	-	-	2 748	-
Profit for the year		(16 897)	(9 642)	16 310	17 416
Basic and diluted earnings per share, net (in LTL per share)	13	-0,09	-0,05	0,08	0,10

The notes on pages 10 – 30 constitute an integral part of these financial statements

Chairman of the Board

Chief Financial Officer

30 November 2009


 Algirdas Butkus

 Vita Adomaitytė

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

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

	From 7 to 9 month 2009		From 7 to 9 month 2008	
	Group	Bank	Group	Bank
Interest and similar income	35 565	34 952	35 638	34 286
Interest expense and similar charges	(29 108)	(28 917)	(25 633)	(25 445)
Net interest income	6 457	6 035	10 005	8 841
Fee and commission income	3 262	3 341	3 940	4 029
Fee and commission expense	(1 165)	(1 150)	(1 492)	(1 463)
Net fee and commission income	2 097	2 191	2 448	2 566
Impairment charge for credit losses	(10 656)	(9 231)	(722)	(760)
Net gain on operations with securities	49	49	(544)	(544)
Net foreign exchange gain	673	674	905	908
Gain on disposal of assets	(80)	5	88	3
Other income	262	122	363	180
Administrative and other operating expenses	(8 347)	(7 187)	(9 780)	(8 614)
Operating profit	(9 545)	(7 342)	2 763	2 580
Dividends from investments in subsidiaries	-	-	-	-
Profit before income tax	(9 545)	(7 342)	2 763	2 580
Income tax expense	120	120	(291)	(183)
Profit for the period	(9 425)	(7 222)	2 472	2 397
Profit is attributable to:				
Equity holders of the Bank	(9 425)	(7 222)	2 682	2 397
Minority interest	-	-	(210)	-
Profit for the period	(9 425)	(7 222)	2 472	2 397

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

THE GROUP'S AND BANK'S CASH FLOW STATEMENT

	Notes	30 September 2009		30 September 2008	
		Group	Bank	Group	Bank
Operating activities					
Interest received		106 457	104 185	103 312	98 862
Interest paid		(82 369)	(81 853)	(70 254)	(69 807)
Cash received from previously written-off loans		179	21	141	65
Net cash received from operations in foreign currency		2 050	2 051	1 776	1 782
Net cash received from operations in securities		(229)	(229)	944	916
Net cash received from service and commission fees		6 043	6 345	6 762	7 089
Salaries and related payments to and on behalf of employees		(15 761)	(13 789)	(19 050)	(16 513)
Other receipts		613	426	1 056	433
Other payments		(18 781)	(16 538)	(16 123)	(11 601)
Net cash flow from operating activities before change in short-term assets and liabilities		(1 798)	619	8 564	11 226
(Increase) decrease in assets:					
(Increase) in loans to credit and financial institutions		14 955	36 663	(9 878)	(102 863)
(Increase) in loans to customers		30 209	(6 695)	(102 621)	(12 370)
Decrease in trading securities		977	977	2 689	(376)
(Increase) decrease in other assets		(3 701)	2 866	9 581	(1 526)
Change in assets		42 440	33 811	(100 229)	(117 135)
Increase in liabilities					
Increase in liabilities to credit and financial institutions		(105 840)	(105 616)	(112 089)	(112 165)
Increase in deposits, special and leanding funds		110 182	115 993	244 246	245 416
Increase in other liabilities		(3 969)	(5 969)	(3 240)	(559)
Change in liabilities		373	4 408	128 917	132 692
Net cash flow from/(used in) operating activities before tax		41 015	38 838	37 252	26 783
Income tax paid		(2 101)	(2 102)	182	(721)
Net cash flow from operating activities		38 914	36 736	37 434	26 062
Investing activities					
Purchase of tangible and intangible fixed assets		(7 562)	(2 679)	(6 043)	(3 667)
Disposal of tangible and intangible fixed assets		1 751	1 344	880	755
Acquisition of available-for-sale securities		(55 214)	(55 214)	(27 794)	(26 136)
Disposal of available-for-sale securities		24 300	24 300	12 855	12 855
Acquisition of held to maturity securities		(11 037)	(11 037)	(8 989)	(5 839)
Proceeds from redemption of held to maturity securities		13 807	13 807	17 850	17 850
Acquisition of subsidiary		-	(9 022)	-	-
Dividends received		4 829	6 582	8 041	8 913
Net cash used in investing activities		(29 126)	(31 919)	(3 200)	4 731
Financing activities					
Increase in share capital		-	-	-	-
Dividends paid		(1)	(1)	(3 217)	(3 217)
Payment to minority shareholders		(4 967)	-	(3 355)	-
Debt securities issued		22 605	22 605	55 187	55 187
Debt securities repurchased and redeemed		(42 224)	(42 224)	(58 501)	(58 501)
Net cash flow from financing activities		(24 587)	(19 620)	(9 886)	(6 531)
Net increase in cash and cash equivalents		(14 799)	(14 803)	24 348	24 262
Cash and cash equivalents at 1 January		142 939	142 927	230 540	230 528
Cash and cash equivalents at 30 September	2	128 140	128 124	254 888	254 790

The notes on pages 10 – 30 constitute an integral part of these financial statements

Chairman of the Board

Algirdas Butkus

Chief Financial Officer

Vita Adomaitytė

30 November 2009

(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							Total equity
	Share capital	Share premium	Reserve capital	Statutory reserve and other reserve	Retained earnings	Total:	Minority interest	
31 December 2007	161 033	65 006	2 611	2 103	49 824	280 577	8 629	289 206
Dividends	-	-	-	-	(3 221)	(3 221)	-	(3 221)
Dividends to minority	-	-	-	-	-	-	(6 103)	(6 103)
Formation of statutory reserve	-	-	-	1 940	(1 940)	-	-	-
Bonus issue of share capital	19 325	(19 325)	-	-	-	-	-	-
Financial assets revaluation reserve	-	-	-	(812)	-	(812)	-	(812)
Recognition of deferred income tax	-	-	-	76	-	76	-	76
Profit for the year	-	-	-	-	13 562	13 562	2 748	16 310
30 September 2008	180 358	45 681	2 611	3 307	58 225	290 182	5 274	295 456
Financial assets revaluation reserve	-	-	-	(306)	-	(306)	-	(306)
Recognition of deferred income tax	-	-	-	2	-	2	-	2
Profit for the year	-	-	-	-	(221)	(221)	(307)	(528)
31 December 2008	180 358	45 681	2 611	3 003	58 004	289 657	4 967	294 624
Dividends	-	-	-	-	-	-	-	-
Dividends to minority	-	-	-	-	-	-	(3 923)	(3 923)
Financial assets revaluation reserve	-	-	-	637	-	637	-	637
Recognition of deferred income tax	-	-	-	(69)	-	(69)	-	(69)
Formation of reserve	-	-	-	12 514	(12 514)	-	-	-
Decrease in share capital of minority shareholders in subsidiaries	-	-	-	179	-	179	(1 044)	(865)
Profit for the year	-	-	-	-	(16 897)	(16 897)	-	(16 897)
30 September 2009	180 358	45 681	2 611	16 264	28 593	273 507	-	273 507

Chairman of the Board

Algirdas Butkus

Chief Financial Officer

Vita Adomaitytė

30 November 2009

FINANCIAL STATEMENTS 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 other reserve	Retained earnings	Total
31 December 2007	161 033	65 006	2 611	360	1 445	39 162	269 617
Dividends	-	-	-	-	-	(3 221)	(3 221)
Financial assets revaluation reserve	-	-	-	(812)	-	-	(812)
Recognition of deferred income tax	-	-	-	76	-	-	76
Formation of statutory reserve	-	-	-	-	1 960	(1 960)	-
Bonus issue of share capital	19 325	(19 325)	-	-	-	-	-
Profit for the year	-	-	-	-	-	17 416	17 416
30 September 2008	180 358	45 681	2 611	(376)	3 405	51 397	283 076
Financial assets revaluation reserve	-	-	-	(306)	-	-	(306)
Recognition of deferred income tax	-	-	-	2	-	-	2
Profit for the year	-	-	-	-	-	109	109
31 December 2008	180 358	45 681	2 611	(680)	3 405	51 506	282 881
Formation of statutory reserve	-	-	-	-	2 576	(2 576)	-
Formation of general reserve	-	-	-	-	10 000	(10 000)	-
Financial assets revaluation reserve	-	-	-	637	-	-	637
Recognition of deferred income tax	-	-	-	(69)	-	-	(69)
Profit for the year	-	-	-	-	-	(9 642)	(9 642)
30 September 2009	180 358	45 681	2 611	(112)	15 981	29 288	273 807

Chairman of the Board

Algirdas Butkus

Chief Financial Officer

Vita Adomaitytė

30 November 2009

(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 September 30st 2009 the Bank had 499 employees (31 December 2008: 522). As of September 30st 2009 the Group had 555 employees (31 December 2008: 578 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),

Basis of preparation

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.

(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 44 client service centres.

As of September 30st 2009 the number of the bank's clients included 239 municipal companies and governmental companies, 56 state companies, 46 agricultural companies, 31 economic partnership, 4 291 limited liability public company, 1 630 private companies, 487 non-profit making and public sector companies and 984 other organizations as well as 120 439 individuals.

As of September 30st 2009 and December 31st 2008 the bank controlled 3 subsidiaries: "Šiaulių banko lizingas" UAB (financial and operational leasing), "Šiaulių banko investicijų valdymas" UAB (investment management), "Šiaulių banko turto fondas" UAB (real estate management). The bank owns 100% of "Šiaulių banko lizingas" UAB (acquisition value – 30st September 2009 – LTL 2 000 thou 31st December 2008 LTL 1,000 thou), 100 % (31st December 2008 - 60.4%) of "Šiaulių banko investicijų valdymas" UAB (acquisition value – 30st September 2009 - LTL 4 040 thou, 31st December 2008 LTL 604 thou), 100 % (31st December 2008 - 53.1%) of "Šiaulių banko turto fondas" UAB (acquisition value – 30st September 2009 - LTL 5 117 thou, 31st December 2008 – LTL 531 thou).

The consolidated statements of the Group include financial statements of the bank and its subsidiaries.

NOTE 2 CASH AND CASH EQUIVALENTS

	Group 30 September r 2009	Bank 30 September r 2009	Group 31 December r 2008	Bank 31 December r 2008
Cash and other valuables	33 352	33 347	41 116	41 114
Mandatory reserves in national currency	56 359	56 359	46 822	46 822
Correspondent bank accounts	13 084	13 084	19 866	19 866
Banks time deposits	11 925	11 914	35 125	35 125
Correspondent account with central bank	13 420	13 420	-	-
Total:	128 140	128 124	142 939	142 927

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

	Group 30 September r 2009	Bank 30 September r 2009	Group 31 December r 2008	Bank 31 December r 2008
Due from other banks	2 214	2 214	1 220	1 220
Total:	2 214	2 214	1 220	1 220

(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**

Credit risk exposures relating to on-balance sheet assets are as follows:	30 September 2009		31 December 2008	
	Group	Bank	Group	Bank
Cash and balances with central banks	94 788	94 777	101 823	101 813
Loans and advances to banks	2 214	2 214	1 220	1 220
Loans and advances to customers:	1 453 509	1 634 857	1 618 850	1 674 541
Loans and advances to financial institutions	10 033	131 725	24 988	165 065
Loans to individuals (Retail)	244 249	229 717	283 697	267 560
Loans to business customers	1 199 227	1 273 415	1 181 329	1 241 916
Finance lease receivables	107 733	-	128 836	-
Trading assets:				
- Debt securities	3 172	-	2 975	-
- Equity securities	117	117	714	714
Derivative financial instruments	-	-	-	-
Securities available for sale				
- Debt securities	51 831	51 831	20 608	20 608
- Equity securities	16 324	800	16 252	728
Investment securities held to maturity				
- Debt securities	147 693	144 521	150 012	147 038
Other financial assets	28 566	2 262	28 918	7 810
Credit risk exposures relating to off-balance sheet items are as follows:				
Financial guarantees	54 900	54 857	68 115	68 115
Letters of credit	3 995	3 995	9 282	9 282
Loan commitments and other credit related liabilities	73 578	65 844	71 156	64 425
/30 September /31 December	2 038 420	2 056 075	2 089 925	2 096 294

The table above represents a worst case scenario of credit risk exposure at 31 December 2008 and at 30 September 2009, 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.

Loans and advances are summarised as follows:

	30 September 2009		31 December 2008	
	Group	Bank	Group	Bank
Loans to business customers	1 223 899	1 419 503	1 214 456	1 415 117
Loans to individuals	253 579	237 830	287 048	270 692
Gross	1 477 478	1 657 333	1 501 504	1 685 809
Less: allowance for impairment	23 969	22 476	11 490	11 268
Net	1 453 509	1 634 857	1 490 014	1 674 541

	30 September 2009		31 December 2008	
	Group	Bank	Group	Bank
Neither past due not impaired	1 243 237	1 429 208	1 359 123	1 547 564
Past due but not impaired	177 245	173 921	97 659	94 209
Impaired	56 996	54 204	44 722	44 036
Gross	1 477 478	1 657 333	1 501 504	1 685 809
Less: allowance for impairment	23 969	22 476	11 490	11 268
Net	1 453 509	1 634 857	1 490 014	1 674 541

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.

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

The list of loss events:

- 1) The borrower's financial status is evaluated as poor or bad;
- 2) A borrower is past due with the loan payments (on a principal or interest) for more than 90 days or loan agreement is terminated;
- 3) Proceeds granted to the borrower are used not according to the loan purpose and the implementation terms of investment project are violated;
- 4) Decrease in collateral value, when the 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) The borrower's financial status is evaluated as sufficient and the borrower is past due with the loan payments (on a principal or interest) between 31 day and 90 days.

Loans and advances past due but not impaired

	30 September 2009		31 December 2008	
	Group	Bank	Group	Bank
Past due up to 30 days	127 229	125 378	63 347	61 096
Past due 31-60 days	17 409	16 327	19 684	18 907
Past due 61-90 days	12 655	12 264	5 824	5 402
Past due more than 90 days	19 952	19 952	8 804	8 804
Total	177 245	173 921	97 659	94 209
Fair value of collateral	261 353	261 353	165,438	165,438

Loans and advances impaired

	30 September 2009		31 December 2008	
	Group	Bank	Group	Bank
Impaired loans	56 996	54 204	44 722	44 036
Fair value of collateral	44 494	42 422	44 473	44 473

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 warrantees, 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:

	30 September 2009	31 December 2008
Business customers	73 197	86 667
Individuals	36 156	43 828
Gross	110 073	130 495
	30 September 2009	31 December 2008
Neither past due not impaired	60 072	103 343
Past due but not impaired	43 721	18 213
Impaired	6 280	8 939
Gross	110 073	130 495
Less: allowance for impairment	(2 340)	(1 659)
Net	107 733	128 836

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

	30 September 2009			31 December 2008		
	Individuals	Business customers	Total	Individuals	Business customers	Total
Finance lease receivables by sector:						
- transport vehicles	1 979	14 306	16 285	2 499	21 880	24 379
- residential real estate	216	21 721	21 937	87	22 047	22 134
- airplanes	-	10 983	10 983	-	11 668	11 668
- production equipment	155	14 834	14 989	233	15 807	16 040
- other equipment	2 957	6 313	9 270	8 155	8 968	17 123
- other assets	30 849	5 760	36 609	32 854	6 297	39 151
Total:	36 156	73 917	110 073	43 828	86 667	130 495

NOTE 6 SECURITIES**Trading securities**

	30 September 2009		31 December 2008	
	Group	Bank	Group	Bank
Debt securities:				
Private enterprise bonds	3 172	-	2 975	-
Government bonds	-	-	-	-
Equity securities:				
Listed	-	-	551	551
Unlisted	39	39	42	42
Units of funds	78	78	121	121
Total:	3 289	117	3 689	714

BREAKDOWN OF THE BANK'S TRADING SECURITIES AS OF SEPTEMBER 30st 2009 AND DECEMBER 31st 2008:

Rating	Treasury bills		Corporate debt securities		Corporate equity securities		Investment fund units	
	2009	2008	2009	2008	2009	2008	2009	2008
FROM AA- TO AAA	-	-	-	-	-	-	-	-
FROM A- TO A+	-	-	-	-	-	-	-	-
FROM BBB- TO BBB+	-	-	-	-	-	-	-	-
FROM BB- TO BB+	-	-	-	-	-	-	-	-
BELOW BB-	-	-	-	-	-	-	-	-
NO RATING	-	-	-	-	39	593	78	121
TOTAL:	-	-	-	-	39	593	78	121

BREAKDOWN OF THE GROUP'S TRADING SECURITIES AS OF SEPTEMBER 30st 2009 AND DECEMBER 31st 2008:

Rating	Treasury bills		Corporate debt securities		Corporate equity securities		Investment fund units	
	2009	2008	2009	2008	2009	2008	2009	2008
FROM AA- TO AAA	-	-	-	-	-	-	-	-
FROM A- TO A+	-	-	-	-	-	-	-	-
FROM BBB- TO BBB+	-	-	-	-	-	-	-	-
FROM BB- TO BB+	-	-	-	-	-	-	-	-
BELOW BB-	-	-	-	-	-	-	-	-
NO RATING	-	-	3 172	2 975	39	593	78	121
TOTAL:	-	-	3 172	2 975	39	593	78	121

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

Investment securities

	30 September 2009		31 December 2008	
	Group	Bank	Group	Bank
Bonds:				
Government bonds of the Republic of Lithuania	36 130	36 130	4 273	4 273
Private enterprise bonds the Republic of Lithuania	15 701	15 701	16 335	16 335
Government bonds of foreign states	-	-	-	-
Securities available-for-sale:				
Unlisted equity securities	16 039	515	16 039	515
Units of funds	285	285	213	213
Total :	68 155	52 631	36 860	21 336

Securities held-to-maturity

	30 September 2009		31 December 2008	
	Group	Bank	Group	Bank
Bonds of non-residents	6 400	6 400	6 477	6 477
Government bonds of foreign states	21 650	21 650	23 482	23 482
Government bonds of the Republic of Lithuania	116 471	116 471	115 424	115 424
Private enterprise bonds the Republic of Lithuania	3 172	-	4 629	1 655
Total investment securities:	147 693	144 521	150 012	147 038

Bank: Rating	Treasury bills		Municipality debt securities		Corporate debt securities	
	2009	2008	2009	2008	2009	2008
FROM AA- TO AAA	-	-	-	-	-	-
FROM A- TO A+	10 534	12 378	-	-	-	1 655
FROM BBB- TO BBB+	126 830	125 795	757	733	5 002	5 056
FROM BB- TO BB+	-	-	-	-	1 398	1 421
BELOW BB-	-	-	-	-	-	-
NO RATING	-	-	-	-	-	-
TOTAL:	137 364	138 173	757	733	6 400	8 132

Group Rating	Treasury bills		Municipality debt securities		Corporate debt securities	
	2009	2008	2009	2008	2009	2008
FROM AA- TO AAA	-	-	-	-	-	-
FROM A- TO A+	10 534	12 378	-	-	-	1 655
FROM BBB- TO BBB+	126 830	125 795	757	733	5 002	5 056
FROM BB- TO BB+	-	-	-	-	1 398	1 421
BELOW BB-	-	-	-	-	-	-
NO RATING	-	-	-	-	3 172	2 974
TOTAL:	137 364	138 173	757	733	9 572	11 106

FINANCIAL STATEMENTS ŠIAULIŲ BANKAS AB

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

Investments in subsidiaries

Bank	30 September 2009			31 December 2008		
	Share in equity	Acquisitio n cost	Carrying value	Share in equity	Acquisitio n cost	Carrying value
Investments in consolidated subsidiaries:						
ŠB Lizingas UAB	100,0%	2 000	2 000	100,0%	1 000	1 000
ŠB Investicijų Valdymas UAB	100,0%	4 040	4 000	60,4%	604	604
ŠB Turto Fondas UAB	100,0%	5 117	5 000	53,1%	531	531
Total :		11 157	11 000		2 135	2 135

NOTE 7 OTHER ASSETS

	30 September 2009		31 December 2008	
	Group	Bank	Group	Bank
Assets held for sale and real estate projects under development	28 734	-	24 797	-
Amounts receivable	28 566	2 262	28 918	7 810
Deferred expenses	2 237	2 079	3 509	3 401
Accrued dividend and other income	369	183	-	-
Prepayments	3 761	506	8 644	809
Foreclosed assets	2 670	243	742	45
Other	1 062	495	1 242	639
Total:	67 399	5 768	67 852	12 704

NOTE 8 DUE TO OTHER BANKS AND FINANCIAL INSTITUTIONS

	30 September 2009		31 December 2008	
	Group	Bank	Group	Bank
Correspondent accounts and deposits of other banks and financial institutions:				
Correspondent accounts and demand deposits	5 482	5 706	17 771	17 881
Time deposits	78 437	78 437	96 802	96 802
Total correspondent accounts and deposits of other banks and financial institutions	83 919	84 143	114 573	114 683
Loans received:				
Loans from other banks	121 084	112 084	257 532	257 532
Loans from international organisations	56 876	56 876	73 730	73 730
Loans fro financial institutions*	42 714	42 714	-	-
Total loans received	220 674	211 674	331 262	331 262
Total:	304 593	295 817	445 835	445 945

*Šiaulių bankas won the tender arranged by the Ministry of Economy of the Republic of Lithuania and "Investicijų ir verslo garantijos" UAB (INVEGA; Investment and Business Guarantees) for the portion of the budget assignments intended to credit small and medium-sized business.

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

NOTE 9 DUE TO CUSTOMERS

	30 September 2009		31 December 2008	
	Group	Bankas	Group	Bankas
Demand deposits:				
National government institutions	3 038	3 038	3 039	3 039
Local government institutions	44 955	44 955	26 039	26 039
Governmental and municipal companies	9 731	9 731	2 154	2 154
Corporate entities	72 951	72 970	88 397	88 416
Non-profit organisations	5 655	5 655	6 379	6 379
Individuals	89 057	89 057	98 914	98 914
Unallocated amounts due to customers	7 028	7 028	5 907	5 907
Total demand deposits:	232 415	232 434	230 829	230 848
Time deposits:				
National government institutions	944	944	646	646
Local government institutions	8 698	8 698	5 003	5 003
Governmental and municipality companies	84 795	84 795	85 951	85 951
Corporate entities	154 254	154 254	126 577	126 563
Non-profit organisations	6 120	6 120	4 738	4 738
Individuals	930 592	930 592	806 006	806 006
Total time deposits:	1 185 403	1 185 403	1 028 921	1 028 907
Total:	1 417 818	1 417 837	1 259 750	1 259 755

NOTE 10 SPECIAL AND LENDING FUNDS

	30 September 2009		31 December 2008	
	Group	Bank	Group	Bank
Special funds	2 216	2 216	386	386
Lending funds	27 508	27 508	30 313	30 313
Total:	29 724	29 724	30 699	30 699

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

	30 September 2009		31 December 2008	
	Group	Bank	Group	Bank
373 days bonds denominated in EUR with coupon rate of 7,5 per cent, maturity 27-05-2009	-	-	24 997	24 997
184 days bonds denominated in EUR with discount rate of 9,0 per cent, maturity 27-11-2009	6 282	6 282	-	-
Total :	6 282	6 282	24 997	24 997

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

NOTE 12 OTHER LIABILITIES

	30 September 2009		31 December 2008	
	Group	Bank	Group	Bank
Accrued charges	3 360	2 969	4 113	3 696
Deferred income	1 488	511	1 646	485
Advances received from the buyers of assets	1 778	-	2 016	-
Amounts payable for finance lease agreements	1 239	-	3 845	-
Payable dividends	69	69	73	73
Other	498	282	2 335	530
Total:	8 432	3 831	14 028	4 784

NOTE 13 SHARE CAPITAL

As of September 30st 2009, the Bank's share capital comprised 180 357 533 ordinary registered shares with par value of LTL 1 each.

A resolution to increase the bank's authorized capital by LTL 19.324.021 and to issue the same number of ordinary registered shares with the par value of LTL1 each was made during the General Shareholders' Meeting of Šiaulių bankas AB held on March 27th 2008. On 14 May 2008, the Bank has registered the increase of the Bank's authorised share capital.

Seven shareholders of the Bank – European Bank for Reconstruction and Development, Prekybos Namai Aiva UAB, Mintaka UAB, Alita AB, Algirdas Butkus, Gintaras Kateiva and Arvydas Salda – acting jointly in accordance with the Agreement of Shareholders, together with related persons at the end of the year held 39,87 per cent of the Bank's shares and voting rights. Based on its Resolution No. 103 dated 23 June 2005, the Bank of Lithuania gave its consent for this group of shareholders to acquire a qualified share of the authorised share capital and voting rights.

As of 30 September 2009, the Bank had 3 555 shareholder (31 December 2008- 3 549).

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 authorised 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 2008, the annual general meeting of shareholders decided to pay 2 % dividends to the holders of ordinary shares. In 2009, 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.

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

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	30 September 2009	30 September 2008
Profit for the year attributable to equity holders of the Bank (in LTL thousand)	(9 642)	17 416
Weighted average number of issued shares (thousand of shares)	180 358	180 358
Earnings per share (in LTL per share)	(0,05)	0,10
Group	30 September 2009	30 September 2008
Profit (loss) for the year attributable to equity holders of the Bank (in LTL thousand)	(16 897)	13 562
Weighted average number of issued shares (thousand of shares)	180 358	180 358
Earnings per share (in LTL per share)	(0,09)	0,08

NOTE 14 MINORITY INTEREST

	30 September 2009 Group	31 December 2008 Group
Balance at 1 January	4 967	8 629
Profit for the accounting period	-	2 441
Effect of dividends paid	(3 923)	(6 103)
Increase (decrease) in minority interest	(1 044)	-
Balance at 30 September /31 December	-	4 967

NOTE 15 NET INTEREST INCOME

	30 September 2009 Group	30 September 2009 Bank	30 September 2008 Group	30 September 2008 Bank
Interest income:				
on loans to other banks and financial institutions and placements with credit institutions	2 067	9 842	5 339	11 006
on loans to customers	89 539	90 625	81 841	81 620
on debt securities	6 600	6 204	6 930	6 576
on finance leases	10 356	-	9 542	-
Total interest income	108 562	106 671	103 652	99 202
Interest expense:				
on liabilities to other banks and financial institutions and amounts due to credit institutions	(11 176)	(10 660)	(17 103)	(16 701)
on customer deposits and other repayable funds	(69 064)	(69 064)	(45 957)	(45 912)
on debt securities issued	(904)	(904)	(1 216)	(1 216)
compulsory insurance of deposits	(4 638)	(4 638)	(4 598)	(4 598)
Total interest expense	(85 782)	(85 266)	(68 874)	(68 427)
Net interest income	22 780	21 405	34 778	30 775

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

NOTE 16 NET FEE AND COMMISSION INCOME

	30 September 2009		30 September 2008	
	Group	Bank	Group	Bank
Fee and commission income:				
for money transfer operations	4 727	4 844	5 960	6 068
for payment card services	1 595	1 595	1 857	1 857
for base currency exchange	1 438	1 438	1 127	1 127
for operations with securities	92	92	222	222
other fee and commission income	1 516	1 647	1 620	1 758
Total fee and commission income	9 368	9 616	10 786	11 032
Fee and commission expense:				
for payment card services	(2 396)	(2 396)	(2 527)	(2 527)
for money transfer operations	(868)	(820)	(1 138)	(1 138)
for operations with securities	(42)	(42)	(220)	(220)
for base currency exchange	(2)	(2)	(46)	(46)
other fee and commission expenses	(17)	(11)	(93)	(12)
Total fee and commission expense	(3 325)	(3 271)	(4 024)	(3 943)
Net fee and commission income	6 043	6 345	6 762	7 089

NOTE 17 ADMINISTRATIVE AND OTHER OPERATING EXPENSES

	30 September 2009		30 September 2008	
	Group	Bank	Group	Bank
Salaries, social security and other related expenses	(14 890)	(12 899)	(18 457)	(15 995)
Rent and maintenance of premises	(2 899)	(2 873)	(2 973)	(2 966)
Office equipment maintenance	(692)	(684)	(704)	(688)
Depreciation of fixed tangible assets	(3 223)	(2 565)	(2 990)	(2 367)
Amortisation of intangible assets	(318)	(313)	(465)	(452)
Transportation, post and communications expenses	(1 691)	(1 410)	(1 823)	(1 524)
Real estate tax and other taxes	(233)	(187)	(497)	(429)
Advertising and marketing expenses	(293)	(275)	(399)	(365)
Training and business trip expenses	(90)	(66)	(171)	(154)
Charity	(141)	(133)	(196)	(164)
Service organisation expenses	(433)	(411)	(307)	(268)
Insurance expenses for guarantees and loans	(234)	(234)	(175)	(175)
Other operating expenses	(2 116)	(1 466)	(1 928)	(1 505)
Total	(27 253)	(23 516)	(31 085)	(27 052)

NOTE 18 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 2008, 2009 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.

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

The year-end balances of loans granted to and deposits accepted from the Bank's related parties, except for subsidiaries, were as follows:

	Balances of deposits		Balances of loans	
	30 September 2008	31 December 2008	30 September 2008	31 December 2008
Members of the Council and the Board	3 288	4 503	3 433	2 892
Other related parties (excluding subsidiaries of the Bank)	11 193	5 276	249 618	207 340

Transactions with EBRD:

The balance of the Bank's loans received from the EBRD comprised LTL 56 626 thou (EUR 16,4 million) as of September 30st 2009 including the syndicated loan of EUR 12 million (LTL 41,4 million, the EBRD's share – 33 per cent). As of September 30st 2009 the total value of the EBRD loan was LTL 56 876 thou (in 2008 – LTL 73 730 thou). The interest related with the loan as well as other expenses comprised LTL 2 226 thou on 30 September 2009 (LTL 4 471 thou on 30 September 2008).

Balances of transactions with the subsidiaries are given below:

	Balances of deposits		Balances of loans	
	30 September 2009	31 December 2008	30 September 2009	31 December 2008
Non-financial institutions	65	19	77 586	64 569
Financial institutions	3	110	130 014	140 077

Transactions with subsidiaries: Šiaulių Banko Turto Fondas UAB (as of September 30st 2009 the Bank's holding is 100 % LTL 5 117 thousand, in 2008 - 53.10 %, LTL 531 thousand), Šiaulių Banko Investicijų Valdymas UAB (as of September 30st 2009 the Bank's holding is 100 % LTL 4 040 thousand, in 2008 - 60.4%, LTL 604 thousand), Šiaulių Banko Lizingas UAB (as of September 30st 2009 the Bank's holding is 100 % LTL 2 000 thousand, in 2008 - is 100%, LTL 1,000 thousand).

Assets

	30 September 2009	31 December 2008
Demand deposits	-	-
Loans	4199 623	204 646
Debt securities	-	-
Equity securities	-	-
Dividends receivable	-	-
Other assets	32	44

Liabilities and shareholders' equity

Demand deposits	243	129
Loans	-	-
Debt securities	-	-
Other liabilities	-	-
Bank's investment	11 157	2 135

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

Income and expenses arising from transactions with subsidiaries:

	30 September 2009	30 September 2008
Income		
Interest	11 247	7 835
Commission income	280	330
Income from foreign exchange operations	1	6
Dividends	6 377	8 797
Other income	169	176
Expenses		
Interest	-	-
Commission charges	-	-
Operating expenses	20	17

NOTE 19 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.

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 September 30st 2009 and December 31st 2008. During those two years, the Group complied with capital requirements to which it is subject.

	30 September 2009		31 December 2008	
	Group	Bank	Group	Bank
Tier 1 capital				
Ordinary shares	180 358	180 358	180 358	180 358
Share premium	45 681	45 681	45 681	45 681
Reserve capital	2 611	2 611	2 611	2 611
Previous year's retained earnings	45 490	38 930	44 648	33 981
Other reserves	16 376	15 981	3 698	3 405
Not audited result	(16 897)	(9 642)	-	-
Less: Financial assets revaluation reserve	(112)	(112)	(680)	(680)
Less: Intangible assets	(594)	(588)	(791)	(780)
Total Tier 1 capital	272 913	273 219	275 525	264 576

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

Tier 2 capital				
Financial assets revaluation reserve	-	-	-	-
Total Tier 2 capital	-	-	-	-
Less Investments in other credit or financial institutions	-	(1 938)	-	(900)
Total capital	272 913	271 281	275 525	263 676
Capital requirement:				
Standardised approach credit risk	124 980	126 530	128 359	129 177
Traded debt instruments	606	346	499	240
Equities	1 973	110	2 025	170
Foreign exchange risk exposure	5 387	5 665	3 084	2 045
Operational risk by Basic indicator's method	10 971	8 217	10 971	8 217
Total capital requirement:	143 917	140 868	144 938	139 849
Capital ratio, %	15,17	15,41	15,21	15,08

NOTE 20 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 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 September 30st 2009 the above Group's ratio was 32,06 per cent (31-12-2008 -32,14 per cent), and the Bank's – 37,98 per cent (31-12-2008 – 38,75 per cent.).

The tables below disclose the assets and liabilities as of September 30st 2009 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.

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

The structure of the Group's liabilities by maturity as of September 30st 2009 was as follows.:

	Demand	Up to 1 month	1 to 3 month	3 to 6 month.	6 to 12 month	1 to 3 years	More than 3 years	Maturity undefined	Total:
Total assets	144 529	117 711	181 381	183 255	278 446	542 089	496 936	96 200	2 040 547
Total liabilities and shareholders' equity	239 717	357 493	403 557	316 554	252 119	70 261	125 907	274 939	2 040 547
Net liquidity gap	(95 188)	(239782)	(222176)	(133299)	26 327	471 828	371 029	(178 739)	-

The structure of the Group's liabilities by maturity as of December 31st 2008 was as follows.:

	Demand	Up to 1 month	1 to 3 month.	3 to 6 month.	6 to 12 month	1 to 3 years	More than 3 years	Maturity undefined	Total:
Total assets	137 111	182 957	108 821	176 359	245 398	559 248	572 099	97 581	2 079 574
Total liabilities and shareholders' equity	266 546	359 188	304 536	315 563	270 198	165 939	101 024	296 580	2 079 574
Net liquidity gap	(129 435)	(176 231)	(195 715)	(139 204)	(24 800)	393 309	471 075	(198 999)	-

The structure of the Bank's liabilities by maturity as of September 30st 2009 was as follows.:

	Demand	Up to 1 month	1 to 3 month.	3 to 6 month.	6 to 12 month	1 to 3 years	More than 3 years	Maturity undefined	Total:
Total assets	142 319	242 485	183 762	170 229	258 456	501 043	468 714	60 461	2 027 469
Total liabilities and shareholders' equity	238 110	355 827	403 228	307 275	251 758	70 128	125 907	275 236	2 027 469
Net liquidity gap	(95 791)	(113342)	(219466)	(137046)	6 698	430 915	342 807	(214 775)	-

The structure of the Bank's liabilities by maturity as of December 31st 2008 was as follows.:

	Demand	Up to 1 month	1 to 3 month.	3 to 6 month.	6 to 12 month	1 to 3 years	More than 3 years	Maturity undefined	Total:
Total assets	135 750	323 226	150 922	157 709	197 889	492 991	535 836	55 362	2 049 685
Total liabilities and shareholders' equity	264 599	353 252	295 227	315 270	269 714	165 786	101 020	284 817	2 049 685
Net liquidity gap	(128 849)	(30 026)	(144305)	(157561)	(71 825)	327 205	434 816	(229 455)	-

(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.

Group

30 September 2009

Liabilities	Maturity undefined	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total:
Due to banks	-	67 887	31 859	68 190	88 569	65 789	322 294
Due to customers	-	523 958	379 024	503 296	30 844	713	1 437 835
Debt securities in issue	-	-	5 897	482	-	-	6 379
Special and lending fund	-	2 487	158	3 914	22 450	1 935	30 944
Total liabilities (contractual maturity dates)	-	594 332	416 938	575 882	141 863	68 437	1 797 452

Group

31 December 2008

Liabilities	Maturity undefined	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total:
Due to banks	-	101 662	32 219	123 178	186 236	51 327	494 622
Due to customers	-	516 507	282 684	454 295	30 923	391	1 284 800
Debt securities in issue	-	-	-	25 752	-	-	25 752
Special and lending fund	-	1 720	228	2 703	27 121	3 447	35 219
Total liabilities (contractual maturity dates)	-	619 889	315 131	605 928	244 280	55 165	1 840 393

Bank

30 September 2008

Liabilities	Maturity undefined	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total:
Due to banks	-	68 111	22 557	68 190	88 569	65 789	313 216
Due to customers	-	523 977	379 024	503 296	30 844	713	1 437 854
Debt securities in issue	-	-	5 897	482	-	-	6 379
Special and lending fund	-	2 487	158	3 914	22 450	1 935	30 944
Total liabilities (contractual maturity dates)	-	594 575	407 636	575 882	141 863	68 437	1 788 393

Bank

31 December 2008

Liabilities	Maturity undefined	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total:
Due to banks	-	101 772	23 152	123 178	186 236	51 327	485 665
Due to customers	-	516 512	282 684	454 295	30 923	391	1 284 805
Debt securities in issue	-	-	-	25 752	-	-	25 752
Special and lending fund	-	1 720	228	2 703	27 121	3 447	35 219
Total liabilities (contractual maturity dates)	-	620 004	306 064	605 928	244 280	55 165	1 831 441

NOTE 21 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.

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

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 September 30st 2009 the TOP to capital ratio was: Group's – 0,85 % (31-12-2008: 1,26 %), Bank's – 0,62 % (31-12-2008: 0,41 %).

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 2009 and forecasts that currency weakening tendencies will remain in 2010.

Currency	Annual reasonable shift, 2010	Annual reasonable shift, 2009
LVL	10%	10%
GBP	10%	10%
DKK	1%	1%
USD	10%	10%
SEK	5%	5%
Other currencies	3%	3%

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:

Group	30 September 2009		31 December 2008	
	Impact on profit or loss	Impact on equity	Impact on profit or loss	Impact on equity
USD	134	134	238	238
GBP	24	24	20	20
DKK	1	1	4	4
SEK	3	3	7	7
LVL	17	17	13	13
Other strengthening by 3%	12	12	7	7
Total :	191	191	289	289

Bank	30 September 2009		31 December 2008	
	Impact on profit or loss	Impact on equity	Impact on profit or loss	Impact on equity
USD	170	18	65	65
GBP	24	35	20	20
DKK	1	2	4	4
SEK	3	12	7	7
LVL	17	15	13	13
Other strengthening by 3%	12	16	7	7
Total :	227	98	116	116

FINANCIAL STATEMENTS ŠIAULIŲ BANKAS AB

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

The presumable FX rate change creates acceptable impact on the Bank's profit and makes LTL 227 thousand in 2009 (2008: LTL 116 thousand) and the Group's annual profit and makes LTL 191 thousand in 2009 (2008: LTL 289 thousand) higher/lower impact on profit.

The Group's open positions of prevailing currencies as of September 30st 2009 were as follow:

	USD	Other currencies	Total currencies	EUR	LTL	Total:
Assets	47 047	1 784	48 831	752 013	1 239 703	2 040 547
Liabilities and shareholder's equity	44 767	426	45 193	688 311	1 307 043	2 040 547
Net balance sheet position	2 280	1 358	3 638	63 702	(67 340)	-
Currency swaps	(944)	(386)	(1 330)	1 331	-	1
Net open position	1 336	972	2 308	65 033	(67 340)	1

The Group's open positions of prevailing currencies as of December 31st 2008 were as follow:

	USD	Other currencies	Total currencies	EUR	LTL	Total:
Assets	49 186	1 802	50 988	604 499	1 424 087	2 079 574
Liabilities and shareholder's equity	46 802	715	47 517	653 399	1 378 658	2 079 574
Net balance sheet position	2 384	1 087	3 471	(48 900)	45 429	-
Currency swaps	-	-	-	10 358	(10 358)	-
Net open position	2 384	1 087	3 471	(38 542)	35 071	-

The Bank's open positions of prevailing currencies as of September 30st 2009 were as follow:

	USD	Other currencies	Total currencies	EUR	LTL	Total:
Assets	44 008	1 784	45 792	756 825	1 224 852	2 027 469
Liabilities and shareholder's equity	44 767	426	45 193	688 311	1 293 965	2 027 469
Net balance sheet position	(759)	1 358	599	68 514	(69 113)	-
Currency swaps	(944)	(386)	(1 330)	1 331	-	1
Net open position	(1 703)	972	(731)	69 845	(69 113)	1

The Bank's open positions of prevailing currencies as of December 31st 2008 were as follow:

	USD	Other currencies	Total currencies	EUR	LTL	Total:
Assets	46 148	1 802	47 950	618 130	1 383 605	2 049 685
Liabilities and shareholder's equity	46 802	715	47 517	653 399	1 348 769	2 049 685
Net balance sheet position	(654)	1,087	433	(35,269)	34,836	-
Currency swaps	-	-	-	10 358	(10 358)	-
Net open position	(654)	1 087	433	(24 911)	24 478	-

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

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.

Group

	Demand and less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	More than 1 year	Non- monetary	Total:
Total assets	380 019	490 311	569 886	59 891	220 392	320 048	2 040 547
Total liabilities and shareholder's equity	397 930	436 137	406 106	232 699	31 965	535 710	2 040 547
Net interest sensitivity gap at 30 September 2009	(17 911)	54 174	163 780	(172 808)	188 427	(215 662)	-
Higher/lower impact on profit from balance sheet assets and liabilities	(172)	451	1 024	(432)	-	-	871

Group

	Demand and less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	More than 1 year	Non- monetary	Total:
Total assets	317 917	432 844	654 394	145 790	255 852	272 777	2 079 574
Total liabilities and shareholder's equity	434 488	536 749	259 082	242 791	35 210	571 254	2 079 574
Net interest sensitivity gap at 31 December 2008	(116 571)	(103 905)	395 312	(97 001)	220 642	(298 477)	-
Higher/lower impact on profit from balance sheet assets and liabilities	(1 117)	(866)	2 471	(243)	-	-	245

FINANCIAL STATEMENTS ŠIAULIŲ BANKAS AB

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

Bank

	Demand and less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	More than 1 year	Non- monetary	Total:
Total assets	504 852	523 922	510 610	48 642	206 654	232 789	2 027 469
Total liabilities and shareholder's equity	397 930	436 137	397 106	232 699	31 965	531 632	2 027 469
Net interest sensitivity gap at 30 September 2009	106 922	87 785	113 504	(184 057)	174 689	(298 843)	-
Higher/lower impact on profit from balance sheet assets and liabilities	1 025	732	709	(460)			2 005

Bank

	Demand and less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	More than 1 year	Non- monetary	Total:
Total assets	460 524	440 344	613 839	105 780	241 320	187 878	2 049 685
Total liabilities and shareholder's equity	434 617	527 749	259 082	242 791	35 210	550 236	2 049 685
Net interest sensitivity gap at 31 December 2008	25 907	(87 405)	354 757	(137 011)	206 110	(362 358)	-
Higher/lower impact on profit from balance sheet assets and liabilities	248	(728)	2 217	(343)	-	-	1 395

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 reduction processes and their 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 operations: work with cash, lending, establishment and application of fees, payments and settlements, IT, accounting, public trading intermediary, etc.

Taking into consideration the nature and scope of the banking activities, the following operational risk sources may be distinguished: information systems, human impact and loss of tangible assets.

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.

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.

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

The Bank's operational risk management system is complimented by the Information Security and Emergency Management System created and installed by the IT agency "Blue Bridge", which increased the reliability of e-banking services and reduced the risks that the Bank's activities might be disturbed using the IT. New regulations regarding the secure work with the IT have been established and started to be applied in all the outlets of the Bank and for separate bank officers, which allows significantly mitigate the risks of crisis related to information security.

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 to calculate the additional capital requirements.

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.

22 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 30 September 2009 and in the income statement for the year then ended:

	Banking	Investment Leasing management	Real estate development	Elimina tions	Total Group
Internal	11 247	(7 775)	(1 829)	(1 643)	-
External	10 158	11 426	465	731	22 780
Net interest income	21 405	3 651	(1 364)	(912)	22 780
Internal	11 527	(8 053)	(1 830)	(1 644)	-
External	16 223	11 377	481	742	28 823
Net interest, fee and commissions income	27 750	3 324	(1 349)	(902)	28 823
Provision expenses	(22 957)	(2 760)	(277)	(4)	(25 998)
Internal	20	(151)	(18)	(20)	169
External	(20 658)	(1 633)	(477)	(944)	-
Operating expenses	(20 638)	(1 784)	(495)	(964)	169
Amortisation charges	(313)	(3)	-	(2)	-
Depreciation charges	(2 565)	(597)	(13)	(48)	-
Internal	6 547	(1)	-	-	(6 546)
External	2 414	234	2 365	2 381	-
Net other income	8 961	233	2 365	2 381	(6 546)
Profit before tax	(9 762)	(1 587)	231	461	(6 377)
Income tax	120	17	-	-	-
Profit per segment after tax	(9 642)	(1 570)	231	461	(6 377)
Minority interest	-	-	-	-	-
Profit for the year attributable to equity holders of the Bank	(9 642)	(1 570)	231	461	(6 377)
Total segment assets	2 027 469	135 728	43 652	44 753	(210 055)
Total segment liabilities	1 753 662	135 106	39 268	38 902	(199 898)
Net segment assets (shareholders' equity)	273 807	622	4 384	5 851	(11 157)

FINANCIAL STATEMENTS 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 of June 30st 2008 and in the income statement for the year then ended:

	Banking	Investment Leasing management	Real estate development	Elimina tions	Total Group
Internal	5 058	(3 587)	(715)	(756)	-
External	16 876	6 720	311	866	-
Net interest income	21 934	3 133	(404)	110	-
Internal	5 272	(3 801)	(715)	(756)	-
External	21 185	6 675	332	895	-
Net interest, fee and commissions income	26 457	2 874	(383)	139	-
Provision expenses	(2 599)	(413)	-	-	(3 012)
Internal	6	(97)	(13)	(13)	117
External	(16 621)	(1 376)	(360)	(695)	-
Operating expenses	(16 615)	(1 473)	(373)	(708)	117
Amortisation charges	(318)	(8)	-	(2)	-
Depreciation charges	(1 505)	(376)	(12)	(32)	-
Internal	8 916	(2)	-	-	(8 914)
External	1 283	382	4 071	3 971	-
Net other income	10 199	380	4 071	3 971	(8 914)
Profit before tax	15 619	984	3 303	3 368	(8 797)
Income tax	(600)	(190)	-	151	-
Profit per segment after tax	15 019	794	3 303	3 519	(8 797)
Minority interest	-	-	(1 308)	(1 650)	-
Profit for the year attributable to equity holders of the Bank	15 019	794	1 995	1 869	(8 797)
Total segment assets	2 116 375	144 805	27 009	32 716	(174 401)
Total segment liabilities	1 835 171	142 779	22 295	25 016	(172 266)
Net segment assets (shareholders' equity)	281 204	2 026	4 714	7 700	(2 135)