

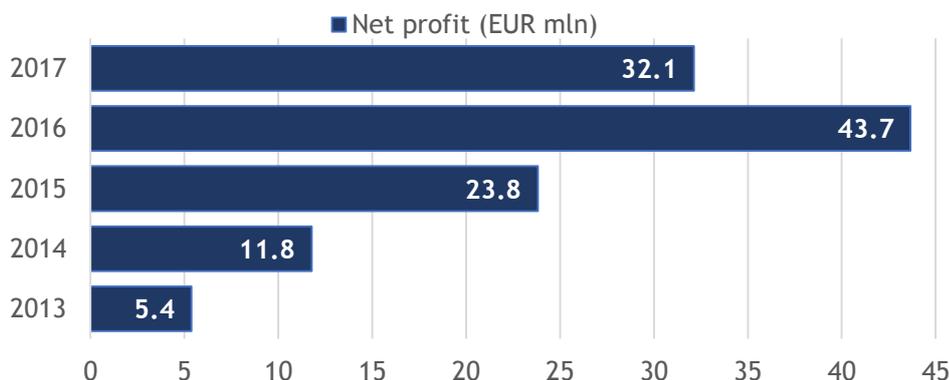
Šiaulių Bankas financial indicators – the result of sustainable and steady expansion

- Šiaulių Bankas Group's 2017 unaudited net profit was EUR 32.1 million
- Revenue for recurring activities grew 12%
- Group assets surpassed the EUR 2 billion mark
- Records reached in trading of the bank's shares
- Customer service rating rose to 98.1%

"Šiaulių Bankas's operating results have been steadily improving for several years now. The year 2017 was no exception as the bank managed to continue stably increasing its revenue for recurring activities and its loan and financial lease portfolio, and to attract more deposits. Performance was improved by investing in new innovative solutions, by considering and promptly reacting to clients' needs, and by improving customer service. It's important that more and more investors are noticing the bank's improving results, and of particular significance for us has been the assignment of an investment-grade rating with a positive outlook – that's not just acknowledgement of a goal we long sought, but also clearly benefits our clients. One of the year's symbolic achievements was the fact that the group's assets exceeded 2 billion euros. It took 22 years to pass the mark of 1 billion euros of assets, and now not even 5 years later the group already has assets of 2 billion euros," Šiaulių Bankas CEO Vytautas Sinius said regarding the results.

High level of profitability maintained

Šiaulių Bankas Group's unaudited net profit for last year was 32.1 million euros, while the bank had a net profit of 30.9 million euros.



Compared to 2016, the group's revenue for recurring activities grew 12 per cent last year. The biggest factor behind that change was net interest income, which grew 6 per cent during the year to 57.2 million euros as lending increased and resource costs shrank. Amid larger payment volumes and steady levels of cash operations, net service fees and commission income increased 16 per cent in 2017. Significant here was strong client activity in choosing the new service plans for private and corporate clients which were introduced at the start of the year. Profit from foreign exchange operations grew 8 per cent during the year to more than 4.8 million euros.

Due to growth in the market price of the bank's shares, the value of the conversion option embedded in the subordinated loan from the EBRD increased. Growth in the value of the subordinated loan during 2017 had an unrealized negative effect of 12.1 million euros on other income. If the conversion option is exercised in the future, the accumulated negative effect would increase the equity of the bank's shareholders by a corresponding amount.

Despite growing needs and increasing pressure on salary costs, the bank's group succeeds in balancing the rate of expenditure growth - it increased by 9 per cent (not including the result from the other activities of the group's companies).

Šiaulių Bankas Group maintained strong operational efficiency - the nominal cost-to-income ratio was 52 per cent, though eliminating the result from non-recurring activities it did not reach even 47 per cent, whereas annual return on capital remained high and exceeded 16 per cent.

Loan portfolio expanded by innovative solutions

The group's loan and financial lease portfolio grew 16 per cent in 2017 to more than 1.18 billion euros at year-end. Credit volumes have increased thanks to the choice of flexible and innovative financing solutions that the bank has continually offered clients. As an example, at the end of the year Šiaulių Bankas launched a new automated loan origination and processing system which shortened the time it takes for a client to get consumer credit. There are plans in future to also use the system to reduce the time it takes to grant other types of credit.

The group's deposit portfolio grew 9 per cent in 2017 and at the end of December exceeded 1.6 billion euros. A new saving solution – fixed-term deposits with extra interest tied to changes in the price of a certain financial asset – significantly contributed to deposit growth. Three such deposit issues were offered during the year.

Record trading in shares

Last year saw records in the trading of Šiaulių Bankas shares on the Nasdaq Vilnius securities exchange. The price of the bank's shares rose 57 per cent during 2017 and trading volumes ensuring its place as the most actively traded stock – turnover on the Nasdaq Baltic Market exceeded 44 million euros.

Investor interest has been stimulated by the bank's sustainable results and yearly improvement in its profitability and capital ratios, as well as by international investors' growing awareness of the bank.

Steady improvement of customer service

Šiaulių Bankas once again last year managed to improve its customer service rating, which reached a record 98.1 per cent. That's considerably higher than the overall rating for Lithuanian banks (87.7 per cent). For the ninth year in a row the results of independent mystery shopping research by Dive Lietuva put Šiaulių Bankas in second place among Lithuania's banks for the quality of customer service.

In order to better monitor service aspects that need improvement, the bank continually invests in quality research of various types, regularly trains service personnel, and uses innovative customer service solutions.