

1. Accounting period covered in the prepared report

The present report has been prepared for the first half year of 2008 according to the "Procedures for preparation and furnishing the periodical and additional information" approved by the resolution No. 1K-3 under the Securities Commission of the Republic of Lithuania dated 23 02 2007.

2. Major data about the issuer

Issuer's name – Stock company Šiaulių bankas

Authorized capital – LTL 180.357.533

Domicile address – Tilžės st. 149, LT – 76348 Šiauliai

Telephone: (+ 370 41) 522117, 595602, 595653.

Fax: (+ 370 41) 430774.

E-mail: info@sb.lt

Internet website: www.sb.lt

Legal-organizational form – a stock company, private limited liability legal entity.

Registry date - February 4th 1992.

The last edit of the Charter registered on 14-05-2008.

The Bank's register code – 112025254.

Period of activity – unlimited.

3. Nature of the issuer's main business

The main business of Šiaulių bankas AB includes commercial banking activities (a code of activity type 65.12.10).

The Bank performs the following operations under the law and legal acts of the Republic of Lithuania and the Charter:

- accepts deposits and other returnable funds into accounts opened by the customers and manages them;
- grants and takes loans;
- issues monetary warranties, guarantees and other warranty liabilities;
- issues and performs operations with payable documents (cheques, letters of credits, bills of exchange, etc.);
- performs operations with securities (shares, bonds, etc.);
- performs operations with foreign currency;
- takes customers' valuables for safeguarding and rents safes located at the bank's vault to safeguard valuables and documents;
- provides services and consultations regarding banking activities, finance and customers' investment management issues;
- issues and manages monetary instruments of credit;
- performs other operations in compliance with the nature of business of credit institutions defined in the legal acts of the Bank of Lithuania.

4. The Group's enterprises

The subsidiaries run by the Bank:

"Šiaulių banko lizingas" UAB , reg. code 145569548.

Authorized capital – LTL 1 million. The Bank owns 100% of shares.

Domicile address – Vilniaus st. 167, LT – 76352 Šiauliai

Telephone: (+ 370 41) 420855

Fax: (+ 370 41) 430774

E-mail: lizingas@sb.lt

Nature of business – financial lease.

“Šiaulių banko investicijų valdymas” UAB , reg. code 145649065.

Authorized capital – LTL 1 million. The Bank owns 60.4 % of shares, i.e. LTL 604.000 of the company’s authorized capital

Domicile address – Vilniaus st. 167, LT – 76352 Šiauliai

Telephone: (+ 370 41) 429227

Fax: (+ 370 41) 525585

E-mail: valdymas@sb.lt

Nature of business – investments into debt and equity securities, into small and medium-sized private companies, funding and sharing the financial management experience.

“Šiaulių banko turto fondas” UAB , reg. code 145855439.

Authorized capital – LTL 1 million. The Bank owns 53.10 % of shares, i.e. LTL 531.000 of the company’s authorized capital

Domicile address – Vilniaus st. 167, LT – 76352 Šiauliai

Telephone: (+ 370 41) 525320

Fax: (+ 370 41) 460774

E-mail: turtofondas@sb.lt

Nature of business – long-term investments into land and real estate.

Šiaulių bankas has 58 client service outlets that operate in 32 towns of the country.

5. Data on trading in shares of the enterprises belonging to the Group in the regulated markets

Only the Bank’s shares are listed on the main list of Vilnius Stock Exchange . ISIN code LT0000102253, a number of shares – 180.357.533

A two-year bond issue amounting in EUR 10 million ISIN LT0000402016 has been listed on the debt securities list of the Vilnius Stock during the first half-year. The bond redemption term is 17-05-2008.

Transactions with the Bank’s shares in Vilnius Stock Exchange:

| Quarter | The highest price, LTL | The lowest price, LTL | Biggest trading, LTL | Smallest trading, LTL | Last session price, LTL | Last session trading, LTL |
|----------------|------------------------|-----------------------|----------------------|-----------------------|-------------------------|---------------------------|
| I quart. 2008 | 3,49 | 2,71 | 3.397.320 | 0 | 2,74 | 480.511 |
| II quart. 2008 | 2,79 | 2,08 | 1.195.144 | 0 | 2,09 | 110.229 |

6. The Bank’s activities, standards limiting risks of the Bank’s activities and profitability ratios

During 6 months this year the amount of credits granted by the bank increased by 27.2 per cent and exceeded LTL 1,6 billion in comparison with the same period last year. The clients' deposit portfolio increased by a quarter during the year and comprised LTL 1,36 billion at the end of the half-year. The bank started accept a new type of deposit, i.e. a Child's deposit. The number of users of the Internet system "SB linija" bank increased by 48 per cent in comparison with the half-year last year. During the half-year Šiaulių bankas AB opened new client service centers in Vilnius, Klaipėda, Rokiškis, Kupiškis, Kaunas, Panevėžys and Šiauliai.

Šiaulių bankas and public institution Lithuanian Innovation Centre signed a collaboration agreement in May regarding fostering of business innovations.

The long-time collaboration relate Šiaulių bankas with the European Bank for reconstruction and Development (EBRD), Northern Investment Bank (NIB), Council of Europe Development Bank (CEB) and commercial banks from the various states of the world. Resources lent by the foreign banks and international organizations comprises almost 20 per cent of the bank's liabilities. On June 20, 2008 Šiaulių bankas signed the agreement regarding a syndicated loan of EUR 20 million. The loan has been organized by the HSH Nordbank AG from Germany and Raiffeisen Zentralbank Osterreich AG from Austria.

On 19/05/2008 the bank disseminated a bond issue of EUR 8 million. The redemption term is 27/05/2007; the yield is 7.5 per cent.

Financial ratios of the Bank and Group:

| | 30-06-2007 | 30-06-2008 |
|---|------------|------------|
| Net interest income (thou, LTL) of the Bank | 15.933 | 21.934 |
| of the Group | 18.984 | 24.773 |
| Net service and commission income (thou, LTL) of the Bank | 4.385 | 4.523 |
| of the Group | 4.138 | 4.314 |
| Profit (thou, LTL) of the Bank | 20.541 | 15.019 |
| of the Group | 16.722 | 10.880 |

| | 30-06-2007 | 30-06-2008 |
|---|------------|------------|
| Bank's liquidity ratio (%) | 38,25 | 41,35 |
| Capital adequacy ratio (%): of the Bank | 11,19 | 16,74 |
| of the Group | 11,54 | 15,83 |

The Bank's profitability ratios:

| | 30-06-2007 | 30-06-2008 |
|---------|------------|------------|
| ROAA, % | 1.12 | 2.73 |
| ROAE, % | 11.80 | 25.57 |

Other financial information is provided in the notes of the financial statement for 6-month period.

7. Information about agreements with the intermediaries of public trading of securities

Šiaulių bankas AB has entered into the agreements regarding securities accounting (custody) and acceptance and execution of commissions with the following intermediaries of public trading of securities: AB FMI "Finasta"; DnB NORD bankas; AB bankas Snoras FMS; AB "Hansabankas"; UAB Medicinos bankas FMS; FMI UAB "Suprema"; AB SEB Vilniaus bankas VP Accounting and Custody Department.

8. Acquisition of the own shares

During the accounting period there were no shares that would belong to the bank itself, to its subsidiaries or to entities that operate under the delegation of the subsidiaries. The bank neither acquired its own shares nor delegated them to others.

9. Shareholders

As of June 30th 2008 the total number of shareholders comprised of 3.740. The following bank's shareholders owned more than 5% of the authorized capital:

| No | Shareholder | Number of shares under ownership | Number of shares owned by persons operating together | Percentage of the authorized capital, % (operating together %) | Percentage of votes, % |
|----|---|----------------------------------|--|--|------------------------|
| 1. | European Bank for Reconstruction and Development (EBRD), One Exchange Square, London, Great Britain | 28.965.344 | 42.351.731 | 16,06 (23,48) | 16,06 |
| 2. | Gintaras Kateiva | 10.561.509 | 60.755.566 | 5,86 (33,68) | 5,86 |
| 3. | Trading House "Aiva" UAB, Vilniaus st.167, Šiauliai reg. code 144031190 | 9.350.405 | 61.966.670 | 5,18 (34,36) | 5,18 |

The Bank's shareholders such as the European Bank for Reconstruction and Development, Trading House "Aiva" UAB, "Mintaka" UAB, "Alita" AB, Algirdas Butkus, Gintaras Kateiva and Arvydas Salda operating together form the Group. As of 30-06-2008 39.57 per cent of the Bank's authorized capital and votes were owned by this Group.

10. Ratings and their amendments provided by the International rating

agencies

The financial stability and strength of Šiaulių bankas AB has been positively evaluated by the independent experts – In February 2007 the international rating agency “Moody’s” have granted the following ratings to Šiaulių bankas:

- long-term deposit rating – Ba2;
- financial strength rating – D;
- short-term deposit rating – NP;
- long-term rating outlook – stable.

11. Other information about the Issuer

11.1. Structure of the Issuer’s authorized capital

The bank’s authorized capital is registered at State Enterprise Centre of Registers on May 14th 2008. The capital’s size – LTL 180.357.533. It consists of 180.357.533 ordinary registered shares. A par value per share is LTL 1. One share gives one vote to a shareholder during the General Shareholders’ Meeting. Shareholders are entitled with interest and non-interest rights as well as to commitments defined in the Law on Stock Companies of the Republic of Lithuania.

11.2. all the limits applied to delegation of securities – ;

11.3. shareholders entitled to special control rights and definitions of these rights – the shareholders control the Bank through the elected Supervisory Board. Their functions are defined in the Law on Stock Companies of the Republic of Lithuania.

11.4. all the limits applied to voting rights – a shareholder has no right to make a decision regarding a prerogative right to acquire the bank’s issued shares or regarding recall of the converted bonds in case the agenda of the general shareholders’ meeting foresees that the right to acquire these securities is granted to him, his close relative, shareholder’s spouse or cohabitant, when the partnerships is registered under the applicable law, and to the spouse’s close relative, when a shareholder is a natural entity, also to the shareholder’s patron company or shareholder’s subsidiary, when a shareholder is a legal entity.

Persons or groups of related persons that are acquiring the bank’s share blocks (1/10) or increasing them up to 1/5, 1/3, 1/2, 2/3 or exceeding this amount have to receive the prior consent from the Bank of Lithuania. Persons that acquire the shares without the mentioned consent lose their voting right in the General Shareholders’ Meeting. Persons that do not report the Bank or Securities Commission of the Republic of Lithuania about the share block acquisition lose their votes in the General Shareholders’ Meeting for 2 years after disclosure of the incorrect data under the Law and legal acts of the Republic of Lithuania, which exceed the amount of the last reported block.

12. Employees

On 30-06-2008 the Bank employed a staff of 520. By end-2007 – 483 employees. Average staff number during six months of 2007 – 496. Average staff number in 2007 – 438.

At the end of the reporting year 60% of all Bank employees had university education, 26% – non-higher professional education, and 14% – special secondary and secondary education.

Distribution of employees groups by the number of staff and average monthly wage is given in the Table below:

| | Staff number | | Average monthly wage (LTL) | |
|------------|--------------|---------------------|----------------------------|---------------------|
| | 2007 | Ist quarter of 2008 | 2007 | Ist quarter of 2008 |
| Leadership | 8 | 8 | 18.027 | 21.937 |
| Employees | 450 | 488 | 2.088 | 2.363 |

13. Transactions with the related parties

During the accounting period there were many banking transactions entered with the related parties on usual activity basis. The related parties are deemed to be the members of the Bank's Supervisory Council and Bank's Board acting together under the Shareholders' Agreement, the close relatives of the mentioned related parties and the Bank's subsidiaries. All the transactions have been entered in terms of the usual market conditions. The comprehensive description of transactions entered with the related parties is provided in the enclosed financial statements.

14. Information about the compliance with the Corporate Governance Code

The Bank obeys most of the rules defined in the Code on Company's Management. The Bank's management bodies consist of the general shareholders' meeting, Supervisory Council of 7 members elected for 4 years, the Bank's Board of 5 members elected for 4 years by the Supervisory Council and Chief Executive Officer. The Bank has formed the Audit Committee. All the Council members have the bank's shares (personally or through the companies represented by them), therefore they are not considered to be the independent members.

15. Data on the publicly announced information

the information announced publicly during the Ist half-year of 2008:

- 24-01-2008 – preliminary results of 2007;
- 21-02-2008 – pre-audited activity result of the Bank's Group for 2007;
- 21-02-2008 - summoning of the General Shareholders' Meeting;
- 29-02-2008 – interim financial statements of Šiaulių bankas AB for 12 months of 2007;

- 15-03-2008 – draft resolution of the General Shareholders’ Meeting to be held on 27-03-2008;
- 27-03-2008 – resolutions of the General Shareholders’ Meeting dated 27-03-2008;
- 28-03-2008 – audited financial statements for 2007;
- 01-04-2008 – corrected audited financial statements for 2007;
- 14-04-2008 – pre-audited result of Šiaulių bankas AB for the 1st quarter of 2008;
- 23-04-2008 - pre-audited result of Šiaulių bankas Group for the 1st quarter of 2008;
- 15-05-2008 – registration of the amended Charter of the Bank after the increase of the authorized capital;
- 22-05-2008 – after dissemination of 80.000 units of the bond issue an account was opened in the Central Securities Depository of Lithuania;
- 30-05-2008 – financial statements of Šiaulių bankas AB for the 1st quarter of 2008;
- 25-06-2008 - Šiaulių bankas AB is granted with a syndicated loan amounting in EUR 20 million.

Šiaulių bankas AB has informed the Securities Commission and Vilnius Stock Exchange about all the stock events. The notifications about summoning of general shareholders’ meetings as well as their resolutions have been additionally published in the daily newspapers “Lietuvos rytas” and “Šiaulių kraštas”. Other regulated information (reports on the share block acquisition or loss as well information about leaders’ transactions) has been published on the websites of Vilnius Stock Exchange and the Securities Commission.

16. The Bank’s bodies

The Bank’s Bodies are as follows: General Meeting of the Shareholders of the Bank, Supervisory Council of the Bank, Board of the Bank and Chief Executive Officer of the Bank (Head of the Bank). The Board and Head of the Bank are managing bodies of the Bank.

The Council is a collegial body supervising the activities of the Bank. It is directed by its Chairman. The General Meeting of the Shareholders elects the Supervisory Council, consisting of 7 members.

The Board is a collegial Bank management body consisting of 5 members. It manages the bank, handles its matters and answers under the laws for execution of the bank’s financial services. Order of the board’s work is set by the Board work regulations. The Board is elected by the Council for a term of 4 years.

The Head of the Bank arranges everyday activities of the bank and performs other actions necessary to perform his functions, to implement decisions of the Bank’s bodies and to secure the bank’s activities.

Managing bodies of the bank observe laws and other legal acts of the Republic of Lithuania and follow the requirements of the Charter of the Bank.

17. Members of the collegial bodies, a CEO of the company and a chief financial officer

| Name, surname Beginning-end of the tenure | Position hold at Šiaulių bankas AB | Capital share owned, % | Vote share possessed, % |
|---|---|---------------------------|-------------------------------|
| Arvydas Salda 27 03 2008 - 2012 | Chairman of the Council | 2.53 | 2.53 |
| Sigitas Baguckas 27 03 2008 - 2012 | Deputy Chairman of the Council | 0,55 | 0,55 |
| Gintaras Kateiva 27 03 2008 - 2012 | | 5.86 | 5.86 |
| Kastytis Jonas Vyšniauskas 27 03 2008 - 2012 | Member of the Council | 1,05 | 1,05 |
| Vigintas Butkus 27 03 2008 - 2012 | Member of the Council | 0,28 | 0,28 |
| Vytautas Junevičius 27 03 2008 - 2012 | Member of the Council | 0,03 | 0,03 |
| Matti Hyyrynen 27 03 2008 - 2012 | Member of the Council | - | - |
| Ričardas Valskis 27 03 2008 - 2012 | | 0.60 | 0.60 |
| Algirdas Butkus 27 03 2008 - 2012 | Chairman of the Board Chief Executive Officer | 3.07 | 3.07 |
| Donatas Savickas 27 03 2008 - 2012 | Member of the Board, Deputy Chief Executive Officer, Head of Finance and Credit Division | <0,01 | <0,01 |
| Vita Adomaitytė 27 03 2008 - 2012 | Member of the Board, Chief Financial Officer, Head of Accounting and Reporting Division | 0,02 | 0,02 |
| Daiva Kiburienė 27 03 2008 - 2012 | Member of the Board, Head of Corporate and Retail Banking Division | <0,01 | <0,01 |
| Jonas Bartkus 27 03 2008 - 2012 | Member of the Board, Head of Business Development Division | <0,01 | <0,01 |

Amounts calculated in total and in average sizes allocated to one member of the collegial body during the accounting period:

| Members of the management bodies | Number of people | Total amounts of salaries/bonuses, other payoffs from profit (LTL) | Average amounts of salaries/bonuses, other payoffs from profit (LTL) |
|----------------------------------|------------------|--|--|
| Council members | 7 | 624.000 | 89.143 |
| Board members | 5 | 926.111 | 185.222 |
| Administration members | 2 | 584.362 | 292.181 |

No guarantees or warranties regarding the implementation of management bodies' liabilities have been granted during the I st quarter of 2008.

18. Procedure for Charter amendment

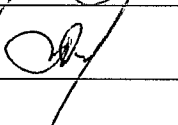
The Bank's Charter may be amended only by a resolution of the general shareholders' meeting made by 2/3 majority of votes except exclusive cases foreseen by the law.

Chief Executive Officer



Algirdas Butkus

Chief Financial Officer



Vita Adomaityte

August 11th, 2008