

RESPONSIBLE PERSONS' CONFIRMATION

We, Chairman of the Board Algirdas Butkus and Chief Financial Officer Vita Adomaitytė, confirm that this interim financial statement is formed in compliance with applicable accounting standards, corresponds to the facts and properly indicates the assets of Šiaulių bankas AB and total assets of the consolidated enterprises as well as liabilities, financial status and profit.

Chairman of the board



Chief Financial Officer

A handwritten signature in black ink, appearing to be "A. Butkus".

Algirdas Butkus

A handwritten signature in black ink, appearing to be "V. Adomaitytė".

Vita Adomaitytė

ATSAKINGŲ ASMENŲ PATVIRTINIMAS

Mes, AB Šiaulių banko administracijos vadovas Algirdas Butkus ir vyriausioji buhalterė Vita Adomaitytė, patvirtiname, kad ši tarpinė finansinė atskaitomybė sudaryta pagal taikomus buhalterinės apskaitos standartus, atitinka tikrovę ir teisingai parodo AB Šiaulių banko ir bendrą konsoliduotų įmonių turą, įsipareigojimus, finansinę būklę bei pelną.

Administracijos vadovas



Algirdas Butkus

Vyriausioji buhalterė

Vita Adomaitytė

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

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

THE GROUP'S AND BANK'S BALANCE SHEET

		30 September 2007		31 December 2006	
	Notes	Group	Bank	Group	Bank
Assets					
Cash and balances with central banks	2	80.435	80.432	94.144	94.132
Due from other banks and financial institutions	3	160.298	267.668	59.181	133.255
Trading securities	6	39.524	14.265	12.574	12.574
Derivative financial instruments	18	-	-	82	82
Loans to customers	4	1.274.800	1.298.808	884.816	898.618
Finance lease receivables	5	115.182	-	77.867	-
Investment securities:					
- available-for-sale	6	10.164	10.164	515	515
- held-to-maturity	6	161.830	161.830	162.470	162.470
Investments in subsidiaries	6	-	2.135	-	6.654
Intangible assets		1.169	1.143	1.600	1.539
Tangible fixed assets		47.129	41.222	48.454	36.357
Other assets	7	43.182	4.519	45.600	4.108
Total assets		1.933.713	1.882.186	1.387.303	1.350.304
Liabilities					
Due to other banks and financial institutions	8	399.662	381.711	172.954	167.956
Due to customers	9	1.140.985	1.140.846	921.279	921.499
Special and lending funds	10	37.879	37.337	42.805	42.007
Debt securities in issue	12	33.323	33.323	27.778	45.561
Derivative financial instruments	18	35	35	-	-
Other liabilities	11	36.326	22.477	35.118	21.091
Total liabilities		1.648.210	1.615.729	1.199.934	1.198.114
Equity					
Capital and reserves attributable to equity holders of the parent					
Share capital	13	161.033	161.033	109.039	109.039
Share premium		65.006	65.006	25.000	25.000
Reserve capital		2.611	2.611	2.611	2.611
Statutory reserve		1.743	1.445	927	700
Financial assets revaluation reserve		245	245	-	-
Retained earnings		46.295	36.117	28.419	14.840
		276.933	266.457	165.996	152.190
Minority interest		8.570	-	21.373	-
Total equity		285.503	266.457	187.369	152.190
Total liabilities and equity		1.933.713	1.882.186	1.387.303	1.350.304

The notes on pages 8 – 19 constitute an integral part of these financial statements

Chairman of the Board

Chief Financial Officer

21 November 2007



Algirdas Butkus

Vita Adomaitytė

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

THE GROUP'S AND BANK'S INCOME STATEMENT

	Notes	30 September 2007		30 September 2006	
		Group	Bank	Group	Bank
Interest and similar income		69.783	64.861	45.900	42.851
Interest expense and similar charges		(35.676)	(35.358)	(20.737)	(20.955)
Net interest income		34.107	29.503	25.163	21.896
Fee and commission income		10.461	10.734	8.624	8.899
Fee and commission expense		(4.017)	(3.947)	(2.734)	(2.664)
Net fee and commission income		6.444	6.787	5.890	6.235
Impairment charge for credit losses		(2.475)	(1.908)	(1.218)	(193)
Net gain on operations with securities		12.622	9.115	295	81
Net foreign exchange gain		2.515	2.523	2.351	2.355
Other income		4.458	395	42.457	397
Administrative and other operating expenses		(31.737)	(27.322)	(26.855)	(22.495)
Operating profit		25.934	19.093	48.083	8.276
Dividends from investments in subsidiaries		-	7.114	-	3.832
Profit before income tax		25.934	26.207	48.083	12.108
Income tax expense		(3.061)	(2.004)	(8.131)	(485)
Profit for the year		22.873	24.203	39.952	11.623
Profit is attributable to:					
Equity holders of the Bank		20.873	24.203	20.570	11.623
Minority interest		2.000	-	19.382	-
Profit for the year		22.873	24.203	39.952	11.623
Basic and diluted earnings per share, net (in LTL per share)	13	0,17	0,20	0,22	0,13

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Chairman of the Board

Chief Financial Officer

21 November 2007



Algirdas Butkus

Vita Adomaitytė

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

THE GROUP'S AND BANK'S CASH FLOW STATEMENT

	Notes	30 September 2007		30 September 2006	
		Group	Bank	Group	Bank
Operating activities					
Interest received		69.783	64.861	45.900	42.851
Interest paid		(35.676)	(35.358)	(20.737)	(20.955)
Cash received from previously written-off loans		452	391	204	180
Net cash received from operations in foreign currency		1.506	1.533	1.421	1.421
Net cash received from operations in securities		9.695	8.297	(28)	(83)
Net cash received from service and commission fees		6.444	6.787	5.890	6.235
Salaries and related payments to and on behalf of employees		(16.685)	(14.462)	(13.278)	(11.135)
Other receipts		5.884	395	42.457	397
Other payments		(16.965)	(10.201)	(26.761)	(9.495)
Net cash flow from operating activities before change in short-term assets and liabilities		24.438	22.243	35.068	9.416
(Increase) decrease in assets:					
(Increase) in loans to credit and financial institutions		(110.274)	(143.570)	(59.859)	(103.653)
(Increase) in loans to customers		(429.980)	(402.469)	(167.377)	(135.958)
Decrease in trading securities		(34.664)	(9.405)	1.228	1.186
(Increase) decrease in other assets		2.832	(185)	10.229	2.459
Change in assets		(572.086)	(555.629)	(215.779)	(235.966)
Increase in liabilities:					
Increase in liabilities to credit and financial institutions		226.708	213.755	8.083	7.783
Increase in deposits		214.780	214.677	215.036	219.465
Increase in other liabilities		(369)	16	(728)	(938)
Change in liabilities		441.119	428.448	222.391	226.310
Net cash flow from/(used in) operating activities before tax		(106.529)	(104.938)	41.680	(240)
Income tax paid		(1.450)	(600)	(1.828)	(218)
Net cash flow from operating activities		(107.979)	(105.538)	39.852	(458)
Investing activities					
Purchase of tangible and intangible fixed assets		(10.700)	(8.542)	(6.794)	(5.904)
Disposal of tangible and intangible fixed assets		12.798	2.238	10.422	1.005
Acquisition of held to maturity securities		-	4.519	-	-
Proceeds from redemption of held to maturity securities		(1.119)	(1.119)	299	299
Dividends received		(13.882)	(13.882)	(65.190)	(65.190)
Net cash used in investing activities		14.523	14.523	11.265	11.265
Financing activities					
Increase in share capital		92.000	92.000	17.000	17.000
Dividends paid		(2.180)	(2.180)	(3.580)	(1.768)
Payment to minority shareholders		(14.229)	-	4.260	-
Debt securities issued		29.434	29.434	67.449	85.022
Debt securities repurchased and redeemed		(23.889)	(41.672)	(59.595)	(59.595)
Net cash flow from financing activities		81.136	77.582	25.534	40.659
Net increase in cash and cash equivalents		(22.868)	(22.859)	15.681	(14.358)
Cash and cash equivalents at 1 January		121.535	121.523	87.261	117.250
Cash and cash equivalents at 31 March	19	98.667	98.664	102.942	102.892

The notes on pages 8 – 19 constitute an integral part of these financial statements

Chairman of the Board

Algirdas Butkus

Chief Financial Officer

Vita Adomaityte

21 November 2007

(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						Minority interest	Total equity
	Share capital	Share premium	Reserve capital	Statutory reserve and other reserve	Retained earnings	Total:		
31 December 2005	74.720	8.400	2.611	357	8.773	94.861	8.015	102.876
Dividends	-	-	-	-	(1.694)	(1.694)	-	(1.694)
Dividends to minority	-	-	-	-	-	-	(1.888)	(1.888)
Formation of statutory reserve	-	-	-	570	(570)	-	-	-
Bonus issue of share capital	9.319	(8.400)	-	-	(919)	-	-	-
Issue of share capital	25.000	25.000	-	-	-	50.000	-	50.000
Increase in share capital of minority shareholders in subsidiaries	-	-	-	-	-	-	(4.256)	(4.256)
Profit for the year	-	-	-	-	22.829	22.829	19.502	42.331
31 December 2006	109.039	25.000	2.611	927	28.419	165.996	21.373	187.369
Dividends	-	-	-	-	(2.181)	(2.181)	-	(2.181)
Dividends to minority	-	-	-	-	-	-	(14.229)	(14.229)
Financial assets revaluation reserve	-	-	-	245	-	245	-	245
Issue of share capital from share premium	11.994	(11.994)	-	-	-	-	-	-
Issue of share capital	40.000	52.000	-	-	-	92.000	-	92.000
Formation of statutory reserve	-	-	-	816	(816)	-	-	-
Increase in share capital of minority shareholders in subsidiaries	-	-	-	-	-	-	(574)	(574)
Profit for the year	-	-	-	-	20.873	20.873	2.000	22.873
30 September 2007	161.033	65.006	2.611	1.988	46.295	276.933	8.570	285.503

Chairman of the Board




Algirdas Butkus

Chief Financial Officer

Vita Adomaitytė

21 November 2007

(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	Retained earnings	Total
31 December 2005	74,720	8,400	2,611	-	328	4,174	90,233
Dividends	-	-	-	-	-	(1,694)	(1,694)
Formation of statutory reserve	-	-	-	-	372	(372)	-
Bonus issue of share capital	9,319	(8,400)	-	-	-	(919)	-
Issue of share capital	25,000	25,000	-	-	-	-	50,000
Profit for the year	-	-	-	-	-	13,651	13,651
31 December 2006	109,039	25,000	2,611	-	700	14,840	152,190
Dividends	-	-	-	-	-	(2,181)	(2,181)
Issue of share capital from share premium	11,994	(11,994)	-	-	-	-	-
Issue of share capital	40,000	52,000	-	-	-	-	92,000
Formation of statutory reserve	-	-	-	-	745	(745)	-
Financial assets revaluation reserve	-	-	-	245	-	-	245
Profit for the year	-	-	-	-	-	24,203	24,203
30 September 2007	161,033	65,006	2,611	245	1,445	36,117	266,457

Chairman of the Board

Algirdas Butkus

Chief Financial Officer

Vita Adomaitytė

21 November 2007

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

Consolidation of financial statements, amendments in accounting policy

These financial statements include consolidated statements of the bank and its subsidiaries.

Asset and liabilities of the subsidiaries are consolidated according to every entry eliminating inter balances. The investments into associated companies are accounted applying at cost method.

Subsidiaries are considered to be those companies where the Group has either direct or indirect control, i.e. opportunity to manage financial and operational decisions. Subsidiaries are consolidated commencing the day when the control is assigned to the Group and cease to be consolidated on the day when this control is over. Subsidiaries are accounted applying acquisition method. The costs of acquisition are considered to be a fair value of the assigned assets and taken liabilities while acquiring company by adding expenditures directly connected to this acquisition. The amount of acquisition costs which exceeds the fair value of the acquired company's net assets is accounted as prestige. In case of necessity the accounting principals applied to subsidiary are amended in order to meet the accounting principals applied to the Group.

The most significant amendment in the accounting policy during the first quarter of 2007 has been made regarding figuring the reappraisal of financial assets held to trade in the bank's financial statements. The result of this reappraisal is accounted in the financial assets reappraisal reserve directly in the shareholders' equity entry.

(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 35 client service centres.

As of 30th September 2007 the number of the bank's clients included 241 municipal companies, 22 state companies, 43 agricultural company, 33 economic partnership, 3,656 limited liability public companies, 1,664 private companies, 385 non-profit making and public sector companies and 880 other organizations as well as 103,521 natural entities.

As of 31st December 2006 and 30th September 2007 the bank controlled 4 subsidiaries: "Šiaulių banko lizingas" UAB (financial and operational leasing), "Šiaulių banko investicijų valdymas" UAB (investment management), "Šiaulių banko turto fondas" UAB (real estate management), "Pajūrio alka" UAB (hotel services). The bank owns 100% of "Šiaulių banko lizingas" UAB (nominal share value – LTL 1,000 thou), 60.4% of "Šiaulių banko investicijų valdymas" UAB (nominal share value – LTL 604 thou), 53.1% of "Šiaulių banko turto fondas" UAB (nominal share value – LTL 531 thou), 99.85 % till 28-05-2007 "Pajūrio alka" UAB (nominal share value- LTL 3,145 thou).

The consolidated statements of the Group include financial statements of the bank and its subsidiaries.
"Šiaulių banko faktoringas" UAB ceased its activities on 30-03-2007. "Pajūrio alka" UAB is sold in May 2007.

NOTE 2 CASH AND BALANCES WITH CENTRAL BANK

	Bank 30 Septembe r 2007	Group 30 Septembe r 2007	Bank 31 Decembe r 2006	Group 31 Decembe r 2006
Cash and other valuables	33.003	33.006	30.608	30.620
Mandatory reserves in national currency	47.429	47.429	6.269	6.269
Correspondent account with central bank	-	-	57.255	57.255
Total:	80.432	80.435	94.132	94.144

Mandatory reserves comprise the funds calculated on a monthly basis as a 6% 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 AND FINANCIAL INSTITUTIONS

	Bank 30 Septembe r 2007	Group 30 Septembe r 2007	Bank 31 Decembe r 2006	Group 31 Decembe r 2006
Correspondent bank accounts	18.271	18.271	27.414	27.414
Time deposits	12.897	12.897	11.249	11.249
Repurchase contracts	27.219	27.219	11.082	11.082
Loans granted	116.646	9.206	83.510	9.343
Demand deposits	92.635	92.705	-	93
Total:	267.668	160.298	133.255	59.181

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

NOTE 4 LOANS

	30 September 2007		31 December 2006	
	Bank	Group	Bank	Group
Loans to corporate entities	1.053.955	1.020.724	744.729	724.784
Loans to individuals	248.906	258.461	155.663	162.085
Gross total loans granted	1.302.861	1.279.185	900.392	886.869
Less: allowance for impairment	(4.053)	(4.385)	(1.774)	(2.053)
Net	1.298.808	1.274.800	898.618	884.816

Special provisions to Loan portfolio %

0,31 0,34 0,20 0,23

Past due loans (more 90 than days past due)

12.637 12.982 2.979 3.023

Past due loans to Loan portfolio %

0,97 1,01 0,33 0,34

Only "Šiaulių banko lizingas" UAB has granted loans without the bank.

	Bank 30 September 2007	Bank 30 September 2007
Maximum loan amount per borrower	33.871	14,10 %

Maximum loan amount per borrower is a total value of the loans, guarantees, warranties granted by the bank and liabilities in litas and foreign currency (not more than 25% of the bank's capital).

As of 30th September 2007 the large exposure standard was 106.33 %. According to the requirements of the Bank of Lithuania the total amount of large exposures may not exceed 800% of the bank's capital.

	30 September 2007		31 December 2006	
	Bank	Group	Bank	Group
Capital	240.211	247.777	136.100	141.567
20 top loans	398.696	398.696	307.878	307.878
20 top loans to Loan portfolio %	166	161	226	217

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

	30 September 2007		31 December 2006	
	Bank	Group	Bank	Group
Total loans granted by industry sectors:				
Trading	258.119	261.197	191.241	191.241
Manufacturing	183.908	183.908	117.165	117.175
Construction	127.888	127.888	145.161	145.161
Real estate, rent	198.945	162.635	99.795	92.211
Agriculture, hunting and forestry	85.712	85.712	63.775	63.775
Transportation	45.585	45.585	25.690	25.690
Hotels and restaurants	51.196	51.196	42.927	40.920
Utilities	25.644	25.644	18.666	18.666
Other industry sectors	77.194	77.195	51.900	41.536
Loans not assigned to industry sectors	251.593	261.148	144.072	150.494
Total	1.305.784	1.282.108	900.392	886.869

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.

SEGMENT INFORMATION

	30 September 2007	31 December 2006
By type of lessees:		
Legal entities	83.666	46.319
Individuals	32.524	32.207
Net investments before provisions	116.190	78.526
<u>By type of assets leased:</u>		
Computers and computer hardware	4.137	5.594
Commercial facilities	20.068	14.870
Equipment	18.631	31.799
Cars	11.379	6.542
Plastic windows and window-cases	3.751	3.379
Heavy transport means	22.159	12.467
Other	11.814	3.875
Net investments before provisions	116.190	78.526
Provisions	(1.008)	(659)
Net investments after provisions	115.182	77.867

All lessees operate in Lithuania.

Group's inner transactions comprised LTL 16 thou

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

NOTE 6 SECURITIES

Trading securities

	30 September 2007		31 December 2006	
	Group	Bank	Group	Bank
Debt securities:				
Government bonds	6,399	6,399	8,487	8,487
Equity securities:				
Listed	3,862	3,862	2,060	2,060
Unlisted	25,298	39	40	40
Units of funds	3,965	3,965	1,987	1,987
Total equity securities	33,125	7,866	4,087	4,087
Total:	39,524	14,265	12,574	12,574

Investment securities

	30 September 2007		31 December 2006	
	Group	Bank	Group	Bank
Securities available-for-sale:				
Units of domestic investment funds	255	255	-	-
Units of foreign investment funds	582	582	-	-
Treasury bonds of foreign states	8,812	8,812	-	-
Unlisted equity securities	515	515	515	515
Total securities available-for-sale:	10,164	10,164	515	515
Securities held-to-maturity				
Bonds of non-residents	9,094	9,094	7,287	7,287
Government bonds of foreign states	22,503	22,503	22,623	22,623
Government bonds of the Republic of Lithuania	122,237	122,237	125,963	125,963
Bonds of residents	7,996	7,996	6,597	6,597
Total securities held to maturity:	161,830	161,830	162,470	162,470
Total investment securities:	171,999	171,99	162,985	162,985

Investments in subsidiaries

	30 September 2007			31 December 2006		
Bank	Share in equity	Acquisition cost	Carrying value	Share in equity	Acquisition cost	Carrying value
Investments in consolidated subsidiaries:						
ŠB Lizingas UAB	100,0%	1,000	1,000	100,0%	1,000	1,000
ŠB Investicijų Valdymas UAB	60,4%	604	604	60,4%	604	604
ŠB Turto Fondas UAB	53,1%	531	531	53,10%	531	531
Pajūrio Alka UAB	-	-	-	99,85%	4,519	4,519
Total :			2,135			6,654

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

ŠB Faktoringas UAB was under liquidation as at 31 December 2006. Uncovered part of the loan to the Bank of LTL 21 thousand and investment of LTL 10 thousand were written-off in the Bank's accounts in the year 2006.

"Pajūrio alka" UAB is sold in May 2007. The result exposed in the Income statement "Net gain on operations with securities".

A portion of equity securities portfolio, which is actively traded by the bank, consist of shares included the Main List and Current List of Vilnius Stock Exchange. The equity securities held for trading also include those shares that are not actively traded at the moment; however, they have been bought with the purpose to earn profit selling them later.

The shares that have been bought by the bank not only with the purpose to earn profit later selling them but also because of the opportunity to participate in the issuer's management or in pursue to represent other bank's or its clients' or business partners' interest are allocated to the category of securities held for sales.

NOTE 7 OTHER ASSETS

	30 September 2007		31 December 2006	
	Group	Bank	Group	Bank
Assets held for sale and real estate projects under development	14.087	-	17.244	-
Amounts receivable	20.169	56	17.559	391
Deferred expenses	4.745	2.970	2.045	1.992
Transit accounts	921	921	1.170	1.170
Prepayments	2.474	205	5.967	162
Foreclosed assets	45	45	45	45
Prepaid income tax	51	-	80	-
Other	690	322	1.490	348
Total:	43.182	4.519	45.600	4.108

NOTE 8 DUE TO OTHER BANKS AND FINANCIAL INSTITUTIONS

	30 September 2007		31 December 2006	
	Group	Bank	Group	Bank
Correspondent accounts and deposits of other banks and financial institutions:				
Correspondent accounts and demand deposits	45.104	45.153	17 951	17 953
Time deposits	85.597	85.597	57 473	57 473
Total correspondent accounts and deposits of other banks and financial institutions	130.701	130.750	75 424	75 426
Loans received:				
Loans from other banks	206.427	188.427	32 798	27 798
Loans from international organisations	62.534	62.534	64 732	64 732
Total loans received	268.961	250.961	97 530	92 530
Total:	399.662	381.711	172 954	167 956

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

NOTE 9 DUE TO CUSTOMERS

	30 September 2007		31 December 2006	
	Group	Bankas	Group	Bankas
Demand deposits:				
National government institutions	6.237	6.237	8.949	8.949
Local government institutions	61.447	61.447	34.791	34.791
Governmental and municipal companies	6.017	6.017	14.880	14.880
Corporate entities	110.509	110.519	123.504	123.564
Non-profit organisations	7.108	7.108	5.647	5.647
Individuals	116.911	116.911	92.797	92.797
Total demand deposits	308.229	308.239	280.568	280.628
Time deposits:				
National government institutions	13.318	13.318	13.730	13.730
Local government institutions	11.432	11.432	1.479	1.479
Governmental and municipality companies	81.465	81.465	72.214	72.214
Corporate entities	99.559	99.410	68.006	68.166
Non-profit organisations	3.628	3.628	2.921	2.921
Individuals	623.354	623.354	482.361	482.361
Total time deposits	832.756	832.607	640.711	640.871
Total:	1.140.985	1.140.846	921.279	921.499

NOTE 10 SPECIAL AND LENDING FUNDS

	30 September 2007		31 December 2006	
	Group	Bank	Group	Bank
Special funds	422	422	326	326
Lending funds	37.457	36.915	42.479	41.681
Total:	37.879	37.337	42.805	42.007

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 OTHER LIABILITIES

	30 September 2007		31 December 2006	
	Group	Bank	Group	Bank
Transit accounts	15.171	15.135	14.250	14.250
Accrued charges	4.565	4.182	3.601	3.183
Deferred income	1.566	487	3.305	2.624
Advances received from the buyers of assets	687	-	3.594	-
Current and deferred income tax liabilities	7.302	2.121	5.878	717
Other	7.035	552	4.490	317
Total:	36.326	22.477	35.118	21.091

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

NOTE 12 DEBT SECURITIES IN ISSUE

	30 September 2007		31 December 2006	
	Group	Bank	Group	Bank
Short term debenture bonds denominated in LTL with discount rate of 5.2 per cent, maturity 05-08-2008	14,371	14,371	-	-
Short term debenture bonds denominated in LTL with discount rate of 4.1 per cent, maturity 01-08-2007	-	-	12,168	12,168
Two year bonds denominated in EUR with coupon rate of 4.6 per cent, maturity 17-05-2008	18,862	18,862	15,610	33,393
Total :	33,233	33,233	27,778	45,561

NOTE 13 SHARE CAPITAL

As at 30 September 2007, the Bank's share capital comprised 161,033,512 ordinary registered shares with par value of LTL 1 each.

As of 30 September 2007, the shareholders holding over 5% of the Bank's shares with voting rights are listed in the table below:

Shareholders	Percentage of shares with voting rights, %
European Bank for Reconstruction and Development	16,06
Prekybos Namai Aiva UAB	5,87
Gintaras Kateiva	5,81
Total:	27,74

Another 17 shareholders had less than 5% but more than 1% of the Bank's share capital. The remaining shareholders on an individual basis had less than 1% of the Bank's shares and voting rights.

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 36.57 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 at 30 September 2007, the Bank had 3,262 shareholders (31 December 2006: 2,539).

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.

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

Dividends

Dividends are declared during the annual general meeting of shareholders when appropriation of profit for the reporting period is performed. In 2007, the annual general meeting of shareholders decided to pay 2 % dividends (2006: 2%) to the holders of ordinary shares.

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 2007	30 September 2006
Profit for the year attributable to equity holders of the Bank (in LTL thousand)	24.203	11.623
Weighted average number of issued shares (thousand of shares)	121.473	92.647
Earnings per share (in LTL per share)	0,20	0,13
Group	30 September 2007	30 September 2006
Profit for the year attributable to equity holders of the Bank (in LTL thousand)	20.873	20.570
Weighted average number of issued shares (thousand of shares)	121.473	92.647
Earnings per share (in LTL per share)	0,17	0,22

NOTE 14 CAPITAL ADEQUACY

	30 September 2007	31 December 2006
Bank		
Capital	240.211	136.100
Tier 1 ratio	240.564	137.839
Risk weighted assets and off balance sheet items	1,499.923	991.456
Capital adequacy ratio, %	16,01	13,73

	30 September 2007	31 December 2006
Group		
Capital	247.777	141.567
Tier 1 ratio	246.958	141.522
Risk weighted assets and off balance sheet items	1,573.105	1,025.742
Capital adequacy ratio, %	15,75	13,80

Since June 2006 the capital base has been calculated not including the pre-audited profit of the current year, and the dividends to be paid are deducted from the last year retained earnings.

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

NOTE 15 LIQUIDITY RISK

Liquidity is defined as the ability to satisfy all the needs of cash flow outgoing from the Bank at any time by converting assets into cash with the minimal loss in value. Liquidity risk is the risk that the Bank will not have the sufficient financial resources to meet its obligations when they come due and will not be able to obtain them in short time by borrowing or selling its assets.

The process of liquidity risk management is an important element insuring the stability of the Bank's business.

The structure of the Bank's assets and liabilities by maturity as at 30 September 2007 was as follows.:

	On demand	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	More than 3 years	Maturity undefined	Total
Assets	191,770	192,912	125,142	149,170	193,755	436,966	521,922	70,549	1,882,186
Liabilities and shareholders' equity	364,517	234,917	242,122	172,190	369,477	164,685	66,424	267,854	1,882,186
Net liquidity gap	(172,747)	(42,005)	(116,980)	(23,020)	(175,722)	272,281	455,498	(197,305)	-

The structure of the Bank's assets and liabilities by maturity as at 31 December 2006 was as follows.:

	On demand	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	More than 3 years	Maturity undefined	Total
Assets	122,051	105,944	138,772	101,841	131,797	334,103	367,033	48,763	1,350,304
Liabilities and shareholders' equity	300,845	171,356	161,802	153,465	211,345	143,052	54,910	153,529	1,350,304
Net liquidity gap	(178,794)	(65,412)	(23,030)	(51,624)	(79,548)	191,051	312,123	(104,766)	-

The structure of the Group's assets and liabilities by maturity as at 30 September 2007 was as follows.:

	On demand	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	More than 3 years	Maturity undefined	Total
Assets	191,843	127,465	96,944	142,868	227,766	482,758	558,478	105,591	1,933,713
Liabilities and shareholders' equity	364,494	241,889	242,662	190,425	374,910	165,635	66,546	287,152	1,933,713
Net liquidity gap	(172,651)	(114,424)	(145,718)	(47,557)	(147,144)	317,123	491,932	(181,561)	-

The structure of the Group's assets and liabilities by maturity as at 31 December 2006 was as follows.:

	On demand	Less than 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	More than 3 years	Maturity undefined	Total
Assets	122,156	75,192	117,977	103,437	153,653	369,038	383,521	62,329	1,387,303
Liabilities and shareholders' equity	300,783	183,057	162,007	154,250	217,038	126,486	54,974	188,708	1,387,303
Net liquidity gap	(178,627)	(107,865)	(44,030)	(50,813)	(63,385)	242,552	328,547	(126,379)	-

NOTE 16 INTEREST RATE RISK

Interest rate risk incurs because of the change in assets and liability price - interest rate - at different time. The bank faces interest rate risk related to lent funds and advance payments to the clients and other banks at fixed interest rate, the volume of which as well as repayment terms differ from analogues volumes and repayment terms of time deposits with fixed interest rate.

The data regarding the Bank's and Financial Group's interest rate risk as of 30th September 2007 is provided in the table below. Assets and liabilities are shown at their balance value and are allocated according to the interest rate reappraisal term or assets and liabilities maturity depending on what comes first.

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

30 September 2007

Bank	Up to 1 month	1 to 3 month.	3 to 6 month.	6 to 12 month	More than 1 year	Non interest bearing	Total:
Total assets	445.460	405.937	440.259	72.101	262.453	255.976	1.882.186
Liabilities and shareholders' equity	220.686	376.252	297.250	265.349	53.263	669.386	1.882.186
Interest rate sensitivity gap	224.774	29.685	143.009	(193.248)	209.190	(413.410)	-

31 December 2006

Bank	Up to 1 month	1 to 3 month.	3 to 6 month.	6 to 12 month	More than 1 year	Non interest bearing	Total:
Total assets	145.180	296.455	431.574	64.291	224.870	187.934	1.350.304
Liabilities and shareholders' equity	168.956	221.514	175.500	197.017	93.518	493.799	1.350.304
Interest rate sensitivity gap	(23.776)	74.941	256.074	(132.726)	131.352	(305.865)	-

30 September 2007

Group	Up to 1 month	1 to 3 month.	3 to 6 month.	6 to 12 month	More than 1 year	Non interest bearing	Total:
Total assets	379.299	384.714	479.597	91.477	273.244	325.382	1.933.713
Liabilities and shareholders' equity	220.686	376.401	315.250	265.349	53.263	702.764	1.933.713
Interest rate sensitivity gap	158.613	8.313	164.347	(173.872)	219.981	(377.382)	-

31 December 2006

Group	Up to 1 month	1 to 3 month.	3 to 6 month.	6 to 12 month	More than 1 year	Non interest bearing	Total:
Total assets	111.170	264.495	426.713	83.725	264.452	236.748	1.387.303
Liabilities and shareholders' equity	168.822	226.570	175.584	197.185	76.197	542.945	1.387.303
Interest rate sensitivity gap	(57.652)	37.925	251.129	(113.460)	188.255	(306.197)	-

NOTE 17 FOREIGN EXCHANGE TRANSACTIONS AND OPEN CURRENCY POSITIONS

The Bank's open positions of prevailing currencies as at 30 September 2007 were as follows:

	USD	Other currencies	Total currencies*	EUR	LTL	Total
Total assets	37.052	4.757	41.809	227.951	1.612.426	1.882.186
Liabilities and shareholders' equity	52.134	2.937	55.071	443.256	1.383.859	1.882.186
Net balance sheet position	(15.082)	1.820	(13.262)	(215.305)	228.567	-
Currency exchange swaps	15.000	-	15.000	2.072	(17.108)	(36)
Net open position	(82)	1.820	1.738	(213.233)	211.459	(36)

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

The Bank's open positions of prevailing currencies as at 31 December 2006 were as follows:

	USD	Other currencies	Total currencies*	EUR	LTL	Total
Total assets	28.803	2.703	31.506	222.521	1.096.277	1.350.304
Liabilities and shareholders' equity	43.357	809	44.166	253.879	1.052.259	1.350.304
Net balance sheet position	(14.554)	1.894	(12.660)	(31.358)	44.018	-
Currency exchange swaps	14.467	-	14.467	-	(14.374)	93
Net open position	(87)	1.894	1.807	(31.358)	29.644	93

The Group's open positions of prevailing currencies as at 30 September 2007 were as follows:

	USD	Other currencies	Total currencies*	EUR	LTL	Total
Total assets	35.486	3.535	39.021	230.381	1.425.362	1.694.764
Liabilities and shareholders' equity	47.975	2.336	50.311	409.081	1.235.372	1.694.764
Net balance sheet position	(12.489)	1.199	(11.290)	(178.700)	189.990	-
Currency exchange swaps	12.565	(496)	12.069	2.034	(14.127)	(24)
Net open position	76	703	779	(176.666)	175.863	(24)

The Group's open positions of prevailing currencies as at 31 December 2006 were as follows:

	USD	Other currencies	Total currencies*	EUR	LTL	Total
Total assets	28.804	2.703	31.507	225.743	1.130.053	1.387.303
Liabilities and shareholders' equity	43.357	809	44.166	236.096	1.107.041	1.387.303
Net balance sheet position	14.467	-	14.467	-	(14.374)	93
Currency exchange swaps	(86)	1.894	1.808	(10.353)	8.638	93
Net open position	28.804	2.703	31.507	225.743	1.130.053	1.387.303
	43.357	809	44.166	236.096	1.107.041	1.387.303

NOTE 18 DERIVATIVE FINANCIAL INSTRUMENTS

The Group utilises the following derivative financial instrument:

Currency swaps, which are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of currencies.

The nominal amounts of certain types of financial instruments provide a basis for comparison with instruments recognised on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Group's exposure to credit or price risks. The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favourable or unfavourable and, thus the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time.

The swap contract held as at 30 September 2007 is set out in the following table:

Group (Bank)	30 September 2007	31 December 2006
Contractual amount		
Purchase	17.073	14.467
Sale	17.108	14.374
Fair values:		
Assets /(liabilities)	(35)	82

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

NOTE 19 CASH AND CASH EQUIVALENTS

	30 September 2007		30 September 2006	
	Group	Bank	Group	Bank
Cash	33.004	33.001	28.034	28.020
Other valuables	2	2	3	3
Correspondent accounts with other banks	18.232	18.232	21.656	21.656
Correspondent accounts with the Bank of Lithuania	-	-	-	-
Compulsory reserves with the Bank of Lithuania	47.429	47.429	53.213	53.213
Due from other banks and financial institutions (up to 3 months)				
Total :	98.667	98.664	102.906	102.892