



FINANCIAL STATEMENTS
31 DECEMBER 2007

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(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

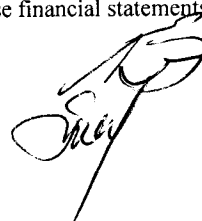
	Notes	31 December 2007		31 December 2006	
		Group	Bank	Group	Bank
Assets					
Cash and cash equivalents	2	230.540	230.528	121.558	121.546
Due from other banks	3	593	593	11.342	11.249
Trading securities	6	41.134	9.539	24.583	12.574
Derivative financial instruments	18	-	-	82	82
Loans to customers, finance lease receivables	4,5	1.507.940	1.541.137	980.837	990.939
Investment securities:					
- available-for-sale	6	13.726	13.726	515	515
- held-to-maturity	6	164.163	164.163	162.470	162.470
Investments in subsidiaries	6	-	2.135	-	6.654
Intangible assets		1.251	1.227	1.600	1.539
Tangible fixed assets		51.279	45.204	48.454	36.357
Prepaid income tax		2.043	-	150	-
Other assets	7	39.784	4.970	33.441	4.108
Total assets		2.052.453	2.013.222	1.385.032	1.348.033
Liabilities					
Due to other banks and financial institutions	8	463.595	454.671	172.954	167.956
Due to customers	9	1.205.975	1.205.909	921.279	921.499
Special and lending funds	10	36.550	36.092	42.805	42.007
Debt securities in issue	12	28.550	28.550	27.778	45.561
Current income tax liabilities		1.181	955	5.635	581
Deferred income tax liabilities		122	122	243	136
Derivative financial instruments	18	119	119	-	-
Other liabilities	11	27.079	17.111	27.067	18.103
Total liabilities		1.763.171	1.743.529	1.197.663	1.195.843
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		436	436	-	-
Retained earnings		49.824	39.162	28.419	14.840
		280.653	269.693	165.996	152.190
Minority interest		8.629	-	21.373	-
Total equity		289.282	269.693	187.369	152.190
Total liabilities and equity		2.052.453	2.013.222	1.385.032	1.348.033

The notes on pages 8 – 20 constitute an integral part of these financial statements

Chairman of the Board

Chief Financial Officer

29 February 2008



Algirdas Butkus

Vita Adomaitytė

THE GROUP'S AND BANK'S INCOME STATEMENT

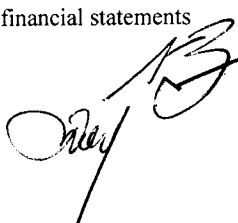

	Notes	31 December 2007		31 December 2006	
		Group	Bank	Group	Bank
Interest and similar income		101.348	94.570	64.489	59.896
Interest expense and similar charges		(52.387)	(51.960)	(29.157)	(29.547)
Net interest income		48.961	42.610	35.332	30.349
Fee and commission income		14.438	14.480	11.910	12.293
Fee and commission expense		(5.499)	(5.404)	(3.873)	(3.768)
Net fee and commission income		43.543	38.002	33.735	29.926
Impairment charge for credit losses		(5.418)	(4.608)	(1.597)	(423)
Net gain on operations with trading securities		4.359	562	644	426
Net gain on operations with securities available-for-sale		-	-	50	50
Net gain on operations with bonds		8.391	8.391	-	-
Net foreign exchange gain		1.991	2.019	1.592	1.623
		1.444	1.425	1.526	1.538
Gain on disposal of assets		2.115	26	39.759	36
Other income		2.684	499	3.544	583
Administrative and other operating expenses		(43.950)	(38.275)	(37.950)	(31.954)
Operating profit		29.516	22.085	50.937	10.753
Dividends from investments in subsidiaries		-	7.114	-	3.833
Profit before income tax		29.516	29.199	50.937	14.586
Income tax expense		(3.055)	(1.951)	(8.606)	(935)
Profit for the year		26.461	27.248	42.331	13.651
Profit is attributable to:					
Equity holders of the Bank		24.402	27.248	22.829	13.651
Minority interest		2.059	-	19.502	-
Profit for the year		26.461	27.248	42.331	13.651
Basic and diluted earnings per share, net (in LTL per share)	13	0,19	0,21	0,24	0,15

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Chairman of the Board

Chief Financial Officer

29 February 2008

 Algirdas Butkus
 Vita Adomaitytė

THE GROUP'S AND BANK'S CASH FLOW STATEMENT

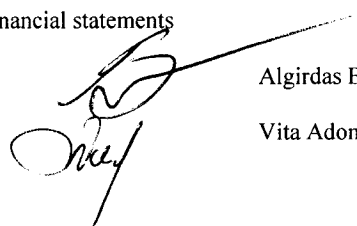

	Notes	31 December 2007		31 December 2006	
		Group	Bank	Group	Bank
Operating activities					
Interest received		101.348	94.570	63.239	58.674
Interest paid		(52.387)	(51.960)	(27.995)	(28.385)
Cash received from previously written-off loans		518	442	204	204
Net cash received from operations in foreign currency		1.991	2.019	1.592	1.623
Cash received from operations in securities		1.860	172	200	152
Fee and commission income		14.438	14.840	11.910	12.293
Fee and commission expense		(5.499)	(5.404)	(3.873)	(3.768)
Salaries and related payments to and on behalf of employees		(20.745)	(17.908)	(19.149)	(16.136)
Other receipts		13.452	9.179	43.221	619
Other payments		(20.877)	(15.674)	(23.867)	(12.490)
Net cash flow from operating activities before change in short-term assets and liabilities		34.099	30.276	45.482	12.786
(Increase) decrease in assets:					
(Increase) in loans to credit and financial institutions		10.726	10.656	(11.309)	(22.985)
(Increase) in loans to customers		(502.997)	(525.543)	(241.798)	(214.690)
Decrease in trading securities		(16.670)	2.916	3.420	3.111
(Increase) decrease in other assets		(27.278)	(27.278)	(27.204)	(27.204)
Change in assets		(5.855)	(653)	(839)	2.738
Increase in liabilities					
Increase in liabilities to credit and financial institutions		290.641	286.715	49.257	43.330
Increase in deposits		284.696	284.410	145.363	147.267
Increase in special and leanding funds		(6.255)	(5.915)	42.421	41.623
Increase in other liabilities		(4.279)	(5111)	7.854	4.327
Change in liabilities		564.803	560.099	244.895	236547
Net cash flow from/(used in) operating activities before tax		56.828	50.473	12.647	(9.697)
Income tax paid		(9.523)	(1.591)	(2.882)	(218)
Net cash flow from operating activities		47.305	48.882	9.765	(9.915)
Investing activities					
Purchase of tangible and intangible fixed assets		(17.353)	(14.887)	(13.307)	(11.556)
Disposal of tangible and intangible fixed assets		15.347	4.770	12.095	2.150
Disposal of investment subsidiaries		-	4.519	-	-
Acquisition of available-for-sale securities		(15.186)	(15.186)	-	-
Acquisition of held to maturity securities		(20.314)	(20.314)	(67.190)	(66.913)
Proceeds from redemption of held to maturity securities		18.621	18.621	12.322	12.322
Disposal of available-for-sale securities		2411	2411	-	-
Dividends received		2.355	7.360	293	3.966
Net cash used in investing activities		(14.119)	(12.706)	(55.787)	(60.031)
Financing activities					
Increase in share capital		92.000	92.000	50.000	50.000
Dividends paid		(16.412)	(2.183)	(3.585)	(1.697)
Payment to minority shareholders		(5774)	-	(4.252)	-
Debt securities issued		30.208	30.208	67.240	85.023
Debt securities repurchased and redeemed		(29.436)	(47.219)	(59.096)	(59.096)
Net cash flow from financing activities		75.786	72.806	50.307	74.230
Net increase in cash and cash equivalents		108.972	108.982	4.285	4.284
Cash and cash equivalents at 1 January		121.558	121.546	117.273	117.262
Cash and cash equivalents at 31 December	2	230.530	230.528	121.558	121.546

The notes on pages 8 – 20 constitute an integral part of these financial statements

Chairman of the Bord

Chief Financial Officer

29 February 2008


 Algirdas Butkus

 Vita Adomaitytė

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	-	-	436	-	-	436	-	436
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	-	-	-	-	24.402	24.402	2.059	26.461
31 December 2007	161.033	65.006	3.047	1.743	49.824	280.653	8.629	289.282

Chairman of the Board

Algirdas Butkus

Chief Financial Officer


Vita Adomaitytė

29 February 2008


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	-	-	-	436	-	-	436
Profit for the year	-	-	-	-	-	27.248	27.248
31 December 2007	161.033	65.006	2.611	245	1.445	39.162	152.190

Chairman of the Board


Algirdas Butkus

Chief Financial Officer


Vita Adomaityte

29 February 2008

(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 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 31st December 2007 the number of the bank's clients included 241 municipal companies, 25 state companies, 23 government companies, 313 agricultural company and farmers, 32 economic partnership, 3.709 limited liability public companies, 1.671 private companies, 403 non-profit making and public sector companies and 597 other organizations as well as 106.352 natural entities.

As of 31st December 2006 and 31st December 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), 99.86 % 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 CASH EQUIVALENTS

	Bank 31 December 2007	Group 31 December 2007	Bank 31 December 2006	Group 31 December 2006
Cash and other valuables	43.325	43.323	30.608	30.620
Banks time deposits	12.574	12.564	-	-
Correspondent bank accounts	26.727	26.727	27.414	27.414
Mandatory reserves in national currency	74.488	74.488	57.255	57.255
Correspondent account with central bank	73.426	73.426	6.269	6.269
Total:	230.540	230.540	230.540	230.540

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

	Bank 31 December 2007	Group 31 December 2007	Bank 31 December 2006	Group 31 December 2006
Time deposits	593	593	11.342	11.249
Total:	593	593	11.342	11.249

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

NOTE 4 LOANS

	31 December 2007			
	Group		Bank	
	Loans and advances to customers	Loans and advances to banks	Loans and advances to customers	Loans and advances to banks
Neither past due nor impaired	1,257,967	27,060	1,293,338	149,142
Past due but not impaired	67,964	0	66,626	0
Impaired	40,390	0	38,701	0
Gross:	1,366,321	27,060	1,398,665	149,142
Less: allowance for impairment	7,046	0	6,670	0
Net:	1,359,275	27,060	1,391,995	149,142

	31 December 2006			
	Group		Bank	
	Loans and advances to customers	Loans and advances to banks	Loans and advances to customers	Loans and advances to banks
Neither past due nor impaired	839,099	20,425	854,162	94,592
Past due but not impaired	38,880	0	38,136	0
Impaired	6,619	0	5,823	0
Gross:	884,598	20,425	898,121	94,592
Less: allowance for impairment	2,053	0	1,774	0
Net:	882,545	20,425	896,347	94,592

During the year ended 31 December 2007, the Group's total loans and advances increased by 54%. The Group's total impairment provision for loans and advances is LTL 7,046 thousand (2006: LTL 2,045 thousand) and it accounts for 0.51% of the respective portfolio (2006: 0.23%). The Group's impaired loans and advances to customers make up 2.96% of the respective portfolio (2006: 0.75%).

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.

	31 December 2007			31 December 2006		
	Individuals	Business customers	Total	Individuals	Business customers	Total
Unsecured finance lease receivables						
Finance lease receivables secured by:						
- transport vehicles	2,446	25,369	27,815	959	11,822	12,781
- residential real estate	88	20,569	20,657	231	14,451	14,682
- other real estate		11,756	11,756			
- equipment	164	14,987	15,151	175	10,926	11,101
- other assets	31,426	15,924	47,350	30,353	9,609	39,962
Total:	34,124	88,605	122,729	31,718	46,808	78,526

Finance lease receivables are summarised as follows:

	31 December 2007			31 December 2006		
	Individuals	Business customers	Total	Individuals	Business customers	Total
Neither past due nor impaired	28,065	70,496	98,561	26,684	40,370	67,054
Past due but not impaired	4,458	16,128	20,586	3,711	6,048	9,759
Impaired	1,601	1,981	3,582	1,323	390	1,713
Gross:	34,124	88,605	122,729	31,718	46,808	78,526
Less: allowance for impairment	759	365	1,124	613	46	659
Net:	33,365	88,240	121,605	31,105	46,762	77,867

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

NOTE 6 SECURITIES

Trading securities	31 December 2007		31 December 2006	
	Group	Bank	Group	Bank
Debt securities:				
Government bonds	6.399	6.399	8.487	8.487
Private enterprise bonds	5.946	-	-	-
Equity securities:				
Listed	393	393	2.060	2.060
Unlisted	25.688	39	12.049	40
Units of funds	2.744	2.744	1.987	1.987
Total equity securities	28.825	3.176	16.096	4.087
Total:	41.134	9.539	24.583	12.574

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.

Investment securities	31 December 2007		31 December 2006	
	Group	Bank	Group	Bank
Securities available-for-sale:				
Unlisted equity securities	515	515	515	515
Units of funds	1.041	1.041	-	-
Total :	1.556	1.556	515	515
Bonds:				
Government bonds of foreign states (rating AAA)	12.170	12.170	-	-
Total securities available-for-sale:	13.726	13.726	515	515

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.

Securities held-to-maturity	31 December 2007		31 December 2006	
	Group	Bank	Group	Bank
Bonds of non-residents	8.358	8.358	6.531	6.531
Government bonds of foreign states	23.429	23.429	23.379	23.379
Government bonds of the Republic of Lithuania	120.728	120.728	125.963	125.963
Bonds of residents	11.648	11.648	6.597	6.597
Total securities held to maturity:	164.163	164.163	162.470	162.470
Total investment securities:	177.889	177.889	162.985	162.985

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

Bank	31 December 2007			31 December 2006		
	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%	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

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 profit is 8.421 thousand LTL.

NOTE 7 OTHER ASSETS

	31 December 2007		31 December 2006	
	Group	Bank	Group	Bank
Assets held for sale and real estate projects under development	16.531	-	5.203	-
Amounts receivable	13.720	95	17.559	391
Deferred expenses	2.954	2.913	2.045	1.992
Transit accounts	516	516	1.170	1.170
Prepayments	4.699	1.021	5.967	162
Foreclosed assets	45	45	45	45
Other	1.319	380	1.452	348
Total:	39.784	4.970	33.441	4.108

NOTE 8 DUE TO OTHER BANKS AND FINANCIAL INSTITUTIONS

	31 December 2007		31 December 2006	
	Group	Bank	Group	Bank
Correspondent accounts and deposits of other banks and financial institutions:				
Correspondent accounts and demand deposits	89.938	90.014	17.951	17.953
Time deposits	65.437	65.437	57.473	57.473
Total correspondent accounts and deposits of other banks and financial institutions	155.375	155.451	75.424	75.426
Loans received:				
Loans from other banks	223.837	214.837	32.798	27.798
Loans from international organisations	84.383	84.383	64.732	64.732
Total loans received	308.220	299.220	97.530	92.530
Total:	463.595	454.671	172.954	167.956

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

NOTE 9 DUE TO CUSTOMERS

	31 December 2007		31 December 2006	
	Group	Bankas	Group	Bankas
Demand deposits:				
National government institutions	3.571	3.571	8.949	8.949
Local government institutions	24.579	24.579	34.791	34.791
Governmental and municipal companies	5.856	5.856	14.880	14.880
Corporate entities	136.984	137.022	123.504	123.564
Non-profit organisations	7.583	7.583	5.647	5.647
Individuals	117.239	117.239	92.797	92.797
Total demand deposits:	295.812	295.812	280.568	280.628
Time deposits:				
National government institutions	15.378	15.378	13.730	13.730
Local government institutions	9.606	9.606	1.479	1.479
Governmental and municipality companies	86.499	86.499	72.214	72.214
Corporate entities	113.588	113.484	68.006	68.166
Non-profit organisations	4.875	4.875	2.921	2.921
Individuals	620.217	680.217	482.361	482.361
Total time deposits:	910.163	910.059	640.711	640.871
Total:	1.205.975	1.205.909	921.279	921.499

NOTE 10 SPECIAL AND LENDING FUNDS

	31 December 2007		31 December 2006	
	Group	Bank	Group	Bank
Special funds	217	217	326	326
Lending funds	36.333	35.875	42.479	41.681
Total:	36.550	36.092	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

	31 December 2007		31 December 2006	
	Group	Bank	Group	Bank
Transit accounts	11.075	11.033	14.250	14.250
Accrued charges	5.000	4.500	3.601	3.183
Deferred income	1.636	437	1.034	353
Advances received from the buyers of assets	3.180	-	3.594	-
Amounts payable for finance lease agreements	4.977	-	3.652	-
Other	1.211	1.141	838	317
Total:	27.079	17.111	26.969	18.103

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

NOTE 12 DEBT SECURITIES IN ISSUE

	31 December 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	9.382	9.382	-	-
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	19.168	19.168	15.610	33.393
Total :	28.550	28.550	27.778	45.561

NOTE 13 SHARE CAPITAL

As at 31 December 2007, the Bank's share capital comprised 161,033,512 ordinary registered shares with par value of LTL 1 each.

As of 31 December 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
Gintaras Kateiva	5,86
Prekybos Namai Aiva UAB	5,65
Total:	27,57

Another 20 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 37.52 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 31 December 2007, the Bank had 3,495 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	31 December 2007	31 December 2006
Profit for the year attributable to equity holders of the Bank (in LTL thousand)	27.248	13.651
Weighted average number of issued shares (thousand of shares)	131.473	93.573
Earnings per share (in LTL per share)	0,21	0,15
Group	31 December 2007	31 December 2006
Profit for the year attributable to equity holders of the Bank (in LTL thousand)	24.402	22.829
Weighted average number of issued shares (thousand of shares)	131.473	93.573
Earnings per share (in LTL per share)	0,19	0,24

NOTE 14 CAPITAL ADEQUACY

	31 December 2007	31 December 2006
Bank		
Capital	240.318	136.100
Risk weighted assets and off balance sheet items	1.570.044	991.456
Capital adequacy ratio, %	15,31	13,73
	31 December 2007	31 December 2006
Group		
Capital	247.886	141.567
Risk weighted assets and off balance sheet items	1.623.709	1.025.742
Capital adequacy ratio, %	15,27	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.

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.

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

	Up to 1 month	1 to 3 month.	3 to 6 month.	6 to 12 month	1 to 3 years	3 to 5 years	More than 5 years	Maturity undefined	Total
Due to other banks and financial institutions	45 672	8 399	8 966	25 742	70 046	18 689	-	-	177 514
Due to customers	410 536	154 732	147 250	172 996	38 756	9 366	14	-	933 650
Debt securities in issue	-	-	1 497	12 454	33 949	-	-	-	47 900
Special and lending funds	2 737	493	1 262	3 927	10 274	6 312	22 100	-	47 105
Other liabilities	15 670	1 108	358	1 094	1 020	343	159	1 339	21 091
Total:	474 615	164 732	159 333	216 213	154 045	34 710	22 273	1 339	1 227 260
Commitments to grant loans	13 920	9 560	6 132	10 886	37 565	2 191	4 136	-	84 390
Financial guarantees issued	-	-	-	1 707	-	-	-	-	1 707
Property purchase commitments	135	-	-	-	-	-	-	-	135
Total:	14 055	9 560	6 132	12 593	37 565	2 191	4 136	-	86 232

The structure of the Bank's liabilities by maturity as at 31 December 2007 was as follows.:

	Up to 1 month	1 to 3 month.	3 to 6 month.	6 to 12 month	1 to 3 years	3 to 5 years	More than 5 years	Maturity undefined	Total
Due to other banks and financial institutions	128 516	5 754	58 007	66 973	148 303	39 871	52 005	-	499 429
Due to customers	499 065	223 815	200 716	247 474	52 982	3 851	37	-	1 227 940
Debt securities in issue	-	-	19 490	9 667	-	-	-	-	29 157
Special and lending funds	2 458	489	1 161	2 966	8 827	20 388	5 008	-	41 297
Other liabilities	13 696	1 415	141	1 300	161	28	17	1 549	18 307
Total:	643 735	231 473	279 515	328 380	210 273	64 138	57 067	1 549	1 816 130
Commitments to grant loans	20 588	14 823	18 265	30 008	16 019	6 391	6 489	-	112 583
Financial guarantees issued	4 679	-	-	3 708	-	-	-	-	8 387
Property purchase commitments	238	47	-	-	-	-	-	-	285
Total:	25 505	14 870	18 265	33 716	16 019	6 391	6 489	-	121 255

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

	Up to 1 month	1 to 3 month.	3 to 6 month.	6 to 12 month	1 to 3 years	3 to 5 years	More than 5 years	Maturity undefined	Total
Due to other banks and financial institutions	50 676	8 399	8 966	25 742	70 046	18 689	-	-	182 518
Due to customers	410 316	154 732	147 250	172 996	38 756	9 366	14	-	933 430
Debt securities in issue	-	-	1 497	12 454	16 211	-	-	-	30 162
Special and lending funds	2 765	549	1 346	4 095	10 736	6 312	22 100	-	47 903
Other liabilities	22 503	1 257	1 059	6 619	1 775	399	167	1 339	35 118
Total:	486 260	164 937	160 118	221 906	137 524	34 766	22 281	1 339	1 229 131

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

Commitments to grant loans	14 118	10 298	4 479	12 214	39 366	2 191	4 136	-	86 802
Financial guarantees issued	-	-	-	1 707	-	-	-	-	1 707
Property purchase commitments	135	-	-	-	-	-	-	1 119	1 254
Total:	14 055	9 380	3 132	12 480	37 094	2 191	4 136	6 176	89 763

The structure of the Group's liabilities by maturity as at 31 December 2007 was as follows.:

	Up to 1 month	1 to 3 month.	3 to 6 month.	6 to 12 month	1 to 3 years	3 to 5 years	More than 5 years	Maturity undefined	Total
Due to other banks and financial institutions	137 451	5 754	58 007	66 973	148 303	39 871	52 005	-	508 364
Due to customers	499 027	223 815	200 716	247 578	52 982	3 851	37	-	1 228 006
Debt securities in issue	-	-	19 490	9 667	-	-	-	-	29 157
Special and lending funds	2 087	489	1 161	2 966	8 827	20 388	5 008	-	40 926
Other liabilities	21 598	1 561	553	1 804	1 208	139	30	1 608	28 501
Total:	660 163	231 619	279 927	328 988	211 320	64 249	57 080	1 608	1 834 954
Commitments to grant loans	20 906	15 188	17 250	31 137	19 538	6 391	6 489	-	116 899
Financial guarantees issued	4 679	-	-	3 708	-	-	-	-	8 387
Property purchase commitments	238	47	-	-	-	-	-	890	1 175
Total:	25 505	14 008	16 701	33 716	16 019	6 391	6 489	7 632	126 461

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 31th December 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.

The data regarding the Group's interest rate risk as of 31th December 2007 is provided in the table below:

	Up to 1 month	1 to 3 month.	3 to 6 month.	6 to 12 month	More than 1 year	Non interest bearing	Total:
Assets							
Cash and balances with central banks	12,400	-	-	-	-	218,140	230,540
Trading securities	-	1,550	-	7,217	3,542	28,825	41,134
Due from other banks and financial institutions	44	-	501	-	-	48	593
Loans to customers, finance lease receivables	203,661	428,373	637,586	97,252	131,661	9,407	1,507,940
Investment securities:							
- available-for-sale	-	-	-	-	12,170	1,556	13,726
- held-to-maturity	1,044	4,347	1,027	12,512	145,233	-	164,163
Investments in subsidiaries	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	1,251	1,251
Tangible fixed assets	-	-	-	-	-	51,279	51,279

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Other assets	-	-	-	-	-	41,827	41,827
Total	217,149	434,270	639,114	116,981	292,606	352,333	2,052,453
Liabilities and equity	141,041	184,019	23,110	20,912	1,700	92,813	463,595
Due to other banks and financial institutions	198,709	218,366	195,097	228,843	53,445	311,515	1,205,975
Due to customers	-	-	19,168	9,382	-	-	28,550
Special and lending funds	11,922	15,414	983	1,723	5,417	1,091	36,550
Debt securities in issue	-	-	-	-	-	28,501	28,501
Other liabilities	-	-	-	-	-	280,653	280,653
Equity	-	-	-	-	-	8,629	8,629
Total liabilities and equity	351,672	417,799	238,358	260,860	60,562	723,202	2,052,453
GAP	(134,523)	16,471	400,756	(143,879)	232,044	(370,869)	
2006.12.31							
Assets	111 170	264 495	426 713	83 725	264 452	234 477	1 385 032
Liabilities and equity	168 822	226 570	175 584	197 185	76 197	540 674	1 385 032
Net balance sheet position	(57 652)	37 925	251 129	(113 460)	188 255	(306 197)	

 The data regarding the Bank's interest rate risk as of 31th December 2007 is provided in the table below:

	Iki 1 mėn.	1 - 3 mėn.	3 - 6 mėn.	6 - 12 mėn.	Virš 1 metų	Palūkanos neskaitytuoju amos	Iš viso
Assets							
Cash and balances with central banks	12 400	-	-	-	-	218 128	230 528
Trading securities	-	1 550	-	1 271	3 542	3 176	9 539
Due from other banks and financial institutions	44	-	501	-	-	48	593
Loans to customers, finance lease receivables	273 849	426 814	651 655	62 530	119 118	7 171	1 541 137
Investment securities:							
- available-for-sale	-	-	-	-	12 170	1 556	13 726
- held-to-maturity	1 044	4 347	1 027	12 512	145 233	-	164 163
Investments in subsidiaries	-	-	-	-	-	2 135	2 135
Intangible assets	-	-	-	-	-	1 227	1 227
Tangible fixed assets	-	-	-	-	-	45 204	45 204
Other assets	-	-	-	-	-	4 970	4 970
Total	287 337	432 711	653 183	76 313	280 063	283 615	2 013 222
Liabilities and equity							
Due to other banks and financial institutions	132 041	184 019	23 110	20 912	1 700	92 889	454 671
Due to customers	198 709	218 366	195 097	228 739	53 445	311 553	1 205 909
Special and lending funds	11 922	15 414	983	1 723	5 417	633	36 092
Debt securities in issue	-	-	19 168	9 382	-	-	28 550
Other liabilities	-	-	-	-	-	18 307	18 307
Equity	-	-	-	-	-	269 693	269 693
Total liabilities and equity	342 672	417 799	238 358	260 756	60 562	693 075	2 013 222
GAP	(55 335)	14 912	414 825	(184 443)	219 501	(409 460)	
2006.12.31							
Assets	145 180	296 455	431 574	64 291	224 870	185 663	1 348 033

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Liabilities and equity	168 956	221 514	175 500	197 017	93 518	491 528	1 348 033
Net balance sheet position	(23 776)	74 941	256 074	(132 726)	131 352	(305 865)	

NOTE 17 FOREIGN EXCHANGE TRANSACTIONS AND OPEN CURRENCY POSITIONS

The Bank's open positions of prevailing currencies as at 31 December 2007 were as follows:

	USD	Other currencies	Total currencies*	EUR	LTL	Total
Assets						
Cash and balances with central banks	8 942	5 917	14 859	31 249	184 420	230 528
Trading securities	-	-	-	4 458	5 081	9 539
Due from other banks and financial institutions	-	-	-	576	17	593
Loans to customers, finance lease receivables	16 550	-	16 550	293 927	1 230 660	1 541 137
Investment securities:						
- available-for-sale	8 667	-	8 667	4 132	927	13 726
- held-to-maturity	-	-	-	76 075	88 088	164 163
Investments in subsidiaries	-	-	-	-	2 135	2 135
Intangible assets	-	-	-	-	1 227	1 227
Tangible fixed assets	-	-	-	-	45 204	45 204
Other assets	28	-	28	1,899	3,043	4,970
Total	34 187	5 917	40 104	412 316	1 560 802	2 013 222
Liabilities and equity						
Due to other banks and financial institutions	275	-	275	306 436	147 960	454 671
Due to customers	42 738	1 728	44 466	196 037	965 406	1 205 909
Special and lending funds	-	-	-	11 008	25 084	36 092
Debt securities in issue	-	-	-	19 168	9 382	28 550
Other liabilities	1 892	823	2 715	3 909	11 683	18 307
Equity	437	-	437	37	269 219	269 693
Total liabilities and equity	45 342	2 551	47 893	536 595	1 428 734	2 013 222
Net balance sheet position	(11 155)	3 366	(7 789)	(124 279)	132 068	-
Currency exchange swaps	10 843	-	10 843	940	(11 905)	(122)
Net open position	(312)	3 366	3 054	(123 339)	120 163	(122)

31 Decemeber 2006

Assets	28 785	2 703	31 488	222 441	1 094 104	1 348 033
Liabilities and equity	43 339	809	44 148	253 799	1 050 086	1 348 033
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

Group 31 December 2007

	USD	Other currencies	Total currencies*	EUR	LTL	Total
Assets						

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

Cash and balances with central banks	8 942	5 917	14 859	31 249	184 432	230 540
Trading securities	-	-	-	4 458	36 676	41 134
Due from other banks and financial institutions	-	-	-	576	17	593
Loans to customers, finance lease receivables	16 550	-	16 550	290 353	1 201 037	1 507 940
Investment securities:						
- available-for-sale	8 667	-	8 667	4 132	927	13 726
- held-to-maturity	-	-	-	76 075	88 088	164 162
Investments in subsidiaries	-	-	-	-	-	-
Intangible assets	-	-	-	-	1 251	1 251
Tangible fixed assets	-	-	-	-	51 279	51 279
Other assets	29	-	29	1 899	39 899	41 827
Total	34 188	5 917	40 105	408 742	1 603 606	2 052 453
Liabilities and equity						
Due to other banks and financial institutions	275	-	275	306 436	156 884	463 595
Due to customers	42 738	1 728	44 466	196 037	965 472	1 205 975
Special and lending funds	-	-	-	11 008	25 542	36 550
Debt securities in issue	-	-	-	19 168	9 382	28 550
Other liabilities	1 892	823	2 715	3 909	21 877	28 501
Equity	437	-	437	37	280 179	280 653
Liabilities and equity	-	-	-	-	8 629	8 629
Total liabilities and equity	45 342	2 551	47 893	536 595	1 467 965	2 052 453
Net balance sheet position	(11 154)	3 366	(7 788)	(127 853)	135 641	-
Currency exchange swaps	10 843	-	10 843	940	(11 905)	(122)
Net open position	(311)	3 366	3 055	(126 913)	123 736	(122)
31 December 2006						
Assets	28 786	2 703	31 489	225 663	1 127 880	1 385 032
Liabilities and equity	43 339	809	44 148	236 016	1 104 868	1 385 032
Net balance sheet position	(14 553)	1 894	(12 659)	(10 353)	23 012	-
Currency exchange swaps	14 467	-	14 467	-	(14 374)	93
Net open position	(86)	1 894	1 808	(10 353)	8 638	93

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,

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thus the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time.

The swap contract held as at 31 December 2007 is set out in the following table:

Group (Bank)	31 December 2007	31 December 2006
Contractual amount		
Purchase	11.786	14 467
Sale	11.905	14 374
Fair values:		
Assets /(liabilities)	(119)	82
