



FINANCIAL STATEMENTS
31 MARCH 2007

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

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



Algirdas Butkus

Chief Financial Officer



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

	Notes	31 March 2007		31 December 2006	
		Group	Bank	Notes	Group
Assets					
Cash and balances with central banks	2	84.198	84.191	94.144	94.132
Due from other banks and financial institutions	3	55.615	136.801	59.181	133.255
Trading securities	6	26.967	17.049	12.574	12.574
Derivative financial instruments		-	-	82	82
Loans to customers	4	969.372	991.881	884.816	898.618
Finance lease receivables	5	87.751	-	77.867	-
Investment securities:					
- available-for-sale	6	1.325	1.325	515	515
- held-to-maturity	6	160.345	160.345	162.470	162.470
Investments in subsidiaries	6	-	6.654	-	6 654
Intangible assets		1.428	1.378	1.600	1.539
Tangible fixed assets		49.022	37.020	48.454	36.357
Other assets	7	49.113	10.942	45.600	4.108
Total assets		1.485.136	1.447.586	1.387.303	1.350.304
Liabilities					
Due to other banks and financial institutions	8	169.142	160.143	172.954	167.956
Due to customers	9	1.029.346	1.029.759	921.279	921.499
Special and lending funds	10	40.087	39.377	42.805	42.007
Debt securities in issue	12	31.062	40.195	27.778	45.561
Other liabilities	11	39.664	18.964	35.118	21.091
Total liabilities		1.309.301	1.288.438	1.199.934	1.198.114
Equity					
Capital and reserves attributable to equity holders of the parent					
Share capital	13	109.039	109.039	109.039	109.039
Share premium		25.000	25.000	25.000	25.000
Reserve capital		2.611	2.611	2.611	2.611
Statutory reserve		1.763	1.445	927	700
Financial assets revaluation reserve		(27)	(27)	-	-
Retained earnings		29.138	21.080	28.419	14.840
		167.524	159.148	165.996	152.190
Minority interest		8.311	-	21.373	-
Total equity		175.835	159.148	187.369	152.190
Total liabilities and equity		1.485.136	1.447.586	1.387.303	1.350.304

The notes on pages 9 – 16 constitute an integral part of these financial statements

Chairman of the Board



Algirdas Butkus

Chief Financial Officer



Vita Adomaitytė

31 March 2007

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

THE GROUP'S AND BANK'S INCOME STATEMENT

	Notes	31 March 2007		31 March 2006	
		Group	Bank	Group	Bank
Interest and similar income		19.635	18.134	13.433	12.605
Interest expense and similar charges		(9.467)	(9.552)	(5.770)	(5.760)
Net interest income		10.168	8.582	7.663	6.845
Fee and commission income		3.478	3.575	2.733	2.821
Fee and commission expense		(1.234)	(1.210)	(759)	(746)
Net fee and commission income		2.244	2.365	1.974	2.075
Impairment charge for credit losses		(231)	(106)	251	162
Net gain on operations with securities		1.996	(113)	20	(273)
Net foreign exchange gain		716	717	611	612
Gain on disposal of assets		37	37	8	8
Other income		1.726	113	435	128
Administrative and other operating expenses		(10.670)	(8.943)	(8.392)	(7.066)
Operating profit		5.986	2.652	2.570	2.491
Dividends from investments in subsidiaries		-	7.114	-	3.512
Profit before income tax		5.986	9.766	2.570	6.003
Income tax expense		(1.086)	(600)	(88)	-
Profit for the year		4.900	9.166	2.482	6.003
Profit is attributable to:					
Equity holders of the Bank		3.728	9.166	2.635	6.003
Minority interest		1.172	-	(153)	-
Profit for the year		4.900	9.166	2.482	6.003
Basic and diluted earnings per share, net (in LTL per share)	13	0,03	0,08	0,03	0,07

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Chairman of the Board



Algirdas Butkus

Chief Financial Officer



Vita Adomaitytė

31 March 2007

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

THE GROUP'S AND BANK'S CASH FLOW STATEMENT

	Notes	31 March 2007		31 March 2006	
		Group	Bank	Notes	Group
Operating activities					
Interest received		19.072	17.571	13.250	12.422
Interest paid		(9.317)	(9.402)	(5.181)	(5.171)
Cash received from previously written-off loans		45	27	152	147
Net cash received from operations in foreign currency		674	674	520	520
Net cash received from operations in securities		(96)	(96)	109	(24)
Net cash received from service and commission fees		2.244	2.365	1.974	2.075
Salaries and related payments to and on behalf of employees		(5.463)	(4.652)	(4.123)	(3.451)
Other receipts		1.763	150	443	136
Other payments		(4.241)	(3.439)	(3.832)	(3.281)
Net cash flow from operating activities before change in short-term assets and liabilities		4.681	3.198	3.312	3.373
(Increase) decrease in assets:					
(Increase) in loans to credit and financial institutions		(11.672)	(18.784)	28.211	(8.055)
(Increase) in loans to customers		(94.761)	(92.811)	(83.459)	(88.339)
Decrease in trading securities		(15.176)	(5.312)	(1.091)	(1.115)
(Increase) decrease in other assets		(2.659)	(152)	6.538	917
Change in assets		(124.268)	(117.059)	(49.801)	(96.592)
Increase in liabilities:					
Increase in liabilities to credit and financial institutions		(4.714)	(7.684)	47.781	47.463
Increase in deposits		106.101	103.351	6.111	6.304
Increase in other liabilities		1.859	(5.128)	(10.031)	(525)
Change in liabilities		103.246	92.539	43.861	53.242
Net cash flow from/(used in) operating activities before tax		(16.341)	(21.322)	(2.628)	(39.977)
Income tax paid		(849)	(61)	(88)	-
Net cash flow from operating activities		(17.190)	(21.383)	(2.716)	(39.977)
Investing activities					
Purchase of tangible and intangible fixed assets		(1.624)	(1.500)	(6.582)	(4.572)
Disposal of tangible and intangible fixed assets		342	342	540	540
Acquisition of held to maturity securities		(326)	(326)	(10.005)	(10.005)
Proceeds from redemption of held to maturity securities		2.451	2.451	1.311	1.311
Dividends received		2.109	604	191	3.543
Net cash used in investing activities		2.952	1.571	(14.545)	(9.183)
Financing activities					
Increase in share capital		-	-	17.000	17.000
Dividends paid		(3)	(3)	(1.768)	(1.768)
Payment to minority shareholders		(14.229)	-	(1.888)	-
Debt securities issued		-	-	-	-
Debt securities repurchased and redeemed		3.284	(5.366)	-	-
Net cash flow from financing activities		(10.948)	(5.369)	13.344	15.232
Net increase in cash and cash equivalents		(25.186)	(25.181)	(3.917)	(33.928)
Cash and cash equivalents at 1 January		121.558	121.546	87.258	117.262
Cash and cash equivalents at 31 March	17	96.372	96.365	83.341	83.334

The notes on pages 9 – 16 constitute an integral part of these financial statements

Chairman of the Board



Algirdas Butkus

Chief Financial Officer



Vita Adomaitytė

31 March 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	Statutory Reserve and other capital 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	-	-	-	-	-	-	(5.086)	(5.086)
Financial assets revaluation reserve	-	-	-	(27)	-	(27)	-	(27)
Formation of statutory reserve	-	-	-	836	(828)	8	-	8
Increase in share capital of minority shareholders in subsidiaries	-	-	-	-	-	-	(9.148)	(9.148)
Profit for the year	-	-	-	-	3.728	3.728	1.172	4.900
31 March 2007	109.039	25.000	2.611	1.736	29.138	167.524	8.311	175.835

Chairman of the Board



Algirdas Butkus

Chief Financial Officer



Vita Adomaitytė

31 March 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)
Formation of statutory reserve	-	-	-	-	745	(745)	-
Financial assets revaluation reserve	-	-	-	(27)	-	-	(27)
Profit for the year	-	-	-	-	-	9.166	9.166
31 March 2007	109.039	25.000	2.611	(27)	1.445	21.080	159.148

Chairman of the Board



Algirdas Butkus

Chief Financial Officer



Vita Adomaitytė

31 March 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 31st March 2007 the number of the bank's clients included 240 municipal companies, 20 state companies, 41 agricultural company, 36 economic partnership, 3,472 limited liability public companies, 1,647 private companies, 373 non-profit making and public sector companies and 805 other organizations as well as 95,313 natural entities.

As of 31st December 2006 and 31st March 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) and "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) and 99.85% of "Pajūrio alka" UAB (nominal share value – LTL 3,145 thou) of the authorized capital.

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.

NOTE 2 CASH AND BALANCES WITH CENTRAL BANK

	Bank 31 March 2007	Group 31 March 2007	Bank 31 Decemb er 2006	Group 31 Decemb er 2006
Cash and other valuables	28.532	28.539	30.608	30.620
Mandatory reserves in national currency	55.659	55.659	57.255	57.255
Correspondent account with central bank	-	-	6.269	6.269
Total:	84.191	84.198	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 31 March 2007	Group 31 March 2007	Bank 31 Decemb er 2006	Group 31 Decemb er 2006
Correspondent bank accounts	12.174	12.174	27.414	27.414
Time deposits	12.502	12.502	11.249	11.249
Repurchase contracts	21.686	21.686	11.082	11.082
Loans granted	90.439	9.201	83.510	9.343
Demand deposits	-	52	-	93
Total:	136.801	55.615	133.255	59.181

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

NOTE 4 LOANS

	31 March 2007		31 December 2006	
	Bank	Group	Bank	Group
Loans to corporate entities	818.430	789.007	744.729	724.784
Loans to individuals	175.336	182.556	155.663	162.085
Gross total loans granted	993.766	971.563	900.392	886.869
Less: allowance for impairment	(1.885)	(2.191)	(1.774)	(2.053)
Net	991.881	969.372	898.618	884.816

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

	Bank 31 March 2007	Bank 31 March 2007
Maximum loan amount per borrower	21.13	31.204

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). This amount comprised LTL 31.204 thou or 21.13% of the bank’s capital as of 31st March 2007.

As of 31st March 2007 the large exposure standard was 235.37%. According to the requirements of the Bank of Lithuania the total amount of large exposures may not exceed 800% of the bank’s capital.

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

	31 March 2007	31 December 2006
By type of lessees:		
Legal entities	56.730	46.319
Individuals	31.790	32.207
Net investments before provisions	88.520	78.526
<u>By type of assets leased:</u>		
Computers and computer hardware	5.192	5.594
Commercial facilities	20.552	14.870
Equipment	18.580	31.799
Cars	7.182	6.542
Plastic windows and window-cases	3.077	3.379
Heavy transport means	7.791	12.467
Other	26.146	3.875
Net investments before provisions	88.520	78.526
Provisions	(746)	(659)
Net investments after provisions	87.774	77.867

All lessees operate in Lithuania.

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

NOTE 6 SECURITIES

Trading securities

	31 March 2007		31 December 2006	
	Group	Bank	Group	Bank
Debt securities:				
Government bonds	8.258	8.258	8.487	8.487
Equity securities:				
Listed	3.477	3.477	2.060	2.060
Unlisted	11.826	1.908	40	40
Units of funds	3.406	3.406	1.987	1.987
Total equity securities	18.709	8.791	4.087	4.087
Total:	26.967	17.049	12.574	12.574

Investment securities

	31 March 2007		31 December 2006	
	Group	Bank	Group	Bank
Securities available-for-sale:				
Unlisted equity securities	1.325	1.325	515	515
Total securities available-for-sale:	1.325	1.325	515	515
Securities held-to-maturity				
Bonds of non-residents	7.282	7.282	7.287	7.287
Government bonds of foreign states	22.576	22.576	22.623	22.623
Government bonds of the Republic of Lithuania	122.743	122.743	125.963	125.963
Bonds of residents	7.744	7.744	6.597	6.597
Total securities held to maturity:	160.345	160.345	162.470	162.470
Total investment securities	161.670	161.670	162.985	162.985

Investments in subsidiaries

Bank	31 March 2007			31 December 2006		
	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 Faktoringas UAB	-	-	-	100,0%	10	10
ŠB Turto Fondas UAB	53,1%	531	531	53,10%	531	531
Pajūrio Alka UAB	99,85%	4,519	4,519	99,85%	4,519	4,519
Total			6,654			6,664

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.

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.

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

NOTE 7 OTHER ASSETS

	31 March 2007		31 December 2006	
	Group	Bank	Group	Bank
Assets held for sale and real estate projects under development	12.009	-	17.244	-
Amounts receivable	19.477	204	17.559	391
Deferred expenses	8.341	2.651	2.045	1.992
Transit accounts	950	950	1.170	1.170
Prepayments	190	190	5.967	162
Foreclosed assets	45	45	45	45
Prepaid income tax	61	61	80	-
Receivable dividends	6.539	6.539	-	-
Other	1.501	302	1.490	348
Total:	49.113	10.942	45 600	4 108

NOTE 8 DUE TO OTHER BANKS AND FINANCIAL INSTITUTIONS

	31 March 2007		31 December 2006	
	Group	Bank	Group	Bank
Correspondent accounts and deposits of other banks and financial institutions:				
Correspondent accounts and demand deposits	14.548	14.549	17.951	17.953
Time deposits	27.570	27.570	57.473	57.473
Total correspondent accounts and deposits of other banks and financial institutions	42.118	42.119	75.424	75.426
Loans received:				
Loans from other banks	43.844	34.844	32.798	27.798
Loans from international organisations	83.180	83.180	64.732	64.732
Total loans received	127.024	118.024	97.530	92.530
Total	169.142	160.143	172.954	167.956

NOTE 9 DUE TO CUSTOMERS

	31 March 2007		31 December 2006	
	Group	Bankas	Group	Bankas
Demand deposits:				
National government institutions	3.354	3.354	8.949	8.949
Local government institutions	60.911	60.911	34.791	34.791
Governmental and municipal companies	10.795	10.795	14.880	14.880
Corporate entities	114.425	114.738	123.504	123.564
Non-profit organisations	5.409	5.409	5.647	5.647
Individuals	97.566	97.566	92.797	92.797
Total demand deposits	292.460	292.773	280.568	280.628
Time deposits:				
National government institutions	13.335	13.335	13.730	13.730
Local government institutions	5.992	5.992	1.479	1.479
Governmental and municipality companies	93.699	93.699	72.214	72.214
Corporate entities	75.991	76.091	68.006	68.166
Non-profit organisations	3.651	3.651	2.921	2.921
Individuals	544.218	544.218	482.361	482.361
Total time deposits	736.886	736.986	640.711	640.871
Total	1.029.346	1.029.759	921.279	921.499

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

NOTE 10 SPECIAL AND LENDING FUNDS

	31 March 2007		31 December 2006	
	Group	Bank	Group	Bank
Special funds	288	288	326	326
Lending funds	39.799	39.089	42.479	41.681
Total	40.087	39.377	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 March 2007		31 December 2006	
	Group	Bank	Group	Bank
Transit accounts	8.430	8.399	14.250	14.250
Accrued charges	4.407	3.590	3.601	3.183
Deferred income	4.273	2.823	3.305	2.624
Advances received from the buyers of assets	2.598	-	3.594	-
Current and deferred income tax liabilities	6.290	1.301	5.878	717
Other	13.666	2.851	4.490	317
Total:	39.664	18.964	35.118	21.091

NOTE 12 DEBT SECURITIES IN ISSUE

	31 March 2007		31 December 2006	
	Group	Bank	Group	Bank
Short term debenture bonds denominated in LTL with discount rate of 4.1 per cent, maturity 2007	12.289	12.289	12.168	12.168
Two year bonds denominated in EUR with coupon rate of 4.6 per cent, maturity 2008	18.773	27.906	15.610	33.393
Total	31.062	40.195	27.778	45.561

NOTE 13 SHARE CAPITAL

As at 31 March 2007, the Bank's share capital comprised 109,039,200 ordinary registered shares with par value of LTL 1 each.

As of 31 March 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	5,99
Gintaras Kateiva	5,81
Total:	27,86

Another 16 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

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

Agreement of Shareholders, together with related persons at the end of the year held 39.78 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 March 2007, the Bank had 2,878 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.

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 March 2007	31 March 2006
Profit for the year attributable to equity holders of the Bank (in LTL thousand)	9.166	6.003
Weighted average number of issued shares (thousand of shares)	121.033	84.039
Earnings per share (in LTL per share)	0.08	0.07

Group	31 March 2007	31 March 2006
Profit for the year attributable to equity holders of the Bank (in LTL thousand)	3.728	2.635
Weighted average number of issued shares (thousand of shares)	121.033	84.039
Earnings per share (in LTL per share)	0.03	0.03

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

NOTE 14 CAPITAL ADEQUACY

	31 March 2007	31 December 2006
Bank		
Calculated capital	147.704	141.600
Risk weighted assets and off balance sheet items	1.130.970	1.025.742
Capital adequacy ratio, %	13,06	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 risk is defined as the risk not to have sufficient funds to cover the the liabilities on their maturity. Liquidity risk is managed by the bank's senior management. The assets and liabilities according their maturity left in the agreement are provided in the tables below as of 31st March 2007. However, factual maturities of the particular types of assets and liabilities may be longer as, for example, a part of loans and deposits are extended and because of that the real repayment terms of short-term loans and demand deposits are moved away.

The compatibility of assets and liabilities terms and (or) its controlled in compatibility as well as interest rates are essential factors in the bank's management. It is not a common practice that bank would be able to coordinate the terms of assets and liabilities completely as the transactions of various nature and term are frequently entered at the bank. A non-compatible position potentially increases the profitability, however it also brings exposure to risks.

The assets and liabilities terms as well as opportunity to change liabilities creating interest expenditures at acceptable price on their maturity are essential factors evaluating the bank's liquidity and its exposure to risks related to interest rate and currency exchange fluctuations.

	31 March 2007	31 December 2006
Bank		
Assets	340.170	338.243
Current liabilities	864.856	830.310
Liquidity ratio %	39.33	40.74

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 June 2006 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)

31 March 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	291.938	339.150	321.521	101.123	223.293	170.561	1.447.586
Liabilities and shareholders' equity	166.216	245.134	263.498	200.063	85.340	487.335	1.447.586
Interest rate sensitivity gap	125.722	94.016	58.023	(98.940)	137.953	(316.774)	

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)	

NOTE 17 CASH AND CASH EQUIVALENTS

	31 March 2007		31 December 2006	
	Group	Bank	Group	Bank
Cash	28.537	28.530	22.459	22.452
Other valuables	2	2	2	2
Correspondent accounts with other banks	12.174	12.174	13.194	13.194
Correspondent accounts with the Bank of Lithuania	-	-	4.998	4.998
Compulsory reserves with the Bank of Lithuania	55.659	55.659	42.688	42.688
Total	96.372	96.365	83.341	83.334