Deloitte
& Touche

INDEPENDENT AUDITORS' REPORT

To the shareholders of AB Bankas Snoras:

We have audited the accompanying balance sheets of AB Bankas Snoras (the Bank) as of 31 December 2000 and 1999 and the related statements of profit and loss, shareholders' investment and cash flows for the years then ended; and consolidated balance sheet of AB Bankas Snoras and subsidiary (the Group) as of 31 December 2000 and the related consolidated statements of profit and loss, shareholders' investment and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Group as of 31 December 2000, and the results of its operations and cash flows for the year then ended in accordance with International Accounting Standards.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the Bank as of 31 December 2000 and 1999, and the results of its operations and cash flows for the years then ended in accordance with International Accounting Standards.

Deloitte & Touche

Deloitte & Touche
Vilnius, Lithuania
15 March 2001

CONSOLIDATED BALANCE SHEETS AS OF 31 DECEMBER 2000 AND 1999

	Notes	2000 Group LTL'000	2000 Bank LTL'000	1999 Bank LTL'000
ASSETS				
Cash		44,519	44,519	33,163
Due from Bank of Lithuania	**2**	38,278	38,278	32,048
Due from other banks, net	**3**	44,772	49,968	78,740
Loans and advances to customers, net	**4**	369,726	369,726	223,607
Investments	**5**	26,141	28,141	41,094
Fixed assets	**6**	82,196	82,101	89,921
Other assets, net	**7**	19,803	10,409	6,662
Total assets		**625,435**	**623,142**	**505,235**
LIABILITIES				
Subordinated debt	**8**	-	-	1,400
Due to other banks	**9**	13,365	13,508	22,720
Current and term deposit accounts	**10**	416,738	416,738	301,136
Other liabilities	**11**	34,493	32,075	23,387
Deferred tax	**18**	1,847	1,847	1,513
Total liabilities		**466,443**	**464,168**	**350,156**
SHAREHOLDERS' INVESTMENT				
Share capital	**12**	137,267	137,267	49,024
Legal reserve		1,455	1,455	1,048
Share premium		305	305	88,548
Retained earnings		19,965	19,947	16,459
Total shareholders' investment		**158,992**	**158,974**	**155,079**
Total liabilities and shareholders' investment		**625,435**	**623,142**	**505,235**

The accompanying notes are an integral part of these consolidated financial statements.

The financial statements were approved by the Management Board on 15 March 2001 and signed on its behalf by:

Chairman of the Board	Chairman of the Council	Chief Financial Officer
R.Baranauskas	Y.Borodulin	Z.Selenkovienė

AB BANKAS SNORAS AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS FOR THE YEARS ENDED 31 DECEMBER 2000 AND 1999

	Notes	2000 Group LTL'000	2000 Bank LTL'000	1999 Bank LTL'000
Interest income	13	55,026	54,524	65,145
Interest expense	14	(15,750)	(15,750)	(15,036)
NET INTEREST INCOME		**39,276**	**38,774**	**50,109**
Fees and commission income, net		14,776	13,900	12,151
Foreign exchange gain (loss), net	15	7,865	7,865	(1,620)
(Loss) income from investment activities		(1,143)	(1,143)	3,053
Other operating income		962	948	1,830
TOTAL INCOME		**61,736**	**60,344**	**65,523**
Reversal of provisions for losses, net		380	380	119
Net income after provision		**62,116**	**60,724**	**65,642**
Salaries and related social expenses	16	(26,002)	(25,298)	(26,118)
Depreciation and amortization expenses	6	(10,373)	(10,339)	(8,989)
Other administrative expenses	17	(20,149)	(19,605)	(19,550)
PROFIT BEFORE TAXATION		**5,592**	**5,482**	**10,985**
Current income tax	18	(1,253)	(1,253)	(1,306)
Deferred income tax	18	(334)	(334)	(1,513)
NET PROFIT		**4,005**	**3,895**	**8,166**
Basic Earnings Per Share (in LTL)		**0.29**	**0.28**	**0.60**

The accompanying notes are an integral part of these consolidated financial statements.

The financial statements were approved by the Management Board on 15 March 2001 and signed on its behalf by:

Chairman of the Board R.Baranauskas	Chairman of the Council Y.Borodulin	Chief Financial Officer Z.Selenkovienė

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' INVESTMENT FOR THE YEARS ENDED 31 DECEMBER 2000 AND 1999

	Share Capital LTL'000	Legal reserve LTL'000	Share premium LTL'000	Retained earnings LTL'000	Total LTL'000
At 31 December 1999	**49,024**	**1,048**	**88,548**	**16,367**	**154,987**
Share split (Note 12)	88,243	-	(88,243)	-	-
Transfers to reserves	-	407	-	(407)	-
Net profit	-	-	-	4,005	4,005
At 31 December 2000	**137,267**	**1,455**	**305**	**19,965**	**158,992**

The accompanying notes are an integral part of these consolidated financial statements.

	Share Capital LTL'000	Legal reserve LTL'000	Share premium LTL'000	Treasury shares LTL'000	Retained earnings LTL'000	Total LTL'000
At 31 December 1998	**49,024**	**1,048**	**88,548**	**(212)**	**8,002**	**146,410**
Sale of treasury shares	-	-	-	212	291	503
Net profit	-	-	-	-	8,166	8,166
At 31 December 1999	**49,024**	**1,048**	**88,548**	**-**	**16,459**	**155,079**
Share split (Note 12)	88,243	-	(88,243)	-	-	-
Transfers to reserves	-	407	-	-	(407)	-
Net profit	-	-	-	-	3,895	3,895
At 31 December 2000	**137,267**	**1,455**	**305**	**-**	**19,947**	**158,974**

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2000 AND 1999

	2000 Group LTL'000	**1999 Bank LTL'000**
CASH FLOW FROM OPERATING ACTIVITIES		
Interest received	56,165	60,241
Interest paid	(14,684)	(15,343)
Repayment of loans previously written-off	349	83
Net receipts from operations with foreign currency	8,059	10,418
Net receipts from operations with securities	83	3,053
Net receipts for services and commission	13,945	12,151
Cash payments of salaries and associated payments	(25,090)	(26,523)
Other payments	(17,537)	(15,443)
Net cash provided by operating activities before change in operating assets	**21,290**	**28,637**
Changes in operating assets and liabilities:		
Balances with the Bank of Lithuania	2,222	(6,390)
Balances with other banks	(26,697)	9,893
Net sale of investments	15,258	18,085
Loans and advances to customers, net of sale	(148,747)	(134,650)
Other assets	17,166	64,089
Deposits	115,602	(26,988)
Other liabilities	6,919	1,443
Net cash used in operating activities	**(18,277)**	**(45,881)**
CASH FLOW FROM INVESTING ACTIVITIES		
Additions of fixed assets, net of disposals	(2,926)	(6,983)
Net cash used in investing activities	**(2,926)**	**(6,983)**
CASH FLOW FROM FINANCING ACTIVITIES		
Term bills	(2,009)	3,368
Term bills' interests	(138)	(8)
Sale of treasury shares	-	503
Repayment of subordinated loan	(1,400)	-
Net cash (used in) provided by financing activities	**(3,547)**	**3,863**
Net decrease increase in cash and cash equivalents	**(3,460)**	**(49,001)**
Cash and cash equivalents at the beginning of the year	**111,350**	**160,351**
Cash and cash equivalents at the end of the year	**107,890**	**111,350**
Cash and cash equivalents consist of:		
Cash	44,519	33,163
Correspondent accounts and demand deposits from other banks due within 3 month	42,773	74,440
Treasury bills with maturity less than 3 month	8,688	289
Balances with Bank of Lithuania other than compulsory reserves	11,910	3,458

The accompanying notes are an integral part of these consolidated financial statements.

1. ACCOUNTING POLICIES

GENERAL INFORMATION

The AB Bankas Snoras (the Bank) was established on 17 March 1992. The Bank's main office is located in Vilnius, Vivulskio str. 7. The Bank has 10 branches in Lithuania. The Bank offers extensive banking services: accepts deposit from the public, grants loans, provides short term trade finance and consults clients, international payments, issues and processes magnetic and microprocesor payment cards, exchanges currency and provides other services.

There is one shareholder owning more than 10% of ownership interest in the Bank. As of 31 December 2000 one shareholder held 49.89% of shares.

The significant accounting policies adopted by AB Bankas Snoras are set out below.

BASIS OF PREPARATION

The financial statements have been prepared on the historical cost basis of accounting, in accordance with International Accounting Standards (IAS) and general practices within the banking industry. The following summarizes the more significant of these policies.

PRINCIPLES OF CONSOLIDATION

At 31 December 2000 the consolidated financial statements include the accounts of the Bank and its wholly owned subsidiary UAB Snoro Lizingas. All significant intercompany balances, transactions unrealized surpluses and deficits on transactions between Group enterprises have been eliminated.

INTEREST, FEES AND COMMISSIONS

Interest income is recognized on the accrual basis. For loans, which are considered to be non-performing or risky, provision for accrued interest income is estimated. No more interest is accrued for loans when repayment of principal amount or interest is overdue for more than 60 days. Any interest income that has been previously recognized, however not received, is recorded as provision expense in the profit and loss account and a decrease in short term assets in the balance sheet at the time the related loans are placed on non performing status.

Commissions, fees and other income are credited to income when earned.

Interest expense is recognized on the accrual basis.

Commission, fees and other expenses are debited to expense when incurred.

FOREIGN CURRENCIES

Transactions denominated in foreign currency are translated into LTL at the official Bank of Lithuania exchange rate on the date of the transaction, which approximates the prevailing market rates. Monetary assets and liabilities, including unmatured commitments to deliver or acquire foreign currencies under spot exchange transactions, if any, are translated at the rate of exchange on the balance sheet date.

The applicable rates used for the principal currencies at year-end were following:

	2000	1999
1 USD	4.0000	4.0000
1 EUR	3.7212	4.0260
1 GBP	5.9804	6.4752
1 RUR	0.1404	0.1452

All resulting gains and losses relating to cash operations are recorded in the profit and loss account in the period in which they arise. Gains and losses on translation are credited or charged at the prevailing foreign exchange rate at period-end.

PROVISION FOR LOAN LOSSES

Loans represent the unpaid principal balance of loans less provision for loan losses.

The Bank provides commercial and consumer loans to customers throughout its market area. The economic condition of the market area may have an impact on the borrowers' ability to repay their loans. Management has considered risk in determining the balance of provisions and possible loan losses.

Provisions for loans, accrued interest income losses at the balance represent the estimated amounts of probable losses that have been incurred at the balance sheet date. The value of the collateral held in connection with these loan is based on its estimated realizable value and is taken into account when estimating the required provision.

The level of the provision is based on estimates considering known relevant factors affecting loan collectability and collateral values. Ultimate losses will vary from the current estimates. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they become known. Management has made their best estimate of potential losses and believe those loss estimates presented in the financial statements are reasonable in light of currently available information.

EARNINGS PER SHARE

For the purpose of calculating earnings per share, the weighted average number of common shares outstanding during 2000 and 1999 was 13,726,720 and 13,677,645, respectively. At 31 December 2000 and 1999 the Group had no dilutive shares outstanding.

FORECLOSED ASSETS HELD FOR RESALE

Assets acquired through foreclosures are recorded at the estimated fair value at the time of foreclosure, net of disposal cost. Write-downs from cost to fair value at the time of foreclosure are charged to the provision for losses. Subsequent adjustments to the fair value are charged to the provision for those foreclosed assets held for resale. Gains or losses recognized on the sale of such assets are included in the profit and loss account. Determinations of fair value are based on periodic appraisals, which are subject to significant fluctuations as economic condition change.

INVESTMENTS

Investments in short term treasury bonds and debt securities are stated at amortized cost.

The investments into equity securities, purchased for investing purposes, are stated at cost, unless there is a permanent decrease in value at which investment is written down to market value.

Investments into long-term government bonds related to restructuring of the loan to Lietuvos Akcinis Inovacinis Bankas represent treasury bonds issued according to the Government decree to compensate for a loan provided to Lietuvos Akcinis Inovacinis Bankas. The maturity of these bonds is 10 years. These investments are stated at net present value by discounting the future value of the investments receivable at the end of the 10th year using an average yield of current quarter of government T-bills with one year rate maturity.

Investments into unconsolidated subsidiaries are stated at cost. Unconsolidated subsidiaries are in aggregate of minor importance to the net worth, financial position and earnings of the Bank, they account for less than 1% of assets.

TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost or related amounts, less accumulated depreciation, amortization and impairment loss. Depreciation is provided in equal monthly installments except for the month placed in service over the expected useful lives as follows:

Buildings	60 years
Vehicles	7 years
Furniture, fixtures and equipment	5 to 7 years
Computer hardware	5 to 6 years
Software	1 to 5 years
Other intangible assets	1 to 5 years

The above-expected useful lives are set in accordance with Lithuanian tax rules, which approximate their useful lives.

All assets in excess of LTL 500 are capitalized. Gains and losses on disposal of fixed assets are recognized in the profit and loss account in the year of disposal.

FINANCIAL INSTRUMENTS WITH OFF BALANCE SHEET RISK

In the normal course of business, the Bank enters into financial instruments with off balance sheet risk, which include foreign exchange contracts and issued guarantees. These financial instruments involve, to varying degrees, elements of credit, interest rate and currency risk. Provision is made for estimated losses, if any, on such off balance sheet items.

REGULATORY REQUIREMENTS

The Bank is subject to the regulatory requirements of the Bank of Lithuania. These requirements include capital adequacy, liquidity and foreign currency position and loan concentration for individual loan customers.

TAXATION

Income taxes are accounted for under the balance sheet assets and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using currently enacted tax rates applied to taxable income in the years in which those temporary differences are expected to be recovered or settled.

CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, highly liquid investments with an original maturity of three months or less when purchased are considered cash equivalents. Obligatory reserves held at the Bank of Lithuania are not considered to be cash equivalents.

RECLASSIFICATIONS

Certain balances of year 1999 have been reclassified in order to conform the year 2000 presentation.

2. DUE FROM BANK OF LITHUANIA

Due from central banks as of 31 December are composed as follows:

	2000 Group LTL'000	1999 Bank LTL'000
Obligatory reserves	26,368	28,590
Other deposits	11,910	3,458
Total due from Bank of Lithuania	**38,278**	**32,048**

In accordance with Bank of Lithuania regulations, the Bank maintains minimum 8% (calculated monthly) of the average monthly balance of:

· Resident and non-resident litas and foreign currencies liabilities

· Non-resident banks and credit institutions liabilities and other liabilities

· Credits received from other Lithuanian and foreign banks are excluded from the calculation base. These funds must be held at the Bank of Lithuania and are not available for general use by the Bank. The Bank is in compliance with this regulation as of 31 December 2000 and 1999.

3. DUE FROM OTHER BANKS, NET

At 31 December due from other banks, net are composed of the following:

	2000 Group LTL'000	1999 Bank LTL'000
Due from Lithuanian banks and other credit institutions	1,008	2,584
Due from OECD area banks	27,870	40,237
Due from non-OECD area banks	16,299	36,932
Total due from other banks	**45,177**	**79,753**
Less: Provision for loss	(405)	(1,013)
Total due from other banks, net	**44,772**	**78,740**

The OECD (Organization of Economic Cooperation and Development) countries currently include 29 developed countries in European Union, Northern America, Australia and other regions of the world.

4. LOANS AND ADVANCES TO CUSTOMERS, NET

The value of the loan portfolio as stated in the balance sheet is determined after deducting provisions for possible credit losses calculated in accordance with an internationally accepted methodology for credit assessment.

At 31 December loans and advances to customers by maturity, are composed of the following:

	2000 Group LTL'000	1999 Bank LTL'000
Due within one year	283,426	176,206
Due after one year	90,401	51,075
Total loans and advances to customers	**373,827**	**227,281**
Less: Provision for loan losses	(4,101)	(3,674)
Total loans and advances to customers, net	**369,726**	**223,607**

At 31 December loans and advances to customers, by industry, are composed of the following:

	2000 Group LTL'000	1999 Bank LTL'000
Trade and services	245,799	138,097
Real estate, rent and commercial companies	42,463	34,944
Transportation and communication	33,695	29,165
Manufacturing companies	17,959	11,480
Construction companies	8,326	7,467
Other	25,585	6,128
Total loans and advances to customers	**373,827**	**227,281**

5. INVESTMENTS

At 31 December investments are composed of the following:

	2000 Group LTL'000	1999 Bank LTL'000
Trading:		
Lithuanian government bonds	8,688	289
Government bonds related to restructuring of the loan to LAIB	918	1,024
Lukoil debt securities	-	16,865
Norilskij Nikel debt securities	-	16,078
Moscow City Telephone Network bonds	5,966	-
AB Alytaus Teskstilė debt securities	579	-
SPAB Lietuvos Energija debt securities	2,937	-
AB Kauno Audiniai debt securities	64	-
Ukrainian Government debt securities	896	728
Sub-total trading investments	**20,048**	**34,984**
Non-trading:		
Equity investments:		
AB Lietuvos Telekomas	1,725	-
AB Linas	302	-
AB Ūkio Bankas	54	-
Other investments	12	18
Latvijas Tirzdniecibas Banka	-	2,092
Sub-total non-trading investments	**2,093**	**2,110**
Investments into subsidiaries:		
ADB Snoro Garantas	4,000	3,000
UAB Snoro Lizingas	-	1,000
Total investments	**26,141**	**41,094**

Lithuanian government bonds (treasury bills) have maturities ranging up to one year with an interest rate of approximately from 5.7% to 9.0% with an average of 7.35% interests.

Bonds related to restructuring of the loan to AB Lietuvos Akcinis Inovacinis Bankas (LAIB) are 10 - year interest non-bearing Government bonds. The Bank had a loan of 1,200 LTL'000 granted to currently liquidated LAIB. After the LAIB was declared insolvent on 19 December 1995, following Parliament and Government regulation, the debt was converted in 10 - year interest non bearing bonds. The amount of 918 LTL'000 stated in financial statements is the present value of 1,200 LTL'00 calculated using an average yield of current quartel of government T-bills with one year rate maturity. Currently operations with these bonds are restricted.

During the year ended 31 December 2000 Bank had investments into Moscow City Telephone Network and SPAB Lietuvos Energija debt securities with maturities of less than 4 months. The debt securities are denominated in USD and LTL, respectively; the average approximate yield ranges from 12.50% to 19.80%.

The Bank's other securities in the amount of 12 LTL'000 includes shares of the National Stock Exchange.

Investment in non-consolidated Bank's wholly owned subsidiary ADB Snoro Garantas is carried at cost.

The Group has 100% investment in UAB Snoro Lizingas. The subsidiary is engaged in leasing activities. For the year ended 31 December 2000 the subsidiary has been consolidated.

6. FIXED ASSETS

At 31 December fixed assets are composed of the following:

LTL'000	Buildings	Construction in progress	Vehicles	Office equipment	Intangible assets	Total
Historical cost						
31 December 1998	**12,716**	**-**	**5,550**	**82,668**	**2,454**	**103,388**
Additions	1,778	-	62	497	2,531	4,868
Disposals	(172)	-	(381)	(361)	(2)	(916)
Transfers	2,134	-	-	(255)	1,446	3,325
31 December 1999	**16,456**	**-**	**5,231**	**82,549**	**6,429**	**110,665**
Additions	600	1,156	129	1,813	1,019	4,717
Disposals	(259)	-	(132)	(663)	(418)	(1,472)
Transfers	620	(1,110)	-	(1,399)	202	(1,687)
31 December 2000	**17,417**	**46**	**5,228**	**82,300**	**7,232**	**112,223**
Accumulated depreciation						
31 December 1998	**513**	**-**	**1,099**	**9,081**	**1,458**	**12,151**
Charge for period	219	-	648	7,248	874	8,989
Disposals	(6)	-	(73)	(146)	(2)	(227)
Transfers	-	-	-	(169)	-	(169)
31 December 1999	**726**	**-**	**1,674**	**16,014**	**2,330**	**20,744**
Charge for period	279	-	801	7,993	1,300	10,373
Disposals	(9)	-	(68)	(270)	(451)	(798)
Transfers	(58)	-	(39)	(195)	-	(292)
31 December 2000	**938**		**2,368**	**23,542**	**3,179**	**30,027**
Net book value						
31 December 1999	**15,730**	**-**	**3,557**	**66,535**	**4,099**	**89,921**
31 December 2000	**16,479**	**46**	**2,860**	**58,758**	**4,053**	**82,196**

he assets stated above are held for the Group's own use.

As of 31 December 2000 within the vehicles are included fixed assets with the net book value of LTL'000 74 and that were acquired under finance lease.

7. OTHER ASSETS, NET

At 31 December other assets, net are composed of the following:

	2000 Group LTL'000	1999 Bank LTL'000
Finance lease receivables	7,408	-
Accrued interest income	4,170	1,307
Payment card receivables	3,912	2,610
VAT receivable	1,062	-
Prepaid assets	572	1,476
Deferred expenses	200	501
Client's debt for guarantee	200	-
Foreclosed assets held for resale	192	406
Amounts receivable for assets sold	-	690
Other assets	4,843	2,007
Total other assets	**22,559**	**8,997**
Less: provisions other assets	(2,756)	(2,335)
Total other assets, net	**19,803**	**6,662**

Provisions for other assets include 61 LTL'000 for accrued interest (in year 1999: 127 LTL'000) and other provisions in the amount of 2,695 LTL'000 (in year 1999: 2,208 LTL'000).

8. SUBORDINATED DEBT

On 28 March 1997 the Bank entered into a 1,400 LTL'000 (350 USD'000), 5-year subordinated loan agreement with a private investor. This debt was repayable in one installment on 1 July 2002. Interest was payable quarterly in USD, at 20.075%.

On 4 January 2000, the subordinated loan was repaid.

9. DUE TO OTHER BANKS

At 31 December due to other banks are composed of the following:

	2000 Group LTL'000	1999 Bank LTL'000
Lithuanian credit institution deposits	1,874	1,704
Non OECD area credit institutions accounts and deposits	11,347	21,016
OECD area credit institutions accounts and deposits	144	-
Total due to other banks	**13,365**	**22,720**

10. CURRENT AND TERM DEPOSIT ACCOUNTS

At 31 December current and term deposit accounts are composed of the following:

	2000 Group LTL'000	1999 Bank LTL'000
Current accounts		
Private companies	117,220	122,830
Individuals	68,726	38,005
State enterprises	5,511	4,617
Non-profit organizations	1,082	663
National social insurance fund (Sodra)	1,076	625
Local authorities	201	77
National authorities	24	24
Total current accounts	**193,840**	**166,841**
Term deposit accounts		
Individuals	154,872	76,259
Private companies	63,782	57,915
State enterprises	4,000	-
-profit organizations	244	121
Total term deposit accounts	**222,898**	**134,295**
Total current and term deposit accounts	**416,738**	**301,136**

The maturity of current and term deposits is as follows:

	2000 Group LTL'000	1999 Bank LTL'000
Current accounts due on demand	193,840	166,841
Term deposits:		
Due within 3 months	92,796	94,014
Due within 3 to 6 months	88,457	17,905
Due within 6 months to one year	38,722	20,974
More than one year	2,923	1,402
Total current and term deposit accounts	**416,738**	**301,136**

The average interest rate on term deposits in Litas is 7.57% and in foreign currency 6.08%. The average interest rate for demand deposits in Litas is 3.08% and in foreign currency 1.62%. Typically term deposits are renewed at maturity.

11. OTHER LIABILITIES

At 31 December other liabilities are composed of the following:

	2000 Group LTL'000	1999 Bank LTL'000
Collected utility bills	7,205	3,459
Money in transit accounts	13,435	5,202
Accrued expense	4,619	3,513
Income tax payable	1,052	-
Accounts payable for fixed assets leased	1,785	-
Term bills	1,608	3,481
Wages payable	1,524	409
Other collected bills	992	451
Accounts payable	984	719
Tax payable	317	946
Amounts payable for shares acquired	163	438
Lease payables	-	667
Brokerage clients funds	-	268
Off-balance sheet provisions	-	1,000
Other liabilities	809	2,834
Total other liabilities	**34,493**	**23,387**

During 2000 the Bank issued term bills, and as of 31 December 2000 had term bills issued with par value of 1,681 LTL'000. The term bills are sold at a discount and their carrying value was 1,608 LTL'000. The average annual interest payable for term bills varies from 4.50% to 5.76%.

12. SHARE CAPITAL

Issued share capital as of 31 December 2000 and 1999 consisted of: 13,726,720 and 4,902,400 ordinary shares, respectively, with a par value of LTL 10. All shares are outstanding and fully paid.

In December 1999, the Shareholders' meeting authorized a 5 to 14 share split of the Bank's LTL 10 par value common shares. As the result of the split, 8,824,320 additional shares were issued, and share premium reserve was reduced by LTL'000 8,824. All references in the accompanying financial statements to the number of common shares and per share amounts for 1999 have been restated to reflect the stock split. On 9 March 2000 the Bank of Lithuania approved the registration of an additional LTL'000 8,824 in share capital up to a total of LTL'000 137,267.

During the year ended 31 December 1999, the Bank sold 52,201 treasury shares in amount of 212 LTL'000 for 503 LTL'000.

13. INTEREST INCOME

For the years ended 31 December interest income is composed of the following:

	2000 Group LTL'000	1999 Bank LTL'000
Interest on debt securities	10,990	37,735
Interest on loans	40,840	22,701
Interest on placements with other banks	2,464	4,709
Financial lease interest income	732	-
Total interest income	**55,026**	**65,145**

For the year ended 31 December 2000 the average interest rates were 13.08% in Litas and 13.16% in foreign currency for short-term lending, and 19.60% in Litas and 9.99% in foreign currency for long-term loans.

14. INTEREST EXPENSE

For the years ended 31 December interest expense is composed of the following:

	2000 Group LTL'000	1999 Bank LTL'000
Interest on current and term deposit	15,021	13,699
Interest on deposits from other banks	590	1,006
Interest on subordinated debt	-	210
Other interest expenses	139	121
Total interest expense	**15,750**	**15,036**

15. FOREIGN EXCHANGE GAIN (LOSS), NET

For the years ended 31 December gain (loss) from currency exchange operations is composed of the following:

	2000 Group LTL'000	1999 Bank LTL'000
Realized foreign exchange gain	8,059	10,419
Unrealized foreign exchange loss	(194)	(12,039)
Total foreign exchange gain (loss), net	**7,865**	**(1,620)**

16. SALARIES AND RELATED SOCIAL EXPENSES

Salaries and related social expenses include compensation of employees and related social security and other benefits. Salaries and related social expenses in 2000 and in 1999 were LTL'000 26,002 and 26,118, respectively. At the end of 2000 and 1999, the Group employed 871 and 829 personnel, respectively.

17. OTHER ADMINISTRATIVE EXPENSES

For the years ended 31 December other administrative expenses are composed of the following:

	2000 Group LTL'000	1999 Bank LTL'000
Rent and maintenance	3,632	2,946
Transport and communications	3,422	4,898
Advertising	1,278	1,265
Other services	959	1,950
Construction and repair	254	1,308
Business trips and training	208	443
Other expenses	10,396	6,740
Total other administrative expenses	**20,149**	**19,550**

18. INCOME TAX

A reconciliation of income tax expense at the statutory rate (24%) to income tax expense at the Group's effective rate is as follows:

	2000 Group LTL'000	1999 Bank LTL'000
Computed tax at the expected statutory rate	1,342	3,186
Permanent differences		
Non taxable income		
Income from Government securities	(144)	(49)
Insurance recoveries	(46)	(33)
Fines and penalties	(370)	(108)
Other income	(666)	(199)
Non-deductible expenses		
Loss on disposals of fixed assets	41	77
Provisions	62	237
Tax relief on acquiring fixed assets, net of cost of assets sold and depreciation	203	595
Fines	10	92
Representation	58	116
Other	1,547	852
Timing differences		
Prior years tax loss carry forward	(16)	(1,947)
Prior years income tax correction	(434)	-
Income tax expense	**1,587**	**2,819**
Effective income tax rate	**28.38%**	**25.66%**
Income tax expense consists of:		
Current income tax	1,253	1,306
Deferred income tax	334	1,513
Total	**1,587**	**2,819**

	2000 Group LTL'000	1999 Bank LTL'000
Deferred tax liability at beginning of year	**1,513**	**-**
Charge for the year	334	1,513
Deferred tax liability at end of year	**1,847**	**1,513**

19. PROVISIONS

Activity in the provision for loan losses, foreclosed assets, other assets and due from other banks for the years ended 31 December is following:

	Provisions for loan and interest LTL'000	Provisions for inter-bank loans LTL'000	Other provisions LTL'000	Total LTL'000
Balance as of 31 December 1998	**5,189**	**1,476**	**3,707**	**10,372**
Reversal of provisions	(8,908)	(2,445)	(626)	(11,979)
Provisions written off	(455)	(155)	(1,411)	(2,021)
Provision charged	7,975	2,137	1,748	11,860
Balance as of 31 December 1999	**3,801**	**1,013**	**3,418**	**8,232**
Reversal of provisions	(6,381)	(3,306)	(1,636)	(11,323)
Provisions written off	-	(50)	-	(50)
Provision charged	6,742	2,748	1,453	10,943
Balance as of 31 December 2000	**4,162**	**405**	**3,235**	**7,802**

20. CONTINGENCIES AND COMMITMENTS

Contingencies and commitments are as follows:

	2000 Group LTL'000	1999 Bank LTL'000
Currency purchase contracts	34,120	44,398
Currency sale contracts	34,137	44,440
Credit commitments	20,561	33,447
Issued guarantees	9,887	11,502
Letters of Credit	-	55
Total	**98,705**	**133,842**

Finance leases - The Bank has outstanding finance lease obligations of approximately LTL'000 54 in connection with lease agreements to acquire vehicles. The minimum lease payment obligations are included in lease liabilities. Included in depreciation expense are charges related to finance leases.

Operating leases - The Bank rents offices, premises and land for banking activities. The Bank has outstanding non-cancelable commitments in connection with the rent agreements, approximately LTL'000 1,241.

At 31 December 2000 the future annual minimum commitments under leases were following:

Year Ending December 31,	**Finance Leases LTL'000**	**Operating Leases LTL'000**
2001	58	635
2002	-	186
2003	-	186
2004	-	142
2005	-	88
Thereafter	-	4
Minimum lease payments	**58**	**1,241**
Less: amount representing interest	4	
Present value of minimum lease payments	**54**	

It is expected that in the normal course of business, expiring leases will be renewed or replaced by leases on other fixed assets.

Litigation and claims - The Bank was not involved in any legal proceedings as of 31 December 2000 except for those related to loan loss recovery.

21. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following disclosure of the estimated fair value of financial instruments is made in accordance with the requirements of International Accounting Standard 32, "Financial Instruments: Disclosure and Presentation". The estimated fair value amounts have been determined by the Bank using market information and valuation methodologies considered appropriate. However, considerable judgement is required to interpret market data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Bank could realize in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

The fair value estimates presented herein are based on pertinent information available to the Bank as of 31 December 2000 and 1999. Although the Bank is not aware of any factors that would significantly affect the estimated fair value amounts, such amounts have not been comprehensively revalued for purposes of these financial statements since those dates and, therefore, current estimates of fair value may differ significantly from the amounts presented herein.

The carrying amount and the estimated fair value of the financial instruments for the years ended 31 December are as follows:

	2000 Group		**1999 Bank**	
	Carrying Amount LTL'000	**Estimated Fair Value LTL'000**	**Carrying Amount LTL'000**	**Estimated Fair Value LTL'000**
Financial Assets:				
Cash and cash equivalents	44,519	44,519	33,163	33,163
Due from Bank of Lithuania	38,278	38,278	32,048	32,048
Due from other banks, net	44,772	44,772	78,740	78,740
Loans receivable, net	369,726	367,710	223,607	225,739
Trading securities	20,048	20,048	34,984	34,984
Non trading securities	6,093	6,093	6,110	6,110
Accrued interest income, net	4,101	4,101	1,180	1,180
Financial Liabilities:				
Subordinated debt	-	-	1,400	1,400
Due to other banks	13,365	13,365	22,720	22,720
Current and term deposit accounts	416,738	417,430	301,136	301,500
Accrued interest expense	4,619	4,619	3,513	3,513
Off-balance sheet instruments:				
Currency purchase contracts	34,120	34,120	44,398	44,398
Currency sale contracts	34,137	34,137	44,400	44,400
Issued guaranties	9,887	9,887	11,502	11,502
Letters of credit	-	-	55	55
Credit commitments	20,561	20,561	33,447	33,447

The methods and assumptions used in estimating the fair value of financial instruments are as follows:

Financial Instruments with book value equal to fair value. The fair value of financial instruments that are short-term or re-priced frequently and have a history of negligible credit losses is considered to approximate their carrying value. Those instruments include balances recorded in the following captions:

Assets	Liabilities
Cash and cash equivalents	Current deposits
Short-term receivables	Accounts payable and other short-term liabilities
Prepayments	Short-term debt

Loans Receivable. The fair value of loans is estimated by discounting the expected future cash flows using the current market rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities.

Investments. The fair value of investments are based on quoted market prices if available, or on quoted market prices for similar investments.

Time Deposits. The fair value of term deposits is estimated by discounting expected future cash flows using the current market rates of deposits with similar characteristics and remaining maturities.
Foreign Exchange Contracts, Options. The fair value of these instruments is based on quoted market prices or dealer quotes.

Guarantees, letters of credit. The fair value of guarantees and letters of credit is based on the estimated cost to terminate them or otherwise settle the obligations with counterparties at the reporting date.

22. RELATED PARTY TRANSACTIONS

Related parties are defined as shareholders, members of the supervisory board, members of the management board, their close relatives and companies in which they have a controlling interest.

As of 31 December 2000 the Group had following balances with related parties:

	Amount LTL'000
Deposits of the members of Board	40
Deposits of the members of Council	1,800
Other related party deposits	158

In the opinion of management, transactions entered into between the Bank and such related parties have been made on the same terms and conditions as similar transactions with unaffiliated persons.

23. FOREIGN EXCHANGE EXPOSURE

The analysis of Bank foreign denominated assets and liabilities as of 31 December 2000 according to the currencies in which they are denominated is as follows:

	Exchange Rate	Assets LTL '000	Liabilities LTL '000	Off balance-sheet instruments LTL'000	Net exposure LTL'000	% of Regulatory Capital
USD	4.0000	311,780	(291,576)	(3,648)	16,556	10,66
EUR	3.7212	26,115	(16,272)	(8,559)	1,284	0.83
GBP	5.9804	1,155	(581)	-	574	0.37
RUR	0.1404	4,619	(4,979)	-	(360)	0.23
DKK	0.4990	465	(558)	130	37	0.02
Other	various	980	(752)	61	289	0.19
Total		345,114	(314,718)	(12,016)	19,100	12.30

Bank of Lithuania regulations require the Bank to maintain its aggregate open position in foreign currencies at less than 25% of bank capital, and its single currency open position at less than 15% of bank capital. As of 31 December 2000 open position in foreign currencies was 12.54% and its single currency open position was 11.07% calculated in accordance with Bank of Lithuania.

24. CAPITAL ADEQUACY AND REGULATORY MATTERS

The Bank of Lithuania requires banks to maintain a capital adequacy ratio of 10.00% based on specific capital adequacy calculations. Failure to meet minimum capital requirements can initiate certain mandatory and possible additional discretionary actions by the regulators that if undertaken could have a direct material effect on the Bank's financial statements. As of 31 December 2000, the Bank's actual ratio was 29.48%.

Additionally, under the guidelines set forth by the Basle Agreement, the Bank's capital adequacy as of 31 December 2000 is as follows; Tier I Capital to Risk Weighted Assets

31.63%; Total Capital to Risk Weighted Assets 30.49%. Basle committee confirms that the target standard ratio of capital to risk weighted assets should be set at 8%, of which the Tier I capital element will be at least 4%.

25. LIQUIDITY RISK AND INTEREST RATE RISK

The table below provides an analysis of assets and liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. Those assets that do not have a contracted maturity date are grouped together in the "greater than 5 years" category and those liabilities that do not have a contracted maturity date are grouped together in the "within 1 year" category.

The remaining period to maturity of assets and liabilities at 31 December 2000 was as follows:

	Within 1 year LTL'000	1-5 years LTL'000	Greater than 5 years LTL'000	Total LTL'000
Assets				
Cash	44,519	-	-	44,519
Due from Bank of Lithuania	20,696	-	17,582	38,278
Due from other banks, net	44,772	-	-	44,772
Loans and advances to customers, net	332,978	24,414	12,334	369,726
Investments	18,265	364	7,512	26,141
Fixed assets	-	-	82,196	82,196
Other assets, net	15,308	93	4,402	19,803
Total assets	**476,538**	**24,871**	**124,026**	**625,435**
Liabilities and shareholders' investments				
Due to other banks	12,142	-	1,223	13,365
Current and term deposit accounts	413,815	2,759	164	416,738
Other liabilities	33,863	561	69	34,493
Deferred tax	-	1,847	-	1,847
Shareholders' investment	-	-	158,992	158,992
Total liabilities and shareholders' investments	**459,820**	**5,167**	**160,448**	**625,435**
Off-balance sheet liabilities	28,564	1,198	686	30,448
Total liabilities, shareholders investment and off-balance sheet liabilities	**488,384**	**6,365**	**161,134**	**655,883**
Liquidity risk and interest rate risk	**(11,846)**	**18,506**	**(37,108)**	

The Bank of Lithuania requires banks to maintain a liquidity ratio not less then 30.00% based on specific liquidity calculations. As of 31 December 2000, the Bank's actual ratio was 33.65%.

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The length of time for which the rate of interest is fixed on a financial instrument therefore indicates to what extent it is exposed to interest rate risk. Due to the nature of the Lithuanian banking system, the interval at which interest is re-priced to market is the same as the contractual maturity date of most financial instruments, as provided in the above relevant maturity groupings.