

Bankas Snoras AB
Interim Condensed Consolidated Financial
Statements

For the 6-month period ended 30 June 2006
Together with Report of Independent Auditors

**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF BANKAS SNORAS AB**

We have audited the accompanying interim condensed consolidated balance sheet of Bankas Snoras AB ("the Bank") together with its subsidiaries ("the Group") as of 30 June 2006 and the related interim condensed consolidated statements of income, changes in equity and cash flows for the 6-month period then ended. These financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these financial statements based on our audit. The interim condensed consolidated statements of income, changes in equity and cash flows of the Group for the 6-month period ended 30 June 2005 have not been audited.

We conducted our audit 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 the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the above mentioned interim condensed consolidated financial statements are prepared, in all material respects, in accordance with IAS 34 Interim Financial Statements.

UAB ERNST & YOUNG BALTIC
Audit company's licence No. 000514

Ramūnas Bartašius
Auditor's licence
No. 000362

The audit was completed on 11 August 2006.

CONDENSED CONSOLIDATED BALANCE SHEETS

(LTL thousand)

	<i>Notes</i>	<i>30 June 2006</i>	<i>31 December 2005</i>
Assets		<i>(audited)</i>	<i>(audited)</i>
Cash and cash equivalents	3	840,822	1,092,060
Financial assets at fair value through profit or loss		972,426	931,831
Loans and placements with credit institutions		491,767	365,559
Held-to-maturity financial assets		118,526	156,196
Loans to customers, net	4	1,947,052	1,739,597
Investments to associates	7	-	600
Investment property		12,541	17,056
Property, plant and equipment	5	124,483	124,937
Intangible assets	5	18,199	15,361
Prepaid income tax	6	986	637
Deferred income tax asset		498	630
Other assets	10	39,304	59,122
Total assets		4,566,604	4,503,586
Liabilities			
Amounts due to credit institutions	11	175,602	566,019
Derivative financial liabilities		1,514	556
Debt securities issued		19,464	16,713
Amounts due to customers	12	3,925,037	3,484,041
Subordinated loans		88,915	89,018
Current income tax liabilities	6	13,507	7,803
Deferred income tax liabilities	6	5,741	8,465
Provisions		104	114
Other liabilities	10	55,946	70,647
Total liabilities		4,285,830	4,243,376
Equity			
Share capital	13	137,267	137,267
Reserves		70,626	62,195
Retained earnings		56,697	46,152
Total equity attributable to equity holders of the parent		264,590	245,614
Minority interest		16,184	14,596
Total equity		280,774	260,210
Total equity and liabilities		4,566,604	4,503,586

Signed and authorized for release on behalf of the Board of Bankas Snoras AB:

_____ President	_____ Raimondas Baranauskas	_____ 11 August 2006
_____ Chief Accountant	_____ Zita Selenkovienė	_____ 11 August 2006

The accompanying notes on pages 8 to 19 are an integral part of these interim condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(LTL thousand)

	<i>Notes</i>	<i>6-month period ended 30 June</i>	
		<i>2006</i> <i>(audited)</i>	<i>2005</i> <i>(not audited)</i>
Interest income			
On loans to customers		86,839	37,928
On debt securities acquired		21,020	13,748
On loans and placements with credit institutions		13,524	3,479
		121,383	55,155
Interest expense			
On deposits		(40,661)	(16,924)
On placements from credit institutions		(3,940)	(2,606)
On debt securities issued		(380)	-
On subordinated loans		(2,023)	-
		(47,004)	(19,530)
Net interest income		74,379	35,625
(Impairment) of interest earning assets	9	3,265	1,139
Net interest income after impairment of interest earning assets		77,644	36,764
Fee and commission income		46,424	25,881
Fee and commission expenses		(8,523)	(3,165)
Net fee and commission income		37,901	22,716
Gains less losses from securities at fair value through profit or loss	17	(19,819)	2,891
Gains less losses from derivative instruments		10,960	(7,444)
Gains less losses from foreign currencies		6,719	8,191
Dividend income		46	35
Other income		3,452	2,117
Other operating income		1,358	5,790
Salaries and benefits	18	(35,991)	(16,995)
Depreciation and amortisation	5	(8,567)	(3,803)
Other operating expenses	18	(34,390)	(18,682)
Other (impairment and provisions) releases	9	89	(61)
Operating expenses		(78,859)	(39,541)
Profit before income tax		38,044	25,729
Income tax expense	6	(7,948)	(3,386)
Profit for the period		30,096	22,343
Attributable to:			
Equity holders of the parent		28,523	22,343
Minority interest		1,573	-
		30,096	22,343
Basic and diluted earnings per share	14	2.08	1.63

The accompanying notes on pages 8 to 19 are an integral part of these interim condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(LTL thousand)

30 June 2006 and 2005

	<i>Attributable to the equity holders of the parent</i>							<i>Total</i>	<i>Minority interest</i>	<i>Total Equity</i>
	<i>Share Capital</i>	<i>Share surplus</i>	<i>Reserve capital</i>	<i>Revaluation reserve of property, plant and equipment</i>	<i>Reserve of foreign currency translation</i>	<i>Other general reserves</i>	<i>Retained earnings (loss)</i>			
1 January 2005	137,267	305	2,790	18,312	-	39,563	12,083	210,320	-	210,320
Net profit for the period	-	-	-	-	-	-	22,343	22,343	-	22,343
Total income and expenses for the period	-	-	-	-	-	-	22,343	22,343	-	22,343
Transfer to other general reserves	-	-	-	-	-	1,242	(1,242)	-	-	-
Dividends (Note 15)	-	-	-	-	-	-	(9,609)	(9,609)	-	(9,609)
30 June 2005 (unaudited)	137,267	305	2,790	18,312	-	40,805	23,575	223,054	-	223,054
1 January 2006	137,267	305	2,790	18,312	(20)	40,808	46,152	245,614	14,596	260,210
Changes in equity due to foreign currency	-	-	-	-	61	-	-	61	15	76
Total income and expenses for the period recognised directly in equity	-	-	-	-	61	-	-	61	15	76
Net profit for the period	-	-	-	-	-	-	28,523	28,523	1,573	30,096
Total income and expenses for the period	-	-	-	-	61	-	28,523	28,584	1,588	30,172
Transfer to reserve capital and other general reserves	-	-	6,000	-	-	2,370	(8,370)	-	-	-
Dividends (Note 15)	-	-	-	-	-	-	(9,608)	(9,608)	-	(9,608)
30 June 2006 (audited)	137,267	305	8,790	18,312	41	43,178	56,697	264,590	16,184	280,774

The accompanying notes on pages 8 to 19 are an integral part of these interim condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(LTL thousand)

	<i>6-month period ended 30 June</i>	
	<i>2006</i>	<i>2005</i>
	<i>(audited)</i>	<i>(not audited)</i>
Cash flows from operating activities		
Income (expenses)		
Interest income	129,189	53,036
Interest (expenses)	(40,569)	(18,357)
Recovery of loans previously written-off	1,334	1,225
Income from foreign exchange operations, net	20,067	3,326
(Expenses) from operations with securities, net	(7,928)	(1,680)
Service fees and commission income, net	37,901	22,855
Remuneration-related (expenses)	(34,726)	(16,007)
Other (expenses)	(29,406)	(15,423)
Operating result	75,862	28,975
(Increase) decrease in other assets		
(Increase) decrease in loans and placements with credit institutions	(133,114)	16,552
(Increase) in loans to customers	(199,258)	(117,225)
(Increase) in securities	(57,832)	(124,552)
Decrease in other assets	17,317	5,176
	(372,887)	(220,049)
Increase (decrease) in liabilities		
(Decrease) in amounts due to credit institutions	(390,672)	(72,381)
Increase in amounts due to customers	440,550	418,657
Increase in debt securities issued	2,751	-
Increase (decrease) in other liabilities	(24,769)	37,910
	27,860	384,186
Net cash flows from (used in) operating activities before taxes	(269,165)	193,112
Income tax (paid)	(2,513)	(3,386)
Net cash flows from (used in) operating activities after taxes	(271,678)	189,726
Cash flows from (used in) investing activities		
(Acquisitions) of property, plant and equipment and intangible assets	(6,292)	(4,481)
(Acquisition) of subsidiary, net of cash acquired	(625)	-
(Investments into) and redemption of held to maturity securities	36,919	(9)
Dividends received	46	35
Net cash flows from (used in) investing activities	30,048	(4,455)
Cash flows from (used in) financing activities		
Dividends (paid)	(9,608)	(9,586)
Net cash flows (used in) financing activities	(9,608)	(9,586)
Increase in cash	(251,238)	175,685
Cash and cash equivalents at the beginning of the period	1,092,060	428,291
Cash and cash equivalents at the end of the period	840,822	603,976

The accompanying notes on pages 8 to 19 are an integral part of these interim condensed consolidated financial statements.

**Notes to the interim condensed consolidated financial statements of Bankas Snoras AB
for the 6-month period ended 30 June 2006**

(LTL thousand)

1. General Information

Bankas Snoras AB (the “Bank”) is the parent company in the Group. It was formed on 17 March 1992 under the laws of the Republic of Lithuania. The Bank operates under a general banking license issued by the Bank of Lithuania. The Bank’s main office is in Vivulskio Str. 7, Vilnius, Lithuania and it has 10 branches in Vilnius, Kaunas, Klaipėda, Šiauliai, Panevėžys, Utena, Marijampolė, Mažeikiai, Alytus, Tauragė and 222 operating outlets.

The Bank offers the following banking services: accepts deposits from individuals, issues loans and provides short-term trade financing and consults clients, processes payments in Litas and other currencies, issues and services magnetic and microchip cards, collects payments, exchanges currency and provides other services.

The ultimate shareholder of the Bank is Mr. V. Antonov. The Bank is the member of Conversbank Group and its financial statements are consolidated into the financial statements of Conversbank Group.

Shareholders of Bankas Snoras AB	30 June 2006	31 December 2005
	%	%
Conversgroup (Luxemburg) holding company	49.89	49.89
Mr. Raimondas Baranauskas, chairman of the Bank’s Board	9.99	9.99
Nuntel holding LLC	9.89	9.89
Hoffman development LLC	8.76	8.76
Skepi shiping Co limited	8.31	8.31
CTPS limited	5.21	5.21
Other number of shareholders/owned %	1,213/7.95	1,178/7.95
Total	100.00	100.00

As of 30 June 2006 the members of the Board controlled 1,372,960 shares (10.00%) (31 December 2005 – 1,372,960 or 10.00%) of the Bank.

As of 30 June 2006 the number of employees of the Group and the Bank was 1,897 and 974 respectively (1,822 and 925 as of 31 December 2005 respectively).

The authorized and issued share capital of the Bank consists of 13,727 thousand ordinary shares with a par value of LTL 10 each. As of 30 June 2006 and 31 December 2005 all shares were fully paid.

As of 30 June 2006 the Group consisted of the following companies:

Subsidiary	Ownership %		Country	Industry
	2006	2005		
Snoro Lizingas UAB	100%	100%	Lithuania	Consumer financing
Vilniaus Kapitalo Vystymo Projektai UAB	100%	100%	Lithuania	Real estate
Snoro Turto Valdymas UAB	100%	100%	Lithuania	Projects financing Management of financial
Snoro Fondų Valdymas UAB	100%	100%	Lithuania	funds
Snoro Investicijų Valdymas UAB	100%	100%	Lithuania	Real estate
Latvijas Krājbanka A/S	83%	83%	Latvia	Banking
Krājinvestīcijas SIA (indirectly)	83%	83%	Latvia	Real estate
Ieguldījumu Sabiedrība Astra Fondi A/S (indirectly)	83%	41.5%	Latvia	Management of pension funds

In 2006, the the share capital of Snoro Fondų Valdymas UAB (former Interfa UAB) was increased.

In 2006 Latvija Krājbanka A/S has acquired the remaining 50% of the shares having the voting rights of Ieguldījumu Sabiedrība Astra Fondi A/S. In such a way Ieguldījumu Sabiedrība Astra Fondi A/S from associate became a subsidiary of the Group and is fully consolidated in these interim financial statements since the date of acquisition.

**Notes to the interim condensed consolidated financial statements of Bankas Snoras AB
for the 6-month period ended 30 June 2006**

(LTL thousand)

2. Basis of Preparation

The interim consolidated financial statements for the 6-month period ended 30 June 2006 have been prepared in accordance to the IAS 34 Interim Financial Statements.

The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as of 31 December 2005.

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2005, except for the adoption of the following amendments mandatory for annual periods beginning on or after 1 January 2006:

IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39") - Amendment for financial guarantee contracts - which amended the scope of IAS 39 to include financial guarantee contracts issued. The amendment addresses the treatment of financial guarantee contracts by the issuer. Under IAS 39 as amended financial guarantee contracts are recognised initially at fair value and generally remeasured at the higher of the amount determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with IAS 18 Revenue;

IAS 39 - Amendment for hedges of forecast intragroup transactions - which amended IAS 39 to permit the foreign currency risk of a highly probable intragroup forecast transaction to qualify as the hedged item in a cash flow hedge, provided that the transaction is denominated in a currency other than the functional currency of the entity entering into that transaction and that the foreign currency risk will affect the financial statements;

IAS 39 - Amendment for the fair value option - which restricted the use of the option to designate any financial asset or any financial liability to be measured at fair value through profit and loss;

IAS 19 - Amendment regarding employee benefits (Actuarial gains and losses, group plans and disclosures);

IFRIC 4 - Determining whether an arrangement contains a lease;

IFRIC 5 - Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds.

The adoption of these amendments did not affect the Group results of operations or financial position.

The accompanying consolidated financial statements are presented in thousands of Lithuanian Litas (LTL), the national currency of the Republic of Lithuania (which is also Group's functional currency), except per share amounts and unless otherwise stated. Subsidiaries in Latvia maintain their records in Latvian Lat (LVL).

The comparative information of a 6-month period ended 30 June 2005 is adjusted to conform the presentation of financial information for current period.

3. Cash and Cash Equivalents

Cash and cash equivalents comprise:

	<i>30 June 2006</i>	<i>31 December 2005</i>
	<i>(audited)</i>	<i>(audited)</i>
Cash on hand	148,493	161,855
Current accounts with the Central Banks	289,490	113,705
Current accounts with other credit institutions	268,991	622,969
Time deposits with credit institutions up to 90 days	133,848	193,531
Cash and cash equivalents	840,822	1,092,060

**Notes to the interim condensed consolidated financial statements of Bankas Snoras AB
for the 6-month period ended 30 June 2006**

(LTL thousand)

4. Loans to Customers, net

Loans to customers comprise:

	<i>30 June 2006</i>	<i>31 December 2005</i>
	<i>(audited)</i>	<i>(audited)</i>
Loans to customers	1,733,165	1,593,343
Overdrafts	206,828	174,643
Repurchase agreements	31,123	16,466
Factoring	2,323	1,236
	1,973,439	1,785,688
Less – Allowance for loan impairment (Note 9)	(26,387)	(46,091)
Loans to clients, net	1,947,052	1,739,597

During 2006 the management of the Group has made certain assumptions to arrive to the current estimates of impairment. The management of the Group constantly monitors loan portfolio and investigates market trends so that it could make necessary changes in impairment estimation, if required. Having other information available, management of the Group may change assumptions underlying impairment assessment, which would result in change of impairment allowance.

Below table represents breakdown of loans to actual payable of the customer and accrued and / or impaired amounts:

	<i>30 June 2006</i>	<i>31 December 2005</i>
	<i>(audited)</i>	<i>(audited)</i>
Unpaid principal	1,970,019	1,783,451
Accrued and unpaid interest	7,157	9,060
Deferred income	(3,737)	(6,823)
Impairment loss allowance	(26,387)	(46,091)
Loans to customers, net	1,947,052	1,739,597

5. Property, Plant and Equipment and Intangible Assets

During the 6-month period ended 30 June 2006 the Group has acquired property, plant and equipment for LTL 4,188 thousand and intangible assets for LTL 2,104 thousand. During the same period the Group have disposed and written-off property, plant and equipment for the net book value of LTL 21 thousand.

Depreciation expenses during the 6-month period ended 30 June 2006 in the Group amounted to LTL 7,563 thousand and amortisation of intangible assets – LTL 1,004 thousand.

6. Income Tax

The effective income tax rate differs from the statutory income tax rates. A reconciliation of the income tax expense based on statutory rates with actual is as follows:

	<i>6-month period ended 30 June</i>	
	<i>2006</i>	<i>2005</i>
	<i>(audited)</i>	<i>(not audited)</i>
Current income tax	10,540	3,848
Change in deferred income tax	(2,592)	(462)
Income tax expenses	7,948	3,386

**Notes to the interim condensed consolidated financial statements of Bankas Snoras AB
for the 6-month period ended 30 June 2006**

(LTL thousand)

7. Business Combination

On 24 June 2006 Latvija Krājbanka A/S has acquired the remaining 50% of the shares having the voting rights of Ieguldījumu Sabiedrība Astra Fondi A/S, which is engaged in management of pension funds. In such a way Ieguldījumu Sabiedrība Astra Fondi A/S from associate became a subsidiary of the Group and is fully consolidated in these interim financial statements since the date of acquisition. The fair value of identifiable assets, liabilities and contingent liabilities of Ieguldījumu Sabiedrība Astra Fondi A/S as at the date of acquisition were:

	<i>Recognised on acquisition</i>	<i>Carrying value</i>
Net balances of loans and placements with credit institutions	506	506
Held-to-maturity financial assets and financial assets at fair value through profit or loss	690	690
Loans to non-banking clients	10	10
Property, plant and equipment	30	30
Intangible assets	10	10
Other assets	4	10
	1,250	1,256
Total liabilities		
	60	60
Group's share of the fair value of net assets (50%)	595	-
Goodwill arising on acquisition	1,766	-
Consideration paid	2,361	-

When acquiring the subsidiary amount of LTL 625 thousand (LVL 126 thousand) was paid in cash and the deferred payment of LTL 1,736 thousand (LVL 350 thousand) was recognised (accounted for under Other liabilities caption in the balance sheet). The net cash inflow on acquisition was as follows:

Cash acquired	-
Cash paid	(625)
Net cash outflow	(625)

From the date of the combination, Ieguldījumu Sabiedrība Astra Fondi A/S contributed LTL 40 thousand (LVL 8 thousand) to the net profit of the Group. If the combination had taken place at the beginning of the year, the share of A/S Ieguldījumu Sabiedrība Astra Fondi in the profit of the Group would have been LTL 50 thousand (LVL 10 thousand), net interest income – LTL 10 thousand (LVL 2 thousand).

**Notes to the interim condensed consolidated financial statements of Bankas Snoras AB
for the 6-month period ended 30 June 2006**

(LTL thousand)

8. Segment Information

For the purposes of this analysis, the Group's activities were divided into two main geographical segments: Lithuania (the Bank and its subsidiaries in Lithuania) and Latvia (subsidiaries in Latvia – Latvijas Krājbanka A/S, Krājinvestīcijas SIA and Ieguldījumu Sabiedrība Astra Fondi A/S). The type of products and services included in each reported segment are the same. Transactions between the geographical segments are generally made on commercial terms and conditions. General corporate overheads have not been reallocated to geographical segments.

	<i>Lithuania</i>		<i>Latvia</i>		<i>Eliminations</i>		<i>Group</i>	
	<i>6-month period ended 30 June</i>		<i>6-month period ended 30 June</i>		<i>6-month period ended 30 June</i>		<i>6-month period ended 30 June</i>	
	<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>
	<i>(audited)</i>	<i>(not audited)</i>	<i>(audited)</i>	<i>(not audited)</i>	<i>(audited)</i>	<i>(not audited)</i>	<i>(audited)</i>	<i>(not audited)</i>
Total income from external customers	111,475	86,826	58,044	-	(354)	-	169,165	86,826
Total income from internal customers	260	-	94	-	(354)	-	-	-
Profit before tax	28,332	25,729	9,712	-	-	-	38,044	25,729
Income tax	(7,139)	(3,386)	(809)	-	-	-	(7,948)	(3,386)
Profit	21,193	22,343	8,903	-	-	-	30,096	22,343
Attributable to:								
Minority interest	-	-	1,573	-	-	-	1,573	-
Shareholders of the Bank	21,193	22,343	7,330	-	-	-	28,523	22,343

Business segments are not identified by the management of the Group, as the Group does not measure the performance according to business lines,

9. Allowances for Impairment and Provisions

The movements in allowances for impairment of interest earning assets were as follows:

31 December 2004	(39,520)
(Charge) reversal	1,053
Write-offs	2,865
30 June 2005 (not audited)	(35,602)
 31 December 2005	 (46,091)
(Charge) reversal	(608)
Write-offs	20,267
Effect of changes in currency rates	45
30 June 2006 (audited)	(26,387)

**Notes to the interim condensed consolidated financial statements of Bankas Snoras AB
for the 6-month period ended 30 June 2006**

(LTL thousand)

9. Allowances for Impairment and Provisions (cont'd)

Below is presented reconciliation of impairment recorded to the income statement:

	<i>6-month period ended 30 June</i>	
	<i>2006</i>	<i>2005</i>
	<i>(audited)</i>	<i>(not audited)</i>
(Charge) reversal	(608)	1,053
Recoveries of loans previously written-off	3,873	86
As reported in income statement	3,265	1,139

The movements in allowances for impairment of other assets and provisions were as follows:

	<i>Issued guarantees and credit</i>		
	<i>Other assets</i>	<i>commitments</i>	<i>Total</i>
31 December 2004	194	552	746
Charge (reversal)	3	58	61
Effect of changes in currency rates	-	7	7
Write-off	(77)	-	(77)
30 June 2005 (not audited)	120	617	737
 31 December 2005	 33	 51	 84
Charge (reversal)	(79)	(10)	(89)
Write-off	(36)	-	(36)
30 June 2006 (audited)	(82)	41	(41)

10. Other Assets and Liabilities

Other assets comprise:

	<i>30 June 2006</i>	<i>31 December 2005</i>
	<i>(audited)</i>	<i>(audited)</i>
Other assets		
Projects under development	21,875	24,495
Prepayments to suppliers	3,369	4,454
Accounts receivable	2,695	2,325
Deferred expenses	2,341	2,080
Inventories	2,285	2,994
Transit accounts	2,131	4,653
Accounts receivable for credit cards	1,428	5,183
VAT receivable	511	2,275
Accrued income for other assets	254	254
Letters of credit*	-	9,480
Other asset	2,497	962
Total other assets	39,386	59,155
 Impairment of other assets	 (82)	 (33)
Total other assets, net	39,304	59,122

* Letters of credit as of 31 December 2005 represent payments of the Bank to the customers after the notice of the bank of counterparty about forthcoming settlement according to the letter of credit issued by the counterparty. In 2006 all the letters of credit were paid-off and the Group did not have any of them as of 30 June 2006.

**Notes to the interim condensed consolidated financial statements of Bankas Snoras AB
for the 6-month period ended 30 June 2006**

(LTL thousand)

10. Other Assets and Liabilities (cont'd)

Other liabilities comprise:

	<u>30 June 2006</u>	<u>31 December 2005</u>
	<i>(audited)</i>	<i>(audited)</i>
Other liabilities		
Transit accounts	21,300	18,426
Accrued expenses	10,897	7,904
Accounts payable to suppliers	7,539	29,101
Payments collected	7,027	8,590
Remaining payment for business combination (Note 7)	1,736	-
Deferred income	693	578
Advances received	505	1,833
Other	6,249	4,215
Total other liabilities	<u>55,946</u>	<u>70,647</u>

Transit accounts represent funds that were disbursed from / to the correspondent account of the Bank, but that have not been written off from / to customers' accounts as of the reporting date.

11. Amounts Due to Credit Institutions

Amounts due to credit institutions comprise:

	<u>30 June 2006</u>	<u>31 December 2005</u>
	<i>(audited)</i>	<i>(audited)</i>
Time deposits and loans	122,565	452,447
Repurchase agreements	40,003	90,271
Current accounts	13,034	23,301
Amounts due to credit institutions	<u>175,602</u>	<u>566,019</u>

12. Amounts Due to Customers

The amounts due to customers include the following:

	<u>30 June 2006</u>	<u>31 December 2005</u>
	<i>(audited)</i>	<i>(audited)</i>
Time deposits	1,966,749	1,964,221
Current accounts	1,958,288	1,519,820
Amounts due to customers	<u>3,925,037</u>	<u>3,484,041</u>

13. Equity

Movements in shares outstanding, issued and fully paid were as follows:

Calculation of weighted average for the 6-month period ended 30 June 2006	Number of shares	Par value	Issued/ 181 (days)	Weighted average
Shares issued as of 31 December 2005	<u>13,726,720</u>	<u>10</u>	<u>181/181</u>	<u>13,726,720</u>
Shares issued as of 30 June 2006	<u>13,726,720</u>	<u>10</u>	<u>181/181</u>	<u>13,726,720</u>
Calculation of weighted average for the 6-month period ended 30 June 2005	Number of shares	Par value	Issued/ 181 (days)	Weighted average
Shares issued as of 31 December 2004	<u>13,726,720</u>	<u>10</u>	<u>181/181</u>	<u>13,726,720</u>
Shares issued as of 30 June 2005	<u>13,726,720</u>	<u>10</u>	<u>181/181</u>	<u>13,726,720</u>

Notes to the interim condensed consolidated financial statements of Bankas Snoras AB
for the 6-month period ended 30 June 2006

(LTL thousand)

14. Earnings per Share

	<i>Notes</i>	<i>6-month period ended 30 June</i>	
		<i>2006</i>	<i>2005</i>
		<i>(audited)</i>	<i>(not audited)</i>
Net profit attributable to equity holders of the parent		28,523	22,343
Number of shares (thousand)		13,727	13,727
Weighted number of shares (thousand)	13	13,727	13,727
Basic earnings per share (LTL)		2.08	1.63
Diluted earnings per share (LTL)		2.08	1.63

The Group has been granted subordinated loans that can be converted into shares, but because neither the conversion date nor conversion conditions can be reliably estimated, diluted earnings can not be calculated and therefore correspond to basic earnings per share.

15. Dividends per Share

	<i>6-month period ended 30 June</i>	
	<i>2006</i>	<i>2005</i>
	<i>(audited)</i>	<i>(not audited)</i>
Dividends paid	9,608	9,609
Number of shares (thousand)	13,727	13,727
Dividends per share (LTL)	0.7	0.7

16. Commitments and Contingencies

Legal

In the ordinary course of business, the Group is subject to legal actions and complaints. Management believes that the ultimate liability, if any, arising from such actions or complaints will not have a material adverse effect on the financial condition or the results of future operations of the Group.

Financial commitments and contingencies

The Group's financial commitments and contingencies comprised the following:

	<i>30 June 2006</i>	<i>31 December 2005</i>
	<i>(audited)</i>	<i>(audited)</i>
Credit related commitments		
Credit commitments	378,755	357,193
Issued guarantees	19,864	11,644

**Notes to the interim condensed consolidated financial statements of Bankas Snoras AB
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(LTL thousand)

17. Gains less Losses from Financial Assets at Fair Value through Profit or Loss

	<i>6-month period ended 30 June</i>	
	<i>2006</i>	<i>2005</i>
	<i>(audited)</i>	<i>(not audited)</i>
Realised (loss)	(7,928)	(1,680)
Unrealised profit (loss)	(11,891)	4,571
Gains less losses from securities at fair value through profit or loss	(19,819)	2,891

18. Salaries, Benefits and Other Operating Expenses

Salaries and benefits, and other operating expenses comprise:

	<i>6-month period ended 30 June</i>	
	<i>2006</i>	<i>2005</i>
	<i>(audited)</i>	<i>(not audited)</i>
Salaries and benefits	30,635	12,986
Social security costs	5,356	4,009
Salaries and benefits	35,991	16,995
Deposit insurance	6,512	3,538
Marketing, advertising and representation	4,286	2,203
Communications	4,198	2,358
Repair and maintenance of property, plant and equipment	3,346	2,548
Occupancy and rent	3,039	796
Data processing	1,928	724
Security	1,338	511
Operating taxes	1,279	1,455
Legal and consultancy	722	87
Office supplies	571	159
Charity	424	184
Business travel and related	339	193
Personnel training	288	88
Penalties incurred	6	40
Loss on property, plant and equipment disposals	4	1
Other	6,110	3,797
Other operating expenses	34,390	18,682

**Notes to the interim condensed consolidated financial statements of Bankas Snoras AB
for the 6-month period ended 30 June 2006**

(LTL thousand)

19. Related Party Transactions

In accordance with IAS 24 Related Party Disclosures, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

The volumes of related party transactions during 6-month periods ended 30 June 2006 and 2005 and the outstanding balances as of 30 June 2006 and 31 December 2005 are as follows:

	30 June 2006			31 December 2005		
	<i>Share-holders</i>	<i>Associates</i>	<i>Key management personnel*</i>	<i>Share-holders</i>	<i>Associates</i>	<i>Key management personnel*</i>
Loans issued at the beginning of the period, net	-	241,490	1,013	-	-	582
Loans issued at the end of the period, net	5	-	633	-	241,490	1,013
Loans received at the beginning of the period	16,639	-	-	41,433	-	-
Loans received at the end of the period	16,367	-	-	16,639	-	-
Liabilities at the beginning of the period	2,131	-	-	18,319	-	-
Liabilities at the end of the period	1,304	-	-	2,131	-	-
Cash at banks at the beginning of the period	143,670	-	-	39,543	-	-
Cash at banks at the end of the period	2,513	-	-	143,670	-	-
Deposits at the beginning of the period	1	6,735	4,144	-	-	82
Deposits at the end of the period	1,405	-	2,325	1	6,735	4,144
Liabilities and guaranties	-	-	337	-	-	203

*Key management personnel include presidents and vice-presidents of Bankas Snoras AB and Latvijas Krājbanka A/S

	6-month period ended 30 June			2005 (not audited)		
	<i>Share-holders</i>	<i>Associates</i>	<i>Key management personnel*</i>	<i>Share-holders</i>	<i>Associates</i>	<i>Key management personnel*</i>
Loans issued (recovered) during the period	5	(241,490)	(380)	-	-	(87)
Loans received (repaid) during the period	(272)	-	-	-	-	-
Loan interest income	-	-	24	-	-	24
Increase (decrease) in liabilities	(827)	-	-	(8,100)	-	-
Increase (decrease) in cash at banks	(141,157)	-	-	50,063	-	-
Deposits received during the period	1,404	-	807	-	-	-
Deposits (returned) during the period	-	(6,735)	(2,626)	-	-	-
Deposit interest expenses	-	-	23	-	-	24

* Key management personnel include presidents and vice-presidents of Bankas Snoras AB and Latvijas Krājbanka A/S

**Notes to the interim condensed consolidated financial statements of Bankas Snoras AB
for the 6-month period ended 30 June 2006**

(LTL thousand)

19. Related Party Transactions (cont'd)

Compensation of key management personnel was comprised of the following (salaries are shown with the bonuses to the key management):

	6-month period ended 30 June	
	2006	2005
		<i>(not audited)</i>
Salaries and other short-term benefits	1,864	881
Social security costs	505	275
Total key management compensation	2,369	1,156

As of 14 September 2005 the Bank also received a subordinated loan from an ultimate shareholder. As of 30 June 2006 and 31 December 2005 the outstanding amount of subordinated loan, including accrued interest, amounted to LTL 69,736 thousand and LTL 69,856 thousand respectively.

In March 2006 the United Kingdom Financial Services Authority gave its permission for the Bank, the Convers group, controlling the Bank, and Mr. Vladimir Antonov (the ultimate shareholder of Convers group) to acquire a bank in UK - Pointon York Limited UK (later renamed to Conversbank (UK) Ltd.). The transaction was performed by the Bank on behalf of Mr. Vladimir Antonov and the shares are held by the Bank in trust. The Bank did not gain the control over this bank and the ownership of shares will be registered either on behalf of the ultimate shareholder or any another company of Convers group, as soon as all the necessary permissions from the supervising institutions is obtained. In case it is decided in future to transfer the control of Conversbank (UK) Ltd. to the Bank, the Bank will have to reimburse to Mr. Vladimir Antonov the amount of consideration paid by him – GBP 5,234 thousand (LTL 26,175 thousand equivalent).

20. Capital Adequacy

The Bank of Lithuania and Latvian Financial and Capital Market Commission (FCMC) require banks in Lithuania and Latvia respectively to maintain a capital adequacy ratio of 8% of risk-weighted assets, computed based on requirements of respective regulator. Group capital adequacy is calculated based on requirements of the Bank of Lithuania. As of 30 June 2006 and 31 December 2005, the Group's capital adequacy ratio on this basis exceeded the statutory minimum.

Capital adequacy ratios of the Group can be specified as follows (%):

31 December 2004	17.23
31 March 2005	17.71
30 June 2005	14.62
30 September 2005	9.86
31 December 2005	9.60
31 March 2006	9.34
30 June 2006	8.51

Capital adequacy ratio calculation summary is presented in the table below:

Capital adequacy calculation, the Group	30 June 2006		31 December 2005	
	Nominal	Weighted	Nominal	Weighted
Tier 1 equity items	174,577	174,577	141,571	141,571
Tier 2 equity items	80,669	80,669	123,205	123,205
Deductions from capital	(18,199)	(18,199)	(15,361)	(15,361)
Eligible capital	237,047	237,047	249,415	249,415
Risk assets				
0% risk assets	918,146	-	743,834	-
20% risk assets	431,088	86,218	764,375	152,875
50% risk assets	167,304	83,652	129,762	64,881
100% risk assets	2,060,155	2,060,155	1,918,542	1,918,542
Off balance sheet risk commitments	399,327	199,389	369,538	185,687
Trading book requirement	1,087,172	355,438	934,908	276,775
Total risk exposure		2,784,852		2,598,760
Capital adequacy ratio		8.51		9.60

(LTL thousand)

20. Capital Adequacy (cont'd)

According to the decision No. 70 of Bank of Lithuania dated 25 May 2006, the audited profit earned since the beginning of the year can be included into the bank's capital base with the formal consent of the Board of the Bank of Lithuania (the Regulator).

21. Subsequent Events

On 15 March 2006 in the Bank shareholders' meeting a decision was made to increase share capital of the Bank by publicly issuing preference shares with non-accumulative dividend of 10% and no voting rights. On 25 May 2006 the Board of the Bank has approved instructions and conditions regarding the distribution of new shares. According to the instructions, the shares will be distributed in two stages. First stage will last for 15 days and only the shareholders of the Bank will be allowed to acquire new shares. The quantity of new shares allowed to purchase for each shareholder will depend on the proportion of shares owned at the date of the shareholders' meeting when the decision to increase share capital was made. In the second stage, that will last for 30 days, remaining shares will be offered to all investors.

On 27 July 2006 the Board of Bank of Lithuania allowed the Bank to include the subordinated loan in amount of EUR 20 million (LTL 69.1 million) granted by Mr. Vladimir Antonov in September 2005 into the Tier 2 capital of the Bank.

On 10 August 2006 the Board of Bank of Lithuania allowed the Bank to include undistributed profit for the year 2006 in amount of LTL 8.57 million into the Tier 2 capital of the Bank.