



## **AB BANKAS SNORAS**

Interim condensed separate and consolidated financial statements  
30 June 2010

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## Independent auditors' report to the shareholders of AB Bankas SNORAS

### Introduction

We have reviewed the accompanying interim financial statements of AB Bankas SNORAS, a public limited liability company registered in the Republic of Lithuania (hereinafter the Bank), and consolidated financial statements of the Bank together with its subsidiaries (hereinafter the Group), which comprise the Bank's and the Group's statements of financial position as of 30 June 2010, related income statements, the statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Financial Reporting Standards as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

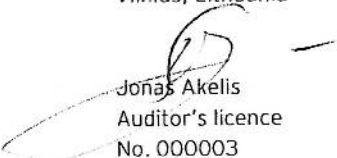
### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.


### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as at 30 June 2010 is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting", as adopted by the European Union.

UAB ERNST & YOUNG BALTIC  
Audit company's licence No. 001335  
Vilnius, Lithuania



Jonas Akelis  
Auditor's licence  
No. 000003  
President



Ramūnas Bartašius  
Auditor's license  
No. 000362

The review was completed on 30 August 2010.

## CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

	Notes	Group		Bank	
		30 June	31 December	30 June	31 December
		2010	2009	2010	2009
		unaudited	audited	unaudited	audited
<b>Assets</b>					
Cash and cash equivalents	2	1,776,270	2,050,754	964,688	1,356,577
Financial assets at fair value through profit or loss	3	1,513,712	1,008,735	1,316,027	871,281
Amounts due from credit institutions		164,343	229,428	161,088	188,755
Loans to customers, net	5	5,424,069	4,844,743	3,845,772	3,269,786
Held-to-maturity financial assets		225,173	336,793	149,456	280,146
Investment in to subsidiaries		-	-	139,265	139,265
Investment in associates	14	20,000	-	-	-
Investment property		58,905	59,188	-	-
Property and equipment	11	226,772	234,026	140,624	140,704
Work in progress		18,042	17,950	-	-
Intangible assets		49,854	53,551	12,444	13,721
Deferred income tax assets		4,753	5,202	-	-
Other assets		198,592	191,975	86,226	82,343
<b>Total assets</b>		<b>9,680,485</b>	<b>9,032,345</b>	<b>6,815,590</b>	<b>6,342,578</b>
<b>Liabilities</b>					
Amounts due to credit institutions	6	302,934	253,528	287,975	178,816
Derivative financial liabilities		2,052	6,122	2,978	1,098
Debt securities issued	8	148,541	529,870	156,006	519,696
Amounts due to customers	7	8,300,070	7,379,719	5,637,054	4,994,204
Current income tax liabilities		-	272	-	-
Deferred income tax liabilities		7,554	12,787	5,405	7,442
Other liabilities		54,468	53,315	12,037	14,902
Subordinated loans		200,323	195,308	121,466	121,411
Paid-in, but not registered share capital	12	82,294	-	82,294	-
<b>Total liabilities</b>		<b>9,098,236</b>	<b>8,430,921</b>	<b>6,305,215</b>	<b>5,837,569</b>
<b>Equity</b>					
Share capital	12	411,922	411,922	411,922	411,922
Reserves		121,945	73,318	71,143	67,539
Retained earnings		22,521	5,631	27,310	25,548
<b>Total equity attributable to equity holders of the parent</b>		<b>556,388</b>	<b>490,871</b>	<b>510,375</b>	<b>505,009</b>
Non-controlling interest		25,861	110,553	-	-
<b>Total equity</b>		<b>582,249</b>	<b>601,424</b>	<b>510,375</b>	<b>505,009</b>
<b>Total equity and liabilities</b>		<b>9,680,485</b>	<b>9,032,345</b>	<b>6,815,590</b>	<b>6,342,578</b>

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

First vice president, acting as President



Naglis Stancikas

Chief Financial Officer



Jurgita Bliumin

**CONSOLIDATED AND SEPARATE INCOME STATEMENTS**

For the six months ended 30 June

	Notes	Group		Bank	
		2010	2009	2010	2009
		unaudited	unaudited	unaudited	unaudited
Interest revenue		238,096	253,412	164,083	161,355
Interest expense		(204,012)	(220,355)	(138,861)	(158,438)
Net interest income		34,084	33,057	25,222	2,917
Fee and commission revenue		60,697	60,046	32,013	35,741
Fee from advisory services	13	25,535	-	25,535	-
Fee and commission expenses		(16,196)	(12,563)	(6,294)	(4,909)
Net fee and commission income		70,036	47,483	51,254	30,832
Net trading income (expenses)		44,489	29,342	36,498	7,345
Net gain on financial assets and liabilities designated at fair value through profit or loss		9,509	3,406	1,330	(1,563)
Gain from repurchase of own bonds		-	56,172	-	56,172
Net gain on financial assets and liabilities not measured at fair value through profit or loss		(28)	(79)	(71)	(79)
Net gain from sale of minority		-	-	-	11,286
Dividends		47	7	4	11,366
Other operating income		3,152	3,435	271	818
Total operating income		161,289	172,823	114,508	119,094
Credit loss expense and impairment losses		(42,077)	(48,176)	(47,843)	(21,229)
<b>Net operating income</b>		<b>119,212</b>	<b>124,647</b>	<b>66,665</b>	<b>97,865</b>
Salaries and benefits		(62,268)	(65,841)	(27,791)	(33,727)
Depreciation and amortisation		(15,305)	(12,963)	(8,465)	(6,612)
Other operating expenses		(65,314)	(62,183)	(27,080)	(33,542)
<b>Total operating expenses</b>		<b>(142,887)</b>	<b>(140,987)</b>	<b>(63,336)</b>	<b>(73,881)</b>
<b>Profit before income tax</b>		<b>(23,675)</b>	<b>(16,340)</b>	<b>3,329</b>	<b>23,984</b>
Income tax expense	9	2,006	(399)	1,709	(192)
<b>Profit for the period</b>		<b>(21,669)</b>	<b>(16,739)</b>	<b>5,038</b>	<b>23,792</b>
Attributable to:					
Equity holders of the parent		(15,979)	(11,869)	-	-
Non-controlling interest		(5,690)	(4,870)	-	-
		<b>(21,669)</b>	<b>(16,739)</b>	<b>5,038</b>	<b>23,792</b>
Basic and diluted earnings per share		(0.06)	(0.04)		

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

First vice president, acting as President



Naglis Stancikas

Chief Financial Officer



Jurgita Bliumin

**CONSOLIDATED AND SEPARATE STATEMENTS OF COMPREHENSIVE INCOME**  
For the six months ended 30 June

	<i>Group</i>		<i>Bank</i>	
	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
	<i>unaudited</i>	<i>unaudited</i>	<i>unaudited</i>	<i>unaudited</i>
<b>(Loss) profit for the reporting period</b>	<b>(21,669)</b>	<b>(16,739)</b>	<b>5,038</b>	<b>23,792</b>
Change of deferred tax liabilities	1,256	-	328	-
Change of revaluation reserve of property and equipment	1,185	-	-	-
Sale of minority interest	-	-	-	-
Change of revaluation of foreign currency translation	53	-	-	-
<b>Other comprehensive income for the period, net of tax</b>	<b>2,494</b>	<b>-</b>	<b>328</b>	<b>-</b>
<b>Total comprehensive income for the period, net of tax</b>	<b>(19,175)</b>	<b>(16,739)</b>	<b>5,366</b>	<b>23,792</b>
Attributable to:				
Equity holders of the parent	(13,856)	(11,869)	-	-
Non-controlling interest	(5,319)	(4,870)	-	-

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

First vice president, acting as President



Naglis Stancikas

Chief Financial Officer



Jurgita Bliumin

## STATEMENTS OF CASH FLOWS

For the six months ended 30 June

	<i>Group</i>		<i>Bank</i>	
	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
	<i>unaudited</i>	<i>unaudited</i>	<i>unaudited</i>	<i>unaudited</i>
<b>Operating activities</b>				
Net result for the period	(21,669)	(16,739)	5,038	23,792
<b>Adjustments to reconcile net profit or loss to net cash provided by operating activities</b>	<b>(29,028)</b>	<b>37,970</b>	<b>(14,619)</b>	<b>13,378</b>
Income tax expenses	(2,006)	399	(1,709)	192
Unrealized foreign currency gains and losses	(51,031)	(21,726)	(28,536)	(13,981)
Revaluation of derivatives	(7,260)	(1,119)	(5,544)	50
Depreciation / amortization	15,305	12,963	8,465	6,612
Impairment	40,079	48,176	45,845	21,229
Impairment of held-to-maturity investments	1,998	-	1,998	-
Accrued Fee and commission revenue	(25,535)	-	(25,535)	-
Other non-cash items included in net result for the year	(578)	(723)	(9,603)	(724)
	<b>(50,697)</b>	<b>21,231</b>	<b>(9,581)</b>	<b>37,170</b>
(Increase) decrease in balances with banks	65,085	49,347	27,667	10,543
(Increase) decrease in loans and receivables	(600,939)	38,713	(599,636)	65,918
Sale (Acquisition) of Financial assets at fair value through profit or loss	(501,786)	37,424	(437,323)	17,137
(Increase) decrease in other assets	(36,567)	(35,922)	(10,590)	(8,319)
Increase (decrease) in deposits from credit institutions	49,406	(71,758)	109,159	(396,068)
Increase (decrease) in deposits (other than from credit institutions)	920,351	(174,499)	642,850	440,785
(Decrease) increase in other liabilities	2,339	11,209	(2,865)	(1,472)
Income tax (paid)	(1,795)	(10,284)	-	208
<b>Cash flows (to) from operating activities</b>	<b>(154,603)</b>	<b>(134,539)</b>	<b>(280,319)</b>	<b>165,902</b>
<b>Investing activities</b>				
Cash (payments) to acquire tangible assets	(8,369)	(8,798)	(6,303)	(6,239)
Cash (payments) to acquire intangible assets	-	(2,219)	(805)	(1,065)
Cash (payments) to acquire associates company	(7,500)	-	-	-
Cash receipts from redemption of held-to-maturity investments	138,350	49,293	138,350	-
Cash (payments) to acquire held-to-maturity investments	(19,071)	-	-	-
<b>Net cash flow from (to) investing activities</b>	<b>103,410</b>	<b>38,276</b>	<b>131,242</b>	<b>(7,304)</b>
<b>Financing activities</b>				
Paid, but not register share capital	82,294	-	82,294	-
Issue of debt certificates (including bonds)	28,823	15,345	29,201	15,345
(Repayments) of debt certificates (including bonds)	(410,152)	(160,334)	(392,891)	(160,334)
<b>Net cash flow from (to) financing activities</b>	<b>(299,035)</b>	<b>(144,989)</b>	<b>(281,396)</b>	<b>(144,989)</b>
Net (decrease) increase in cash and cash equivalents	(350,228)	(241,252)	(430,473)	13,609
Net foreign exchange difference	75,744	6,804	38,584	3,283
Cash and cash equivalents at beginning of the period	2,050,754	2,338,360	1,356,577	1,538,464
<b>Cash and cash equivalents at end of the period</b>	<b>1,776,270</b>	<b>2,103,912</b>	<b>964,688</b>	<b>1,555,356</b>
Interest received	157,472	218,114	107,676	135,348
Interest (paid)	(240,247)	(196,615)	(153,103)	(149,494)
Dividends received	47	7	4	3,117

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

First vice president, acting as President



Naglis Stancikas

Chief Financial Officer



Jurgita Bliumin

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2009

<i>Group</i>	<i>Attributable to the equity holders of the parent</i>							<i>Total equity</i>
	<i>Share capital</i>	<i>Reserve of property and equipment</i>	<i>Revaluation reserve of foreign currency translation</i>	<i>Reserve of other general reserves</i>	<i>Retained earnings</i>	<i>Minority interest</i>		
As of 31 December 2008	411,922	18,657	40,609	(4,919)	12,108	50,365	54,033	582,775
Total comprehensive income/expenses for the reporting period	-	-	-	-	-	(11,869)	(4,870)	(16,739)
Merger of subsidiary companies	-	-	-	-	17	959	82	1,058
Sale of minority interest	-	-	-	-	-	11,286	-	11,286
Transfer to reserve capital	-	4,000	-	-	-	(4,000)	-	-
Transfer to other reserves	-	-	-	-	1,212	(1,212)	-	-
As of 30 June 2009	411,922	22,657	40,609	(4,919)	13,337	45,529	49,245	578,380

For the six months ended 30 June 2010

<i>Group</i>	<i>Attributable to the equity holders of the parent</i>							<i>Total equity</i>
	<i>Share capital</i>	<i>Reserve of property and equipment</i>	<i>Revaluation reserve of foreign currency translation</i>	<i>Reserve of other general reserves</i>	<i>Retained earnings</i>	<i>Minority interest</i>		
As of 31 December 2009	411,922	22,657	37,341	-	13,320	5,631	110,553	601,424
Total comprehensive income/expenses for the reporting period	-	-	2,223	53	-	(16,132)	(5,319)	(19,175)
Acquisition of interest in subsidiaries (Note 0)	-	2,592	14,749	-	25,734	36,298	(79,373)	-
Transfer to reserve capital	-	1,998	-	-	-	(1,998)	-	-
Transfer to other reserves	-	-	-	-	1,278	(1,278)	-	-
As of 30 June 2010 (unaudited)	411,922	27,247	54,313	53	40,332	22,521	25,861	582,249

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



(LTL thousand)

## SEPARATE STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2009

	<i>Share Capital</i>	<i>Reserve capital</i>	<i>Revaluation reserve of property and equipment</i>	<i>Other general reserves</i>	<i>Retained earnings</i>	<i>Total equity</i>
As of 31 December 2008	411,922	18,657	31,153	11,432	21,956	495,120
Total comprehensive income/expenses for the reporting period	-	-	-	-	23,792	23,792
Transfer to reserve capital	-	4,000	-	-	(4,000)	-
Transfer to other reserves	-	-	-	1,098	(1,098)	-
As of 30 June 2009	411,922	22,657	31,153	12,530	40,650	518,912

For the six months ended 30 June 2010

	<i>Share Capital</i>	<i>Reserve capital</i>	<i>Revaluation reserve of property and equipment</i>	<i>Other general reserves</i>	<i>Retained earnings</i>	<i>Total equity</i>
As of 31 December 2009	411,922	22,657	32,352	12,530	25,548	505,009
Total comprehensive income/expenses for the reporting period	-	-	328	-	5,038	5,366
Transfer to reserve capital	-	1,998	-	-	(1,998)	-
Transfer to other reserves	-	-	-	1,278	(1,278)	-
As of 30 June 2010 (unaudited)	411,922	24,655	32,680	13,808	27,310	510,375

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

First vice president, acting as President

Naglis Stancikas

Chief Financial Officer

Jurgita Bliumin

## 1. Principal Activities

AB bankas SNORAS (hereinafter the Bank) 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 Vivalskio Str. 7, Vilnius, Lithuania and it has 12 branches in Vilnius, Kaunas, Klaipėda, Šiauliai, Panevėžys, Utena, Marijampolė, Mažeikiai, Alytus, Tauragė, Tallin, Ryga and 255 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 subsidiary companies of the Bank provide the real estate management, construction and renovation, asset management, consumer financing and securities fund management services to the participants of the markets of Lithuania and Baltic states.

The Bank has the following subsidiaries:

Subsidiary	Ownership %		Country	Industry
	30 June 2010	31 December 2009		
UAB SNORO Lizingas (sub-group)	100%	100%	Lithuania	Consumer financing
UAB SNORAS Development	50%	50%	Lithuania	Real estate
UAB SNORAS Investment Management	100%	100%	Lithuania	Venture capital projects
UAB SNORAS Media	100%	100%	Lithuania	Investment
AB Finasta Holding (sub-group)	100%	100%	Lithuania	Investment
UAB SNORO Valda	100%	100%	Lithuania	Real estate
AS Latvijas Krājbanka (sub-group)*	85.07%	53.11%	Latvia	Banking

\* In March 2010 the Bank acquired 31.96 % AS Latvijas Krājbanka shares for 1 LVL from the major shareholder of the Bank.

## 2. Basis of preparation and Significant Accounting policies

### Basis of preparation

The interim condensed financial statements for the six months ended 30 June 2010 have been prepared in accordance with IAS 34.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Bank's annual financial statements as at 31 December 2009.

### Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed financial statements is consistent with those followed in the preparation of the Bank's annual financial statements for the year ended 31 December 2009, except for the one regarding to investment in associates and adoption of new standards and interpretations as of 1 January 2010, noted below:

#### IAS 28 Investments in Associates

Associate is an entity in which an investor has significant influence but not control or joint control. Significant influence: power to participate in the financial and operating policy decisions but not control them.

An investment in an associate is accounted for using the equity method from the date on which it becomes an associate. Equity method: a method of accounting by which an equity investment is initially recorded at cost and subsequently adjusted to reflect the investor's share of the net assets of the associate (investee).

#### IFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions

The standard has been amended to clarify the accounting for group cash-settled share-based payment transactions. This amendment also supersedes IFRIC 8 and IFRIC 11. The adoption of this amendment did not have any impact on the financial position or performance of the Bank, as the Bank does not have share-based payments.

#### Amendments to IFRS 3 Business Combinations and IAS 27 Consolidated and Separate Financial Statements

IFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after this date. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of future goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

IAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary.

The changes by IFRS 3 (Revised) and IAS 27 (Amended) will affect future acquisitions or loss of control of subsidiaries and transactions with non-controlling interests. These changes in accounting policies were applied prospectively and had no material impact on earnings per share.

#### **IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items**

The amendment addresses the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations. The amendment had no effect on the financial position nor performance of the Bank, as the Bank has not entered into any such hedges.

#### **IFRIC 17 Distribution of Non-cash Assets to Owners**

This interpretation provides guidance on accounting for arrangements whereby an entity distributes noncash assets to shareholders either as a distribution of reserves or as dividends. The interpretation had no effect on the financial position nor performance of the Bank.

#### **Improvements to IFRSs (issued May 2008)**

In May 2008, the Board issued its first omnibus of amendments to its standards. All amendments issued are effective for the Bank as at 31 December 2009, apart from the following:

- *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations*: clarifies when a subsidiary is classified as held for sale, all its assets and liabilities are classified as held for sale, even when the entity remains a non-controlling interest after the sale transaction. The amendment is applied prospectively and had no impact on the financial position nor financial performance of the Bank.

#### **Improvements to IFRSs (issued April 2009)**

In April 2009 the Board issued its second omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Bank.

- *IFRS 8 Operating Segments*. Clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker.
- *IAS 7 Statement of Cash Flows*. Explicitly states that only expenditure that results in recognising an asset can be classified as a cash flow from investing activities.
- *IAS 36 Impairment of Assets*. The amendment clarified that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in IFRS 8 before aggregation for reporting purposes.

Other amendments resulting from Improvements to IFRSs to the following standards will not have any impact on the accounting policies, financial position or performance of the Bank:

- *IFRS 2 Share-based Payment*;
- *IAS 1 Presentation of Financial Statements*;
- *IAS 17 Leases*;
- *IAS 38 Intangible Assets*;
- *IAS 39 Financial Instruments: Recognition and Measurement*;
- *IFRIC 9 Reassessment of Embedded Derivatives*;
- *IFRIC 16 Hedge of a Net Investment in a Foreign Operation*.

The Bank has not early adopted any other standard, interpretation or amendment that was issued but is not yet effective.

### **3. Cash and Cash Equivalents**

Cash and cash equivalents comprise:

	<i>Group</i>		<i>Bank</i>	
	<i>30 June 2010</i>	<i>31 December 2009</i>	<i>30 June 2010</i>	<i>31 December 2009</i>
Cash at hand	177,305	171,023	128,673	119,263
Current accounts with the Central Banks	678,125	340,794	292,522	225,667
Current accounts with other credit institutions	770,026	1,190,847	435,357	838,212
Time deposits with credit institutions up to 90 days	150,814	348,090	108,136	173,435
<b>Cash and cash equivalents</b>	<b>1,776,270</b>	<b>2,050,754</b>	<b>964,688</b>	<b>1,356,577</b>

(LTL thousand)

**4. Financial Assets and Liabilities at Fair Value through Profit or Loss**

Financial assets at fair value through profit or loss are held for trading or designated as financial assets at fair value through profit or loss upon initial recognition.

Trading assets comprise:

	<i>Group</i>		<i>Bank</i>	
	<i>30 June 2010</i>	<i>31 December 2009</i>	<i>30 June 2010</i>	<i>31 December 2009</i>
Treasury bills and bonds of the Republic of Lithuania	96,576	33,215	39,716	31,770
Other governments' debt securities	81,217	6,174	18,637	6,174
Corporate bonds	316,011	103,094	279,919	83,069
Corporate shares	1,218	936	404	141
Investment funds unit	480	704	-	-
Derivative financial instruments	9,312	24,193	8,522	13,049
<b>Trading assets</b>	<b>504,814</b>	<b>168,316</b>	<b>347,198</b>	<b>134,203</b>

Financial assets designated as at fair value through profit and loss upon initial recognition comprise:

	<i>Group</i>		<i>Bank</i>	
	<i>30 June 2010</i>	<i>31 December 2009</i>	<i>30 June 2010</i>	<i>31 December 2009</i>
Governments' debt securities	722,830	742,443	711,090	667,670
Corporate bonds	286,068	97,976	257,739	69,408
<b>Financial assets designated at fair value through profit and loss upon initial recognition</b>	<b>1,008,898</b>	<b>840,419</b>	<b>968,829</b>	<b>737,078</b>
<b>Total financial assets at fair value from Profit or Loss</b>	<b>1,513,712</b>	<b>1,008,735</b>	<b>1,316,027</b>	<b>871,281</b>

All financial instruments carried at fair value are categorized in three categories defined as follows:

Level 1 — Quoted market prices

Level 2 — Valuation techniques (market observable)

Level 3 — Valuation techniques (non-marked observable)

The Group and Bank held the following financial instruments measured at fair value:

**Group**

<i>30 June 2010</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
<b>Financial assets</b>				
Derivatives	734	8,494	84	9,312
Financial assets at fair value through profit or loss	997,232	10,859	807	1,008,898
Other financial assets held-for-trading	163,942	331,560	-	495,502
<b>Total financial assets</b>	<b>1,161,908</b>	<b>350,913</b>	<b>891</b>	<b>1,513,712</b>
<b>Financial liabilities</b>				
Derivatives	-	2,052	-	2,052
<b>Total financial liabilities</b>	<b>-</b>	<b>2,052</b>	<b>-</b>	<b>2,052</b>
<i>31 December 2009</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
<b>Financial assets</b>				
Derivatives	8,377	15,816	-	24,193
Financial assets at fair value through profit or loss	840,419	-	-	840,419
Other financial assets held-for-trading	49,841	94,282	-	144,123
<b>Total financial assets</b>	<b>898,637</b>	<b>110,098</b>	<b>-</b>	<b>1,008,735</b>
<b>Financial liabilities</b>				
Derivatives	4,108	2,014	-	6,122
<b>Total financial liabilities</b>	<b>4,108</b>	<b>2,014</b>	<b>-</b>	<b>6,122</b>

## 4. Financial Assets and Liabilities at Fair Value through Profit or Loss (Cont'd)

**Bank**

<i>30 June 2010</i>	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Derivatives	734	7,788	-	<b>8,522</b>
Financial assets at fair value through profit or loss	968,829	-	-	<b>968,829</b>
Other financial assets held-for-trading	7,437	331,239	-	<b>338,676</b>
<b>Total financial assets</b>	<b>977,000</b>	<b>339,027</b>	<b>-</b>	<b>1,316,027</b>
<b>Financial liabilities</b>				
Derivatives	-	2,978	-	2,978
<b>Total financial liabilities</b>	<b>-</b>	<b>2,978</b>	<b>-</b>	<b>2,978</b>
<i>31 December 2009</i>	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Derivative financial instruments	1,123	11,926	-	<b>13,049</b>
Financial assets at fair value through profit or loss	737,078	-	-	<b>737,078</b>
Other financial assets held-for-trading	38,798	82,356	-	<b>121,154</b>
<b>Total financial assets</b>	<b>776,999</b>	<b>94,282</b>	<b>-</b>	<b>871,281</b>
<b>Financial liabilities</b>				
Derivative financial instruments	-	1,098	-	1,098
<b>Total financial liabilities</b>	<b>-</b>	<b>1,098</b>	<b>-</b>	<b>1,098</b>

## 5. Loans to Customers, net

Loans to customers comprise:

	<i>Group</i>		<i>Bank</i>	
	<i>30 June 2010</i>	<i>31 December 2009</i>	<i>30 June 2010</i>	<i>31 December 2009</i>
Loans to customers	5,029,549	4,392,457	3,675,508	3,045,018
Credit lines	302,957	320,895	278,760	294,427
Leasing	258,150	267,897	-	-
Reverse repurchase agreements	46,465	41,513	29,348	24,763
Factoring	10,226	7,329	10,135	7,030
Promissory notes	3,169	1,712	3,986	1,712
	<b>5,650,516</b>	<b>5,031,803</b>	<b>3,997,737</b>	<b>3,372,950</b>
Less: allowance for loan impairment	(226,447)	(187,060)	(151,965)	(103,164)
<b>Loans to customers, net</b>	<b>5,424,069</b>	<b>4,844,743</b>	<b>3,845,772</b>	<b>3,269,786</b>

Loans have been issued to the following types of customers:

	<i>Group</i>		<i>Bank</i>	
	<i>30 June 2010</i>	<i>31 December 2009</i>	<i>30 June 2010</i>	<i>31 December 2009</i>
Corporate clients	3,840,210	3,260,544	2,972,649	2,420,802
Individuals	1,478,148	1,491,860	779,530	777,745
State or municipal companies	36,653	18,650	36,613	18,650
State budget or municipal authorities	23,558	23,533	23,197	22,815
Other	45,500	50,156	33,783	29,774
<b>Loans to customers, net</b>	<b>5,424,069</b>	<b>4,844,743</b>	<b>3,845,772</b>	<b>3,269,786</b>

(LTL thousand)

### 5. Loans to Customers, net (Cont'd)

Loans are issued within the following industry sectors:

	<i>Group</i>		<i>Bank</i>	
	<i>30 June 2010</i>	<i>31 December 2009</i>	<i>30 June 2010</i>	<i>31 December 2009</i>
Individuals	1,478,148	1,491,860	779,530	777,745
Real estate	1,083,140	1,024,391	686,748	612,275
Services	623,122	374,705	618,792	303,727
Manufacturing	541,972	416,054	295,693	276,950
Transport	466,832	398,776	265,483	193,959
Trading	291,883	254,240	228,083	189,452
Construction	259,324	250,047	203,440	172,897
Financial services	119,945	184,291	433,634	480,006
Agriculture and food processing	89,923	93,118	61,113	75,039
Electricity	38,476	25,459	25,988	21,000
Government and municipalities	19,986	21,342	19,545	20,521
Fuel	4,933	5,458	-	-
Other	406,385	305,002	227,723	146,215
<b>Loans to customers, net</b>	<b>5,424,069</b>	<b>4,844,743</b>	<b>3,845,772</b>	<b>3,269,786</b>

The changes in allowances for impairment of interest earning assets carried at amortized cost were as follows:

	<i>Group</i>	<i>Bank</i>
<b>31 December 2008</b>	<b>73,965</b>	<b>25,047</b>
Charge for loans	46,648	18,140
Write-offs for loans	(16,316)	-
Effect of changes in currency rates for loans	(449)	(16)
<b>30 June 2009</b>	<b>103,848</b>	<b>43,171</b>
<b>31 December 2009</b>	<b>187,060</b>	<b>103,164</b>
Charge for loans*	40,818	46,148
Write-offs for loans	(4,211)	-
Effect of changes in currency rates for loans	2,780	2,653
<b>30 June 2010</b>	<b>226,447</b>	<b>151,965</b>

\* Reversal of impairment loss in subsidiary AS Latvijas Krājbanka includes enhancement of credit risk in amount of LTL 17 million (LVL 3.5 million) from consideration arising from additional collateral placed.

### 6. Amounts Due to Credit Institutions

Amounts due to credit institutions comprise:

	<i>Group</i>		<i>Bank</i>	
	<i>30 June 2010</i>	<i>31 December 2009</i>	<i>30 June 2010</i>	<i>31 December 2009</i>
Time deposits and loans	297,355	247,498	282,075	173,092
Current accounts	5,579	6,030	5,900	5,724
<b>Amounts due to credit institutions</b>	<b>302,934</b>	<b>253,528</b>	<b>287,975</b>	<b>178,816</b>

(LTL thousand)

## 7. Amounts Due to Customers

The amounts due to customers include the following:

	<i>Group</i>		<i>Bank</i>	
	<i>30 June 2010</i>	<i>31 December 2009</i>	<i>30 June 2010</i>	<i>31 December 2009</i>
Time deposits	5,328,689	5,239,115	3,752,436	3,616,884
Current accounts	2,971,381	2,140,604	1,884,618	1,377,320
<b>Amounts due to customers</b>	<b>8,300,070</b>	<b>7,379,719</b>	<b>5,637,054</b>	<b>4,994,204</b>

Amounts due to customers include accounts with the following types of customers:

	<i>Group</i>		<i>Bank</i>	
	<i>30 June 2010</i>	<i>31 December 2009</i>	<i>30 June 2010</i>	<i>31 December 2009</i>
Individuals	5,451,459	5,149,096	3,840,594	3,610,962
Corporate clients	2,304,147	1,814,332	1,596,934	1,306,463
State or municipal companies	373,781	349,264	123,588	36,701
State budget or municipal authorities	124,111	41,593	54,844	23,700
Other	46,572	25,434	21,094	16,378
<b>Amounts due to customers</b>	<b>8,300,070</b>	<b>7,379,719</b>	<b>5,637,054</b>	<b>4,994,204</b>

The deposits concentration (top 20 depositors) in the Group was 13.4 % as of 30 June 2010 and 11.23 % as of 31 December 2009, in the Bank – 17.98 % and 13.94 % accordingly.

## 8. Debt Securities Issued

As of 30 June the Group and the Bank had the debt securities issued with the amortized cost in amount of LTL 148,541 thousand and LTL 156,006 thousand accordingly, out of which Bank's issued debt securities certificates of deposits amounted LTL 41,796 thousand.

On 21 May 2010, the AB bankas SNORAS redeemed the Bank's issued Eurobonds, nominal value – 175 million EUR, issued in 2007.

As of 31 December 2009 the Group and the Bank had the debt securities issued with the amortized cost in amount of LTL 529,870 thousand and LTL 519,696 thousand accordingly.

## 9. Income tax

The major components of income tax expense for the six months ended 30 June in the interim consolidated income statement are:

	<i>Group</i>		<i>Bank</i>	
	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
<b>Income taxes</b>				
Current income tax expenses	(1,522)	(447)	-	(31)
Deferred income tax income	3,528	48	1,709	(161)
<b>Income tax income (expenses)</b>	<b>2,006</b>	<b>(399)</b>	<b>1,709</b>	<b>(192)</b>

## 10. Capital Adequacy

Capital adequacy ratios of the Group, and the Bank were as follows (%):

	<i>Group</i>	<i>Bank</i>
30 June 2010	10.01	10.43
31 December 2009	10.02	11.23

(LTL thousand)

### 11. Property, plant and equipment

During the six months ended 30 June 2010, the Group and the Bank acquired assets with a cost of 8,369 LTL thousand and 6,303 LTL thousand accordingly.

Decrease is due to depreciation mainly. No significant disposals appeared during the six months ended 30 June 2010.

### 12. Equity

Movements in shares outstanding, issued and fully paid were as follows (excluding preference shares):

#### Bank

Calculation of weighted average for 2010	Number of shares	Par value	Issued / 180 (days)	Weighted average of ordinary shares
Ordinary shares issued as of 30 June 2010	391,922,567	1	180/180	391,922,567
<b>Shares issued as of 30 June 2010</b>	<b>391,922,567</b>	<b>1</b>	<b>180/180</b>	<b>391,922,567</b>

In March 2010 the Bank acquired 31.96 % AS Latvijas Krājbanka shares (note 0); therefore the reserves and retained earnings changed respectively between non-controlling interest and equity holders of the parent.

As of 30 June 2010, paid in but not registered share capital consists of 82,294 thousand ordinary shares, with nominal value of 1 LTL each. The distribution price of shares is LTL 1 per share. The total amount of new emission is 82,294 thousand shares.

### 13. Fee from advisory services

In March 2010 the Bank got fee for advisory services in amount of 10 million USD (LTL 25.5 million). The Bank provided to the Client consulting services related to the restructuring and optimization of the credit indebtedness of the former client before the Client as well as ongoing investment opportunities. The advisory services have been provided during first half of 2010 and it has been completed before 30 June 2010.

### 14. Investment in an associate

The Group's Company UAB SNORAS Media has acquired 34% interest in UAB Lietuvos rytas, which main activity is media business in Lithuania. UAB Lietuvos rytas is a private entity that is not listed on any public exchange. The following table illustrates summarized financial information of the group investment in UAB Lietuvos rytas:

UAB SNORAS Media share of the associate's statement of financial position:

	<i>As at 30 June 2010</i>	<i>At the Acquisition date (5 January 2010)</i>
	unaudited	unaudited
Assets	57,044	59,176
Liabilities	37,044	37,195
<b>Net assets</b>	<b>20,000</b>	<b>21,981</b>
Carrying amount of goodwill (negative goodwill)	-	(1,981)
<b>Consideration paid</b>	<b>-</b>	<b>20,000</b>
Share of the associate's profit (loss):		
Loss:	(1,981)	-
<b>Carrying amount of the investment</b>	<b>20,000</b>	<b>20,000</b>



(LTL thousand)

**15. Related Party Transactions**

The following table provides the total amount of transactions which have been entered into with related parties during the six months ended 30 June 2010 and 2009:

	<u>Shareholders</u>	<u>Subsidiaries</u>	<u>Key management personnel</u>
Loans issued at 30 June 2009, net	9,859	447,651	1
Loans issued at 30 June 2010, net	58,128	557,839	4,603
Due from banks at 30 June 2009	-	60,128	-
Due from banks at 30 June 2010	-	83,301	-
Due to banks at 30 June 2009	-	74,076	-
Due to banks at 30 June 2010	-	5,160	-
Deposits at 30 June 2009	-	2,563	6,863
Deposits at 30 June 2010	131	1,524	12,457
Debt securities issued at 30 June 2009	-	-	-
Debt securities issued at 30 June 2010	36,691	-	36,691
Foreign exchange contracts at 30 June 2009, net	-	97,442	-
Foreign exchange contracts at 30 June 2010, net	-	83,479	-

During the reporting period Bank has entered into an arrangement with its subsidiary AS Latvijas Krājbanka with notional value of LTL 200 million (LVL 41 million) of maximum possible credit enhancement. The fair value of the aforementioned agreement as estimated by the Bank was null as a result no payments have been made by neither party at inception of this agreement.

As of 30 June 2010 Bank has granted loans to subsidiaries with zero interest rate amounting to LTL 81,099 thousand (as of 30 June 2009 – 0).

The volumes of the Group related party transactions and their balances in 30 June 2010 and 2009 are as follows:

	<u>Shareholders</u>	<u>Key management personnel</u>
Loans issued at 30 June 2009	9,859	400
Loans issued at 30 June 2010	58,174	4,608
Debt securities issued at 30 June 2009	-	-
Debt securities issued at 30 June 2010	36,691	36,691
Deposits at 30 June 2009	-	8,680
Deposits at 30 June 2010	254	12,483

As of 30 June 2010 the Group had subordinated loans from its controlling shareholders and the outstanding amount of these subordinated loans, including accrued interest, amounted to LTL 150,886 thousand (LTL 151,664 thousand as of 31 December 2009).

Interest income and expense for the six months period ended 30 June on the balances due from/to related parties:

	<u>Group</u>		<u>Bank</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Interest income	1,136	340	13,673	24,600
Interest expense	2,067	2,433	2,598	4,503

(LTL thousand)

## 16. Segments reporting

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocations and performance assessment. Income taxes are managed on a Group basis and are not allocated to operating segments.

The following table represents profit and asset regarding Group's operating segments.

	<i>Retail and Corporate Banking</i>	<i>Investment Banking and Assets Management</i>	<i>Leasing</i>	<i>Real estate, debt recovery and other activity</i>	<i>Eliminations</i>	<i>Group</i>
<i>For the six months ended 30 June 2010</i>						
<b>Segment profit (loss)</b>	(21,639)	333	664	(3,033)	-	(23,675)
Income tax expense	-	-	-	-	-	2,006
<b>(Loss) for the period</b>	-	-	-	-	-	(21,669)
<b>Total assets 30 June 2010</b>	<b>9,893,962</b>	<b>316,981</b>	<b>172,064</b>	<b>173,653</b>	<b>(876,175)</b>	<b>9,680,485</b>
<i>For the six months ended 30 June 2009</i>						
<b>Segment profit (loss)</b>	(8,268)	(627)	(352)	(7,093)	-	(16,340)
Income tax expense	-	-	-	-	-	(399)
<b>Profit for the period</b>	-	-	-	-	-	(16,739)
<b>Total assets 31 December 2009</b>	<b>9,262,866</b>	<b>233,853</b>	<b>170,011</b>	<b>166,997</b>	<b>(801,382)</b>	<b>9,032,345</b>

Different segments results were affected by market conditions.

## 17. Subsequent events

On 23 July 2010, the Board of the Bank of Lithuania permitted Bank SNORAS to register a change to the articles of association related to the increase of the authorized capital of the bank by LTL 82.3 million up to LTL 494.2 million.

On 1 July 2010, the Group company UAB SNORAS Investment Management bought 51 % UAB "Nekilnojamojo turto gama", UAB "Stelita" and UAB "NT Panorama" shares. The total assets of UAB "Nekilnojamojo turto gama" are 188,714 thousand Litass, UAB "Stelita"- 9,259 thousand Litass and UAB "NT Panorama" - 43,422 thousand Litass. The company's principal activity is real estate development.

In July 2010 was established the Bank's subsidiary company "Real estate investment management" OU (Republic of Estonia). The main activity of the established company – real estate management and development in Estonia. Share capital - 40 000 EEK, Bank owns 85% of the company. Company was registered in 28 June 2010.