AB SAMPO BANKAS
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006
PRESENTED TOGETHER WITH INDEPENDENT AUDITORS' REPORT

ERNST & YOUNG

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF AB SAMPO BANKAS

We have audited the accompanying 2006 financial statements of AB Sampo Bankas, a joint stock company registered in the Republic of Lithuania (the "Bank"), and consolidated financial statements of the Bank together with its subsidiary UAB Sampo Banko Lizingas (the "Group"), which comprise the Bank's and the Group's balance sheets as of 31 December 2006, the statements of income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

The Bank's management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Bank and the Group as of 31 December 2006, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards.

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

Jonas Akelis
Auditor's licence
No. 000003

The audit was completed on 26 January 2007.

TABLE OF CONTENTS

STATEMENTS OF INCOME

		The Bank		The Group	
	Note	2006	2005	2006	2005
Interest income		153,185	86,346	167,021	94,605
Interest expenses		(90,479)	(44,051)	(97,782)	(48,735)
Net interest income	4	**62,706**	**42,295**	**69,239**	**45,870**
Impairment expenses, net of releases and recoveries	6	**(618)**	**(4,732)**	**(1,123)**	**(4,305)**
Net interest income after impairment		**62,088**	**37,563**	**68,116**	**41,565**
Fee and commission income		14,132	9,002	14,180	9,029
Fee and commission expenses		(4,395)	(2,204)	(4,441)	(2,307)
Net fee and commission income	5	**9,737**	**6,798**	**9,739**	**6,722**
Net (loss) on trading securities	7	(727)	(179)	(727)	(179)
Net foreign exchange gain	8	3,687	2,326	3,731	2,238
Other operating income	9	1,024	763	3,807	4,959
Other non-interest income		**3,984**	**2,910**	**6,811**	**7,018**
Salaries and benefits	10	(24,275)	(18,831)	(26,285)	(20,323)
Depreciation and amortisation	20,21	(2,331)	(1,557)	(6,071)	(6,233)
Premise rent and maintenance		(3,834)	(3,401)	(4,478)	(3,680)
Other operating expenses	11	(20,965)	(15,249)	(23,141)	(16,170)
Operating expenses		**(51,405)**	**(39,038)**	**(59,975)**	**(46,406)**
Profit before tax		**24,404**	**8,233**	**24,691**	**8,899**
Income tax expense	12	(1,090)	-	(1,200)	(162)
Profit for the year		**23,314**	**8,233**	**23,491**	**8,737**
Basic and diluted earnings per share (LTL)	32	11.29	5.97	11.38	6.34

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

BALANCE SHEETS

	Note	The Bank 2006	The Bank 2005	The Group 2006	The Group 2005
Assets					
Cash		19,999	15,355	19,999	15,355
Balances with the Bank of Lithuania	13	236,751	162,869	236,751	162,869
Financial assets designated at fair value through profit or loss	14	100,562	87,957	100,562	87,957
Due from banks	15	55,099	158,236	55,111	158,236
Due from other financial institutions	16	149,318	163,363	78	18
Loans to customers, net	17	3,440,773	2,321,264	3,440,773	2,321,264
Financial lease receivables, net	18	-	-	463,609	336,354
Held to maturity investments	19	205,383	152,481	205,383	152,481
Investment into subsidiary	19	4,000	4,000	-	-
Intangible assets, less amortisation	20	1,727	1,523	2,291	1,545
Property and equipment, less depreciation	21	9,054	6,377	17,367	21,833
Deferred income tax asset	12	1,292	-	1,485	-
Other assets, net	22	9,152	4,651	11,926	10,716
Total assets		**4,233,110**	**3,078,076**	**4,555,335**	**3,268,628**
Liabilities					
Amounts owed to banks	23	2,462,214	1,752,192	2,778,272	1,934,062
Financial liabilities designated at fair value through profit or loss	39	4,079	2	4,079	2
Amounts owed to other credit and financial institutions	24	121,914	96,647	121,914	96,647
Deposits from public	25	1,094,167	734,150	1,094,167	734,150
Debt securities issued	26	99,486	187,512	99,486	187,512
Accrued expenses and deferred income	27	8,609	7,214	8,976	7,581
Income tax payable		2,382	-	2,560	162
Other liabilities	29	43,190	31,823	49,392	40,732
Provisions	28	-	803	-	804
Subordinated loan	30	124,969	68,947	124,969	68,947
Total liabilities		**3,961,010**	**2,879,290**	**4,283,815**	**3,070,599**
Equity					
Issued capital	31	234,908	184,908	234,908	184,908
Restricted reserve	31	-	95	-	95
Reserve capital	31	3,741	3,212	3,741	3,212
Retained earnings	31	33,451	10,571	32,871	9,814
Total equity		**272,100**	**198,786**	**271,520**	**198,029**
Total liabilities and equity		**4,233,110**	**3,078,076**	**4,555,335**	**3,268,628**

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

STATEMENTS OF CHANGES IN EQUITY

The Bank	Note	Issued capital	Restricted reserve	Reserve capital	Retained earnings	Total equity
Balance as of 31 December 2004		**118,040**	**95**	**3,155**	**(15,737)**	**105,553**
Profit for the year		-	-	-	8,233	8,233
Total income and expenses for the year		-	-	-	**8,233**	**8,233**
Capital increase	31	66,868	-	-	-	66,868
Transfers to obligatory reserves		-	-	57	(57)	-
Contributions to cover retained losses		-	-	-	18,132	18,132
Balance as of 31 December 2005		**184,908**	**95**	**3,212**	**10,571**	**198,786**
Profit for the year		-	-	-	23,314	23,314
Total income and expenses for the year		-	-	-	**23,314**	**23,314**
Capital increase	31	50,000	-	-	-	50,000
Transfers to obligatory reserves	31	-	(95)	529	(434)	-
Balance as of 31 December 2006		**234,908**	**-**	**3,741**	**33,451**	**272,100**

The Group	Note	Issued capital	Restricted reserve	Reserve capital	Retained earnings	Total equity
Balance as of 31 December 2004		**118,040**	**95**	**3,155**	**(16,998)**	**104,292**
Profit for the year		-	-	-	8,737	8,737
Total income and expenses for the year		-	-	-	8,737	8,737
Capital increase	31	66,868	-	-	-	66,868
Transfers to obligatory reserves		-	-	57	(57)	-
Contributions to cover retained losses		-	-	-	18,132	18,132
Balance as of 31 December 2005		**184,908**	**95**	**3,212**	**9,814**	**198,029**
Profit for the year		-	-	-	23,491	23,491
Total income and expenses for the year		-	-	-	**23,491**	**23,491**
Capital increase	31	50,000	-	-	-	50,000
Transfers to obligatory reserves	31	-	(95)	529	(434)	-
Balance as of 31 December 2006		**234,908**	**-**	**3,741**	**32,871**	**271,520**

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

CASH FLOWS STATEMENTS

	Note	The Bank 2006	The Bank 2005	The Group 2006	The Group 2005
Operating activities					
Interest income		150,639	87,947	163,774	97,687
Interest expenses		(90,479)	(44,051)	(97,782)	(48,735)
Fees and commission income		14,132	9,002	14,180	9,029
Fees and commission expenses		(4,395)	(2,204)	(4,441)	(2,307)
Foreign exchange operations		(11,445)	4,714	(11,401)	4,626
Operations with securities		(404)	144	(404)	144
Loan loss recovery income		58	155	152	471
Salaries and benefits		(23,141)	(17,184)	(25,032)	(18,612)
Other expenses		(22,010)	(15,281)	(21,959)	(12,906)
		12,955	23,242	17,087	29,397
Changes in operating assets and liabilities					
Due from banks and other financial institutions		132,432	(238,709)	118,327	(97,738)
Loans to customers		(1,118,972)	(1,154,348)	(1,118,972)	(1,154,348)
Financial lease		-	-	(127,155)	(79,775)
Financial assets designated at fair value through profit or loss		(12,928)	(6,611)	(12,928)	(6,611)
Other current assets		5,141	(5,033)	8,297	(7,174)
Amounts owed to credit and financial institutions		735,546	896,186	873,811	828,818
Deposits from public		371,258	361,305	371,258	361,305
Debt securities issued		(88,026)	187,512	(88,026)	187,512
Other current liabilities		8,463	(112)	5,449	(1,707)
		32,914	40,190	30,061	30,282
Income tax paid		-	-	(361)	(198)
Cash from operating activities		45,869	63,432	46,787	59,481
Investing activities					
Intangible assets, property and equipment		(5,213)	(2,271)	(6,119)	1,680
Held to maturity investments		(52,902)	(57,388)	(52,902)	(57,388)
Cash from investing activities		(58,115)	(59,659)	(59,021)	(55,708)
Financing activities					
Proceeds from subordinated loan		56,022	18,176	56,022	18,176
Proceeds from capital increase		50,000	85,000	50,000	85,000
Cash from (used in) financing activities		106,022	103,176	106,022	103,176
Net increase in cash and cash equivalents		**93,776**	**106,949**	**93,788**	**106,949**
Cash and cash equivalents as of 31 December		**309,925**	**216,149**	**309,937**	**216,149**
Cash and cash equivalents as of 1 January		216,149	109,200	216,149	109,200
Which could be specified as follows					
Cash		19,999	15,355	19,999	15,355
Current account with the Bank of Lithuania	13	236,751	162,869	236,751	162,869
Current accounts with other banks	15	53,175	37,925	53,187	37,925
		309,925	**216,149**	**309,937**	**216,149**

The accompanying notes are an integral part of these financial statements.
The financial statements were authorized for issue on 26 January 2007.
The financial statements have been approved by the Bank and signed on its behalf by:

N. Drobavičius

Gintautas Galvanauskas
Chairman of the Board

Nerijus Drobavičius
Chief accountant

NOTES TO THE FINANCIAL STATEMENTS OF AB SAMPO BANKAS

NOTE 1 Background information

AB Sampo Bankas (hereinafter "the Bank") was established on 14 December 1993 as Lithuanian Development Bank. A banking license was received in December 1994. On 15 September 2000 the Bank obtained license to operate as a commercial bank.

As of 31 December 2006 and 2005 the sole shareholder of AB Sampo Bankas was Sampo Bank Plc. (Finland). Ultimate shareholder of the Bank is Sampo Plc (Finland). For more information refer to Note 31.

On 9 November 2006 The Danske Bank Group has signed an agreement to purchase all the shares of Sampo Bank Plc. The deal is subject to the approval of the relevant authorities. These approvals are expected in the first quarter of 2007.

As of 31 December 2006 and 2005 all shares were authorised, subscribed and fully paid.

As of 31 December 2006 AB Sampo Bankas had six branches (as of 31 December 2005 – four branches). The Head office is located at Geležinio Vilko Str. 18A, in Vilnius, Lithuania.

The Bank is engaged in provision of services set forth by the Law on Commercial Banks and deals with deposits, loans, money transfers, documentary settlements, currency exchange, trade finance, asset management, investing activities, brokerage, etc. both to corporate and retail sector.

As of 31 December 2006 and 2005 the Bank had a fully owned subsidiary company UAB Sampo Banko Lizingas (hereinafter "the Subsidiary"), engaged in provision of finance and operating lease services, which is located at Geležinio Vilko Str. 18A, in Vilnius, Lithuania. The Subsidiary provides services to both corporate and retail sector.

The Bank and the Subsidiary further on are referred as the Group.

NOTE 2 Significant accounting policies

Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis, except for financial assets and financial liabilities through profit or loss that have been measured at fair value.

Statement of compliance

The consolidated financial statements of AB Sampo Bankas have been prepared in accordance with International Financial Reporting Standards (IFRS) which comprise standards and interpretations approved by the International Accounting Standards Board (IASB), and International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee (IASC), effective as of 31 December 2006 as adopted by the European Union.

Functional and presentation currency

The functional currency of the Group is local currency of the Republic of Lithuania, Litas (LTL). The amounts shown in these financial statements are presented in thousand Lithuanian Litas.

Lithuanian Litas is pegged to EUR at the rate of 3.4528 Litas for 1 EUR, and the exchange rates in relation to other currencies are set daily by the Bank of Lithuania.

Adoption of new and/or changed IFRSs and IFRIC interpretations

The Group has not applied the following IFRSs and IFRIC Interpretations that have been issued but are not yet effective:

- IFRS 7 Financial Instruments: Disclosures (effective for annual periods beginning on or after 1 January 2007). IFRS 7 requires disclosures that enable users to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments.

- IFRS 8 Operating Segments (effective for annual periods beginning on or after 1 January 2009). The standard sets out requirements for disclosure of information about an entity's operating segments and also about the entity's products and services, the geographical areas in which it operates, and its major customers. IFRS 8 supersedes IAS 14 Segment Reporting once adopted by EU.

- Amendments to IAS 1 ("Capital Disclosures") (effective for annual periods beginning on or after 1 January 2007). This amendment requires the Company to make new disclosures to enable users of the financial statements to evaluate the Company's objectives, policies and processes of managing capital.

- IFRIC 7 Applying the Restatement Approach under IAS 29 "Financial Reporting in Hyperinflationary Economies" (effective for annual periods beginning on or after 1 March 2006). This interpretation provides guidance on how to apply the requirements of IAS 29 in a reporting period in which an entity identifies the existence of hyperinflation in the economy of its functional currency, when that economy was not hyperinflationary in the prior period.

- IFRIC 8 Scope of IFRS 2 (effective for annual periods beginning on or after 1 May 2006). This interpretation requires IFRS 2 to be applied to any arrangements where equity instruments are issued for consideration which appears to be less than fair value.

- IFRIC 9 Reassessment of Embedded Derivatives (effective for annual periods beginning on or after 1 June 2006). This interpretation establishes that the date to assess the existence of an embedded derivative is the date an entity first becomes a party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows.

- IFRIC 10 Interim Financial Reporting and Impairment (effective for annual periods beginning on or after 1 November 2006). This interpretation establishes that the entity shall not reverse an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost.

- IFRIC 11 IFRS 2 – Group and Treasury Share Transactions (effective for annual periods beginning on or after 1 March 2007). The interpretation provides guidance on classification of transactions as equity-settled or as cash-settled and also gives guidance on how to account for share-based payment arrangements that involve two or more entities within the same group in the individual financial statements of each group entity.

- IFRIC 12 Service Concession Agreements (effective for annual periods beginning on or after 1 January 2008). The interpretation addresses how service concession operators should apply existing International Financial Reporting Standards (IFRSs) to account for the obligations they undertake and rights they receive in service concession arrangements once adopted by EU.

The Group expects that the adoption of the pronouncements listed above will have no significant impact on the Group's financial statements in the period of initial application, except for IFRS 7 "Financial Instruments: Disclosures"; IAS 1 amendment Capital Disclosures and IFRS 8 "Operating Segments"

IFRS 7 "Financial Instruments: Disclosures" and IAS 1 amendment "Capital Disclosures"

IFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. It replaces IAS 30, Disclosures in the Financial Statements of Banks and Similar Financial Institutions, and disclosure requirements in IAS 32, Financial Instruments: Disclosure and Presentation. It is applicable to all entities that report under IFRS. The amendment to IAS 1 introduces disclosures about the level of an entity's capital and how it manages capital. The Group assessed the impact of IFRS 7 and the amendment to IAS 1 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and the capital disclosures required by the amendment of IAS 1. The Group will apply IFRS 7 and the amendment to IAS 1 from annual periods beginning 1 January 2007.

IFRS 8 "Operating Segments"

The Group is still estimating the impact of adoption of IFRS 8 "Operating Segments" to its financial statements.

Consolidation

The consolidated financial statements include financial results of the Bank and fully owned UAB Sampo Banko Lizingas.

In the consolidated financial statements all inter-company balances and transactions were eliminated. Consolidated financial statements were prepared using the same accounting principles for similar transactions and events.

Comparative figures

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

Significant presentation changes include reclassification of deposits' insurance expenses to the interest expenses, reclassification of compulsory reserves held with Bank of Lithuania to the cash and cash equivalents (for the purposes of the cash flow statements) and separate presentation of balances with the banks.

Error corrections

The Group shall correct material prior period errors retrospectively in the first set of financial statements authorised for issue after their discovery by restating the comparative amounts for the prior period(s) presented in which the error occurred or if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented. When it is impracticable to determine the period-specific effects of an error on comparative information for one or more prior periods presented, the entity shall restate the opening balances of assets, liabilities and equity for the earliest period for which retrospective restatement is practicable (which may be the current period).

Foreign currencies

Amounts denominated in other currencies than LTL are translated into LTL at the official exchange rate of the Bank of Lithuania prevailing at the date of transaction. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in other currencies than LTL are recognised in the income statement.

Monetary assets and liabilities denominated in other currencies than LTL are revalued to LTL at the rates established by the Bank of Lithuania at the balance sheet date. The official exchange rates of the main currencies, used for the revaluation of balance sheet items as at the year end were as follows (LTL units to currency unit):

	2006.12.31	**2005.12.31**
EUR	3.4528	3.4528
USD	2.6304	2.9102

Income and expenses recognition

Interest income and expense are recognized on an accrual basis calculated using the effective interest method. Loan origination fees for loans issued to customers are deferred (together with related direct costs) and recognized as an adjustment to the effective yield of the loans. Fees, commissions and other income and expense items are generally recorded on an accrual basis when the service has been provided. Portfolio and other management advisory and service fees are recorded based on the applicable service contracts.

Income from penalty payments is recognised on a cash basis.

Cash and cash equivalents

Cash, precious metals, current accounts with the Bank of Lithuania and current accounts with other banks due to their high liquidity with maturity up to three months are accounted for as cash and cash equivalents in the cash flow statement.

Compulsory reserves with the Bank of Lithuania are treated as cash and cash equivalents, as according to the requirements of the Bank of Lithuania, the Group is obliged to upkeep average rate of funds during the required period, but on the daily basis whole amount is at the Group's disposition.

Intangible Assets

Intangible assets include computer software and licences.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic lives of 1 to 3 years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortisation periods and methods for intangible assets with finite useful lives are reviewed at least at each financial year-end.

Intangible assets with indefinite useful lives are not amortised, but tested for impairment annually either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. As of 31 December 2006 and 2005 Bank and Group did not have any intangible assets with indefinite useful lives.

Costs associated with maintaining computer software programmes are recorded as an expense as incurred.

Property and equipment

Property and equipment are carried at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and any accumulated impairment in value. Such cost includes the cost of replacing part of such plant and equipment when that cost is incurred if the recognition criteria are met. Buildings are measured at cost less depreciation and impairment.

Parts of some items of property and equipment may require replacement at regular intervals. Items of property and equipment may also be acquired to make a less frequently recurring replacement. Under the recognition principles of property and equipment, the Group recognises in the carrying amount of an item of property and equipment the cost of replacing part of such an item when that cost is incurred if the recognition criteria are met.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Depreciation of property and equipment is calculated using the straight-line method, writing off the carrying value of each asset over its estimated useful life, as follows:

Buildings	40 years
Office equipment	2-8 years
Motor vehicles	3-5 years

Leasehold improvements are amortized over the life of the related leased asset. The asset's residual values, useful lives and methods are reviewed, and adjusted as appropriate, at each financial year-end.

Repairs and renewals are charged to the income statement when the expenditure is incurred. Items with a cost value of LTL 3,000 or less are charged directly to the statement of income.

Financial assets and financial liabilities

The Group recognises financial asset on its balance sheet when, and only when, the Group becomes a party to the contractual provisions of the instrument.

Financial assets in the scope of IAS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

All "regular way" purchases and sales of investments are recognised using settlement date accounting. The settlement date is the date when an asset is delivered to or by the Group. Settlement day refers to the recognition of an asset on the day it is transferred to the Group and to the derecognition of an asset, on the day that it is transferred by the Group. All other purchases or sales are recognised as derivative instruments until settlement occurs.

Financial assets or financial liabilities at fair value through profit or loss

Financial assets or financial liabilities held for trading

Financial assets or financial liabilities classified as held for trading other than derivatives are included in the category "financial assets at fair value through profit or loss". Financial assets or financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Such assets or liabilities are initially accounted for at acquisition cost and are subsequently revalued at the fair value, which is market price. Related profit or loss on revaluation is charged directly to the income statement. Interest income and expense and dividends on such investments are recognised as interest income and expense and dividend income respectively.

Financial assets or financial liabilities designated at fair value through profit or loss

Financial assets and financial liabilities classified in this category are designated by management on initial recognition when the following criteria are met:

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis;
- the assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy,
- the financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

Financial assets and financial liabilities at fair value through profit or loss are recorded in the balance sheet at fair value. Related profit or loss on revaluation is charged directly to the income statement. Interest income and expense and dividends on such investments are recognised as interest income and expense and dividend income respectively.

Held to maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long-term investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in income statement when the investments are derecognised or impaired, as well as through the amortisation process.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Loans and advances are recognised at their settlement date. From the date of signing a contractual agreement till the settlement date they are accounted for as off balance sheet items.

Loan agreements foresee the possibility of repayment before the maturity date. The management of the Group cannot estimate how often or when clients would use such an option and therefore impact of such repayment, if any, was not reflected in the financial statements of the Group.

Non-performing loans

Loans are treated as non-performing when loan principal or interest payable is overdue for 90 and more days.

Write-offs

When the loans and advances cannot be recovered and all collateral has been realised, they are written-off and charged against impairment for possible credit losses. The management of the Group makes the decision on writing-off loans. Recoveries of loans previously written-off are credited to the income statement.

Factoring

A factoring transaction is a funding transaction wherein the Group finances its customers through buying their claims. Companies alienate rights to invoices due at a future date to the Group. Factoring transactions comprise factoring transactions with a right to recourse (the Group is entitled to selling the overdue claim back to the customer) and factoring transactions without a right to recourse (the Group is not entitled to selling the overdue claim back to the customer). The factor's revenue comprises the lump-sum contract fee charged on the conclusion of the contract, commission fees charged for processing the invoices, and interest income depending on the duration of the payment term set by the purchaser.

The factoring balance includes the aggregate amount of factored invoices outstanding as of the reporting date and all amounts accrued for the unpaid amount.

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial recognition available-for sale financial assets are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the statement of income.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument, which is substantially the same and discounted cash flow analysis.

Debt issued and other borrowed funds

Issued financial instruments and their components, which are not designated at fair value through profit or loss, are classified as liabilities, where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. The components of compound financial instruments, that contain both liability and equity elements, are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amounts separately determined as the fair value of the liability component on the date of issue.

After initial measurement, debt issued and other borrowings are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the effective interest rate.

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group has transferred its rights to receive cash flows from the asset, or retained the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; and
- the Group either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Due form banks and loans and advances to customers

For amounts due form banks and loans and advances to customers carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised, are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of the Group's internal credit rating system that considers credit risk characteristics such as asset type, industry, geographical location, collateral type, past-due status and other relevant factors.

Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the years on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect, and are directionally consistent with, changes in related observable data from year to year. The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Held to maturity investments

For held to maturity investments the Group assesses individually whether there is objective evidence of impairment. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement.

If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognised, any amounts formerly charged are credited to the income statement.

Renegotiated loans

Where possible, the Group seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of a new loan conditions. Once the terms have been renegotiated, the loan is no longer considered past due. Management continuously reviews renegotiated loans to ensure that all criteria are met and that the future payments are likely to occur. The loans continue to be the subject to an individual or collective impairment assessment, calculated using the loan's original effective interest rate.

Impairment of other assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash- generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation (if any), had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge (if any) is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Fair values of financial assets and liabilities

For financial instruments traded in organised financial markets the fair value is determined by reference to quoted market prices. Bid prices are used for assets and offer prices are used for liabilities. The fair value of interest-bearing financial instruments is estimated based on discounted cash flows using the interest rates for items with similar terms and risk characteristics. For unquoted equity investments fair value is determined using valuation techniques. Such techniques include using recent arm’s length market transactions, reference to the current market value of another instrument, which is substantially the same and discounted cash flow analysis. Where the fair values of financial assets and liabilities differ materially from their book values, such fair values are separately disclosed in the notes to the financial statements.

Leases

<u>Finance – Group as lessee</u>

The Group recognizes finance leases as assets and liabilities in the balance sheet at the date of commencement of the lease term at amounts equal to the fair value of the leased property or, if lower, at the present value of the minimum lease payments. In calculating the present value of the minimum lease payments the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group’s incremental borrowing rate is used. Initial direct costs incurred are included as part of the asset. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The costs identified as directly attributable to activities performed by the lessee for a finance lease, are included as part of the amount recognised as an asset under the lease.

Finance – Group as lessor

The Group recognises lease receivables at value equal to the net investment in the lease, starting from the date of commencement of the lease term. Finance income is based on a pattern reflecting a constant periodic rate of return on the net investment outstanding. Initial direct costs are included in the initial measurement of the lease receivables.

Operating – Group as lessee

Leases of assets under which the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under an operating lease are recognized as expenses on a straight-line basis over the lease term and included into other administrative and operating expenses.

Operating – Group as lessor

The Group presents assets subject to operating leases in the balance sheets according to the nature of the asset. Lease income from operating leases is recognized in statement of income on a straight-line basis over the lease term as other income. The aggregate cost of incentives provided to lessees is recognized as a reduction of rental income over the lease term on a straight-line basis. Initial direct costs incurred specifically to earn revenues from an operating lease are added to the carrying amount of the leased asset.

The depreciation policy for depreciable leased assets is consistent with the lessor's normal depreciation policy for similar assets, and depreciation is calculated in accordance with accounting policies, used for the Group's property, plant and equipment.

Share capital

Share capital is shown in the balance sheet at the amount subscribed.

Income tax

Income tax charge is based on profit for the year and considers deferred taxation. Income tax is calculated based on the Lithuanian tax legislation.

In 2006 standard income tax rate in Lithuania was 19%, in 2005 – 15%. On 1 January 2006 the Provisional Social Tax Law came into effect in the Republic of Lithuania, which stipulates that along with 15% corporate income tax, for one financial year beginning on 1 January 2006 companies have to pay an additional 4% tax calculated based on the income tax principles, and one financial year beginning on 1 January 2007 – 3% tax. After the year 2007 the income tax rate applied to the companies in the Republic of Lithuania will be 15%.

Tax losses can be carried forward for 5 consecutive years, except for the losses incurred as a result of disposal of securities and / or derivative financial instruments that can be carried forward for 3 consecutive years. The losses from disposal of securities and or derivative financial instruments can be only used to reduce the taxable income earned from the transactions of the same nature.

Deferred taxes are calculated using the balance sheet liability method. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be reverse based on tax rates enacted or substantially enacted at the balance sheet date.

Deferred tax assets have been recognised in the balance sheet to the extent the management believes it will be realised in the foreseeable future, based on taxable profit forecasts. If it is believed that part of the deferred tax asset is not going to be realised, this part of the deferred tax asset is not recognized in the financial statements.

Derivative financial instruments

Derivative financial instruments are initially recognised at cost. Subsequently to initial recognition derivative instruments are stated at their fair values. Fair value is derived from quoted market prices or using the discounted cash flow method applying effective interest rate. All derivative instruments are accounted for as an asset, when their fair value is positive and as a liability, when their fair value is negative.

Changes in the fair value of derivative instruments held for trading purposes and held for fair value hedging purposes are recognised in the income statement.

Derivative instruments embedded in other financial instruments are treated as separate derivatives if their risks and characteristics are not closely related to those of the host contracts and the host contracts are not carried at fair value with unrealised gains and losses reported in the income statement. An embedded derivative is a component of a hybrid (combined) financial instrument that includes both the derivative and a host contract with the effect that some of the cash flows of the combined instrument vary in a similar way to a stand-alone derivative.

Off-balance sheet items

Off-balance sheet transactions are normally marked to market at the reporting date and any arising profit or loss is recognised in the income statement for the period and treated as an asset or liability in the balance sheet respectively.

All liabilities that give rise to balance sheet exposures are accounted for as off balance sheet liabilities. This allows the bank to assess capital requirement and to allocate funds required to cover those obligations.

Credit-related commitments

Commitments to extend credit represent unused portions of authorizations to extend credit in the form of loans, guarantees or letters of credit. The Group has the authority to cancel such agreement if the client’s risk increases. Commitments to extend credit are treated as risk assets for capital adequacy calculation purposes.

In the ordinary course of the business the Group gives financial guarantees, consisting of letters of credit, guarantees and acceptances. Financial guarantees are initially recognized in the financial statements at fair value, under Other liabilities caption, being premium received. Subsequent to initial recognition, the Group's liability under each guarantee is measured at the higher of the amortized premium and the best estimate of expenditure required settling any financial obligation arising as a result of the guarantee.

Any increase in the liability relating to financial guarantees is recorded to the income statement under Impairment expenses caption. The premium received is recognized in the income statement in Net fees and commissions income on a straight line basis over the life of guarantee.

Guarantees represent irrevocable assurances that the Group will make payments in the event when a customer cannot meet its obligations to the third parties. In case of execution of such a guarantee it is subsequently accounted for as balance sheet item and is subject for impairment assessment. Until guarantee is executed, it is treated as risk asset for capital adequacy calculation purposes.

Documentary and commercial letters of credit represent written undertakings by the Group on behalf of a customer authorising a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions. Letters of credit are collateralized by the underlying shipments of goods. Letters of credit are treated as risk assets for capital adequacy calculation purposes.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow or recourses embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the income statement. If the effect of the time value of money is material, provisions are discounted using current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a borrowing cost.

Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow or economic benefits is probable.

Use of estimates in the preparation of financial statements

The preparation of financial statements in conformity with International Financial Reporting Standards, as published by the International Accounting Standards Board, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingencies. The significant areas of estimation used in the preparation of the accompanying financial statements relate to depreciation and evaluation of impairment for loan losses, provisions for loan commitments and stand-by facilities.

Below are presented key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The Group regularly reviews its loans and receivables to assess impairment. The Group uses its experienced judgement to estimate the amount of any impairment loss in cases where a borrower is in financial difficulties and there are few available historical data relating to similar borrowers. Similarly, the Group estimates changes in future cash flows based on the observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the group of loans and receivables when scheduling its future cash flows. The Group uses its experienced judgement to adjust observable data for a group of loans or receivables to reflect current circumstances. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effect of any changes in estimates will be recorded in the financial statements, when determinable.

Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Segment income, segment expenses and segment performance include transfers between business segments and between geographical segments.

Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Subsequent events

Post-year-end events that provide additional information about the Bank's position at the balance sheet date (adjusting events) are reflected in the financial statements. Post-year-end events that are not adjusting events are disclosed in the notes when material.

NOTE 3 Segment information

The primary segment reporting format is determined to be the business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. The operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

For management purposes, the Group is organized into four major business segments:

- Retail banking – principally handling individual customers' deposits and providing mortgage, consumer loans, credit card facilities and funds transfer facilities;
- Corporate banking – principally handling loans and other credit facilities and deposits and current accounts for corporate customers;
- Leasing segment – principally handling financial and operating lease services to corporate and individual customers;
- Headquarters and treasury segment – principally managing above mentioned segments and providing treasury services to large retail and corporate customers.

These segments are basis on which the bank reports its primary segment information. Transactions between segments are conducted at estimated market rates on arm's length basis in a manners similar to transactions with third parties. Interest is charged / credited to business segments based on a pool rate which approximates the marginal cost of funds.

Group's secondary segments are not presented as Group does not separate secondary segments for internal reporting purposes.

NOTE 3 Segment information (cont'd)

The following table presents income and profit and certain asset and liability information regarding Group's business segments for the year ended 31 December 2006:

The Group	Retail banking	Corporate banking	Leasing	Headquarters and treasury	Total
Net interest income	23,839	35,784	6,577	3,039	69,239
Net fee and commission income	1,612	6,225	34	1,868	9,739
Net trading income	997	1,187	45	775	3,004
Other income	-	120	3,386	301	3,807
Impairment (expenses), net of releases and recoveries	(1,106)	495	(505)	(7)	(1,123)
Net operating income	**25,342**	**43,811**	**9,537**	**5,976**	**84,666**
Result for the year before taxes	**(2,740)**	**26,058**	**(1,001)**	**2,373**	**24,691**
Assets and liabilities					
Loans and lease to customers, net	1,768,312	1,672,461	463,609	-	3,904,382
Other assets	-	-	10,029	-	10,029
Unallocated assets	-	-	-	-	640,924
Total assets					**4,555,335**
Deposits from public	486,305	607,862	-	-	1,094,167
Other liabilities	-	-	322,802	-	322,802
Unallocated liabilities	-	-	-	-	2,741,877
Total liabilities					**4,158,846**
Other segmentation information					
Capital expenditure:					
Tangible fixed assets (allocated to Leasing)	-	-	2,200	-	2,200
Tangible fixed assets (allocated to other segments)	-	-	-	-	3,948
Intangible fixed assets (allocated to Leasing)	-	-	609	-	609
Intangible fixed assets (allocated to other segments)	-	-	-	-	1,264
Depreciation	-	-	3,673	-	4,944
Amortisation	-	-	67	-	1,127

NOTE 3 Segment information (cont'd)

The following table presents income and profit and certain asset and liability information regarding Group's business segments for the year ended 31 December 2005:

The Group	**Retail banking**	**Corporate banking**	**Leasing**	**Headquarters and treasury**	**Total**
Net interest income	15,086	22,287	6,339	2,158	45,870
Net fee and commission income	1,657	4,600	(47)	512	6,722
Net trading income	711	710	(88)	726	2,059
Other income	-	-	4,740	219	4,959
Impairment (expenses), net of releases and recoveries	(1,899)	(2,991)	426	159	(4,305)
Net operating income	15,555	24,606	11,370	3,774	55,305
Result for the year before taxes	**(5,420)**	**10,964**	**2,434**	**921**	**8,899**
Assets and liabilities					
Loans and lease to customers, net	1,119,110	1,202,154	336,354	-	2,657,618
Other assets	-	-	20,568	-	20,568
Unallocated assets	-	-	-	-	590,442
Total assets					**3,268,628**
Deposits from public	274,162	459,988	-	-	734,150
Other liabilities	-	-	191,307	-	191,307
Unallocated liabilities	-	-	-	-	2,076,195
Total liabilities					**3,001,652**
Other segmentation information					
Capital expenditure					
Tangible fixed assets (allocated to Leasing)	-	-	1,630	-	1,630
Tangible fixed assets (allocated to other segments)	-	-	-	-	1,334
Intangible fixed assets (allocated to Leasing)	-	-	20	-	20
Intangible fixed assets (allocated to other segments)	-	-	-	-	938
Depreciation	-	-	4,664	-	5,380
Amortisation	-	-	12	-	853

NOTE 4 Net interest income

	The Bank		The Group	
	2006	**2005**	**2006**	**2005**
Interest income				
on placements with central bank	1,515	212	1,515	212
on loans and placements with credit and financial institutions	7,806	6,425	2,273	1,930
on loans to customers	134,449	72,308	134,075	72,308
on impaired loans to customers	1,038	1,303	1,412	1,303
on financial assets at fair value through profit or loss	3,998	2,165	3,998	2,165
on held to maturity investments	4,379	3,933	4,379	3,933
on financial lease	-	-	19,369	12,754
	153,185	86,346	167,021	94,605
Interest expenses				
on liabilities to and placements from credit and financial institutions	(63,508)	(27,359)	(70,811)	(32,043)
on subordinated loans	(2,743)	(1,746)	(2,743)	(1,746)
on deposits and other repayable amounts	(15,999)	(11,341)	(15,999)	(11,341)
deposit insurance expenses*	(3,905)	(2,998)	(3,905)	(2,998)
on debt securities issued	(4,324)	(607)	(4,324)	(607)
	(90,479)	(44,051)	(97,782)	(48,735)
Net interest income	**62,706**	**42,295**	**69,239**	**45,870**

* Deposit insurance expenses were reclassified from operating expenses to interest expenses. Insurance expenses are calculated as 0.45% annual charge from deposit base and by substance represents part of effective yield on deposits. As set forth by the Directive 94/19/EC of the European Parliament and of the Council of 30 May 1994 on deposit-guarantee schemes, each Member State shall ensure that within its territory one or more deposit-guarantee schemes are introduced and officially recognized. The above-mentioned scheme is employed by state company "Deposit and Investment Insurance" in Lithuania.

NOTE 5 Net fee and commission income

	The Bank		The Group	
	2006	**2005**	**2006**	**2005**
Fee and commission income				
Fees on payments processed	4,834	3,482	4,803	3,452
Payment and credit cards	2,322	1,258	2,322	1,258
Operations with securities	2,118	524	2,118	524
Commission on EUR exchange	1,261	1,136	1,260	1,136
Cash operations	2,004	1,332	2,004	1,332
Document processing	789	593	789	591
Other	804	677	884	736
	14,132	9,002	14,180	9,029
Fee and commission expenses				
Fees on payments processed	(285)	(256)	(285)	(256)
Payment and credit cards	(3,768)	(1,728)	(3,768)	(1,728)
Operations with securities	(198)	(112)	(198)	(112)
Commission on EUR exchange	(2)	(45)	(2)	(45)
Other	(142)	(63)	(188)	(166)
	(4,395)	(2,204)	(4,441)	(2,307)
Net fee and commission income	**9,737**	**6,798**	**9,739**	**6,722**

NOTE 6 Impairment expenses

	Note	The Bank 2006	The Bank 2005	The Group 2006	The Group 2005
Changes in impairment of loans					
Impairment as of 1 January		(11,837)	(6,903)	(13,325)	(8,533)
Impairment losses		(1,474)	(5,186)	(2,074)	(5,074)
Loans, written off		76	284	1,592	314
Foreign exchange impact		15	(32)	14	(32)
Impairment as of 31 December		**(13,220)**	**(11,837)**	**(13,793)**	**(13,325)**
Which consist of:					
Loan impairment		(13,220)	(11,837)	(13,220)	(11,837)
Finance lease impairment	18	-	-	(573)	(1,488)
		(13,220)	**(11,837)**	**(13,793)**	**(13,325)**

	The Bank 2006	The Bank 2005	The Group 2006	The Group 2005
Non-performing loans				
Loans	5,440	1,931	5,440	1,931
Finance lease	-	-	2,733	4,285
Non performing loans	**5,440**	**1,931**	**8,173**	**6,216**

Impairment expenses	The Bank 2006	The Bank 2005	The Group 2006	The Group 2005
Impairment of loan and finance lease portfolio	(1,474)	(5,186)	(2,074)	(5,074)
Other impairment and provisions	798	299	799	298
Loan loss recovery	58	155	152	471
Impairment (expenses), net of releases and recoveries	**(618)**	**(4,732)**	**(1,123)**	**(4,305)**

	Note	The Bank 2006	The Bank 2005	The Group 2006	The Group 2005
Other impairment expenses					
Reversals off (provisions) for off-balance sheet items	28	798	(215)	799	(216)
Impairment for repossessed assets		-	520	-	520
Impairment for other assets		-	(9)	-	(9)
Impairment for financial institutions		-	3	-	3
Other impairment expenses, net		**798**	**299**	**799**	**298**

NOTE 7 Net income (loss) on trading securities

	The Bank		The Group	
	2006	**2005**	**2006**	**2005**
Trading result	(386)	144	(386)	144
Re-pricing effect	(357)	(323)	(357)	(323)
Dividends	16	-	16	-
Net income (loss) on securities' operations	**(727)**	**(179)**	**(727)**	**(179)**

NOTE 8 Net foreign exchange gain

	The Bank		The Group	
	2006	**2005**	**2006**	**2005**
Realised gain (loss)				
Gain on foreign exchange trading	13,855	11,263	13,899	11,263
(Loss) on foreign exchange trading	(17,158)	(6,549)	(17,158)	(6,637)
	(3,303)	4,714	(3,259)	4,626
Unrealised gain (loss)				
Balance sheet revaluation, net	6,496	2,450	6,496	2,450
Off balance sheet revaluation, net	494	(4,838)	494	(4,838)
	6,990	(2,388)	6,990	(2,388)
Net foreign exchange gain	**3,687**	**2,326**	**3,731**	**2,238**

NOTE 9 Other operating income

	The Bank		The Group	
	2006	**2005**	**2006**	**2005**
Income from operating lease	-	-	3,368	4,683
Other income	1,024	763	439	276
Other operating income	**1,024**	**763**	**3,807**	**4,959**

NOTE 10 Salaries and benefits

	The Bank		The Group	
	2006	**2005**	**2006**	**2005**
Salaries and wages	18,519	14,363	20,052	15,493
Social security expenses	5,756	4,468	6,233	4,830
Salaries and benefits	**24,275**	**18,831**	**26,285**	**20,323**
Number of employees (actual as of 31 December)	431	320	474	349

NOTE 11 Other operating expenses

	The Bank		The Group	
	2006	**2005**	**2006**	**2005**
Office equipment maintenance	4,296	4,018	4,382	2,822
Taxes, other than income tax	4,295	2,982	4,927	3,506
Advertising and marketing	4,578	2,164	4,736	2,573
Professional services	1,765	2,329	2,335	2,842
Transport and communications	2,272	1,701	1,997	1,534
Business trips and training	910	801	1,012	846
Representation expenses	1,216	530	1,564	699
Maintenance of assets held for operating lease	-	-	23	329
Other	1,633	724	2,165	1,019
Operating expenses	**20,965**	**15,249**	**23,141**	**16,170**

NOTE 12 Income tax

	The Bank		The Group	
	2006	2005	2006	2005
Net profit before income tax	24,404	8,233	24,691	8,899
Changes in temporary differences	4,285	1,089	4,082	897
Permanent differences	(2,112)	(7,148)	(359)	(6,539)
Loss carry forward utilised	(14,041)	(2,174)	(14,041)	(2,174)
Taxable result for the year	12,536	-	14,373	1,083
Current income tax	2,382	-	2,732	162
Prior year income tax correction	-	-	(47)	-
Change in deferred income tax	(1,292)	-	(1,485)	-
Income tax expenses	1,090	-	1,200	162

Components of deferred income tax

	The Bank 2006	The Bank 2005	The Group 2006	The Group 2005
Deferred income tax assets				
Revaluation of securities and derivatives	3	-	3	-
Social security on vacation reserve and accrued bonus	231	537	242	543
Amortisation of compensated guarantee	11	20	11	20
Lease portfolio impairment	-	-	86	283
Accelerated depreciation	-	-	80	-
Deferred administration fee on reclassified lease agreements	-	-	19	-
Tax effect of lease reclassification	-	-	7	-
Loss on financial instruments carried forward to 2009	1,048	-	1,048	-
Loss carried forward to 2006	-	1,486	-	1,486
Loss carried forward to 2007	-	924	-	924
Loss carried forward to 2008	-	109	-	109
Loss carried forward to 2009	-	309	-	309
Deferred income tax assets before valuation allowance	1,293	3,385	1,496	3,674
Less: valuation allowance	-	(3,379)	(7)	(3,652)
Deferred income tax assets, net	1,293	6	1,489	22
Deferred income tax liabilities				
Tax effect of lease reclassification	-	-	-	(16)
Investment incentive	(1)	(6)	(1)	(6)
Capitalised VAT	-	-	(3)	-
Deferred income tax liabilities	(1)	(6)	(4)	(22)
Deferred income tax, net	**1,292**	**-**	**1,485**	**-**

NOTE 12 Income tax (cont'd)

	The Bank		The Group	
	2006	2005	2006	2005
Deferred income tax valuation allowance				
Deferred income tax valuation allowance at the beginning of the year	(3,379)	(2,831)	(3,652)	(3,075)
Change in deferred income tax valuation allowance	3,379	(548)	3,645	(577)
Deferred income tax valuation allowance at the end of the year	**-**	**(3,379)**	**(7)**	**(3,652)**

The Bank has incurred taxable loss in previous periods, which can be carried forward for 5 consecutive years, except for the losses incurred as a result of disposal of securities and / or derivative financial instruments that can be carried forward for 3 consecutive years and offset against future taxable income.

Income tax expenses, applicable to the current year result, can be reconciled with income tax expenses calculated using statutory income tax rate for the pre-tax income as follows:

		The Bank		The Bank	
	Note	2006	2005	2006	2005
Profit tax calculated at statutory 19% tax rate (15% in 2005)		4,637	1,235	4,691	1,335
Permanent differences		(401)	(1,072)	(67)	(981)
Change in valuation allowance		(3,379)	548	(3,645)	577
Prior year income tax correction		-	-	(47)	-
Effect of changes in tax rate	2	73	(711)	108	(769)
Correction of loss carry forward		160	-	160	-
Total income tax		**1,090**	**-**	**1,200**	**162**

NOTE 13 Balances with the Bank of Lithuania

	The Bank		The Group	
	2006	2005	2006	2005
Compulsory reserves	192,367	131,925	192,367	131,925
Current account	44,384	30,944	44,384	30,944
Balances with the Bank of Lithuania	**236,751**	**162,869**	**236,751**	**162,869**

The portion of compulsory reserves calculated in accordance with requirements of European Central Bank, is held as interest bearing deposit and the remaining portion of compulsory reserve is held as non-interest bearing deposit. Interest bearing part as of 31 December 2006 amounted to 1/3 of all compulsory reserves. Interest rate for interest bearing part equals to ECB refinance rate, valid on the day of transaction.

NOTE 14 Financial assets through profit or loss

	Note	The Bank		The Group	
		2006	2005	2006	2005
Investments through profit or loss					
Treasury bonds		74,196	72,443	74,196	72,443
Other debt securities		21,433	15,364	21,433	15,364
Equity securities		360	136	360	136
		95,989	**87,943**	**95,989**	**87,943**
Derivatives	39	**4,573**	**14**	**4,573**	**14**
Total financial assets through profit or loss		**100,562**	**87,957**	**100,562**	**87,957**
Of which non – residents' exposures					
Debt securities		40,099	1,222	40,099	1,222
Derivatives		4,428	3	4,428	3
Total non – resident exposures in financial assets through profit or loss		**44,527**	**1,225**	**44,527**	**1,225**

	2006	
	Yield	Maturity
Investments through profit or loss		
Treasury bonds	3.1 – 4.2%	2007.04 - 2016.02
Other debt securities	3.8 – 5.2%	2007.03 - 2009.10

	2005	
	Yield	Maturity
Investments through profit or loss		
Treasury bonds	2.1 - 5.7%	2006.01 - 2009.07
Other debt securities	2.5 - 3.4%	2006.03 - 2008.02

NOTE 15 Due from banks

	The Bank		The Group	
	2006	**2005**	**2006**	**2005**
Current accounts and deposits				
Current accounts with banks	10,870	14,840	10,882	14,840
Overnight deposits	42,305	23,085	42,305	23,085
Term deposits with banks	1,924	90,067	1,924	90,067
Loans, falling due within one year	-	30,244	-	30,244
	55,099	**158,236**	**55,111**	**158,236**
Of which non – residents' exposures				
Current accounts	9,486	12,312	9,492	12,312
Overnight deposits	39,369	20,085	39,369	20,085
Term deposits	1,924	67,291	1,924	67,291
Total non – resident exposures in due from banks	**50,779**	**99,688**	**50,785**	**99,688**

As of 31 December 2005 the Bank has entered into reverse repurchase agreement amounting to LTL 30,244 thousand. The Bank has the possibility to trade underlying securities in absence of clients' default with the obligation to sell such securities back at the maturity date. In case of clients' default underlying securities remains with the Bank. Fair value of the securities pledged approximated to their book value as of 31 December 2005.

NOTE 16 Due from other financial institutions

	The Bank		The Group	
	2006	**2005**	**2006**	**2005**
Loans				
Loans, falling due within one year	507	163,284	-	-
Loans, falling due after one year	148,811	79	78	18
Total due from financial institutions	**149,318**	**163,363**	**78**	**18**

As of 31 December 2006 the bank issued loans to UAB Sampo Banko Lizingas amounting to LTL 149,240 thousand (LTL 163,345 thousand as of 31 December 2005).

NOTE 17 Loans to customers, net

	The Bank		The Group	
	2006	2005	2006	2005
Loans to customers				
Falling due within one year	756,182	402,142	756,182	402,142
Falling due after one year	2,684,591	1,919,122	2,684,591	1,919,122
Total loans to customers	**3,440,773**	**2,321,264**	**3,440,773**	**2,321,264**
Of which loans to non-residents				
Loans to private individuals	17,581	9,603	17,582	9,602

The table below represents breakdown of loan portfolio to actual payable of the customer and accrued and/ or impaired amounts:

	The Bank/Group	
	2006	2005
Unpaid principal	3,450,208	2,331,862
Accrued and unpaid interest	10,023	5,273
Deferred income	(6,238)	(4,034)
Impairment loss, assessed individually	(2,300)	(7,770)
Impairment loss, assessed collectively	(10,920)	(4,067)
Loans to customers, net	**3,440,773**	**2,321,264**

The management of the Bank monitors loan portfolio and investigates market trends so that it could make necessary changes in impairment estimation if required. Having more information available, the management of the Bank may change assumptions underlying impairment assessment, which would result in change of impairment allowance.

The table below represents breakdown of collateral accepted by the type of the asset:

	The Bank, 2006			
	Loans to private individuals	Loans to corporate clients	Guarantees and letters of credit	Total
Type of collateral				
Dwelling house	1,930,585	149,453	19	2,080,057
Commercial real estate	68,178	726,407	14,941	809,526
Other real estate	633,197	865,100	4,167	1,502,464
Vehicles	-	29,162	61	29,223
Equipment	158	179,846	410	180,414
Cash and deposits	10,787	7,070	8,261	26,118
Credit insurance	145,728	41,553	-	187,281
Guarantees	-	18,037	-	18,037
Other collaterals	15,111	418,614	6,048	439,773
Total value of collaterals	**2,803,744**	**2,435,242**	**33,907**	**5,272,893**
Loans to customers, net	1,768,312	1,672,461	-	3,440,773
Off-balance sheet exposure	-	-	57,054	57,054
Exposure to collateral ratio, 2006	**63%**	**69%**	**168%**	**66%**

NOTE 17 Loans to customers, net (cont'd)

	The Bank, 2005			
	Loans to private individuals	Loans to corporate clients	Guarantees* and letters of credit	Total
Type of collateral				
Dwelling house	1,192,036	224,004	94	1,416,134
Commercial real estate	32,741	419,932	1,508	454,181
Other real estate	402,697	738,746	7,193	1,148,636
Vehicles	-	46,809	123	46,932
Equipment	21	109,492	565	110,078
Cash and deposits	4,305	7,814	1,131	13,250
Credit insurance	74,662	37,976	-	112,638
Guarantees	-	10,576	-	10,576
Other collaterals	4,485	284,490	1,184	290,159
Total value of collaterals	**1,710,947**	**1,879,839**	**11,798**	**3,602,584**
Loans to customers, net	1,119,110	1,202,154	-	2,321,264
Off-balance sheet exposure	-	-	1,620	1,620
Exposure to collateral ratio, 2005	**65%**	**64%**	**14%**	**64%**

* Included only those likely to be executed

The table below represents the breakdown of loans to customers according to industries:

	The Bank	
	2006	**2005**
Agriculture and fishery	57,679	41,711
Processing industry	328,792	229,606
Utilities	44,178	41,026
Construction	293,407	123,835
Trade and wholesale distribution	239,618	224,043
Hotels and restaurants	32,782	62,573
Transportation & telecommunication	108,586	70,003
Real estate	484,262	268,577
Mortgage	1,537,285	967,479
Other private individuals	231,027	151,631
Other corporate lending	83,157	140,780
Loans to customers, net	**3,440,773**	**2,321,264**

NOTE 18 Financial lease receivables, net

	2006		2005	
	Portfolio	Unearned lease income	Portfolio	Unearned lease income
Maturity profile				
Falling due within one year	147,977	25,787	94,691	12,511
Falling due from one to five years	283,303	43,669	196,493	19,842
Falling due after five years	32,329	6,422	45,170	4,483
Finance lease receivable, net	**463,609**	**75,878**	**336,354**	**36,836**
Of which finance lease to non-residents	826	N/A	448	N/A

The table below represents breakdown of financial lease portfolio to actual payable of the customer and accrued and/ or impaired amounts

	Note	The Group 2006	The Group 2005
Unpaid principal		464,426	338,787
Accrued and unpaid interest		1,507	626
Deferred income		(1,940)	(1,571)
Deferred commissions		189	-
Impairment assessed individually	6	(573)	(1,488)
Financial lease receivables, net		**463,609**	**336,354**

Lease portfolio impairment increased in 2006 with total amount of LTL 600 thousand (LTL 110 thous. in 2005). Write-off amounted to LTL 1,516 thousand in 2006 (LTL 30 thousand in 2005).

	The Group 2006	The Group 2005
Asset profile		
Vehicles	153,392	90,930
Industrial equipment	105,573	73,934
Trucks and trailers	75,155	47,363
Real estate	43,370	59,145
Vessels	33,587	21,179
Buses	27,665	24,893
Computers & office equipment	9,944	6,451
Cranes	3,812	4,471
Agricultural machines & equipment	3,209	993
Medical equipment	2,450	1,013
Planes	626	-
Railway tanks	206	1,367
Other	4,620	4,615
Finance lease receivable, net	**463,609**	**336,354**

NOTE 19 Investments

Investment into Subsidiary

The share capital of UAB Sampo Banko Lizingas amounted to LTL 4,000 thousand as of 31 December 2006 (LTL 4,000 thousand as of 31 December 2005). Total value of UAB Sampo Banko Lizingas equity was LTL 3,420 thousand as of 31 December 2006 (LTL 3,243 thousand as of 31 December 2005).

Starting from 2005 investment into Subsidiary is no longer accounted for under equity method. Retained loss of subsidiary has been reversed to the equity of the Bank so that net book value of investment reached its nominal value of LTL 4,000 thousand as of 31 December 2005.

The Subsidiary is engaged in leasing activities, financed by loans received from the Bank and Sampo Bank Plc. As of 31 December 2006 the Subsidiary has signed 5,894 finance lease contracts with the net value of the finance lease portfolio being LTL 463,609 thousand (3,944 contracts and LTL 336,364 thousand portfolio as of 31 December 2005). As of 31 December 2006 the Subsidiary has also signed 151 operating lease contracts for property, plant and equipment leased to third parties (216 contracts as of 31 December 2005).

No other subsidiary companies were established or acquired in 2006.

Other investments

The breakdown of investments into securities as of 31 December 2006 and 2005 is presented in the table below.

	The Bank		The Group	
	2006	**2005**	**2006**	**2005**
Held to maturity investments				
Treasury bonds	205,382	152,480	205,382	152,480
Equity securities	1	1	1	1
	205,383	**152,481**	**205,383**	**152,481**
Of which investments to non-residents				
Debt securities issued by non-residents	34,213	1,222	34,213	1,222

Initial yields and maturities of these securities are as follows:

	Yield	Maturity
Held to maturity investments		
Treasury bonds, 2006	2.5 - 4.0%	2007.04 - 2016.02
Treasury bonds, 2005	2.2 - 3.8%	2006.01 - 2012.05

NOTE 20 Intangible assets

	The Bank, 2006		
	IT software	**Licences**	**Total**
Cost value			
Balance as of 31 December 2005	1,401	2,608	4,009
Additions	354	910	1,264
Disposals	-	-	-
Balance as of 31 December 2006	**1,755**	**3,518**	**5,273**
Accumulated amortisation			
Balance as of 31 December 2005	(809)	(1,677)	(2,486)
Charge for the year	(415)	(645)	(1,060)
Disposals	-	-	-
Balance as of 31 December 2006	**(1,224)**	**(2,322)**	**(3,546)**
Net book value as of 31 December 2006	**531**	**1,196**	**1,727**
Net book value as of 31 December 2005	592	931	1,523

	The Bank, 2005		
	IT software	**Licences**	**Total**
Cost value			
Balance as of 31 December 2004	1,127	1,948	3,075
Additions	278	660	938
Disposals	(4)	-	(4)
Balance as of 31 December 2005	**1,401**	**2,608**	**4,009**
Accumulated amortisation			
Balance as of 31 December 2004	(436)	(1,213)	(1,649)
Charge for the year	(377)	(464)	(841)
Disposals	4	-	4
Balance as of 31 December 2005	**(809)**	**(1,677)**	**(2,486)**
Net book value as of 31 December 2005	**592**	**931**	**1,523**
Net book value as of 31 December 2004	691	735	1,426

NOTE 20 Intangible assets (cont'd)

	The Group, 2006		
	IT software	**Licences**	**Total**
Cost value			
Balance as of 31 December 2005	1,474	2,608	4,082
Additions	673	1,200	1,873
Disposals	-	-	-
Balance as of 31 December 2006	**2,147**	**3,808**	**5,955**
Accumulated amortisation			
Balance as of 31 December 2005	(860)	(1,677)	(2,537)
Charge for the year	(426)	(701)	(1,127)
Disposals	-	-	-
Balance as of 31 December 2006	**(1,286)**	**(2,378)**	**(3,664)**
Net book value as of 31 December 2006	**861**	**1,430**	**2,291**
Net book value as of 31 December 2005	614	931	1,545

	The Group, 2005		
	IT software	**Licences**	**Total**
Cost value			
Balance as of 31 December 2004	1,210	1,948	3,158
Additions	298	660	958
Disposals	(34)	-	(34)
Balance as of 31 December 2005	**1,474**	**2,608**	**4,082**
Accumulated amortisation			
Balance as of 31 December 2004	(498)	(1,213)	(1,711)
Charge for the year	(389)	(464)	(853)
Disposals	27	-	27
Balance as of 31 December 2005	**(860)**	**(1,677)**	**(2,537)**
Net book value as of 31 December 2005	**614**	**931**	**1,545**
Net book value as of 31 December 2004	712	735	1,447

Amortisation expenses were included in the income statement as operating expenses.

NOTE 21 Property and equipment

	The Bank, 2006			
	Buildings	**Vehicles**	**Equipment**	**Total**
Cost value				
Balance as of 31 December 2005	7,338	114	2,077	9,529
Additions	1,196	-	2,752	3,948
Disposals	-	(50)	-	(50)
Balance as of 31 December 2006	**8,534**	**64**	**4,829**	**13,427**
Accumulated depreciation				
Balance as of 31 December 2005	(2,271)	(114)	(767)	(3,152)
Charge for the year	(561)	-	(710)	(1,271)
Disposals	-	50	-	50
Balance as of 31 December 2006	**(2,832)**	**(64)**	**(1,477)**	**(4,373)**
Net book value as of 31 December 2006	**5,702**	**-**	**3,352**	**9,054**
Net book value as of 31 December 2005	5,067	-	1,310	6,377

	The Bank, 2005			
	Buildings	**Vehicles**	**Equipment**	**Total**
Cost value				
Balance as of 31 December 2004	7,259	115	936	8,310
Additions	79	-	1,255	1,334
Disposals	-	(1)	(114)	(115)
Balance as of 31 December 2005	**7,338**	**114**	**2,077**	**9,529**
Accumulated depreciation				
Balance as of 31 December 2004	(1,766)	(114)	(670)	(2,550)
Charge for the year	(505)	(1)	(210)	(716)
Disposals	-	1	113	114
Balance as of 31 December 2005	**(2,271)**	**(114)**	**(767)**	**(3,152)**
Net book value as of 31 December 2005	**5,067**	**-**	**1,310**	**6,377**
Net book value as of 31 December 2004	5,493	1	266	5,760

NOTE 21 Property and equipment (cont'd)

	The Group, 2006			
	Buildings	**Vehicles**	**Equipment**	**Total**
Cost value				
Balance as of 31 December 2005	7,338	16,817	8,695	32,850
Additions	1,196	2,165	2,787	6,148
Disposals	-	(6,304)	(5,200)	(11,504)
Balance as of 31 December 2006	**8,534**	**12,678**	**6,282**	**27,494**
Accumulated depreciation				
Balance as of 31 December 2005	(2,271)	(4,948)	(3,798)	(11,017)
Charge for the year	(561)	(2,971)	(1,412)	(4,944)
Disposals	-	3,232	2,602	5,834
Balance as of 31 December 2006	**(2,832)**	**(4,687)**	**(2,608)**	**(10,127)**
Net book value as of 31 December 2006	**5,702**	**7,991**	**3,674**	**17,367**
Net book value as of 31 December 2005	5,067	11,869	4,897	21,833

	The Group, 2005			
	Buildings	**Vehicles**	**Equipment**	**Total**
Cost value				
Balance as of 31 December 2004	7,259	20,437	9,590	37,286
Additions	79	1,393	1,492	2,964
Disposals	-	(5,013)	(2,387)	(7,400)
Balance as of 31 December 2005	**7,338**	**16,817**	**8,695**	**32,850**
Accumulated depreciation				
Balance as of 31 December 2004	(1,766)	(3,891)	(3,625)	(9,282)
Charge for the year	(505)	(3,034)	(1,841)	(5,380)
Disposals	-	1,977	1,668	3,645
Balance as of 31 December 2005	**(2,271)**	**(4,948)**	**(3,798)**	**(11,017)**
Net book value as of 31 December 2005	**5,067**	**11,869**	**4,897**	**21,833**
Net book value as of 31 December 2004	5,493	16,546	5,965	28,004

Depreciation expenses were included in the income statement as operating expenses.

As of 31 December 2006 property and equipment of the Group included vehicles and computer equipment with a net book value of LTL 5,229 thousand (cost value LTL 10,216 thousand) that were leased out to customers under operating lease agreements (LTL 13,537 thousand and LTL 20,532 thousand respectively as of 31 December 2005). The table below provides information of minimum lease payments from operational lease.

	Minimum lease payments	
	2006	2005
Falling due within one year	4,345	8,496
Falling due from one to five years	1,474	5,400
Unearned income, total	**5,819**	**13,896**

NOTE 22 Other assets, net

	The Bank		The Group	
	2006	2005	2006	2005
Amounts till settlement day	4,146	743	4,146	743
Deferred expenses	2,794	765	2,784	1,180
Receivable for services provided	974	181	311	153
Unsettled payments	381	108	381	108
Receivable from EU for lending program development*	328	2,130	328	2,130
Accrued income	246	58	315	336
Prepayments	189	110	189	110
Receivables for compensated expenses	-	-	1,078	-
Advances	-	-	1,681	2
Repossessed assets	-	320	215	347
Receivable under operating lease agreements	-	-	152	1,198
Assets to be leased	-	-	89	4,070
Other assets	94	236	257	339
Other assets, net	**9,152**	**4,651**	**11,926**	**10,716**
Of which assets related to non-residents				
Receivables from non-residents	1,082	2,532	1,126	2,542

* The Bank participates in lending to target sectors program and receives specific incentives for successful employment of funds received under those programs.

NOTE 23 Amounts owed to banks

	The Bank		The Group	
	2006	2005	2006	2005
Current liabilities				
Current accounts	114	1,418	114	1,418
Overnight deposits	10,003	35,205	10,003	35,205
Demand deposits	3,000	15,207	3,000	15,207
	13,117	51,830	13,117	51,830
Term deposits				
Falling due within one year	2,332,582	1,569,033	2,332,582	1,569,033
Long term borrowings				
Falling due within one year	83,715	15,660	399,772	197,530
Falling due after one year	32,800	115,669	32,801	115,669
	116,515	131,329	432,573	313,199
Amounts owed to banks	**2,462,214**	**1,752,192**	**2,778,272**	**1,934,062**
Of which amounts owed to non-residents				
Current liabilities	114	7,119	114	7,119
Term deposits	2,239,844	1,529,023	2,239,844	1,529,023
Long term borrowings	116,515	131,329	432,573	313,199
Total due to non resident banks	**2,356,473**	**1,667,471**	**2,672,531**	**1,849,341**

NOTE 24 Amounts owed to other credit and financial institutions

	The Bank		The Group	
	2006	2005	2006	2005
Current liabilities				
Demand deposits	5,315	8,985	5,315	8,985
	5,315	8,985	5,315	8,985
Term deposits				
Falling due within one year	10,742	19,835	10,742	19,835
Falling due after one year	-	40	-	40
	10,742	19,875	10,742	19,875
Long term borrowings				
Falling due within one year	26,500	13,879	26,500	13,879
Falling due after one year	79,357	53,908	79,357	53,908
	105,857	67,787	105,857	67,787
Amounts owed to other credit and financial institutions	**121,914**	**96,647**	**121,914**	**96,647**
Of which amounts owed to non-residents				
Current liabilities	819	2	819	2
Term deposits	-	347	-	347
Long term borrowings	105,857	67,787	105,857	67,787
Total due to non resident financial institutions	**106,676**	**68,136**	**106,676**	**68,136**

Other credit and financial institutions include lease, insurance, brokerage companies and other financial intermediaries.

NOTE 25 Deposits from the public

	The Bank		The Group	
	2006	2005	2006	2005
Current and demand deposits	470,574	403,341	470,574	403,341
Term deposits falling due within one year	589,000	321,299	589,000	321,299
Term deposits falling due after one year	34,593	9,510	34,593	9,510
Deposits from the public	**1,094,167**	**734,150**	**1,094,167**	**734,150**
Of which deposits from non-residents				
Current deposits	63,516	71,482	63,515	71,482
Term deposits	46,899	4,465	46,899	4,465
Total deposits from non-residents	**110,415**	**75,947**	**110,414**	**75,947**

NOTE 26 Debt securities issued

As of 31 December 2006 and 2005 the Bank has issued debt securities. Debt securities are accounted for at amortised cost. As of 31 December 2006 the Bank issued 50,011 debt securities with nominal value of LTL 100 each (as of 31 December 2005 – 100,000 debt securities) and 95 debt securities with nominal value of LTL 1,000 thousand each (as of 31 December 2005 – 180 debt securities). Maturity and yield of issued debt securities are presented in the table below.

	2006		2005	
	Yield	Maturity	Yield	Maturity
Debt securities (nominal value LTL 1,000 th)*	-	-	2.89%	2006.01
Debt securities (nominal value LTL 0.1 th)*	-	-	2.85%	2006.12
Debt securities (nominal value LTL 1,000 th)**	3.60%	2007.05	-	-
Debt securities (nominal value LTL 1,000 th)*	3.90%	2007.01	-	-
Debt securities (nominal value LTL 0.1 th)*	3.20%	2007.05	-	-

* Zero coupon bonds
** Yield corresponds to the coupon rate of the bond

NOTE 27 Accrued expenses and deferred income

	The Bank		The Group	
	2006	2005	2006	2005
Accrued vacation pay	5,397	4,263	5,646	4,393
Deferred income	492	309	497	312
Other liabilities	2,720	2,642	2,833	2,876
Accrued expenses and deferred income	**8,609**	**7,214**	**8,976**	**7,581**
Of which accrued expenses to non-residents				
Accrued liabilities to non-residents	502	382	501	382

NOTE 28 Provisions

Change in provisions		The Bank		The Group	
	Note	2006	2005	2006	2005
Provisions as of 1 January		803	582	804	582
Increase (decrease) in provisions	6	(798)	215	(799)	216
Foreign exchange impact		(5)	6	(5)	6
Provisions as of 31 December		**-**	**803**	**-**	**804**
Of which					
Provisions for loan commitments		-	729	-	730
Provisions for off-balance sheet products		-	74	-	74
Total provisions as of 31 December		**-**	**803**	**-**	**804**

NOTE 29 Other liabilities

	The Bank		The Group	
	2006	2005	2006	2005
Outgoing payments till settlement day	28,258	22,901	28,258	22,901
Incoming payments till settlement day	12,333	7,604	12,333	7,604
Other payment related liabilities	2,167	1,012	2,167	1,012
Other liabilities	432	306	732	1,472
Advances received	-	-	3,715	1,788
Payable for purchased assets to be leased	-	-	2,187	5,955
Other liabilities	**43,190**	**31,823**	**49,392**	**40,732**
Of which other liabilities to non-residents				
Other liabilities to non-residents	2	2	7,074	2,068

NOTE 30 Subordinated loan

Subordinated loan agreements between the Bank and Sampo Bank Plc as of 31 December 2006 could be specified as follows:

Signing date	Amount in EUR thousand	Amount in LTL thousand	Interest	Maturity	Repayment
1 July 2004	14,481	50,000	4.8%	5 July 2012	one installment
1 July 2005	5,213	18,000	3.7%	28 July 2012	one installment
8 February 2006	8,688	29,998	3.7%	8 February 2014	one installment
18 October 2006	7,240	24,998	3.9%	18 October 2014	one installment
Total principle		122,996			
Accrued interest		1,973			
Total subordinated loan		**124,969**			

Subordinated loan agreements between the Bank and Sampo Bank Plc as of 31 December 2005 could be specified as follows:

Signing date	Amount in EUR thousand	Amount in LTL thousand	Interest	Maturity	Repayment
1 July 2004	14,481	50,000	3.6%	5 July 2012	one installment
1 July 2005	5,213	18,000	2.5%	28 July 2012	one installment
Total principle		68,000			
Accrued interest		947			
Total subordinated loan		**68,947**			

Subordinated loans are used for general funding purposes and are included in Tier 2 regulatory capital. The effective interest rate on subordinated loan corresponds to the nominal interest rate. Interest on all loans in 2006 and 2005 was based on EURIBOR 6-month.

According to all loan agreements, all or part of the indebtedness of the Bank may be converted into shares of the Bank. The conditions for conversion will be agreed by the parties in good faith. Because of the reason that neither conversion date nor conversion conditions can be reliably estimated, diluted earnings can not be calculated and therefore correspond to basic earnings per share.

NOTE 31 Equity

As of 31 December 2006 the share capital of the Bank consists of 2,349,080 ordinary shares (1,849,080 as of 31 December 2005) with a par value of LTL 100 each (LTL 100 as of 31 December 2005). All shares were fully paid as of 31 December 2006 and 2005.

As of 31 December 2005 AB Sampo Bankas equity included property and equipment revaluation reserve amounting to LTL 95 thousand. This reserve was formed in 2000, as a result of accounting currency's change from LTL to EUR. The above-mentioned reserve did not reflect actual shareholder's value of revaluation any longer and therefore it was transferred to retained earnings in 2006.

Distributable profit of the Bank as of 31 December 2005 amounting LTL 10,571 thousand was distributed as follows: 5 percent according to Lithuanian law on the Banks amounting LTL 529 thousand (LTL 57 thousand in 2005) was transferred to obligatory reserves, the rest was left in retained earnings.

Reserve capital amounting to LTL 3,741 thousand as of 31 December 2006 (LTL 3,212 thousand as of 31 December 2005) can be either offset against future losses or used for the share capital increase but cannot be distributed in any other manner.

On 1 June 2006 the Shareholder of the Bank decided to increase the share capital of the Bank by issuing new ordinary shares with a total value of LTL 50,000 thousand (LTL 100 each). New shares were registered on 27 July 2006.

The table below represents reconciliation between shares outstanding as of 31 December 2006 and 31 December 2005. The capital of the Bank has been increased once in 2006. All new shares were acquired by Sampo Bank Plc. and were fully paid as of 31 December 2006.

Calculation of weighted average for 2006	**Note**	**Number of shares**	**Par value**	**Issued/ 365 (days)**	**Weighted average**
Shares issued as of 31 December 2005		1,849,080	100	365/ 365	1,849,080
27 July 2006		500,000	100	157/ 365	215,068
Shares issued as of 31 December 2006	32	**2,349,080**	**100**		**2,064,148**

Calculation of weighted average for 2005	**Note**	**Number of shares**	**Par value**	**Issued/ 365 (days)**	**Weighted average**
Shares issued as of 31 December 2004		1,180,400	100	365/ 365	1,180,400
24 February 2005		168,680	100	310/ 365	143,262
21 November 2005		500,000	100	40/ 365	54,795
Shares issued as of 31 December 2005	32	**1,849,080**	**100**		**1,378,457**

NOTE 32 Earnings per share

		The Bank		The Group	
	Note	2006	2005	2006	2005
Net profit attributable to equity holders		23,314	8,233	23,491	8,737
Number of shares as of 31 December		2,349,080	1,849,080	2,349,080	1,849,080
Weighted number of shares	31	2,064,148	1,378,457	2,064,148	1,378,457
Basic earnings per share (LTL)		**11.29**	**5.97**	**11.38**	**6.34**
Diluted earnings per share (LTL)		**11.29**	**5.97**	**11.38**	**6.34**

The Bank has been granted subordinated loan 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.

NOTE 33 Capital adequacy

As of 31 December 2006 the Bank's capital adequacy ratio was equal to 11.22 percent (the Group's 10.29%), which was higher than the minimum ratio of 8 percent recommended by the Basle Agreement and set by the Bank of Lithuania, the regulatory body of commercial banks operating in Lithuania. Capital adequacy ratios of the Bank and the Group for the year 2006 can be specified as follows:

	The Bank	The Group
31 December 2005	11.56%	10.76%
31 March 2006	12.22%	11.32%
30 June 2006	10.79%	9.92%
30 September 2006	11.41%	10.46%
31 December 2006	11.22%	10.29%

During 2006 the Bank and the Group has complied with minimum capital adequacy ratio requirements set by the Bank of Lithuania.

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

	2006		2005	
	Nominal	Weighted	Nominal	Weighted
Capital adequacy calculation, the Bank				
Tier 1 equity items	246,473	246,473	188,878	188,878
Tier 2 equity items	127,490	127,490	76,385	76,385
Deductions from capital	(3,600)	(3,600)	(3,600)	(3,600)
Eligible capital	**370,363**	**370,363**	**261,663**	**261,663**
Risk assets				
0% risk assets	545,679	-	404,759	-
20% risk assets	61,535	12,307	142,425	28,485
50% risk assets	1,243,860	621,930	793,127	396,564
100% risk assets	2,280,148	2,280,148	1,614,441	1,614,441
Off balance sheet risk commitments	899,944	359,847	632,598	212,944
Trading book requirement		26,426		10,875
Total risk exposure		**3,300,658**		**2,263,309**
Capital adequacy ratio		**11.22%**		**11.56%**

NOTE 34 Liquidity

Maturity gap (the Bank) 31 December 2006	Effective interest rates	On demand	Up to 1 month	1 – 3 months	3 – 6 months	6 – 12 months	1 – 3 years	3 – 5 years	5 – 10 years	Over 10 years	Indef. maturity	Total
Assets												
Cash	0.0%	19,999	-	-	-	-	-	-	-	-	-	19,999
Balances with the Bank of Lithuania	1.2%	236,751	-	-	-	-	-	-	-	-	-	236,751
Financial assets at fair value through profit or loss	3.9%	-	1,180	5,633	12,045	20,176	52,184	4,454	4,530	-	360	100,562
Due from banks	4.1%	10,837	42,338	1,924	-	-	-	-	-	-	-	55,099
Due from financial institutions	4.2%	-	-	-	507	-	60	-	148,733	-	18	149,318
Loans to customers, net	5.0%	-	118,534	114,472	194,154	329,022	753,782	348,495	539,390	1,032,168	10,756	3,440,773
Held to maturity investments	5.5%	-	1,757	4,442	16,473	17,851	101,767	22,505	40,587	-	1	205,383
Investment into subsidiary	0.0%	-	-	-	-	-	-	-	-	-	4,000	4,000
Intangible assets, less amortisation	0.0%	-	-	-	-	-	-	-	-	-	1,727	1,727
Property and equipment, less depreciation	0.0%	-	-	-	-	-	-	-	-	-	9,054	9,054
Deferred income tax assets	0.0%	-	-	-	-	-	-	-	-	-	1,292	1,292
Other assets, net	0.0%	4,527	2,582	9	111	-	-	-	-	-	1,923	9,152
Total assets		**272,114**	**166,391**	**126,480**	**223,290**	**367,049**	**907,793**	**375,454**	**733,240**	**1,032,168**	**29,131**	**4,233,110**

NOTE 34 Liquidity (cont'd)

Maturity gap (the Bank) 31 December 2006	Effective interest rates	On demand	Up to 1 month	1 – 3 months	3 – 6 months	6 – 12 months	1 – 3 years	3 – 5 years	5 – 10 years	Over 10 years	Indef. maturity	Total
Liabilities												
Financial liabilities at fair value through profit or loss	0.0%	-	4	45	28	588	3,001	413	-	-	-	4,079
Amounts owed to banks and financial institutions	3.5%	8,429	334,757	419,177	550,545	1,159,062	57,855	31,284	23,019	-	-	2,584,128
Deposits from public	2.2%	470,574	372,019	120,837	59,212	36,932	30,524	3,159	21	53	836	1,094,167
Debt securities issued	3.9%	-	89,856	-	9,630	-	-	-	-	-	-	99,486
Accrued expenses and deferred income	0.0%	-	6,493	95	69	1,724	67	34	53	72	2	8,609
Income tax payable	0.0%	-	-	-	-	2,382	-	-	-	-	-	2,382
Other liabilities	0.0%	42,758	373	-	-	-	-	-	-	-	59	43,190
Subordinated loan	4.2%	-	1,324	445	204	-	-	-	122,996	-	-	124,969
Equity	0.0%	-	-	-	-	-	-	-	-	-	272,100	272,100
Total liabilities		**521,761**	**804,826**	**540,599**	**619,688**	**1,200,688**	**91,447**	**34,890**	**146,089**	**125**	**272,997**	**4,233,110**
Net assets (liabilities)		(249,647)	(638,435)	(414,119)	(396,398)	(833,639)	816,346	340,564	587,151	1,032,043	(243,866)	-
Contingent assets (liabilities)		-	(18,292)	(79,416)	(140,759)	(260,997)	(295,830)	(3,125)	(44,471)	-	-	(842,890)
Net assets (liabilities) including contingent liabilities		(249,647)	(656,727)	(493,535)	(537,157)	(1,094,636)	520,516	337,439	542,680	1,032,043	(243,866)	(842,890)
Gap as a percentage of total assets		**(5.9)%**	**(15.5)%**	**(11.7)%**	**(12.7)%**	**(25.9)%**	**12.3 %**	**8.0 %**	**12.8 %**	**24.4 %**	**(5.8)%**	**(19.9)%**

	2006
The Bank	
Total current assets	620,829
Total current liabilities	1,376,354
Liquidity ratio	**45.11%**

NOTE 34 Liquidity (cont'd)

Maturity gap (the Group) 31 December 2006	Effective interest rates	On demand	Up to 1 month	1 – 3 months	3 – 6 months	6 – 12 months	1 – 3 years	3 – 5 years	5 – 10 years	Over 10 years	Indef. maturity	Total
Assets												
Cash	0.0%	19,999	-	-	-	-	-	-	-	-	-	19,999
Balances with the Bank of Lithuania	1.2%	236,751	-	-	-	-	-	-	-	-	-	236,751
Financial assets at fair value through profit or loss	3.9%	-	1,180	5,633	12,045	20,176	52,184	4,454	4,530	-	360	100,562
Due from banks	4.1%	10,849	42,338	1,924	-	-	-	-	-	-	-	55,111
Due from financial institutions	4.2%	-	-	-	-	-	60	-	-	-	18	78
Loans to customers, net	5.0%	-	118,534	114,472	194,154	329,022	753,782	348,495	539,390	1,032,168	10,756	3,440,773
Financial lease receivables, net	5.1%	-	24,748	22,734	38,224	58,966	195,988	87,315	28,939	3,390	3,305	463,609
Held to maturity investments	5.5%	-	1,757	4,442	16,473	17,851	101,767	22,505	40,587	-	1	205,383
Intangible assets, less amortisation	0.0%	-	-	-	-	-	-	-	-	-	2,291	2,291
Property and equipment, less depreciation	0.0%	-	-	-	-	-	-	-	-	-	17,367	17,367
Deferred income tax assets	0.0%	-	-	-	-	-	-	-	-	-	1,485	1,485
Other assets, net	0.0%	4,527	5,559	9	111	-	-	-	-	-	1,720	11,926
Total assets		**272,126**	**194,116**	**149,214**	**261,007**	**426,015**	**1,103,781**	**462,769**	**613,446**	**1,035,558**	**37,303**	**4,555,335**

NOTE 34 Liquidity (cont'd)

Maturity gap (the Group) 31 December 2006	Effective interest rates	On demand	Up to 1 month	1 – 3 months	3 – 6 months	6 – 12 months	1 – 3 years	3 – 5 years	5 – 10 years	Over 10 years	Indef. maturity	Total
Liabilities												
Financial liabilities at fair value through profit or loss	0.0%	-	4	45	28	588	3,001	413	-	-	-	4,079
Amounts owed to banks and other financial institutions	3.5%	8,429	394,357	524,655	701,524	1,159,062	57,855	31,285	23,019	-	-	2,900,186
Deposits from the public	2.2%	470,574	372,019	120,837	59,212	36,932	30,524	3,159	21	53	836	1,094,167
Debt securities issued	3.9%	-	89,856	-	9,630	-	-	-	-	-	-	99,486
Accrued expenses and deferred income	0.0%	-	6,606	95	69	1,724	67	34	53	72	256	8,976
Income tax payable	0.0%	-	-	-	-	2,560	-	-	-	-	-	2,560
Other liabilities	0.0%	42,758	3,347	36	61	256	160	72	-	-	2,702	49,392
Subordinated loan	4.2%	-	1,324	445	204	-	-	-	122,996	-	-	124,969
Equity	0.0%	-	-	-	-	-	-	-	-	-	271,520	271,520
Total liabilities		**521,761**	**867,513**	**646,113**	**770,728**	**1,201,122**	**91,607**	**34,963**	**146,089**	**125**	**275,314**	**4,555,335**
Net assets (liabilities)		(249,635)	(673,397)	(496,899)	(509,721)	(775,107)	1,012,174	427,806	467,357	1,035,433	(238,011)	-
Contingent assets (liabilities)		-	(31,439)	(85,653)	(144,901)	(260,997)	(295,829)	(3,125)	(59,124)	(14,653)	-	(895,721)
Net assets (liabilities) including contingent liabilities		(249,635)	(704,836)	(582,552)	(654,622)	(1,036,104)	716,345	424,681	408,233	1,020,780	(238,011)	(895,721)
Gap as a percentage of total assets		**(5.5)%**	**(15.5)%**	**(12.8)%**	**(14.4)%**	**(22.7)%**	**15.7 %**	**9.3 %**	**9.0 %**	**22.4 %**	**(5.2)%**	**(19.7)%**

	2006
The Group	
Total current assets	645,658
Total current liabilities	1,454,570
Liquidity ratio	**44.39%**

NOTE 34 Liquidity (cont'd)

Maturity gap (the Bank) 31 December 2005	On demand	Up to 1 month	1 – 3 months	3 – 6 months	6 – 12 months	1 – 3 years	3 – 5 years	5 – 10 years	Over 10 years	Indef. maturity	Total
Total assets	**193,900**	**199,103**	**120,676**	**99,228**	**406,959**	**744,193**	**273,782**	**422,940**	**596,130**	**21,165**	**3,078,076**
Total liabilities and equity	**460,466**	**615,469**	**345,973**	**459,965**	**749,582**	**136,356**	**38,750**	**71,392**	**59**	**200,064**	**3,078,076**
Net assets (liabilities)	(266,566)	(416,366)	(225,297)	(360,737)	(342,623)	607,837	235,032	351,548	596,071	(178,899)	-
Contingent assets (liabilities)	-	(24,796)	(49,380)	(102,462)	(219,377)	(217,063)	(1,545)	(2,566)	(1,649)	-	(618,838)
Net assets (liabilities) including contingent liabilities	(266,566)	(441,162)	(274,677)	(463,199)	(562,000)	390,774	233,487	348,982	594,422	(178,899)	(618,838)
Gap as a percentage of total assets	**(8.7)%**	**(14.3)%**	**(8.9)%**	**(15.0)%**	**(18.3)%**	**12.7 %**	**7.6 %**	**11.3 %**	**19.3 %**	**(5.8)%**	**(20.1)%**

	2005
The Bank	
Total current assets	563,893
Total current liabilities	1,130,817
Liquidity ratio	**49.87%**

NOTE 34 Liquidity (cont'd)

Maturity gap (the Group) 31 December 2005	On demand	Up to 1 month	1 – 3 months	3 – 6 months	6 – 12 months	1 – 3 years	3 – 5 years	5 – 10 years	Over 10 years	Indef. maturity	Total
Total assets	**193,900**	**208,493**	**136,917**	**123,085**	**289,129**	**886,210**	**328,198**	**459,995**	**602,622**	**40,079**	**3,268,628**
Total liabilities and shareholders' equity	**460,466**	**644,424**	**427,868**	**530,986**	**749,582**	**136,356**	**38,750**	**71,392**	**59**	**208,745**	**3,268,628**
Net assets (liabilities)	(266,566)	(435,931)	(290,951)	(407,901)	(460,453)	749,854	289,448	388,603	602,563	(168,666)	-
Contingent assets (liabilities)	-	(25,194)	(57,958)	(109,206)	(219,648)	(216,114)	(1,545)	(2,566)	(1,649)	-	(633,880)
Net assets (liabilities) including contingent liabilities	(266,566)	(461,125)	(348,909)	(517,107)	(680,101)	533,740	287,903	386,037	600,914	(168,666)	(633,880)
Gap as a percentage of total assets	**(8.2)%**	**(14.1)%**	**(10.7)%**	**(15.8)%**	**(20.8)%**	**16.3 %**	**8.8 %**	**11.8 %**	**18.4 %**	**(5.2)%**	**(19.4)%**

	2005
The Group	
Total current assets	573,311
Total current liabilities	1,160,169
Liquidity ratio	**49.42%**

For commentary on liquidity risk management refer to Note 38 Risk management.

NOTE 35 Assets and liabilities by term to re-pricing

Below is presented breakdown of interest rate sensitive assets and liabilities by term to their re-pricing date.

Interest rate gap (the Bank) 31 December 2006	Up to 1 month	1 – 3 months	3 – 6 months	6 – 12 months	1 – 3 years	Over 3 years	Total
Assets							
Due from banks and other financial institutions	237,804	19,395	507	-	60	-	257,766
Loans to customers, net	498,545	1,704,049	1,074,207	42,839	63,183	57,950	3,440,773
Debt securities	7,468	9,998	28,494	32,440	150,949	71,662	301,011
Non sensitive assets	-	-	-	-	-	-	233,560
Total assets	**743,817**	**1,733,442**	**1,103,208**	**75,279**	**214,192**	**129,612**	**4,233,110**
Liabilities							
Amounts owed to banks and other financial institutions	404,080	615,511	572,870	1,103,138	5,069	-	2,700,668
Deposits from public	372,856	120,836	59,211	36,933	30,523	3,234	623,593
Debt securities issued	89,856	-	9,630	-	-	-	99,486
Non sensitive liabilities	-	-	-	-	-	-	537,263
Equity	-	-	-	-	-	-	272,100
Total liabilities and equity	**866,792**	**736,347**	**641,711**	**1,140,071**	**35,592**	**3,234**	**4,233,110**
Risk sensitive Off Balance sheet items							
Gap	**(122,975)**	**997,095**	**461,497**	**(1,064,792)**	**178,600**	**126,378**	**575,803**
Cumulative Gap	**(122,975)**	**874,120**	**1,335,617**	**270,825**	**449,425**	**575,803**	**-**
Result to the net interest income during the year, shift by +1%	**(1,179)**	**8,309**	**2,884**	**(2,662)**	**-**	**-**	**7,352**
Result to the net interest income during the year, shift by -1%	**1,179**	**(8,309)**	**(2,884)**	**2,662**	**-**	**-**	**(7,352)**

NOTE 35 Assets and liabilities by term to re-pricing (cont'd)

Interest rate gap (the Group) 31 December 2006	Up to 1 month	1 – 3 months	3 – 6 months	6 – 12 months	1 – 3 years	Over 3 years	Total
Assets							
Due from banks and other financial institutions	106,542	1,924	-	-	60	-	108,526
Loans to customers and financial lease receivables, net	574,146	1,825,427	1,307,411	53,020	82,039	62,340	3,904,383
Debt securities	7,468	9,998	28,494	32,440	150,949	71,662	301,011
Non-sensitive assets	-	-	-	-	-	-	241,415
Total assets	**688,156**	**1,837,349**	**1,335,905**	**85,460**	**233,048**	**134,002**	**4,555,335**
Liabilities							
Amounts owed to credit and financial institutions	463,680	720,989	723,849	1,103,138	5,069	-	3,016,725
Deposits from public	372,856	120,836	59,211	36,933	30,523	3,234	623,593
Debt securities issued	89,856	-	9,630	-	-	-	99,486
Non sensitive liabilities	-	-	-	-	-	-	544,011
Equity	-	-	-	-	-	-	271,520
Total liabilities and equity	**926,392**	**841,825**	**792,690**	**1,140,071**	**35,592**	**3,234**	**4,555,335**
Off Balance sheet items							
Gap	**(238,236)**	**995,524**	**543,215**	**(1,054,611)**	**197,456**	**130,768**	**574,116**
Cumulative Gap	**(238,236)**	**757,288**	**1,300,503**	**245,892**	**443,348**	**574,116**	**-**
Result to the net interest income during the year, shift by +1%	**(2,283)**	**8,296**	**3,395**	**(2,637)**	**-**	**-**	**6,771**
Result to the net interest income during the year, shift by -1%	**2,283**	**(8,296)**	**(3,395)**	**2,637**	**-**	**-**	**(6,771)**

NOTE 35 Assets and liabilities by term to re-pricing (cont'd)

Interest rate gap (the Bank) 31 December 2005	Up to 1 month	1 – 3 months	3 – 6 months	6 – 12 months	1 – 3 years	Over 3 years	Total
Total assets	586,409	1,482,322	622,145	64,639	125,629	31,238	2,912,382
Non-sensitive assets	-	-	-	-	-	-	165,694
Total liabilities	681,793	483,241	494,400	733,457	15,109	2,497	2,410,497
Non-sensitive liabilities	-	-	-	-	-	-	468,793
Equity	-	-	-	-	-	-	198,786
Gap	**(95,384)**	**999,081**	**127,745**	**(668,818)**	**110,520**	**28,741**	**501,885**
Cumulative Gap	**(95,384)**	**903,697**	**1,031,442**	**362,624**	**473,144**	**501,885**	**-**
Result to the net interest income during the year, shift by +1%	**(914)**	**8,326**	**798**	**(1,672)**	**-**	**-**	**6,538**
Result to the net interest income during the year, shift by -1%	**914**	**(8,326)**	**(798)**	**1,672**	**-**	**-**	**(6,538)**

Interest rate gap (the Group) 31 December 2005	Up to 1 month	1 – 3 months	3 – 6 months	6 – 12 months	1 – 3 years	Over 3 years	Total
Total assets	491,398	1,531,456	823,152	69,211	137,900	32,274	3,085,391
Non-sensitive assets	-	-	-	-	-	-	183,237
Total liabilities	710,747	565,135	565,421	733,457	15,109	2,497	2,592,366
Non-sensitive liabilities	-	-	-	-	-	-	478,233
Equity	-	-	-	-	-	-	198,029
Gap	**(219,349)**	**966,321**	**257,731**	**(664,246)**	**122,791**	**29,777**	**493,025**
Cumulative Gap	**(219,349)**	**746,972**	**1,004,703**	**340,457**	**463,248**	**493,025**	**-**
Result to the net interest income during the year, shift by +1%	**(2,102)**	**8,053**	**1,611**	**(1,661)**	**-**	**-**	**5,901**
Result to the net interest income during the year, shift by -1%	**2,102**	**(8,053)**	**(1,611)**	**1,661**	**-**	**-**	**(5,901)**

NOTE 36 Assets and liabilities by currencies

The Bank	**Balance sheet**		**Off Balance sheet**			
31 December 2006	Assets	Equity and liabilities	Contingent claims	Contingent liabilities	Open position	Position as % of capital
LTL	1,406,565	1,115,648	39,438	-	330,356	89.20%
EUR	2,772,504	2,924,807	20,723	198,578	(330,157)	(89.14)%
USD	50,122	186,383	147,793	11,400	132	0.04%
Other EU currencies	1,554	3,278	4,318	2,564	30	0.01%
Other non-EU currencies	2,365	2,994	1,351	587	135	0.04%
Total assets	**4,233,110**	**4,233,110**	**213,624**	**213,129**	**496**	**N/A**
Aggregate long positions*					440	0.12%
Aggregate short positions*					(143)	(0.04)%
Eligible capital						370,363

* EUR and LTL excluded

Open foreign currency position 2006 **0.12%**

The Group	**Balance sheet**		**Off Balance sheet**			
31 December 2006	Assets	Equity and liabilities	Contingent claims	Contingent liabilities	Open position	Position as % of capital
LTL	1,397,792	1,116,171	39,438	-	321,059	86.19%
EUR	3,102,219	3,244,886	20,723	198,578	(320,522)	(86.04)%
USD	50,122	186,383	147,793	11,400	132	0.04%
Other EU currencies	1,554	3,278	4,318	2,564	29	0.01%
Other non-EU currencies	3,648	4,617	1,351	587	(203)	(0.06)%
Total assets	**4,555,335**	**4,555,334**	**213,624**	**213,129**	**495**	**N/A**
Aggregate long positions*					413	0.11%
Aggregate short positions*					(455)	(0.12)%
Eligible capital						372,505

* EUR and LTL excluded

Open foreign currency position 2006 **(0.12)%**

* According to the Bank of Lithuania requirements, the maximum aggregate open currency position shall be less than 25 per cent of the Bank's or Group's eligible capital, and the open single currency position shall not exceed 15% of the Bank's or Group's eligible capital.

NOTE 36 Assets and liabilities by currencies (cont'd)

The Bank	Balance sheet		Off Balance sheet			
31 December 2005	Assets	Equity and liabilities	Contingent claims	Contingent liabilities	Open position	Position as % of capital
LTL	833,440	975,824	65	1,009	(143,328)	(54.78)%
EUR	2,147,800	2,008,757	6,902	4,095	141,850	54.21%
USD	91,278	87,525	3,572	6,380	945	0.36%
Other EU currencies	4,304	4,822	1,476	855	103	0.04%
Other non-EU currencies	1,254	1,148	75	-	181	0.07%
Total assets	**3,078,076**	**3,078,076**	**12,090**	**12,339**	**(249)**	**N/A**
Aggregate long positions*					1,352	0.52%
Aggregate short positions*					(123)	(0.05)%
Eligible capital						261,663

* EUR and LTL excluded

Open foreign currency position 2005 **0.52%**

The Group	Balance sheet		Off Balance sheet			
31 December 2005	Assets	Equity and liabilities	Contingent claims	Contingent liabilities	Open position	Position as % of capital
LTL	822,597	982,440	65	1,009	(160,787)	(60.79)%
EUR	2,348,348	2,191,041	6,902	4,095	160,114	60.54%
USD	91,278	88,017	3,572	6,380	453	0.17%
Other EU currencies	4,304	4,822	1,476	855	103	0.04%
Other non-EU currencies	2,101	2,308	75	-	(132)	(0.05)%
Total assets	**3,268,628**	**3,268,628**	**12,090**	**12,339**	**(249)**	**N/A**
Aggregate long positions*					839	0.32%
Aggregate short positions*					(414)	(0.16)%
Eligible capital						264,485

* EUR and LTL excluded

Open foreign currency position 2005 **0.32%**

* According to the Bank of Lithuania requirements, the maximum aggregate open currency position shall be less than 25 per cent of the Bank's eligible capital, and the open single currency position shall not exceed 15% of the Bank's eligible capital.

NOTE 37 Related parties

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. In these financial statements related parties are considered all Sampo Group companies.

Management board of the Bank consists of chairman of the board and 4 board members, each being responsible for specific division: Retail, Corporate, Business development and Finance. The remuneration of the Board, including social security expenses, amounted to LTL 2,229 thousand in 2006 (LTL 2,333 thousand in 2005).

The other Group companies are considered as related parties, if their ultimate parent is Sampo Plc.

During the year 2006, a number of banking transactions were entered into with related parties in the normal course of business. These included settlements, loans, deposit taking, and foreign currency transactions.

The outstanding balances at the year-end and operations for the year 2006 with related parties are as follows:

Related parties	**The Bank**				**The Subsidiary**	
31 December 2006	Sampo Bank Plc.	Other group companies*	Subsidiary company	Key management	Other group companies*	Sampo Bank Plc.
Loans outstanding at January 1	36,100	80	163,111	2,326	92	-
Loans outstanding at 31 December	42,500	180	149,240	2,494	192	-
Interest income on loans	836	17	5,534	64	4	-
Deposits at 1 January	1,658,584	5,808	-	550	-	181,870
Deposits at 31 December	2,309,344	3,956	-	349	-	316,057
Interest expense on deposits	57,900	74	1	7	-	7,304
Commitments and guarantees issued	-	3,523	17,260	1,236	-	-
Commitments and guarantees received	137,558	-	-	-	-	-
Fee and commission income	-	1,477	31	-	7	-
Other income	-	94	601	-	38	-
Fee and commission expense	-	32	3	-	-	-
Other operating expenses	135	5	623	57	11	-

*Other Group companies include Sampo Gyvybės Draudimas UAB (life insurance company), If Draudimas UAB (non-life insurance company), Sampo Pank AS.

NOTE 37 Related parties (cont'd)

Related parties	**The Bank**				**The Subsidiary**	
31 December 2005	Sampo Bank Plc.	Other group companies*	Subsidiary company	Key management	Other group companies*	Sampo Bank Plc.
Loans outstanding at January 1	9,834	33	22,374	1,490	-	-
Loans outstanding at 31 December	36,100	80	163,111	2,326	92	-
Interest income on loans	630	2	4,495	69	16	-
Deposits at 1 January	772,628	6,579	383	211	-	-
Deposits at 31 December.	1,658,584	5,808	-	550	-	181,870
Interest expense on deposits	25,998	149	2	9	-	4,685
Commitments and guarantees issued	-	1,290	1,288	792	-	-
Commitments and guarantees received	49,500	-	-	-	-	-
Fee and commission income	-	559	32	1	20	-
Other income	-	90	541	-	40	-
Fee and commission expense	-	16	4	-	-	-
Other operating expenses	62	2	2,108	29	-	-

* Other Group companies include Sampo Gyvybės Draudimas UAB (life insurance company), If Draudimas UAB (non-life insurance company), Sampo Pank AS.

	Average interest	
	2006	**2005**
Loans to key management*	3.54 %	2.98%

* Key management personnel represent the Board of the Bank.

NOTE 38 Risk management

Risk management of the Group is arranged in accordance with Sampo Group Risk management Principles.

The Financial Policy of the Group defines the objective, organisation and division of responsibility for Risk management. It also defines risk appetite, structures the Group's financial risk management function, identifies the risks involved and describes management policy for each type of financial and market risk.

The objective of the financial risk management is to enhance shareholders value by safeguarding stable earnings through identification, monitoring and pricing of all financial risks arising from the Group's operations.

The Risk management process prominently includes the following points as a minimum:

- Recognising risks: The risks associated with providing new services are studied, recognised and approved before the function is started up.
- Pricing: The general principle is that all financial risks the Group assumes must be compensated with optimal risk/return ratio. Criteria in pricing financial risks are the capital tied up, the targeted capital yield, and the costs of the operation.
- Risk assessment, control and reporting: The risks control and reporting is arranged independently of business operations and it's organized through setting and follow-up of risk limits.

The risk management process is divided into risk monitoring (setting the principles, limits and authorisations, risk calculations also supervision of the functioning of the risk management) and risk management (risk recognition, risk pricing, making decisions on risk management).

Risk monitoring is the responsibility of Council of the Bank, the Board of the Bank, Board of Subsidiary and other organizational units if such responsibilities are delegated.

Risk management is the responsibility of the committees and line officers involved.

The risk management process in AB Sampo Bankas Group is regulated by several Risk Management Policies.

Credit risk

The purpose of lending and investing is to support the long-term profitability goals of the Group and to increase asset value. The purpose of credit risk management is to ensure that lending or investing does not create a credit risk that may significantly endanger the profitability or solvency of the Group or any part of it. The amount and structure of the credit risk is controlled with annually revised credit policies and investment plans incorporated in the strategies devised by the companies. These policies and plans restrict the amount of credit risk, for example, by means of capital adequacy targets, risk capital and target portfolios set for each credit rating. Effective credit risk management involves continuous monitoring and reporting and actions taken against fairly large risks of a known type.

On a practical level, individual credit risks are controlled not only through credit policy and investment plans but also by decision-making authorizations, guidelines and various limits.

The key limits apply to the credit risk management of companies and corporations. These limits can restrict risk-taking concerning certain countries, customers and products, and ensure that accumulated risk concentration in traditional financing and investment does not exceed the permitted level in the entire Group. Other monitoring to restrict risk-taking, e.g. in each creditworthiness category or concerning economic capital employed, is done afterwards through reporting.

NOTE 38 Risk management (cont'd)

Credit Policy defines the general guidelines for credit risk for each year through setting targets in economic sectors (target portfolios), setting the limits of different credit rating/scoring groupings, and gives recommended margins to the each risk group. The sound practices set out in this documents specifically address the establishing an appropriate credit risk environment.

The Credit Policy should be reconsidered and approved by the Bank's Council at least once a year in order to provide its compliance with current banking strategy and economic situation.

The Credit Policy defines the general guidelines for credit risk, the more detailed credit risk management, evaluation and monitoring, etc. working procedures and definitions are described in other the Bank's documents approved by the Bank's Board.

The Credit Policy establishes targets for portfolio mix as well as sets exposure limits on:
- credit rating/scoring;
- a single borrower and a group of connected counterparties;
- a particular industries or economic sectors;
- an individual foreign country or a group of countries and financial institutions;

The Bank's objective is to have a balanced portfolio of credit exposures spread across different market/industry sectors. The concentration of lending in any one particular sector should be avoided at all times. The identification and closure of unprofitable relationships and the detection of new, quality lending opportunities are essential elements of this process and must be strongly pursued.

The starting point for assessing the credit risk for corporate and institutional customers is the Bank's internal credit rating. Credit ratings are based on categories of creditworthiness defined by the Bank. The Bank also accepts ratings by specific foreign institutions and may convert them to correspond to its own rating system. The Bank's own rating is based on approved methods of assessment.

A credit risk is not taken if the customer is not creditworthy. The risk involved in predicting creditworthiness is reduced by requiring collateral and, in the case of companies and corporations, also through special conditions known as covenants. Investment is partly controlled by the creditworthiness of the investment object's counterparty, but that is based on market knowledge, not inside information that falls under Bank confidentiality.

The amount and type of collateral required depends on assessment of the credit risk of counterparty. Guidelines are implemented regarding acceptability of types of collateral and valuation parameters.

The main types of collateral obtained are as follows:
- For commercial lending - charges over real estate properties, inventory, trade receivables, cash and other property,
- For retail lending - mortgages over residential properties.

Management monitors the market value of collateral, requests additional collateral in accordance with underlying agreement, and monitors the market value of collateral obtained during its review of the adequacy of the allowance for impairment losses.

It is the Banks policy to dispose of repossessed properties in an orderly fashion. The proceeds are used to reduce or repay the outstanding claim. In general, the Bank does not occupy repossessed properties for business use.

NOTE 38 Risk management (cont'd)

Currency risk

Foreign exchange risk shall mean the risk that the relevant exchange rate or rates might move against a Bank's net open position in foreign currencies emerging either because of foreign exchange trading positions and (or) because of exposures caused by its overall assets and liabilities.

The Bank holds a minimal (reasonable) level of foreign exchange positions necessary to offer services to clients. The Bank seeks to minimise foreign exchange risk in its lending or asset taking and funding operations by matching the asset and liability side by currencies in such way that always has to comply with the risk ratios established.

Bank shall manage foreign exchange position risk by establishing maximum risk limits as percentage of capital (also see NOTE 36).

Liquidity risk

The Bank's liquidity risk management and control is regulated by the Bank's Liquidity risk management and control procedure, in which the main limits for the control of the Bank's liquidity risk are established.

Liquidity risk is the risk that the bank will not have sufficient funds to meet commitments at any given point in time.

The Bank's liquidity management is based on the current and desired profile of its Balance Sheet structure. The Bank's liquidity forecast is made when forecasting the yearly budgets, forecasting the total amount and profile of the required liability portfolio. A credit facility from Sampo Bank Plc. allows the Bank to manage the liquidity gap in the desired manner.

The Bank's policy is to be as liquid as it takes to cover all its obligations under all uncertain circumstances that might occur within the market environment within which the Bank operates.
Other tasks of liquidity management are to:

- Comply with the liquidity ratio requirements,
- Optimise the Risk/Return ratio – sufficient liquidity compared with carry,
- React adequately and in time to significant changes in the operating environment.

Liquidity management takes place on following levels:

- Liquidity management of a financial year;
- Monthly liquidity management;
- Daily liquidity management (also see NOTE 34).

Interest rate risk

The Bank defines interest rate risk as an adverse variation in cost or return caused by a change in the absolute level of interest rates, in the spread between borrowing and lending rates, in the shape of the yield curve, or in any other interest rate relationship.

The main principles for the Bank's interest rate risk management are defined by Interest rate risk management and control establishment rules, whose objective is to determine the interest rate risk occurred in activity of the Bank, to estimate risk control and management rules, interest rate risk's limits and its monitoring, and therefore guaranty the highest level of the Bank's risk management and control effectiveness (also see NOTE 35).

NOTE 38 Risk management (cont'd)

Equity risk

Equity risk shall be the risk that Bank may incur losses because of fluctuations of price of equity securities held by the Bank.

The Bank holds or intends to acquire equity securities for the purpose of investment or performing the purchase-resale operations with customers of the bank, i.e. for the purpose of trading.

Bank's trading equity portfolio shall be managed with the intention to provide services to the Bank's clients and to benefit from market movements.

The management of potential risk of equity securities adverse price movements is implemented by establishing overall maximum limit upon operations with equity securities and individual limits per each issuer of equity securities. Additionally stop-loss limits are implemented.

Operational risk

Operational Risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

The objective of operational risk management is to establish and implement operational risk management principles that shall be used in all activity areas of the Bank in protecting Bank asset and future income. These principles shall be equally binding for all Bank's employees, each employee shall understand his responsibility and risks involved in his work duties or products sold.

Operational Risks are measured and monitored according to the Operational Risk Policy, which regulates the definition, risk management and reporting procedures of operational risk in the Bank.

Fair value

The estimated fair value of financial instruments is made in accordance with the requirements of IAS 32 "Financial Instruments: Disclosure and Presentation". Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties on arm's length conditions, other than in forced or liquidation sale. As no readily available market exists for a large part of the Group's financial instruments, judgement is necessary in arriving at fair value, based on current economic conditions and the specific risks attributable to the instrument.

The following methods and assumptions are used by the Group to estimate the fair value of these financial instruments:

Cash. Represents cash on hand which nominal amount approximates its fair value.

Balances with the Bank of Lithuania. The carrying amount approximates its fair value as these are current accounts at the Bank of Lithuania.

Investments at Fair Value Through Profit or Loss. The carrying amount approximates fair value of such investments as they are valued at market rates.

Held to Maturity Investments. The fair value of held to maturity investments as of 31 December 2006 was LTL 195,063 thousand (as of 31 December 2005 – LTL 152,372 thousand).

NOTE 38 Risk management (cont'd)

Amounts Due from and to Credit Institutions. For assets maturing within three months, the carrying amount approximates fair value due to the relatively short- term maturity of these financial instruments. For longer-term deposits, due to the re-pricing of assets to the market interest rates, the interest rates applicable approximate market rates and, consequently, the fair value approximates the carrying amounts.

Loans to Customers and Financial Lease Receivable. The estimate was made by discounting of scheduled future cash flows of the individual loans through the estimated maturity using prevailing market rates as of the respective year-end. Based on the estimates the fair value approximates the carrying amounts.

Amounts Due to Customers. For balances maturing within three months the carrying amount approximates fair value due to the relatively short maturity of these financial instruments. For longer term fixed interest bearing deposits and other borrowings the estimated fair value is based on discounted cash flows using interest rates for new debts with similar remaining maturity. The fair value approximates the carrying amounts.

Debt Securities Issued. These amounts include securities with interest rates, which reflect market interest rates and, consequently, the fair value approximates the carrying amounts. The fair value as of 31 December 2006 was LTL 99,471 thousand (as of 31 December 2005 – LTL 187,512 thousand).

NOTE 39 Commitments and contingencies

	The Bank		The Group	
	2006	2005	2006	2005
Guarantees issued	46,422	11,003	46,006	10,980
Commitments to purchase (sell) foreign currency	493	2	493	2
Commitments to issue a loan or guarantee	842,890	619,962	851,771	635,006
Commitment to sell assets	-	1,300	-	1,300
Issued letters of credit	10,632	1,137	8,944	822
Commitment to sell back debt securities	-	30,253	-	30,253

Commitments to purchase (sell) foreign currency are presented bellow:

	The Bank		The Group	
	2006	2005	2006	2005
Spot agreements				
Liability to purchase	3,479	11,129	3,479	11,129
Liability to sell	(3,479)	(11,128)	(3,479)	(11,128)
	-	**1**	**-**	**1**
Other derivative instruments				
Liability to purchase	195,266	803	195,266	803
Liability to sell	(194,773)	(802)	(194,773)	(802)
	493	**1**	**493**	**1**
Commitments to purchase (sell) foreign currency	**493**	**2**	**493**	**2**

As of 31 December 2006 the Bank and the Group had equity call options amounting to LTL 14,878 thousand (LTL 158 thousand as of 31 December 2005).

Fair value of derivative instruments is presented in the table below.

31 December 2006	**Note**	**Notional amount**		**Fair value**	
		Book value	Cost	Liability	Asset
Swaps		185,723	(185,283)	(4)	444
Forwards		9,543	(9,490)	(73)	126
		195,266	**(194,773)**	**(77)**	**570**
Equity option (related to stock indices-linked deposits)		14,878	(14,878)	(4,002)	4,003
Total	14	**210,144**	**(209,651)**	**(4,079)**	**4,573**

31 December 2005	**Note**	**Notional amount**		**Fair value**	
		Book value	Cost	Liability	Asset
Swaps		591	(588)	-	3
Forwards		212	(214)	(2)	-
		803	**(802)**	**(2)**	**3**
Equity option (related to stock indices-linked deposits)		158	(147)	-	11
Total	14	**961**	**(949)**	**(2)**	**14**

NOTE 40 Subsequent events

The Bank did not propose to pay out any dividends to its shareholder till the date of financial statements' authorisation.

On 17 January 2007 the Shareholder of the Bank decided to increase the share capital of the Bank by issuing new shares in total par value of LTL 70,000 thousand. All the shares will be acquired by the sole shareholder Sampo Bank Plc.