



AB SEB VILNIAUS BANKAS

INTERIM FINANCIAL REPORT
FOR THE THREE MONTH PERIOD ENDED
31 MARCH 2006

**Profit and Loss Account
for the three month period ended 31 March
(LTL 000s)**

<u>The Group</u>			<u>The Bank</u>	
2006	2005		2006	2005
152,668	104,315	Interest income	127,756	84,772
(62,587)	(35,503)	Interest expenses	(50,620)	(28,221)
<u>90,081</u>	<u>68,812</u>	Net interest income	<u>77,136</u>	<u>56,551</u>
(2,227)	2,927	Provisions for loan impairment	(2,318)	3,366
(548)	(108)	Provisions for lease portfolio and other doubtful leasing assets	-	-
202	44	Provisions for guarantees	146	44
8	(6)	Other provisions	(4)	(1)
<u>(2,565)</u>	<u>2,857</u>		<u>(2,176)</u>	<u>3,409</u>
<u>87,516</u>	<u>71,669</u>	Net interest income after provisions	<u>74,960</u>	<u>59,960</u>
38,315	31,238	Net service charges and other income	30,568	25,445
4,992	399	Net gain on equity investments	(1)	-
(1,460)	6,915	Net gain on operations with debt securities and financial instruments	(1,147)	6,395
<u>17,353</u>	<u>5,319</u>	Net foreign exchange gain	<u>16,336</u>	<u>3,867</u>
<u>59,200</u>	<u>43,871</u>		<u>45,756</u>	<u>35,707</u>
11,800	9,575	Net insurance premium revenue	-	-
(13,678)	(9,363)	Gross insurance expenses	-	-
<u>(1,878)</u>	<u>212</u>	Net life insurance income	-	-
(8,719)	(6,765)	Deposit insurance expenses	(8,591)	(6,709)
(33,959)	(26,806)	Staff costs	(26,844)	(21,559)
(35,283)	(30,784)	Other administrative expenses	(29,938)	(25,984)
<u>(77,961)</u>	<u>(64,355)</u>		<u>(65,373)</u>	<u>(54,252)</u>
<u>66,877</u>	<u>51,397</u>	Profit before income tax	<u>55,343</u>	<u>41,415</u>
(12,404)	(7,518)	Income tax	(10,533)	(5,489)
<u>54,473</u>	<u>43,879</u>	Net income	<u>44,810</u>	<u>35,926</u>
		Attributable to:		
54,472	43,871	Equity holders of the parent	44,810	35,926
1	8	Minority interest	-	-
<u>54,473</u>	<u>43,879</u>		<u>44,810</u>	<u>35,926</u>
3.53	2.84	Earnings per share, attributable to equity holders of the parent (LTL)	2.90	2.33
3.53	2.84	Diluted earnings per share, attributable to equity holders of the parent (LTL)	2.90	2.33

Balance Sheet
(LTL 000s)

<u>The Group</u>			<u>The Bank</u>	
31 March 2006	31 December 2005		31 March 2006	31 December 2005
		Assets		
219,772	251,370	Cash in hand	212,667	244,505
522,414	968,108	Balances with the Central Banks	474,682	931,722
988,376	337,083	Due from banks, net	1,007,926	350,309
1,055,523	1,137,304	Treasury bills – available for sale	1,041,835	1,080,213
		Financial assets designated at fair value through profit or loss	222,008	234,624
263,982	315,290	Derivative financial instruments	45,859	28,391
45,859	28,391	Loans to credit and financial institutions, net	836,610	796,736
17,354	68,844	Loans to customers, net	9,465,661	8,470,008
9,813,181	8,815,378	Finance lease receivable, net	-	-
2,023,342	1,928,769	Investment securities – available for sale	539,252	546,178
621,706	536,990	Investment securities – held to maturity	15,180	15,424
15,180	15,424	Investments in subsidiaries	203,462	203,199
-	-	Intangible fixed assets	180,998	181,822
209,762	211,209	Tangible fixed assets	93,829	93,673
278,072	259,799	Assets under operating lease	-	-
19,113	21,512	Investment property	20,301	20,425
50,713	51,633	Deferred tax asset	-	-
2,750	2,767	Other assets, net	91,024	114,863
126,541	160,842			
16,273,640	15,110,713	Total assets	14,451,294	13,312,092
		Liabilities		
44	245	Amounts owed to the Central Banks	44	37
5,212,402	4,592,884	Amounts owed to credit and financial institutions	3,871,839	3,295,138
19,280	15,510	Derivative financial instruments	19,280	15,510
8,178,229	8,398,408	Deposits from the public	7,983,578	8,205,390
141,152	125,561	Liabilities in life insurance operations	-	-
16,866	25,888	Accrued expenses and deferred income	14,912	21,979
24,389	24,977	Income tax payable	18,670	20,058
139,434	51,802	Subordinated loans	139,434	51,802
839,936	440,338	Debt securities in issue	850,412	450,908
13,212	12,066	Deferred tax liability	3,284	1,941
396,232	165,842	Other liabilities and provisions	337,411	64,717
14,981,176	13,853,521	Total liabilities	13,238,864	12,127,480
		Equity		
		Equity attributable to equity holders of the parent		
154,414	154,414	Paid in capital	154,414	154,414
189,040	189,040	Share premium	189,040	189,040
697,759	693,154	Reserve capital	693,321	693,321
5,597	22,732	Financial assets revaluation reserve	5,979	22,971
13,692	15,555	Translation reserve	-	-
9,338	7,971	Legal reserve	11,426	6,026
13,613	5,554	General and other reserves	9,338	5,554
208,502	168,018	Retained earnings and net income for the period	148,912	113,286
1,291,955	1,256,438		1,212,430	1,184,612
509	754	Minority interest	-	-
1,292,464	1,257,192	Total equity	1,212,430	1,184,612
16,273,640	15,110,713	Total liabilities and equity	14,451,294	13,312,092
17.10%	12.70%	Return on Average Equity attributable to equity holders of the parent	14.96%	9.4%
1.39%	1.20%	Return on Average Total Assets	1.29%	0.96%

Vilnius, 25 April 2006

A.Žiugžda
Chairman of the Board

A.Matusevičienė
Chief Financial Officer

**Statement of Changes in Equity of the Group
for the three month period ended 31 March 2006
(LTL 000s)**

	Share capital	Share premium	Reserve capital	Financial assets revaluation reserve	Translation reserve	Legal reserve	General and other reserves	Retained earnings	Minority interest	Total
31 December 2004	154,414	189,040	594,481	(6,512)	-	-	5,554	125,619	-	1,062,596
Transfers to reserves	-	-	98,673	-	-	7,971	-	(106,644)	-	-
Acquisition of Agio bank	-	-	-	-	-	-	-	-	808	808
Net charge to financial assets revaluation reserve for the period	-	-	-	30,899	-	-	-	-	-	30,899
Net income for the period	-	-	-	-	-	-	-	43,871	8	43,879
31 March 2005	154,414	189,040	693,154	24,387	-	7,971	5,554	62,846	816	1,138,182
31 December 2005	154,414	189,040	693,154	22,732	15,555	7,971	5,554	168,018	754	1,257,192
Transfers to reserves	-	-	4,605	-	-	5,642	7,736	(17,983)	-	-
Other reserve transfers	-	-	-	-	-	-	(3,952)	3,952	-	-
Net charge to financial assets revaluation reserve for the period	-	-	-	(17,135)	-	-	-	-	-	(17,135)
Additional acquisition of Agio bank and retained earning revaluation due to translation difference	-	-	-	-	-	-	-	43	(246)	(203)
Net charge to translation reserve	-	-	-	-	(1,863)	-	-	-	-	(1,863)
Net income for the period	-	-	-	-	-	-	-	54,472	1	54,473
31 March 2006	154,414	189,040	697,759	5,597	13,692	13,613	9,338	208,502	509	1,292,464

A.Žiugžda
Chairman of the Board

A.Matusevičienė
Chief Financial Officer

**Statement of Changes in Equity of the Bank
for the three month period ended 31 March 2006
(LTL 000s)**

	Share capital	Share premium	Reserve capital	Financial assets revaluation reserve	Legal reserve	General and other reserves	Retained earnings	Total
31 December 2004	154,414	189,040	594,481	(6,512)	-	5,554	111,377	1,048,354
Transfers to reserves	-	-	98,840	-	6,026	-	(104,865)	1
Net charge to financial assets revaluation reserve for the period	-	-	-	30,899	-	-	-	30,899
Net income for the period	-	-	-	-	-	-	35,926	35,926
31 March 2005	154,414	189,040	693,321	24,387	6,026	5,554	42,438	1,115,180
31 December 2005	154,414	189,040	693,321	22,971	6,026	5,554	113,286	1,184,612
Transfers to reserves	-	-	-	-	5,400	7,736	(13,136)	-
Other reserves transfers	-	-	-	-	-	(3,952)	3,952	-
Net charge to financial assets revaluation reserve for the period	-	-	-	(16,992)	-	-	-	(16,992)
Net income for the period	-	-	-	-	-	-	44,810	44,180
31 March 2006	154,414	189,040	693,321	5,979	11,426	9,338	148,912	1,212,430

A.Žiugžda
Chairman of the Board

A.Matusevičienė
Chief Financial Officer

Statement of Cash Flows
for the three month period ended 31 March
(LTL 000s)

<u>The Group</u>			<u>The Bank</u>	
2006	2005		2006	2005
		Cash from operating activities:		
156,000	103,415	Interest income received	128,720	84,034
(103,678)	(37,234)	Interest expenses paid	(57,693)	(33,233)
17,353	5,319	Net foreign exchange gain	16,336	3,867
(1,460)	6,915	Net gain in securities trading and financial instruments	(1,147)	6,395
38,315	31,238	Net commission and service income	30,568	25,445
13,713	9,631	Life insurance operations	-	-
(33,959)	(26,806)	Staff costs	(26,844)	(21,559)
(33,877)	(25,211)	Other payments	(32,439)	(24,286)
<u>52,407</u>	<u>67,267</u>	Net cash from operating activities before change in operating assets	<u>57,501</u>	<u>40,663</u>
		Changes in operating assets:		
107,344	8,424	Decrease (increase) in compulsory balances with the Central Banks	108,027	8,424
(520,010)	(167,774)	(Increase) decrease in due from banks and loans to credit and financial institutions	(626,476)	(218,015)
(1,003,362)	(148,395)	Increase in loans to customers	(998,935)	(133,691)
34,326	(9,848)	(Increase) decrease in other current assets	23,835	(8,764)
<u>(1,381,702)</u>	<u>(317,593)</u>	Net increase in operating assets	<u>(1,493,549)</u>	<u>(352,046)</u>
(220,179)	(5,951)	Changes in operating liabilities:	(226,841)	(21,130)
261,410	15,616	Decrease in deposits from the public	278,730	19,717
41,231	9,665	Increase (decrease) in accrued expenses, deferred income and other liabilities	51,889	(1,413)
<u>(1,288,064)</u>	<u>(240,661)</u>	Net increase (decrease) in operating liabilities	<u>(1,384,159)</u>	<u>(312,796)</u>
(5,903)	(248)	Net cash to operating activities before income tax	(4,921)	(98)
<u>(1,293,967)</u>	<u>(240,909)</u>	Net cash to operating activities after income tax	<u>(1,389,080)</u>	<u>(312,894)</u>

Statement of Cash Flows
for the three month period ended 31 March
(LTL 000s) (continued)

<u>The Group</u>			<u>The Bank</u>	
2006	2005		2006	2005
		Cash from (to) investing activities:		
		(Purchase) sale of tangible and intangible		
(24,145)	(5,767)	fixed assets, net	(5,422)	846
		Decrease in investment in short-term and		
58,134	31,601	long-term treasury bonds	14,874	20,617
(246)	(38,156)	Change of investment into subsidiaries	(263)	(73,121)
		Decrease of investment in securities and		
(42,277)	4,935	derivatives	6,087	19,009
920	1,300	Change in investment property	124	134
(95,121)	(56,113)	Increase in financial lease receivable	-	-
<u>(102,735)</u>	<u>(62,200)</u>	Cash (used in) from investing activities	<u>15,400</u>	<u>(32,515)</u>
		Cash from (to) financing activities:		
		Increase (decrease) in amounts owed to the		
(201)	221	Central Banks	7	(1)
		Increase in amounts owed to credit and		
619,518	278,830	financial institutions	576,701	162,881
87,632	-	Increase in subordinated loans	87,632	-
399,598	(13,650)	Debt securities (redeemed) issued, net	399,504	88,411
<u>1,106,547</u>	<u>265,401</u>	Cash from financing activities	<u>1,063,844</u>	<u>251,291</u>
(290,155)	(37,708)	Net (decrease) increase in cash	(309,836)	(94,118)
<u>911,935</u>	<u>644,397</u>	Cash and cash equivalents 1 January	<u>875,716</u>	<u>644,390</u>
<u>621,780</u>	<u>606,689</u>	Cash and cash equivalents 31 March	<u>565,880</u>	<u>550,2272</u>
		Which could be specified as follows:		
		Balances available for withdrawal with the		
		Central Banks	-	-
34,734	15,236	Overnight deposits	264,902	321,530
264,902	332,180	Cash on hand	212,667	167,976
219,772	173,722	Current accounts with other banks	88,311	60,766
102,372	85,551		<u>565,880</u>	<u>550,272</u>
<u>621,780</u>	<u>606,689</u>			

Basis of presentation

This interim financial report is presented in national currency of Lithuania, Litas (LTL).

The books and records of the Bank and the Group are maintained in accordance with International Financial Reporting Standards (IFRS). This interim financial report has been prepared in accordance with International Accounting Standard 34.

This interim financial report is prepared applying the same accounting policies as those applied in annual financial statements of the Bank.

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

Debt securities issuances and redemption

In the first quarter of 2006 the Bank successfully issued its eleven debt securities emissions:

Three three-year index linked debt securities emission of LTL 22.7 million nominal value due March 2009.

Two two-year index linked debt securities emission of LTL 33.3 million nominal value due March 2008.

Six-month debt securities emission of LTL 30 million nominal value and 2.5% interest rate due August 2006.

Three-month debt securities emission of LTL 60 million nominal value and 2.4% interest rate due May 2006.

Three-month debt securities emission of LTL 60 million nominal value and 2.5% interest rate due June 2006.

One-month debt securities emission of LTL 77.6 million nominal value (denominated in US dollars) and 4.52% interest rate redeemed in March 2006.

One-month debt securities emission of LTL 72.1 million nominal value (denominated in US dollars) and 4.58% interest rate redeemed in April 2006.

One-month debt securities emission of LTL 39.1 million nominal value (denominated in US dollars) and 4.6% interest rate redeemed in April 2006.

Also during the first quarter of 2006 the Bank successfully redeemed its three/six-month debt securities emission of LTL 106.9 million nominal value, issued during July-December 2005.

Significant events

On 31 January 2005 State Tax Authorities delivered to the Bank claim amounting to LTL 21.2 million regarding income tax payments in 2002 and 2003. On 23 January 2006 State Tax Authorities and the Bank signed agreement according to which the Bank paid to the Tax Authorities LTL 10,000 thousand additional income tax related to the years 2002 and 2003, the amount being expensed in 2005.