



**AB SEB VILNIAUS BANKAS**

INTERIM FINANCIAL REPORT  
FOR THE NINE MONTHS PERIOD ENDED  
30 SEPTEMBER 2005

**Profit and Loss Account**  
**for the nine months period ended 30 September**  
**(LTL 000s)**

<u>The Group</u>			<u>The Bank</u>	
2005	2004		2005	2004
342,146	258,347	Interest income	282,654	234,338
(125,697)	(79,070)	Interest expenses	(101,299)	(64,931)
<u>216,449</u>	<u>179,277</u>	Net interest income	<u>181,355</u>	<u>169,407</u>
(18,040)	2,551	Provisions for loan impairment	(17,560)	5,015
(405)	(824)	Provisions for lease portfolio and other doubtful leasing assets	-	-
(234)	(140)	Provisions for guarantees	(147)	(140)
91	(194)	Other provisions	9	(193)
<u>(18,588)</u>	<u>1,393</u>		<u>(17,698)</u>	<u>4,682</u>
<u>197,861</u>	<u>180,670</u>	Net interest income after provisions	<u>163,657</u>	<u>174,089</u>
103,408	89,108	Net service charges and other income	83,120	73,293
7,438	2,581	Net gain on equity investments	817	6,187
32,550	15,752	Net gain on operations with debt securities and financial instruments	30,243	13,794
<u>12,973</u>	<u>17,904</u>	Net foreign exchange gain	<u>8,873</u>	<u>17,456</u>
<u>156,369</u>	<u>125,345</u>		<u>123,053</u>	<u>110,730</u>
(22,072)	(16,612)	Deposit insurance expenses	(21,844)	(16,608)
(86,088)	(77,568)	Staff costs	(68,131)	(68,133)
<u>(105,893)</u>	<u>(107,749)</u>	Other administrative expenses	<u>(84,135)</u>	<u>(92,417)</u>
<u>(214,053)</u>	<u>(201,929)</u>		<u>(174,110)</u>	<u>(177,158)</u>
(2,648)	2,958	Result of life insurance operations	-	-
<u>137,529</u>	<u>107,044</u>	Profit before income tax	<u>112,600</u>	<u>107,661</u>
(20,204)	(9,345)	Income tax	(15,241)	(9,962)
<u>117,325</u>	<u>97,699</u>	Net income	<u>97,359</u>	<u>97,699</u>
		Attributable to:		
117,325	97,699	Equity holders of the parent	97,359	97,699
-	-	Minority interest	-	-
<u>117,325</u>	<u>97,699</u>		<u>97,359</u>	<u>97,699</u>
7.60	6.33	Earnings per share, attributable to equity holders of the parent (LTL)	6.31	6.33
7.60	6.33	Diluted earnings per share, attributable to equity holders of the parent (LTL)	6.31	6.33

\_\_\_\_\_  
J. Niedvaras  
Chairman of the Board

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V. Bučas  
Chief Financial Officer

**AB SEB Vilniaus Bankas**  
**Interim Financial Report for the Nine Months Period Ended 30 September 2005**

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**Balance Sheet**  
**(LTL 000s)**

<u>The Group</u>			<u>The Bank</u>	
30 September 2005	31 December 2004		30 September 2005	31 December 2004
		<b>Assets</b>		
199,962	216,907	Cash in hand	193,654	216,907
588,510	451,430	Balances with the Central Banks	558,894	451,430
739,517	707,624	Due from banks, net	727,962	707,617
1,069,655	1,108,193	Treasury bills – available for sale	1,013,790	1,058,163
		Financial assets designated at fair value through profit or loss	93,739	77,460
158,713	77,460	Derivative financial instruments	30,758	9,397
30,758	9,386	Loans to credit and financial institutions, net	859,129	757,543
37,409	16,948	Loans to customers, net	7,405,377	5,662,792
7,705,162	5,827,750	Finance lease receivable, net	-	-
1,669,058	1,369,564	Investment securities – available for sale	517,978	26,475
523,227	71,208	Investment securities – held to maturity	15,167	13,433
15,167	13,433	Investments in subsidiaries	200,919	143,355
-	-	Intangible fixed assets	181,709	180,491
204,599	179,667	Tangible fixed assets	91,221	99,778
268,075	206,169	Assets under operating lease	-	-
23,984	81,622	Investment property	20,550	22,516
56,443	58,411	Deferred tax asset	-	883
1,737	2,524	Other assets, net	97,440	92,418
141,806	126,033			
<u>13,433,782</u>	<u>10,524,329</u>	<b>Total assets</b>	<u>12,008,287</u>	<u>9,520,658</u>
		<b>Liabilities</b>		
206	68	Amounts owed to the Central Banks	71	68
4,062,346	2,519,885	Amounts owed to credit and financial institutions	3,031,705	1,725,210
7,638	16,931	Derivative financial instruments	7,638	16,932
7,347,838	6,367,069	Deposits from the public	7,189,609	6,367,527
108,932	75,720	Liabilities in life insurance operations	-	-
61,267	59,645	Accrued expenses and deferred income	45,439	46,779
33,918	17,654	Income tax payable	29,879	15,577
56,205	60,619	Subordinated loans	56,205	60,619
370,037	268,300	Debt securities in issue	380,707	181,007
11,587	-	Deferred tax liabilities	1,006	-
138,910	75,842	Other liabilities and provisions	80,284	42,938
<u>12,198,884</u>	<u>9,461,733</u>	<b>Total liabilities</b>	<u>10,822,543</u>	<u>8,456,657</u>
		<b>Equity</b>		
		<b>Equity attributable to equity holders of the parent</b>		
154,414	154,414	Paid in capital	154,414	154,414
189,040	189,040	Share premium	189,040	189,040
693,155	594,482	Reserve capital	693,321	594,482
40,035	-	Financial assets revaluation reserve	40,030	-
14,103	-	Translation reserve	-	-
7,971	-	Legal reserve	6,026	-
5,554	5,554	General and other reserves	5,554	5,554
12,462	-	Retained earnings	-	-
117,356	119,106	Net income for the period	97,359	120,511
<u>1,234,090</u>	<u>1,062,596</u>		<u>1,185,744</u>	<u>1,064,001</u>
808	-	<b>Minority interest</b>	-	-
<u>1,234,898</u>	<u>1,062,596</u>	<b>Total equity</b>	<u>1,185,744</u>	<u>1,064,001</u>
<u>13,433,782</u>	<u>10,524,329</u>	<b>Total liabilities and equity</b>	<u>12,008,287</u>	<u>9,520,658</u>
13.62%	11.90%	Return on Average Equity attributable to equity holders of the parent	11.54%	12.00%
1.31%	1.27%	Return on Average Total Assets	1.21%	1.41%

Vilnius, 25 October 2005

\_\_\_\_\_  
J. Niedvaras  
Chairman of the Board

\_\_\_\_\_  
V. Bučas  
Chief Financial Officer

**Statement of Changes in Equity of the Group  
for the nine months period ended 30 September 2005  
(LTL 000s)**

	Share capital	Share premium	Reserve capital	Financial assets revaluation reserve	Translation reserve	Legal reserve	General and other reserves	Retained earnings	Net income for the period	Minority interest	Total
<b>31 December 2004</b>	<b>154,414</b>	<b>189,040</b>	<b>594,482</b>	-	-	-	<b>5,554</b>	-	<b>119,106</b>	-	<b>1,062,596</b>
Transfers to reserves	-	-	98,839	-	-	6,026	-	14,241	(119,106)	-	-
<b>31 December 2004 after appropriation of profit</b>	<b>154,414</b>	<b>189,040</b>	<b>693,321</b>	-	-	<b>6,026</b>	<b>5,554</b>	<b>14,241</b>	-	-	<b>1,062,596</b>
Reversal of subsidiaries, accounted under equity method, results	-	-	(166)	-	-	1,945	-	(1,779)	-	-	-
Initial charge to financial assets revaluation reserve	-	-	-	31,475	-	-	-	-	-	-	31,475
<b>1 January 2005 after effects of IFRS changes</b>	<b>154,414</b>	<b>189,040</b>	<b>693,155</b>	<b>31,475</b>	-	<b>7,971</b>	<b>5,554</b>	<b>12,462</b>	-	-	<b>1,094,071</b>
Acquisition of Agio bank	-	-	-	-	-	-	-	-	-	808	808
Net income for the period	-	-	-	-	-	-	-	-	117,356	-	117,356
Net charge to translation reserve for the period	-	-	-	-	14,103	-	-	-	-	-	14,103
Net charge to financial assets revaluation reserve for the period	-	-	-	8,560	-	-	-	-	-	-	8,560
<b>30 September 2005</b>	<b>154,414</b>	<b>189,040</b>	<b>693,155</b>	<b>40,035</b>	<b>14,103</b>	<b>7,971</b>	<b>5,554</b>	<b>12,462</b>	<b>117,356</b>	<b>808</b>	<b>1,234,898</b>

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**Statement of Changes in Equity of the Bank  
for the nine months period ended 30 September 2005  
(LTL 000s)**

	Share capital	Share premium	Reserve capital	Financial assets revaluation reserve	Legal reserve	General and other reserves	Retained earnings	Net income for the period	Total
31 December 2004	154,414	189,040	594,482	-	-	5,554	-	120,511	1,064,001
Transfers to reserves	-	-	98,839	-	6,026	-	15,646	(120,511)	-
<b>31 December 2004 after appropriation of profit</b>	<b>154,414</b>	<b>189,040</b>	<b>693,321</b>	<b>-</b>	<b>6,026</b>	<b>5,554</b>	<b>15,646</b>	<b>-</b>	<b>1,064,001</b>
Reversal of subsidiaries, accounted under equity method, results	-	-	-	-	-	-	(15,646)	-	(15,646)
Initial charge to financial assets revaluation reserve	-	-	-	31,475	-	-	-	-	31,475
<b>1 January 2005 after effects of IFRS changes</b>	<b>154,414</b>	<b>189,040</b>	<b>693,321</b>	<b>31,475</b>	<b>6,026</b>	<b>5,554</b>	<b>-</b>	<b>-</b>	<b>1,079,830</b>
Net income for the period	-	-	-	-	-	-	-	97,359	97,359
Net charge to financial assets revaluation reserve for the period	-	-	-	8,555	-	-	-	-	8,555
<b>30 September 2005</b>	<b>154,414</b>	<b>189,040</b>	<b>693,321</b>	<b>40,030</b>	<b>6,026</b>	<b>5,554</b>	<b>-</b>	<b>97,359</b>	<b>1,185,744</b>

**Statement of Changes in Equity of the Bank and the Group  
for the nine months period ended 30 September 2004  
(LTL 000s)**

	Share capital	Share premium	Reserve capital	General and other reserves	Retained earnings	Total
31 December 2003	154,414	189,040	462,206	5,554	132,276	943,490
Transfer to reserve capital	-	-	132,276	-	(132,276)	-
<b>31 December 2003 after appropriation of profit</b>	<b>154,414</b>	<b>189,040</b>	<b>594,482</b>	<b>5,554</b>	<b>-</b>	<b>943,490</b>
Net income for the period	-	-	-	-	97,699	97,699
<b>30 September 2004</b>	<b>154,414</b>	<b>189,040</b>	<b>594,482</b>	<b>5,554</b>	<b>97,699</b>	<b>1,041,189</b>

\_\_\_\_\_  
J. Niedvaras  
Chairman of the Board

\_\_\_\_\_  
V. Bučas  
Chief Financial Officer

**Statement of Cash Flows**  
for the nine months period ended 30 September  
(LTL 000s)

<u>The Group</u>			<u>The Bank</u>	
2005	2004		2005	2004
		<b>Cash from operating activities:</b>		
338,003	256,420	Interest income received	279,136	234,020
(123,707)	(69,957)	Interest expenses paid	(102,069)	(56,609)
12,973	17,904	Net foreign exchange gain	8,873	17,456
32,550	15,752	Net gain in securities trading and financial instruments	30,243	13,794
103,408	75,366	Net commission and service income	83,120	73,293
30,564	24,900	Life insurance operations	-	-
(86,088)	(77,568)	Staff costs	(68,131)	(68,133)
(81,764)	(77,332)	Other payments	(78,646)	(78,281)
<u>225,939</u>	<u>165,485</u>	<b>Net cash from operating activities before change in operating assets</b>	<u>152,526</u>	<u>135,540</u>
		<b>Changes in operating assets:</b>		
(125,453)	107,763	(Decrease) increase in compulsory balances with the Central Banks	(125,453)	107,763
106,751	(242,272)	Increase (decrease) in due from banks and loans to credit and financial institutions	908	(290,202)
(1,820,860)	(746,204)	Increase in loans to customers	(1,767,890)	(699,607)
(8,476)	(6,238)	Increase in other current assets	(612)	(11,418)
<u>(1,848,038)</u>	<u>(886,951)</u>	<b>Net increase in operating assets</b>	<u>(1,893,047)</u>	<u>(893,464)</u>
		<b>Changes in operating liabilities:</b>		
897,234	676,143	Increase in deposits from the public	822,082	676,502
59,545	(24,087)	Increase (decrease) in accrued expenses, deferred income and other liabilities	36,991	(24,002)
<u>956,779</u>	<u>652,056</u>	<b>Net increase in operating liabilities</b>	<u>859,073</u>	<u>652,500</u>
<u>(665,320)</u>	<u>(69,410)</u>	<b>Net cash to operating activities before income tax</b>	<u>(881,448)</u>	<u>(105,424)</u>
(1,475)	(1,692)	Income tax paid	(295)	(474)
<u>(666,795)</u>	<u>(71,102)</u>	<b>Net cash to operating activities after income tax</b>	<u>(881,743)</u>	<u>(105,898)</u>

**Statement of Cash Flows**  
**for the nine months period ended 30 September**  
**(LTL 000s) (continued)**

<u>The Group</u>			<u>The Bank</u>	
2005	2004		2005	2004
		<b>Cash from (to) investing activities:</b>		
		Purchase of tangible and intangible fixed assets, net	(12,108)	(6,553)
(35,269)	(18,046)	Decrease in investment in short-term and long-term treasury bonds	121,833	50,656
115,998	39,644	Increase in investment into subsidiaries	(73 210)	-
(38,241)	-	Decrease of investment in securities and derivatives	(577,601)	(29,524)
(596,338)	(30,261)	Change in investment property	1,966	95
1,968	1,364	Increase in financial lease receivable	-	-
(245,356)	(351,706)	<b>Cash (to) from investing activities</b>	(539,120)	14,674
(797,238)	(359,005)			
		<b>Cash from (to) financing activities:</b>		
		Increase (decrease) in amounts owed to the Central Banks	3	(4)
138	(4)	Increase (decrease) in amounts owed to credit and financial institutions	1,306,495	(122,600)
1,504,109	140,872	Decrease in subordinated loans	(4,414)	(4,414)
(4,414)	(4,414)	Increase in debt securities issued, net	199,700	146,263
101,737	221,676	<b>Cash from financing activities</b>	1,501,784	19,245
1,601,570	358,130			
		<b>Net increase (decrease) in cash</b>	80,921	(71,979)
137,537	(71,977)			
		<b>Cash and cash equivalents 1 January</b>	644,390	540,904
644,397	540,907			
		<b>Cash and cash equivalents 30 September</b>	725,311	468,925
781,934	468,930			
		<b>Which could be specified as follows:</b>		
		Balances available for withdrawal with the Central Banks	7 963	-
37,579	-	Overnight deposits	454 072	258,047
454,488	258,047	Cash on hand	193 654	155,898
199,962	155,898	Current accounts with other banks	69 622	54,980
89,905	54,985		725 311	468,925
781,934	468,930			

*Basis of presentation*

This interim financial report for the nine months period ended 30 September 2005 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, except changes in IFRS, described in the below section.

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

The Group decided to account for income from assets leased under operating lease in other income caption and for these assets depreciation under other operating expense caption instead of netting these amounts in interest income caption. Accordingly, LTL 1,558 thousand net result was reclassified in Profit and Loss Account for the nine months of 2004, increasing other income by LTL 13,742 and other administrative expenses by LTL 12,184.

In the beginning of 2005 the Group noted inaccurate classification of assets under lease and reclassified LTL 54,544 thousand from assets under operating lease to finance lease receivable, net caption.

*IFRS changes*

Changed policies are applied starting from 2005 without adjusting comparative figures for 2004.

In 2005 the Bank started to account for investments into subsidiaries under cost method instead of equity method applied in 2004. Therefore, as of 1 January 2005 the Bank reversed subsidiaries results accrued since inception, amounting to LTL 15,645 thousand.

In 2005 the Bank and the Group started to account for unrealised gains and losses of available for sale financial assets in revaluation reserve within equity. The reserve as of 1 January 2005 amounted to LTL 31,475 thousand.

In 2005 the Bank and the Group stopped goodwill amortization, which amounted to LTL 2,811 thousand for one quarter.



*Debt securities issuances and redemption*

During the nine months of 2005 the Bank and the Group successfully issued 15 debt securities emissions:

<b>Group</b>		<b>Interest rate</b>	<b>Bank</b>
<b>Nominal value, (LTL 000s)</b>			<b>Nominal value, (LTL 000s)</b>
100,000	Three-year debt securities emission (due February 2008)	3.10%	100,000
10,000	Three-year index linked debt securities emission (due April 2008)	-	10,000
5,000	Three-year index linked debt securities emission (due April 2008)	-	5,000
50,000	One-year discounted debt securities emission (due May 2006)	2.60%	50,000
50,000	Two-year debt securities emission (due May 2007)	3.00%	50,000
25,955	142 days discounted debt securities emission (due October 2005)	2.45%	25,955
10,000	Three-year index linked debt securities emission (due July 2008)	-	10,000
5,000	Three-year index linked debt securities emission (due July 2008)	-	5,000
10,000	One-month discounted debt securities emission (due August 2005)	2.10%	10,000
20,000	Three-month discounted debt securities emission (due October 2005)	2.20%	20,000
30,000	Six-month discounted debt securities emission (due January 2006)	2.30%	30,000
7,141	Two-year index linked debt securities emission (due September 2007)	-	7,141
10,000	Two-year index linked debt securities emission (due September 2007)	-	10,000
10,000	Three-year index linked debt securities emission (due October 2008)*	-	10,000
10,000	Three-year index linked debt securities emission (due October 2008)*	-	10,000
<b>343,096</b>	<b>Total nominal value of issued debt securities</b>		<b>343,096</b>

\*issue completed as of 10 October 2005

During the nine months of 2005 the Bank and the Group redeemed 4 debt securities emissions:

<b>Group</b>		<b>Interest rate</b>	<b>Bank</b>
<b>Nominal value, (LTL 000s)</b>			<b>Nominal value, (LTL 000s)</b>
100,000	One-year discounted debt securities emission (issued in January 2004)	2.90%	-
100,000	One-year discounted debt securities emission (issued in May 2004)	2.50%	100,000
20,000	Five-month discounted debt securities emission (issued in December 2004)	2.25%	20,000
10,000	One-month discounted debt securities emission (issued in May 2005)	2.10%	10,000
<b>230,000</b>	<b>Total nominal value of redeemed debt securities</b>		<b>130,000</b>

*Significant events*

In January 2005 the Bank purchased 95.02 percent of bank Agio shares. As of 30 September 2005 the Bank had 98.70 percent of bank Agio shares. Therefore, consolidated Group interim financial report as of 30 September 2005 includes Agio balances. At the moment of acquisition total assets of bank Agio amounted to LTL 184,607 thousand, total liabilities amounted to LTL 132,667 thousand. Bank Agio loss for the nine month of 2005 amounted to LTL 23 thousand. Bank Agio shares were acquired for LTL 73,211 thousand. The purchase related goodwill as of 30 September 2005 amounted to LTL 3,124 thousand, and bank Agio brand name acquisition value amounted to LTL 21,425 thousand. Brand name amortization period is five years; amortization is calculated using the straight-line amortization method. Brand name amortization for the nine months of 2005 amounted to LTL 3,036. Net charge to translation reserve for the nine month period amounted to LTL 14,103 thousand.

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. Tax Authorities claim that in 2002 and 2003 the Bank breached Investment Agreement between the Ministry of Finance and Skandinaviska Enskilda Banken, according to which AB SEB Vilniaus Bankas was given a full income tax exemption for the five-year period 1999 - 2003. No provision has been made for the claim amount, as the Bank management believes that the Bank properly fulfilled all requirements of the Investment Agreement and it is unlikely that the claim will be enforced. In October 2004 Skandinaviska Enskilda Banken started Arbitration process against the Republic of Lithuania trying to solve the dispute regarding breach of the Investment Agreement.