



ŪKIO BANKAS

MAIRONIO G. 25, LT-44250, KAUNAS, LITHUANIA

2006

SEMI-ANNUAL REPORT

(01 January 2006 – 30 June 2006)

KAUNAS
2006

TABLE OF CONTENTS

I. GENERAL PROVISIONS.....	3
1. Reporting period.....	3
2. Key information on the Bank.....	3
3. Where and how one can get acquainted with the 2006 Semi-Annual Report of the issuer.....	3
4. Persons responsible for the accuracy of the information presented in the Report:.....	3
5. Declaration by the persons responsible for the preparation of the Report that the information contained in the Report is in accordance with the facts.	3
II. INFORMATION ON THE BANK'S AUTHORISED CAPITAL, SECURITIES ISSUED AND THE MEMBERS OF THE MANAGING BODIES	5
6. Bank's capital	5
7. Shareholders	5
8. Securities not representing capital	5
9. Secondary trading in the Bank's securities	6
9.1. Listed securities	6
9.2. Trading in the issuer's securities on stock exchanges	6
10. Agreements with market intermediaries of public trading in securities	7
11. Members of the managing bodies.....	8
III. FINANCIAL STATUS.....	11
12. AB Ūkio bankas Balance Sheets	11
13. AB Ūkio bankas Statements of Income, Statements of Changes in Equity, and Statements of Cash Flows	12
14. Explanatory notes.....	13
15. Audit Information	16
IV. MATERIAL EVENTS IN THE ISSUER'S ACTIVITY.....	18
16. Material events in issuer's activity	18
17. Court and arbitration proceedings	19

The report was prepared in accordance with the requirements of Appendix 2 to Resolution No 21, 30 May 2005, of the Lithuanian Securities Commission on the Rules on Periodic Disclosure of Information about Issuers' Activity and their Securities.

2006 SEMI-ANNUAL REPORT

I. GENERAL PROVISIONS

1. Reporting period

The report has been prepared for the first half-year of 2006.

2. Key information on the Bank

Name of the bank:	Akcinė bendrovė Ūkio bankas
Company code	120 2013
Authorised capital:	LTL176,708000
Head office address:	Maironio g. 25, LT-44250, Kaunas, Republic of Lithuania
Telephones:	(37) 301301, 301470
Fax:	(37) 323188
E-mail address:	ub@ub.lt
Website:	www.ub.lt
Legal organisational form:	Public limited liability company

AB Ūkio bankas (hereinafter the "Bank") was founded on 27 June 1989 and it was registered with the Bank of Lithuania on 19 November 1990, registration No AB 90-1. The company name certificate No 040814 was issued by the State Patent Bureau on 06 June 1995 to certify the registered name of the company: AKCINĖ BENDROVĖ ŪKIO BANKAS.

3. Where and how one can get acquainted with the 2006 Semi-Annual Report of the issuer

The Report and the documents that were used as the basis for the preparation of the Report (financial statements, auditors' reports, etc.) are available from the Financial Brokerage Department, AB Ūkio bankas, Maironio g. 25, Kaunas, on week-days from 8 a.m. to 12 noon and from 1 p.m. to 4 p.m., tel.: (37)395502, (37)301433.

All statutory public notifications of the Bank are published in the daily *Lietuvos Rytas* in pursuance of the terms prescribed by the law of the Republic of Lithuania and the regulations of the banking agency, while material event notices are submitted to the news agencies BNS and ELTA.

4. Persons responsible for the accuracy of the information presented in the Report:

AB Ūkio Bankas representatives:

Gintaras Ugianskis, Chief Executive Officer
tel.: 8 (37) 301305, fax: 8 (37) 323188

Arnas Žalys, Head of Finance Division, Director of Finance and Risk Management Department
tel. 8 (37) 301440, fax: 8 (37) 301327

Rūta Kalašinskaitė-Kiškienė, Deputy Director of the Financial Brokerage Department
tel.: 8 (37) 301432, fax: 8 (37) 301431

The Prospectus-Report was prepared without the assistance of consultants and intermediaries.

5. Declaration by the persons responsible for the preparation of the Report that the information contained in the Report is in accordance with the facts.

We hereby declare that the information contained in the 2006 Semi-Annual Report is in accordance with the facts and that the Report contains no omission likely to have an effect on the investors' decision concerning the purchase, sale or valuation of the issuer's securities or on the market price of these securities.

Gintaras Ugianskis
Chief Executive Officer

Arnas Žalys
Head of Finance Division
Director of Finance and Risk Management Department

Rūta Kalašinskaitė-Kiškienė
Deputy Director of the Financial Brokerage Department

Date: 25 August 2006
Place where the Report was prepared: Kaunas

II. INFORMATION ON THE BANK'S AUTHORISED CAPITAL, SECURITIES ISSUED AND THE MEMBERS OF THE MANAGING BODIES

6. Bank's capital

On 30 June 2006, the amendments to the Articles of Association related to the increase of the authorised capital were registered. On 30 June 2006, the authorised capital of the Bank amounted to LTL**176,708,000** (one hundred and seventy six million seven hundred and eight thousand) and it was divided into 176,708,000 (one hundred and seventy six million seven hundred and eight thousand) ordinary registered shares. The nominal value of one share is LTL1 (one).

All the shares are paid up in full. The property and non-property rights of all the shares are the same, there are no restrictions on share disposal.

The Bank has not issued any debt or derivative securities that are going to be converted into or exchanged for shares.

7. Shareholders

On 30 June 2006, the number of the Bank shareholders amounted to 5,728, who were holding 126,708,000 shares, since although the amendments to the Articles of Association of the Bank validating the increase of the authorised capital from LTL126,708,000 to LTL176,708,000 were registered on 30 June 2006, the Issue Registration Account of AB Ūkio bankas held by the Central Securities Depository of Lithuania was amended with respect of the increase of the authorised capital on 4 July 2006. The nominal value of each AB Ūkio bankas ordinary registered share was LTL1.00.

Following the adjustments in the Issue Registration Account of AB Ūkio bankas, over 5% of the registered authorised capital of the Bank were owned by the following shareholders (04 July 2006):

No	Shareholder's corporate name / full name	Shareholder's code	Address	Shares held under the property right, number / percentage of authorised capital	Votes held under the property right, number / percentage of votes	Votes held in concert with other persons, number / percentage of votes
1	Romanov Vladimir	-		34,328,914/ 19.4269%	34,328,914/ 19.4269%	34,328,914/ 19.4269%
2	UAB Universal Business Investment Group Management	210869960	Donelaičio 60, Kaunas, Lithuania	17,652,726/ 9.9898%	17,652,726/ 9.9898%	17,652,726/ 9.9898%
3	UAB FMĮ Finbaltus	122020469	Konstitucijos Pr. 23-660, Vilnius, Lithuania	15,005,750/ 8.4918%	15,005,750/ 8.4918%	15,005,750/ 8.4918%
4	UAB Asocijuoto turto valdymas	300154446	K.Donelaičio g. 60, Kaunas, Lithuania	14,873,907/ 8.4172%	14,873,907/ 8.4172%	14,873,907/ 8.4172%
5	SKANDINAVISKA ENSKILDA BANKEN CLIENTS	502032908101	SERGELS TORG 2, STOCKHOLM, SWEDEN	12,355,705/ 6.9922%	12,355,705/ 6.9922%	12,355,705/ 6.9922%
6	AB Kauno tiekimas	133523653	Palemono g. 171, Kaunas, Lithuania	10,764,681/ 6.0918%	10,764,681/ 6.0918%	10,764,681/ 6.0918%
7	Coldwell Business Inc.	1003356	P.O. Box 3321, Road Town, Tortola, British Virgin Islands	9,533,627/ 5.3951%	9,533,627/ 5.3951%	9,533,627/ 5.3951%
Other:				62,192,690/ 35.20%	62,192,690/ 35.20%	62,192,690/ 35.20%
TOTAL:				176,708,000/ 100.00%	176,708,000/ 100.00%	176,708,000/ 100.00%

In the Bank there are no shareholders acting in concert.

8. Securities not representing capital

On 7 November 2005, AB Ūkio bank completed a non-public placement of 366-day maturity bond issue with the nominal value of LTL15 million. 150,000 registered bonds were issued with the annual interest rate of 4.1 percent. The bonds will be redeemed on 8 November 2006 at their nominal value of LTL100.

Bonds	AB Ūkio bankas registered bonds
Number of bonds:	150,000
Nominal value, LTL:	LTL100
Total nominal value, LTL:	LTL15m
Issue price, LTL	LTL95.9985
Interest rate, %	4.1 percent of the bond issue price
Maturity	366 days
Redemption price	Nominal value of LTL100
Redemption date	8 November 2006

It is planned to pay the interest on the redemption date. The bonds may be redeemed before the redemption date neither at the Bank's nor at the holder's request. The interest is included into the nominal value and paid on the redemption date.

The Bank has not issued any other securities not representing capital.

9. Secondary trading in the Bank's securities

9.1. Listed securities

AB Ūkio bankas ordinary registered shares and bonds are traded on Vilnius Stock Exchange (VSE) (*AB Vilniaus Vertybinių Popierių Birža*) (Konstitucijos pr. 7, Verslo centras Europa, 15 aukštas, Vilnius). The shares were listed in the VSE Current List from 01-06-1998 to 13-07-2006, whereas since 13-07-2006 they have been listed in the VSE Main List.

Stock Exchange	Vilnius Stock Exchange
List	Current List
Security	AB Ūkio bankas ORS
Security ISIN code	LT0000102352
Number of securities	126,708,000*
Total nominal value of securities, LTL	126,708,000.00*

*on 30-06-2006

AB Ūkio bankas bonds have been listed on the Debt Securities List since 01 February 2006. The nominal value of one bond in Lithuanian currency litas is LTL100; on the Stock Exchange the bonds are listed and traded in litas.

Stock Exchange	Vilnius Stock Exchange
List	Debt Securities List
Security	AB Ūkio bankas registered bonds
Security ISIN code	LT0000401259
Number of securities	150,000
Total nominal value of securities, LTL	15,000,000.00

9.2. Trading in the issuer's securities on stock exchanges

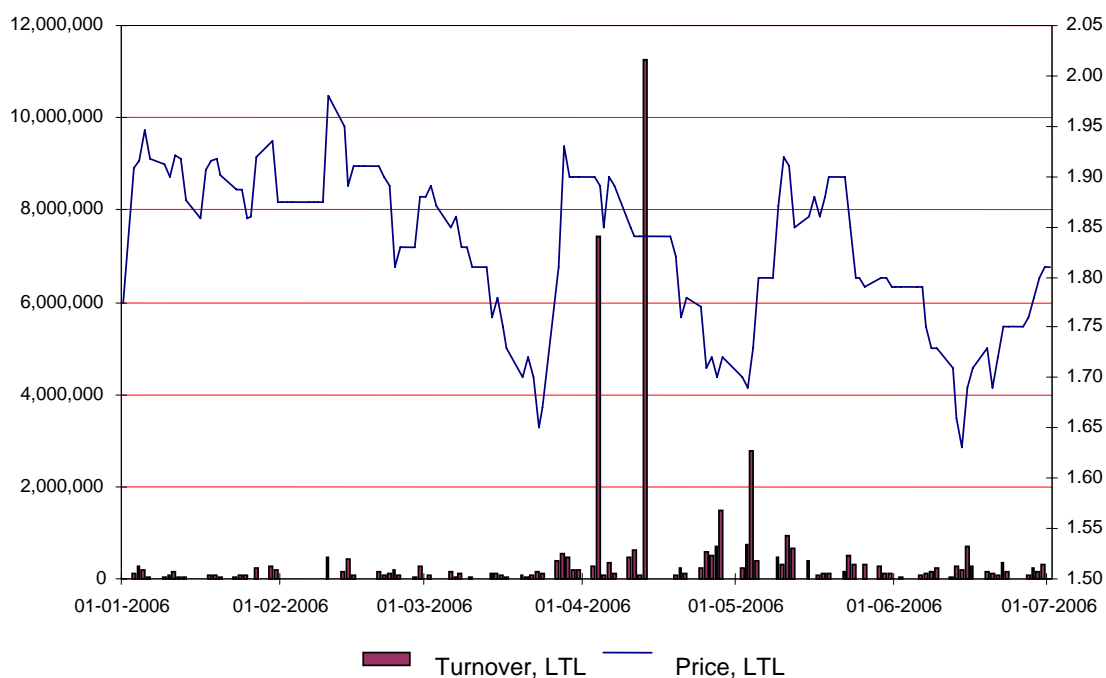
Over the last two quarters (01 January 2006 through 30 June 2006), the closing price of AB Ūkio bankas ordinary registered shares during the VSE central market trading sessions ranged as follows:

Statistics of transactions in AB Ūkio bankas shares on VSE central market:

Period		Price, LTL			Turnover, LTL			Total turnover	
		max.	min.	last session	max.	min.	last session	number	LTL
01-01-2006	31-01-2006	23.35	21.30	22.50	288,231	6,384	209,577	91,538	2,085,202
01-02-2006	28-02-2006	22.50	1.81	1.88	451,525	0	264,377	1,072,385	2,049,552
01-03-2006	31-03-2006	1.93	1.65	1.90	529,407	9,217	204,143	1,670,783	3,054,494
		23.35	1.65	1.90	529,407	0	204,143	2,834,706	7,189,248
01-04-2006	30-04-2006	1.90	1.70	1.72	11,247,649	70,119	1,477,034	13,329,008	24,604,512
01-05-2006	31-05-2006	1.92	1.69	1.79	2,788,857	13,253	102,119	5,065,415	9,054,595
01-06-2006	30-06-2006	1.81	1.63	1.81	712,138	1,307	318,530	2,181,417	3,739,845
		1.92	1.63	1.81	11,247,649	1,307	318,530	20,575,840	37,398,952
Total:								23,410,546	44,588,200

The last VSE trading session of the reporting period (from 1 January 2006 to 30 June 2006), where AB Ūkio bankas shares were listed for trading, was held on 30 June 2006. The share price at the close of the trading session was LTL1.81. On the central market, 174,609 shares were sold for LTL318,530.41.

AB Ūkio bankas share market prices and turnover on VSE over the first half of 2006



NB: In the diagram, the price shares are adjusted with respect of the division of shares and changes in the nominal value.

10. Agreements with market intermediaries of public trading in securities

The Bank has entered into service agreements with the following intermediaries of public trading in securities:

Intermediary	Address	Agreement
UAB FMĮ Finbaltus	Konstitucijos pr. 23-660, Vilnius	Securities account servicing agreement
UAB FMĮ Finasta	Konstitucijos pr., Vilnius	Agreement on the accounting, custody, and lending of securities and monetary funds and on acceptance and execution of orders
UAB FMĮ Suprema	Goštauto g. 40, Vilnius	Securities and cash account handling agreement
AB Vilniaus bankas	Gedimino 12, Vilnius	Customer service agreement, Securities accounting and custody agreement
AB bankas Hansabankas	Savanorių pr. 19, Vilnius	Securities account handling agreement
AB Parex bankas Finansų maklerio skyrius	Kražių g. 21, Vilnius	Agreement on the accounting, custody, and lending of securities and monetary funds and on acceptance and execution of orders
AB bankas NORD/LB Lietuva	Vilniaus g. 28, Vilnius	Customer service agreement
AB naftos investicinė kompanija NIKOIL	Jefremovo 8, 119048 Moscow	Agreement on servicing securities transactions
OAO Interprombank	Gogolio bulv. 9/1, Moscow, Russia	Securities depository account agreement
A/O Rietumu banka	Brīvības 54, Rīga, Latvia	Brokerage service agreement
Balkan Investment Broker	Krajiških brigada br. 2, Banja Luka, Srpska Republika	Brokerage service agreement
Nova Banka A.D. Bijeljina	Banja Luka, Srpska Republika	Brokerage service agreement
Deutsche Bank AG London	Winchester House, 1 Great Winchester Street, London, UK	Securities custody agreement
SC Parex Asset Management	Basteja Boulevard 14, LV-1050 Rīga	Securities management agreement
Troika Dialog (Bermuda) Ltd.	Chancery Hall 52 Reid Street, Hamilton HM12 Bermuda	Brokerage service agreement
Zenith Bank	Bannyj per. 9, 129110 Moscow, Russia	Brokerage service agreement

11. Members of the managing bodies

The managing structure of AB Ūkio bankas includes:

1. General Meeting;
2. Supervisory Council;
3. Board;
4. Administration.

The General Meeting is the supreme managing body of the Bank. The right of participating at the General Meeting is vested in the shareholders of the Bank whereas the Board members and the administration staff who are not the shareholders can also attend the General Meeting with the right of deliberative vote.

The Supervisory Board of the Bank includes 7 members elected by the General Meeting for a 4-year term. The Board consisting of 5 members is elected by the Supervisory Board for a term not exceeding 4 years. The activities of the administration are managed by the Head of the Administration (CEO).

11.1 Members of the Bank managing bodies, commencement and end of their office, participation in the share capital on 30 June 2006:

Full name	Position	Number of held shares	Percentage of Bank capital, %	Percentage of votes, %
SUPERVISORY COUNCIL				
Liutauras Varanavičius (elected 24 March 2006, office term expires in 2010)	Chairman	1920	0.0015%	0.0015%
Ulf Lowenhav (elected 24 March 2006, office term expires in 2010)	Deputy Chairman	--	--	--
Olga Gončaruk (elected 24 March 2006, office term expires in 2010)	Member	--	--	--
Gražina Jakavičienė (elected 24 March 2006, office term expires in 2010)	Member	8544	0.0067%	0.0067%
Ala Kurauskienė (elected 24 March 2006, office term expires in 2010)	Member	32360	0.0255%	0.0255%
Viktor Soldatenko (elected 24 March 2006, office term expires in 2010)	Member	--	--	--
Leonas Rimantas Butkus (elected 24 March 2006, office term expires in 2010)	Member	--	--	--
BOARD				
Edita Karpavičienė (appointed 24 March 2006, office term expires in 2010)	Chairwoman, Deputy CEO	360	0.0003%	0.0003%
Gintaras Ugianskis (appointed 24 March 2006, office term expires in 2010)	Deputy Chairman, CEO	300	0.0002%	0.0002%
Rolandas Balandis (appointed 24 March 2006, office term expires in 2010)	Member – Head of Corporate Banking Division	100	0.0001%	0.0001%
Arnas Žalys (appointed 24 March 2006, office term expires in 2010)	Member – Head of Finance Division	300	0.0002%	0.0002%
Antanas Grigaliauskas (appointed 24 March 2006, office term expires in 2010)	Member, Director of UAB Ūkio banko lizingas	10	0.0000%	0.0000%
CHIEF ACCOUNTANT				
Vidutė Petraitenė Since 01 July 1999 to present	Director of Accounting Department – Financial Accountant	324	0.0002%	0.0002%

11.2 Data on the participation of the members of the managing bodies in the activities of other companies, enterprises, and organizations; capital and votes exceeding 5 percent held in other enterprises on 30 June 2006:

Full name	Position	Participation in the activities of other companies (position held and company name)	Participation in the capital of other companies, where the held capital and votes exceed 5 percent (company name and the percentage of held capital and votes)
SUPERVISORY COUNCIL:			
Liutauras Varanavičius	Chairman	Board adviser, AB Ūkio bankas, President, Lithuanian Football Federation Member, UEFA Assistance Programmes Committee	-
Ulf Lowenhav	Deputy Chairman	Director, Zip Struktura AB	-
Olga Gončaruk	Member	Consultant, UAB Ūkio banko lizingas	UAB Universal Business Investment Group Management – 2,842,830 shares / 14.89% UAB Domus Altera – 186,550 shares / 9.99% UAB Businessline – 115,900 shares / 9.99% AB Pramprojektas – 173,500 shares / 5.81% UAB Bankinės konsultacijos – 6,950 shares / 9.93%
Gražina Jakavičienė	Member	Lawyer, G. ir V. Jakavičiai Lawyer's Office, Lawyer, Lithuanian Bar Association	-
Ala Kurauskienė	Member	Board member, UAB Bankinės konsultacijos, Chairman of the Board, Balkan Investment Management AD, Board member, UAB Nidos smiltė, Board member, adviser to the director on business development, Life Insurance UAB Bonum publicum Board member, Director for General Affairs, Deputy Head of Administration, AB Pramprojektas	UAB Optimalus turto valdymas - 90 shares / 9.00% UAB Bankinės konsultacijos – 6,950 shares / 9.93%
Viktor Soldatenko	Member	Member of Supervisory Council, Balkan Investment Bank AD	UAB Bankinės konsultacijos – 4,000 shares / 5.71%
Leonas Rimantas Butkus	Member	Board member, UAB Energolinija, Board member, UAB Universal Business Investment Group Management, Chairman of the Board, General Director, AB Pramprojektas, Member of the Presidium of the Lithuanian Construction association, Deputy Chairman, Central Project Manager Qualification Assessment Commission of the Republic of Lithuania, Board member, Design Association of the Republic of Lithuania	UAB Gilaitė - 10 shares / 40.00%
BOARD:			
Edita Karpavičienė	Chairwoman	Board member, Life Insurance UAB Bonum publicum	UAB Amnis metallicus – 85,000 shares / 9.44%
Gintaras Ugianskis	Deputy Chairman	Board Chairman, UAB Ūkio banko lizingas	
Rolandas Balandis	Member – Head of Corporate Banking Division		UAB Aloja – 2,160 shares / 9.92%

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Arnas Žalys	Member – Head of Finance Division	Chairman of Supervisory Council, Balkan Investment Bank AD, Member of Supervisory Council, UAB Turto valdymo sistemos, Member of Supervisory Council, UAB Turto valdymo sprendimai Member of Supervisory Council, UAB Turto valdymo strategija Board member, UAB Ūkio banko lizingas	UAB Amnis Metallicus – 84,000 shares / 9.33%
Antanas Grigaliauskas	Member	Director, UAB Ūkio banko lizingas	
CHIEF ACCOUNTANT			
Vidutė Petraitienė	Director of Accounting Department – Financial Accountant	Financial Accountant, UAB Turto valdymo sistemos Financial Accountant, UAB Turto valdymo sprendimai Financial Accountant, UAB Turto valdymo strategija	-

III. FINANCIAL STATUS

The accompanying financial statements have been prepared in accordance with all accounting standards and interpretations approved by the International Accounting Standards Board (IASB), which are referred to as International Financial Reporting Standards (IRFS). These standards and interpretations were previously called International Accounting Standards (IAS).

12. AB Ūkio bankas Balance Sheets

AB Ūkio bankas Balance Sheet for the first half of 2006

(thousand LTL)

	The Group	The Bank	The Group	The Bank	The Group	The Bank
	2006 1Q	2006 1Q	2005	2005	2005 1Q	2005 1Q
ASSETS						
Cash and balances with the Central Bank	144,614	144,614	113,621	113,621	119,432	119,432
Loans and advances to banks and financial institutions	1,058,825	1,428,862	842,956	1,198,377	1,106,061	1,399,102
Securities at fair value through profit or loss	169,099	169,055	159,412	159,412	62,872	62,872
Loans and advances to customers	657,985	603,306	553,923	503,426	437,598	418,185
Finance lease receivables	115,066	-	121,426	-	97,823	-
Investment securities:						
Available for sale	16,783	16,783	16,261	16,261	15,224	15,224
Held to maturity	136,104	128,867	98,475	96,805	1,656	-
Investment in subsidiaries	-	4,600	-	4,000	-	4,709
Intangible fixed assets	5,436	1,300	6,044	1,306	1,592	1,549
Tangible fixed assets	342,661	28,927	358,559	27,371	321,825	23,036
Deferred tax asset	6,021	6,021	6,021	6,021		
Other assets	87,544	52,917	82,050	57,268	56,192	44,849
Total assets	2,740,138	2,585,252	2,358,748	2,183,868	2,220,275	2,088,958
LIABILITIES AND EQUITY						
LIABILITIES						
Amounts owed to the Central Bank	-	-	-	-		
Amounts owed to other banks and financial institutions	504,537	472,546	550,712	518,609	932,849	902,464
Amounts owed to customers	1,810,739	1,810,754	1,469,491	1,469,491	1,026,383	1,026,383
Debt securities in issue	7,370	7,370	4,860	4,860	803	803
Deferred tax liabilities	39,514	7,774	35,907	336		
Subordinated loans	8,744	8,744	9,057	9,057	8,604	8,604
Other liabilities	45,076	29,505	54,183	32,130	40,042	31,553
Total liabilities	2,415,980	2,336,693	2,124,210	2,034,483	2,008,681	1,969,807
EQUITY						
Share capital	176,708	176,708	126,708	126,708	106,708	106,708
Share premium	34,500	34,500				
Restricted (distributable) profit	2,000	2,000	2,000	2,000	2,000	2,000
Revaluation reserve for investment securities available for sale	1,903	1,903	1,903	1,903		
Loan reserve	8377	8,377				
Fixed assets revaluation reserve	44,669	-	49,875	-	50,737	
Currency translation reserve	121		3,037	-	2,019	(591)
Legal reserve	2,216	2,183	339	339	339	339
Retained earnings	30,173	22,888	23,848	18,435	17,477	10,695
Equity attributable to the parent company	300,667	248,559	207,710	149,385	179,280	119,151
Minority interest	23,491	-	26,828	-	32,314	
Total equity	324,158	248,559	234,538	149,385	211,594	119,151
Total liabilities and equity	2,740,138	2,585,252	2,358,748	2,183,868	2,220,275	2,088,958

13. AB Ūkio bankas Statements of Income, Statements of Changes in Equity, and Statements of Cash Flows

AB Ūkio bankas Statement of Income for the first half of 2006 (thousand LTL)

	The Group	The Bank	The Group	The Bank	The Group	The Bank
	2006 1Q	2006 1Q	2005	2005	2005 1Q	2005 1Q
Interest income	55,525	46,520	74,851	59,298	32,015	24,146
Interest expense	(25,314)	(24,535)	(35,203)	(33,614)	(14,422)	(13,597)
Net interest income	30,211	21,985	39,648	25,684	17,593	10,549
Fee and commission income	46,045	45,132	56,507	55,633	20,726	20,396
Fee and commission expense	(9,842)	(9,611)	(16,632)	(16,211)	(6,841)	(6,575)
Net fee and commission income	36,203	35,521	39,875	39,422	13,885	13,821
Foreign exchange gain, net	27,948	16,677	11,309	11,393	4,715	4,310
Gain from securities transactions, net	-4,712	-4,705	3,589	3,589	3,459	3,459
Gain from investment securities transactions, net	0	0	236	4,224	(28)	(28)
Gain from transactions in derivatives and other financial instruments, net	(3,287)	3,737	(1,400)	(1,400)	134	134
Loss on impairment of loans and advances	(23,196)	(21,015)	(18,105)	(13,781)	(6,079)	(5,272)
Reversal of written-off loans	81	81	499	499	126	126
Other operating income	1,335	1,018	11,734	5,198	9,188	3,224
OPERATING INCOME	64,583	53,299	87,385	74,828	42,993	30,323
OPERATING EXPENSES	(43,141)	(33,268)	(63,887)	(52,519)	(29,187)	(23,433)
NET PROFIT BEFORE TAX	21,442	20,031	23,498	22,309	13,806	6,890
Income tax	(4,688)	(3,410)	(3,866)	(2,647)	(1,680)	(1,570)
Adjusted income tax for the previous year	(66)					
NET PROFIT	16,688	16,621	19,632	19,662	12,126	5,320
Attributable to:						
Parent company	17,764	16,621	20,248	19,662	12,102	5,320
Minority interest	(1,076)	0	(616)	0	24	0
Net profit per share (LTL)			0,19	0,18		
Diluted earnings per share (LTL)			0,18	0,17		

AB Ūkio bankas Statement of Changes in Equity for the first half of 2006 (thousand LTL)

	The Group	The Bank	The Group	The Bank	The Group	The Bank
	2006 1Q	2006 1Q	2005	2005	Increase (+) or decrease (-)	
CAPITAL AND RESERVES						
Registered share capital	176,708	176,708	126,708	126,708	50,000	50,000
Material difference	34,500	34,500	0	0	34,500	34,500
Reserve capital						
Retained profit (loss) for the previous year	12,409	6,267	3,600	-1,227	8,809	7,494
General reserves to cover for asset losses	8,377	8,377	0	0	8,377	8,377
Other general reserves	2,337	2,183	3,376	339	-1,039	1,844
Fixed asset revaluation reserve	44,669	0	49,875	0	-5,206	0
Financial asset revaluation reserve	1,903	1,903	1,903	1,903	0	0
Restricted (distributable profit)	2,000	2,000	2,000	2,000	0	0
Retained profit (loss) for the current year	17,764	16,621	20,248	19,662	-2,484	-3,041
TOTAL EQUITY	300,667	248,559	207,710	149,385	92,957	99,174

AB Ūkio bankas Statement of Cash Flows for the first half of 2006 (thousand LTL)

	The Group	The Bank	The Group	The Bank
	2006 1Q	2006 1Q	2005 1Q	2005 1Q
1. Income (expense)				
1.1. Interest income	48,489	39,563	29,373	22,128
1.2. Interest expense	-23,675	-22,237	-11,979	-11,203
1.3. Repayment of loans previously written off	167	167	126	126
1.4. Receipts from transactions in foreign currency, net	11,060	18,093	1,725	1,745
1.5. Receipts from transactions in securities, net	8,359	8,356	8,533	8,533
1.6. Receipts from services and commissions, net	36,131	35,449	13,851	13,786
1.7. Payments of salaries and related expenses	-12,490	-10,763	-8,867	-7,776
1.8. Other income (expense)	-27,450	-19,783	-9,322	-10,913
A. OPERATING RESULT	40,591	48,845	23,440	16,426
2. (Increase) decrease in current assets				
2.1. (Increase) decrease in mandatory reserves held with the Central Bank	0	0	-31,618	-31,618
2.2. (Increase) decrease in loans to credit and financial institutions	128,545	112,185	121,256	100,625
2.3. (Increase) decrease in loans	-103,973	-99,789	-160,195	-155,172
2.4. (Increase) decrease in securities	-19,605	-14,358	13,294	13,294
2.5. (Increase) decrease in other current assets	787	-5,734	-9,021	-4,835
B. CHANGES IN CURRENT ASSETS	5,754	-7,696	-66,284	-77,706
3. Increase (decrease) in liabilities				
3.1. Increase (decrease) in liabilities to the Central Bank	0	0	-4,171	-4,171
3.2. Increase (decrease) in liabilities to credit and financial institutions	-46,067	-45,955	401,698	392,667
3.3. Increase (decrease) in deposits and letters of credit	339,315	339,330	158,265	173,582
3.4. Increase (decrease) in other liabilities	-6,442	-7,559	7,734	11,606
C. CHANGES IN LIABILITIES	286,806	285,816	563,526	573,684
D. NET CASH FLOWS FROM BANKING ACTIVITIES BEFORE TAX (A+B+C)	333,151	326,965	520,682	512,404
4. Income tax	290	190	0	0
E. NET CASH FLOWS FROM BANKING ACTIVITIES AFTER TAX (D-4)	332,861	326,775	520,682	512,404
Cash flows from investing activities				
5. Disposals (acquisitions) of tangible and intangible fixed assets	-9,504	-5,176	-13,810	-3,067
6. (Investments into) and sale of securities	-33,536	-32,662	2,400	100
7. Dividends received	0	0	0	0
8. Interest received	0	0	0	0
9. Cash flows from other investing activities	0	0	0	0
F. NET CASH FLOWS FORM INVESTING ACTIVITIES	-43,040	-37,838	-11,410	-2,967
Cash flows form financing activities				
10. Issue of own securities /only paid-up portion/	84,500	84,500	0	0
11. (Purchase) of own securities	0	0	0	0
12. Dividends paid	-1,267	-1,267	-1,067	-1,067
13. Interest paid	-180	-180	-110	-110
14. Cash flows from other financial activities	1,830	1,830	0	0
G. NET CASH FLOWS FROM FINANCING ACTIVITIES	84,883	84,883	-1,177	-1,177
Increase (decrease) in cash (E+F+G)	374,704	373,820	508,095	508,260
15. Cash on 30 June of the current financial year	869,725	867,981	1,045,991	1,045,991
16. Cash on 01 January of the current financial year	495,021	494,161	537,896	537,731

14. Explanatory notes

The Bank maintains its financial statements and prepares its accounts in accordance with the Law on the Principles of Accounting and other law of the Republic of Lithuania, legal acts issued by the Government of the Republic of Lithuania and the Board of the Bank of Lithuania, the International Financial Reporting Standards (IFRS), and it observes the general accounting principles: the principles of going concern, data accumulation, comparability, substantiality, clearness, consistency, and prudence.

During the first half-year of 2006 AB Ūkio bankas earned LTL16,621m of unaudited net profit (the estimated net profit was LTL9,278m). The net profit for the first half-year of 2006 exceeded the estimates by 79.1%. The net profit earned during the first half-year of 2006 exceeded the net profit earned during the first half-year of 2005 3.1 times, the latter amounting to LTL5,320m. During the first half-year of 2006 the Bank earned revenue in the amount of 74.2m, which accounted for 170.9% of the estimates. Compared to the first half-year of 2005, the Bank revenue increased more than twofold.

Item, thousand LTL	01 July 2006	01 July 2005	Change in thousand LTL	Change in percent
Interest income, net	21,985	10,549	11,436	108%
Fee, commission, and other income, net	36,539	17,045	19,494	114%
Gain from transactions in foreign currency, securities, derivatives, and other financial instruments	15,709	7,875	7,834	99%
TOTAL:	74,233	35,469	38,764	109%

The net interest income accounted for 29.6% of the Bank revenue. Over the first half-year of 2006, the Bank earned LTL22.0m of net interest income. The earned net interest income exceeded the estimates by LTL5.3m or 32.1% since the interest income amounted to LTL5.1m or they were 12.3% higher than the estimates, whereas the interest expenses basically measured to the estimates (they were LTL0.2m or 1.0% lower). During the first half-year of 2006 the net interest income increased 2.1 times in comparison to the correspondent period the previous year. The interest income rose by LTL22.4m or 93%: the interest income from banks and other credit and financial institutions increased by LTL12.7m or 2.1 times, the interest on loans grew by LTL4.6m or 38%, the interest on acquired debt securities increased by LTL4.6m or 5.7 times. The interest expenses increased by LTL10.9m or 80%: the interest expenses to banks and other credit and financial institutions increased by LTL3.7m or 2.1 times, the interest expenses to depositors swelled by LTL7.1m or 71%.

Item, thousand LTL	01 July 2006	01 July 2005	Change in thousand LTL	Change in percent
INTEREST INCOME	46,520	24,146	22,374	93%
On balances with the central banks	517	0	517	-
On loans to banks and other credit and financial institutions and balances with banks and other credit institutions	24,014	11,275	12,739	113%
On loans	16,474	11,903	4,571	38%
On acquired securities	5,515	968	4,547	470%
INTEREST EXPENSE	24,535	13,597	10,938	80%
Central banks	0	76	-76	-
Banks and other credit and financial institutions	7,215	3,474	3,741	108%
Subordinated loans	180	110	70	64%
Depositors	17,006	9,920	7,086	71%
Issued debt securities	134	17	117	688%
NET INTEREST INCOME	21,985	10,549	11,436	108%

The largest portion of the Bank revenue (49.1%) accounted for the net fee, commission and other income that amounted to LTL36.5m. The income earned from the transactions in foreign currencies, securities, derivatives, and other financial instruments was LTL15.7m.

In the first half-year of 2006, the operating, other, depreciation, and amortisation expenses of the Bank amounted to LTL33.3m (the estimated amount was LTL31.2m). In comparison of the same period the previous year the aforesaid expenses were higher by LTL9.8m or 42%.

Item, thousand LTL	01 July 2006	01 July 2005	Change in thousand LTL	Change in percent
OPERATING EXPENSES	18,959	13,901	5,058	36%
Salaries, social security, and other related expenses	10,763	7,776	2,987	38%
Rent and premises maintenance expenses	3,704	3,052	652	21%
Office equipment operation expenses	556	376	180	48%
Training and business trip expenses	654	422	232	55%
Advertising and marketing expenses	1,288	784	504	64%
Transport, post, and communication expenses	967	731	236	32%
Payments to organisations servicing the bank	254	211	43	20%
Other operating expenses	773	549	224	41%
OTHER BANK EXPENSES	12,605	8,012	4,593	57%
Deposit insurance premiums	3,913	1,979	1,934	98%
Charity and sponsorship expenses	4,026	2,431	1,595	66%
Taxes	1,076	794	282	36%
Other banking expenses	3,544	2,430	1,114	46%
Expenses on sale, handling and maintenance of movable property or real estate and other security instruments	46	378	-332	-88%
AMORTIZATION AND DEPRECIATION	1,704	1,520	184	12%
Amortization of intangible assets	411	480	-69	-14%
Depreciation of fixed assets	1,293	1,040	253	24%
TOTAL OPERATING, OTHER, DEPRECIATION, AND AMORTISATION EXPENSES	33,268	23,433	9,835	42%

The incurred depreciation and amortisation expenses amounted to LTL0.02m, exceeding the estimated amount by 1.1%, and they were LTL0.2m, i.e. 12% higher than those in the same period of the previous year.

The incurred operating and other expenses made up LTL2.0m, i.e. exceeded the estimate by 6.8%. The following expense items were the most exceeded: advertising and sponsorship expenses and payments to the budget, LTL21m and LTL0.3m respectively. The expense items related to the Bank development demonstrated the biggest increase, namely the staff, office rent and maintenance, deposit insurance, audit and consultation, and advertising and sponsorship expenses.

In the first half-year of 2006, the Bank incurred LTL20.9m special provision expenses and LTL3.4m income tax expenses.

On 1 July 2006, the Bank assets amounted to LTL2,585m, i.e. they were LTL84m (3.1%) under the estimates. From the beginning of the year the assets of the Bank increased by LTL401m (18%). On 1 July 2006, the specific weight of income-earning assets in total assets of the Bank accounted for 91.0%. On 1 July 2006, the customers and financial sector loan portfolio, net, came up to LTL1,052.7m (i.e. LTL47.5m or 4.3% less than the estimate and LTL115m or 12% more than at the beginning of the year). On 1 July 2006, the special provision for customers and financial sector loans and the customers and financial sector loans rate was 2.4%.

On 1 July 2006, the funds at credit institutions amounted to LTL979.5m, i.e. LTL69.2m over the estimate and LTL215.6m more than at the beginning of the year. On 1 July 2006, the securities portfolio accounted for LTL319.3m which was LTL128.2m under the estimates and LTL42.8m more than at the beginning of the year.

On 1 July 2006, the tangible non-current assets, net, came up to LTL28.9m, i.e. LTL1.6m more than at the beginning of the year. On 1 July 2006, the intangible non-current assets, net, amounted to LTL1.3m. Investment property with the carrying value of LTL11.5m is included under the "buildings and other real estate" group of the tangible non-current assets. There were no changes in these assets since the beginning of the year.

Item, thousand LTL	01 July 2006	01 July 2005	Change in thousand LTL	Change in percent
TANGIBLE NON-CURRENT ASSETTS, NET	28,927	27,371	1,556	6%
Bank buildings and other property	20,410	20,410	0	-
Equipment and other non-current assets	14,435	13,148	1,287	10%
Vehicles	4,784	3,554	1,230	35%
Construction in progress				
Depreciation	-10,702	-9,741	-961	10%
Bank buildings and other property	-2,488	-2,419	-69	3%
Equipment and other non-current assets	-7,064	-6,157	-907	15%
Vehicles	-1,150	-1,165	15	-1%
INTANGIBLE ASSETTS, NET	1,300	1,306	-6	0%
ASSETS TAKEN OVER FOR DEBTS, NET	0	86	-86	-

On 1 July 2006, the weight of the interest-bearing liabilities in total Bank liabilities accounted for 88.9%. The deposits and letters of credit came up to LTL1,810.8m (LTL2.5m or 0.1% less than estimated). Compared to the beginning of the year, the deposits and letters of credit increased by LTL341.3m or 23%. The private deposits grew by LTL132.0m or 18%, corporate deposits increased by LTL209.3m or 29%.

Item, thousand LTL	01 July 2006	01 July 2005	Change in thousand LTL	Change in percent
CORPORATE FUNDS	935,799	726,490	209,309	29%
Demand deposits	622,547	454,107	168,440	37%
Term deposits	313,252	272,383	40,869	15%
PRIVATE DEPOSITS	874,955	743,001	131,954	18%
Demand deposits	100,596	82,089	18,507	23%
Term deposits	774,359	660,912	113,447	17%

The funds of credit institutions, amounts owed to the banks and other credit and financial institutions accounted for LTL472.5m and were LTL46.1m (9%) lower than at the beginning of the year. On 1 July 2006, the Bank had issued debt securities in the amount of LTL7.4m and received LTL8.7m subordinated loans, other liabilities amounted to LTL37.3m. On 1 July 2006, The Bank capital accounted for LTL248.6m or exceeded the estimates by 10.2%. Since the beginning of the year, the Bank capital increased by LTL99.2m or 66%.

On 1 July 2006, AB Ūkio bankas was observing all the banking risk restraining ratios. On 1 July 2006, the capital adequacy ratio amounted to 13.43 percent (the statutory ratio is at least 8 percent), the liquidity ratio accounted for 66.29 percent (the statutory ratio is at least 30 percent), the requirements for a maximum loan amount per customer and for big loans are being observed, the net open foreign currency position accounts for 0.40 percent on the Bank's capital (the statutory requirement is under 25 percent), the open position of one foreign currency is 0.28 percent (the statutory requirement is under 15 percent).

15. Audit Information

Key information on the firm of auditors performing an independent audit of the issuer's financial statements (over the last three years):

Firm of auditors	UAB DELOITTE LIETUVA
Auditing period	Since 01 January 2003 to present
Address	Jogailos g. 4, LT - 01116, Vilnius
TEL./FAX:	+370 5 2553000 / +370 52 126 844
Company type	Private limited liability company
Registration place and date	Vilnius, 28 April 1995
Registration No	UI 95-95
Company code	111525235

Key information on the independent auditors, who were auditing the financial statements for the last three years:

Full name	Certificate No	Firm of auditors
Lina Drakšienė	Auditor's certificate No 000062	2003
Juozas Kabašinskas	Auditor's certificate No 000106	2004
Torben Pedersen	Partner	2004
Gavin Hill	Partner	2005
Juozas Kabašinskas	Auditor's certificate No 000106	2005

information on performed audit:

Data of independent audit	Audited period and information	Information on the auditor
2006-03-01	AB Ūkio bankas independent auditor's report and financial statement for the year ended on 31 December 2005	Deloitte&Touche

AB Ūkio bankas financial statements for the first half year of 2006 are not audited.

IV. MATERIAL EVENTS IN THE ISSUER'S ACTIVITY

16. Material events in issuer's activity

Information on 18 material events in the Bank's activities was published during the reporting period of the first half year of 2006:

- 1) 06 Jan 2006: Upon concluding a reverse repurchase transaction on 4 January 2006, AB Ūkio Bankas acquired 2,000,000 ordinary registered shares in AB Kauno tiekimas, which accounts for 19.64 percent of the company's authorized capital.
- 2) 31 Jan 2006: The unaudited net profit of AB Ūkio Bankas for the year 2005 amounts to LTL19,578 million.
- 3) 20 Feb 2006: General Meeting of AB Ūkio Bankas shareholders to be convened.
- 4) 03 Mar 2006: Adopted Board decision to establish a subsidiary of AB Ūkio Bankas, UAB Ūkio banko investicijų valdymas
- 5) 09 Mar 2006: Amendment to agenda and time adjustment of General Meeting of AB Ūkio Banko shareholders.
- 6) 10 Mar 2006: Draft resolutions of General Meeting of 24 March 2006 prepared by the Board.
- 7) 10 Mar 2006: Draft resolution on the payment of dividends prepared by the Board. It is proposed to pay dividends to the Bank's shareholders: the profit portion allotted to payment of dividends amounts to LTL1,267.08 thousand, i.e. 1 cent per share.
- 8) 27 Mar 2006: AB Ūkio bankas General Shareholder Meeting held on 24 March 2006 resolved to approve Ūkio bankas Annual Report for 2005, financial statements, and appropriation of profit where LTL1,267.08 thousand is allocated for the payment of dividends. The meeting elected the members of the Supervisory Council: Liutauras Varanavičius, Ala Kurauskienė, Olga Gončaruk, Gražina Jakavičienė, Leonas Rimantas Butkus, Viktor Soldatenko, and Lars Ulf Uno Lowenhav.
- 9) 27 Mar 2006: AB Ūkio bankas Supervisory Council Meeting held on 24 March 2006 elected Liutauras Varanavičius the chairman of the Supervisory Council and Lars Ulf Uno Lowenhav the deputy chairman of the Supervisory Council. The Supervisory Council also elected AB Ūkio bankas Board for the term of four years. The Board shall consist of the following members: Edita Karpavičienė, Gintaras Ugianskis, Arnas Žalys, Rolandas Balandis, and Antanas Grigaliauskas. AB Ūkio bankas Board elected Edita Karpavičienė chairwoman of the Board and Gintaras Ugianskis deputy chairman of the Board.
- 10) 03 Apr 2006: On 31 March 2006 the Board of the Bank fixed the final share issue price at LTL1.69. The circulation of shares started after the Bank's shareholders were specifically notified of the offer to exercise their pre-emption right for the acquisition of the newly issued shares.
- 11) 10 Apr 2006: In the first quarter of 2006, AB Ūkio bankas unaudited net profit amounted to LTL7,674m (EUR2,223m).
- 12) 10 Apr 2006: Offer to exercise the pre-emption right to purchase newly issued AB Ūkio bankas shares.
- 13) 02 May 2006: In Stage 1 of AB Ūkio bankas new share issue, the shareholders exercised their pre-emption right and subscribed and paid for 34,372,640 shares. 15,627,360 were left for Stage 2.
- 14) 22 May 2006: On 19 May 2006, the offering of the new issue of AB Ūkio bankas ordinary registered shares in the amount of LTL50m (EUR14,481m) was completed. 50 million ordinary registered shares at the nominal value of LTL1 (EUR0.29) were subscribed for and fully paid up.
- 15) 22 May 2006: The offering of the new issue of AB Ūkio bankas ordinary registered shares in the amount of LTL50m (EUR14,481m) is completed, re-confirmed.
- 16) 21 Jun 2006: On 21 June 2006, AB Ūkio bankas Board passed a decision to apply to Vilnius Stock Exchange for having AB Ūkio bankas ordinary registered shares included in the Official List.
- 17) 23 Jun 2006: Submitted application for having AB Ūkio bankas ordinary registered shares included in the Official List.
- 18) 30 Jun 2006: On 30 June 2006, Ūkio bankas Articles of Association with increased share capital were registered with the Register of Legal Persons. Following the increase, the Bank's share capital amounts LTL176,708,000 (EUR51,178,174). The nominal value of one share is LTL1 (EUR0.29).

All the material event notices have been submitted to the news agencies BNS and ELTA, the Lithuanian Securities Commission, and Vilnius Stock Exchange. The material events have also been published on the website www.ub.lt.

17. Court and arbitration proceedings

From 1 January 2006 to 30 June 2006 AB Ūkio bankas was the party of no court cases or arbitration proceedings that might have/has had a significant effect on the financial status of the issuer during the reporting period.

Gintaras Ugianskis
Chief Executive Officer

Arnas Žalys
Head of Finance Division
Director of Finance and Risk Management Department

Rūta Kalašinskaitė-Kiškienė
Deputy Director of the Financial Brokerage Department