

2006 Semi-Annual Report

During the first half-year of 2006 AB Ūkio bankas earned LTL 16.621 million of unaudited net profit. On 30 June 2006 the Bank's asset amounted to LTL 2.59 billion.

On 30 July 2006 the assessment of loans granted by AB Ūkio bankas pursuant to the Minimal Loan Assessment Requirements approved by the Bank of Lithuania revealed that:

- 92.65 percent of the loan portfolio are loans without any loss event recorded;
- 3.36 percent of the loan portfolio are loans with loss events recorded and the loan value remaining unchanged;
- 3.99 percent of the loan portfolio are loans with loss events recorded and the loan value reduced;

On 30 July 2006 special provisions of LTL 25.983 million had been made for loans granted by AB Ūkio bankas, i.e. 2.43 percent of the total credit amount.

On 30 June 2006 loss events in relation to investment held to maturity were not recorded and no provisions were made. Provisions made for other assets amounted to LTL 13.252 million. On 30 June 2006 the ratio of specific provisions for other assets and the value of other assets was 1.29 percent.

On 30 June 2006 AB Ūkio bankas complied with all regulations limiting the operational risk. On 30 June 2006 the capital adequacy ratio was 13.43 percent (at least 8 percent required), the liquidity ratio was 66.29 percent, (at least 30 percent required), the maximum loan amount per one borrower and big loan requirements were also complied with, the total foreign currency exposure was 0.40 percent of the bank's capital (maximum 25 percent allowed), the exposure of one foreign currency was -0.28 percent (maximum 15 percent allowed).

On 13 June 2006 the international rating agency Moody's gave the following ratings to AB Ūkio bankas:

- Deposit rating B1/NP;
- Financial strength rating E+.
- The perspective of both ratings is stable.

During the six months of 2006 the return on equity (ROE), recalculated to the annual rate was 16.71 percent, and return on assets (ROA) was 1.39 percent.

Balance Sheet, 1 July 2006

No.	Item	Current financial year	
		The Bank, LTL'000	The Group, LTL'000
Assets*			
1	Cash, precious metals and other valuables	18,424	18,424
2	balances with Central Banks	126,190	126,190
3	Due from banks and other credit and financial institutions	1,428,862	1,058,825
3.1.	Deposits	979,473	999,006
3.2.	Repurchase transactions		
3.3.	Loans	449,389	59,819
4	Treasury bills		
5	Loans to customers	603,306	657,985
6	Finance lease receivable		115,066

8	Debt securities	286,473	286,840
9	Financial claims under derivative agreements	3,020	3,020
10	Equity investments	32,832	35,146
10.1.	Investments accounted for under the equity method		
11	Intangible assets (less amortisation)	1,300	5,436
12	Tangible fixed assets (less depreciation)	28,927	342,661
12.1.	Buildings and other real estate	17,922	330,824
12.2.	Vehicles	3,634	4,085
12.3.	Office equipment etc.	7,371	7,752
13	Accrued income and deferred expenses	5,553	7,486
14	Other assets	50,365	83,059
16	Total assets	2,585,252	2,740,138
	Liabilities		
17	Due to central banks		
18	Due to banks and other credit and financial institutions	472,546	504,537
18.1.	Deposits	366,464	365,598
18.2.	Repurchase transactions		
18.3.	Loans	106,082	138,939
19	Deposits and letters of credit	1,810,754	1,810,739
20	Liabilities under the derivatives contracts	933	933
21	Special and lending funds	6,796	6,796
22	Debt securities issued	7,370	7,370
23	Accrued expenses and deferred income	539	3,189
24	Subordinated loans	8,744	8,744
25	Other liabilities	29,011	73,682
27	Total liabilities	2,336,693	2,415,990
	Shareholders' Equity		
30	Capital and reserves	248,559	300,667
30.1.	Registered share capital	176,708	176,708
30.2.	Treasury stock		
30.3.	Share premium	34,500	34,500
30.4.	Fixed assets revaluation reserve		44,669
30.5.	Financial assets revaluation reserve	1,903	1,903
30.6.	Retained profit (loss)	6,267	12,409
30.7.	Profit (loss) of the current financial year	16,621	17,764
30.8.	Other capital and reserves	12,560	12,714
30.9.	Funds of foreign bank affiliate (branch) received form the head office*		
31	Minority interest	X	23481
32	Total liabilities and shareholders' equity	2,585,252	2,740,138

* Asset items subject to special provisions are recorded in the balance sheet in net value.

Off balance sheet items

	Bank commitments and claims	X	X
1	Guarantees and warranties issued	13,081	12,981
2	Commitments to issue letters of credit	1,141	1,141
3	Irrevocable credit commitments	158,155	153,991
4	Other commitments	980,815	844,313
5	Financial derivatives:	311,213	311,213
5.1.	Amounts receivable (claims)	107,951	107,951
5.2.	Amounts payable (commitments)	203,262	203,262

Statement of Income, 1 July 2006

No.	Item	Current financial year	
		The Bank, LTL'000	The Group, LTL'000
1	Interest income	46,520	55,525
1.1.	On loans to credit and financial institutions and on funds with credit institutions	24,531	20,721
1.2.	On other loans	16,474	17,270
1.3.	On subordinated loans	0	0
1.4.	On debt securities acquired	5,515	5,518
1.5.	On lease	0	12,016
1.6.	Other interest income	0	0
2	Interest expenses	24,535	25,314
2.1.	For liabilities to credit and financial institutions and for funds of credit institutions	7,215	7,994
2.2.	For deposits and other repayable funds	17,006	17,006
2.3.	For subordinated loans	180	180
2.4.	For debt securities issued	134	134
2.5.	Other interest expense	0	0
3	Net interest income (1-2)	21,985	30,211
4	Specific provision expense	17,966	18,816
4.1.	For loans and interest	18,052	18,902
4.2.	For guarantees and warranties	-5	-5
4.3.	For general risk of doubtful assets	0	0
4.4.	Adjustment of expenses due to recovery of previously written-off loans	-81	-81
5	Net interest income after provisions (3-4)	4,019	11,395
6	Fees and commission income	45,060	45,973
7	Fees and commission expense	9,611	9,842
8	Net interest, fee and commission income (5+6-7)	39,468	47,526
9	Income from equity investments	72	72
9.1.	Gain (loss) from investments accounted under equity method	0	0
10	Realised profit (loss)	20,996	13,963
10.1.	From foreign exchange transactions	14,442	14,433
10.2.	From transactions with debt securities	23	23
10	From transactions with equity securities	2,880	2,880
10.4.	From transactions with derivatives and other financial instruments	3,651	-3,373
11	Unrealised profit (loss)	-5,287	5,986
11.1.	From foreign exchange transactions	2,235	13,515
11.2.	From transactions with debt securities	-5,608	-5,616
11.3.	From transactions with equity securities	-2,000	-1,999
11.4.	From transactions with derivatives and other financial instruments	86	86
12	Result of primary activities (8+9+10+11)	55,249	67,547
13	Other banking income	1,018	1,335
14	Operating expense	18,959	22,839
14.1.	Salaries, social security and other related payroll costs	10,763	12,490
14.2.	Training courses and business trips	654	864
14.3.	Rent and maintenance of buildings	3,704	3,948
14.4.	Transport, mail and communications	967	1,280
14.5.	Advertising and marketing	1,288	2,506
14.6.	Other operating expense	1,583	1,751
15	Other banking expense	12,605	18,436
16	Depreciation and amortisation	1,704	1,866
17	Other specific provisions	2,968	4,299

17.1.	Provisions for other doubtful assets	2,968	4,299
17.2.	Provisions for other off-balance sheet liabilities	0	0
18	Result from ordinary banking activity (12+13-14-15-16-17)	20,031	21,442
19	Result from exceptional and extraordinary activity (gain (loss))		0
20	Profit (loss) before taxes (18+19)	20,031	21,442
21	Corporate income tax	3,410	4,688
22	Deferred taxes and income tax adjustment	0	66
23	Minority profit (loss) share	X	1,076
24	Net profit (loss)	16,621	17,764
25	Net worth per share (LTL)		

Chairwoman-
Deputy Chief Executive Officer E.Karpavičienė

Chief Accountant V.Petraitiene


