



FINANCIAL REPORT FOR QUARTER 3 OF THE YEAR 2006

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I. GENERAL PROVISIONS

1. Reporting period.

The report is prepared for Quarter 3 of the Year 2006.

2. Main data about the issuer.

Name of the Issuer:	Akcinė bendrovė Ūkio bankas
Authorised capital:	LTL 176, 708, 000.00
Registered office:	Maironio g. 25, 44250, Republic of Lithuania
Telephones:	+370 37 301301, +370 37 301470
Fax:	+ 370 37 323188
E-mail address:	ub@ub.lt
Legal and organizational form:	Public limited company
Date and place of registration:	9 November 1990, the Bank of Lithuania
Registration No.	AB 90-1
Code in the Register of Legal Persons:	1120 20136
Administrator of the Register of Legal Persons:	State Enterprise Centre of Registers
Internet address:	www.ub.lt

3. Information about where and how it is possible to get acquainted with the report and other documents on the basis whereof it was prepared and the name of the means of the mass media.

The report and other documents on the basis whereof it was prepared (financial statements, auditors conclusions etc.) are available at Financial Brokerage Department of AB Ūkio bankas at 25 Maironio str. in Kaunas, from 8:00 until 12:00 and from 13:00 until 16:00 on business days, on the telephones +370 37 395501, +370 37 301433.

All notifications provided for by the Law to be made public are announced in the Lietuvos Rytas daily in compliance with the terms set forth in the Republic of Lithuania laws and acts of law of the supervising institution and material events are delivered to the news agencies BNS and ELTA.

4. Persons responsible for the accuracy of information in the report.

4.1. Members of the managing bodies of the Issuer, employees and the head of the administration responsible for the report:

Gintaras Ugianskis, AB Ūkio bankas Chief Executive Officer, tel. +370 37 301305, fax +370 37 323188.

Arnas Žalys, Head of Finance Division – Director of Finance and Risk Management Department, tel. +370 37 301440, fax +370 37 301327.

Rūta Kalašinskaitė-Kiškienė, Director of Financial Brokerage Department, tel. +370 37 301432, fax +370 37 301431.

4.2. Consultants having assisted in preparing the report:

Consultancy services were not used during the preparation of this report.

5. Confirmation of the members of Issuer's managing bodies, its employees and head of administration responsible for the preparation of this report that information contained herein is true and there are no suppressed facts which could have an impact on Investors' decisions to buy or sell the Company's securities, as well as the market price of those securities and their valuation.

We hereby confirm that information contained in the report for Quarter 3 of the year 2006 is true and fair and there are no suppressed facts which would reasonably be expected to influence investors' decisions to buy or sell the Bank's securities or to affect the market value or valuation of these securities.

Chief Executive Officer

Gintaras Ugianskis

Head of Finance Office –
Director of Finance and Risk Management Department

Arnas Žalys

Director of Financial Brokerage Department

Rūta Kalašinskaitė-Kiškienė

Seal

The report is prepared in Kaunas, October 2006

II. INFORMATION ABOUT THE MAJOR SHAREHOLDERS AND MEMBERS OF THE MANAGING BODIES

6. Shareholders.

AB Ūkio bankas share capital registered on 30 September 2006 amounted to LTL 176,708,000.00 (One hundred seventy six million seven hundred eight thousand litas). The share capital is divided into 176,708,000 ordinary registered shares of the par value of 1 litas. All shares are paid in full. All shares have equal property and non-property rights and subject to no restrictions on disposition.

On 30 September 2006 there were 6227 shareholders in AB Ūkio bankas. More than 5% of the Bank's authorized capital is owned by the following shareholders:

Shareholders given name, surname / name, registered address	Shareholders ID number	Number of shares owned	Proportion of authorized capital and votes held, %	Proportion of votes held along with acting persons, %
Vladimir Romanov		34,328,914	19.43	-
<i>UAB Universal Business Investment Group</i> Managemen, Donelaičio g. 60, Kaunas, Lithuania	210869960	17,652,726	9.99	-
<i>UAB FMĮ Finbaltus,</i> Konstitucijos pr. 23-660, Vilnius, Lithuania	122020469	14,917,509	8.44	-
<i>UAB Asocijuoto turto valdymas,</i> K.Donelaičio g. 60, Kaunas, Lithuania	300154446	14,823,907	8.39	-
<i>AB Kauno tiekimas,</i> Palemono g. 171, Kaunas, Lithuania	133523653	10,764,681	6.09	-
<i>Coldwell Business Inc.,</i> PO Box 3321, RD Town, Tortola, British Virgin Islands	1003356	9,533,627	5.40	-
<i>Skandinaviska Enskilda Banken</i> clients, SergelsTorg 2, 10640 Stockholm, Sweden	502032908101	9,238,544	5.23	-

7. Members of managing bodies.

7.1. Members of the Supervisory Council, Board and administration of the Bank:

Bank's Supervisory Council

Supervisory Council	Full name	Number of AB Ūkio bankas shares owned	Proportion of authorized capital and votes held, %
Chairman	Liutauras Varanavičius	2,678	0.0015
Deputy Chairman	Ulf Löwenhav	none	none
Member	Leonas Rimantas Butkus	1,000	0.0006
Member	Olga Gončaruk	none	none
Member	Gražina Jakavičienė	29,910	0.0169
Member	Ala Kurauskienė	58,000	0.0328
Member	Viktor Soldatenko	none	none

Bank's Board

Bank's Board	Full name	Number of AB Ūkio bankas shares owned	Proportion of authorized capital and votes held, %
Chairwoman and Deputy Chief Executive Officer	Edita Karpavičienė	325,208	0.1840
Deputy Chairman and Chief Executive Officer	Gintaras Ugianskis	295,109	0.1670
Member	Rolandas Balandis	275,472	0.1559
Member	Antanas Grigaliauskas	382,682	0.2166
Member	Arnas Žalys	275,672	0.1560



Edita Karpavičienė – Chairwoman of the Board since 2001, Deputy Chief Executive Officer since 2004, has worked for Ūkio bankas since 1994. Holds higher education degree. Doctor of Social sciences. Economics Committee Chairwoman, the Lithuanian Confederation of Business Employers. Council Member, Vytautas Magnus University.



Gintaras Ugianskis – Deputy Chairman of the Board since 2000, Chief Executive Officer since 2004, has worked for Ūkio bankas since 1998. Holds higher education degree. Master of Economics, Kaunas University of Technology Faculty of Economics and Management. Board Chairman of the National Football Club Association; President of Kaunas Football and Baseball Club.



Rolandas Balandis – Member of the Board since 2002, Head of Corporate Banking Division since 2004, has worked for Ūkio bankas since 1993. Holds higher education degree. Graduated from Lithuanian University of Agriculture with a diploma of Accounting Economist.



Antanas Grigaliauskas – Member of the Board since 2005, Director of UAB Ūkio banko lizingas since 1997. Holds higher education degree. Graduated from Lithuanian University of Agriculture with a diploma of Engineer and Land Management Expert.



Arnas Žalys – Member of the Board, Head of Finance Division, Director of Finance and Risk Management Department since 2005, has worked for Ūkio bankas since 1998. Holds higher education degree. Master of Accounting, Finance and Banking, Faculty of Humanities in Kaunas, Vilnius University.

Bank's Administration

Bank's Administration	Full name	Number of AB Ūkio bankas shares owned	Proportion of authorized capital and votes held, %
Chief Executive Officer	Gintaras Ugianskis	295,109	0.1670
Deputy Chief Executive Officer	Edita Karpavičienė	325,208	0.1840
Chief Financier	Vidutė Petraitiienė	452	0.0003

7.2. Participation of members of the managing bodies in the activities of other undertakings, organizations and companies:

- Liutauras Varanavičius -** AB Ūkio bankas Board advisor;
President of Lithuanian Football Federation;
Member of UEFA Assistance Programs Committee.
Has no holding in excess of 5%.
- Ulf Löwenhav -** *Zip Struktura AB* Director.
Has no holding in excess of 5%.
- Leonas Rimantas Butkus -** *UAB Energolinija* Board member;
UAB Universal Business Investment Group Management Board member;
AB Pramprojektas Board chairman, general director;
Member of Lithuanian Builders Association steering committee;
Deputy Chairman of LR central project managers' accreditation commission;
Member of LR Planners Association Board.
Holds 10 shares of *UAB Gilaitė* representing 40.00% of the authorized capital.
- Olga Gončaruk -** *UAB Ūkio banko lizingas* consultant.
Holds 2,842,830 of *UAB Universal Business Investment Group Management* shares representing 14.89% of the authorized capital.
Holds 186,550 of *UAB Domus Altera* shares representing 9.99% of the authorized capital.
Holds 115,900 of *UAB Businessline* shares representing 9.99% of the authorized capital.
Holds 6950 of *UAB Bankinės konsultacijos* shares representing 9.93% of the authorized capital.
Holds 173,500 of *AB Pramprojektas* shares representing 5.81% of the authorized capital.
- Gražina Jakavičienė -** Lawyer of *G. ir V. Jakavičiai* Lawyer's Firm,
Lithuanian Lawyers Council, lawyer.
Has no holding in excess of 5%.

- Ala Kurauskienė -** Member of *UAB Bankinės konsultacijos* Board;
Chairwoman of Balkan Investment Management AD Board;
UAB Nidos smiltė Board member;
AB Ūkio bankas Financial Brokerage department project manager;
GD UAB Bonum publicum Board member, Director Advisor for business development;
AB Pramprojektas Board member, Director for General Affairs, deputy head of administration.
Holds 6950 of *UAB Bankinės konsultacijos* shares representing 9.93% of the authorized capital.
Holds 90 of *UAB Optimalus turto valdymas* shares representing 9.00% of the authorized capital.
- Viktor Soldatenko -** Member of Balkan Investment Bank AD Supervisory Council.
Holds 4000 of *UAB Bankinės konsultacijos* shares representing 5.71% of the authorized capital.
- Edita Karpavičienė -** *GD UAB Bonum publicum* Board member.
Holds 85000 of *UAB Amnis metallicus* shares representing 9.44% of the authorized capital.
- Gintaras Ugianskis -** *UAB Ūkio banko lizingas* Board Chairman.
Has no holding in excess of 5%.
- Rolandas Balandis -** Holds 2160 of *UAB Aloja* shares representing 9.92% of the authorized capital.
- Antanas Grigaliauskas -** *UAB Ūkio banko lizingas* Director.
Has no holding in excess of 5%.
- Arnas Žalys -** Chairman of *Balkan Investment Bank AD* Supervisory Council;
Member of *UAB Turto valdymo sistemos* Supervisory Council;
Member of *UAB Turto valdymo sprendimai* Supervisory Council;
Member of *UAB Turto valdymo strategija* Supervisory Council;
UAB Ūkio banko lizingas Board member.
Holds 84000 of *UAB Amnis Metallicus* shares representing 9.33% of the authorized capital.
- Vidutė Petraitienė -** Chief Financier, *UAB Turto valdymo sistemos*;
Chief Financier, *UAB Turto valdymo sprendimai*;
Chief Financier, *UAB Turto valdymo strategija*.

III. FINANCIAL STATE

8. Balance sheets

	The Group 2006.09.30 LTL'000	The Group 2005.12.31 LTL'000	The Group 2005.09.30 LTL'000	The Bank 2006.09.30 LTL'000	The Bank 2005.12.31 LTL'000	The Bank 2005.09.30 LTL'000
ASSETS						
Cash and balances with central bank	160 688	113 621	152 473	160 686	113 621	152 263
Loans and advances to banks and financial institutions	1 179 386	842 956	1 058 923	1 560 837	1 198 377	1 359 810
Securities at fair value through profit and loss	177 771	159 412	61 374	177 771	159 412	61 374
Loans and advances to customers	740 646	553 923	435 681	684 305	503 426	410 643
Finance lease receivables	132 453	121 426	98 944			
Investment securities:						
<i>available for sale</i>	22 034	16 261	15 227	21 606	16 261	15 227
<i>held-to-maturity</i>	142 914	98 475	1 656	136 044	96 805	
Investment in subsidiaries				4 600	4 000	4 000
Intangible assets	5 451	6 044	1 523	1 432	1 306	1 477
Plant, property and equipment	338 455	358 559	324 979	29 139	27 371	24 196
Deferred tax asset		6 021			6 021	
Other assets	113 053	82 050	69 833	76 233	57 268	55 578
Total assets	3 012 851	2 358 748	2 220 613	2 852 653	2 183 868	2 084 568
LIABILITIES AND EQUITY						
LIABILITIES						
Due to central bank						
Deposits from banks and financial institutions	503 747	550 712	695 373	471 813	518 609	662 795
Due to customers	2 067 648	1 469 491	1 261 614	2 067 648	1 469 491	1 261 614
Debt securities in issue	6 948	4 860		6 948	4 860	
Deferred tax liabilities	31 040	9 057	29 893	336	9 057	
Subordinated loans	8 726	35 907	8 829	8 726	336	8 829
Other liabilities	54 829	54 183	39 177	31 207	32 130	28 536
Total liabilities	2 672 938	2 124 210	2 034 886	2 586 678	2 034 483	1 961 774
EQUITY						
Share capital	176 708	126 708	106 708	176 708	126 708	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 – available for sale investment	6 744	1 903	1 050	6 742	1 903	1 050
General reserves for loan losses	8 377			8 377		
Fixed assets revaluation reserve	42 208	49 875	30 551			
Currency revaluation reserve	-106	3 037	2 119			
Compulsory reserves	2 296	339	339	2 183	339	339
Retained earnings	43 434	23 848	18 576	35 465	18 435	12 697
Equity attributable to equity holders of the parent	316 161	207 710	161 343	265 975	149 385	122 794
Minority interest	23 752	26 828	24 384	-	-	
Total equity	339 913	234 538	185 727	265 975	149 385	122 794
Total liabilities and equity	3 012 851	2 358 748	2 220 613	2 852 653	2 183 868	2 084 568

9. Statements of income

	The Group 2006.09.30 LTL'000	The Group 2005.09.30 LTL'000	The Bank 2006.09.30 LTL'000	The Bank 2005.09.30 LTL'000
Interest income	91 189	51 135	74 986	39 626
Interest expense	(39 166)	(24 353)	(38 297)	(23 142)
NET INTEREST INCOME	52 023	26 782	36 689	16 484
Fees and commission income	71 457	36 407	72 965	35 895
Fees and commission expense	(15 903)	(11 610)	(15 585)	(11 273)
NET FEE AND COMMISSION INCOME	55 554	24 797	57 380	24 622
Gains less losses arising from dealing in foreign currencies	26 496	6 895	16 535	9 383
Gains less losses arising from dealing trading securities	-1 075	4 015	-1 073	4 015
Gains less losses arising from investment securities	230	236	230	4 224
Gains less losses arising from dealing in derivatives and other financial instruments	(5 013)	(1 131)	2 011	(1 131)
Impairment losses on loans and advances	(33 609)	(10 314)	(30 472)	(9 227)
Reversal of written off loans	126	479	126	479
Other operating income	2 985	9 180	2 601	3 114
OPERATING INCOME	97 717	60 939	84 027	51 963
OPERATING EXPENSES	(60 776)	(43 822)	(50 766)	(35 337)
PROFIT BEFORE INCOME TAX	36 941	17 117	33 261	16 626
Income tax	(8 211)	(2 647)	(6 310)	(2 470)
Adjustment of previous year income tax	2 247	(232)	2 247	-232
PROFIT FOR THE YEAR	30 977	14 238	29 198	13 924
Attributable to:				
Equity holders of the parent	32 104	14 214	29 198	13 924
Minority interest	(1 127)	24	0	0
	30 977	14 238	29 198	13 924
Basic Earnings Per Share (in LTL)	0.22	0.13	0.20	0.13
Diluted Earnings Per Share (in LTL)	0.22	0.13	0.20	0.12

10. Explanatory notes

Financial statements of AB Ūkio bankas Group are prepared in accordance with International Financial Reporting Standards (IFRS). Data as of 30 September 2005 has been regrouped and restated so that it would match accounting policies applied in yr. 2006.

Statements of changes in shareholders' equity for the nine-month period ended 30 September 2006 (in LTL thousand)

The Bank	Share Capital	Share premium	Restricted (distributable) profit	Revaluation reserve for available-for-sales investment securities	General reserve for losses for assets	Legal reserve	Retained earnings	Total
At 31 December 2004	106,708	-	2,000	1,217	-	-	178	110,103
Dividends paid	-	-	-	-	-	-	(1,066)	(1,066)
Changes in fair value of investment securities available-for-sale, net of tax	-	-	-	(167)	-	-	-	(167)
Transfer to legal reserve	-	-	-	-	-	339	(339)	-
Net income	-	-	-	-	-	-	13,924	13,924
At 30 September 2005	106,708	-	2,000	1,050	-	339	12,697	122,794
Increase in share capital	20,000	-	-	-	-	-	-	20,000
Changes in fair value of investment securities available-for-sale, net of tax	-	-	-	853	-	-	-	853
Net income	-	-	-	-	-	-	5,738	5,738
At 31 December 2005	126,708	-	2,000	1,903	-	339	18,435	149,385
Increase in share capital	50,000	-	-	-	-	-	-	50,000
Share premium	-	34,500	-	-	-	-	-	34,500
Transfer to legal reserve	-	-	-	-	-	1,844	(1,844)	-
Transfer to general reserve for losses of receivables	-	-	-	-	8,377	-	(8,377)	-
Bonuses	-	-	-	-	-	-	(680)	(680)
Dividends paid	-	-	-	-	-	-	(1,267)	(1,267)
Changes in fair value of investment securities available-for-sale, net of tax	-	-	-	4,839	-	-	-	4,839
Net income	-	-	-	-	-	-	29,198	29,198
At 30 September 2006	176,708	34,500	2,000	6,742	8,377	2,183	35,465	265,975

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The Group	Share Capital	Share premium	Restricted (distributable) profit	Revaluation reserve for available-for-sales investment securities	Fixed assets revaluation reserve	Currency translation reserve	General reserve for losses of receivables	Legal reserve	Retained earnings	Equity attributable to equity holders of the parent	Minority interest	Total
At 31 December 2004	106,708	-	2,000	1,217	-	-	-	-	5,005	114,930	-	114,930
Dividends paid	-	-	-	-	-	-	-	-	(1,066)	(1,066)	-	(1,066)
Transfer to legal reserve	-	-	-	-	-	-	-	339	(339)	-	-	-
Minority share in acquired subsidiary	-	-	-	-	-	-	-	-	-	-	10,161	10,161
Changes in fair value of investment securities available-for-sale, net of tax	-	-	-	(167)	-	-	-	-	-	(167)	-	(167)
Currency translation adjustment	-	-	-	-	-	2,119	-	-	762	2,881	668	3,549
Increase in fixed assets revaluation reserve net of tax	-	-	-	-	30,551	-	-	-	-	30,551	13,531	44,082
Net income (loss)	-	-	-	-	-	-	-	-	14,214	14,214	24	14,238
At 30 September 2005	106,708	-	2,000	1,050	30,551	2,119	-	339	18,576	161,343	24,384	185,727
Changes in fair value of investment securities available-for-sale, net of tax	-	-	-	853	-	-	-	-	-	853	-	853
Increase in share capital	20,000	-	-	-	-	-	-	-	-	20,000	-	20,000
Currency translation adjustment	-	-	-	-	-	918	-	-	-	918	741	1,659
Increase in fixed assets revaluation reserve net of tax	-	-	-	-	19,324	-	-	-	-	19,324	2,343	21,667
Net income (loss)	-	-	-	-	-	-	-	-	5,272	5,272	(640)	4,632
At 31 December 2005	126,708	-	2,000	1,903	49,875	3,037	-	339	23,848	207,710	26,828	234,538
Dividends paid	-	-	-	-	-	-	-	-	(1,267)	(1,267)	-	(1,267)
Bonuses	-	-	-	-	-	-	-	-	(680)	(680)	-	(680)
Increase in share capital	50,000	-	-	-	-	-	-	-	-	50,000	-	50,000
Share premium	-	34,500	-	-	-	-	-	-	-	34,500	-	34,500
Transfer to legal reserve	-	-	-	-	-	-	-	1,944	(1,944)	-	-	-
Transfer to general reserve for losses of receivables	-	-	-	-	-	-	8,377	-	(8,377)	-	-	-
Currency translation adjustment	-	-	-	-	-	(3,130)	-	-	(250)	(3,380)	(222)	(3,602)
Changes in fair value of investment securities available-for-sale, net of tax	-	-	-	4,841	-	-	-	-	-	4,841	-	4,841
Decrease in fixed assets revaluation reserve net of tax	-	-	-	-	(7,667)	-	-	-	-	(7,667)	(1,727)	(9,394)
Net income (loss)	-	-	-	-	-	-	-	-	32,104	32,104	(1,127)	30,977
At 30 September 2006	176,708	34,500	2,000	6,744	42,208	(93)	8,377	2,283	43,434	316,161	23,752	339,913

Statements of cash flows for the nine-month period ended 30 September 2006 (in LTL thousand)

	The Group 2006.09.30	The Group 2005.09.30	The Bank 2006.09.30	The Bank 2005.09.30
Cash flow from (to) operating activities				
Interest received	79,667	47,112	63,606	36,910
Interest paid	-34,012	-21,012	-33,506	-19,801
Repayment of previously written off loans	212	479	212	479
Net receipts from/(to) operations with foreign currency	12,159	4,948	19,234	4,968
Net receipts from/(to) operations with trading securities	11,812	5,666	11,807	9,654
Net receipts for services and commission	55,457	24,762	57,283	24,588
Payments of salaries and associated payments	-19,948	-13,422	-17,122	-11,837
Income taxes paid	-1,327		-906	
Other payments	-34,945	-18,558	-28,380	-18,142
Net cash provided by operating activities before change in operating assets and liabilities	69,075	29,975	72,228	26,819
Changes in operating assets and liabilities				
Compulsory reserves held in central bank	-40,284	-65,560	-40,284	-65,560
Loans and advances to banks and other financial institutions	212,716	118,759	185,617	89,780
Securities at fair value through profit or loss	-16,673	11,739	-16,400	11,739
Loans and advances to customers	-185,826	-154,198	-179,989	-143,649
Other assets	-42,089	-24,346	-28,506	-19,198
Due to central bank		-4,171		-4,171
Due from other banks and financial institutions	-47,016	163,446	-46,847	152,222
Due to customers	594,399	386,841	594,399	402,158
Other liabilities	-10,780	33,656	-20,317	5,757
Net cash provided by operating activities	533,522	496,141	519,901	455,897
Cash flow from (to) investing activities				
Acquisition of subsidiaries	-1,107	-33,945	-600	
Disposal of subsidiaries		4,200		100
Purchase of fixed assets, net of disposals	-11,864	-17,064	-5,176	-3,067
Disposal (acquisition) of securities available for sale	-49,890	7,783	-44,584	3,727
Net cash used in investing activities	-62,861	-39,026	-50,360	760
Cash flow from (to) financing activities				
Issue of share capital	84,500		84,500	
Interest paid	-287	-186	-287	-186
Issued debt securities	2,510	-786	2,510	-786
Dividends paid	-1,267	-1,066	-1,267	-1,066
Net cash from financing activities	85,456	-2,038	85,456	-2,038
Net increase in cash and cash equivalents	556,117	455,077	554,997	454,619
Cash and cash equivalents at the beginning of period	395,908	537,648	395,048	537,483
Cash and cash equivalents at the end of period	952,025	992,725	950,045	992,102

Principles of consolidation

At 30 September 2006 the Group financial statements include the accounts of the Bank and its owned subsidiaries:

Name	Activity	Country	Ownership share
UAB Ūkio Banko Lizingas	Finance lease	Kaunas, Lithuania	100 %
UAB Turto valdymo strategija	Real estate and financial intermediation	Kaunas, Lithuania	100 %
UAB Turto valdymo sprendimai	Real estate and financial intermediation	Kaunas, Lithuania	100 %
UAB Turto valdymo sistemos	Real estate and financial intermediation	Kaunas, Lithuania	100 %
UAB Ūkio Banko investicijų valdymas	Financial intermediation	Kaunas, Lithuania	100 %
OAD Ruskij Karavaj *	Real estate and financial intermediation	Moscow, Russia	75 %
RAB Ūkio Bank Lizing **	Finance lease	Kiev, Ukraina	100 %

* - UAB Turto Valdymo Strategija owns 75 % of shares of OAD Ruskij Karavaj.

** - UAB Ūkio Banko Lizingas owns 100 % of shares of RAB Ūkio Bank Lizing.

At 31 December 2005 and 30 September 2005 the Group financial statements include the accounts of the Bank and its owned subsidiaries:

Name	Activity	Country	Ownership share
UAB Ūkio Banko Lizingas	Finance lease	Kaunas, Lithuania	100 %
UAB Turto valdymo strategija	Real estate and financial intermediation	Kaunas, Lithuania	100 %
UAB Turto valdymo sprendimai	Real estate and financial intermediation	Kaunas, Lithuania	100 %
UAB Turto valdymo sistemos	Real estate and financial intermediation	Kaunas, Lithuania	100 %
OAD Ruskij Karavaj *	Real estate and financial intermediation	Moscow, Russia	75 %

* - UAB Turto Valdymo Strategija owns 75 % of shares of OAD Ruskij Karavaj.

Subsidiaries, which are companies over which the parent company has control, are consolidated from the date on which effective control is transferred to the Group and are no longer consolidated from the date of disposal. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of income.

All significant inter-company transactions, balances and unrealized surpluses and deficits on transactions between the Group companies have been eliminated. The accounting policies used by the subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Minority interests in the equity and results of companies that are controlled by the Bank are shown as a separate item of the shareholders equity in the consolidated financial statements.

Main indicators of AB Ūkio bankas group, LTL thousand

	Nine month 2006	Nine month 2005	Increase (%)
Income	131 200	70 774	85.4%
Expenses before provisions and income tax	60 776	43 822	38.7%
Profit before provisions and income tax	70 424	26 952	161.3%
Provision expense	33 483	9 835	240.4%
Pre-tax profit	36 941	17 117	115.8%
Income tax	5 964	2 879	107.2%
Net profit	30 977	14 238	117.6%
Assets	3 012 851	2 220 613	35.7%
Loans to customers, net	740 646	435 681	70.0%
Deposits	2 067 648	1 261 614	63.9%
Equity	339 913	185 727	83.0%
Number of ordinary shares in issue at the end of period (thousands units)	176 708	106 708 *	
Weighted average number of ordinary shares in issue (thousands units)	143 741	106 708 *	
Return on assets (%)	1.54%	1.00%	
Return on equity (%)	14.38%	12.63%	
Expense / income before provisions and income tax	0.46	0.62	
Expense / income before income tax	0.72	0.76	
Basic earnings per share (in LTL)	0.22	0.13 *	

* Number of shares in yr. 2005 and related indicators have been recalculated to match current nominal value of shares (LTL 1)

Main indicators

- Yr. 2006 is so far the most successful year in the history of the activities of Ūkio bankas. In the first nine months of yr. 2006 Ūkio bankas Group earned net profit of LTL 31.0 million – i.e. 2.2 times more than in the same period of yr. 2005 and 58% more than in the whole year 2005.
- Since the beginning of 2005 Ūkio bankas increased its branch network by 50%. 14 new client service departments in regional centers and biggest towns were established. As of 30 September 2005, branch network of Ūkio bankas consisted of 42 outlets – 12 branches and 30 client service departments.
- In 2006, Bank established its representative office in Kazakhstan. As of 30 September 2006, Bank had 3 representative offices in Kiev (Ukraine), Moscow (Russia) and Almaty (Kazakhstan).
- In 2006, Ūkio bankas established 100% owned subsidiary UAB “Ūkio banko investicijų valdymas”, which specializes in operations with securities and fund management. UAB “Ūkio banko lizingas” established 100% owned leasing subsidiary, RAB “Ūkio Bank Lizing” in Kiev (Ukraine).
- As of 30 September 2006, number of active customers of Ūkio bankas increased by 24% y-o-y and was more than 60 thousand.
- Bank’s 100% owned leasing subsidiary UAB “Ūkio banko lizingas” offers its services through over 2 thousand sales points located throughout entire Lithuania. As of 30 September 2006, UAB “Ūkio banko lizingas” had more than 167 thousand customers – i.e. number of customers increased by 20% y-o-y.

- In the first nine months of 2006, income earned by Ūkio bankas Group increased by 85% y-o-y and made LTL 131 million. Group's expenses before provisions and income tax increased by 39% y-o-y and made LTL 61 million.
- Since 30 September 2005, Ūkio bank successfully issued two new stock emissions: nominal value of LTL 20 million in IVQ 2005 and nominal value of LTL 50 million in IIQ 2006. The latter issue was sold with LTL 34.5 million share premium/surplus. These stock issues and excellent activity results strengthened the capital base of Ūkio bankas Group and laid grounds to further growth of the Group.
- In 2006, Ūkio bankas became the first financial institutions in the Baltic countries, shares of which were included in the prestigious Official List of Vilnius Stock Exchange. In the period of first nine months of 2006, the price of bank's shares increased by 53% up LTL 2.72, and capitalization increased more than twice up to LTL 481 million.

Credit ratings

On 13 June 2005 the international rating agency Moody's assigned the following ratings to AB Ūkio bankas:

- Deposit rating B1/NP;
- Financial strength rating E+.

The perspective of both ratings is stable.

Income

As compared to the income of the first nine-month 2005 period, income of Ūkio bankas Group increased by LTL 56 million or 85% up to LTL 131 million. All main Ūkio bankas Group income items grew in rapid rates. Increase in interest-earning assets and increase in market interest rates caused the growth of net interest income by 94% up to LTL 52 million. They made 40% of Group's income. The largest share of Group's income (42%) was comprised of net service fees and commission income, which grew 2.2 times up to LTL 56 million. Their growth was influenced by the rapid growth of service network (for instance, since the beginning of yr. 2005, Ūkio bankas increased its branch network by 50%, from 28 up to 42 outlets), growth in number of customers and operations, favorable pricing decisions. Income from operations with foreign currency, securities, derivative and other financial instruments increased twice up to LTL 21 million. They stood for 16% of Group's income. Other income decreased by 67% down to LTL 3 million and made 2% of Group's income.

Structure of the income earned by Ūkio bankas Group

	Nine months 2006	Nine months 2005	Increase (%)
Net interest income	52 023	26 782	94.2%
Net service fees and commission income	55 554	24 797	124.0%
Income from operations with foreign currency, securities, derivative and other financial instruments	20 638	10 015	106.1%
Other income	2 985	9 180	-67.5%
TOTAL INCOME	131 200	70 774	85.4%

Expenses

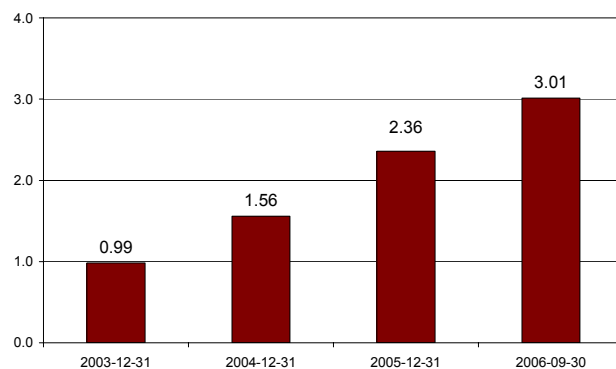
Expansion of Ūkio bankas growth, growth in assets and service network, growth in number of customers and operations caused the increase in operating expenses of the Group by LTL 17 million or 39% y-o-y. Staff expenses made 33% of these expenses. Staff expenses increased by 49% up to LTL 20 million.

Provision expenses increased 3.4 times up to LTL 33 million.

Income tax expenses increased 2.4 times up to LTL 6 million.

Assets

In the period of first nine months 2006, assets of Ūkio bankas group increased by LTL 654 million or 28% and made LTL 3.01 billion as of 30 September 2006. Due from banks and other financial institutions made 39% of Group's assets. They increased by 40% and made LTL 1.18 billion as of 30 September 2006. Loans to customers comprising ¼ of Group's assets increased by 34% and made LTL 741 million as of 30 September 2006. Securities portfolio increased by 25% up to LTL 343 million.



Assets of Ūkio bankas Group, in LTL billion

Impairment of assets

Grouping of loans granted by AB Ūkio bankas Group according to the Minimal Loan Assessment Requirements approved by the Bank of Lithuania revealed that as of 30 September 2006:

- 87.0% of the loan portfolio was comprised of loans that no loss event has occurred;
- 5.2% of the loan portfolio was comprised of loans that loss event has occurred, but no impairment loss has occurred;
- 7.8% of the loan portfolio was comprised of loans that loss event has occurred and impairment loss has occurred.

As of 30 September 2006, AB Ūkio bankas Group provisions for impairment loss of loans amounted to LTL 43.3 million, i.e. 5.3% of the loan portfolio.

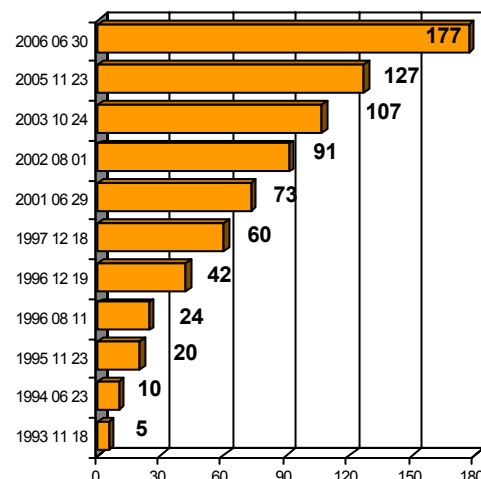
As of 30 September 2006, for the investments held to maturity, no loss event has occurred and no provisions were made. Provisions for impairment loss of other assets amounted to LTL 10.0 million, i.e. 0.8% of other assets.

Liabilities

As of 30 September 2006, corporate deposits made 42% of the liabilities of Ūkio bankas Group. In the first nine-month of 2006 period, they increased by LTL 397 million or 55% and amounted to LTL 1.12 billion as of 30 September 2006. Deposits from private persons made 35% of the liabilities of the Group. In the first nine-month of 2006 period they increased by LTL 201 million or 27% and amounted to LTL 944 million as of 30 September 2006. Due from banks and other financial institutions made 19% of Group's liabilities. In the first nine-month of 2006 period they decreased by 9% down to LTL 504 million as of 30 September 2004.

Equity

Good results of activities and successfully issued new stock emissions caused that Ūkio bankas Group's equity increased almost three times, from LTL 115 million up to LTL 340 million in the period of 1 January 2005 – 30 September 2006. New stock emissions that were successfully issued in IVQ 2005 and IIQ 2006 (with nominal value of LTL 20 and 50 million, respectively) increased bank's share capital by 66% up to LTL 177 million as of 30 September 2006. The stock issue of 50 million was sold with share premium/surplus of LTL 34.5 million i.e. 69% higher than the nominal value. Net profit (yr. 2005 – LTL 19.6 million, nine-month 2006 LTL 31.0 million) and fixed assets revaluation reserve (LTL 42.2 million as of 30 September 2006) also contributed to increase in Group's equity.



Share capital of AB Ūkio bankas, LTL million

Compliance with prudential requirements

As of 30 September 2006, both Ūkio bankas and Ūkio bankas Group were in compliance with all the requirements set by the Bank of Lithuania:

Ratio	Requirement	Bank's ratio	Group's ratio
Capital adequacy ratio	$\geq 8\%$	12.63%	14.58%
Liquidity ratio	$\geq 30\%$	67.17%	65.99%
Maximum credit exposure to a single borrower	25% (for subsidiaries – 75%) of eligible capital	complied	complied
Large loans	800% of eligible capital	350.5%	147.6%
Aggregate open foreign currency position	25% of eligible capital	0.77%	9.45%
Single open foreign currency position	15% of eligible capital	0.71%	8.94%

IV. MATERIAL EVENTS IN THE ISSUER'S ACTIVITIES

11. Material events in AB Ūkio bankas activities.

On 10 July 2006 AB Ūkio bankas announced the results for the first half-year of 2006. AB Ūkio bankas reported a net unaudited profit of LTL 16.6 million (EUR 4.8 million).

On 12 July 2006 a short presentation of AB Ūkio bankas was made. On 11 July AB Ūkio bankas managers, chairman of the Supervisory Council Liutauras Varanavičius and head of Finance Division Director of Finance and Risk Management Department Arnas Žalys introduced the principles of AB Ūkio bankas activities, results and future plans to the members of finance market. The overview of AB Ūkio bankas activities in Lithuanian and English is available on AB Ūkio bankas website www.ub.lt.

On 29 August 2006 a notification was circulated that pursuant to the Lithuanian Securities Commission regulations regarding the Periodic Disclosure of Information on the Issuers' Activities and their Securities AB Ūkio bankas prepared and submitted the semi-annual report for the year 2006 to Lithuanian Securities Commission. The report is available on the Bank's website www.ub.lt or in the head office at 25 Maironio str. in Kaunas, Financial Brokerage Department on business days from 8.00 to 12.00 and from 13.00 to 16.00, tel. +370 37 301433. The information is not confidential.

On 20 September 2006 AB Ūkio bankas informed about the establishment of a representative office in Kazakhstan (Kunajev str. 106 - 1, Almaty, the Republic of Kazakhstan).

All notifications on material events in relation to AB Ūkio bankas activities were delivered to the Lithuanian Securities Commission, Vilnius Stock Exchange, news agencies BNS and ELTLA, and placed on the Bank's website www.ub.lt.