



**AB ŪKIO BANKAS PROSPECTUS-REPORT
FOR THE YEAR 2006**

(Prepared according to the Rules on Period Disclosure of Information on Issuers' Activities and Their Securities of the Lithuanian Securities Commission)

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I. GENERAL PROVISIONS

1. Reporting period for which the annual prospectus-report has been prepared

The prospectus-report was prepared for the year 2006.

2. Key information on the Issuer

Name of the Issuer:	Akcinė bendrovė Ūkio bankas
Share capital:	LTL 176,708,000.00
Head-office address:	Maironio g. 25, 44250, Kaunas, Republic of Lithuania
Telephones:	+370 37 301 301, 301 470
Fax:	+370 37 323 188
E-mail:	ub@ub.lt
Legal-organizational form:	Public limited company
Registration date and place:	19 November 1990, the Bank of Lithuania
Registration No.	AB 90-1
Company Register's number:	1120 20136
Manager of Legal Persons' Register:	the State Enterprise Centre of Registers
Website address:	www.ub.lt

3. Nature of the Issuer's main activities

The public limited company Ūkio bankas (hereinafter – the “Bank”) is a credit institution established in the Republic of Lithuania holding the licence to engage and is engaged in receiving of deposits or other repayable funds from non-professional participants of the market and lending of funds, also holding the right to provide other financial services and assuming the risk and responsibility involved therein.

As provided for by the licence No.1 issued pursuant to the Bank of Lithuania Board's Resolution of 19 of 19 November 1990, the Bank is granted the right to provide licensed financial services defined in Article 2 (6) of the Law on Banks of the Republic of Lithuania, except for the trade in precious metals.

Apart from the provision of financial services, the Bank may be engaged only in such other activities without which it is impossible to provide financial services, which help provide financial services or are in other manner directly related to the provision of financial services.

The Bank's activities are aimed at servicing private and business clients who receive state-of-the-art banking services meeting their needs. The Bank offers its clients an extensive choice of payment cards, competitive terms of time deposits, flexible lending procedures, more and more popular factoring services, safe and modern internet banking system Eta bankas, professionally handled money transfers to all countries of the world, bank guarantees, documentary settlements, traveller's cheques and banker's cheques, cash transactions, trade in foreign currency and securities, consultations on investment activity and rent of private safes.

4. Information on where and when one can get acquainted with the report and documents on the basis of which it was prepared (financial statements, auditor's report and similar) and the name of the means of news media

The Report and the documents that were used as the basis for the preparation of the Report (financial statements, auditor's reports, etc.) are available from AB Ūkio bankas Financial Brokerage Department, Maironio g. 25, Kaunas, on business days from 8 a.m. to 12 noon and from 1 p.m. to 4 p.m., tel.: +370 37 395 502, 301 433.

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.

5. Persons responsible for the accuracy of the information presented in the Report

5.1. The Issuer's managing bodies' members, employees and the chief executive officer are responsible for the Report:

Edita Karpavičienė, AB Ūkio bankas Deputy Chief Executive Officer, tel. +370 37 301 301, fax +370 37 323 188.

Arnas Žalys, Head of Finance Division and Director of Finance and Risk Management Department, tel. +370 37 301 440, fax +370 37 301 327.

Rūta Kalašinskaitė-Kiškienė, Director of the Financial Brokerage Department, tel. +370 37 301 432, fax +370 37 301 431.

5.2. Consultants who assisted in preparing the Report:

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

6. Declaration by the Issuer's management bodies' members, employees and the chief executive officer, responsible for the preparation of the Report, that the information contained in the 2006 Prospectus-Report is in compliance with the facts and does not contain any omissions likely to have an effect on the investors' decision concerning the purchase or sale of the Issuer's securities or on the market price or valuation of these securities

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

Deputy Chief Executive Officer



Edita Karpavičienė

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



Arnas Žalys

Director of Financial Brokerage
Department



Rūta Kalašinskaitė-Kiškienė



Place of
seal

The report was prepared in March 2007, Kaunas

II. INFORMATION ON THE ISSUER'S AUTHORIZED CAPITAL AND SECURITIES ISSUED

7. The Issuer's authorized capital

7.1. The authorized capital registered with the Companies' Register:

On 31 December 2006 AB Ūkio bankas registered authorized capital amounted to LTL 176, 708,000.00 (One hundred and seventy six million seven hundred and eight thousand litas). It is divided into 176,708,000 ordinary registered shares of LTL 1 par value each. All the shares are paid up in full. The property and non-property rights of all the shares are the same, and there are no restrictions on share disposal.

7.2. Information about the projected increase of the authorized capital through the conversion or exchanging into share of debt securities or derivative securities issued:

It is not planned to increase the authorized capital through the conversion or exchanging into share of debt securities or derivative securities issued.

8. Shareholders

On 31 December 2006, the number of the Bank's shareholders amounted to 6,500. More than 5 per cent of the Bank's registered authorized capital were owned by the following shareholders:

Shareholder's name and surname/corporate name, head-office address	Company number	The number of shares held by the shareholder under the ownership right, pcs.	Portion of votes and authorized capital owned by the shareholder, %	Portion of votes held by the shareholder in concert with other persons, %
Vladimir Romanov	-	58,219,998	32.95	-
UAB Universal Business Investment Group Management, Donelaičio g. 60, Kaunas, Lithuania	210869960	17 652 726	9.99	-
Zinaida Romanova	-	14,686,909	8.31	-
UAB FMĮ Finbaltus, Konstitucijos pr. 23-660, Vilnius, Lithuania	122020469	12,306,450	6.96	-

On the date of the ordinary (reporting) meeting (22 March 2007), the number of the Bank's shareholders was 7,167. The following shareholders owned and managed over 5 per cent of the Bank's authorized capital:

Shareholder's name and surname / corporate name, head-office address	Company number	The number of shares held by the shareholder under the ownership right, units	Portion of votes and authorized capital owned by the shareholder, %	Portion of votes held by the shareholder in concert with other persons, %
Vladimir Romanov	-	58,219,998	32.95	-
UAB Universal Business Investment Group Management, Donelaičio g. 60, Kaunas, Lithuania	210869960	17,652,726	9.99	-
Zinaida Romanova	-	14,686,909	8.31	-
UAB FMĮ Finbaltus, Konstitucijos pr. 23-660, Vilnius, Lithuania	122020469	11,486,750	6.50	-

9. Main characteristics of the shares issued for public trading

According to the resolution of AB Ūkio bankas shareholders' meeting of 23 12 2005, a new share issue was issued for public trading in the year 2006.

Name of the shares:	AB Ūkio bankas ordinary registered shares (ORS)
Code of shares LCVPD (CSDL):	10235
Nominal value of the issue:	50,000,000
Total amount of shares:	50,000,000
Nominal value of one share, LTL:	1
Share issue price, LTL:	1.69

The offering of the new share issue was started on 12 April and was completed on 19 May 2006. The shares were distributed in three stages:

1. The shares were distributed only to AB Ūkio bankas shareholders in the proportion to the number of shares they held on the day of the ordinary shareholders' meeting (23-12-2005).
2. The shares were distributed, according to presented applications, to all investors wishing to acquire AB Ūkio bankas shares, not distributed during stage 1, in proportion to the number of shares specified in their applications.
3. The shares remaining after stage 2 were acquired by AB Ūkio bankas Board members in equal parts.

The Bank has circulated all issued shares publicly and independently. The shares were circulated in the Bank's head-office and branch offices. All the issued shares are paid up in full;

The Bank of Lithuania Board, in its sitting on 29 June 2006, issued the authorization to AB Ūkio bankas to register the amendment to the Articles of Association related to the increase of the Bank's authorized capital up to LTL 176.708 million. Ūkio bankas authorized capital increased by LTL 50 million from LTL 126.708 million.

10. Information about the shares distributed through private placement

There were no shares distributed through private placement in the year 2006.

11. Information about depository receipts issued on the basis of shares

Depository receipts were not issued on the basis of the Bank's shares.

12. The main characteristics of the debt securities issued for public trading

On 7 November 2005 AB Ūkio bankas registered for private placement the issue of 366-days-maturity bonds of the nominal value of LTL 15 million:

Type of bonds:	AB Ūkio bankas registered bonds
Code of bonds LCVPD (CSDL):	LT0000401259
Nominal value of the issue, LTL:	15,000,000
Number of bonds:	150,000
Nominal value of one bond, LTL:	100
Issue price, LTL:	95.9985
Interest rate, percent:	4.1 percent of the bond issue price
Maturity:	366 days
Redemption price, LTL:	100
Redemption date:	8 November 2006
Total nominal value of the bonds, LTL:	15 million

The Lithuanian Securities Commission by the Resolution No. 2K-8 adopted at its sitting on 12 January 2006, satisfied the request of AB Ūkio bankas to confirm the prospectus of LTL 15,000,000 bond issue for the

admittance to the debt securities list of AB Vilnius Stock Exchange. From 1 February 2006 the bonds were listed on the Vilnius Stock Exchange.

There were no restrictions on the free transfer of these securities. The bonds are not redeemable prior to the redemption day either upon the Bank's or the bond owner's request.

On 8 November 2006 AB Ūkio bankas registered shares were redeemed. The interest rate is calculated into the nominal value and paid on the day of bond redemption.

In the year 2006 AB Ūkio bankas did not issue a new issue of debt securities.

13. Data about the debt securities registered for private placement and distributed as such

On 7 November 2005 AB Ūkio bankas placed for non-public circulation the issue of 366-days-maturity bonds of the nominal value of LTL 15 million, these bonds were listed on the Vilnius Stock Exchange from 1 February 2006 (see paragraph 12).

In the year 2006 AB Ūkio bankas did not issued a new issue of debt securities.

14. Securities not representing capital, the trading whereof is governed by the Law on Securities Market of the Republic of Lithuania, except debt securities

In the year 2006, AB Ūkio bankas did not have the securities not representing capital the trading whereof is governed by the Law on Securities Market.

III. DATA ABOUT THE SECONDARY TRADING IN SECURITIES ISSUED BY THE ISSUER

15. Securities admitted to the trading lists of the Stock Exchanges

AB Ūkio bankas ordinary registered shares are traded on the Vilnius Stock Exchange (VSE):

Name of the security:	AB Ūkio bankas ORS
ISIN code of the security:	LT0000102352
Abbreviation of the security:	UKB1L
Total number of securities:	176,708,000
The nominal value of one share, LTL:	1
Total nominal value of the securities, LTL:	176,708,000

The Bank's shares have been traded in the VSE I-List since 1 June 1998, and on 13 July 2006 they were admitted to the Vilnius Stock Exchange Official List. AB Ūkio bankas Ūkio bankas became the first company from the financial sector on the Official List of the Vilnius Stock Exchange as well as on the Baltic Main Trading List.

From 1 February through 3 November 2006 AB Ūkio bankas bonds were traded on the Vilnius Stock Exchange.

Name of the security:	AB Ūkio bankas registered bonds
ISIN code of the security:	LT0000401259
Abbreviation of the security:	UKBB000006A
Total number of securities:	150,000
Nominal value of one bond, LTL:	100
Total nominal value of the securities, LTL:	15,000,000.00

They were admitted to the VSE debt securities list.

16. Dealing in the Issuer's securities on Stock Exchanges and other organized markets

16.1. Trading on the Vilnius Stock Exchange

16.1.1. The highest and lowest prices and the highest and lowest trading session's volume (in Litas) of securities quoted and sold on the central market during last eight quarters (each separately), and the price and turnover (in Litas) of the latest Exchange trading session of the accountability period, also a total turnover (units and in Litas) according to the types and classes of securities:

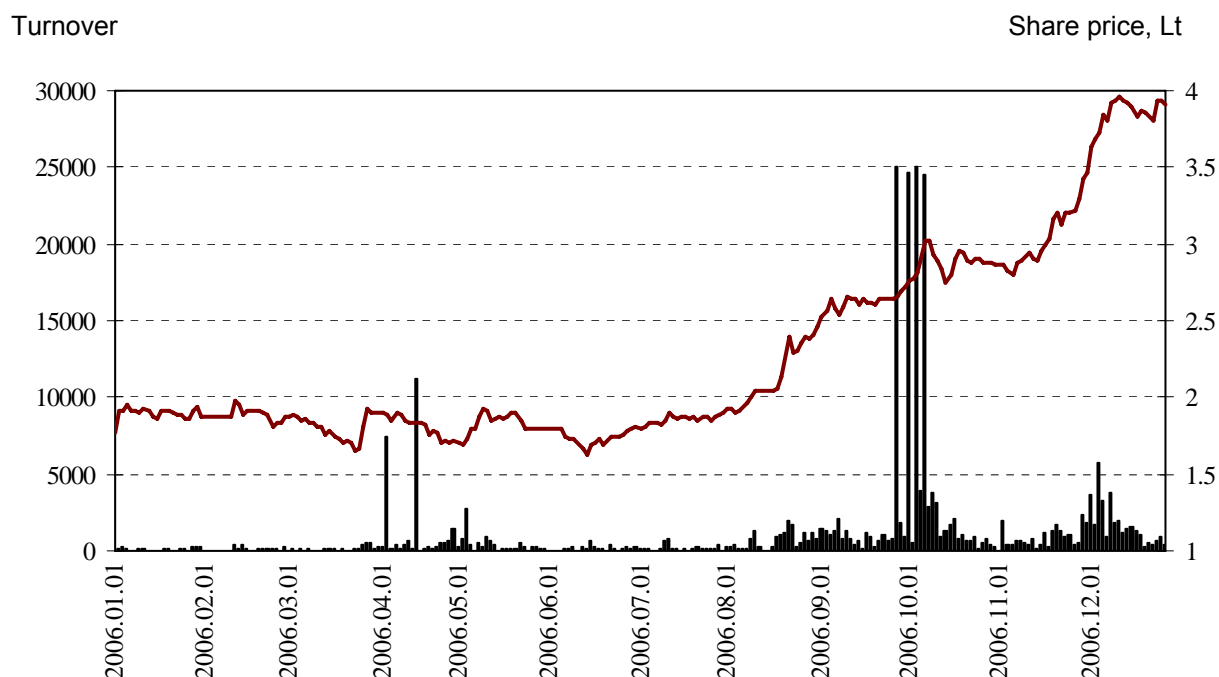
Statistics of transactions in AB Ūkio bankas ordinary registered shares on VSE central market during the last 8 quarters:

Accountability period	Price, LTL		Trading session volume, LTL	
	the highest	the lowest	the highest	the lowest
01 01 2005 – 31 03 2005	11.56	7.61	5,046,126	0
01 04 2005 – 30 06 2005	13.80	8.50	159,527	0
01 07 2005 – 30 09 2005	39.00	11.00	7,964,729	5,611
01 10 2005 – 31 12 2005	41.99	20.00	8,016,796	0
01 01 2006 – 05 02 2006	23.90	21.30	288,231	0
06 02 2006 – 31 03 2006*	2.06	1.60	529,407	0
01 04 2006 – 30 06 2006	1.95	1.61	11,247,649	1,307
01 07 2006 – 30 09 2006	2.73	1.79	25,016,999	44,119
01 10 2006 – 31 12 2006	3.96	2.71	24,982,793	145,541

Accountability period	Last trading session		Total turnover of the period	
	Price, LTL	volume, LTL	units	LTL
01 01 2005 – 31 03 2005	9.20	0	986,441	6,407,711
01 04 2005 – 30 06 2005	11.00	17,754	140,391	1,473,556
01 07 2005 – 30 09 2005	35.00	658,665	2,515,271	44,632,587
01 10 2005 – 31 12 2005	21.30	57,694	2,214,449	49,856,860
01 01 2006 – 05 02 2006	22.50	0	91,538	2,085,202
06 02 2006 – 31 03 2006*	1.90	204,143	2,743,168	5,104,046
01 04 2006 – 30 06 2006	1.81	318,530	20,575,840	37,398,952
01 07 2006 – 30 09 2006	2.72	890,455	25,817,295	63,448,520
01 10 2006 – 31 12 2006	3.91	345,666	50,222,571	151,891,285

* On 6 February 2006, the amendment to the Articles of Association concerning the change of the share nominal value from LTL 12 to LTL 1 by proportionally increasing the number of shares was registered.

Change in AB Ūkio bankas share market prices and turnover on the VSE during the year 2006 is given in the diagrams below (share market prices of the period from 1 January through 5 February 2006 is recalculated in order to meet the nominal of 1 Lt):



From 1 February through 3 November 2006 Ūkio bankas bonds were also traded on the Vilnius Stock Exchange. Below are presented the data on AB Ūkio bankas bonds sold on the central market during last eight quarters:

Accountability period	Price, LTL		Trading session volume, LTL	
	the highest	the lowest	the highest	
01 01 2006 – 31 03 2006	97.4366	97.1817	1,000,037	19,487
01 04 2006 – 30 06 2006	98.1994	97.8383	39,280	39,135
01 07 2006 – 30 09 2006	99.0208	98.7516	495,104	185,851
01 10 2006 – 31 12 2006	-	-	-	-

Accountability period	Last trading session		Total turnover of the period	
	Price, LTL	volume, LTL	Price, LTL	
01 01 2006 – 31 03 2006	97.4366	19,487	21,146	2,056,455
01 04 2006 – 30 06 2006	98.1994	39,280	1,200	117,686
01 07 2006 – 30 09 2006	99.0208	495,104	6,882	680,955
01 10 2006 – 31 12 2006	-	-	-	-

16.1.2. the average price and total turnover (in units and Litas) of securities sold in block trading during last eight quarters (each separately) according to the types and classes of securities:

Data on AB Ūkio bankas ordinary registered shares sold in block trading during the last eight quarters:

Accountability period	Average price, LTL	Total turnover of the period	
		units	LTL
01 01 2005 – 31 03 2005	6.02	841,428	5,062,873
01 04 2005 – 30 06 2005	10.00	15,300	153,040
01 07 2005 – 30 09 2005	13.89	2,108,545	29,297,483
01 10 2005 – 31 12 2005	19.45	1,315,469	25,591,732
01 01 2006 – 05 02 2006	23.10	9,733	224,880
06 02 2006 – 31 03 2006*	1.89	199,020	376,616
01 04 2006 – 30 06 2006	1.86	10,534,461	19,572,523
01 07 2006 – 30 09 2006	2.60	10,762,780	27,951,904
01 10 2006 – 31 12 2006	2.85	30,083,274	85,684,095

* On 6 February 2006, the amendment to the Articles of Association concerning the change of the share nominal value from LTL 12 to LTL 1 by proportionally increasing the number of shares was registered.

From 1 February to 3 November 2006, AB Ūkio bankas bonds were also traded on the Vilnius Stock Exchange. No bonds were sold in block trading during this period.

16.2. Trading on other exchanges

AB Ūkio bankas securities were not traded on other exchanges.

16.3. Trading on other organized markets

AB Ūkio bankas securities were not trading on other organized markets.

17. Capitalization of securities

The capitalization of AB Ūkio bankas ordinary registered shares, quoted on the Vilnius Stock Exchange, was calculated according to the closing price on the last day of the trading session of every quarter of the reporting period on the VSE central market:

Accountability period	Number of shares, units	Market price, LTL	Capitalization, LTL
01 01 2006 – 31 03 2006	126,708,000	1.90	240,745,200
01 04 2006 – 30 06 2006	176,708,000	1.81	319,841,480
01 07 2006 – 30 09 2006	176,708,000	2.72	480,645,760
01 10 2006 – 31 12 2006	176,708,000	3.91	690,928,280

18. Dealing in the Issuer's securities on the OTC market

From 1 June 1998 the shares are quoted on the VSE Current List, and on 13 July 2006 they were admitted to the Official List of the Vilnius Stock Exchange.

Reporting period	The highest price, LTL	The lowest price, LTL	Total turnover, units
<i>Current List</i>			
01 01 2005 – 31 03 2005	5.30	4.64	7,589
01 04 2005 – 30 06 2005	5.41	5.41	7,648
01 07 2005 – 30 09 2005	26.41	6.00	86,996
01 10 2005 – 31 12 2005	28.90	6.00	1,102,107
01 01 2006 – 31 03 2006	-	-	-
01 04 2006 – 30 06 2006	-	-	-
01 07 2006 – 12 07 2006	1.68	1.61	20,360
<i>Official List</i>			
13 07 2006 – 30 09 2006	2.03	0.92	6,917,371
01 01 2006 – 31 12 2006	3.82	0.99	8,552,553

There were no transactions with AB Ūkio bankas bonds on the OTC market in the period of 2005-2006.

19. Data about the Issuer's buying up of its shares

AB Ūkio bankas did not perform any operations with its own shares in the year 2006.

20. Submission of a tender offer

During the year 2006, no tender offer was made by the third party in respect of AB Ūkio bankas securities. Over the reporting period, the Bank also did not announce a tender offer in respect of other persons' securities.

21. The Issuer's paying agents

The Bank has no paying agents.

22. Agreements with intermediaries of public trading in securities

Ūkio bankas has entered into service agreements with the following intermediaries of public trading in securities:

Intermediary	Address	Nature of the agreement
AB DnB NORD Bankas	J. Basanavičiaus g. 26, Vilnius	Securities account handling agreement
AB bankas Hansabankas	Savanorių pr. 19, Vilnius	Securities custody and account handling agreement
AB bankas Hansabankas	Savanorių pr. 19, Vilnius	Brokerage service agreement
AB SEB Vilniaus bankas	Gedimino pr. 12, Vilnius	Securities account handling agreement
AB Parex bankas	Kražių g. 21, Vilnius	Agreement on the accounting, custody, and lending of securities and monetary funds and on acceptance and execution of orders
UAB FMĮ Finbaltus	Ukmergės g. 41-660, Vilnius	Securities accounts servicing agreement
AB FMI Finasta	Ukmergės g. 41-510, 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
Nova Banka A.D. Bijeljina	Banja Luka, Srpska Republika	Brokerage service agreement
Balkan Investment Bank AD – Balkan Investment Broker	Krajiških brigada br. 2, Banja Luka, Srpska Republika	Brokerage service agreement
Troika Dialog (Bermuda) Limited	Chancery Hall 52 Reid Street, Hamilton HM 12	Intermediation and brokerage service agreement

	Bermuda	
Deutsche Bank AG London	Winchester House, 1 Great Winchester Street, London	Securities custody agreement
OAO Bank Zenit	Banij per. 9, Moscow	Agreement on the performance of operations on the securities market
Erste Bank Befektetesi Rt.	Madach Imre u. 13-15, Budapest	Brokerage agreement
SC Parex Asset Management	Basteja Boulevard 14, Riga, Latvia	Agreement on investment portfolio management
AS LHV Financial Advisory Services	Tartu mnt 2, Tallinn	Agreement on investment services
SG Private Banking	Rue de la Corraterie 6, Case postale 5022, 1211 Geneve 11	Agreement on securities custody and brokerage service
Credit Suisse	Uetlibergstrasse 231, Postfach 100, Zurich, Switzerland	Agreement on securities custody and brokerage service

IV. DATA ABOUT THE ISSUER'S ACTIVITY

23. Legal basis for the Issuer's activity

In its activities the Bank follows the Constitution of the Republic of Lithuania, the Civil Code of the Republic of Lithuania, the Law on Banks of the Republic of Lithuania, legislation adopted by the supervisory institution, and the Bank's Articles of Association. Apart from that, the Bank follows the Law on Financial Institutions of the republic of Lithuania, Company Law of the Republic of Lithuania and other legislation if not stipulated otherwise by the Lithuanian republic Law on Banks.

24. Membership in associated structures

AB Ūkio bankas participates in the activities of the following associated structures:

1. Association of Lithuanian Banks
2. Kaunas Chamber of Commerce, Industry and Crafts
3. Kaunas Region Association of Industrialists and Employers
4. Klaipėda Chamber of Commerce, Industry and Crafts
5. Šiauliai Chamber of Commerce, Industry and Crafts
6. Vilnius Chamber of Commerce, Industry and Crafts
7. Knowledge Economy Forum
8. National Association of Finance Brokers
9. Vilnius Stock Exchange
10. Internal Auditors' Association
11. Lithuanian Association of Property Valuers
12. The Brussels International Banking Club
13. Association of the Baltic States and Kazakhstan Kazbalt
14. S.W.I.F.T. association
15. MasterCard International Incorporated
16. American Express (official distributor of payments cards and traveller's cheques)
17. Thomas Cook (official agent of traveller's cheques)
18. CONTACT correspondent network
19. Reuters (user of the Reuters dealing system)
20. Travelex Money Transfer system of cash transfer
21. Payment system *Litas*
22. Lithuanian Advertising Bureau
23. Lithuanian Business Employers' Confederation

The Association of Lithuanian Banks was registered on 14 November 1991. The Association's key aims are to strengthen banking and enhance its prestige in Lithuania and abroad. The Association provides support to banking scientific research, studies, education and qualification advancement in Lithuania and abroad, preparation of banking development programs, draft laws and secondary legislation on banking as well as examination thereof. The Association represents and protects the interests of its members at state authority and governing institutions, other institutions; submits proposals to the Bank of Lithuania on the statutory legislation issued within its competence and to the Government concerning the documents related to banking adopted by the Government; initiates and maintains contacts with international financial organizations, foreign banks and their associations.

Kaunas Chamber of Commerce, Industry and Crafts was founded in 1991. The Bank has been a member of this organization since 1995. Kaunas Chamber of Commerce, Industry and Crafts represents voluntary associations of legal and natural persons engaged in commercial-economic activities in the manner prescribed by the laws of the Republic of Lithuania that are implementing business self-governing principles in the counties of Kaunas and Marijampolė. The Chamber's aim is to represent and defend lawful interests of its members at the Lithuanian Republic Seimas and Government, national councils and commissions, to encourage the development of all lawful businesses and branches of industry in Kaunas region, to improve business environment and provide services promoting businesses.

Kaunas Region Association of Industrialists and Employers was registered on 15 August 1996. The main aims of this Association are to improve the economic well-being of the nation by uniting all Lithuanian traders, industrialists and handicraftsmen, as well as caring for their legal, economic and cultural affairs, improving their professional skills, and supporting Lithuanian trade, industry and crafts.

The Association of Lithuanian Chambers of Commerce, Industry and Crafts – non-government, non-profit, business self-governing organizations efficiently operating in the international system of industry and commerce chambers. The Chambers of Commerce, Industry and Crafts operate in five major cities of Lithuania – Vilnius, Kaunas, Klaipėda, Šiauliai and Panevėžys. The Association of Lithuanian Chambers of Commerce, Industry and Crafts uniting these Chambers is a member of the European Association of Chambers of Commerce (Eurochambers) and the Baltic Association of Chambers of Commerce and Industry. The Lithuanian Association of Chambers of Commerce, Industry and Crafts operates pursuant to the law adopted in 1995 and is the only organization of self-governing working under a separate law. Based on its provisions the membership in the Chamber is voluntary. The key aim of the Association of Lithuanian Chambers of Commerce, Industry and Crafts as a business self-governing organization is to represent the interests of its members and provide services necessary to them. Klaipėda Chamber of Commerce, Industry and Crafts unites 250 members including region's biggest enterprises and representatives of small and medium-sized. The Chamber represents the interests of Klaipėda and Tauragė regions businessmen and seeks business development in these regions. With the aim to encourage the development of small and medium-sized businesses and export the Chamber actively participates in various international projects and programs.

Šiauliai Chamber of Commerce, Industry and Crafts was founded on 21 March 1996. The area of its operation covers the counties of Šiauliai and Telšiai. Šiauliai Chamber of Commerce, Industry and Crafts is a voluntary non-profit association of legal and natural persons engaged in economic activities regulated by the laws of the Republic of Lithuania that is implementing the principles of business self-governing in the region of its activities.

Vilnius Chamber of Commerce, Industry and Crafts was registered on 25 April 1996 and the area of its operation covers the counties of Vilnius and Alytus. When implementing its tasks and functions the Chamber works in the fields of industry, commerce, crafts and services promotion and public education, information as well as business consultations, intermediation and management.

Knowledge Economy Forum was founded in 2000. Presently, this association unites Lithuania's most successful enterprises and their managers, scientists working in the fields of biotechnologies, pharmacy, IT, telecommunications and lasers, as well as politicians. The mission of the Forum is to promote the knowledge economy based on the development and implementation of technologies and innovations open to research and development. The Association's members actively participate in the formation of the national cluster economy policy, preparing draft laws, seek the improvement of the education, science and studies system taking into consideration the challenges of the knowledge economy, and organize various conferences, seminars and workshops.

National Association of Finance Brokers actively participates in the improvement of the legal environment of the securities market and the systems of trading, accounting and settlements, maintains close cooperation contacts with the Securities Commission, the National Stock Exchange and the Central Securities Depository of Lithuania as well as state authorities.

Vilnius Stock Exchange (VSE) is the only regulated securities market operator in Lithuania, offering trading, listing and information services. The mission of the VSE is to organize and develop the Lithuanian securities market by creating the most favourable conditions for issuers, investors, and financial intermediaries to exploit efficiently the advantages of the capital market. Only VSE members – banks and brokerage companies – may trade on the VSE. VSE is a self-regulated organization, issuing and enforcing its own rules and regulations consistent with standard exchange operating procedures.

Internal Auditors Association was founded in Lithuania on 31 July 1997. In July 2000, the Internal Auditors' Association joined the Institute of Internal Auditors in the USA as IIA Lithuania. Presently the Association has 152 members. The key aim of the Internal Auditors' Association is to provide methods and practical assistance to the Association's members, to represent Lithuania's internal auditors at state bodies and international organizations of auditors.

Lithuanian Association of Property Valuers (LTVA) is a public organization operating under the Law on Associations. The Association was among the most important institutions that participated in preparing and implementing the system of property valuers' certification (qualification attestation). The Association unites over 160 highly-skilled economists, civil and land management engineers, specialists in property management, law and other professions working at private companies, state enterprises and agencies, and higher education schools; many of them hold property and business valuers' certificates.

The Brussels International Banking Club (BIBC) was founded in November 1996 in Brussels, when the Partnership and Cooperation Agreement between the European Union and Russia, as well as with other CIS

countries, entered into force. The Club is a non-profit international association, and its Status has been approved by the Belgian Royal Decree of 6 July 6 1997. One of the main objectives of the Club is to promote cooperation between EU and CIS banks, investment companies and financial institutions. Ūkio bankas has been a member of the Brussels International Banking Club since 2003.

The Association of the Baltic States and Kazakhstan, „Kazbalt“ was founded in February 2000 under the initiative of business communities and with the support of the Embassy of Republic of Kazakhstan in the Baltic States. The Association's main objectives are focused on the development of cooperation between firms, organizations and businessmen of the Baltic States and Kazakhstan, participation in international activities for non-state and public organizations and coordination of relations with state frames, the participation in government and inter-governmental programs regarding preparation of specialists in the field of enterprise activity, as well as provision information services for manufacturing and commercial activity, and economic and technological achievements. When analyzing all market's sectors the association assists its members in performing trade operations, dealing with financial issues and problems related to payments, guarantees and letters of credit.

With the aim to automate data transmission 239 banks from 15 countries of the world established a global organization of interbank financial telecommunication **SWIFT** (Societe for Worldwide Interbank Financial Telecommunication) in 1973. A computerized data transmission service developed by SWIFT ensures a more reliable and standardized messaging process. The data transmission speed of the SWIFT system ensures a timely processing of millions of international transfers. Unified messages are easily processed by computer systems of international clearing banks and data are immediately transferred according the payer's bank instructions. At present SWIFT are used by 8100 organizations from 207 countries.

From 2000 Ūkio bankas is a full member of **MasterCard International Incorporated**. Ūkio bankas is entitled to issue international MasterCard® credit cards, MasterCard® debit cards, Maestro® cards, Cirrus® cash withdrawal from ATM cards and to service these cards in the Bank's POS terminals and ATMs.

The Bank is an official authorized distributor of **American Express** payment cards and travellers cheques. At present the Bank distributes American Express travellers' cheques in USD, GBP, EUR, AUD, CAD and American Express payment cards.

The Bank is an official agent of Thomas Cook travellers' cheques. At present Ūkio bankas distributes **Thomas Cook** travellers' cheques in USD.

The Bank is member of the international cash transfer network **CONTACT**. CONTACT correspondent network unites more than 140 financial institutions. The branch network of these institutions enables to perform settlement in cash in 71 countries.

The **Reuters** Dealing System has been implemented in the Bank. It is the most widely used platform for interbank foreign exchange and money market deals uniting almost 19000 users from 110 countries of the world.

The Company **Travellex Money Transfer** provides international cash transfer services. The extensive network of the company's partners enables to transfer cash all over the world.

The payment system LITAS started its operation on 19 January 2004. At the end of 2004 LITAS participants included the Bank of Lithuania, 9 commercial banks, 2 foreign banks branches, 10 financial brokerage firms, the Central Securities Depository of Lithuania (CSDL) and the Central Credit Union of Lithuania (CCU). The payment system LITAS is designed to process payment instructions in real time and at designated time. The system processes credit and debit transfers. The Bank of Lithuania is the owner and the operator of the system. Settlements are carried out in the national currency litas. LITAS provides the cash leg of securities transactions in real and at designated time following the DvP (delivery versus payment) principle. It also establishes a possibility for other payment systems to perform settlements through the accounts of their participants with the Bank of Lithuania.

By the initiative of the Marketing Department Ūkio bankas became member of the **Lithuanian Advertising Bureau**. The Lithuanian Advertising Bureau (LAB) is a professional, non-governmental, non-profit, independent organization founded in 2005. It pursues the aim to develop the practice of decent, fair and honest advertising in Lithuania, based on the Lithuanian Advertising Ethics Code: The LAB is comprised of: a general members' assembly, the Board, the Commission on Arbitration and the administration. The Lithuanian Advertising Bureau seeks to develop the advertising sector in Lithuania; to form and improve the ethic self-regulating governance in advertising, operating on the legal basis, as well as fair competition ensuring consumer protection and the general public interest directed against an adverse effect of advertising.

Lithuanian Business Employers' Confederation is the largest associated business organization representing the country's most important sector – small and medium-sized business (SMB). The Confederation's main aims are:

- to unite Lithuania's business people in order to express, represent and secure their legal interests;
- to analyze and evaluate business conditions in Lithuania, seek the formation of advantageous conditions for business start-up and development;
- to initiate the development of the business self-government;
- to provide businessmen with a wide range assistance (to provide methods and information assistance and consultations on the issues of business organization);
- to develop work structure of business services.

25. Brief description of the Issuer's background

On the eve of the restoration of Lithuanian independence – in June 1989 - representatives of seventeen largest companies of Kaunas established a commercial bank and named it Ūkio bankas. This name reflected the designation of the new credit institution – to finance the national economy that started operating under the market economy conditions. The license issued to Ūkio bankas by the Central Bank of Lithuania carries the number 'one'. This witnesses it being the oldest private bank in Lithuania. Ever since its establishment, AB Ūkio bankas has been seeking to reinforce its position as a reliable bank open to innovations and providing qualified classic and modern services to its clients. The Bank aims to be the financial consultant and advisor of the clients' business and by all its activity to add to the implementation of the principles of modern Western banking based on fair competition, transparent activity, quality services and pleasant customer service in Lithuania's market.

AB Ūkio bankas is a universal bank and provides all retail, commercial and investment banking services, except for the trade in precious metals. The aim of the Bank's versatility is in harmony with exceptional overall services rendered to loyal "club" customers. In its activities the Bank flexibly adapts to the market changes and client needs: develops new products, modernizes services, expands the range of internet services, upgrades information technologies used for rendering banking services and management.

On the date of the prospectus preparation AB Ūkio bankas had an extensive service network with 12 branches and 35 client service units in Lithuania's biggest towns as well as the Bank's representative offices in Russia, Ukraine and Kazakhstan (on the date of the prospectus preparation). On 6 December 2006, AB Ūkio bankas Board adopted the decision to establish the Bank's branch in Edinburgh in the United Kingdom and submitted an application to the Bank of Lithuania to issue the authorization for the establishment of the branch.

Key events

2006

06 12 2006. Ūkio bankas Board adopted the resolution to establish an AB Ūkio bankas branch in Edinburgh, the United Kingdom and submitted an application for the authorization to establish the branch to the Bank of Lithuania.

04 12 2006. Ūkio bankas shares are included in the prestigious OMX indexes, OMX Baltic Benchmark and OMX Baltic 10, of the Baltic Securities Market.

27.11.2006. The Agreement on Syndicated Loan extended by nineteen West European banks to Ūkio bankas in the total amount of LTL 133 million was signed in Kaunas. This is a second syndicated loan extended to Ūkio bankas in recent years.

20.09.2006. Ūkio bankas opened a representative office in Kazakhstan's former capital Almaty. Kazakhstan became the third foreign state where Ūkio bankas established its representative office.

13 07 2006. UAB Ūkio banko investicijų valdymas, an Ūkio bankas subsidiary, founded its first investment fund Ūkio banko obligacijų fondas (Ūkio bankas Bonds Fund) investing in government and corporate debt securities.

13 07 2006. Ūkio bankas became the first national financial institution whose shares are admitted to the Main List by the Vilnius Stock Exchange. The bank's shares have been quoted on the Current List since 1 June 1998.

10 04 2006. UAB Ūkio banko lizingas set up a subsidiary in Ukraine's capital Kiev, the limited liability company Ūkio bank lizing, providing all types of leasing services to natural persons and small and medium businesses.

03 03 2006. Ūkio bankas took the decision to establish Ūkio banko investicijų valdymas, an investment management subsidiary, whose activities – dealings with securities and management of investment funds.

Bank's credit ratings

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

- rating B1/NP for deposits
- rating E+ for financial strength

The prospects of both these ratings are stable.

On 24 February 2007, Moody's upgraded the long-term borrowing rating to Ba3, and the financial strength rating to D- to Ūkio bankas (the prospects of both these ratings are stable).

Authorized capital

Presently, the Bank's authorized capital amounts LTL 176,708,000 or 176,708,000 ordinary registered shares of the nominal value of LTL 1. The new edition of the Bank's Articles of Association with respect to the change of the nominal value of shares was registered with the State Enterprise Centre of Registers on 6 February 2006.

Since the day of establishing the Issuer's authorized capital changed several times. History of the change of the authorized capital is given in the table:

Registration date	Authorized capital		Sources of increase
	Number of shares, units	Total nominal value, LTL	
18-11-1993	532,517	5,325,170	Additional contributions
23-06-1994	1,000,000	10,000,000	Additional contributions
23-11-1995	2,000,000	20,000,000	Additional contributions
01-08-1996	2,000,000	24,000,000	Revaluation reserve
19-12-1996	3,500,000	42,000,000	Additional contributions
18-12-1997	5,000,000	60,000,000	Additional contributions
29-06-2001	6,058,999	72,707,988	Additional contributions
01-08-2002	7,558,999	90,707,988	Additional contributions
24-10-2003	8,892,333	106,707,996	Additional contributions
22-11-2005	10,559,000	126,708,000	Additional contributions
06-02-2006	126,708,000	126,708,000	Change of nominal value
29-06-2006	176,708,000	176,708,000	Additional contributions

26. Characteristics of production (services)

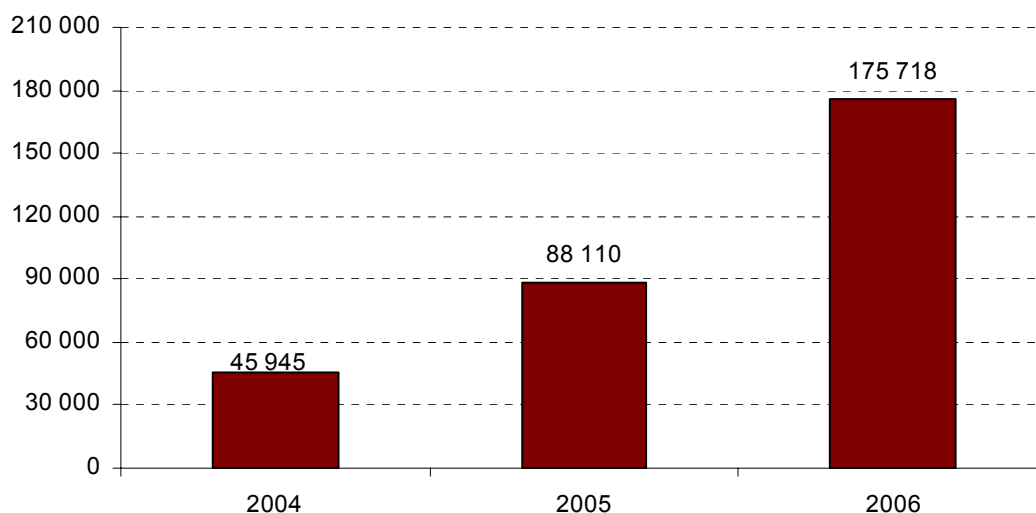
According to Chapter II, Section 3 of AB Ūkio bankas Articles of Association the Bank provides the following financial services:

- acceptance of deposits and other repayable funds;
- lending (including mortgage loans);
- financial lease (leasing);
- money transfer;
- provisions of financial sureties and financial guarantees;
- trading for own account or for account of clients in market instruments (cheques, bills, certificates of deposit etc.), foreign exchange, financial futures and options, exchange and interest rate instruments, negotiable securities;
- issuing payment cards and other means of payment and/or performing transactions with them;
- investment services;
- safe custody services;
- providing information and rendering consultations on lending and payment matters;
- currency exchange (in cash);
- validation of settlements between credit institutions (clearing);
- safekeeping and administration of monetary funds;
- advice to undertakings on capital structure, industrial strategy and related questions and advice and services relating to mergers and the purchase of undertakings;

- financial brokerage (agent's activities);
- money handling;
- rendering services in relation to issuing securities;
- issuing and handling of electronic money.

The total volume of AB Ūkio bankas services is growing with every year. The chart below shows the change in the Bank's net income within 3 recent years.

Thousand LTL



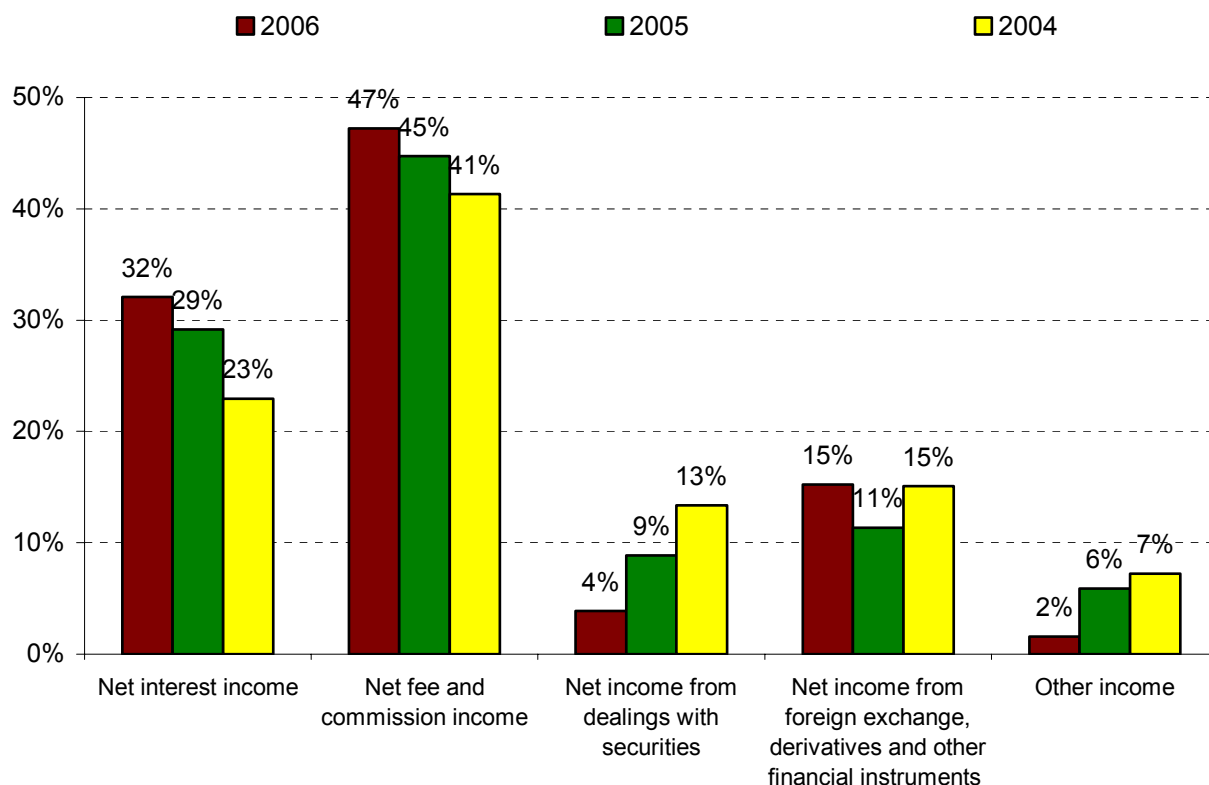
A significant growth in the assets earning income in the year 2006 resulted in the increase of LTL 30.7 million in the Bank's net interest income up to LTL 56.4 million. In the year 2006, the net fee and commission income rose by LTL 43.5 million and amounted to LTL 83.0 million. Income from dealings with securities, foreign exchange, derivative and other financial instruments increased by LTL 15.8 million and totalled LTL 33.6 million. The Bank's other income decreased by LTL 2.4 million and amounted to LTL 2.8 million.

The Bank's main income sources and their proportions in the company's total income are given in the table below:

Item	2006		2005		2004	
	Thou-and LTL	Propor- ion, %	Thou- and, LTL	Propor- ion, %	Thou- and, LTL	Propor- ion, %
Net interest income	56,373	32	25,684	29	10,543	23
Net fee and commission income	82,967	47	39,422	45	18,992	41
Net income from dealings with securities	6,840	4	7,813	9	6,141	13
Net income from foreign exchange, derivatives and other financial instruments	26,746	15	9,993	11	6,941	15
Other income	2,792	2	5,198	6	3,328	7
Total income	175,718	100	88,110	100	45,945	100

In the year 2006, the Bank earned LTL 175.7 million in net income (a 99% increase compared to the year 2005). The Bank earned the largest portion of income from client servicing. The net interest income accounted for 32%, the net fee and commission income – 47%, the net income from dealings with securities,

foreign currency, derivative and other financial instruments – 19%, other income – 2% of the Bank's net income.



Deposit acceptance and loan extension are the main services of the Bank.

Increasing confidence in the Bank and a well-selected strategy of deposit attraction resulted in the increase of deposits and letters of credit by 43% up to LTL 2.11 billion in 2006. Non-time deposits grew by 32% up to LTL 708 million, time deposits went up by 50% up to LTL 1.40 billion.

A 44% increase in deposits of economic operators amounting to LTL 1.05 billion by the end of the year proves that the clients appreciated the quality of the Bank's financial services and attractive terms and conditions. The proportion of economic operators' deposits remained stable – around 50%. Natural persons' deposits grew by LTL 316 million or 42% and amounted to LTL 1.06 billion at the end of 2006.

Item	31.12.2006		31.12.2005		31.12.2004	
	Thousand, LTL	Proportion %	Thousand, LTL	Proportion %	Thousand, LTL	Proportion %
Deposits and LCs:	2,106,116	100	1,469,491	100	857,113	100
Including according to depositor's legal status:						
Legal persons	1,047,047	50	726,490	49	349,212	41
Natural persons	1,059,069	50	743,001	51	507,901	59
Including according to deposit type and depositor's status:						
Deposits on demand:	707,914	34	536,196	36	315,494	37
Legal persons	593,529	28	454,107	31	264,034	31
Natural persons	114,385	5	82,089	6	51,460	6
Time deposits:	1,398,202	66	933,295	64	541,619	63
Legal persons	453,518	22	272,383	19	85,178	10
Natural persons	944,684	45	660,912	45	456,441	53

Demand for the Bank's loans was also growing in the year 2006.

Item	31.12.2006		31.12.2005		31.12.2004	
	Thousand, LTL	Proportion %	Thousand, LTL	Proportion %	Thousand, LTL	Proportion %
Loans to customers and financial institutions, including:	1,317,464	100	937,902	100	587,735	100
1. Loans to financial institutions	515,612	39	434,476	46	321,955	55
- Short-term	106,979	8	105,118	11	49,519	8
- Long-term	408,633	31	329,358	35	272,436	46
2. Loans to customers	801,852	61	503,426	54	265,780	45
- Short-term	164,067	12	76,033	8	85,245	15
- Long-term	499,363	38	313,861	33	138,815	24
- Reverse repurchase agreements	35,459	3	20,131	2	8,630	1
- Buying up of convertible debt obligations	102,963	8	93,401	10	33,090	6

Note: Data of the years 2006, 2005 and 2004 are presented in net value. Data of the year 2004 are restated to be in harmony with the applicable accounting policy.

There were no material changes in the Bank's service fees in the last financial year. The Bank adjusted service fees taking into consideration competitive conditions on the market. The fees of the main services are similar at all banks. AB Ūkio bankas, like the majority of Lithuanian banks, applies a separate system of pricing for business and private clients as well as special fees for strategic clients.

The main indicators describing the Bank's operations:

Ratio	2006	2005	2004
Net profitability (ROE)	21.79%	15.15%	6.95%
Return on asset (ROA)	1.82%	1.07%	0.62%
Capital adequacy	11.00%	10.52%	9.92%
Tier 1 capital / risk adjusted assets	10.08%	8.67%	9.69%
Liquidity	61.25%	62.06%	39.92%
Expense / Income before income tax	0.68	0.75	0.82
Expense / income before provisions and income tax	0.46	0.60	0.77
Book value of a share *	1.62	1.18	1.03
Net earnings per share *	0.31	0.17	0.07

* Note: The indicators for the years 2004 and 2005 are recalculated so that the share value is in compliance with the present nominal value (LTL 1)

27. Sales markets

Information on the 2006 results of Ūkio bankas Group by activity results and geographical segments is given in the tables below. On 31 December 2006, the Bank's segment covers AB Ūkio bankas, the lease segment covers UAB Ūkio banko lizingas and RAB Ūkio bank lizing, the segment of other operations covers OAO Russkij Karavaj, UAB Turto valdymo strategija, UAB Turto valdymo sprendimai, UAB Turto valdymo sistemas and UAB Ūkio banko investicijų valdymas summary of financial information.

2006 Group's results by business segment, thousand LTL

	Banking	Finance lease	Other activities	Elimination	The Group
Net profit	47,383	1,000	(4,898)	-	43,485
Attributable to:					
Equity holders of the parent	47,383	1,000	(1,672)	-	46,711
Minority interest	-	-	(3,226)	-	(3,226)
Assets	3,025,221	205,509	648,853	(677,105)	3,202,478
Liabilities	2,739,639	195,088	514,176	(632,678)	2,816,225

2006 Group's results by geographical segments, thousand LTL

	2006	
	Revenues	Assets
Lithuania	203,096	1,443,606
EU countries	48,039	871,534
USA	5,388	182,949
CIS	1,675	512,856
Other countries	11,953	191,533
Total	270,151	3,202,478

28. Procurement

The Bank has concluded long-term agreements with the suppliers of office supplies and consumables, energy resources and utilities. The Bank does not depend on the sole supplier. The long-term agreement was signed on the centralized supply of office supplies, computer and printer consumables to the branches and head-office. Dealings with some firms are occasional, with others – subject to the needs.

The suppliers of energy resources and utility services to the Bank are only from the Republic of Lithuania.

In the year 2006, the following companies provided services to Ūkio bankas in the field of marketing:

Company	Type of service
UAB VP Reklama. On 01-01-2006 UAB VP Reklama was reorganized into advertising agency UAB Divizio and media agency UAB Adcom	All advertising and media planning services
UAB Rodiklis	Production of promotional items and media planning
UAB Alora	Provided consultations on public relations

Long-term agreements have been signed with the mentioned companies.

29. Immovable property and other main facilities

AB Ūkio bankas fixed immovable property consists of:

Fixed	Book value, thousand LTL
Bank's buildings	6,591
Investment Property	11,484
Foreclosed property	28
Other immovable property	17
Construction in progress	0
Total:	18,120

The list of AB Ūkio bankas fixed immovable property on 31 December 2006:

Object Type	Address	Area, sq. m.	Size of land lot and legal basis for use	Age and condition of the buildings	Book value, thousand LTL
Building	Vilniaus 130, Šiauliai	514	309 sq.m, rented	1972, satisfactory	2,870.632
Building	Šv.Jokūbo 3, Druskininkai	192	561 sq.m, rented	1994, satisfactory	491.000
Building	Basanavičiaus 47c, Kėdainiai	880	2123 sq.m, rented	1994, satisfactory	2,857.126
Building	Ringuvos 51a, Kaunas	180	676 sq.m, rented	1989, satisfactory	371.889
Building	J.Gruodžio g. 9, Kaunas	2,624	2,287 sq.m. rented	1982, satisfactory	8,801.187
Premises	K.Donelaičio 60, Kaunas	274	rented	1965, satisfactory	1,013.912
Patalpos	K.Donelaičio 60, Kaunas	218	rented	1965, satisfactory	708.141
Patalpos	K.Donelaičio 60, Kaunas		rented	satisfactory	960.265
Land plot	Land plot in Panevėžys city		0.06 ha Property recovery note		28.509
Other property					17.507
Total:					18,120.168

AB Ūkio bankas hold the following fixed tangible and intangible assets (according to the data of 31 December 2006):

Type of fixed assets	Functional purpose	Book value, thousand LTL
Intangible assets	Used for the Bank's needs	1,220.400
Administrative premises	Used for earning rental income	11,483.505
Administrative and other non-residential buildings	Used for the Bank's needs	6,590.647
Other immovable property	Used for the Bank's needs	17.507
Capital goods	Used for the Bank's needs	4,727.435
Computer equipment	Used for the Bank's needs	2,396.763
Security equipment	Used for the Bank's needs	1,485.982
Vehicles	Used for the Bank's needs	4,312.752
Foreclosed immovable property	Held for selling	28.509
Total:		32,263.500

The data are presented at the net value i.e. less amortization, depreciation and value impairment.

30. Risk factors related to the Issuer's activity

Economic

AB Ūkio bankas successively competes with other commercial banks and is gaining customer appreciation for the flexibility of services, work with separate clients, speed and quality of services rendered. The increasing fee and commission income proves that the Bank's clients are satisfied with the quality of the Bank's services and fees.

In 2006, as in previous years, competitive time deposit interest rates and various deposit attracting campaigns ensured the increasing deposit volumes and the growing number of depositors.

In the payment card market the Bank is in step with the competitors, offers attractive fees and continuously extends the range of services and enhances the functionality of the Bank's cards.

Recently, the first signs of clients' insolvency have appeared in the rapidly growing mortgage loan market. Nevertheless, the structure of AB Ūkio bankas loan portfolio ensures that the bank will not experience the harmful effect of this negative tendency as the Bank is more focused on consumer loans.

AB Ūkio bankas answered the positive changes of the market in 2006 by opening 5 new client service units and by the end of the year the Bank operated 12 branches and 34 client service units. In 2006 a representative office in Kazakhstan's former capital Almaty was opened.

The Bank applies a strict operations control policy and analyses the results of the branches and client service units on a regular basis with the aim to optimize the management of the service network and adapt it to the changing market needs. AB Ūkio bankas does not have equally strong positions in all regions. With the aim to strengthen the positions the Bank intends to continue extending the client service network by setting up small but efficient client service units.

Diversification of the Bank's assets and financing sources is sufficient to avoid special risk arising from the dependence on client groups and separate business sectors.

Seasonality of the Bank's services is low. The demand of banking services goes down during January and February and July-August and rises in April-May and November-December.

Political

Political and legal environment of the banks operation in Lithuania is in constant change and makes the banks take the changes into consideration and forecast the influence of the new laws on their operation, also get ready to follow the new requirements in the relationship between the bank and the customer.

The Bank of Lithuania continues intensely improving the legal basis of banks activities. To implement the Directive 2006/48/EC of the European Parliament and of the Council of 14 June 2006 relating to the taking up and pursuit of the business of credit institutions (a new version) and Directive 2006/49/EC of the European Parliament and of the Council of 14 June 2006 on the capital adequacy of investment firms and credit institutions (a new version) (hereinafter – Directive on capital), new general regulations on capital adequacy calculation as well as supplementing documents were approved. Based on the completely new procedure oriented to the risk-sensitive capital need the banks will have to evaluate credit, market and operational risks. According to the new Directive of capital, the Bank (like all the banks) has more freedom when valuating the need of capital, therefore with the aim to contribute to the strengthening of the market discipline has to more widely disclose information about the nature and management of the assumed risk.

Anyway, the changes of political and legal environment will be the same to all banks and will not reveal any strategic strengths or weaknesses.

Requirements and restrictions imposed in respect of the issuer's activities by the state

The licence issued by the Bank of Lithuania entitles AB Ūkio bankas to perform bank transactions specified in the Republic of Lithuania Law on Banks and the Bank's Articles of Association except for the trading in precious metals.

The Republic of Lithuania Law on Banks provides for the following regulations limiting the risk of the Bank's activities:

- 1) capital adequacy;
- 2) liquidity;
- 3) maximal exposure in foreign currency and precious metals;
- 4) maximal loan per borrower;
- 5) big loans;
- 6) other regulations laid down in the legal acts of the Bank of Lithuania which are in harmony with the recommendations of the Basel Committee on Banking Supervision and EU directives.

The Bank complies with these requirements.

Social

In the 4th quarter of the year 2006 the average monthly salary (before taxes) of a Lithuanian employee working in the private sector was LTL 1,731. In the year 2006, the Bank officer's average monthly salary was LTL 3,411, i.e. by 97 percent higher.

Technical-technological

Risk factors are minimal. The Bank's information-technical frame and software is being modernized and developed.

Ecological

No fines for environment pollution were imposed on AB Ūkio bankas.

Bank loan status

Evaluation of the Bank loans made pursuant to the minimum loan evaluation requirements approved by the Bank of Lithuania as of 31 December 2006 (Thousand LTL) is presented in the table below:

Item No.	Loans	Loans with objective evidence that impairment loss was incurred					
		Carrying value	Including discounted cash flows from collateral	impairment (special provisions)	Carrying value of other loans	Total carrying value of loans	Carrying value of loans that are more than 60 days overdue
1.	Loans granted	87 616	38 754	50 264	1 229 848	1 317 464	5 362
2.	Investment held to maturity				261 917	261 917	
3.	Other assets	58		1 701	769 565	769 623	
	Total	87 674	38 754	51 965	2 261 330	2 349 004	5 362

After reviewing loans granted by AB Ūkio bankas as of 31 December 2006 pursuant to the minimum loan evaluation requirements approved by the Bank of Lithuania, the carrying value of loans with objective evidence that impairment loss was incurred made up 6.65 percent of the total carrying value of the Bank's loans. Discounted cash flows from collaterals of loans with objective evidence that impairment loss was incurred made up 28.11 percent of the nominal value of these loans; LTL 50.26 million provisions were formed for these loans, i.e. 36.45 percent of the nominal value of the loans and 3.67 percent of the nominal value of the Bank's loan portfolio (the Lithuanian banking market rate is 0.97 percent). The major part of loans with objective evidence that impairment loss was incurred is made of loans where loss events result not from overdue payments but from the conservative assessment of the debtor's financial status. The carrying value of loans that are more than 60 days overdue made up 0.41 percent of the total carrying value of loans, i.e. below the Lithuanian banking market rate of 0.97 percent. No loss events were determined for the bank's investment held to maturity and no provisions were formed. LTL 1.70 million provisions were made for other assets of the Bank. The proportion of special provisions for other assets and the nominal value of other assets was 0.22 percent.

Other risks typical of the Bank's activities:

Credit risk

The Group/Bank takes on exposure to credit risk which is the risk that a counterpart will be unable to pay amounts in full when due. The Group/Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, groups of borrowers, and to geographical or industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review.

The exposure to any individual borrower including banks and brokers is further restricted by sub-limits covering on and off-balance sheet exposures and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposures against limits are monitored daily.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral and corporate and

personal guarantees. The significant part of all loans granted to natural persons was not secured by such collaterals or guarantees.

Liquidity risk

Liquidity risk is the risk that the Group and Bank will be unable to meet the financial liabilities and the risk of loss resulting from a sudden drop of available resources and increased price of funds used to replenish the withdrawals. The Group and the Bank manage liquidity risk by projecting daily and short-term (<1 year) cash flows, analyzing long-term cash flows. Liquidity risk is limited by setting and controlling limits.

Operational risk

The Bank has established a Risks Management Committee. The principal objectives of this Committee involve implementing such operational risk management that will facilitate the fulfilment of the requirements arising to the Group/Bank under Basel as well as general requirements of the regulator in respect of the Group's/Bank's internal management and control system. This Committee is also responsible for business continuity planning and assurance.

Market risk

Market risks result from open positions from transactions with interest rate, cross-currency and equity products subject to general and specific market changes. To assess the approximate level of market risks associated with the Group's/Bank's positions, and the expected maximum amount of potential losses, the Group/Bank uses internal reports and models for individual types of risks faced by the Group/Bank. The Group/Bank uses a system of limits, the aim of which is to ensure that the level of risks the Group/Bank is exposed to at any time does not exceed the level of risks the Group/Bank is willing and able to take. These limits are monitored on a daily basis.

For risk management purposes, the market risk is regarded as the risk of potential losses the Group/Bank may incur due to unfavourable development in market rates and prices. To manage market risks, the Group/Bank uses a system of limits imposed on individual positions and portfolios.

Currency risk. The Group and the Bank take on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily.

Interest rate risk. The Group and the Bank take on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. The Board sets limits on the level of mismatch of interest rate. These limits are reviewed on a monthly basis. In order to reduce interest rate risk, the Group/Bank apply the fixed lowest rate when granting loans with variable interest rates.

Equity price risk. The Group and the Bank take on exposure to the effects of fluctuations in the prevailing equity prices on its financial position and cash flows. Equity price risk is assessed using statistical value-at-risk (VaR) models and managed by setting investment priorities, diversification criteria, setting and controlling limits.

31. Termination and reductions of production that have exercised or are exercising material impact upon the performance of the issuer during the last two financial years

AB Ūkio bankas applies a strict operations control policy and analyses the results of the branches and client service units on a regular basis with the aim to optimize the management of the service network and adapt it to the changing market needs. During the last 2 years there was not termination or reduction of production which had or has a material impact on the Issuer's operation result.

32. Patents, licenses, contracts

Pursuant to the License No. 1 issued by the Bank of Lithuania Board's Resolution No. 19 on 19 November 1990 AB Ūkio bankas was authorized to render licensed financial services, except for the trade in precious metals, as provided for in Article 2(6) of the Law on Banks of the Republic of Lithuania.

The Bank has concluded the following contracts and large transactions:

- 1) Contract with Bayerische Hypo- und Vereinsbank AG, Munich, Germany, 1999. Purpose: to finance the acquisition of capital goods. Financing term: 3-5 years (long-term financing). Limit: EUR 3,800,000.00.
- 2) Contract with DZ Bank AG, Frankfurt upon Main, Germany, 2000. Purpose: to finance the acquisition of capital goods. Financing term: 3-5 years (long-term financing). Limit: EUR 10,000,000.00.
- 3) Contract with Dresdner Bank AG, Frankfurt am Main, Germany, 2002. Purpose: to finance the acquisition of capital and long-term goods. Financing term: 3-5 years (long-term financing). Unlimited.
- 4) During the year 2004 the following contracts were concluded regarding the extension of subordinated loans to AB Ūkio bankas:

Contract date	Amount	Loan extension date	Loan repayment date
Samsung U.K. Limited			
30-05-2004	USD 1,500,000.00	01-07-2004	01-07-2009
30-05-2004	USD 1,500,000.00	29-12-2004	07-01-2010

- 5) On 27 November 2006 a syndicated loan contract was signed for the amount of EUR 38.5 million:

<i>Loan arrangers:</i>	HSH Nordbank AG, Division in Copenhagen Raiffeisen Zentralbank Osterreich AG
<i>Loan participants / lenders:</i>	HSH Nordbank AG, Raiffeisen Zentralbank Osterreich AG, Banif Banco Internacional do Funchal, S.A., BayernLB, Dresdner Bank AG, Banca Intesa S.p.A., Bank Sepah International PLC, Landsbanki Luxembourg S.A., Hypo Alpe-Adria Bank International AG, National Bank of Egypt (UK) Limited, Israel Discount bank of New York, Banca Lombarda International S.A., BPN – Banco Portugues de Negocios, S.A., BRE Bank SA, Oberbank AG, Landesbank Saar, Latvijas Hipoteku un Zemes Banka, Sparebanken Ost, UniCredit.
<i>Loan amount:</i>	a) EUR 24,500,000.00 b) EUR 14,000,000.00
<i>Loan extension date:</i>	05 12 2006
<i>Loan term:</i>	EUR 24,500,000.00 – 26-11-2007 EUR 14,000,000.00 – 20-05-2008

33. Court (arbitration) proceedings

In the period from 1 January 2006 until 31 December 2006 AB Ūkio bankas was not involved in any litigation and arbitration that could have a material effect on the Issuer's financial status.

34. Staff

In the year 2006, the average number of the Bank's staff enrolled increased by 13%, including nearly 21% with higher education degrees. During the year 2006, the average monthly pay grew by 24%.

Grouping of the personnel and the average monthly pay of each group of personnel on 31 December 2006 are given in the table below:

Group of personnel	Number of personnel			Including with higher education			Average monthly pay (before taxes (gross), LTL)		
	2006	2005	2004	2006	2005	2004	2006	2005	2004
Managing employees	75	80	78	73	78	73	8,436	5,465	3,870
Specialists	348	291	238	278	212	143	2,432	1,992	1,579
Other employees	26	26	39	3	3	7	1,935	1,667	1,234
Total :	449	397	355	354	293	223	3,411	2,740	2,044

35. Investment policy

35.1. Enterprises wherein the Issuer has invested more than 30 per cent of its authorized capital as well as enterprises in the authorized capital of which the Issuer's part comprises more than 30 per cent:

There no enterprise wherein the Bank has invested more than 30% of its authorized capital.

The 31 December 2006 data about the enterprises in the authorised capital of which the Bank's part comprises more than 30% are given below. These are the Bank's subsidiaries:

1. UAB Turto valdymo sistemos,
2. UAB Turto valdymo sprendimai,
3. UAB Turto valdymo strategija,
4. UAB Ūkio banko investicijų valdymas,
5. UAB Ūkio banko lizingas,
6. OAO Ruskij Karavaj (75% of its capital belong to UAB Turto valdymo strategija);
7. RAB Ūkio bank lizing (100% of its capital belong to UAB Ūkio banko lizingas).

Information about the company	UAB Turto valdymo sistemos	UAB Turto valdymo sprendimai	UAB Turto valdymo strategija	UAB Ūkio banko investicijų valdymas	UAB Ūkio banko lizingas	OAO Ruskij Karavaj	RAB Ūkio bank lizing
Head-office address	J. Gruodžio g. 9, Kaunas	J. Gruodžio g. 9, Kaunas	J. Gruodžio g. 9, Kaunas	J. Gruodžio g. 9, Kaunas	K. Donelaičio g. 60, Kaunas	Stretenka g. 18, Maskva, Russian Federation	Artema 14a, Kijev, Ukraina
Nature of activities	Financial intermediation, property management	Financial intermediation, property management	Financial intermediation, property management	Securities operations, funds management	Financial lease	Financial intermediation, property management	Financial lease
Authorized capital, LTL	1 000 000	1 000 000	1 000 000	600 000	1 000 000	231 000	506 905.46
Unpaid share of the Bank in the authorized capital, %	0	0	0	0	0	0	0
Net profit (loss), thousand LTL	3 185	2 744	2 122	(45)	1 267	(12 905)	(267)
Short term liabilities to current asset ratio	0.95	0.95	0.97	0.04	0.29	0.07	0.29
Total liabilities to asset ratio	0.95	0.95	0.97	0.04	0.95	0.67	0.96

35.2. The number, nominal value, type and class of shares owned or held by the Issuer per cent of votes owned or held by the issuer:

Data about enterprise shares	UAB Turto valdymo sistemos	UAB Turto valdymo sprendimai	UAB Turto valdymo strategija	UAB Ūkio banko investicijų valdymas	UAB Ūkio banko lizingas	OAD Ruskiy Karavay	RAB Ūkio bank lizing*
Type and class of shares	Ordinary shares	Ordinary shares	Ordinary shares	Ordinary shares	Ordinary shares	Ordinary shares	-
Number of shares	10 000	10 000	10 000	600	100 000	435 000	-
Nominal value	100	100	100	1 000	10	0.40	-
Percentage of shares owned by the Bank	100	100	100	100	100	-	-
Percentage of shares owned by the bank in concert with other persons	-	-	-	-	-	75	100

* RAB "Ūkio bank lizing" authorized capital is not divided into shares.

35.3. Dividends paid to the Issuer, loans granted to the enterprise by the Issuer and borrowed from the enterprise over the accountable period, characteristics of debt securities acquired from the enterprise and their total nominal value:

Data about enterprises	UAB Turto valdymo sistemos	UAB Turto valdymo sprendimai	UAB Turto valdymo strategija	UAB Ūkio banko investicijų valdymas	UAB Ūkio banko lizingas	OAD Ruskiy Karavay	RAB Ūkio bank lizing
Dividends paid to the bank, LTL	---	---	---	---	---	---	---
Loans granted by the Bank to the enterprise, thousand LTL	83 342	76 128	111 690	---	133 572	---	3 993
Loans granted to the bank by the enterprise, thousand LTL	---	---	---	---	995	---	---

During the year 2006 the bank did not acquire debt securities of these enterprises.

35.4. Large investment projects covering more than 10 per cent of the Issuer's authorized capital that have been implemented over the past 3 financial years:

AB Ūkio bankas sold the previously acquired immovable property in Moscow (under construction) to the Bank's subsidiaries. The Bank's subsidiaries own investment in the immovable property in Moscow (under construction) the book value of which was LTL 323.0 million on 31-12-2006. The intended purpose of the investment is to arrange a business centre and to sell it or lease afterwards.

35.5. Information about projected investments:

In January 2007 the Bank's Board adopted the resolution on the increase of Ūkio bankas Group's interest in the life insurance company UAB Bonum Publicum up to 100%.

36. Competitors

At the end of 2006, 9 commercial banks operated in Lithuania (AB Ūkio bankas, AB SEB Vilniaus bankas, AB Šiaulių bankas, AB Bankas Snoras, UAB Medicinos bankas, AB Parex bankas, AB Bankas

Hansabankas, AB Sampo bankas, AB Bankas Nord/LB Lithuania), 5 divisions of foreign banks: 2 branches and 3 representative offices.

The year 2006 saw the same tendencies of rapid development of the banking system: the banks' assets (unaudited data) amounted to LTL 58.9 billion showing the growth of LTL 14.1 billion or 31.3 percent compared to the year 2005. The amount of loans extended to clients exceeded LTL 38 billion showing the increase of LTL 12.7 billion or 48.9 percent compared to 1 January of the previous year.

On 1 January 2007 the amount of deposits with the banks in Lithuania was LTL 30.3 billion and increased by LTL 5.22 billion last year, of these deposits of inhabitants amounted to LTL 17.9 billion and rose by LTL 4.1 billion or 29.9 percent last year. Deposits with banks grew less compared to the loans which increased by 48.9 percent. This tendency is expected to remain unchanged in the nearest future, especially as all banks have considerable reserves for capital adequacy ratio.

The lending structure reveals the biggest increase of loans to private companies (LTL 6.7 billion) and inhabitants (LTL 6.2 billion). In the year 2006, loans extended to natural persons were growing at a somewhat lower rate but the results are impressive –72.3 percent, the growth of mortgage loans in 2006 was 60.9 percent or LTL 3.91 billion (compared to the growth of LTL 2.97 billion in 2005). Although on 1 January 2007 mortgage loans accounted for 12.7 percent of the forecast national GDP (compared to 9.1 percent according to the data of 1 January 2006, only 5.6 percent according to the data of 1 January 2005 of the 2004 GDP) their relative weight in the GDP remains some of the lowest among the countries of the region and still has much room for growing. In the meantime consumer loans preserved a rapid growth rate in 2006 and their relative weight becomes more and more significant.

During the year 2006, equity maintained the stable growth of 29 percent and on 1 January 2007 amounted to LTL 4.1 billion. This growth is related to the profitable operation of the banks and increase of share capital with additional contributions of some banks. A stable growth of equity shows the increasing reliability and stability of the Lithuanian banking system.

On 1 January 2007 the authorized (registered share) capital of the banking system amounted to LTL 2.7 billion showing a 68.8 percent growth. In the year 2005 the share capital was increased by AB DnB NORD, AB bankas Snoras, AB Šiaulių bankas and AB SEB Vilniaus bankas. The banks consolidated their capital base upon having received the authorization from the Bank of Lithuania Board to account for a certain portion of the current-year profit as Tier II capital (the total of LTL 111.6 million) and LTL 221.3 million in subordinated loans.

Profitability of operating banks (these data are not audited):

Bank name	01-01-2006	01-01-2007	Change in 2006, million LTL
AB bankas "Nord/LB Lietuva"	43.0	56.2	13.2
AB Ūkio bankas	19.7	42.5	22.8
AB SEB Vilniaus bankas	106.8	285.5	178.7
AB Šiaulių bankas	8.1	13.7	5.6
AB bankas Snoras	40.7	52.3	11.6
UAB Medicinos bankas	2.1	3.6	1.5
AB Parex bankas	7.2	4.4	-2.8
AB bankas Hansabankas	107.9	179.5	71.6
AB SEB VB būsto kreditų ir obligacijų bankas	4.8		
AB Sampo bankas	8.2	23.3	15.1
Total banks:	348.5	661.0	348.5
Bayerische Hypo und Vereinsbank AG Vilnius branch	1.7	1.5	-0.2
Nordea Bank Finland Plc Lithuanian Branch	3.9	-0.3	-4.2
Total branches of foreign banks	5.5	1.2	-4.3
Total:	354.0	662.2	308.2

Source: The Bank of Lithuania

Key factors having influenced the profitability of the banks:

Positive factors:

- 1) growing earnings from the loan portfolio, which resulted in the increase of net loan income by LTL 382.3 million or 48.6 percent compared to the year 2005;
- 2) compared to the year 2005, the banks received by LTL 100.6 million or 25 percent more net income from fees and commissions;
- 3) by LTL 70.9 million higher earnings from equity securities (which mainly resulted from dividends received by banks from subsidiaries and profit upon the sales or liquidation of some subsidiaries);
- 4) by LTL 56 million or 48.1 percent higher earnings from foreign exchange deals and transactions with derivative financial instruments.

Negative factors:

- 1) the increase of LTL 156.1 million or 24.8 percent in banks' operational costs during the year per (expenses related to salaries showed the highest increase – LTL 107 million or 29.4percent);
- 2) growing volumes of deposits with banks increased deposit insurance costs by LTL 27.3 million, and the amount of profit and other taxes payable by banks grew by LTL 97.6 million and amounted to LTL 160.9 million;
- 3) expenses of impairment loss of loans other receivables (expenses for special provisions) rose insignificantly (LTL 6.4 million or 6.4 percent.) and accounted for 9.1 percent of the net interest income;
- 4) since the interest rates were growing, banks sustained loss from operations with debts securities for a second year in a row (in 2005 the loss amounted to LTL 8 million, 2006 – LTL 14 million).

Even though operational costs were growing their growing rates were lower compared to the growing rates of assets managed by the banks as well as their income, which allowed improving the efficiency of banks' operation. The measurement of operating profit and fixed costs gauging the efficiency of the banking system reduced (improved) by 9 percentage points over the year and on 1 January 2007 was 44.9 percent, i.e. such portion of profit earned by the banks from the main activities was used for banks' operational and amortization costs.

Big profit earned in the year 2006 considerably improved the return on assets (from 1.04 to 1.31percent) return on equity (from 13.6 to 20.1percent) indicators of the banks system.

On 1 January 2007, the real interest margin of the banks system accounted for 2.54 percent.

Source: the Bank of Lithuania

Analysis of competitive position.

The tendency of asset concentration decrease that was predominant over the last few years changed – in 2006, the concentration of assets managed by banks as well as the load market grew. In 2006, the asset market share of Lithuania's three largest banks (SEB Vilniaus bankas, Hansabankas and AB DnB NORD bankas) increased from 67.1 percent to 69 percent.

In 2007 the three mentioned banks should also retain their leading positions but it is probable that the market share taken by them will further slump. Smaller banks have possibilities to search for special niches in separate regions or they are specializing in certain fields of activities.

In the year 2006 all the banks and divisions of foreign banks operated profitably and received the total of LTL 662.2 million in profit. Ūkio bankas earned LTL 42.5 million and ranked 5th by profitability.

The comparison of balance-sheet indicators of AB Ūkio bankas and its main competitors on 1 January 2007 is given in the Table below ratios:

(million LTL)						
No.	Bank name	Assets	Loans	Deposits and LCs	Share capital	Equity
1.	AB Ūkio bankas	3025.2	801.9	2106.1	176.7	285.6
2.	AB Šiaulių bankas	1350.3	898.6	921.5	109.0	152.2
3.	AB bankas Snoras	4211.4	1552.2	3107.3	157.3	300.9
4.	AB DnB NORD bankas	7510.0	5818.1	3029.0	404.5	470.9
5.	AB Sampo bankas	4233.1	3440.8	1094.2	234.9	272.1

By assets managed and loans extended Ūkio bankas ranks fourth, by deposits and equity – third among its closest competitors.

By all criteria the same three banks have similar positions: SEB Vilniaus bankas is the leader followed by AB Hansabankas, and AB DnB Nord in the third position.

Indicators of eleven banks and branches of foreign banks that operated in Lithuania on 01-01-2007:

- assets – LTL 58,902.6 million, annual growth – 31.3 percent;
- loans extended to clients – LTL 38,641.1 million, growth – 48.9 percent;
- deposits and LCs – LTL 30,292.9 million, growth – 20.5 percent;
- equity – LTL 4,139.3 million, growth – 29.1 percent.

Gradually increasing activities of credit unions and consequently increasing competition in certain areas (loans and deposits) should be considered, however in the overall view, credit unions shall not be regarded as competitors.

Indicators of sixty six credit unions that operated in Lithuania on 01-01-2007:

- assets – LTL 461.8 million, annual growth – 53,6 proc.;
- extended loans – LTL 305.1 million, growth – 50.5percent;
- deposits – LTL 370.9 million, growth – 57.4percent;
- share capital – LTL 46.6 million, growth – 48.9 percent.

Compliance with prudential requirements.

In the year 2006, the liquidity ratios of the banks system fluctuated within a short interval, and the required liquidity ratio did not drop below 40 percent and was implemented with a big reserve. In Q4 2006 the liquidity ratios of the banks system increased insignificantly and according to the data of 1 January 2007 the required liquidity ratio of the banks system accounted for 41.89 percent and by nearly 12 percentage points exceeded the minimum set by the Bank of Lithuania. Liquid assets of banks accounted for 24.1 percent of the total assets.

During the year, the capital adequacy ratio of the banks system rose by 0.45 percentage points and accounted for 10.76 percent on 1 January 2007. The banks system's capital base amounted to LTL 4.3 billion whose major part (LTL 3.1 billion) was tier I capital. Capital attributed to the amortization of the banking book risk totalled LTL 3.2 billion and that attributed to the amortization of the trading book risk made only LTL 103 million.

On 1 January 2007, national banks, complying with the capital adequacy ratio, could assume the additional assets risk of nearly LTL 2.6 billion (by LTL 4.6 billion more than a year ago) or additionally reduce the value of loans by LTL 1.1 billion, i.e. to increase the present impairment on loans by 3.3 times.

All the banks complied with the prudential requirements set by the Bank of Lithuania.

Source: The Bank of Lithuania

37. Dividends paid

The history of dividend payment (calculation) for AB Ūkio bankas ordinary registered shares within the previous 5 financial years is given in the table below:

	2006	2005	2004	2003	2002
Amount of calculated (paid) dividends, LTL	1,267,080.00	1,067,079.96	-	-	-
Amount of dividend per one share, LTL	0.01	0.12*	-	-	-

* These dividends are per one share of nominal 12 LTL

There were no shareholders who refused dividends.

Ūkio bankas has not issued preference shares.

V. FINANCIAL STATUS

38. Financial statements

38.1. Balance sheets for the last three financial years

thousand LTL

	The Group			The Bank		
	2006	2005	2004	2006	2005	2004
ASSETS						
Cash and balances with central bank	214,723	113,621	82,360	214,723	113,621	82,360
Loans and advances to banks and other financial institutions	890,837	842,956	720,677	1,280,205	1,198,377	993,224
Financial assets designated at fair value	363,071	159,412	79,802	363,071	159,412	79,802
Loans and receivables	838,696	553,923	280,299	801,852	503,426	265,780
Finance lease receivables	156,608	121,426	111,490	-	-	-
Investment securities :						
<i>available-for-sale</i>	35,908	16,261	23,010	32,982	16,261	18,954
<i>held-to-maturity</i>	261,930	98,475	-	261,916	96,805	-
Investments in subsidiaries	-	-	-	4,600	4,000	4,100
Intangible fixed assets	5,280	6,044	1,808	1,220	1,306	1,764
Property, plant and equipment	352,537	339,746	207,088	19,532	15,888	13,314
Investment property	18,813	18,813	20,520	11,483	11,483	7,916
Deferred income tax assets	-	6,021	-	-	6,021	-
Other assets	64,075	82,050	30,273	33,637	57,268	36,296
Total assets	3,202,478	2,358,748	1,557,327	3,025,221	2,183,868	1,503,510
LIABILITIES AND EQUITY						
LIABILITIES						
Due to central bank	-	-	4,185	-	-	4,185
Deposits from banks and other financial institutions	589,524	550,712	531,318	581,547	518,609	509,964
Due to customers	2,106,116	1,469,491	872,430	2,106,116	1,469,491	857,113
Debt securities in issue	-	4,860	786	-	4,860	786
Subordinated loans	8,563	9,057	7,650	8,563	9,057	7,650
Deferred income tax liabilities	42,364	35,907	215	2,863	336	215
Other liabilities	69,658	54,183	25,813	40,550	32,130	13,494
Total liabilities	2,816,225	2,124,210	1,442,397	2,739,639	2,034,483	1,393,407
EQUITY						
Share capital	176,708	126,708	106,708	176,708	126,708	106,708
Share premium	34,500	-	-	34,500	-	-
Revaluation reserve – available-for-sale investment securities	8,191	1,903	1,217	7,484	1,903	1,217
General reserve for losses of assets	8,377	-	-	8,377	-	-
Fixed assets revaluation reserve	60,145	49,875	-	-	-	-
Currency translation reserve	5,492	3,037	-	-	-	-
Legal reserve	2,296	339	-	2,183	339	-
Other reserves	2,000	2,000	2,000	2,000	2,000	2,000
Retained earnings	58,958	23,848	5,005	54,330	18,435	178
Equity attributable to equity holders of the parent	356,667	207,710	114,930	285,582	149,385	110,103
Minority interest	29,586	26,828	-	-	-	-
Total equity	386,253	234,538	114,930	285,582	149,385	110,103
Total liabilities and equity	3,202,478	2,358,748	1,557,327	3,025,221	2,183,868	1,503,510

38.2. Statements of income for the last 3 financial years

thousand LTL

	The Group			The Bank		
	2006	2005	2004	2006	2005	2004
Interest income	133,111	74,851	41,870	109,878	59,298	27,948
Interest expense	(55,100)	(35,203)	(18,559)	(53,505)	(33,614)	(17,405)
Net interest income	78,011	39,648	23,311	56,373	25,684	10,543
Fees and commission income	102,142	56,507	23,878	104,200	55,633	26,970
Fees and commission expense	(21,685)	(16,632)	(8,377)	(21,233)	(16,211)	(7,978)
Net fee and commission income	80,457	39,875	15,501	82,967	39,422	18,992
Gains less losses arising from dealing in foreign currencies	27,989	11,309	9,726	22,956	11,393	9,308
Gains less losses arising from dealing on trading securities	6,242	3,589	1,245	6,242	3,589	1,245
Gains less losses arising from investment securities	602	236	4,896	598	4,224	4,896
Gains less losses arising from dealing in derivatives and other financial instruments	(3,234)	(1,400)	(3,242)	3,790	(1,400)	(2,367)
Impairment charge for credit losses	(43,546)	(18,105)	(3,362)	(39,205)	(13,781)	(2,815)
Written off loans recovered	282	499	517	282	499	517
Other operating income	3,299	11,734	6,929	2,792	5,198	3,328
OPERATING PROFIT	150,102	87,385	55,521	136,795	74,828	43,647
OPERATING EXPENSES	(94,525)	(63,887)	(44,108)	(80,070)	(52,519)	(35,537)
PROFIT BEFORE INCOME TAX	55,577	23,498	11,413	56,725	22,309	8,110
Income tax expenses	(12,092)	(3,866)	(695)	(9,342)	(2,647)	(497)
NET PROFIT FOR THE YEAR	43,485	19,632	10,718	47,383	19,662	7,613
Attributable to:						
Equity holders of the parent	46,711	20,248	10,718	47,383	19,662	7,613
Minority interest	(3,226)	(616)	-	-	-	-
	43,485	19,632	10,718	47,383	19,662	7,613
Basic Earnings Per Share (in LTL)	0.31	0.19	0.10	0.31	0.17	0.07
Diluted Earnings Per Share (in LTL)	0.30	0.18	0.10	0.31	0.17	0.07

38.3. Statements of cash flows for the last 3 financial years

thousand LTL

	The Group			The Bank		
	2006	2005	2004	2006	2005	2004
CASH FLOW FROM (TO) OPERATING ACTIVITIES						
Interest received	116,485	72,372	39,978	93,917	56,819	25,805
Interest paid	(48,720)	(34,899)	(16,231)	(46,470)	(33,310)	(15,291)
Recovery of previously written off loans	368	594	638	368	594	638
Net receipts from operations with foreign currency	21,905	6,350	4,926	28,977	6,360	5,047
Net receipts from operations with trading securities	16,581	10,634	6,372	16,570	10,634	6,289
Net receipts for services and commission	80,259	39,841	15,479	82,769	39,388	18,970
Payments of salaries and associated payments	(31,369)	(19,042)	(14,965)	(26,962)	(16,846)	(13,090)
Income tax paid	(1,206)	(240)	(695)	(935)	(182)	(497)
Other payments	(55,885)	(30,810)	(19,463)	(46,650)	(27,777)	(17,049)
Net cash provided by operating activities before change in operating assets and liabilities	98,418	44,800	16,039	101,584	35,680	10,822
Changes in operating assets and liabilities:						
Compulsory reserves held in central bank	(61,743)	(52,487)	(12,683)	(61,743)	(52,487)	(12,683)
Loans and advances to banks and other financial institutions	(185,316)	(236,113)	(82,613)	(220,051)	(319,682)	(93,780)
Securities at fair value through profit or loss	(165,691)	(86,083)	(48,575)	(165,691)	(86,083)	(48,575)
Loans and advances to customers	(325,625)	(274,495)	(108,035)	(338,016)	(238,517)	(95,445)
Other assets	(9,944)	(66,062)	(36,574)	12,099	(29,492)	(9,162)
Due to central bank	-	(4,185)	-	-	(4,185)	-
Due to other banks and financial institutions	38,428	19,394	213,445	62,558	8,645	211,334
Due to customers	630,948	597,061	345,608	630,948	612,378	330,291
Other liabilities	17,452	21,637	(1,343)	3,653	2,184	(2,468)
Net cash provided by/(used in) operating activities	36,927	(36,533)	285,269	25,341	(71,559)	290,334
CASH FLOW FROM (TO) INVESTING ACTIVITIES						
Acquisition of subsidiaries	(1,107)	(33,945)	-	(600)	-	(3,000)
Disposal of subsidiaries	-	4,200	-	-	4,200	-
Purchase of fixed assets	(17,321)	(8,464)	(3,361)	(7,870)	(5,921)	(8,563)
Acquisition of investment securities available for sale	(181,388)	(89,743)	-	(180,118)	(91,900)	-
Cash flow from other investing activities	-	-	-	-	-	2,974
Net cash used in investing activities	(199,816)	(127,952)	(3,361)	(188,588)	(93,621)	(8,589)
CASH FLOW FROM (TO) FINANCING ACTIVITIES						
Issue of share capital	84,500	20,000	-	84,500	20,000	-
Interest paid	(393)	(263)	(49)	(393)	(263)	(49)
Issued debt securities	(4,860)	4,074	7,604	(4860)	4,074	7,604
Dividends paid	(1,267)	(1,066)	-	(1,267)	(1,066)	-
Net cash from financing activities	77,980	22,745	7,555	77,980	22,745	7,555
Net decrease in cash and cash equivalents	(84,909)	(141,740)	289,463	(85,267)	(142,435)	289,300
Cash and cash equivalents at the beginning of period	395,908	537,648	248,185	395,048	537,483	248,183
Cash and cash equivalents at the end of period	310,999	395,908	537,648	309,781	395,048	537,483

38.4. Statements of changes in equity for the last 3 financial years

The Bank	Share Capital	Share premium	Other reserves	Revaluation reserve available for sales investment securities	General reserve for losses of assets	Fixed assets revaluation reserve	Currency translation reserve	Legal reserve	Total
As of 31 December 2003	106,708	-	2,000	-	-	(591)	-	814	108,931
Restatement of investment securities available-for-sale, net of tax	-	-	-	6,053	-	-	-	(6,053)	0
Result of investment securities available-for-sale, net of tax	-	-	-	-	-	-	-	(1,722)	(1,722)
Correction of currency reserve	-	-	-	-	-	591	-	(591)	0
Adjusted balance on 1 January 2004	106,708	-	2,000	6,053	-	-	-	(7,552)	107,209
Result of investment securities available-for-sale, net of tax	-	-	-	(4,836)	-	-	-	-	(4,836)
Restatement of provisions in accordance with IAS 39	-	-	-	-	-	-	-	117	117
Net income (as restated)	-	-	-	-	-	-	-	7,613	7,613
As of 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	-	-	-	686	-	-	-	-	686
Transfer to legal reserve	-	-	-	-	-	-	339	(339)	-
Increase in share capital	20,000	-	-	-	-	-	-	-	20,000
Net profit	-	-	-	-	-	-	-	19,662	19,662
As of 31 December 2005	126,708	-	2,000	1,903	-	-	339	18,435	149,385
Increase in share capital	50,000	34,500	-	-	-	-	-	-	84,500
Transfer to legal reserve	-	-	-	-	-	-	1,844	(1,844)	-
Transfer to general reserve for losses of assets	-	-	-	-	8,377	-	-	(8,377)	-
Dividends paid	-	-	-	-	-	-	-	(1,267)	(1,267)
Changes in fair value of investment securities available for sale, net of tax	-	-	-	5,581	-	-	-	-	5,581
Net profit	-	-	-	-	-	-	-	47,383	47,383
As of 31 December 2006	176,708	34,500	2,000	7,484	8,377	-	2,183	54,330	285,582

The Group	Share capital	Share premium	Other reserves	Revaluation reserve available for sales investment securities	General reserve for losses of assets	Fixed assets revaluation reserve	Currency translation reserve	Legal reserve	Retained earnings	Equity attributable to equity holders of the parent	Minority interest	Total
As of 31 December 2003	106,708	-	2,000	0	-	-	(591)	-	814	108,931	-	108,931
Restatement of investment securities available-for-sale, net of tax	0	-	0	6,053	-	-	0	-	(6,053)	0	-	0
Correction of currency reserve	0	-	0	0	-	-	591	-	(591)	0	-	0
Adjusted balance on 1 January 2004	106,708	-	2,000	6,053	-	-	-	-	(5,830)	108,931	-	108,931
Result of investment securities available-for-sale, net of tax	0	-	0	(4,836)	-	-	-	-	-	(4,836)	-	(4,836)
Restatement of provisions in accordance with IAS 39	-	-	-	-	-	-	-	-	117	-	-	-
Net income (as restated)	0	-	0	0	-	-	-	-	10,718	10,718	-	10,718
As of 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
Currency translation adjustment	-	-	-	-	-	-	3,037	-	-	3,037	908	3,945
Increase in fixed assets revaluation reserve, net of tax	-	-	-	-	-	49,875	-	-	-	49,875	16,375	66,250
Changes in fair value of investment securities available for sale, net of tax	-	-	-	686	-	-	-	-	-	686	-	686
Increase in share capital	20,000	-	-	-	-	-	-	-	-	20,000	-	20,000
Net profit (loss)	-	-	-	-	-	-	-	-	20,248	20,248	(616)	19,632
As of 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)
Increase in share capital	50,000	34,500	-	-	-	-	-	-	-	50,000	-	84,500
Transfer to legal reserve	-	-	-	-	-	-	-	1,957	(1,957)	-	-	-
Transfer to reserve for losses of receivables	-	-	-	-	8,377	-	-	-	(8,377)	-	-	-
Currency translation adjustment	-	-	-	-	-	-	2,455	-	-	2,455	1,039	3,494
Increase in fixed assets revaluation reserve, net of tax	-	-	-	-	-	10,270	-	-	-	10,270	4,945	15,215
Changes in fair value of investment securities available for sale, net of tax	-	-	-	6,288	-	-	-	-	-	6,288	-	6,288
Net profit (loss)	-	-	-	-	-	-	-	-	46,711	46,711	(3,226)	43,485
As of 31 December 2006	176,708	34,500	2,000	8,191	8,377	60,145	5,492	2,296	58,958	356,667	29,586	386,253

39. Comments on the financial statements

The content of key positions, all changes and their reasons are explained in the independent auditor's report for the fiscal year 2006 enclosed with the prospectus-report.

40. Consolidated annual report

The consolidated annual report for the year 2006 is given in the independent auditor's report. Information on the Bank's compliance with the Corporate Governance Code is appended to the prospectus-report for the year 2006.

41. Information about the audit

The financial statements given in AB Ūkio bankas prospectus for the 2006 was performed, like in the years 2002-2005, by UAB DELOITTE LIETUVA, Jogailos g. 4, LT - 01116, Vilnius, company number 111525235.

The independent audit was performed by the following auditors:

Name and surname	Certificate No.	Year
Lina Drakšienė	Auditor's certificate No.000062	2002, 2003
Juozas Kabašinskas	Auditor's certificate No.000106	2004
Torben Pedersen	Partner	
Gavin Hill	Partner	
Juozas Kabašinkas	Auditor's certificate No. 000106	2005
Juozas Kabašinkas	Director General	
Lina Drakšienė	Auditor's certificate No. 000062	2006

The Independent Auditor's Report, the Annual report and Financial Statements for the year that ended on 31 December 2006 are appended to the annual prospectus-report. The opinion was submitted on 5 March 2007.

VI. INFORMATION ABOUT THE ISSUER'S MANAGING BODIES

42. Members of the managing bodies

42.1. Members of the Supervisory Council, the Board, the administration of the Bank (as of 31 December 2006):

Supervisory Council	Name, surname	Number of AB Ūkio bankas shares held	Percentage of the authorized capital and votes held, %
Council Chairman	Liutauras Varanavičius	2,678	0.0015
Council Deputy Chairman	Ulf Löwenhav	none	none
Council member	Leonas Rimantas Butkus	none	none
Council member	Olga Gončaruk	1,026,026	0.5806
Council member	Gražina Jakavičienė	29,910	0.0169
Council member	Ala Kurauskienė	76,000	0.0430
Council member	Viktor Soldatenko	none	none

The bank's Board	Name, surname	Number of AB Ūkio bankas shares held	Percentage of the authorized capital and votes held, %
Board Chairwoman – and Deputy Chief Executive Officer	Edita Karpavičienė	119,702	0.0677
Deputy Chairman of the Board and Chief Executive Officer	Gintaras Ugianskis	49,604	0.0281
Board member	Rolandas Balandis	29,967	0.0170
Board member	Antanas Grigaliauskas	137,177	0.0776
Board member	Arnas Žalys	30,167	0.0171

Administration of the Bank	Name, surname	Number of AB Ūkio bankas shares held	Percentage of the authorized capital and votes held, %
CEO	Gintaras Ugianskis	49,604	0.0281
Deputy CEO	Edita Karpavičienė	119,702	0.0677
Chief Financier	Vidutė Petraitiene	452	0.0003

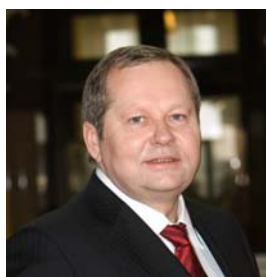
42.2. Additional data about the chairman of the Board, the head of the administration, members of the Board and the chief financier:



Edita Karpavičienė – Chairwoman of the Board (since 2001), Deputy CEO (since 2004). Has been employed with Ūkio bankas since 1994:

- from 30-08-1994 AB Ūkio bankas Settlement Unit, economist;
- from 02-09-1995 AB Ūkio bankas Foreign LCs and Guarantees Unit, economist;
- from 12-05-1997 Deputy Head of AB Ūkio bankas LCs and Guarantees Unit;
- from 01-06-1997 Deputy Head of AB Ūkio bankas Documentary Settlement Unit;
- from 10-11-1997 Head of AB Ūkio bankas Documentary Settlement Unit;
- from 21-04-1998 Director of AB Ūkio bankas International Department;
- from 26-03-1999 Member of AB Ūkio bankas Board;
- from 30-12-2001 Chairwoman of AB Ūkio bankas Board;
- since 06-09-2004 Chairwoman of AB Ūkio bankas Board and Deputy CEO.

Education – higher, Doctor of Social Sciences.



Gintaras Ugianskis – Deputy Chairman of the Board (since 2000), Chief Executive Officer (since 2004). Has been employed with Ūkio bankas since 1998:

- from 1992 to 06-1995 Director of AB Vaivorykštė;
- from 06-1995 Director of UAB Ugmina;
- from 02-1997 General Director of AB Kotton;
- from 12-08-1998 Expert of AB Ūkio bankas;
- from 02-04-1999 Member of AB Ūkio bankas Board;
- from 12-06-2000 Deputy Chairman of AB Ūkio bankas Board;
- from 27-03-2001 Acting Chairman of Ūkio bankas Board;
- from 03-04-2001 Deputy Chairman of AB Ūkio bankas Board;
- since 11-10-2004 AB Ūkio bankas CEO and Deputy Chairman of the Board;

Education – higher, Master of Economics, Kaunas University of Technology Faculty of Economics and Management.



Rolandas Balandis – Member of the Board since 2002, Head of Corporate banking Division since 2004. Has been employed with Ūkio bankas since 1993.

Education – higher. Accounting Economist's diploma, Lithuanian university of Agriculture.



Antanas Grigaliauskas – Member of the Board since 2005. Director of UAB Ūkio banko lizingas since 1997.

Education – higher. Land management Engineer's diploma, Lithuanian University of Agriculture.



Arnas Žalys – Member of the Board,

Head of Finance Division and Director of Finance and Risk management Department since 2005.

Has been employed with Ūkio bankas since 1998.

Education – higher. Master of Accounting, Finance and Banking, Vilnius University Faculty of Humanities in Kaunas.

Vidutė Petraitiėnė – Director of Accounting Department – Chief Financial Officer (since 1999). Has been employed with Ūkio bankas for over 10years:

- from 1989 Senior Accountant of Kaunas commercial industrial Bank Ūkio bankas;
- from 1990 Deputy Senior Accountant of Kaunas commercial industrial bank Ūkio bankas;
- from 1993 Deputy Senior Accountant and Head of Voucher (litas) Accounting Operations Department of commercial bank Ūkio bankas;
- from 1997 Deputy Chief Financial Officer of AB Ūkio bankas;
- since 01-07-1999 AB Ūkio bankas Director of Accounting Department and Chief Financial Officer.

Education – higher (in the field of accounting).

42.3. Data about participation in the activities of other companies, enterprises and organizations:

Liutauras Varanavičius -	<p>AB Ūkio bankas Board advisor; President of Lithuanian Football Federation; Member of UEFA Assistance Programs Committee. He does not hold shares comprising over 5 percent of capital and votes held in the enterprise.</p>
Ulf Löwenhav -	<p>AB Zip Struktura director. He does not hold shares comprising over 5 percent of capital and votes held in the enterprise.</p>
Leonas Rimantas Butkus -	<p>UAB Energolinija Board member; UAB Universal Business Investment Group Management Board member; Board Chairman and Director General of AB Pramprojektas; Member of Lithuanian Builders Association Presidium; Deputy Chairman of Lithuanian Republic Central Project Managers' Accreditation Commission; Member of Lithuanian Republic Planners Association Board. Holder of UAB Gilaitė 10 shares, which accounts for 40.00 percent of the authorized capital</p>
Olga Gončaruk -	<p>UAB Ūkio banko lizingas Consultant. Holder of 2,842,830 shares in UAB Universal Business Investment Group Management, which accounts for 14.89 percent of the authorized capital. Holder of 186,550 shares in UAB Domus Altera, which accounts for 9.99 percent of the authorized capital. Holder of 115,900 shares in UAB Businessline, which accounts for 9.99 percent of the authorized capital. Holder of 6,950 shares in UAB Bankinės konsultacijos, which accounts for 9.93 percent of the authorized capital.</p>

	Holder of 173,500 shares in AB Pramprojektas, which accounts for 5.81 percent of the authorized capital.
Gražina Jakavičienė -	The Office of Attorneys G. and V. Jakavičiai, Attorney; Lithuanian Lawyers' Council, Attorney. She does not hold shares comprising over 5 percent of capital and votes held in the enterprise.
Ala Kurauskienė -	UAB Bankinės konsultacijos Board member; UAB Nidos smiltė Board member; AB Ūkio bankas Financial Brokerage Department project manager; Life insurance UAB Bonum Publicum Board member, deputy director for business development; AB Pramprojektas Board member, director of general affairs and deputy CEO. Holder of 6,950 shares in UAB Bankinės konsultacijos, which accounts for 9.93 percent of the authorized capital. Holder of 90 shares in UAB Optimalus turto valdymas, which accounts for 9.00 percent of the authorized capital.
Viktor Soldatenko -	Balkan Investment Bank AD Supervisory Council member. Holder of 5,732 shares in UAB Bankinės konsultacijos, which accounts for 8.19 percent of the authorized capital.
Edita Karpavičienė -	Life insurance UAB Bonum Publicum Board member. Holder of 85,000 shares in UAB Amnis metallicus, which accounts for 9.44 percent of the authorized capital.
Gintaras Ugianskis -	UAB Ūkio banko lizingas Board Chairman. He does not hold shares comprising over 5 percent of capital and votes held in the enterprise.
Rolandas Balandis -	Holder of 1,896 shares in UAB Aloja, which accounts for 8.71 percent of the authorized capital.
Antanas Grigaliauskas -	UAB Ūkio banko lizingas director. He does not hold shares comprising over 5 percent of capital and votes held in the enterprise.
Arnas Žalys -	Balkan Investment Bank AD Supervisory Council chairman; UAB Ūkio banko lizingas Board member. Holder of 84,000 shares in UAB Amnis Metallicus, which accounts for 9.33 percent of the authorized capital.
Vidutė Petraitenė -	UAB Turto valdymo sistemos chief accountant; UAB Turto valdymo sprendimai chief accountant; UAB Turto valdymo strategija chief accountant.

42.4. Data about the effective conviction of members of managing bodies for the crimes against property, economic order and finance:

The members of the Bank's managing bodies do not have existing conviction for crimes against property, economic order and finance.

42.5. Data about the beginning and the end of the term of office of each managing body member:

AB Ūkio bankas general shareholders meeting held on 24 March 2006 adopted the resolution to elect the following persons members of the Bank's Supervisory Council: Liutauras Varanavičius, Ala Kurauskienė, Olga Gončaruk, Gražina Jakavičienė, Leonas Rimantas Butkus, Viktor Soldatenko, and Lars Ulf Uno Lowenhav.

AB Ūkio bankas Supervisory Council meeting held on 24 March 2006 elected Liutauras Varanavičius as chairman of the Supervisory Council, Lars Ulf Uno Lowenhav as deputy chairman of the Supervisory Council. The Supervisory Council also elected AB Ūkio bankas Board of the following composition for the term of office of 4 years: Edita Karpavičienė, Gintaras Ugianskis, Arnas Žalys, Rolandas Balandis, Antanas Grigaliauskas. AB Ūkio banko Board elected Edita Karpavičienė as chairwoman of the Board, Gintaras Ugianskis as deputy chairman of the Board.

43. Information about payments and loans extended to the members of managing bodies

43.1. Information about total and average amounts of tantiemes, remunerations and other payments made during the accountable period from profit of the issuer per person:

Issuer's payments	Remuneration, LTL	Tantiemes, LTL	Dividends, LTL	Total, LTL
To all members of the Supervisory Council	336,858.42	108,065.00	102.24	445,025.66
Per 1 member of the Supervisory Council, on average	48,122.63	15,437.86	14.61	63,575.10
To all members of the Board	2,551,272.38	571,935.00	9.60	3,123,217.98
Per 1 member of the Board, on average	510,254.48	114,387.00	1.92	624,643.40
To all members of the administration	1,467,984.31	394,510	9.84	1,862,504.15
Per one member of the administration, on average	489,328.10	131,503.33	3.28	620,834.71

43.2. Total amounts of tantiemes, remunerations and other payments made during the accountable period from profit to members of the Supervisory Council, the Board and the administration received from enterprises wherein the Issuer's share in the authorized capital makes up more than 20 per cent:

Issuer's payments	Remuneration, LTL	Tantiemes, LTL	Dividends, LTL	Total, LTL
UAB Turto valdymo sistemas	12,000	0	0	12,000
UAB Turto valdymo sprendima	12,000	0	0	12,000
UAB Turto valdymo strategija	6,000	0	0	6,000
UAB Ūkio banko investicijų valdymas	0	0	0	0
UAB Ūkio banko lizingas	814,691	0	0	814,691

43.3. Loans granted to members of managing bodies over the accountable period, guarantees and sureties given with respect to fulfilment of their obligations:

During the year 2006, loans extended to the members of the managing bodies amounted to LTL 2,401 thousand.

44. Transactions with persons concerned

During the year 2006 the Bank did not make any transactions unusual to its main activities with enterprises, organizations and institutions, in the activities or capital of which the issuer or members of its managing bodies participate.

VII. RECENT AND MATERIAL EVENTS IN ISSUER'S ACTIVITY AND PERSPECTIVES

45. Recent events in the Issuer's activities

On 23 January 2006, the Rural Credit Guarantee Fund celebrating the eight-year operation anniversary made an acknowledgement of the banks for the most active cooperation with the Fund last year. Ūkio bankas received a Letter of Gratitude for rapidly increasing credits granted with the Fund's guarantees. In 2005 the Bank financed 5 times more projects secured by the Rural Credit Guarantee Fund's guarantees compared with the previous year. The amount of the Fund's guarantees issued to Ūkio bankas clients in 2005 was three and a half times bigger than in 2004.

On 23 June 2006, further expanding its client service network in Lithuania, Ūkio bankas opened a Client Service Unit in Vaišvydava. It is the 42nd territorial Ūkio bankas unit in the country and the 8th in Kaunas.

On 3 July 2006, Vilnius Stock Exchange admitted Ūkio bankas shares to the Official Main List. Trading in Ūkio bankas shares from the Main List was started on 13 July 2006. The Bank's shares have been quoted on the Current List since 1 June 1998.

In its sittings held on 1 July 2006, the Securities Commission issued a license of a management company acting pursuant to the Law on Collective Investment Undertakings to Ūkio bankas subsidiary UAB Ūkio banko investicijų valdymas. The licence grants the right to manage unit trusts/common funds, investment companies with variable capital, collective investment undertakings of limited distribution, provide consultations on investing in investment instruments, and safe-keep and manage units of unit trusts/common funds or shares of investment companies with variable capital.

On 13 July 2006, the rapidly growing subsidiary of Ūkio bankas UAB Ūkio banko investicijų valdymas established its first investment fund– Ūkio banko obligacijų fondas (Ūkio bankas Bonds Fund), which may invest in government and corporate debt securities.

On 15 September 2006, Ūkio bankas introduced a new service on the Lithuanian financial market – a dual currency deposit that can earn its holder up to 10 percent in annual interest.

On 20 September 2006, Ūkio bankas opened a representative office in the former capital of Kazakhstan Almaty. Kazakhstan is the third state where Ūkio bankas has founded its representative office.

Based on the data of research study performed by the consulting company Metasite Business Solutions, Ūkio bankas having renewed its public web-site and significantly advanced its Internet banking system, Ūkio bankas, in 2006, has made the greatest leap forward in Lithuania's banking sector.

On 13 November 2006, continuing to expand its activities in the region and city of Kaunas, Ūkio bankas opened a new client service unit in Aleksotas residential district.

On 20 November 2006, at Sijaitus-Invest 2006, a traditional fair for investors hosted in Helsinki, Ūkio bankas, in cooperation with the Vilnius Stock Exchange, made the presentation of its activities to Nordic investors. Investors received relevant information about the Bank's activities, financial results, development plans and data on trading in shares

On 24 November 2006, Ūkio bankas, while extending its activities in Klaipėda and the seacoast region, opened its fifth Client Service Unit in Klaipėda. It has settled at the new shopping centre IKI, at H.Manto Str. 84, in close proximity to the recently renovated Klaipėda University.

On 27 November 2006, the Agreement on Syndicated Loan extended by nineteen West European banks to Ūkio bankas in the total amount of LTL 133 million was signed in Kaunas. The loan was arranged by German bank's HSH Nordbank AG branch in Copenhagen and Austria's bank Raiffaisen Zentralbank Osterreich AG.

Since 4 December 2006, Ūkio bankas shares have been included in the prestigious OMX indexes, OMX Baltic Benchmark and OMX Baltic 10, of the Baltic Securities Market.

On 6 December 2006, AB Ūkio bankas Board adopted the resolution to establish an AB Ūkio bankas branch in Edinburgh, the United Kingdom and submitted an application for the authorization to establish the branch to the Bank of Lithuania. At the beginning of activities, Ūkio bankas branch in the capital of Scotland Edinburgh will provide retail banking services, later it will also offer services to business clients.

On 19 December 2006, expanding its activities in Klaipėda district Ūkio bankas opens a new Client Service Unit in Gargždai being Bank's 46th subdivision.

46. Material events in the issuer's activities

On 6 January 2006, the bank informed about the acquisition of the block of shares. On 4 January 2006, AB Ūkio Bankas, upon having concluded a reverse repurchase transaction, acquired 2,000,000 ordinary registered shares in AB Kauno tiekimas, which accounts for 19.64 percent of the company's authorized capital.

On 31 January 2006, AB Ūkio bankas unaudited activity result for the year 2005 announced. Unaudited net profit of AB Ūkio Bankas for the year 2005 amounts to LTL 19.578 million.

On 20 February 2006, the Bank announced about the convocation of the Ordinary General Shareholders meeting. Upon the Board's decision the Ordinary General Shareholder's Meeting of AB Ūkio bankas (registration address 25 Maironio str. Kaunas LT-44250, company number 112020136) is being convened in the assembly hall of Transport and Road Research Institute at 25 Kanto str. in Kaunas at 10 a.m. on 24 March 2006; the accounting day of the meeting is 17 March 2006. The Bank's Board has approved the following agenda of the meeting of 24 March 2006:

1. On the approval of Ūkio bankas results of operation of the 2005 year;
2. On the findings of Ūkio bankas international audit report;
3. On the approval of Ūkio bankas annual financial statements for the year 2005;
4. On the approval of the allocation of Ūkio bankas profit (loss) of the year 2005;
5. On the determination of the terms of payment for international audit services;
6. On the disposing, management and use of Ūkio bankas assets.

Registration of shareholders starts at 9 a.m. Shareholders shall have identity documents. Shareholders unable to take part in the meeting may authorize other persons to represent their interests pursuant to the established procedure. A legal person's power of attorney shall be certified by a signature of a competent legal person's representative and a seal (if any). Natural person's power of attorney shall be certified by a public notary. Foreign public documents shall be legalized in the manner provided for by the legal acts. Draft resolutions of the meeting as well as other information are available for review as provided for by the law in AB Ūkio bankas secretariat in Room 204 at 25 Maironio Str., LT-44250 Kaunas, telephone: +370 37 301 301.

On 3 March 2006, the notification was made of the decision to establish a subsidiary of AB Ūkio Bankas, UAB Ūkio banko investicijų valdymas, adopted by Bank's Board. On 2 March 2006, AB Ūkio bankas Board adopted the decision to establish UAB Ūkio banko investicijų valdymas.

On 9 March 2006, the notification was made about the amendment to the agenda of AB Ūkio bankas Ordinary General Shareholders Meeting and adjustment of its time. Upon the Board's decision the Ordinary General Shareholder's Meeting of AB Ūkio bankas (registration address 25 Maironio str. Kaunas LT-44250, company number 112020136) will be convened in the assembly hall of Transport and Road Research Institute at 25 Kanto str. in Kaunas at 3 p.m. on 24 March 2006; the accounting day of the meeting is 17 March 2006. The adjusted agenda of the Ordinary General Shareholders Meeting:

1. On the approval of Ūkio bankas results of operation of the year 2005;
2. On the findings of Ūkio bankas international audit report;
3. On the approval of Ūkio bankas annual financial statements for the year 2005;
4. On the approval of the allocation of Ūkio bankas profit (loss) of the year 2005;
5. On the setting of the terms of payment for international audit services;
6. On the disposing, management and use of Ūkio bankas assets;
7. On election of members of Ūkio bankas Supervisory Council.

Registration of shareholders starts at 2 p.m. Shareholders shall have identity documents. Shareholders unable to take part in the meeting may authorize other persons to represent their interests pursuant to the procedure prescribed by legislation. A legal person's power of attorney shall be certified by a signature of a competent legal person's representative and a seal (if any). Natural person's power of attorney shall be certified by a public notary. Foreign public documents shall be legalized in the manner provided for by the legal acts. Draft resolutions of the meeting as well as other information are available for review as provided for by the law in AB Ūkio bankas secretariat in Room 204 at 25 Maironio Str., LT-44250 Kaunas, telephone: +370 37 301 301.

On 10 March 2006, draft resolutions of Shareholders' Meeting of 24 March 2006 prepared by the Bank's Board were announced. The following draft resolutions will be presented for the shareholders' approval:

- 1) Item of the Agenda: "On the approval of AB Ūkio bankas Report on Operation in 2005". To approve AB Ūkio bankas Report on Operation in 2005.
- 2) Item of the Agenda: "On Ūkio bankas international audit report". To consider the report of AB Ūkio bankas auditor UAB Deloitte&Touche during the approval of AB Ūkio bankas annual financial statements of the 2005 fiscal year.
- 3) Item of the Agenda: "On the approval of AB Ūkio bankas annual financial statements of the 2005 fiscal year". To approve AB Ūkio bankas annual financial statements of the 2005 fiscal year.

- 4) Item of the Agenda: "On the approval of allocation of Ūkio profit (loss) of the 2005 fiscal year". To approve the allocation of Ūkio bankas profit (loss) of the fiscal year 2005 as follows: retained profit (loss) at the beginning of the reporting period LTL 754 thousand; net profit (loss) of the reporting period LTL 19578 thousand; transfer from reserves LTL 0 thousand; shareholders contributions to cover the loss (if shareholders have decided to cover part or the whole loss) LTL 0 thousand; total profit (loss) for distribution LTL 18824 thousand; profit share allocated to the legal reserve LTL 1882 thousand; profit share allocated to the reserve for the acquisition of own shares LTL 0 thousand; profit share allocated to the general purpose reserve to cover asset loss (asset revaluation reserve) LTL 8377 thousand; profit share allocated for dividends LTL 1267.08 thousand; profit share allocated for annual bonuses (tantiemes) to be paid to members of the Board and Supervisory Council, employee bonuses and other purposes LTL 680 thousand; retained profit (loss) at the end of the reporting period carried over to the following fiscal year LTL 6618 thousand.
- 5) Item of the Agenda: "On the setting of payment for audit services". To set the following terms of payment for audit services: audit of financial accounts of the fiscal year 2006 LTL 300,000 plus VAT; extra expenses relating with audit services LTL 15,000 plus VAT.
- 6) Item of the Agenda: "On the disposing, management and use of the Bank's assets". To transfer, lease, mortgage fixed assets and securities of AB Ūkio bankas or other issuers currently held or acquired after the adoption of this resolution and pledge the said assets or securities as a guarantee of other entities' liabilities. To authorize the Board of the Bank, on the basis of this resolution, to make decisions on every specific matter of asset transfer, lease or securing liabilities, as well as pledging and giving guarantees.
- 7) Item of the Agenda: To elect the following persons as members of the Supervisory Council: Liutauras Varanavičius, Ala Kurauskienė, Olga Gončaruk, Gražina Jakavičienė, Leonas Rimantas Butkus, Viktor Soldatenko, Lars Ulf Uno Lowenhav.

On 10 March 2006, The Board's draft resolution on the payment of dividends announced. It is proposed to pay dividends to the Bank's shareholders, i.e. the profit portion allotted to payment of dividends amounts to LTL 1267.08 thousand, i.e. 1 cent per share.

On 27 March 2006, the resolution of Ūkio bankas ordinary general shareholders meeting announced. AB Ūkio bankas (registration address 25 Maironio str. Kaunas LT-44250, company number 112020136) Ordinary General Shareholders' Meeting convened on 24 March 2006 at 3:00 p.m. in the assembly hall of Transport and Road Research Institute at 25 Kanto str. Kaunas has resolved:

1. To approve of Ūkio Bankas results of operation of the 2005 fiscal year.
2. To consider AB Ūkio bankas auditor's UAB Deloitte & Touche report during the approval of financial reports of the 2005 fiscal year.
3. To approve Ūkio Bankas annual financial reports of the 2005 fiscal year.
4. To approve the allocation of Ūkio Bankas profit (loss) of the 2005 fiscal year as follows: retained profit (loss) at the beginning of the reporting period LTL 754 thousand; net profit (loss) of the reporting period LTL 19578 thousand; transfer from reserves LTL 0 thousand; shareholders contributions to cover the loss (if shareholders have decided to cover part or the whole loss) LTL 0 thousand; total profit (loss) for distribution LTL 18824 thousand; profit share transferred to the legal reserve LTL 1882 thousand; profit share allocated to the reserve for the acquisition of own shares LTL 0 thousand; profit share allocated to the general purpose reserve to cover asset loss (asset revaluation reserve) LTL 8377 thousand; profit share allocated for dividends LTL 1267.08 thousand; profit share allocated for annual bonuses (tantiemes) to be paid to members of the Board and Supervisory Council, employee bonuses and other purposes LTL 680 thousand; retained profit (loss) at the end of the reporting period carried over to the following fiscal year LTL 6618 thousand.
5. To set the following terms of payment for audit services: audit of financial accounts of the fiscal year 2006 LTL 300,000 plus VAT; extra expenses relating with audit services LTL 15,000 plus VAT.
6. To transfer, lease, mortgage fixed assets and securities of AB Ūkio bankas or other issuers currently held or acquired after the adoption of this resolution and pledge the said assets or securities as a guarantee of other entities' liabilities. Entitle the Board of the Bank on the basis of this resolution to make decisions on every specific matter of asset transfer, lease or securing liabilities, as well as pledging and giving guarantees.
7. To elect the following persons as members of the Supervisory Council: Liutauras Varanavičius, Ala Kurauskienė, Olga Gončaruk, Gražina Jakavičienė, Leonas Rimantas Butkus, Viktor Soldatenko, Lars Ulf Uno Lowenhav.

On 27 March 2006, it was notified that AB Ūkio bankas shareholders meeting held on 24 March 2006 elected the members of the Supervisory Council and the Board. The meeting of AB Ūkio bankas Supervisory Council held on 24 March 2006 elected Liutauras Varanavičius as chairman of the Supervisory Council, Lars Ulf Uno Lowenhav as deputy chairman of the Supervisory Council. The Supervisory Council also elected AB Ūkio bankas Board for the term of office of 4 years of the following persons: Edita Karpavičienė, Gintaras Ugianskis, Arnas Žalys, Rolandas Balandis, Antanas Grigaliauskas. AB Ūkio bankas Board elected Edita Karpavičienė as chairwoman of the Board, Gintaras Ugianskis as deputy chairman of the Board.

On 3 April 2006 it was notified of the set price of LTL 50 million share issue. On 31 March 2006 the Bank's Board set the final price of the share issue to be LTL 1.69. 4.1. The offering of the shares will start after the Bank's shareholders are separately notified about the offer to exercise their right of pre-emption for the acquisition of the newly issued shares.

On 10 April 2006, the first-quarter operation result announced. The Q1 2006 unaudited net profit of AB Ūkio bankas amounts to LTL 7.674 million (EUR 2.223million).

On 10 April 2006, the offer to exercise the right of pre-emption to acquire AB Ūkio bankas newly issued shares was announced. The offering of shares of the new issue will commence on 12-04-2006. The issue price of one share is LTL 1.69 (EUR 0.49). The shares will be offered at 25 Maironio str., Kaunas and branches of the Bank with their addresses and office time specified in the share prospectus. Share offering will be carried out in the following procedure and stages:

Stage I. From 12-04-2006 until 26-04-2006 shares will be offered only to AB Ūkio bankas shareholders in proportion to the number of shares they held on the day of the General Shareholders' Meeting of 23 December 2005. Subscribed shares shall be paid within three calendar days since the signing of the contract. AB Ūkio bankas will inform about the remaining number of unsubscribed shares after Stage I in the notification on the Vilnius Stock Exchange and the Bank's websites on 02-05-2006.

Stage II. Applications will be accepted from 02-05-2006 until 06-05-2006. The head-office and branches not working on Saturdays will accept application until 05-05-2006. Shares will be offered to all investors applying for the purchase of AB Ūkio bankas shares remaining after Stage I in proportion to the number of shares specified in their application. On 08-05-2006 – share distribution against submitted applications. From 09-05-2006 to 12-05-2006 – signing of contracts. Payment for shares – within three calendar days from the date of signing the contract.

Stage III. From 16-05-2006 until 19-05-2006 shares remaining after Stage II will be purchased in equal parts by the members of AB Ūkio bankas Board.

The total duration of share subscription and payment is 38 calendar days since the initial share offering. Contracts and applications shall be signed at AB Ūkio bankas or the Bank's branch personally by the investor or his proxy, i.e. contracts and applications will be not be accepted by fax, e-mail or any other form of delivery. The share prospectus is available at AB Ūkio bankas head-office and on the Bank's website www.ub.lt.

On 22 May 2006 it was notified that the offering of the new issue of AB Ūkio bankas ordinary registered shares of the total value of LTL 50 million (EUR 14.481 million) was finished. On 19 May 2006 the offering of the new issue of AB Ūkio bankas ordinary registered shares of the total value of LTL 50 million (EUR 14.481 million) was finished. 50 million ordinary registered shares of the par value of LTL 1 (EUR 0.29) were subscribed to and fully paid up for LTL 50 million (EUR 14.481 million). The investors will receive title to subscribed and paid up shares after the amendment to the Bank's Articles of Association concerning the increased share capital is registered in the prescribed manner and shares are recorded in shareholders' personal accounts in the issuer's AB Ūkio bankas books.

On 21 June 2006 it was notified of the listing of AB Ūkio bankas ordinary registered shares on the Vilnius Stock Exchange's Main List. On 21-06-2006 AB Ūkio bankas Board decided to submit an application to Vilnius Stock Exchange concerning the listing of AB Ūkio bankas ordinary registered shares in the Official Main List.

On 23 June 2006 it was notified of the application concerning the admittance to Ūkio bankas shares to the Main List. On 23-06-2006, an application and documents concerning the admittance of AB Ūkio bankas ordinary registered shares to the Main List of the Vilnius Stock Exchange were submitted.

On 30 June 2006, it was notified of the registration of Ūkio bankas Articles of Association with increased share capital with the Legal Persons' Register. On 30 June 2006, Ūkio bankas Articles of Association with increased share capital were registered in the Legal Persons' Register. After the increase the Bank's share capital amounts to LTL 176.708 million (EUR 51,178,174). The par value of the Bank's share is LTL 1 (EUR 0.29).

On 10 July 2006, AB Ūkio bankas announced the activity result for the first half-year of 2006. AB Ūkio bankas non-audited net profit for the first half-year period of 2006 totals LTL 16.6 million (EUR 4.8 million).

On 29 August 2006, it was notified of the drawing up of AB Ūkio bankas 2006 semi-annual report. Pursuant to the Rules on the Periodic Disclosure of Information about Issuers' Activities and their Securities approved by the Lithuanian Republic Securities Commission, AB Ūkio bankas has drawn up a report for the 1st half-year of 2006 and submitted it to the Securities Commission of the Republic of Lithuania and Vilnius Stock Exchange. The report is available for conversance on the bank's website www.ub.lt or at the head-office in Kaunas, Maironio g. 25, at Financial Brokerage Department, on business days from 8.00 to 12.00 and from 13.00 to 16.00. Tel. +370 37 30 14 33.

On 20 September AB Ūkio bankas notified of the establishment of its representative office in Kazakhstan (Kunajevo Str. 106 -1, Almaty, the Republic of Kazakhstan).

On October 10 2006, the activity result for the first nine-month period was announced. AB Ūkio bankas non-audited net profit for the first nine-month period of 2006 totals LTL 29.2 million (EUR 8.5 million).

On 31 October 2006, the non-audited consolidated net profit of AB Ūkio bankas Group for a nine-month period of the year 2006 was announced. The non-audited consolidated net profit of AB Ūkio bankas Group for nine months of the year 2006 totals LTL 30.977 million (EUR 8.972million). Pursuant to the Rules on the Periodic Disclosure of Information about Issuers' Activities and their Securities approved by the Lithuanian Republic Securities Commission, AB Ūkio bankas has drawn up a report for Quarter 3 of 2006 and submitted it to the Securities Commission of the Republic of Lithuania and Vilnius Stock Exchange. The report is available for conversance at the head-office in Kaunas, Maironio g. 25, at Financial Brokerage Department, on business days from 8.00 to 12.00 and from 13.00 to 16.00. Tel. +370 37 395 501.

On 21 November 2006, it was notified of the extension of the syndicated loan of EUR 38.5 million to AB Ūkio bankas. On 20 November 2006, the Board of AB Ūkio bankas adopted the decision whereby it approved the proposal of HSH Nordbank AG (Copenhagen) and Raiffaisen Zentralbank Osterreich AG (Vienna) on the extension of the syndicated loan of EUR 38.5 million to Ūkio bankas. Loan participants: HSH Nordbank AG, Raiffaisen Zentralbank Osterreich AG, Banif Banco Internacional do Funchal, S.A., BayernLB, Dresdner Bank AG, Banca Intesa S.p.A., Bank Sepah International PLC, Landsbanki Luxembourg S.A., Hypo Alpe-Adria Bank International AG, National Bank of Egypt (UK) Limited, Israel Discount bank of New York, Banca Lombarda International S.A., BPN – Banco Portugues de Negocios, S.A., BRE Bank SA, Oberbank AG, Landesbank Saar, Latvijas Hipoteku un Zemes Banka, Sparebanken Ost, UniCredit. Term of the loan:

1. 12 months for EUR 24.5 million;
2. 18 months for EUR 14 million.

On 6 December 2006, it was notified of the decision to establish a branch in Edinburgh, the United Kingdom of Great Britain and Northern Ireland. On 6 December 2006, AB Ūkio bankas Board adopted the decision to establish an AB Ūkio bankas branch in Edinburgh (Castle Str. 10, Edinburgh, the United Kingdom of Great Britain and Northern Ireland).

All material events related to AB Ūkio bankas activities, were submitted to the Lithuanian Securities Commission, Vilnius Stock Exchange, news agencies, BNS and ELTA and placed on AB Ūkio bankas website www.ub.lt.

47. Strategy of activity and its prospective changes during coming financial years

Ūkio bankas is a universal bank providing all retail, commercial and investing banking services. The aim of the Bank's versatility is in harmony with exceptional and complex servicing of regular clients. In its activities the Bank flexibly adapts to the market changes and client needs: develops new products, modernizes services, expands the range of internet services, upgrades information technologies used for rendering banking services and management.

In 2007, AB Ūkio bankas plans continue expanding in Lithuania and abroad, and ensure efficient, rational and profitable operations. The plan is to supplement the current service range with life insurance services by acquiring a 100-percent interest in the life insurance company UAB Bonum Publicum, and start rendering banking services in EU member states. Through the expansion of the service range and variety as well as service network, and increase in the number of clients and provided services, the Bank expects the growth of assets, income and net profit as well as the optimization of expenses (reduction of expense/income ratio) and the increment of the market share. To ensure the projected growth it is necessary to regularly strengthen the Bank's capital base, which will be done by issuing a new share issue and reinvesting the major part of the earned profit in the Bank's activities.

In the year 2007 the Bank plans to earn LTL 61 million in net profit and to have the total assets of LTL 4.2 billion at the end of the year. In 2007 AB Ūkio bankas Group plans to earn LTL 63 million in net profit.