

AB ŪKIO BANKAS

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AB ŪKIO BANKAS

**Independent Accountant's Report
and Condensed Interim Financial
Statements for the six month period
ended 30 June 2007**

AB ŪKIO BANKAS

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders of AB Ūkio Bankas:

Introduction

We have reviewed the accompanying condensed balance sheet of AB Ūkio bankas (“the Bank”) and condensed consolidated balance sheet of AB Ūkio bankas and subsidiaries (“the Group”) as of 30 June 2007 and the related condensed statements of income, changes in equity and cash flows for the six month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34, *Interim Financial Reporting*, and International Accounting Standard 34, *Interim Financial Reporting*, as adopted by the EU. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information for the Bank and the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim Financial Reporting*, and International Accounting Standard 34, *Interim Financial Reporting*, as adopted by the EU, respectively.



Deloitte Lietuva UAB
Torben Pedersen
Partner



Certified auditor Lina Drakšienė
Auditor's Certificate No. 000062

Vilnius, Lithuania
14 September 2007

AB ŪKIO BANKAS


CONDENSED INTERIM BALANCE SHEET AS OF 30 JUNE 2007


(All amounts in LTL thousands unless otherwise stated)

	Notes	The Group 30.06.2007 (unaudited)	The Group 31.12.2006	The Bank 30.06.2007 (unaudited)	The Bank 31.12.2006
ASSETS					
Cash and balances with central bank		225,628	214,723	225,627	214,723
Loans and advances to banks and other financial institutions		836,887	890,837	1,303,829	1,280,205
Financial assets designated at fair value		358,301	363,071	357,752	363,071
Loans and receivables	4,5	1,340,417	838,696	1,275,160	801,852
Finance lease receivables		175,704	156,608	-	-
Investment securities:					
<i>available-for-sale</i>	6	36,054	35,908	33,570	32,982
<i>held-to-maturity</i>	6	414,100	261,930	414,087	261,916
Investments in subsidiaries	7	-	-	6,500	4,600
Intangible assets		5,732	5,280	1,668	1,220
Property, plant and equipment		353,198	352,537	20,141	19,532
Investment property		18,813	18,813	11,483	11,483
Other assets	8	117,608	64,075	53,798	33,637
Total assets		3,882,442	3,202,478	3,703,615	3,025,221
LIABILITIES AND EQUITY					
LIABILITIES					
Deposits from banks and other financial institutions		620,629	589,524	589,759	581,547
Due to customers	9	2,720,368	2,117,356	2,720,368	2,117,356
Subordinated loans		8,555	8,563	8,555	8,563
Deferred income tax liabilities		39,417	42,364	1,860	2,863
Other liabilities		67,527	58,418	47,147	29,310
Total liabilities		3,456,496	2,816,225	3,367,689	2,739,639
EQUITY					
Share capital	10	176,708	176,708	176,708	176,708
Share premium		34,500	34,500	34,500	34,500
Revaluation reserve – available-for-sale investment securities		10,467	8,191	9,763	7,484
General reserve for losses of assets		21,543	8,377	21,543	8,377
Fixed assets revaluation reserve		55,752	60,145	-	-
Currency translation reserve		5,648	5,492	-	-
Legal reserve		5,300	2,296	4,900	2,183
Other reserves		2,000	2,000	2,000	2,000
Retained earnings		87,294	58,958	86,512	54,330
Equity attributable to equity holders of the parent		399,212	356,667	335,926	285,582
Minority interest		26,734	29,586	-	-
Total equity		425,946	386,253	335,926	285,582
Total liabilities and equity		3,882,442	3,202,478	3,703,615	3,025,221

The accompanying explanatory notes are an integral part of these financial statements.

The financial statements were approved by the Board of the Bank on 14 September 2007 and signed on its behalf by:


E. Karpavičienė
Chairwoman of the Board


V. Petraitiene
Chief Accountant

AB ŪKIO BANKAS

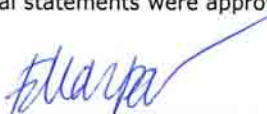
CONDENSED INTERIM STATEMENTS OF INCOME FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2007


(All amounts in LTL thousands unless otherwise stated)

	Notes	The Group 01.01.2007 – 30.06.2007 (unaudited)	The Group 01.01.2006 – 30.06.2006	The Bank 01.01.2007 – 30.06.2007 (unaudited)	The Bank 01.01.2006 – 30.06.2006
Interest income	12	97,205	55,525	88,216	46,520
Interest expense	12	(43,013)	(25,314)	(42,157)	(24,535)
Net interest income		54,192	30,211	46,059	21,985
Fees and commission income		57,840	46,045	58,599	45,132
Fees and commission expense		(9,591)	(9,842)	(9,337)	(9,611)
Net fee and commission income		48,249	36,203	49,262	35,521
Gains less losses arising from dealing in foreign currencies		20,336	16,635	20,133	16,677
Net income from financial instruments designated at fair value		(4,344)	(4,712)	(4,358)	(4,705)
Gains less losses arising from investment securities		533	-	533	-
Gains less losses arising from dealing in derivatives and other financial instruments		(1,471)	(3,287)	(1,471)	3,737
Impairment (charge) reversal for credit losses	13	(642)	(23,196)	2,450	(21,015)
Recovery of loans written off		634	81	634	81
Other operating income		908	1,335	766	1,018
OPERATING PROFIT		118,395	53,270	114,008	53,299
OPERATING EXPENSES	14	(64,132)	(38,546)	(55,349)	(32,531)
PROFIT BEFORE INCOME TAX		54,263	14,724	58,659	20,768
Income tax expense		(9,379)	(2,502)	(8,826)	(1,158)
NET PROFIT FOR SIX MONTH PERIOD		44,884	12,222	49,833	19,610
Attributable to:					
Equity holders of the parent		46,274	15,161	49,833	19,610
Minority interest		(1,390)	(2,939)	-	-
NET PROFIT FOR SIX MONTH PERIOD		44,884	12,222	49,833	19,610
Basic Earnings Per Share (in LTL)	11	0.26	0.12	0.28	0.15
Diluted Earnings Per Share (in LTL)	11	0.26	0.12	0.28	0.15

The accompanying explanatory notes are an integral part of these financial statements.

The financial statements were approved by the Board of the Bank on 14 September 2007 and signed on its behalf by:


E. Karpavičienė
Chairwoman of the Board


V. Petraitiėnė
Chief Accountant

AB ÜKIO BANKAS

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2007

(All amounts in LTL thousands unless otherwise stated)

The Bank	Share Capital	Share premium	Other reserves	Revaluation reserve available for investment securities	General reserve for losses of assets	Legal reserve	Retained earnings	Total
As of 31 December 2005	126,708	-	2,000	1,903	-	339	18,435	149,385
Dividends paid	-	-	-	-	-	-	-	-
Increase in share capital	50,000	34,500	-	-	-	-	(1,267)	(1,267)
Transfer to legal reserve	-	-	-	-	-	1,844	(1,844)	84,500
Transfer to general reserve for losses of assets	-	-	-	-	8,377	-	(8,377)	-
Net profit	-	-	-	-	-	-	19,610	19,610
As of 30 June 2006	176,708	34,500	2,000	1,903	8,377	2,183	26,557	252,228
Changes in fair value of investment securities available for sale, net of tax	-	-	-	5,581	-	-	-	5,581
Net profit	-	-	-	-	-	-	27,773	27,773
As of 31 December 2006	176,708	34,500	2,000	7,484	8,377	2,183	54,330	285,582
Transfer to legal reserve	-	-	-	-	-	2,717	(2,717)	-
Transfer to general reserve for losses of assets	-	-	-	-	13,166	-	(13,166)	-
Dividends paid	-	-	-	-	-	-	(1,768)	(1,768)
Changes in fair value of investment securities available for sale, net of tax	-	-	-	2,279	-	-	-	2,279
Net profit	-	-	-	-	-	-	49,833	49,833
As of 30 June 2007 (unaudited)	176,708	34,500	2,000	9,763	21,543	4,900	86,512	335,926

(Continued)

AB ŪKIO BANKAS

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2007

(All amounts in LTL thousands unless otherwise stated)

The Group	Share Capital	Share premium	Other reserves	Revaluation reserve available		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
				for sales investment securities	for securities								
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)
Transfer to legal reserve	-	-	-	-	-	-	-	-	1,957	(1,957)	-	-	-
Currency translation adjustment	-	-	-	-	-	-	-	(6,766)	-	-	(6,766)	(2,072)	(8,838)
Decrease in fixed assets revaluation reserve, net of tax	-	-	-	-	-	-	(1,976)	-	-	-	(1,976)	(661)	(2,637)
Transfer to reserve for losses of receivables	-	-	-	-	8,377	-	-	-	-	(8,377)	-	-	-
Increase in share capital	50,000	34,500	-	-	-	-	-	-	-	-	84,500	-	84,500
Net profit (loss)	-	-	-	-	-	-	-	-	-	15,161	15,161	(2,939)	12,222
As of 30 June 2006	176,708	34,500	2,000	1,903	8,377	47,899	60,145	(3,729)	2,296	28,211	297,362	21,156	318,518
Changes in fair value of investment securities available for sale, net of tax	-	-	-	6,288	-	-	-	-	-	-	6,288	-	6,288
Increase in fixed assets revaluation reserve, net of tax	-	-	-	-	-	-	12,246	9,221	-	-	12,246	5,606	17,852
Currency translation adjustment	-	-	-	-	-	-	-	-	-	-	10,024	3,111	13,135
Net profit (loss)	-	-	-	-	-	-	-	-	-	30,747	30,747	(287)	30,460
As of 31 December 2006	176,708	34,500	2,000	8,191	8,377	60,145	60,145	5,492	2,296	58,958	356,667	29,586	386,253
Dividends paid	-	-	-	-	-	-	-	-	-	(1,768)	(1,768)	-	(1,768)
Transfer to legal reserve	-	-	-	-	-	-	-	-	3,004	(3,004)	-	-	-
Transfer to reserve for losses of receivables	-	-	-	-	13,166	-	-	156	-	(13,166)	156	3	159
Currency translation adjustment	-	-	-	-	-	-	(4,393)	-	-	-	(4,393)	(1,465)	(5,858)
Decrease in fixed assets revaluation reserve, net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in fair value of investment securities available for sale, net of tax	-	-	-	2,276	-	-	-	-	-	-	2,276	-	2,276
Net profit (loss)	-	-	-	-	-	-	-	-	-	46,274	46,274	(1,390)	44,884
As of 30 June 2007 (unaudited)	176,708	34,500	2,000	10,467	21,543	55,752	55,752	5,648	5,300	87,294	399,212	26,734	425,946

(Continued)

The accompanying explanatory notes are an integral part of these financial statements.

The financial statements were approved by the Board of the Bank on 14 September 2007 and signed on its behalf by:



E. Karpavičienė
Chairwoman of the Board



V. Petraitis
Chief Accountant

AB ÜKIO BANKAS

CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2007

(All amounts in LTL thousands unless otherwise stated)

Notes	The Group 01.01.2007 – 30.06.2007 (unaudited)	The Group 01.01.2006 – 30.06.2006	The Bank 01.01.2007 – 30.06.2007 (unaudited)	The Bank 01.01.2006 – 30.06.2006
CASH FLOW FROM (TO) OPERATING ACTIVITIES				
Interest received	71,884	48,489	64,280	39,563
Interest paid	(36,858)	(23,675)	(35,917)	(22,237)
Recovery of previously written off loans	634	167	634	167
Net receipts from operations with foreign currency	20,049	11,060	20,128	18,093
Net receipts from operations with trading securities	21,828	8,359	21,811	8,356
Net receipts for services and commission	47,899	36,131	48,912	35,449
Payments of salaries and associated payments	(19,611)	(12,490)	(16,317)	(10,763)
Income tax paid	(1,838)	(290)	(1,401)	(190)
Other payments	(41,303)	(29,237)	(36,112)	(20,463)
Net cash provided by operating activities before change in operating assets and liabilities	62,684	38,514	66,018	47,975
Changes in operating assets and liabilities:				
Compulsory reserves held in central bank	(24,622)	(27,077)	(24,622)	(27,077)
Loans and advances to banks and other financial institutions	451,507	128,545	372,125	112,185
Securities at fair value through profit or loss	(2,586)	(19,605)	(2,479)	(14,358)
Loans and advances to customers	(506,582)	(103,973)	(478,577)	(99,789)
Other assets	(70,233)	787	(19,619)	(5,734)
Due to central bank				
Due to other banks and financial institutions	31,066	(46,067)	8,088	(45,955)
Due to customers	597,296	339,315	597,296	339,330
Other liabilities	(1,563)	(6,442)	11,612	(7,559)
Net cash provided by/(used in) operating activities	536,967	303,997	529,842	299,018
CASH FLOW FROM (TO) INVESTING ACTIVITIES				
Acquisition of subsidiaries	7	-	(1,900)	(600)
Purchase of fixed assets	(11,529)	(9,504)	(3,049)	(5,176)
Acquisition of securities available for sale	(153,884)	(32,429)	(153,885)	(32,062)
Net cash used in investing activities	(165,413)	(41,933)	(158,834)	(37,838)

(Continued)

AB ŪKIO BANKAS

CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2007


(All amounts in LTL thousands unless otherwise stated)

Notes	The Group 01.01.2007 - 30.06.2007 (unaudited)	The Group 01.01.2006 - 30.06.2006	The Bank 01.01.2007 - 30.06.2007 (unaudited)	The Bank 01.01.2006 - 30.06.2006
CASH FLOW FROM (TO) FINANCING ACTIVITIES				
Issue of share capital	-	84,500	-	84,500
Interest paid	(210)	(180)	(210)	(180)
Issued debt securities	-	2,510	-	2,510
Dividends paid	(1,767)	(1,267)	(1,767)	(1,267)
Net cash from financing activities	(1,977)	85,563	(1,977)	85,563
Net increase in cash and cash equivalents	369,577	347,627	369,031	346,743
Cash and cash equivalents at the beginning of period	310,999	395,908	309,781	395,048
Cash and cash equivalents at the end of period	680,576	743,535	678,812	741,791

(Concluded)

The accompanying explanatory notes are an integral part of these financial statements.

The financial statements were approved by the Board of the Bank on 14 September 2007 and signed on its behalf by:



E. Karpavičienė
Chairwomen of the Board



V. Petraitiene
Chief Accountant

AB ŪKIO BANKAS

EXPLANATORY NOTES

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2007

(All amounts in LTL thousands unless otherwise stated)

NOTE 1 GENERAL INFORMATION

AB Ūkio Bankas ("the Bank") was established in June 1989 as Commercial Industry Bank. The Bank's main office is located in Kaunas, Maironio str. 25.

The Bank has a business license issued from Bank of Lithuania for conducting all financial services specified by Lithuanian Banks Law and providing other services allowed under Lithuanian Financial Institutions Law.

The Bank has 12 branches and 36 client service departments in Lithuania and 3 representative offices in foreign countries. In addition, the Bank has, directly or indirectly, 8 subsidiaries, UAB Ūkio Banko Lizingas, set up in 1997, UAB Turto Valdymo Strategija, UAB Turto Valdymo Sprendimai and UAB Turto Valdymo Sistemai, set up in 2004, UAB Ūkio Banko Investicijų Valdymas set up in 2006, and UAB Ūkio Banko Rizikos Kapitalo Valdymas set up in 2007. OAO Russkij Karavaj (Russia), acquired in 2005 with 75% of shares owned by UAB Turto Valdymo Strategija and UAB Ūkio Banko Lizingas has set up RAB Ūkio Bank Lizing (Ukraine) in 2006.

As of 30 June 2007 the Group and the Bank employed 669 and 576 employees respectively (as of 31 December 2006: 572 and 504).

The Bank's shareholders owning more than 5% of the share capital are the following:

	<u>30.06.2007</u>	<u>30.06.2006</u>
Mr. Vladimir Romanov	32.95%	32.95%
UAB Universal Business Investment Group Management	9.99%	9.99%
Ms. Zinaida Romanova	8.62%	8.31%
UAB FMĮ Finbaltus	6.49%	6.96%

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group and the Bank in these condensed interim financial statements are the same as those applied by the Group and the Bank in their financial statements as at and for the year ended 31 December 2006, which were prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the EU and International Financial Reporting Standards ("IFRS"), respectively. IFRSs as adopted by the EU do not currently differ from IFRS as issued by the International Accounting Standards Board (IASB) and currently effective for the purpose of these financial statements, except for certain hedge accounting requirements under IAS 39, which have not been adopted by the EU. The Group and the Bank has determined that the unendorsed hedge accounting requirements under IAS 39 would not impact the Bank's and the consolidated financial statements had they been endorsed by the EU at the balance sheet date.

The condensed interim financial statements for the Group and the Bank have been prepared in accordance with IAS 34, *Interim Financial Reporting*, as adopted by the EU and IAS 34, *Interim Financial Reporting*, respectively. Condensed interim financial statements such as these do not include information as extensive as annual financial statements compiled in accordance with IFRSs as adopted by the EU or IFRS and should be read in conjunction with the Group's and the Bank's annual financial statements for the year ended 31 December 2006.

The Group and the Bank has adopted IFRS 7, *Financial Instruments: Disclosures*, from annual periods beginning 1 January 2007. For the purpose of these condensed interim financial statements all disclosures as required by IFRS 7 have not been disclosed. Full disclosures as required by IFRS 7 will be disclosed in the Annual Financial Statements for the year 2007.

The Condensed Interim Financial Statements are presented in Lithuanian Litas (LTL), rounded to the nearest thousand.

NOTE 3 SEASONALITY OF THE RESULTS

No significant amounts of the Group's and the Bank's income or expenses are of a seasonal nature.

AB ŪKIO BANKAS

EXPLANATORY NOTES

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2007

(All amounts in LTL thousands unless otherwise stated)

NOTE 4 LOANS AND RECEIVABLES

As of 30 June 2007 and 31 December 2006 loans and receivables consisted of the following:

The Group			The Bank	
30.06.2007 (unaudited)	31.12.2006		30.06.2007 (unaudited)	31.12.2006
		Loans and receivables		
914,291	518,961	Falling due after one year	889,176	518,961
274,655	221,520	Falling due within one year	235,025	185,415
154,955	106,532	Factoring	152,092	103,733
42,101	44,007	Reverse repos	42,101	44,007
1,386,002	891,020	Total loans and receivables	1,318,394	852,116
		Provisions for impairment loss of loans and receivables (Note 13)	(43,234)	(50,264)
(45,585)	(52,324)			
1,340,417	838,696	Total loans and receivables, net of provisions	1,275,160	801,852

As of 30 June 2007 the Group's/Bank's "Loans and receivables" balances include accrued interest in the amount of LTL'000 4,702 and LTL'000 4,328 respectively (31 December 2006: LTL'000 2,824 and LTL'000 2,567 respectively).

AB ŪKIO BANKAS

EXPLANATORY NOTES

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2007

(All amounts in LTL thousands unless otherwise stated)

NOTE 5 LOANS AND RECEIVABLES BY INDUSTRIES AND SECTORS

As of 30 June 2007 and 31 December 2006 loans and receivables by industries and sectors consisted of the following:

The Group			The Bank	
30.06.2007 (unaudited)	31.12.2006		30.06.2007 (unaudited)	31.12.2006
		Loans and receivables by industries and sectors		
200,864	149,070	to real estate, rent and commercial companies	200,864	149,070
190,660	117,702	to manufacturing	187,815	114,925
112,756	90,415	to construction	112,756	90,415
		to transportation, storage and telecommunications		
174,552	88,858	to other wholesales	174,552	88,858
121,710	82,590	to oil, gas, electricity and water supply	121,710	82,590
110,061	64,370	to other utilities, social and personal services	110,061	64,370
		to agriculture, hunting, forestry		
121,160	48,342	to retail	96,160	48,342
40,435	29,522	to hotels and restaurants	40,435	29,522
38,796	20,675	to government institutions	38,796	20,675
15,563	13,228	to wholesale of food products	15,563	13,228
		to wholesale of metals		
10,311	8,372	to auto repair	10,311	8,372
10,914	7,655	to wholesale of timber products	10,914	7,655
18,738	6,304	to other financial intermediaries	18,738	6,304
10,146	5,374	to education	10,146	5,374
8,484	3,605	to fishery and agriculture	8,484	3,605
6,854	2,881	to mining and quarrying	6,854	2,881
2,607	2,536	to health care and social works	2,607	2,536
807	1,122	to other types of economic activity	807	1,122
143	704	Total loans and receivables by industries and sectors	143	704
1,899	114		1,899	114
-	8,141		-	8,141
1,197,460	751,580		1,169,615	748,803
		to natural persons		
183,840	136,616		144,451	100,746
1,381,300	888,196	Total loans and receivables	1,314,066	849,549
		Accrued interest		
4,702	2,824		4,328	2,567
		Provisions for impairment loss of loans and advances to customers (Note 13)		
(45,585)	(52,324)		(43,234)	(50,264)
1,340,417	838,696	Total loans and receivables, net of provisions	1,275,160	801,852

As of 30 June 2007 and during the six months then ended the Bank complied with the maximum loan to one customer requirement established by Bank of Lithuania, according to which the total amount of loans granted to one customer and the customer's related parties may not exceed 25% of the Bank's capital.

AB ŪKIO BANKAS

EXPLANATORY NOTES FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2007

(All amounts in LTL thousands unless otherwise stated)

NOTE 6 INVESTMENT SECURITIES

As of 30 June 2007 and 31 December 2006 investment securities consisted of the following:

The Group			The Bank	
30.06.2007	31.12.2006		30.06.2007	31.12.2006
(unaudited)			(unaudited)	
		Equity investment securities available for sale		
30,888	28,626	Securities of Lithuanian issuers	28,404	25,700
5,166	7,282	Securities of foreign issuers	5,166	7,282
36,054	35,908	Total equity investment securities available for sale	33,570	32,982
		Investment securities held to maturity		
272,173	184,921	Companies debt securities	272,173	184,921
136,158	72,496	Bank's debt securities	136,158	72,496
5,756	4,499	Foreign government debt securities	5,756	4,499
13	14	Other companies securities	-	-
414,100	261,930	Total investment securities held to maturity	414,087	261,916

NOTE 7 INVESTMENTS IN SUBSIDIARIES

As of 30 June 2007 and 31 December 2006 investments in subsidiaries consisted of the following:

The Group			The Bank	
30.06.2007	31.12.2006		30.06.2007	31.12.2006
(unaudited)			(unaudited)	
		Investments in subsidiaries		
-	-	UAB Ūkio Banko Lizingas	1,000	1,000
-	-	UAB Turto Valdymo Sistemos	1,000	1,000
-	-	UAB Turto Valdymo Sprendimai	1,000	1,000
-	-	UAB Turto Valdymo Strategija	1,000	1,000
-	-	UAB Ūkio Banko Investicijų Valdymas	2,000	600
-	-	UAB Ūkio Banko Rizikos Kapitalo Valdymas	500	-
-	-	Total investments in subsidiaries	6,500	4,600

In June 2007 the Bank established 100% subsidiary company UAB Ūkio Banko Rizikos Kapitalo Valdymas registered in Kaunas, Lithuania. The contribution cost was LTL'000 500. The main business activity of the company is venture capital.

AB ŪKIO BANKAS

EXPLANATORY NOTES

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2007

(All amounts in LTL thousands unless otherwise stated)

NOTE 8 OTHER ASSETS

As of 30 June 2007 and 31 December 2006 other assets consisted of the following:

The Group			The Bank	
30.06.2007 (unaudited)	31.12.2006		30.06.2007 (unaudited)	31.12.2006
		Other assets		
55,213	16,090	prepayments	3,683	322
15,677	13,750	claims on derivative financial instruments	15,677	13,750
14,146	11,414	deferred expenses	11,938	9,316
10,864	10,036	VAT receivable in Russia	-	-
4,513	4,695	accounts receivable	4,513	4,695
925	2,131	transit accounts	637	1,770
4,271	837	receivables on Spot transactions	4,271	837
29	29	foreclosed assets	29	29
4,552	-	receivables on transactions with securities	4,552	-
11,025	9,106	other receivables	9,802	4,619
121,215	68,088	Total other assets	55,102	35,338
(3,607)	(4,013)	Provisions for impairment loss of other assets (Note 13)	(1,304)	(1,701)
117,608	64,075	Total other assets, net of provisions	53,798	33,637

NOTE 9 DUE TO CUSTOMERS

As of 30 June 2007 and 31 December 2006 due to customers consisted of the following:

The Group			The Bank	
30.06.2007 (unaudited)	31.12.2006		30.06.2007 (unaudited)	31.12.2006
		Due to customers		
834,949	719,154	Current and demand deposits	834,949	719,154
1,885,419	1,398,202	Term deposits, letters of credit	1,885,419	1,398,202
2,720,368	2,117,356	Total due to customers	2,720,368	2,117,356

The Group			The Bank	
30.06.2007 (unaudited)	31.12.2006		30.06.2007 (unaudited)	31.12.2006
		Current and demand deposits		
695,981	604,769	Companies	695,981	604,769
138,968	114,385	Individuals	138,968	114,385
834,949	719,154		834,949	719,154
		Term deposits letters of credit		
748,995	452,461	Companies	748,995	452,461
1,117,827	932,861	Individuals	1,117,827	932,861
1,866,822	1,385,322		1,866,822	1,385,322
18,597	12,880	Accrued interest	18,597	12,880
2,720,368	2,117,356	Total due to customers	2,720,368	2,117,356

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FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2007

(All amounts in LTL thousands unless otherwise stated)

NOTE 10 SHARE CAPITAL

The authorized capital of the Bank as of 30 June 2007 was LTL'000 176,708 and consisted of 176,708,000 ordinary shares with par value of LTL 1 each. All shares are fully paid.

On 22 March 2007, dividends in respect of 2006 of LTL 0.01 per share amounting to total of LTL'000 1,767 were proposed (dividends paid as of 30 June 2007 amounted to LTL'000 1,751).

On 24 March 2006, dividends in respect of 2005 of LTL 0.01 per share amounting to total of LTL'000 1,267 were proposed (dividends paid as of 30 June 2007 amounted to LTL'000 1,242).

NOTE 11 EARNINGS PER SHARE

For the six month period ended 30 June 2007 and 2006 earnings per share consisted of the following:

The Group			The Bank	
01.01.2007- 30.06.2007 (unaudited)	01.01.2006 - 30.06.2006		01.01.2007- 30.06.2007 (unaudited)	01.01.2006 - 30.06.2006
<i>Basic earnings per share calculation</i>				
46,274	15,161	Profit attributable to equity holders of the Parent	49,833	19,610
176,708	126,984	Weighted average number of ordinary shares in issue (thousands units)	176,708	126,984
0.26	0.12	Basic earnings per share (in LTL)	0.28	0.15

The Group			The Bank	
01.01.2007- 30.06.2007 (unaudited)	01.01.2006 - 30.06.2006		01.01.2007- 30.06.2007 (unaudited)	01.01.2006 - 30.06.2006
<i>Diluted earnings per share calculation</i>				
46,274	15,161	Profit attributable to equity holders of the Parent	49,833	19,610
172	146	Interest expenses of subordinated loans (net of tax)	172	146
46,446	15,307	Net profit used to determine diluted earning per share	50,005	19,756
176,708	126,984	Weighted average number of ordinary shares in issue (thousands units)	176,708	126,984
1,991	4,709	Adjustment for assumed conversation of subordinated loans (thousands units)	1,991	4,709
178,699	131,693		178,699	131,693
0.26	0.12	Diluted earnings per share (in LTL)	0.28	0.15

AB ŪKIO BANKAS

EXPLANATORY NOTES

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2007

(All amounts in LTL thousands unless otherwise stated)

NOTE 12 NET INTEREST INCOME

For the six month period ended 30 June 2007 and 2006 net interest income consisted of the following:

The Group			The Bank	
01.01.2007- 30.06.2007 (unaudited)	01.01.2006 - 30.06.2006		01.01.2007- 30.06.2007 (unaudited)	01.01.2006 - 30.06.2006
Interest income				
37,466	17,270	on loans and receivables from customers	34,804	16,474
24,236	20,204	on loans and advances to banks and other financial institutions	34,243	24,014
16,329	12,016	on finance lease receivables	-	-
10,506	2,847	on debt securities held to maturity	10,506	2,847
7,598	2,671	on trading debt securities	7,593	2,668
1,070	517	on deposits in central bank	1,070	517
97,205	55,525	Total interest income	88,216	46,520
Interest expense				
34,454	17,006	on deposits due to customers	34,454	17,006
8,349	7,994	on deposits from banks and other financial institutions	7,493	7,215
210	180	on subordinated loans	210	180
-	134	on debt securities issued	-	134
43,013	25,314	Total interest expense	42,157	24,535

NOTE 13 IMPAIRMENT LOSSES ON LOANS AND RECEIVABLES

Movements in the provision for impairment losses on loans and advances to banks and other financial institutions, for loans and receivables, finance lease receivable, other assets and off balance sheet items for the period is as follows:

The Group	Loans and advances to banks and other financial institutions	Loans and receivables	Finance lease receivable	Other assets	Provisions for off balance sheet items	Total
As of 31 December 2005	3,142	11,860	1,606	7,205	5	23,818
Reversal of provisions	(91)	(7,994)	-	(145)	-	(8,230)
Provisions written off	-	(242)	-	(14)	-	(256)
Currency exchange rate effect	-	(373)	-	64	-	(309)
Provision charged	2,335	24,502	1,471	3,118	-	31,426
As of 30 June 2006	5,386	27,753	3,077	10,228	5	46,449
Reversal of provisions	(19,853)	(29,095)	-	(13576)	(811)	(63,335)
Provisions written off	-	(1,264)	(1,153)	(10)	-	(2,427)
Currency exchange rate effect	(68)	(607)	-	(71)	(7)	(753)
Provision charged	14,535	55,537	1,475	7,442	4,696	83,685
As of 31 December 2006	-	52,324	3,399	4,013	3,883	63,619
Reversal of provisions	-	(34,140)	-	(1,052)	(4,881)	(40,073)
Provisions written off	-	(8,698)	-	(23)	-	(8,721)
Currency exchange rate effect	-	(112)	-	(24)	(11)	(147)
Provision charged	-	36,211	2,802	693	1,009	40,715
As of 30 June 2007 (unaudited)	-	45,585	6,201	3,607	-	55,393

AB ÜKIO BANKAS

EXPLANATORY NOTES FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2007

(All amounts in LTL thousands unless otherwise stated)

The Bank	Loans and advances to banks and other financial institutions			Provisions for off balance sheet items	Total
	Loans and receivables	Other assets			
31 December 2005	3,142	10,715	4,932	5	18,794
Reversal of provisions	(91)	(7,844)	(155)	-	(8,090)
Provisions written off	-	(242)	(9)	-	(251)
Currency exchange rate effect	-	(298)	(20)	-	(318)
Provision charged	2,335	23,652	3,118	-	29,105
30 June 2006	5,386	25,983	7,866	5	39,240
Reversal of provisions	(19,853)	(29,245)	(13,570)	(811)	(63,479)
Provisions written off	-	(1,013)	(15)	-	(1,028)
Currency exchange rate effect	(68)	(457)	(22)	(7)	(554)
Provision charged	14,535	54,996	7,442	4,696	81,669
31 December 2006	-	50,264	1,701	3,883	55,848
Reversal of provisions	-	(34,140)	(1,052)	(4,881)	(40,073)
Provisions written off	-	(8,698)	(23)	-	(8,721)
Currency exchange rate effect	-	(113)	(15)	(11)	(139)
Provision charged	-	35,921	693	1,009	37,623
30 June 2007 (unaudited)	-	43,234	1,304	-	44,538

NOTE 14 OPERATING EXPENSES

For the six month period ended 30 June 2007 and 2006 operating expenses consisted of the following:

The Group			The Bank	
01.01.2007- 30.06.2007 (unaudited)	01.01.2006 - 30.06.2006		01.01.2007- 30.06.2007 (unaudited)	01.01.2006 - 30.06.2006
		Operating expenses		
19,611	13,170	Salary and related expenses	16,317	11,443
17,484	6,954	Marketing and charity expenses	15,028	5,314
5,997	3,913	Deposit insurance expenses	5,997	3,913
5,358	3,948	Rent of premises and household expenses	5,086	3,704
2,310	1,761	Depreciation and amortization	2,154	1,792
1,642	1,094	Taxes	1,629	1,076
1,723	1,280	Transport, post and communication service expenses	1,243	967
1,420	864	Training and business trip expenses	1,151	654
8,587	5,562	Other expenses	6,744	3,668
64,132	38,546	Total operating expenses	55,349	32,531

AB ŪKIO BANKAS

EXPLANATORY NOTES

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(All amounts in LTL thousands unless otherwise stated)

NOTE 15 CAPITAL ADEQUACY

The capital adequacy ratio set by Bank of Lithuania is to be at least 8 percent of the Group's and the Bank's capital.

The capital adequacy ratio as of 30 June 2007 and 31 December 2006, calculated in accordance with the Bank of Lithuania regulations, is presented in the table below:

The Group			The Bank	
30.06.2007 (unaudited)	31.12.2006		30.06.2007 (unaudited)	31.12.2006
		Tier 1 capital		
176,708	176,708	Share capital	176,708	176,708
34,500	34,500	Share premium	34,500	34,500
41,020	12,247	Undistributed profit of previous years	36,679	6,947
(5,732)	(5,280)	Deductions	(1,668)	(1,220)
246,496	218,175	Total Tier 1 capital	246,219	216,935
		Tier 2 capital		
21,543	8,377	General reserves for loan losses	21,543	8,377
10,467	8,191	Revaluation reserve – available-for-sale investment securities	9,763	7,484
55,752	60,145	Fixed assets revaluation reserve	-	-
5,648	5,492	Currency translation reserve	-	-
2,000	2,000	Restricted (distributable) profit	2,000	2,000
5,300	2,296	Legal reserve	4,900	2,183
3,077	3,946	Eligible for inclusion in Tier 2 capital part of subordinated loans	3,077	3,946
-	-	Deductions	(5,850)	(4,140)
103,787	90,447	Total Tier 2 capital	35,433	19,850
350,283	308,622	Total Capital Base	281,652	236,785
		Risk-weighted assets and off-balance sheet items		
2,664,839	1,970,860	Banking book risk-weighted assets and off-balance sheet items	2,491,495	1,798,371
307,350	343,590	Trading book risk-weighted assets and off-balance sheet items	293,960	354,200
2,972,189	2,314,450	Total risk-weighted assets and off-balance sheet items	2,785,455	2,152,571
8.29	9.43	Tier 1 capital / Total risk-weighted assets and off-balance sheet items, %	8.84	10.08
11.79	13.33	Capital adequacy ratio, %	10.11	11.00

AB ŪKIO BANKAS

EXPLANATORY NOTES FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2007

(All amounts in LTL thousands unless otherwise stated)

NOTE 16 RELATED PARTY TRANSACTIONS

As of 30 June 2007 the unaudited related party transactions consisted of the following:

The Group	Members of the Board	Members of the Council	Shareholders	Other related parties
Loans, finance lease	1,199	1,912	-	1,379
Average interest rate, %	3.74	3.67	-	3.77
Income	22	35	-	23
Deposits	330	135	-	1,014
Average interest rate, %	3.11	3.30	-	3.99
Expenses	2	1	-	11

Other related parties include the Bank's subsidiaries' heads of administration and their close relatives.

The Bank	Members of the Board	Members of the Council	Shareholders	Other related parties
Loans, finance lease	1,199	1,902	-	1,353
Average interest rate, %	3.74	3.67	-	3.77
Income	22	34	-	23
Deposits	330	135	-	1,014
Average interest rate, %	3.11	3.30	-	3.99
Expenses	2	1	-	11

For the six month period ended 30 June 2007 the Bank's unaudited management payroll and related taxes expenses amounted to LTL'000 1,707 (30 June 2006: LTL'000 622).

As of 31 December 2006 related party transactions consisted of the following:

The Group	Members of the Board	Members of the Council	Shareholders	Other related parties
Loans, financial lease	385	867	33,650	21,149
Average interest rate, %	4.20	3.72	7.33	4.03
Income	7	19	212	334
Deposits	136	77	142	1,179
Average interest rate, %	2.33	0.48	-	3.56
Expenses	-	-	-	25
The Bank	Members of the Board	Members of the Council	Shareholders	Other related parties
Loans, finance lease	63	560	33,650	13,624
Average interest rate, %	5.79	3.74	7.33	6.42
Income	1	13	212	347
Deposits	60	61	142	1,271
Average interest rate, %	1.97	0.25	-	3.48
Expenses	-	-	-	25

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FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2007

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As of 30 June 2007 and for the six month period then ended the Bank's unaudited related party transactions with subsidiaries were as follows:

Related parties	Bank's payables	Bank's receivables	Income received	Expenses
UAB Ūkio Banko Lizingas	323	158,505	5,038	101
UAB Turto Valdymo Sistemose	13	86,055	1,978	1
UAB Turto Valdymo Strategija	12	125,177	1,864	1
UAB Turto Valdymo Sprendimai	-	103,524	2,019	1
UAB Ūkio Banko Investicijų Valdymas	1,413	-	-	9
RAB Ūkio Bank Lizing	-	18,170	386	-
OAO Russkij Karavaj	317	-	-	-

As of 31 December 2006 and for the year then ended the Bank's unaudited related party transactions with subsidiaries were as follows:

Related parties	Bank's payables	Bank's receivables	Income received	Expenses
UAB Ūkio Banko Lizingas	1,255	133,572	8,418	129
UAB Turto Valdymo Sistemose	872	83,341	815	-
UAB Turto Valdymo Strategija	23,373	11,690	1,213	-
UAB Turto Valdymo Sprendimai	11	76,128	441	-
UAB Ūkio Banko Investicijų Valdymas	130	-	-	2
RAB Ūkio Bank Lizing	-	3,994	53	-
OAO Russkij Karavaj	-	-	179	-

The transactions with related parties were concluded on an arm's length basis.

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EXPLANATORY NOTES FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2007

(All amounts in LTL thousands unless otherwise stated)

NOTE 17 CONTINGENT ASSETS AND LIABILITIES AND COMMITMENTS

As of 30 June 2007 and 31 December 2006 contingent assets and liabilities and commitments consisted of the following:

The Group		Claims and liabilities	The Bank	
30.06.2007 (unaudited)	31.12.2006		30.06.2007 (unaudited)	31.12.2006
400,477	431,251	Spot liabilities	400,477	431,251
400,514	431,030	Spot claims	400,514	431,030
178,046	143,270	Irrevocable lending commitments	184,539	133,359
50,257	34,031	Guarantees and warranties	50,257	34,031
1,951	5,662	Commitments to issue letters of credit	1,951	5,662
1,741	98	Other off balance commitments	1,936	290

As of 30 June 2007 UAB Ūkio Banko Lizingas has finance lease contracts in the amount LTL'000 4,060 signed, but not yet executed (31 December 2006: LTL'000 2,336)

Finance lease – as of 30 June 2007 the Bank has outstanding finance lease obligations under finance lease contracts in the amount of LTL'000 240 (31 December 2006: LTL'000 1,247). Minimum finance lease payment obligations are recorded in the balance sheet under liabilities. The Bank's obligations under finance leases are secured by the lessor's right to the leased assets. The Bank's finance lease obligations relate to lease contracts signed with the Bank's wholly owned subsidiary UAB Ūkio Banko Lizingas.

Operating leases – The Bank rents offices, other premises and land for banking activities. The Bank has outstanding non-cancelable commitments in connection with the rental agreements as of 30 June 2007 amounting to LTL'000 37,765 (31 December 2006: LTL'000 24,524).

As of 30 June 2007 and 31 December 2006 the future annual minimum commitments under leases were the following:

	30.06.2007 (unaudited)		31.12.2006	
	Finance lease	Operating lease	Finance lease	Operating lease
2007	69	6,311	832	4,984
2008	130	5,685	419	3,903
2009	61	5,394	90	3,514
2010	-	5,413	-	3,092
2011	-	4,677	-	2,756
Thereafter	-	10,285	-	6,275
Minimum lease payments	260	37,765	1,341	24,524
Less: interest	(20)		(94)	
Present value of minimum lease payments	240		1,247	

It is expected that in the normal course of business, expiring leases will be renewed or replaced by leases on other fixed assets.

Litigation and claims – As of 30 June 2007 and 31 December 2006 the Group/Bank was not involved in any legal proceedings except for those related to loan loss recovery, which in the management's opinion would have a material impact on the financial statements.

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EXPLANATORY NOTES FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2007

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NOTE 18 SEGMENT ANALYSIS BY BUSINESS SEGMENT

For the six month period ended 30 June 2007 and as of 30 June 2007 business segments consisted of the following:

	01.01.2007- 30.06.2007 (unaudited)				Group
	Banking	Finance lease	Other activities	Elimination	
Revenues:					
Internal	11,317	101	5,051	(16,469)	-
External	159,894	18,871	1,067	-	179,832
	171,211	18,972	6,118	(16,469)	179,832
Expenses:					
Internal	(109)	(5,459)	(10,901)	16,469	-
External	(113,373)	(9,214)	(664)	-	(123,251)
	(113,482)	(14,673)	(11,565)	16,469	(123,251)
Segment result	57,729	4,299	(5,447)	-	56,581
Impairment losses	3,084	(3,091)	(1)	-	(8)
Depreciation and amortization	(2,154)	(155)	(1)	-	(2,310)
Profit before tax	58,659	1,053	(5,449)	-	54,263
Income tax	(8,826)	(483)	(70)	-	(9,379)
Net result for the year	49,833	570	(5,519)	-	44,884
Attributable to:					
Equity holders of the parent	49,833	570	(4,129)	-	46,274
Minority interest	-	-	(1,390)	-	(1,390)
Assets	3,703,615	234,633	707,417	(763,223)	3,882,442
Liabilities	3,367,689	223,495	563,980	(698,668)	3,456,496

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(All amounts in LTL thousands unless otherwise stated)

For the six month period ended 30 June 2006 and as of 30 June 2006 business segments consisted of the following:

	01.01.2006- 30.06.2006				Group
	Banking	Finance lease	Other activities	Elimination	
Revenues:					
Internal	5,103	70	81	(5,254)	-
External	110,884	14,183	12,880	-	137,947
	115,987	14,253	12,961	(5,254)	137,947
Expenses:					
Internal	70	4,021	1,163	(5,254)	-
External	72,512	6,876	18,854	-	98,242
	72,582	10,897	20,017	(5,254)	98,242
Segment result	43,405	3,356	(7,056)	-	39,705
Impairment losses	20,934	2181	-	-	23,115
Depreciation	1,704	162	-	-	1,866
Profit before tax	20,767	1,013	(7,056)	-	14,724
Income tax expenses	1,157	456	889	-	2,502
Net result for the year	19,610	557	(7,945)	-	12,222
Attributable to:					
<i>Equity holders of the parent</i>	-	-	-	-	15,161
<i>Minority interest</i>	-	-	-	-	(2,939)
Assets	2,579,231	160,041	615,612	(630,066)	2,724,818
Liabilities	2,327,003	150,025	502,381	(573,109)	2,406,300

The Banking segment includes financial information of AB Ūkio Bankas, Finance lease segment includes financial information of UAB Ūkio Banko Lizingas and RAB Ūkio Bank Lizing. Other activities segment includes financial information of OAO Russkij Karavaj, UAB Turto Valdymo Strategija, UAB Turto Valdymo Sprendimai, UAB Turto Valdymo Sistemos, UAB Ūkio Banko Investicijų Valdymas and UAB Ūkio Banko Rizikos Kapitalo Valdymas.

NOTE 19 POST BALANCE SHEET EVENTS

On 2 July 2007 the Bank has acquired 80.02% interest in UAB Bonum Publicum and became the sole shareholder of the company. The Bank acquired shares in UAB Bonum Publicum with an intention of resale.

On 9 August 2007 the Bank increased its share capital by LTL'000 20,000 to LTL'000 196,708.
