



**AB ŪKIO BANKAS INTERIM INFORMATION FOR
THE SIX MONTH PERIOD OF THE YEAR 2011
(unaudited)**

(Prepared in accordance with the Rules of Preparing and Disclosure of Periodic and Additional Information approved by the Lithuanian Securities Commission)

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CONFIRMATION OF RESPONSIBLE PERSONS**CONFIRMATION OF RESPONSIBLE PERSONS**

We hereby confirm that to the best of our knowledge, interim consolidated financial statements for the six month period ended 30 June 2011 prepared in accordance with applicable accounting standards are true and fairly present assets, liabilities, financial position, profit or loss and cash flows of the Bank and consolidated companies. As per our knowledge, interim consolidated report includes a fair review of the development and performance of the business.

Deputy Chairman –
Head of Finance Division



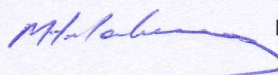
Arnas Žalys

Chief Accountant



Vidutė Petraitiene

Head of Financial Institutions and Fund Raising Department



Marius Arlauskas



The report is prepared in Kaunas, 4th August 2011

REPORTING PERIOD

The report includes information for the six month period ended 30 June 2011. All amounts are presented as of 30 June 2011, unless otherwise stated. AB Ūkio Bankas can also be referred to as "the Bank", AB Ūkio Bankas Group – "the Group".

COMPANIES CONSTITUTING THE GROUP AND THEIR CONTACT DETAILS

As of 30 June 2011, AB Ūkio Bankas Group consisted of AB Ūkio Bankas (parent company) and 9 subsidiaries listed below:

Name	Activity	Country	Ownership share
UAB Ūkio Banko Lizingas	Finance lease	Kaunas, Lithuania	100%
UAB GD Bonum Publicum	Life insurance	Vilnius, Lithuania	100%
UAB Ūkio Banko Investicijų Valdymas	Financial intermediation	Kaunas, Lithuania	100%
UAB Ūkio Banko Rizikos Kapitalo Valdymas	Asset management and administration	Kaunas, Lithuania	100%
RAB Ukio Bank Lizing *	Finance lease	Kiev, Ukraine	100%
UAB Investicinio Turto Valdymas	Asset management and administration	Vilnius, Lithuania	100%
UAB Trade Project	Lease and administration of real estate	Kaunas, Lithuania	100%
UAB Turto Valdymo Paslaugos	Asset management	Kaunas, Lithuania	100%
UAB Eastern Europe Development Fund	Asset management	Kaunas, Lithuania	100%

* UAB Ūkio Banko Rizikos Kapitalo Valdymas owns 100% of the shares of RAB Ukio Bank Lizing.

Contact details of parent company:

Name of the Bank	AB Ūkio Bankas
Legal organizational form	Joint-stock company
Registration place and date	State Enterprise Registers Centre, Republic of Lithuania, 19 November 1990
Registration number	112020136
Head Office address	Maironio str. 25, LT-44250 Kaunas, Republic of Lithuania
Telephone number	+370 37 301 301
Fax number	+370 37 323 188
E-mail address	ub@ub.lt
Website	www.ub.lt

Contact details of UAB Ūkio Banko Lizingas:

Name of the Subsidiary	UAB Ūkio Banko Lizingas
Legal organizational form	Closed joint-stock company
Registration date and place	State Enterprise Registers Centre, Republic of Lithuania, 14 July 1997
Registration number	234995490
Head Office address	Donelaičio str. 60, LT-44248 Kaunas, Republic of Lithuania
Telephone number	+370 37 407 200
E-mail address	info@ubl.lt
Website	www.ubl.lt

Contact details of GD UAB Bonum Publicum:

Name of the Subsidiary	GD UAB Bonum Publicum
Legal organizational form	Closed joint-stock company
Registration date and place	State Enterprise Registers Centre, Republic of Lithuania, 31 August 2000
Registration number	110081788
Head Office address	A. Goštauto str. 40, LT-01112 Vilnius, Republic of Lithuania
Telephone number	+370 5 236 27 23
E-mail address	life@bonumpublicum.lt
Website	www.bonumpublicum.lt

Contact details of UAB Ūkio Banko Investicijų valdymas:

Name of the Subsidiary	UAB Ūkio Banko Investicijų Valdymas
Legal organizational form	Closed joint-stock company
Registration date and place	State Enterprise Registers Centre, Republic of Lithuania, 3 April 2006
Registration number	300556509
Head Office address	J. Gruodžio str. 9, LT-44293 Kaunas, Republic of Lithuania
Telephone number	+370 37 301 390, +370 37 395 526
E-mail address	fondai@ub.lt
Website	www.ub.lt

Contact details of UAB Ūkio Banko Rizikos Kapitalo Valdymas:

Name of the Subsidiary	UAB Ūkio Banko Rizikos Kapitalo Valdymas
Legal organizational form	Closed joint-stock company
Registration date and place	State Enterprise Registers Centre, Republic of Lithuania, 26 June 2007
Registration number	300890619
Head Office address	Laisvės av. 80/Maironio str. 26, LT-44249 Kaunas, Republic of Lithuania
Telephone number	+370 37 395 550, +370 686 74 002
E-mail address	info@ubrkv.lt
Website	www.ubrkv.lt

Contact details of RAB Ūkio Bank Lizing:

Name of the Subsidiary	RAB Ūkio Bank Lizing
Legal organizational form	Limited liability company
Registration date and place	State administration of Sevchenko district, Kiev, Ukraine, 13 February 2006
Registration number	34003114
Head Office address	Artema 14A-43, Kiev, 04053, Ukraine
Telephone number	+38 044 502 83 10
E-mail address	ubl-ukraine@ubl.lt
Website	www.ubleasing.kiev.ua

Contact details of UAB Investicinio Turto Valdymas:

Name of the Subsidiary	UAB Investicinio Turto Valdymas
Legal organizational form	Closed joint-stock company
Registration date and place	State Enterprise Registers Centre, Republic of Lithuania, 30 May 2005
Registration number	300118934
Head Office address	Aguonų str. 10, LT- 03213 Vilnius, Republic of Lithuania
Telephone number	+370 687 32405, +370 37 301 301
E-mail address	ub@ub.lt
Website	www.ub.lt

Contact details of UAB Trade Project:

Name of the Subsidiary	UAB Trade Project
Legal organizational form	Closed joint-stock company
Registration date and place	State Enterprise Registers Centre, Republic of Lithuania, 10 May 2004
Registration number	300025177
Head Office address	Donelaičio str. 60, LT-44248 Kaunas, Republic of Lithuania
Telephone number	+370 37 301 352
E-mail address	ub@ub.lt ; o.bankauskiene@ub.lt
Website	www.ub.lt

Contact details of UAB Turto valdymo paslaugos:

Name of the Subsidiary	UAB Turto Valdymo Paslaugos
Legal organizational form	Closed joint-stock company
Registration date and place	State Enterprise Registers Centre, Republic of Lithuania, 12 May 2010
Registration number	302508445
Head Office address	Donelaičio str. 60, LT-44248 Kaunas, Republic of Lithuania
Telephone number	+370 37 301 362
E-mail address	ub@ub.lt
Website	www.ub.lt

Contact details of UAB Eastern Europe Development Fund:

Name of the Subsidiary	UAB Eastern Europe Development Fund
Legal organizational form	Closed joint-stock company
Registration date and place	State Enterprise Registers Centre, Republic of Lithuania, 21 November 2007
Registration number	301278660
Head Office address	Laisvės av. 80 / Maironio str. 26, LT- 44249 Kaunas, Republic of Lithuania
Telephone number	+370 37 395 524
E-mail address	ub@ub.lt , r.valanciauskas@ubrkv.lt
Website	www.ub.lt

MAIN ACTIVITIES OF THE GROUP

According to the License No. 1 issued to AB Ūkio Bankas pursuant to the resolution No. 19 of the Bank of Lithuania as of 19 November 1990 the Bank is entitled to provide licensed financial services defined in Paragraph 6 of Article 2 of the Law on Banks of the Republic of Lithuania.

The description of the main activities of AB Ūkio Bankas subsidiaries has been provided above.

AGREEMENTS WITH MARKET INTERMEDIARIES OF PUBLIC TRADING IN SECURITIES

AB 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 str. 26, Vilnius, Lithuania	Agreement on financial instruments account handling and execution of orders
AB Swedbank	Konstitucijos ave. 20A, 03502 Vilnius, Lithuania	Securities account handling and intermediation agreement
AS Swedbank	Liivalaia 8, Tallinn, Estonia	Securities account handling and intermediation agreement
AS Swedbank	Balasta dambis 1 a, Riga, Latvia	Securities account handling and intermediation agreement
AB SEB bankas	Gedimino ave. 12, Vilnius, Lithuania	Securities account handling agreement
AB Citadele bankas	K. Kalinausko str. 13, 03107 Vilnius, Lithuania	Agreement on the accounting, custody, and lending of securities and monetary funds and on acceptance and execution of orders
UAB FMI Finbaltus	Konstitucijos ave. 23 C, 660, 08105 Vilnius, Lithuania	Securities accounts servicing agreement
AB FMI Finasta	Maironio str. 11, 01124 Vilnius, Lithuania	Agreement on the accounting, custody, and lending of securities and monetary funds and on acceptance and execution of orders
Nova Banka A. D. Bijeljina	Knjaza Miloša 15, 78000 Banja Luka, Srpska Republika	Brokerage service agreement
Balkan Investment Bank AD, Banja Luka Balkan Investment Broker, Banja Luka	Aleja Svetog Save 61, Banja Luka, Srpska Republika, Bosnia and Herzegovina	Brokerage service agreement
Troika Dialog (Bermuda) Limited	Chancery Hall 52 Reid Street, Hamilton HM 12 Bermuda	Intermediation and brokerage service agreement
Deutsche Bank AG	Winchester House, 1 Great Winchester Street, London EC2N 2DB, UK	Securities custody agreement
Deutsche Bank AG	Herengracht 450-454 NL-1017 CA Amsterdam, Netherlands	Securities custody agreement
ОАО Банк ЗЕНИТ	9, Banny pereulok, Moscow 129110, Russia	Agreement on the performance of operations on the securities market
Erste Bank Befektetesi Rt.	Madach Imre u. 13-15, 1075 Budapest, Hungary	Intermediation agreement
Erste Bank Hungary Ltd.	24-26 Nefurdo u., Budapest, Hungary H-1138	Securities custody agreement

(continued)

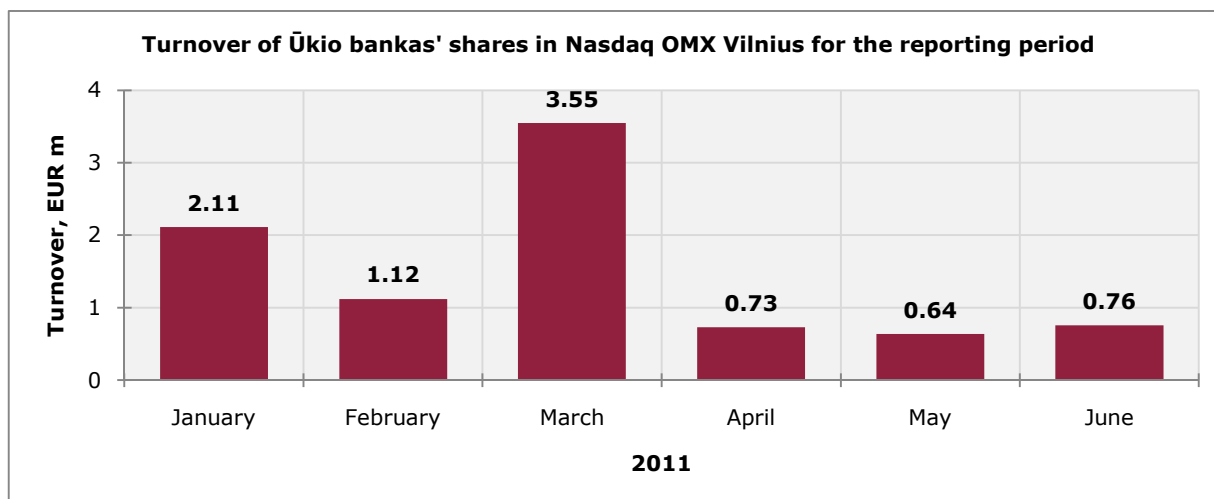
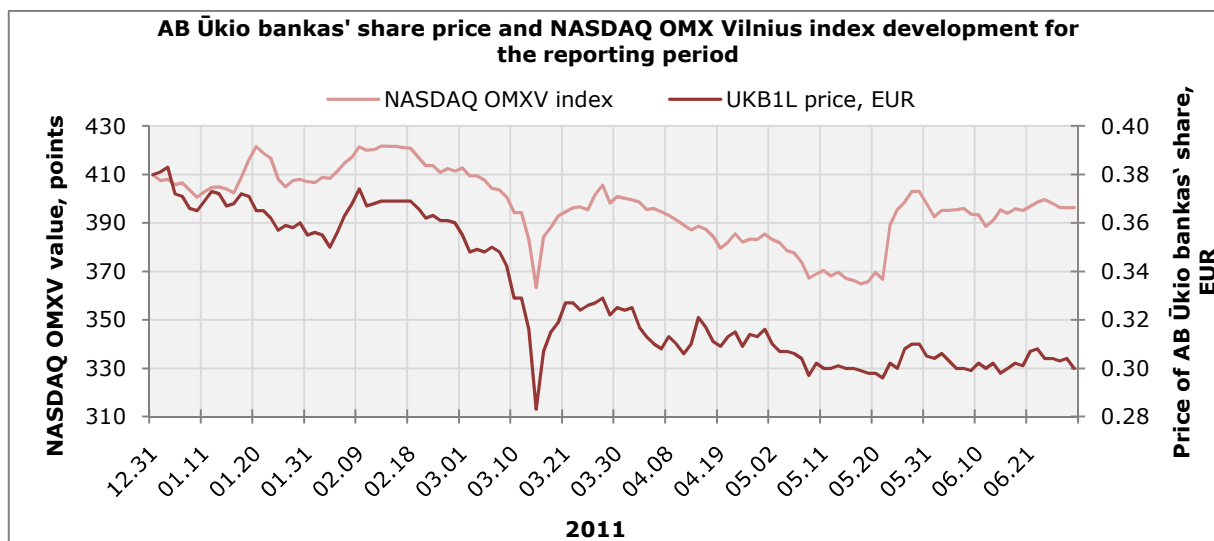
Intermediary	Address	Nature of the agreement
Citadele Asset Management	2a Republikas square, LV-1010 Riga, Latvia	Agreement on investment portfolio management
SG Private Banking (Suisse) S.A.	Rue de la Corrairie 6, Case postale 5022, 1211 Geneve 11, Switzerland	Agreement on securities custody and brokerage service
Credit Suisse AG	Paradeplatz 8, 8001 Zurich, Switzerland	Agreement on securities custody and brokerage service
Interactive brokers	Gotthardstrasse 3, 6301 Zug, Switzerland	Brokerage service agreement
ASD Financial Services Corp.	25 SE Second Avenue, Suite 606 Miami, Florida 33131 USA	Intermediation agreement
Hauck & Aufhaeuser Privatbankiers KGaA	Kaiserstrasse 24 60311 Frankfurt am Main Germany	Securities custody agreement

(Concluded)

TRADING IN THE BANK'S SECURITIES ON STOCK EXCHANGES

AB Ūkio Bankas ordinary registered shares (name: UKB1L) are traded on NASDAQ OMX Vilnius Stock Exchange (VSE) (www.nasdaqomxbaltic.com) Official List. As of 30 June 2011 295,824,000 (two hundred ninety five million eight hundred twenty four thousand) ordinary registered shares were quoted on the NASDAQ OMX Vilnius Stock Exchange.

AB ŪKIO BANKAS SHARE PRICE PERFORMANCE AND TURNOVER FOR THE REPORTING PERIOD



AUTHORIZED CAPITAL AND ITS STRUCTURE

As of 30 June 2011 the authorized capital of the Bank amounted to LTL'000 295,824 (two hundred ninety five million eight hundred twenty four thousand) and it was divided into 295,824,000 (two hundred ninety five million eight hundred twenty four thousand) ordinary registered shares. The nominal value is LTL 1 (one) per share.

All shares are fully paid. The rights of all the shares are equal; there are no restrictions on the share disposal.

Every ordinary registered share of the Bank provides 1 (one) vote for its owner in the General Meeting of the Shareholders.

Shareholders have property and non-property rights.

The shareholders of AB Ūkio Bankas have the following property rights:

- gain part of the profit of the Bank (dividend);
- gain Bank's funds when an authorized capital is decreased seeking to pay out for shareholders;
- gain part of the property of the liquidated Bank;
- gain shares free of charge when the authorized capital is increased out of the funds of the Bank except for the exceptions as stated in Part 3 of Article 42 of the Law on Joint Stock Companies of the Republic of Lithuania;
- have a right of pre-emption to acquire shares or converted bonds emitted by the Bank except for the case when the General Meeting of the Shareholders following the order established by the Law on Joint Stock Companies of the Republic of Lithuania decides to cancel the right of pre-emption for all the shareholders;
- in the manner established by laws lend to the Bank, but the Bank borrowing from its shareholders does not have a right to mortgage its property to the shareholders. When the Bank borrows from the shareholder, the interests must not exceed the average interest rate that is valid at the moment of the conclusion of the loan agreement at the commercial banks located in the place of residence and business of the lender. In this case, the Bank and the shareholders are forbidden to agree on higher interest rate;
- other property rights as established by laws.

The shareholders of AB Ūkio Bankas have the following non-property rights:

- participate at the General Meetings of the Shareholders;
- to submit questions to the Bank related to the schedule of General Meetings of the Shareholders beforehand;
- according to the rights as provided by the shares to vote in General Meetings of the Shareholders;
- receive information on the Bank as stated in Part 1 of Article 18 of the Law on Joint Stock Companies of the Republic of Lithuania;
- address the court with a claim pleading to recover the loss for the Bank that was incurred due to the non-performance or improper performance of the duties of the Head of the Administration of the Bank and members of the Board as established in the Law on Joint Stock Companies and other laws of the Republic of Lithuania as well as Articles of the Bank, as well as in other cases as established by the laws;
- other non-property rights as established by the laws.

Voting right in the General Meetings of the Shareholders is provided only by fully paid shares.

In case of increasing the Bank's authorized capital, a person shall become the Bank's shareholder and acquire all rights and duties granted to him by the proportion of the Bank's authorized capital and/or voting rights acquired by him from the date of registration of amendments to the Bank's Statute regarding an increase in the Bank's authorized capital and/or voting rights.

The part of the authorized capital of the Bank and (or) voting rights that are possessed by a person having acquired the qualified part of the authorized capital of the Bank and (or) voting rights or having increased it without a decision of the supervising institution when such a decision was necessary, or when the supervising institution makes a decision to suspend the right to use the voting right, loses the voting right in the General Meeting of the Shareholders of the Bank.

Increasing the authorized capital of the Bank by additional contributions, the new shares of the Bank can be paid only by money or demand rights according to the commitments of the Bank to pay, except for the cases when the authorized capital of the Bank is increased during the re-organization of the Bank. The person having signed the shares must fully pay the shares of the Bank not later than until the day when the Bank addresses the supervising institution regarding the issue of a permission to register the amendments of the Articles of the Bank related to the increase of the authorized capital of the Bank.

RESTRICTIONS ON SECURITIES TRANSFER

There are no restrictions to freely transfer shares of the Bank, except for the cases cited in the Republic of Lithuania Law on Banks. Shareholders of a bank may not be:

- the legal persons financed from State or municipal budgets;
- the persons who have not submitted, in the cases and according to the procedure set forth by legal acts, to the supervisory institution data on their identities, members, activities, financial situation, the heads of a legal person, the persons for whose benefit shares are acquired or the legitimacy of the acquisition of the funds used to acquire the bank's shares or who have not proved the legitimacy of the acquisition of the funds used to acquire the bank's shares;
- the persons who object that the supervisory institution manages, in the cases and according to the procedure set forth by laws and other legal acts, their data required for the issuance of the licenses and granting of the authorizations and consents provided for under the Law on Banks of the Republic of Lithuania, including their personal data and information on a person's previous convictions and health.

A person or the persons acting in concert who have taken a decision on the acquisition of a qualifying holding in a Bank's authorized capital and/or voting rights or to increase it so that the proportion of the Bank's authorized capital and/or voting rights held by him would reach or exceed 20%, 30% or 50% of the holding or so that the bank would become controlled by him must give a written notice thereof to the supervisory institution and indicate the size of the proportion of the qualifying holding in the Bank's authorized capital and/or voting rights to be acquired, also submit the documents and provide the data specified in a list indicated in Paragraph 2 of Article 25 of the Law on Banks of the Republic of Lithuania.

SHAREHOLDERS

As of 30 June 2010 the Bank had 10,959 shareholders, who were holding 295,824,000 shares. The nominal value of each AB Ūkio Bankas ordinary registered share is LTL 1.

Over 5% of the registered authorized capital of the Bank was owned by the following shareholders (30 June 2011):

Shareholder's corporate name/ full name	Legal shareholder's code	Legal address	Shares held under the property right, number/ percentage of authorized capital, %	Votes held under the property right, number/ percentage of votes, %	Votes held in concert with other persons, number/ percentage of votes, %
Romanov Vladimir	-	-	157,084,696/ 53.1007%	157,084,696/ 53.1007%	157,084,696/ 53.1007%
UAB Universal Business Investment Group Management	210869960	Donelaičio str. 60, Kaunas, Lithuania	24,557,256/ 8.3013%	24,557,256/ 8.3013%	24,557,256/ 8.3013%
InCompleks LLC	CP00193203	101 South Spring str., Suite 220, Little Rock, Arkansas 72201, USA	16,827,276/ 5.6883%	16,827,276/ 5.6883%	16,827,276/ 5.6883%
UAB FIRST Partneriai	301145610	Donelaičio str. 60, Kaunas, Lithuania	16,467,474/ 5.5666%	16,467,474/ 5.5666%	16,467,474/ 5.5666%
Other			80,887,298/ 27.3431%	80,887,298/ 27.3431%	80,887,298/ 27.3431%
TOTAL:			295,824,000/ 100.00%	295,824,000/ 100.00%	295,824,000/ 100.00%

- there are no shareholders of AB Ūkio Bankas acting in concert;
- Bank has no shareholders having special control rights;
- Bank does not have any information on any restrictions of voting rights;
- Bank does not have any information on any reciprocal agreements of shareholders because of which restrictions upon securities and voting rights transfer can be applied.

EMPLOYEES OF THE BANK

As of 30 June 2011, the average number of AB Ūkio Bankas employees was 643. 80% of them had the university education (including those still studying), 12% had college education (including those still studying) and 8% had secondary and vocational education.

AB Ūkio Bankas employee groups and average monthly salary in each group are presented in the table below:

	Average number of employees			Average monthly salary (before taxes, in LTL)		
	30.06.2011	31.12.2010	31.12.2009	30.06.2011	31.12.2010	31.12.2009
Managing employees	128	120	123	6,707	6,292	6,208
Specialists	479	463	465	2,812	2,843	3,030
Other employees	36	36	38	2,728	2,809	2,756
Total	643	619	626	3,537	3,537	3,638

The staff policy of AB Ūkio Bankas is oriented to long-term employment relations. 23% of the staff has worked with the Bank for over 10 years. Conditions are created for the employees to advance their skills, raise qualification, study, be career-oriented and realize their best abilities.

There are no collective agreements signed in AB Ūkio Bankas.

RULES GOVERNING THE STATUTE CHANGE OF THE BANK

The annual shareholders meeting can, by a qualified majority of votes, that cannot be less than 2/3 of all the possible votes of shareholders that are attending the meeting, make a decision to change the Bank's statute. There are exceptions to this general rule that are put down in the Law Governing Joint-Stock Companies of the Republic of Lithuania.

Changes of the Banks statute can only be registered at the juridical persons registrar after receiving a permission to do so from a supervising institution, if the changes are made about: 1) the Name of the Bank; 2) the size of the authorized capital; 3) the number of shares, also about the number of each type of shares, their par value and the rights they grant; 4) the competence of the bodies of the Bank, the order of electing and deposing their members.

Permission to register changes in the Bank's statute is given by a supervising institution, following the rules, mentioned in the Bank Law of the Republic of Lithuania and in acts of the supervising institution itself. If the Bank wants to receive the permission to register the changes in the statute, it is required to give a request to the supervising institution along with other documents and data that are required by the acts of that institution. If changes in the statute are related to increase of authorized capital of the Bank, documents and data mentioned in Items 6 and 7 of Paragraph 2 of Article 8 of the Law on the Banks of the Republic of Lithuania have to be provided.

Changes in the statute cease to exist if they are not given to the juridical persons' registrar within 12 months from the signing of the changes or from the moment when the annual shareholders meeting decides to change the statute.

BODIES OF THE BANK, THEIR ACTIVITIES AND AUTHORITY

The bodies of AB Ūkio Bankas are the General Meeting of the Shareholders, the Supervisory Council of the Bank, the Board of the Bank and the Head of the Administration (CEO) of the Bank. The managing bodies of the Bank are the Board and the Head of Administration of the Bank.

The General Meeting of the Shareholders

The General Meeting of Shareholders by a simple majority of votes is entitled:

- to change premises of the Bank;
- to elect the members of the Supervisory Council of the Bank;
- to revoke Supervisory Council of the Bank or its members;
- to elect and to revoke the auditing company, to define the conditions of payment for the auditing services;
- to approve the set of annual financial statements;
- to adopt a resolution for the Bank to acquire its own shares;
- to elect and to revoke the Liquidator of the Bank, excluding cases of exceptions specified in the Law of the Republic of Lithuania on Joint-Stock Companies.

The General Meeting of Shareholders by a qualified majority of votes that cannot be less than 2/3 of votes attached to the shares of shareholders participating in the General Meeting of Shareholders adopts the following resolutions:

- to change the Articles of the Bank, excluding cases of exceptions specified in the Law of the Republic of Lithuania on Joint-Stock Companies;
- to determine the class, number, nominal value and minimum emission price of shares issued by the Bank;
- to convert shares of the Bank from one class to another, to approve the regulations for conversion of shares;
- to issue convertible securities;
- regarding distribution of profit (loss);
- regarding formation, usage, reduction and cancellation of reserves;
- to increase the authorized capital;
- to reduce the authorized capital, excluding cases of exceptions specified in the Law of the Republic of Lithuania on Joint-Stock Companies;
- regarding reorganization or separation of the Bank and approval of conditions for reorganization or separation;
- regarding reformation of the Bank;
- regarding restructuring of the Bank;
- regarding liquidation or revocation of liquidation of the Bank, excluding cases of exceptions specified in the Law of the Republic of Lithuania on Joint-Stock Companies;
- to transfer to the managerial bodies of the Bank the right to manage the total property of the Bank.

The resolution to cancel the priority right of all shareholders to obtain shares of a concrete emission issued by the Bank or convertible securities of a concrete emission issued by the Bank is adopted by a qualified majority of votes which cannot be less than 3/4 of votes attached to the shares held by shareholders participating in the General Meeting of Shareholders and holding the right to vote in solving the issue.

The General Meeting of Shareholders considers or solves other issues that have to be considered or solved by the General Meeting of Shareholders according to the laws or other legal acts of the Republic of Lithuania.

The General Meeting of Shareholders may adopt resolutions and is considered to have taken place when it is attended by shareholders who hold shares that entitle them to more than 1/2 of total votes. After establishing the presence of the quorum, it is considered that it is present throughout the meeting. If there is no quorum, the General Meeting of Shareholders is considered not to have taken place and a repeated General Meeting of Shareholders must be convened with the right to adopt resolutions only on the agenda of the failed meeting, the requirement for quorum being not applicable.

In the determination of the total number of votes attached to the shares of the Bank and the quorum of the General Meeting of Shareholders, the shares with an attached right of vote the usage of which is prohibited under the laws or by a Court judgment are considered to be not entitling to vote.

The voting at the General Meeting of Shareholders is open. Secret voting is obligatory for all shareholders on those issues on which secret voting is requested by at least one shareholder and this is supported by shareholders holding shares that entitle to no less than 1/10 of votes at the General Meeting of Shareholders.

The Supervisory Council of the Bank

The Supervisory Council of the Bank is a collegial body conducting the supervision over the Bank's activities. The Supervisory Council of the Bank is formed of 5 members. It is elected by the General Meeting of Shareholders. In the election of the members of the Supervisory Council of the Bank, each shareholder has such number of votes that is equal to the product obtained by multiplying the number of votes granted to him by the shares held by him and the number of the members of the Supervisory Council of the Bank to be elected. Such votes are distributed by the shareholder at his own discretion – by voting either for one or several candidates. The candidates who receive more votes are elected. If the number of candidates who receive an equal number of votes is higher than the number of positions to be taken at the Supervisory Council of the Bank, a repeated voting is held during which each shareholder may only vote for one of those candidates who received an equal number of votes.

The Supervisory Council of the Bank is elected for 4 years. The Supervisory Council of the Bank performs its functions for a period of time indicated in the Articles of the Bank or till a new Supervisory Council of the Bank is elected but no longer than till the ordinary General Meeting of Shareholders held in the year of the end of term of office of the Supervisory Council of the Bank. The number of terms of office of a member of the Supervisory Council of the Bank is not limited.

The Supervisory Council of the Bank elects the Chairman of the Supervisory Council of the Bank from its members.

The sittings of the Supervisory Council of the Bank are summoned by the Chairman of the Supervisory Council of the Bank.

A member of the Supervisory Council of the Bank may resign from office before the expiry of the term of office by giving a notification in writing to the Bank no later than 14 days in advance.

If a member of the Supervisory Council of the Bank is recalled, resigns or for some other reason ceases to be in office and the shareholders holding the shares that entitle them to no less than 1/10 of total votes oppose the election of separate members of the Supervisory Council of the Bank, the Supervisory Council of the Bank is deprived of its authorities and a complete Supervisory Council of the Bank has to be elected. If separate members of the Supervisory Council of the Bank are elected, they are elected till the end of the term of office of the Supervisory Council of the Bank currently in office.

The Supervisory Council or its members start their activities at the end of the General Meeting of Shareholders that elected the Supervisory Council of the Bank or its members.

The Supervisory Council of the Bank:

- approves plans of the Bank activities;
- determines regulations for lending which can only be executed with the approval of the Supervisory Council of the Bank;
- ensures that the Bank has an effective internal control system;
- elects members of the Board of the Bank and recalls them from office. If the Bank experiences losses in its work, the Supervisory Council of the Bank has to consider whether the members of the Board of the Bank are suitable for the office;
- supervises the activities of the Head of the Board and the Heads of Administration of the Bank and fixes the range of the salaries for the members of the Board of the Bank who hold a position in the Bank and Heads of Administration of the Bank;
- presents to the General Meeting of Shareholders suggestions and comments regarding Bank activity strategies, set of annual financial statements, profit distribution project and report on the Bank activities as well as on the activities of the Head of the Board and the Head of Administration of the Bank;
- submits suggestions to the Board and the Head of Administration of the Bank to revoke their resolutions that contradict laws and other legal acts, the Articles of the Bank or resolutions adopted by the General Meeting of Shareholders;
- forms the Internal Audit Committee, approves of its Articles and controls its activities;
- considers and solves issues that must be considered or solved by the Supervisory Council of the Bank according to the laws on banks and other laws of the Republic of Lithuania or the Articles of the Bank, and other issues of supervision of activities of the Bank and its managerial bodies assigned to the competence of the Supervisory Council of the Bank by the resolutions of the General Meeting of Shareholders.

The Board of the Bank

The Board of the Bank is a collegial body of Bank management. The Board of the Bank consisting of 3 members is elected by the Supervisory Council of the Bank for no more than 4 years. If separate members of the Board of the Bank are elected, they are elected only till the end of the term of office of the Board currently in office. The Board of the Bank elects the Chairman of the Board of the Bank from its members.

The Board of the Bank performs its functions for a period of time indicated in the Articles of the Bank or till a new Board is elected and starts working but no longer than till the ordinary General Meeting of Shareholders held in the year of the end of the term of office of the Board of the Bank.

A member of the Board of the Bank may resign from office before the expiry of the term of office by giving a notification in writing to the Bank no later than 14 days in advance.

The Supervisory Council of the Bank may recall the entire Board of the Bank or its separate members before the end of the term of office.

The Board of the Bank:

1. elects (appoints) and recalls the Head and the Deputy Heads of Administration of the Bank;
2. considers and approves:
 - 2.1. the strategy of Bank activity;
 - 2.2. Bank's annual statement;
 - 2.3. Bank management structure and positions of employees;
 - 2.4. positions to which employees are admitted by a competition procedure;
 - 2.5. regulations for branches, representation offices and structural sub-divisions of the Bank;
3. determines the salaries, other provisions of the employment agreements of the Heads of Administration of the Bank, approves the regulations for their positions held, motivates them, administers penalties;
4. determines information that is considered a secret and confidential of the Bank; information that has to be public according to the Law of the Republic of Lithuania on Joint-Stock Companies and other laws may not be considered a secret of the Bank;
5. determines areas of activities of the members of the Board of the Bank;
6. approves the manner for payment for work and payment of bonuses for the employees, fixes the range of their salaries;
7. approves the functions and procedure for the formation and activities of the Bank's Credit Committee and the Risk Management Committee, approves the regulations of these Committees;
8. approves the categories of residents' deposits and conditions of keeping them;
9. adopts resolutions regarding the improvement of working, domestic, social, recreation conditions of the employees of the Bank;
10. adopts resolutions regarding granting and taking of loans within the competence assigned to it;
11. adopts resolutions regarding writing off detrimental loans and determines the procedure of writing loans off;
12. manages, uses and operates the property taken over for loans;
13. appoints persons for representation in companies in which the Bank has shares;
14. adopts resolutions regarding emission of the Bank's debenture bonds and the regulations for their circulation;
15. determines the crediting policy of the Bank;
16. founds departments for serving the clients, approves their regulations and terminates their activities;
17. ensures that the rights, obligations and accountability of each structural sub-division of the Bank are clearly defined, and ensures that the obligations assigned are appropriately fulfilled;
18. develops procedures that would help to establish, measure, assess and monitor the risk of the Bank's activities;
19. determines the Bank's policy of internal control and watches whether the internal control system is appropriate and efficient;
20. determines the prices and tariffs of the services of the Bank;
21. is responsible for developing a system enabling to determine, measure, assess and monitor the risk of the Bank's activity. The Board of the Bank must periodically revise and assess the system and inform Supervisory Council of the Bank about it;
22. the Board analyzes and evaluates the material submitted by the Head of Administration of the Bank on:
 - 22.1. implementation of the strategy of the Bank's activities;
 - 22.2. organization of the Bank's activities;
 - 22.3. the financial condition of the Bank;
 - 22.4. the results of economic activities, estimates of income and expenses, data of inventory taking and other data of accounts on changes in the property;
23. adopts resolutions for the Bank to become a founder of, participant in other legal entities;
24. adopts resolutions to found branches of the Bank and representation offices and to terminate their activities, and appoints and recalls their managers;
25. adopts resolutions regarding investment, transfer, rent of long-term property the balance value of which is higher than 1/20 of the authorized capital of the Bank (to be calculated separately for each type of transaction);
26. adopts resolutions regarding mortgage and hypothec of long-term property the balance value of which is higher than 1/20 of the authorized capital of the Bank (the total amount of transactions is calculated);
27. adopts resolutions regarding vouching or guarantee for liabilities of other persons the amount of which is higher than 1/20 of the authorized capital of the Bank;
28. adopts resolutions to obtain long-term property at a cost that is higher than that of 1/20 of the authorized capital of the Bank;
29. analyzes, assesses the set of annual financial statements of the Bank and the profit (loss) distribution project and submits them to the Supervisory Council of the Bank and the General Meeting of Shareholders. The Board of the Bank determines the methods of calculation of tangible property depreciation and intangible property amortization;
30. considers or solves other issues that must be considered or solved by the Board of the Bank according to the laws of the Republic of Lithuania on banks and other laws or the Articles of the Bank, resolutions of the General Meeting of Shareholders;
31. solves other issues of the Bank's activities that are not assigned to the competence of other bodies of the Bank according to the laws or other legal acts of the Republic of Lithuania.

Before adopting resolutions specified in 25, 26, and 27 paragraphs above, the Board of the Bank must get an approval of the General Meeting of Shareholders.

The Board of the Bank is responsible for convening and organizing the General Meetings of Shareholders on time.

The Board must submit to the Supervisory Council of the Bank documents related to the activities of the Bank requested by it.

The members of the Board of the Bank must keep the secrets, confidential information of the Bank that became known to them when they were members of the Board.

Work order of the Board is defined by working regulations of the Board of the Bank adopted by it.

Each member of the Board of the Bank must take all possible measures to ensure that the Board of the Bank solves issues assigned to its competence and that the solutions comply with the requirements provided in legal acts. The member of the Board of the Bank who does not fulfill or fails to fulfill appropriately this obligation or other obligations provided in legal acts bears responsibility according to laws, the Articles of the Bank, agreements concluded with the Bank.

Head of Bank Administration (CEO)

There is a Head and not fewer than one Deputy Head of Administration in the Bank (hereunder referred to as Heads of Bank Administration).

The Chairman of the Board of the Bank must be the Head or the Deputy Head of Administration.

The Head of Bank Administration is an individual body of Bank management.

The Head of Bank Administration must be a natural person. A person who must not take this position according to legal acts cannot be the Head of Bank Administration.

An employment agreement is concluded with the Head of Bank Administration. The agreement with the Head of Bank Administration is signed by the Chairman of the Board of the Bank or another authorized member of the Board of the Bank. The agreement with the Head of Bank Administration who is the Chairman of the Board of the Bank is signed by a member of the Board of the Bank authorized by the Board. An agreement on total material responsibility of the Head of Bank Administration may be concluded with him. If the body that elected the Head of Bank Administration adopts a resolution to recall the Head of Bank Administration, the employment agreement concluded with him is terminated. Work-related disputes between the Head of Bank Administration and the Bank are heard at Court.

The Head of Bank Administration starts working in the position starting from his election if the agreement concluded with him does not state otherwise.

The Head of Bank Administration:

- organizes daily activities of the Bank;
- admits and dismisses employees, concludes and terminates employment agreements with them, approves the regulations for their positions held, motivates them and administers penalties;
- represents the Bank in the Republic of Lithuania and abroad without additional authorization;
- conducts transactions in the name of the Bank, represents the Bank in court, arbitration court, the authorities and management bodies and other institutions in the manner provided for in the laws;
- issues and cancels authorizations to represent the Bank;
- performs functions assigned to his competence by laws and other legal acts.

The Head of Bank Administration acts on behalf of the Bank and has the autocratic right to conduct transactions. The Head of Bank Administration may conduct transactions specified in the Law of the Republic of Lithuania on Joint-Stock Companies, Article 34, Paragraph 4, Items 3, 4, 5 and 6, when there is a resolution of the Board of the Bank to conduct such transactions.

The Head of Bank Administration is responsible for:

- organization of Bank's activities and implementation of its goals;
- formation the set of annual financial statements and preparation of annual report of the Bank;
- concluding an agreement with an auditing company;
- submitting information and documents to the General Meeting of Shareholders, Supervisory Council of the Bank and the Board of the Bank in cases specified in the Law of the Republic of Lithuania on Joint-Stock Companies or upon their request;
- submitting documents and data of the Bank to the registrar of legal entities;
- submitting documents of the Bank to the Commission for Securities and the Lithuanian Central Depository of Securities;
- public announcement of information determined in the Law of the Republic of Lithuania on Joint-Stock Companies;
- presenting information to the shareholders;
- fulfillment of other obligations determined in the Law on Joint- Stock Companies and other laws and legal acts of the Republic of Lithuania as well as the Articles of the Bank and working regulations of the Head of Bank Administration.

Transactions regarding investment, transfer, rent of long-term property the balance value of which is from 1/100 to 1/20 of the authorized capital of the Bank (calculated separately for each type of transaction) may be conducted only by both Heads of Administration acting together and being of the same opinion. In all other areas of activities that are assigned to the competence of the Head or the Deputy Head of Administration according to the laws, other legal acts of the Republic of Lithuania and Articles of the Bank, working regulations, resolutions of the bodies of the Bank, both the Head of Administration and his Deputy or persons authorized by them may act and conduct transactions independently.

INFORMATION ABOUT MEMBERS OF COLLEGIAL BODIES, CEO, CHIEF ACCOUNTANT

Members of AB Ūkio Bankas collegial bodies, CEO, Chief Accountant, commencement and end of their office term and participation in the authorized capital as of 30 June 2011 are presented in the table below:

Full name	Position	Number of shares held	Percentage of Bank capital, %	Percentage of votes, %
SUPERVISORY COUNCIL OF THE BANK				
Karpavičienė Edita , (elected 26 March 2010, office term expires in 2014)	Chairwoman	197,450	0.0667	0.0667
Kurauskienė Ala , (elected 26 March 2010, office term expires in 2014)	Deputy Chairwoman	405,024	0.1369	0.1369
Gončaruk Olga , (elected 26 March 2010, office term expires in 2014)	Member	8,124,854	2.7465	2.7465
Jakavičienė Gražina , (elected 26 March 2010, office term expires in 2014)	Member	11,286	0.0038	0.0038
Soldatenko Viktor , (elected 26 March 2010, office term expires in 2014)	Member	2,785	0.0009	0.0009
BOARD OF THE BANK				
Ugianskis Gintaras , (appointed 26 March 2010, office term expires in 2014)	Chairman, Chief Executive Officer	96,225	0.0325	0.0325
Balandis Rolandas , (appointed 26 March 2010, office term expires in 2014)	Deputy Chairman, Head of Financial Markets Division	80,105	0.0271	0.0271
Žalys Arnas , (appointed 26 March 2010, office term expires in 2014)	Deputy Chairman, Head of Finance Division	51,000	0.0172	0.0172
CEO				
Ugianskis Gintaras , (since 11 October 2004 to present)		96,225	0.0325	0.0325
CHIEF ACCOUNTANT				
Petraitiienė Vidutė , (since 1 July 1999 to present)	Head of Accounting Department – Chief Accountant	629	0.0002	0.0002

Amounts of funds in total and average amounts per members of the collegial bodies, CEO and Chief Accountant calculated by the Bank during the first six months of 2011 are presented in the table below:

	Supervisory Council of the Bank	Board of the Bank	CEO	Chief Accountant
Total amounts, LTL	478,592	636,769	270,621	79,542
Average amounts, LTL	239,296	212,256	-	-

There were no guarantees or warranties issued during the first six months of 2011 regarding the fulfilment of liabilities of collegial bodies' members, CEO or Chief Accountant.

COMMITTEES OF THE BANK

The Credit Committee, the Internal Audit Committee, the Risk Management Committee and the Remuneration Committee operate in the Bank continuously. The functions, manner for formation and activities are determined by legal acts of the supervising institution and their regulations approved of by the Board of the Bank or the Supervisory Council of the Bank.

The Credit Committee is a body formed by the resolution of the Board of the Bank which analyzes documents of applications for loans, assesses the risk of loan, submits suggestions to the Supervisory Council of the Bank and the Board of the Bank regarding granting of loans, loan interest rate, improvement of loan administration procedures and fulfils other functions indicated in its regulations.

The Internal Audit Committee is a body formed by the resolution of the Supervisory Council of the Bank which

analyzes how the internal control system of the Bank is functioning and takes action to make this system effective. The activity of the Internal Audit Committee is controlled by the Supervisory Council of the Bank.

The Risk Management Committee is a body formed by the resolution of the Board of the Bank which analyzes the risk that might exert negative influence in attempting to achieve the goals of the Bank, assesses all types of risk the Bank or the whole group of the Bank faces, takes action to identify, assess, monitor the risk and to develop a system of control.

The Remuneration Committee is a body formed by the resolution of the Board of the Bank which competently and independently assesses policy of variable remuneration, practice and incentives created with the aim to manage the risk, capital and liquidity undertaken by the Bank, directly supervises risk management and compliance control, variable wages of managing employees in charge and prepares drafts of decisions regarding variable wages (including decisions having influence to the risk undertaken by the Bank and its management) taken by the Supervisory Council of the Bank.

INFORMATION ABOUT MEMBERS OF COMMITTEES OF THE BANK

Members of the committees of AB Ūkio Bankas, commencement and end of their office term and participation in the authorized capital as of 30 June 2011 are presented in the table below:

<u>Full name</u>	<u>Position</u>	<u>Main workplace</u>	<u>Number of shares held</u>	<u>Percentage of Bank capital, %</u>	<u>Percentage of votes, %</u>
MEMBERS OF CREDIT COMMITTEE					
Gintaras Ugianskis (appointed 21 October 2010, permanent)	Chairman	AB Ūkio bankas	96,225	0.0325	0.0325
Vytas Večerinskas (appointed 21 October 2010, permanent)	Member	Advokato V. Večerinsko kontora	16	0.00001	0.00001
Justas Babarskas (appointed 21 October 2010, permanent)	Member	AB Ūkio bankas	1,000	0.0003	0.0003
Laura Ivaškevičiūtė (appointed 21 October 2010, permanent)	Member	AB Ūkio bankas	4,110	0.0014	0.0014
Raimundas Keršys (appointed 21 October 2010, permanent)	Member	AB Ūkio bankas	18,366	0.0062	0.0062
Mindaugas Pašvenskas (appointed 21 October 2010, permanent)	Member	AB Ūkio bankas	0	0.0000	0.0000
MEMBERS OF INTERNAL AUDIT COMMITTEE					
Olga Gončaruk (appointed 3 September 2009, office term expires 26 March 2011)	Chairwoman	UAB Ūkio Banko Lizingas	8,124,854	2.7465	2.7465
Saulius Valdšteinas (appointed 3 September 2009, office term expires in 26 March 2011)	Member	AB Ūkio bankas	0	0.0000	0.0000
Ona Armalienė (appointed 3 September 2009, office term expires in 26 March 2011)	Member	UAB O.Armalienė ir partneriai	0	0.0000	0.0000
MEMBERS OF RISK MANAGEMENT COMMITTEE					
Rolandas Balandis (appointed 1 October 2008, permanent)	Chairman	AB Ūkio bankas	80,105	0.0271	0.0271
Arnas Žalys (appointed 1 October 2008, permanent)	Member	AB Ūkio bankas	51,000	0.0172	0.0172
Raimundas Keršys (appointed 1 October 2008, permanent)	Member	AB Ūkio bankas	18,366	0.0062	0.0062
Valdas Bartkus (appointed 1 October 2008, permanent)	Member	AB Ūkio bankas	80	0.00003	0.00003
Antanas Suraučius (appointed 1 October 2008, permanent)	Member	AB Ūkio bankas	0	0.0000	0.0000

(continued)

Full name	Position	Main workplace	Number of shares held	Percentage of Bank capital, %	Percentage of votes, %
MEMBERS OF REMUNERATION COMMITTEE					
Justas Babarskas (appointed 20 January 2011, permanent)	Chairman	AB Ūkio bankas	1,000	0.0003	0.0003
Rasa Kriščiūnienė (appointed 20 January 2011, permanent)	Member	AB Ūkio bankas	1,565	0.0005	0.0005
Vygantas Maulė (appointed 20 January 2011, permanent)	Member	AB Ūkio bankas	0	0.0000	0.0000
Odeta Bankauskienė (appointed 20 January 2011, permanent)	Member	AB Ūkio bankas	0	0.0000	0.0000
Algimantas Gaulia (appointed 20 January 2011, permanent)	Member	AB Ūkio bankas	0	0.0000	0.0000

(Concluded)

INFORMATION ABOUT AGREEMENTS OF WHICH THE BANK IS A PART

There are no significant agreements that could come into force, change or terminate due to the change of the Bank's control except of the cases when the disclosure of agreements could cause harm to the Bank because of their nature.

The Bank does not have any information about agreements that give its management bodies' members or employees, the right for compensation in case of their resignation, unfair dismissal or termination of their employment due to the change of the Bank's control.

RELATED PARTIES TRANSACTIONS

The information on related parties transactions for the six month period ended 30 June 2011 is presented in Note 19 to the condensed interim financial statements for the six month period ended 30 June 2011.

INFORMATION ON SUPPORTING THE PRINCIPLES OF ENVIRONMENT PROTECTION

In the June 2005 AB Ūkio Bankas joined the international initiative - United Nations Global Compact - for responsible business and is continuing its sixth year membership of UN Initiative on Socially Responsible Business, kept on aligning the bank's strategies and operation with the Global Compact and its ten principles, including environment protection.

The Bank supports all environment-related principles although banking activities have no direct impact on environment and nature, except for everyday office operations, business travelling and the like.

The Bank's internal rules provide for employee obligation to protect environment, sustain natural resources, and not to violate environment quality norms and standards. The Bank aims to reduce the potential negative environmental impact within the range of everyday activities. Office equipment is purchased from reliable suppliers and manufacturers holding all quality certificates. Night-time heat-saving systems are installed in all premises used by the Bank and other energy-saving opportunities are considered.

At the beginning of 2011 AB Ūkio bankas launched environmental initiative "Ekolaboratorija". It is an eco-art project whose aim is to draw employees' attention to cost saving opportunities in the Bank, as well as to encourage consumption reduction, recycling and waste sorting. Implementing this initiative together with Public Company "Studio 302" AB Ūkio bankas seeks to change employees' attitude to the use of company's resources and promotes a creative look at the resource recycling. Implementing this project at different Bank's subdivisions, costs of energy and paper will be monitored and suggestions on how to save these resources will be provided. In addition, used raw materials in the Bank will be recycled producing original gifts to employees and clients, and will be used for various stationary tools, decorations and representation gifts. Community will be informed publicly about this creative recycling project and its results.

The bank supports environment protection by providing services that enable to reduce the need of natural resources. Internet banking is one of such services enable to reduce the number of business trips to Bank, paper consumption in many banking transactions.

With the aim to protect nature and save our forests since 2007 AB Ūkio Bankas decided not to print the annual report and present it only in electronic format.

AB Ūkio Bankas also reduces consumption of paper by using the intranet for employee communication inside the bank. All documents, procedures and information for employees are placed there. Employees receive all relevant information via the intranet and thus the amount of hard-copy documents is significantly reduced.

INFORMATION ON FINANCIAL AND HEDGING INSTRUMENTS USED BY THE BANK

Information on financial instruments used by the Bank and the scope of risk taken by the Bank is described in Notes 14-18 to the condensed interim financial statements for the six month period ended 30 June 2011. The Bank did not use hedging instruments for which hedge accounting is applied.

DESCRIPTION OF MAIN INVESTMENTS MADE DURING THE LAST REPORTING PERIOD

Details on cash flows to investing activities during the six month period ended 30 June 2011 are presented in the table below:

	<u>The Group</u>	<u>The Bank</u>
Cash flows from (to) investing activities		
Dividends received	80	80
Acquisition of subsidiaries	-	-
Acquisition of investment securities	(787,069)	(792,021)
Proceeds from sale/redemption of investment securities	324,007	324,007
Acquisition of property, plant and equipment and investment property	(848)	(117,815)
Proceeds from sale of property, plant and equipment	915	954
Acquisition of intangible assets	(125)	(99)
Proceeds from sale of intangible assets	-	-
Net cash (used in) investing activities	(463,040)	(584,894)

Details on main investments as of 30 June 2011 are presented in the following notes of the condensed interim financial statements for the six month period ended 30 June 2011:

- Details on investment in subsidiaries are presented in Note 6 of the financial statements;
- Details on Group's/Bank's investment securities portfolio are presented in Note 5 of the financial statements;

INFORMATION ON THE BANK'S INTERNAL CONTROL SYSTEM

Internal control of the Bank – a part of management system aiming to avoid mistakes, losses and various breaches in the Bank in order to manage and organize it efficiently. System of the Bank's internal control covers all activity of the Bank to implement the three main objectives:

- Efficiency of the Bank's activity using the Bank's property and other recourses, and the Bank's prevention from possible losses;
- Reliability, timeliness and relevance of financial and other information used internally as well as for regulatory purposes or provided to third persons;
- Bank's integrity with the law of the Republic of Lithuania and other law regulations, Bank's strategy.

Three types of internal control are applied at the Bank:

- Preventive – system of organizational measures to prevent various possible abuses, mistakes in the activity of the Bank;
- Detective – unexpected inspections of particular transactions, property inspection performed at the moment of transactions or instantly after their completion;
- Corrective – intended for determination of mistakes, abuses, inaccuracies, mischief cases or false data occurring in accounting or financial statements and for their elimination or correction.

Organization of these three types of control is based on *four eye principle*, i.e. all executed transactions have to be inspected by another person not related to the direct accounting or execution of the transaction.

Internal control system of the Bank is composed of five interrelated elements: control's environment, risk determination and evaluation, control procedure, information and reporting, observation and evaluation of internal control system.

INFORMATION ON SIGNIFICANT STAKES MANAGED DIRECTLY OR INDIRECTLY

As of 30 June 2011 AB Ūkio Bankas held following stakes exceeding 20%:

- 100% of UAB Ūkio Banko Lizingas shares;
- 100% of UAB Ūkio Banko Investicijų Valdymas shares;
- 100% of UAB Ūkio Banko Rizikos Kapitalo Valdymas shares;
- 100% of GD UAB Bonum Publicum shares;
- 100% of UAB Investicinio Turto Valdymas shares;
- 100% of RAB Ūkio Bank Lizing (Ukraine) shares (via subsidiary UAB Ūkio Banko Rizikos Kapitalo Valdymas);
- 100% of UAB Trade Project shares;
- 100% of UAB Turto Valdymo Paslaugos shares;
- 100% of UAB Eastern Europe Development Fund shares.

MAIN ASPECTS OF INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS OF ŪKIO BANKAS GROUP RELATED TO CONSOLIDATION OF FINANCIAL STATEMENTS

AB Ūkio Bankas internal control policy is applied at all AB Ūkio Bankas departments, divisions, branches and subsidiaries.

The accounting policy of AB Ūkio Bankas is applied consistently by all subsidiaries.

The consolidated financial statements include all subsidiaries that are controlled, directly or indirectly, by the Bank. When an entity began or ceased to be controlled during the year, the results are included only from the date control commenced or up to the date control ceased. Control is presumed to exist where more than one half of a subsidiary's voting power is controlled by the parent company, or the parent company is able to govern the financial and

operational policies of a subsidiary, or control the removal or appointment of majority of a subsidiary's board of directors. On acquisition, the assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognized as goodwill. Intra-group balances and transactions, and any unrealized gains and losses arising from intra-group transactions, are eliminated in full in preparing the consolidated financial statements. Unrealized gains arising from transactions with associates are eliminated to the extent of the Group's interest in the enterprise. Unrealized losses are eliminated in the same way as unrealized gains except that they are only eliminated to the extent that there is no evidence of impairment. The accounting policies used by the subsidiaries have been changed, if needed, to ensure consistency with the policies adopted by the Group. Non-controlling interests in the equity and results of companies that are controlled, directly or indirectly, by the Group are shown as a separate item of the shareholders equity in the Group financial statements.

OBJECTIVE OVERVIEW OF THE BANK'S AND THE GROUP'S POSITION, ACTIVITIES AND DEVELOPMENT, DESCRIPTION OF MAIN RISKS AND UNCERTAINTIES

AB Ūkio Bankas 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.

During the six month period ended 30 June 2011, the Group's assets decreased by LTL 422 million (8%) and amounted to LTL'000 4,588,872 as of 30 June 2011. The Bank's assets amounted to LTL'000 4,494,910 as of 30 June 2011 (i.e. decreased by LTL 428 million (9%) during the six month period ended 30 June 2011).

The Bank has 12 branches and 45 client service departments in Lithuania and 3 representative offices in foreign countries (Ukraine, Russia and Kazakhstan). During the six month period ended 30 June 2011, 1 new client service unit was opened and 3 client service units were closed. In addition, the Bank controls, directly or indirectly, 9 (nine) 100%-owned subsidiaries.

As of 30 June 2011, 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 UAB Ūkio Banko Rizikos Kapitalo Valdymas, UAB Ūkio Banko Investicijų Valdymas, UAB Investicinio Turto Valdymas, GD UAB Bonum Publicum, UAB Eastern Europe Development Fund, UAB Trade Project and UAB Turto Valdymo Paslaugos.

For the six month period ended 30 June 2011 the Group's results by business segments are presented in the table below (LTL'000):

	2011.01.01-2011.06.30				
	Banking	Finance lease	Other activities	Elimination	Group
Net profit (loss)	(5,252)	4,454	185	-	(613)
Attributable to:					
<i>Equity holders of the parent</i>	(5,252)	4,454	185	-	(613)
<i>Non-controlling interest</i>	-	-	-	-	-
Assets	4,494,910	402,681	657,657	(966,376)	4,588,872
Liabilities	4,092,126	380,968	409,682	(725,207)	4,157,569

The main risks the Group and the Bank primarily face are credit, market, liquidity and operational risks. The Group seeks to keep optimal level of risk management measures while maximizing its profits so that unexpected changes in economic environment, fluctuations in market variables, unexpected incidents in the Group's internal processes and systems would not result in threatening the stable operations of the Group, partners' trust in the Group or compliance with prudential requirements.

Detailed information on main risks as well as on compliance with prudential requirements for the six month period ended 30 June 2011 is presented in Notes 14-18 of the condensed interim financial statements for the six month period ended 30 June 2011.

ANALYSIS OF FINANCIAL AND NON-FINANCIAL ACTIVITY RESULTS

Net results of the AB Ūkio bankas Group activity for the six month period ended 30 June 2011: net loss of LTL'000 613 (six month period ended 30 June 2010: net profit of LTL'000 2,251). The Bank incurred a net loss of LTL'000 5,252 during six month period ended 30 June 2011 (six month period ended 30 June 2010: net profit of LTL'000 1,027). During the six month period ended 30 June 2011 the Group's assets decreased by LTL 422 million (8%) and amounted to LTL 4.6 billion at the end of the period. The Bank's assets amounted to LTL 4.5 billion as of 30 June 2011 – i.e. decreased by LTL 428 million (9%) during the first half-year. The main financial indicators of the Group and the Bank (in LTL thousand unless stated otherwise) are presented in the table below:

Group's indicators				ITEMS	Bank's indicators			
2011.06.30 and H1 2011	2010.06.30 and H1 2010	Increase (Decrease)			2011.06.30 and H1 2011	2010.06.30 and H1 2010	Increase (Decrease)	
		LTL'000	%			LTL'000	%	
				Operating profit before provisions* and operating expenses				
69,455	59,597	9,858	17		52,720	39,155	13,565	35
65,051	60,670	4,381	7	Operating expenses	54,119	49,245	4,874	10
				Profit (loss) before provisions* and income tax	(1,399)	(10,090)	8,691	(86)
4,404	(1,073)	5,477	-	Provision expense*	3,516	(11,813)	15,329	-
4,176	(4,480)	8,656	-	Pre-tax profit (loss)	(4,915)	1,723	(6,638)	-
228	3,407	(3,179)	(93)	Income tax expense	337	696	(359)	(52)
841	1,156	(315)	(27)	Net profit (loss) for the period	(5,252)	1,027	(6,279)	-
(613)	2,251	(2,864)	-	Assets	4,494,910	4,635,072	(140,162)	(3)
4,588,872	4,711,931	(123,059)	(3)	Loans and finance lease receivable	1,936,961	2,367,112	(430,151)	(18)
2,394,876	2,643,205	(248,329)	(9)	Provisions / Loans, %	8.85	6.54	2.31	-
8.27	7.14	1.13	-	Due to customers	3,782,119	3,614,425	167,694	5
3,772,783	3,606,686	166,097	(5)	Equity	402,784	395,432	7,352	2
431,303	413,168	18,135	(4)	Number of ordinary shares in issue at the end period (thousands units)	295,824	245,824	50,000	20
				Weighted average numbers of ordinary shares in issue (thousands units)	295,824	245,824	50,000	20
295,824	245,824	50,000	20	Return on assets, %	(0.22)	0.05	-	-
(0.03)	0.10	-	-	Return on equity, %	(2.60)	0.52	-	-
(0.29)	1.09	-	-	Expense / Income before income tax	1.09	0.96	-	-
1.00	0.94	-	-	Basic earnings per share (in LTL)	(0.02)	0.00	-	-
(0.00)	0.01	-	-	Diluted earnings per share (in LTL)	(0.02)	0.00	-	-
(0.00)	0.01	-	-					

The main indicators of activity:

- During the first half of 2011 Ūkio Bankas Group incurred a net loss of LTL'000 613 (during the same period of 2010: net profit of LTL'000 2,251);
- In May 2011 international rating agency Standard&Poor's upgraded short-term counterparty credit rating of Ūkio bankas and the changed the perspective of the Bank's ratings from negative to stable;
- During the six month period ended 30 June 2011, the Bank opened 1 new client service unit and closed 3 client service units. As of 30 June 2011, Bank's customer servicing network consisted of 57 outlets – 12 branches and 45 client service units. In addition, as of 30 June 2011 the Bank had 3 representative offices in Kiev (Ukraine), Moscow (Russia) and Almaty (Kazakhstan).
- The Bank had 163 thousand customers as of 30 June 2011 – i.e. 3% more than as of 30 June 2010;
- The Bank's wholly owned leasing subsidiary UAB Ūkio Banko Lizingas offers its services through about 3 thousand sales points located throughout entire Lithuania. As of 30 June 2011 UAB Ūkio Banko Lizingas had 125 thousand customers – i.e. 3% more than as of 30 June 2010;
- In the first half of 2011 compared to the same period of previous year, the Group's operating profit before impairment charge and operating expenses increased by 17% and made LTL 69 million. The Group's expenses before provisions and income tax increased by 7% and made LTL 65 million;
- Throughout 2011, the Bank and the Group complied with all the prudential requirements set by the Bank of Lithuania. As of 30 June 2010, the Group's capital adequacy ratio was 12.83% (requirement – not less than 10%), liquidity ratio – 49.29% (requirement – not less than 30%).

Credit ratings

International rating agency Standard&Poor's assigned the following ratings to AB Ūkio Bankas:

- Long-term counterparty credit rating B (assigned 31 May 2011).
- Short-term counterparty credit rating B (assigned 31 May 2011).

The outlook of ratings is stable.

Income and expenses

As compared to the same period of previous year, the operating profit before provisions and operating expenses of AB Ūkio Bankas Group for the first half of 2011 increased by LTL 10 million or 17% and amounted to LTL 69 million. The decline in the price of borrowed term funds in local market caused the increase in net interest income 8 times to LTL 32 million. Decrease in number of banking operations performed by customers caused the reduction of net service fees and commission income by 8% to LTL 22 million. Net trading income decreased by LTL 14 million or 58% to LTL 10 million, other operating income – by LTL 3 million (40%) to LTL 5 million.

The Group				ITEM	The Bank			
2011.06.30 and H1 2011	2010.06.30 and H1 2010	INCREASE (DECREASE)			2011.06.30 and H1 2011	2010.06.30 and H1 2010	INCREASE (DECREASE)	
		LTL'000	%			LTL'000	%	
32,428	3,902	28,526	731	Net interest income	21,041	(11,309)	32,350	-
				Net service fees and commission income	19,891	21,900	(2,009)	(9)
22,451	24,357	(1,906)	(8)	Net trading income	10,920	22,826	(11,906)	(52)
9,994	23,758	(13,764)	(58)	Other income	868	5,738	(4,870)	(85)
4,582	7,580	(2,998)	(40)					
				Operating profit before provisions and operating expenses				
69,455	59,597	9,858	17		52,720	39,155	13,565	35

As compared to the same period of previous year, the operating expenses of the Group for the first half of 2011 increased by LTL 4 million (7%) to LTL 65 million. 37% of these expenses consisted of staff expenses, which increased by LTL 2 million (7%) to LTL 24 million. During the first half of 2011 the Group incurred provision expenses of LTL 4 million (H1 2010: reversal of provision expenses LTL 4 million), income tax expenses decreased by 27% and amounted to LTL 1 million.

Assets, liabilities and equity

During the first six months of 2011 the assets of the Group decreased by LTL 422 million (8%) and amounted to LTL 4.6 billion at the end of the period. Largest share of the Group's assets – i.e. 52% consisted of loans and finance lease receivables, which decreased by 8% and amounted to LTL 2.39 billion at the end of period. Securities portfolio increased by LTL 479 million (64%) during the first half of 2011 and amounted to LTL 1.22 billion – i.e. 27% of Group's assets as of 30 June 2011. Cash, funds in central banks, banks and other credit institutions decreased by LTL 803 million (65%) during the first six months of 2011 and amounted to LTL 0.44 billion (10% of Group's assets) at the end of the period.

The largest share of the Group's liabilities – i.e. 91% - consisted of deposits from customers, which decreased by LTL 180 million during the first half of 2011 and amounted to LTL 3.77 billion at the end of period. Debt securities in issue increased by LTL 77 million (2.7 times) during the first six months of 2011 and amounted to LTL 122 million – i.e. 3% of the Group's liabilities. In the first six month period of the 2011, as the Bank's liquidity reserves increased, the Bank decided not to renew its obligations under repurchase agreements made in the previous periods and as repurchase agreements ended, the Bank repaid them. This was the main reason behind the decrease in due to banks and credit institutions, which during the first six months of 2011 decreased by LTL 324 million and amounted to LTL 72 million (i.e. 2% of Group's liabilities). Group's equity, impacted by the positive comprehensive income, increased by LTL 2 million during the first half of 2011 and amounted to LTL 431 million as of 30 June 2011.

INFORMATION ON ACQUIRED OR DISPOSED OWN SHARES

As of 30 June 2011 the Bank did not have treasury shares. During the first six months of the year 2011 the Group/the Bank did not acquire or dispose own shares.

SIGNIFICANT EVENTS THAT HAPPENED AFTER THE END OF REPORTING PERIOD

In the opinion of the management, no significant events happened after the end of the reporting period to the date the report is signed, that might have a significant impact on the financial statements.

INFORMATION ON THE GROUP'S ACTIVITY PLANS, DEVELOPMENT AND FORECASTS

Group's and Bank's activity plans and forecasts did not change as compared to those presented in annual report for the year 2010.

INFORMATION ON HARMFUL TRANSACTIONS CARRIED OUT ON BEHALF OF THE ISSUER

During the six month period ended 30 June 2011 the Group/Bank did not engage into harmful transactions that are opposite to the goals of the company, usual market conditions, harm the interests of shareholders or other groups of persons etc.

INFORMATION ON PUBLICLY PRESENTED INFORMATION

- 07 January 2011** Announced that at the meeting of the Board of AB Ūkio bankas as of 6 January 2011, a resolution was taken to issue fixed rate bond emission in LTL under the "Base prospectus of LTL 200,000,000 short and medium term bonds offering programme" approved on 7 October 2010 by the Security Commission of the Republic of Lithuania, and to approve the Final terms and conditions of the emission. To view the Final terms and conditions, approved "Base prospectus of LTL 200,000,000 short and medium term bonds offering programme" and related documents is possible at the AB Ūkio bankas secretary office, Maironio str. 25, Kaunas, branches and units of the Bank, the Internet website www.ub.lt, Central Storage Facility Internet website www.crib.lt and Nasdaq OMX Vilnius Internet website www.nasdaqomxbaltic.com .
- 11 February 2011** Announced that on 10 February 2011 AB Ūkio bankas finished the issue of Fixed rate bond issue LTL No. 1/2011 issued under LTL 200,000,000 short and medium term bonds offering program. During distribution period (from 10 January 2011 till 10 February 2011) 138,213 bonds with nominal value of LTL 100 and fixed 4.0 percent annual interest rate were issued. Redemption of bonds on 21 February 2012.
- 24 February 2011** Announced that on 24 February 2011 AB Ūkio bankas according to the provisions specified in Base Prospectus of LTL 200,000,000 Short and Medium Term Bonds Offering Programme and Final Terms and Conditions approved by the Board of the Bank as at 19 January 2010, redeemed "Fixed rate bond issue EUR No 1/2010" (ISIN code – LT1000401307).
- 25 February 2011** Announced that at the meeting of the Board of AB Ūkio bankas as of 24 February 2011, a resolution was taken to issue fixed rate bond emission in LTL under the "Base prospectus of LTL 200,000,000 short and medium term bonds offering programme" approved on 7 October 2010 by the Security Commission of the Republic of Lithuania, and to approve the Final terms and conditions of the emission. To view the Final terms and conditions, approved "Base prospectus of LTL 200,000,000 short and medium term bonds offering programme" and related documents is possible at the AB Ūkio bankas secretary office, Maironio str. 25, Kaunas, branches and units of the Bank, the Internet website www.ub.lt, Central Storage Facility Internet website www.crib.lt and Nasdaq OMX Vilnius Internet website www.nasdaqomxbaltic.com .
- 28 February 2011** Announced AB Ūkio bankas group preliminary unaudited net loss of year 2010 is LTL 33.5 million (EUR 9.7 million) – i.e. 53 percent less than in 2009, when LTL 70.5 million (EUR 20.4 million) net loss was incurred. AB Ūkio bankas preliminary unaudited net loss of year 2010 is LTL 38.0 million (EUR 11.0 million) – i.e. 49 percent less than in 2009, when LTL 75.0 million (EUR 21.7 million) net loss was incurred.
- 04 March 2011** Convocation of an ordinary General Meeting of AB Ūkio bankas Shareholders announced. The Bank's Board has approved the agenda and draft resolutions of the meeting to be held on 25 March 2011.
- 25 March 2011** Announced the resolutions of AB Ūkio bankas ordinary General Shareholders' Meeting held on 25 March 2011.
- 01 April 2011** Announced that On 31 March 2011 AB Ūkio bankas finished the issue of Fixed rate bond issue LTL No. 2/2011 issued under LTL 200,000,000 short and medium term bonds offering program. During distribution period (from 28 February 2011 till 31 March 2011) 175,544 bonds with nominal value of LTL 100 and fixed 4.0 percent annual interest rate were issued. Redemption of bonds on 10 April 2012.
- 14 April 2011** Announced that at the meeting of the Board of AB Ūkio bankas as of 13 April 2011, a resolution was taken to issue fixed rate bond emission in LTL under the "Base prospectus of LTL 200,000,000 short and medium term bonds offering programme" approved on 7 October 2010 by the Security Commission of the Republic of Lithuania, and to approve the Final terms and conditions of the emission. To view the Final terms and conditions, approved "Base prospectus of LTL 200,000,000 short and medium term bonds offering programme" and related documents is possible at the AB Ūkio bankas secretary office, Maironio str. 25, Kaunas, branches and units of the Bank, the Internet website www.ub.lt, Central Storage Facility Internet website www.crib.lt and Nasdaq OMX Vilnius Internet website www.nasdaqomxbaltic.com .
- 05 May 2011** Announced AB Ūkio bankas group consolidated unaudited net loss for the three months of 2011 is LTL 3.64 million (EUR 1.06 million). AB Ūkio bankas unaudited net loss for the three months of 2011 is LTL 6.03 million (EUR 1.75 million).

- 20 May 2011** Announced that on 19 May 2011 AB Ūkio bankas finished the issue of Fixed rate bond issue LTL No. 3/2011 issued under LTL 200,000,000 short and medium term bonds offering program. During distribution period (from 18 April 2011 till 19 May 2011) 207,128 bonds with nominal value of LTL 100 and fixed 4.0 percent annual interest rate were issued. Redemption of bonds on 29 May 2012.
- 20 May 2011** Announced that at the meeting of the Board of AB Ūkio bankas as of 19 May 2011, a resolution was taken to issue fixed rate bond emission in LTL under the "Base prospectus of LTL 200,000,000 short and medium term bonds offering programme" approved on 7 October 2010 by the Security Commission of the Republic of Lithuania, and to approve the Final terms and conditions of the emission. To view the Final terms and conditions of the emission, approved "Base prospectus of LTL 200,000,000 short and medium term bonds offering programme" and related documents is possible at the AB Ūkio bankas secretary office, Maironio str. 25, Kaunas, branches and units of the Bank, the Internet website www.ub.lt, Central Storage Facility Internet website www.crib.lt and Nasdaq OMX Vilnius Internet website www.nasdaqomxbaltic.com.
- 31 May 2011** Announced that international rating agency Standard&Poor's Ratings Services as at 31 May 2011 changed ratings assigned to AB Ūkio bankas: long-term counterparty credit rating B, short-term counterparty credit rating B, the outlook of ratings is stable.
- 06 June 2011** Announced that on 6 June 2011 AB Ūkio bankas according to the provisions specified in Base Prospectus of LTL 200 000 000 Short and Medium Term Bonds Offering Programme and Final Terms and Conditions approved by the Board of the Bank as at 22 April 2010, redeemed "Fixed rate bond issue LTL No 2/2010" (ISIN code – LT0000410250) and "Fixed rate bond issue EUR No 3/2010" (ISIN code – LT1000401323).
- 23 June 2011** Announced that on 22 June 2011 AB Ūkio bankas finished the issue of Fixed rate bond issue LTL No.4/2011 issued under LTL 200,000,000 short and medium term bonds offering program. During distribution period (from 23 May 2011 till 22 June 2011) 430,713 bonds with nominal value of LTL 100 and fixed 4.0 percent annual interest rate were issued. Redemption of bonds on 2 July 2012.
- 23 June 2011** Announced that at the meeting of the Board of AB Ūkio bankas as of 23 June 2011, a resolution was taken to issue fixed rate bond emission in LTL under the "Base prospectus of LTL 200,000,000 short and medium term bonds offering programme" approved on 7 October 2010 by the Security Commission of the Republic of Lithuania, and to approve the Final terms and conditions of the emission. To view the Final terms and conditions, approved "Base prospectus of LTL 200,000,000 short and medium term bonds offering programme" and related documents is possible at the AB Ūkio bankas secretary office, Maironio str. 25, Kaunas, branches and units of the Bank, the Internet website www.ub.lt, Central Storage Facility Internet website www.crib.lt and Nasdaq OMX Vilnius Internet website www.nasdaqomxbaltic.com.

All announcements of the Bank required by laws to be announced publicly are published in accordance with the terms and procedure provided in the laws of the Republic of Lithuania and legal acts of the supervising institution. All Bank's material events can be found on NASDAQ OMX Vilnius Stock Exchange website www.nasdaqomxbaltic.com, Central Storage Facility website www.crib.lt and on AB Ūkio Bankas website www.ub.lt.

**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
AS OF 30 JUNE 2011**

(All amounts in LTL thousands unless otherwise stated)



	The Group	The Group	The Bank	The Bank	
	Notes	2011.06.30	2010.12.31	2011.06.30	2010.12.31
ASSETS					
Cash and balances with central bank		337,512	695,866	337,511	695,864
Loans and advances to banks and other credit institutions		102,840	547,693	90,479	535,335
Financial assets at fair value through profit or loss		87,247	74,836	41,923	32,067
Loans and finance lease receivable	4	2,394,876	2,616,760	1,936,961	2,287,838
Investment securities:					
<i>available-for-sale</i>	5	31,625	31,197	31,115	30,733
<i>held-to-maturity</i>	5	1,105,054	639,404	1,438,478	967,841
Investments in subsidiaries	6	-	-	241,152	241,152
Intangible assets		21,207	21,578	1,267	1,576
Property, plant and equipment		27,771	30,460	24,677	26,893
Investment property		236,636	236,468	123,031	6,031
Deferred tax assets		17,187	18,070	16,059	16,835
Other assets	7	226,917	98,371	212,257	81,081
Total assets		<u>4,588,872</u>	<u>5,010,703</u>	<u>4,494,910</u>	<u>4,923,246</u>
LIABILITIES AND EQUITY					
LIABILITIES					
Due to banks and other credit institutions		71,703	396,169	71,703	396,169
Financial liabilities at fair value through profit or loss		71	1,016	71	1,016
Due to customers	8	3,772,783	3,953,178	3,782,119	3,962,918
Debt securities in issue		122,111	44,698	122,111	44,698
Subordinated loans		93,858	93,956	93,858	93,956
Deferred tax liabilities		20,902	21,054	-	-
Other liabilities		76,141	71,641	22,264	19,459
Total liabilities		<u>4,157,569</u>	<u>4,581,712</u>	<u>4,092,126</u>	<u>4,518,216</u>
EQUITY					
Share capital	9	295,824	295,824	295,824	295,824
Share premium		76,500	76,500	76,500	76,500
Revaluation reserve - available-for-sale investment securities		(1,601)	(4,617)	(1,631)	(4,636)
Currency translation reserve		(292)	(200)	-	-
Legal reserve		16,991	16,617	15,532	15,532
Other reserves		21,811	61,650	21,811	61,650
Retained earnings (accumulated loss)		22,070	(16,783)	(5,252)	(39,840)
Equity attributable to equity holders of the parent		<u>431,303</u>	<u>428,991</u>	<u>402,784</u>	<u>405,030</u>
Non-controlling interest		-	-	-	-
Total equity		<u>431,303</u>	<u>428,991</u>	<u>402,784</u>	<u>405,030</u>
Total liabilities and equity		<u>4,588,872</u>	<u>5,010,703</u>	<u>4,494,910</u>	<u>4,923,246</u>

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

**CONDENSED INTERIM INCOME STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2011**
(All amounts in LTL thousands unless otherwise stated)



	Notes	The Group 2011.01.01- 2011.06.30	The Group 2010.01.01- 2010.06.30	The Bank 2011.01.01- 2011.06.30	The Bank 2010.01.01- 2010.06.30
Interest income	10	99,516	100,081	88,218	85,019
Interest expense	10	(67,088)	(96,179)	(67,177)	(96,328)
Interest income, net		32,428	3,902	21,041	(11,309)
Fees and commission income	11	27,258	29,408	24,539	26,753
Fees and commission expense	11	(4,807)	(5,051)	(4,648)	(4,853)
Fees and commission income, net		22,451	24,357	19,891	21,900
Net gains from dealing in foreign currencies		6,098	14,695	6,362	13,926
Net gains (losses) from financial assets at fair value through profit or loss		2,996	(7,241)	3,658	(7,404)
Net gains arising from investment securities		900	16,304	900	16,304
Impairment charge		(5,792)	3,179	(3,539)	11,678
Recoveries of loans written off		1,616	1,301	23	135
Insurance income, net		3,137	2,484	-	-
Dividend income		80	30	80	30
Other operating income		1,365	5,066	788	5,708
Operating profit before operating expenses		65,279	64,077	49,204	50,968
Operating expenses	12	(65,051)	(60,670)	(54,119)	(49,245)
Profit (loss) before income tax		228	3,407	(4,915)	1,723
Income tax expense		(841)	(1,156)	(337)	(696)
Net profit (loss) for the period		(613)	2,251	(5,252)	1,027
NET PROFIT (LOSS) FOR THE PERIOD					
Attributable to:					
Equity holders of the parent		(613)	2,251	(5,252)	1,027
Non-controlling interest		-	-	-	-
NET PROFIT (LOSS) FOR THE PERIOD		(613)	2,251	(5,252)	1,027
EARNINGS PER SHARE					
Basic (in LTL)	13	(0.00)	0.01	(0.02)	0.00
Diluted (in LTL)	13	(0.00)	0.01	(0.02)	0.00

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

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2011**

(All amounts in LTL thousands unless otherwise stated)



	The Group 2011.01.01- 2011.06.30	The Group 2010.01.01- 2010.06.30	The Bank 2011.01.01- 2011.06.30	The Bank 2010.01.01- 2010.06.30
Profit (loss) for the period	(613)	2,251	(5,252)	1,027
Other comprehensive income				
Exchange differences on translating foreign operations				
Exchange differences arising during the period on translating foreign operations, net of tax	(92)	(334)	-	-
	(92)	(334)	-	-
Available-for-sale financial assets				
Net gain (loss) arising on revaluation of available-for-sale financial assets during the year, net of tax	3,016	87	3,005	74
	3,016	87	3,005	74
Other reclassification adjustments	1	(7)	1	-
Total comprehensive income for the year	2,312	1,997	(2,246)	1,101
Attributable to:				
Equity holders of the parent	2,312	1,997	(2,246)	1,101
Non-controlling interest	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	2,312	1,997	(2,246)	1,101

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

CONDENSED INTERIM INCOME STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 30 JUNE 2011
(All amounts in LTL thousands unless otherwise stated)



	The Group 2011.04.01- 2011.06.30	The Group 2010.04.01- 2010.06.30	The Bank 2011.04.01- 2011.06.30	The Bank 2010.04.01- 2010.06.30
Interest income	49,891	49,933	44,428	42,612
Interest expense	(31,318)	(44,578)	(31,350)	(44,678)
Interest income, net	18,573	5,355	13,078	(2,066)
Fees and commission income	14,126	15,444	12,814	14,142
Fees and commission expense	(2,517)	(2,550)	(2,436)	(2,460)
Fees and commission income, net	11,609	12,894	10,378	11,682
Net gains from dealing in foreign currencies	5,500	10,735	5,597	10,303
Net (losses) from financial assets at fair value through profit or loss	(1,577)	(8,343)	(621)	(6,519)
Net gains (losses) arising from investment securities	604	(975)	604	(975)
Impairment charge	(2,665)	8,437	(1,585)	12,601
Recoveries of loans written off	482	449	11	122
Insurance income, net	2,288	2,867	-	-
Dividend income	79	30	79	30
Other operating income	806	178	236	500
Operating profit before operating expenses	35,699	31,627	27,777	25,678
Operating expenses	(31,878)	(30,534)	(26,562)	(24,938)
Profit before income tax	3,821	1,093	1,215	740
Income tax expense	(791)	(375)	(437)	(284)
Net profit for the period	3,030	718	778	456
NET PROFIT FOR THE PERIOD	3,030	718	778	456
Attributable to:				
Equity holders of the parent	3,030	718	778	456
Non-controlling interest	-	-	-	-
NET PROFIT FOR THE PERIOD	3,030	718	778	456
EARNINGS PER SHARE				
Basic (in LTL)	0.01	0.00	0.00	0.00
Diluted (in LTL)	0.01	0.00	0.00	0.00

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

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTH PERIOD ENDED 30 JUNE 2011**

(All amounts in LTL thousands unless otherwise stated)



	The Group 2011.04.01- 2011.06.30	The Group 2010.04.01- 2010.06.30	The Bank 2011.04.01- 2011.06.30	The Bank 2010.04.01- 2010.06.30
Profit (loss) for the period	3,030	718	778	456
Other comprehensive income				
Exchange differences on translating foreign operations				
Exchange differences arising during the period on translating foreign operations, net of tax	(94)	(453)	-	-
	(94)	(453)	-	-
Available-for-sale financial assets				
Net gain (loss) arising on revaluation of available-for-sale financial assets during the year, net of tax	1,921	(625)	1,917	(624)
	1,921	(625)	1,917	(624)
Other reclassification adjustments	-	-	-	-
Total comprehensive income for the year	4,857	(360)	2,695	(168)
Attributable to:				
Equity holders of the parent	4,857	(360)	2,695	(168)
Non-controlling interest	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	4,857	(360)	2,695	(168)

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

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2011**

(All amounts in LTL thousands unless otherwise stated)



The Bank	Share Capital	Share premium	Other reserves	Revaluation reserve on available-for-sales investment securities	Legal reserve	Retained earnings (accumulated loss)	Total
As of 31 December 2009	245,824	76,500	136,647	(5,175)	15,532	(74,997)	394,331
Transfer to legal reserve	-	-	-	-	-	-	-
Transfer to retained earnings (loss)	-	-	(74,997)	-	-	74,997	-
Total comprehensive income for the period:	-	-	-	74	-	1,027	1,101
<i>Net profit</i>	-	-	-	-	-	1,027	1,027
<i>Other comprehensive income</i>	-	-	-	74	-	-	74
As of 30 June 2010	245,824	76,500	61,650	(5,101)	15,532	1,027	395,432
Increase of share capital	50,000	-	-	-	-	-	50,000
Tax loss transfer to subsidiary	-	-	-	-	-	(1,826)	(1,826)
Total comprehensive income for the period:	-	-	-	465	-	(39,041)	(38,576)
<i>Net loss</i>	-	-	-	-	-	(39,041)	(39,041)
<i>Other comprehensive income</i>	-	-	-	465	-	-	465
As of 31 December 2010	295,824	76,500	61,650	(4,636)	15,532	(39,840)	405,030
Transfer to retained earnings (loss)	-	-	(39,840)	-	-	39,840	-
Total comprehensive income for the period:	-	-	1	3,005	-	(5,252)	(2,246)
<i>Net profit</i>	-	-	-	-	-	(5,252)	(5,252)
<i>Other comprehensive income</i>	-	-	1	3,005	-	-	3,006
As of 30 June 2011	295,824	76,500	21,811	(1,631)	15,532	(5,252)	402,784

(Continued)

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2011**

(All amounts in LTL thousands unless otherwise stated)



The Group	Share Capital	Share premium	Other reserves	Revaluation reserve on available- for-sale investment securities	Foreign currency translation reserve	Legal reserve	Retained earnings (accumulated loss)	Equity attributable to equity holders of the parent	Non- controlling interest	Total
As of 31 December 2009	245,824	76,500	136,647	(5,193)	(313)	16,046	(57,706)	411,805	-	411,805
Transfer to legal reserve	-	-	-	-	-	193	(193)	-	-	-
Transfer to retained earnings (loss)	-	-	(74,997)	-	-	-	74,997	-	-	-
Total comprehensive income for the period:	-	-	-	87	(334)	-	2,244	1,997	-	1,997
Net profit	-	-	-	-	-	-	2,251	2,251	-	2,251
Other comprehensive income	-	-	-	87	(334)	-	(7)	(254)	-	(254)
As of 30 June 2010	245,824	76,500	61,650	(5,106)	(647)	16,239	19,342	413,802	-	413,802
Transfer to legal reserve	-	-	-	-	-	378	(378)	-	-	-
Increase of share capital	50,000	-	-	-	-	-	-	50,000	-	50,000
Total comprehensive income for the period:	-	-	-	489	447	-	(35,747)	(34,811)	-	(34,811)
Net loss	-	-	-	-	-	-	(35,747)	(35,747)	-	(35,747)
Other comprehensive income	-	-	-	489	447	-	-	936	-	936
As of 31 December 2010	295,824	76,500	61,650	(4,617)	(200)	16,617	(16,783)	428,991	-	428,991
Transfer to retained earnings (loss)	-	-	(39,840)	-	-	-	39,840	-	-	-
Transfer to legal reserve	-	-	-	-	-	374	(374)	-	-	-
Total comprehensive income for the period:	-	-	1	3,016	(92)	-	(613)	2,312	-	2,312
Net loss	-	-	-	-	-	-	(613)	(613)	-	(613)
Other comprehensive income	-	-	1	3,016	(92)	-	-	2,925	-	2,925
As of 30 June 2011	295,824	76,500	21,811	(1,601)	(292)	16,991	22,070	431,303	-	431,303

(Concluded)

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

**CONDENSED INTERIM CASH FLOW STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2011**
(All amounts in LTL thousands unless otherwise stated)



	The Group 2011.01.01- 2011.06.30	The Group 2010.01.01- 2010.06.30	The Bank 2011.01.01- 2011.06.30	The Bank 2010.01.01- 2010.06.30
Cash flows from (to) operating activities				
Net (loss) for the year	(613)	2,251	(5,252)	1,027
Adjustments to net loss:				
Income tax expense recognized in profit or loss	841	1,156	337	696
Impairment charge	4,176	4,480	3,516	(11,813)
Interest income	(99,516)	(100,081)	(88,218)	(85,019)
Interest expense	67,088	96,179	67,177	96,328
Dividends income	(80)	(30)	(80)	(30)
Depreciation and amortization	2,955	4,751	2,666	3,098
Change in fair value of investment property	(247)	-	-	-
(Profit) from sales of property, plant and equipment	(190)	(4,858)	(181)	(5,151)
Cash from (to) operating activities before changes in operating assets and liabilities	(25,586)	3,848	(20,035)	(864)
Changes in operating assets and liabilities				
Net change in balances with Central Bank	25,478	(16,776)	25,478	(16,776)
Net change in loans to banks and other credit institutions	1,247	2,329	-	(86)
Net change in financial assets at fair value through profit or loss	(12,814)	(5,235)	(10,166)	(268)
Net change in loans and finance lease	211,055	(259,735)	335,432	(126,983)
Net change in other assets	(96,878)	78,528	(101,400)	87,655
Net change in due to banks and other credit institutions	(321,983)	122,365	(321,983)	131,365
Net change in financial liabilities at fair value through profit or loss	(945)	13	(945)	13
Net change in due to customers	(176,975)	254,810	(177,315)	253,803
Net change in other liabilities	3,561	19,035	2,470	12,125
Cash generated (used in) operations	(393,840)	199,182	(268,464)	339,984
Interest received	75,633	96,528	71,459	79,924
Interest paid	(72,744)	(98,278)	(72,897)	(98,501)
Income tax paid	(52)	(50)	-	-
Net cash generated from (used in) operating activities	(391,003)	197,382	(269,902)	321,407

(Continued)

**CONDENSED INTERIM CASH FLOW STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2011**
(All amounts in LTL thousands unless otherwise stated)



	The Group 2011.01.01- 2011.06.30	The Group 2010.01.01- 2011.06.30	The Bank 2011.01.01- 2011.06.30	The Bank 2010.01.01- 2010.06.30
Cash flows from (to) investing activities				
Dividends received	80	30	80	30
Acquisition of subsidiaries	-	-	-	(10)
Acquisition of investment securities	(787,069)	(310,613)	(792,021)	(2,018,603)
Proceeds from sale/redemption of investment securities	324,007	61,604	324,007	1,640,064
Acquisition of property, plant and equipment and investment property	(848)	(4,760)	(117,815)	(590)
Proceeds from sale of property, plant and equipment	915	16,103	954	15,192
Acquisition of intangible assets	(125)	(370)	(99)	(252)
Net cash (used in) investing activities	(463,040)	(238,006)	(584,894)	(364,169)
Cash flows from (to) financing activities				
Debt securities issued	200,439	43,700	200,439	43,700
Debt securities redeemed	(123,372)	(21,978)	(123,372)	(21,978)
Subordinated loans repaid	-	(3,608)	-	(3,608)
Net cash generated from financing activities	77,067	18,114	77,067	18,114
Net (decrease) in cash and cash equivalents	(776,976)	(22,510)	(777,729)	(24,648)
Effect of exchange rate on cash and cash equivalents	-	-	-	-
Cash and cash equivalents at the beginning of the period	1,072,469	989,006	1,071,178	987,967
Cash and cash equivalents at the end of the period	295,493	966,496	293,449	963,319

(Concluded)

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

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 the 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 45 client service departments in Lithuania and 3 representative offices in foreign countries (Ukraine, Russia and Kazakhstan). In addition, the Bank controls, directly or indirectly, 9 subsidiaries: UAB Ūkio Banko Lizingas, set up in 1997; Ūkio Banko Investicijų Valdymas, set up in 2006; GD UAB Bonum Publicum, acquired in 2007; Ūkio Banko Rizikos Kapitalo Valdymas, set up in 2007; UAB Investicinio Turto Valdymas, acquired in 2009; UAB Eastern Europe Development Fund, acquired in 2009, UAB Turto Valdymo Paslaugos, set up in 2010, and UAB Trade Project, acquired in 2010. UAB Ūkio Banko Rizikos Kapitalo Valdymas owns 100% of shares of RAB Ūkio Bank Lizing (Ukraine; set up in 2006).

As of 30 June 2011 the Group and the Bank employed 845 and 747 employees respectively (as of 31 December 2011: 825 and 725).

AB Ūkio Bankas ordinary registered shares are being traded on the NASDAQ OMX Vilnius Stock Exchange since June 1998. The trade in AB Ūkio Bankas shares on the Official List was started on 13 July 2006. AB Ūkio Bankas is the first financial sector company having its shares quoted on the Official List of the Stock Exchange.

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

	<u>2011-06-30</u>	<u>2010-12-31</u>
Vladimir Romanov	53.10%	53.10%
UAB Universal Business Investment Group Management	8.30%	8.30%
Incomplex L.L.C.	5.69%	5.91%
UAB First Partneriai	5.57%	6.45%

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

This condensed interim financial information for the six month period ended 30 June 2011 has been prepared in accordance with IAS 34, 'Interim financial reporting' as adopted by the EU. The condensed interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2010, which have been prepared in accordance with IFRSs as adopted by EU. In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the six month period ended 30 June 2011.

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.

NOTE 4 LOANS AND FINANCE LEASE RECEIVABLE

The Group			The Bank	
2011.06.30	2010.12.31		2011.06.30	2010.12.31
		Loans and finance lease receivable		
		Loans to small and medium size enterprises (SMEs)	1,182,094	1,208,121
1,294,813	1,317,588	Loans to other enterprises	455,142	677,403
754,734	978,277	Loans to individuals	177,234	184,188
317,754	320,742	Loans to financial institutions	239,525	354,717
3,851	3,986	Finance lease receivable	70,980	55,383
239,548	213,881			
2,610,700	2,834,474	Total loans and finance lease receivable	2,124,975	2,479,812
		Provisions for impairment loss of loans and finance lease receivable	(188,014)	(191,974)
(215,824)	(217,714)	<i>Provisions for impairment loss of loans receivable</i>	(187,614)	(191,974)
(204,219)	(207,054)	<i>Provisions for impairment loss of finance lease receivables</i>	(400)	-
(11,605)	(10,660)			
		Total loans and finance lease receivable from customers, net of provisions	1,936,961	2,287,838
2,394,876	2,616,760			

NOTE 5 INVESTMENT SECURITIES

The Group			The Bank	
2011.06.30	2010.12.31		2011.06.30	2010.12.31
		Equity investment securities available-for-sale		
10,523	10,357	Investment funds	10,048	9,922
2,825	29	Equity securities of entities available-for-sale	2,790	-
		Equity securities of banks and financial institutions available-for-sale	489	1,618
489	1,618			
13,837	12,004	Total equity investment securities available-for-sale	13,327	11,540
		Debt investment securities available-for-sale		
6,916	7,393	Debt investment securities of entities available-for-sale	6,916	7,393
		Debt investment securities of banks and financial institutions available-for-sale	13,980	17,969
13,980	17,969			
20,896	25,362	Total debt investment securities available-for-sale	20,896	25,362
		Provisions for the impairment of securities available-for-sale	(3,108)	(6,169)
(3,108)	(6,169)			
17,788	31,197	Total investment securities available-for-sale	31,115	30,733
		Investment securities held to maturity		
493,839	166,690	Debt securities of entities held to maturity	493,839	166,690
		Debt securities of banks and financial institutions held to maturity	554,896	455,251
220,934	126,385	Government debt securities held to maturity	389,743	345,900
390,281	346,329			
1,105,054	639,404	Total debt investment securities held to maturity	1,438,478	967,841

As of 30 June 2011 investment securities held to maturity with carrying amount LTL'000 26,594 were pledged under repurchase agreements (as of 31 December 2010: LTL'000 268,569).

NOTE 6 INVESTMENTS IN SUBSIDIARIES

The Group		The Bank	
2011.06.30	2010.12.31	2011.06.30	2010.12.31
Investments in subsidiaries			
-	-	36,321	36,321
-	-	2,000	2,000
-	-	1,000	1,000
-	-	19,924	19,924
-	-	98,391	98,391
-	-	56,626	56,626
-	-	26,880	26,880
-	-	10	10
-	-	241,152	241,152

NOTE 7 OTHER ASSETS

The Group		The Bank	
2011.06.30	2010.12.31	2011.06.30	2010.12.31
Other assets			
106,356	81,302	96,718	69,681
6,444	-	6,444	-
8,571	8,752	5,994	5,841
4,711	2,863	3,399	1,559
358	997	358	997
42	871	-	647
102	604	102	604
16,213	392	16,213	392
82,000	-	82,000	-
287	277	110	169
2,901	2,734	1,982	1,607
227,985	98,792	213,320	81,497
(1,068)	(421)	(1,063)	(416)
226,917	98,371	212,257	81,081

NOTE 8 DUE TO CUSTOMERS

The Group			The Bank	
2011.06.30	2010.12.31		2011.06.30	2010.12.31
		Due to customers		
881,948	813,043	Current and demand deposits	882,891	814,964
2,815,346	3,064,593	Term deposits, letters of credit	2,828,008	3,077,154
75,489	75,542	Loans	71,220	70,800
<u>3,772,783</u>	<u>3,953,178</u>	Total due to customers	<u>3,782,119</u>	<u>3,962,918</u>
The Group			The Bank	
2011.06.30	2010.12.31		2011.06.30	2010.12.31
		Current and demand deposits		
469,036	475,053	Companies	469,500	475,893
359,919	273,117	Individuals	358,919	273,117
53,993	64,873	Financial institutions	54,472	65,954
<u>881,948</u>	<u>813,043</u>		<u>882,891</u>	<u>814,964</u>
		Term deposits, letters of credit		
333,811	475,190	Companies	333,811	475,190
2,369,345	2,449,244	Individuals	2,369,345	2,449,244
83,101	107,577	Financial institutions	95,693	120,046
<u>2,786,257</u>	<u>3,032,011</u>		<u>2,798,849</u>	<u>3,044,480</u>
		Loans		
12,227	8,000	Government institutions	8,000	8,000
62,868	62,480	Financial institutions	62,868	62,480
-	4,649	Private companies	-	-
<u>75,095</u>	<u>75,129</u>		<u>70,868</u>	<u>70,480</u>
29,483	32,995	Accrued interest	29,511	32,994
<u>3,772,783</u>	<u>3,953,178</u>	Total due to customers	<u>3,782,119</u>	<u>3,962,918</u>

NOTE 9 SHARE CAPITAL AND RESERVES

The authorized capital of the Bank as of 30 June 2011 was LTL'000 295,824 (31 December 2010: LTL'000 295,824) and consisted of 295,824,000 (31 December 2010: 295,824,000) ordinary shares with par value of LTL 1 each. All shares are fully paid.

The ordinary general shareholders' meeting of AB Ūkio bankas on 25 March 2011 adopted the resolution to increase AB Ūkio bankas authorized capital from additional contributions by a new LTL 50,000,000 (fifty million) issue of 50,000,000 ordinary registered shares of 1 (one) litas.

Other reserves are formed from shareholder's additional contributions or deductions from the profit of the Bank. The purpose of Other reserves is to guarantee the financial stability of the Bank. Other reserves following the decision of the ordinary General Meeting of the Shareholders can be used to cover the losses and for the purpose discussed in Part 6 of Article 41 of Law on the Banks of the Republic of Lithuania. The ordinary general shareholders' meeting of AB Ūkio bankas on 25 March 2011 adopted resolution to transfer LTL'000 39,840 from other reserves to retained earnings. As of 30 June 2011 Other reserves amounted to LTL'000 21,811 (31 December 2010: LTL'000 61,650).

NOTE 10 INTEREST INCOME AND EXPENSE

The Group			The Bank	
2011.01.01- 2011.06.30	2010.01.01- 2010.06.30		2011.01.01- 2011.06.30	2010.01.01- 2010.06.30
		Interest income		
84,743	89,144	on loans and other receivables (including finance leases)	62,457	68,126
13,119	9,474	on investment securities held to maturity	24,497	15,804
588	707	on investment securities available-for-sale	588	707
638	409	on trading debt securities	248	35
428	347	on balances with central bank	428	347
99,516	100,081	Total interest income	88,218	85,019

The Group			The Bank	
2011.01.01- 2011.06.30	2010.01.01- 2010.06.30		2011.01.01- 2011.06.30	2010.01.01- 2010.06.30
		Interest expense		
51,263	75,130	on due to customers	51,352	75,373
1,970	5,727	on due to banks and other credit institutions	1,970	5,633
3,841	6,831	on subordinated loans	3,841	6,831
1,466	837	on debt securities issued	1,466	837
8,548	7,654	deposit insurance expenses	8,548	7,654
67,088	96,179	Total interest expense	61,177	96,328

In the six month period ended 30 June 2011 the Group's/Bank's total interest income includes income accrued on impaired financial assets in the amount of LTL'000 11,387 and 7,807 respectively (six month period ended 30 June 2010: LTL'000 20,345 and LTL'000 17,745).

NOTE 11 FEES AND COMMISSION INCOME AND EXPENSE

The Group			The Bank	
2011.01.01- 2011.06.30	2010.01.01- 2010.06.30		2011.01.01- 2011.06.30	2010.01.01- 2010.06.30
		Fees and commission income		
14,715	17,608	for money transfer operations	14,778	17,658
1,951	1,431	for credit services	1,951	1,431
992	1,648	for bank accounts' services	992	1,648
3,086	4,152	for payment card services	2,145	1,744
757	792	for collection of taxes	772	814
1,236	1,137	for EUR currency exchange	1,236	1,137
4,521	2,640	other	2,665	2,321
27,258	29,408	Total fees and commission income	24,539	26,753

The Group			The Bank	
2011.01.01- 2011.06.30	2010.01.01- 2010.06.30		2011.01.01- 2011.06.30	2010.01.01- 2010.06.30
		Fees and commission expenses		
1,352	1,645	for money transfer operations	1,203	1,473
2,754	2,791	for payment card services	2,757	2,782
701	615	other	688	598
4,807	5,051	Total fees and commission expenses	4,648	4,853

NOTE 12 OPERATING EXPENSES

The Group			The Bank	
2011.01.01- 2011.06.30	2010.01.01- 2010.06.30		2011.01.01- 2011.06.30	2010.01.01- 2010.06.30
Operating expenses				
24,179	22,606	Salary and related expenses	19,455	17,742
11,786	8,517	Marketing and charity expenses	10,024	7,281
11,161	11,238	Rent of premises and household expenses	9,521	9,722
1,840	4,092	Taxes (other than income tax)	1,631	3,829
2,955	4,751	Depreciation and amortization	2,666	3,098
		Transport, post and communication service expenses	1,455	1,292
1,911	1,866	IT expenses	2,147	1,710
2,178	1,738	Training and business trip expenses	501	299
1,007	681	Other expenses	6,719	4,272
8,034	5,181			
65,051	60,670	Total operating expenses	54,119	49,245

NOTE 13 EARNINGS PER SHARE

The Group			The Bank	
2011.01.01- 2011.06.30	2010.01.01- 2010.06.30		2011.01.01- 2011.06.30	2010.01.01- 2010.06.30
Basic earnings per share calculation				
(613)	2,251	Profit (loss) attributable to equity holders of the Parent	(5,252)	1,027
		Weighted average number of ordinary shares in issue (thousands units)		
295,824	245,824		295,824	245,824
(0.00)	0.01	Basic earnings per share (in LTL)	(0.02)	0.00

Diluted earnings per share are equal to basic earnings per share as no transactions having dilutive effect were effective on the six month periods ended 30 June 2011 and 30 June 2010.

NOTE 14 CREDIT RISK

a) Maximum exposure to credit risk without taking account of any collateral and other credit enhancements

The Group			The Bank	
2011.06.30	2010.12.31		2011.06.30	2010.12.31
Assets				
262,974	621,075	Funds with central banks	262,974	621,075
102,840	547,693	Loans and advances to banks and other credit institutions	90,479	535,335
87,247	74,836	Financial assets at fair value through profit or loss	41,923	32,067
2,394,876	2,616,760	Loans and finance lease receivable:	1,936,961	2,287,838
1,345,470	1,347,926	<i>loans to and finance lease receivable from SMEs</i>	1,103,940	1,121,513
747,410	962,447	<i>loans to and finance lease receivable from other enterprises</i>	443,637	656,751
3,851	3,986	<i>loans to and finance lease receivable from financial institutions</i>	239,525	354,717
298,145	302,401	<i>loans to and finance lease receivable from individuals</i>	149,859	154,857
1,136,679	670,601	Investment securities:	1,469,593	998,574
31,625	31,197	<i>available-for-sale</i>	31,115	30,733
1,105,054	639,404	<i>held to maturity</i>	1,438,478	967,841
137,714	35,106	Other assets	131,571	28,209
4,122,330	4,566,071	Total	3,933,501	4,503,098
Contingent liabilities and commitments				
68,226	67,704	Guarantees and warranties	68,226	67,704
1,292	-	Commitments to issue letters of credit	1,292	-
185,625	138,968	Irrevocable lending commitments	139,698	85,557
255,143	206,672	Total	209,216	153,261
4,377,473	4,772,743	Total credit risk exposure	4,142,717	4,656,359

b) Risk concentrations of the maximum exposure to credit risk

Concentration of risk is managed by client/counterparty, by industry sector and by geographical region.

The maximum Group's credit exposure to any client or counterparty as of 30 June 2011 was LTL 113 million or 22% of the capital base (31 December 2010: 109 million or 22% of the capital base) before taking into account of collateral or other credit enhancements.

The maximum Bank's credit exposure to any client or counterparty (excluding subsidiaries) as of 30 June 2011 was LTL 112 million or 25% of the capital base (31 December 2010: 109 million or 24% of the capital base) before taking into account of collateral or other credit enhancements.

As of 30 June 2011 and during the year the Group and 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 Group's and the Bank's capital (Note 17).

As of 30 June 2011 and during the year the Group and the Bank complied with the large loans requirement established by Bank of Lithuania, according to which the total amounts of loans granted to one customers and the customer's related parties that exceed 10% of the Group's and the Bank's capital may not exceed 800% of the Group's and the Bank's capital (Note 17).

EXPLANATORY NOTES
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2011
 (All amounts in LTL thousands unless otherwise stated)



An industry sector analysis of the Group's and the Bank's financial assets before taking into account any collateral held or other credit enhancements is as follows:

The Group as of 30 June 2011:

	Telecom- munication services	Financials	Industrials	Informa- tion Techno- logy	Materials	Energy	Consumer Staples	Consumer Discre- tionary	Health Care	Utilities	Govern- ment	Other	Total
Assets													
Cash and balances with central bank	-	-	-	-	-	-	-	-	-	-	262,974	-	262,974
Loans and advances to banks and other credit institutions	-	102,840	-	-	-	-	-	-	-	-	-	-	102,840
Financial assets at fair value through profit or loss	158	64,503	2,033	753	840	1,666	310	943	183	375	15,483	-	87,247
Loans and finance lease receivable	-	1,283,951	125,848	-	28,459	8,936	102,746	531,424	10,865	11,843	30,286	260,518	2,394,876
Investment securities:													
<i>available-for-sale</i>	-	27,671	-	2,638	187	-	-	-	-	-	1,129	-	31,625
<i>held-to-maturity</i>	51,671	158,365	77,538	-	26,707	52,677	52,643	3,159	21,805	122,098	538,391	-	1,105,054
Other assets	-	-	-	-	-	-	-	-	-	-	-	137,714	137,714
Total	51,829	1,637,330	205,419	3,391	56,193	63,279	155,699	535,526	32,853	134,316	848,263	398,232	4,122,330

As of 30 June 2011, the Group's loans to real estate and construction sectors amounted to LTL'000 994,857. In accordance with Global Industry Classification Standard (GICS) loans to real estate and construction sector are included in to industry sector "Financials" and "Consumer Discretionary", respectively in the above presented table.

EXPLANATORY NOTES
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2011
 (All amounts in LTL thousands unless otherwise stated)



The Group as of 31 December 2010:

	Telecom- munication services	Financials	Industrials	Informa- tion Techno- logy	Materials	Energy	Consumer Staples	Consumer Discre- tionary	Health Care	Utilities	Govern- ment	Other	Total
Assets													
Cash and balances with central bank	-	-	-	-	-	-	-	-	-	-	621,075	-	621,075
Loans and advances to banks and other credit institutions	-	547,693	-	-	-	-	-	-	-	-	-	-	547,693
Financial assets at fair value through profit or loss	842	38,447	1,347	414	637	2,793	245	411	112	962	28,626	-	74,836
Loans and finance lease receivable	-	1,431,183	141,951	-	31,276	17,316	91,603	578,792	7,290	34,139	13,410	269,800	2,616,760
Investment securities: <i>available-for-sale</i>	-	29,954	-	-	29	-	-	-	-	-	1,214	-	31,197
<i>held-to-maturity</i>	34,478	110,086	22,487	-	8,614	21,319	18,386	9,535	-	21,873	392,626	-	639,404
Other assets	-	-	-	-	-	-	-	-	-	-	-	35,106	35,106
Total	35,320	2,157,363	165,785	414	40,556	41,428	110,234	588,738	7,402	56,974	1,056,951	304,906	4,566,071

As of 31 December 2010, the Group's loans to real estate and construction sectors amounted to LTL'000 1,066,801. In accordance with Global Industry Classification Standard (GICS) loans to real estate and construction sector are included in to industry sector "Financials" and "Consumer Discretionary", respectively in the above presented table.

EXPLANATORY NOTES
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2011
 (All amounts in LTL thousands unless otherwise stated)



The Bank as of 30 June 2011:

	Telecom- munication services	Financials	Industrials	Informa- tion Technology	Materials	Energy	Consumer Staples	Consumer Discretio- nary	Health Care	Utilities	Govern- ment	Other	Total
Assets													
Cash and balances with central bank	-	-	-	-	-	-	-	-	-	-	262,974	-	262,974
Loans and advances to banks and other credit institutions	-	90,479	-	-	-	-	-	-	-	-	-	-	90,479
Financial assets at fair value through profit or loss	158	32,630	1,771	753	840	429	310	943	183	375	3,531	-	41,923
Loans and finance lease receivable	-	1,041,664	111,743	-	23,244	8,936	98,834	487,496	10,865	11,662	30,286	112,231	1,936,961
Investment securities:													
<i>available-for-sale</i>	-	27,196	-	2,638	152	-	-	-	-	-	1,129	-	31,115
<i>held-to-maturity</i>	51,671	492,327	77,538	-	26,707	52,677	52,643	3,159	21,805	122,098	537,853	-	1,438,478
Other assets	-	-	-	-	-	-	-	-	-	-	-	131,571	131,571
Total	51,829	1,684,296	191,052	3,391	50,943	62,042	151,787	491,598	32,853	134,135	835,773	243,802	3,933,501

As of 30 June 2011, the Bank's loans to real estate and construction sectors amounted to LTL'000 603,221. In accordance with Global Industry Classification Standard (GICS) loans to real estate and construction sector are included in to industry sector „Financials“ and „Consumer Discretionary“ respectively in the above presented table.

EXPLANATORY NOTES
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2011
 (All amounts in LTL thousands unless otherwise stated)



The Bank as of 31 December 2010:

	Telecom- munication services	Financials	Industrials	Informa- tion Technology	Materials	Energy	Consumer Staples	Consumer Discretio- nary	Health Care	Utilities	Govern- ment	Other	Total
Assets													
Cash and balances with central bank	-	-	-	-	-	-	-	-	-	-	621,075	-	621,075
Loans and advances to banks and other credit institutions	-	535,335	-	-	-	-	-	-	-	-	-	-	535,335
Financial assets at fair value through profit or loss	842	7,665	1,103	414	637	1,566	245	411	112	962	18,110	-	32,067
Loans and finance lease receivable	-	1,306,580	126,392	-	25,767	17,316	87,306	551,311	7,290	34,000	13,410	118,466	2,287,838
Investment securities:													
<i>available-for-sale</i>	-	29,519	-	-	-	-	-	-	-	-	1,214	-	30,733
<i>held-to-maturity</i>	34,478	438,952	22,487	-	8,614	21,319	18,386	9,535	-	21,873	392,197	-	967,841
Other assets	-	-	-	-	-	-	-	-	-	-	-	28,209	28,209
Total	35,320	2,318,051	149,982	414	35,018	40,201	105,937	561,257	7,402	56,835	1,046,006	146,675	4,503,098

As of 31 December 2010, the Bank's loans to real estate and construction sectors amounted to LTL'000 684,535. In accordance with Global Industry Classification Standard (GICS) loans to real estate and construction sector are included in to industry sector „Financials“ and „Consumer Discretionary“ respectively in the above presented table.

EXPLANATORY NOTES
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2011
(All amounts in LTL thousands unless otherwise stated)



The analysis of the Group's and the Bank's financial assets before taking into account any collateral held or other credit enhancements by geographical region is as follows:

As of 30 June 2011:

	The Group			The Bank		
	Higher rated countries	Lower rated countries	Total	Higher rated countries	Lower rated countries	Total
Assets						
Funds with central banks	262,974	-	262,974	262,974	-	262,974
Loans and advances to banks and other credit institutions	97,352	5,488	102,840	85,421	5,058	90,479
Financial assets at fair value through profit or loss	84,713	2,534	87,247	40,881	1,042	41,923
Loans and finance lease receivable	2,267,270	127,606	2,394,876	1,887,400	49,561	1,936,961
Investment securities:	1,104,969	31,710	1,136,679	1,441,763	27,830	1,469,593
<i>available-for-sale</i>	31,625	-	31,625	31,115	-	31,115
<i>held-to-maturity</i>	1,073,344	31,710	1,105,054	1,410,648	27,830	1,438,478
Other assets	135,486	2,228	137,714	130,851	720	131,571
Total	3,952,764	169,566	4,122,330	3,849,290	84,211	3,933,501

As of 31 December 2010:

	The Group			The Bank		
	Higher rated countries	Lower rated countries	Total	Higher rated countries	Lower rated countries	Total
Assets						
Funds with central banks	621,075	-	621,075	621,075	-	621,075
Loans and advances to banks and other credit institutions	528,685	19,008	547,693	516,738	18,597	535,335
Financial assets at fair value through profit or loss	70,982	3,854	74,836	29,551	2,516	32,067
Loans and finance lease receivable	2,309,190	307,570	2,616,760	2,074,090	213,748	2,287,838
Investment securities:	611,004	59,597	670,601	939,370	59,204	998,574
<i>available-for-sale</i>	28,000	3,197	31,197	27,536	3,197	30,733
<i>held-to-maturity</i>	583,004	56,400	639,404	911,834	56,007	967,841
Other assets	26,695	8,411	35,106	28,199	10	28,209
Total	4,167,631	398,440	4,566,071	4,209,023	294,075	4,503,098

EXPLANATORY NOTES
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2011
(All amounts in LTL thousands unless otherwise stated)



Higher rated countries include countries belonging to the European Union and/or countries that have credit ratings ranging from AAA/Aaa to A-/A3, lower rated countries include countries not belonging to the European Union that have lower ratings.

As of 30 June 2011, largest single country concentrations of Group's financial assets without taking into account any collateral held or other credit enhancements were in Lithuania – 60.6%, USA – 9.4%, France – 3.6% (as of 31 December 2010: Lithuania – 61.5%, USA – 7.8%).

c) Credit quality of financial assets

The credit quality of financial assets of the Group and the Bank is managed by using internal credit ratings. Exposures are rated to 5 internal risk grades. Grade 1 represents best credit quality and Grade 5 represents the worst credit quality.

As of 30 June 2011 the Group's financial assets by internal credit ratings were as follows:

The Group	Neither past due nor individually impaired					Past due or individually impaired	Total
	Grade 1	Grade 2	Grade 3	Grade 4	Grade 5		
Funds with central banks	262,974	-	-	-	-	-	262,974
Loans and advances to banks and other credit institutions	83,025	16,455	3,358	1	-	1	102,840
Financial assets at fair value through profit or loss	9,748	76,497	958	44	-	-	87,247
Loans and finance lease receivable:	113,340	721,344	900,042	296,256	2,096	361,798	2,394,876
<i>loans to SMEs</i>	9,667	140,872	748,323	227,291	108	219,209	1,345,470
<i>loans to other enterprises</i>	9,237	513,910	139,032	58,315	-	26,916	747,410
<i>loans to financial institutions</i>	-	3,851	-	-	-	-	3,851
<i>loans to individuals</i>	94,436	62,711	12,687	10,650	1,988	115,673	298,145
Investment securities:	876,594	220,164	28,674	10,902	-	345	1,136,679
<i>available-for-sale</i>	5,676	16,206	5,892	3,506	-	345	31,625
<i>held-to-maturity</i>	870,918	203,958	22,782	7,396	-	-	1,105,054
Other assets	13	134,964	2,470	-	-	267	137,714
Total	1,345,694	1,169,424	935,502	307,203	2,096	362,411	4,122,330

EXPLANATORY NOTES
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2011
(All amounts in LTL thousands unless otherwise stated)



As of 31 December 2010 the Group's financial assets by internal credit ratings were as follows:

The Group	Neither past due nor individually impaired					Past due or individually impaired	Total
	Grade 1	Grade 2	Grade 3	Grade 4	Grade 5		
Funds with central banks	621,075	-	-	-	-	-	621,075
Loans and advances to banks and other credit institutions	463,217	79,869	4,606	1	-	-	547,693
Financial assets at fair value through profit or loss	18,758	52,223	3,160	695	-	-	74,836
Loans and finance lease receivable:	159,401	765,268	1,003,155	249,912	2,083	436,941	2,616,760
<i>loans to SMEs</i>	6,348	81,777	800,969	216,153	264	242,415	1,347,926
<i>loans to other enterprises</i>	13,709	610,638	192,473	29,259	-	116,368	962,447
<i>loans to financial institutions</i>	-	3,986	-	-	-	-	3,986
<i>loans to individuals</i>	139,344	68,867	9,713	4,500	1,819	78,158	302,401
Investment securities:	389,378	219,932	56,845	3,940	-	506	670,601
<i>available-for-sale</i>	6,130	10,875	10,135	3,551	-	506	31,197
<i>held-to-maturity</i>	383,248	209,057	46,710	389	-	-	639,404
Other assets	1	32,978	2,079	-	-	48	35,106
Total	1,651,830	1,150,270	1,069,845	254,548	2,083	437,495	4,566,071

As of 30 June 2011 the Bank's financial assets by internal credit ratings were as follows:

The Bank	Neither past due nor individually impaired					Past due or individually impaired	Total
	Grade 1	Grade 2	Grade 3	Grade 4	Grade 5		
Funds with central banks	262,974	-	-	-	-	-	262,974
Loans and advances to banks and other credit institutions	80,386	7,163	2,928	1	-	1	90,479
Financial assets at fair value through profit or loss	112	41,649	162	-	-	-	41,923
Loans and finance lease receivable:	32,378	593,808	773,328	275,458	2,096	259,893	1,936,961
<i>loans to SMEs</i>	9,598	132,449	568,511	206,493	108	186,781	1,103,940
<i>loans to other enterprises</i>	8,601	191,786	159,468	58,315	-	25,467	443,637
<i>loans to financial institutions</i>	-	206,863	32,662	-	-	-	239,525
<i>loans to individuals</i>	14,179	62,710	12,687	10,650	1,988	47,645	149,859
Investment securities:	876,043	557,408	28,566	7,231	-	345	1,469,593
<i>available-for-sale</i>	5,676	15,696	5,892	3,506	-	345	31,115
<i>held-to-maturity</i>	870,367	541,712	22,674	3,725	-	-	1,438,478
Other assets	13	128,821	2,470	-	-	267	131,571
Total	1,251,906	1,328,849	807,454	282,690	2,096	260,506	3,933,501

EXPLANATORY NOTES
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2011
(All amounts in LTL thousands unless otherwise stated)

As of 31 December 2010 the Bank's financial assets by internal credit ratings were as follows:

The Bank	Neither past due nor individually impaired					Past due or individually impaired	Total
	Grade 1	Grade 2	Grade 3	Grade 4	Grade 5		
Funds with central banks	621,075	-	-	-	-	-	621,075
Loans and advances to banks and other credit institutions	460,620	70,520	4,194	1	-	-	535,335
Financial assets at fair value through profit or loss	9,819	20,322	1,926	-	-	-	32,067
Loans and finance lease receivable:	32,453	754,436	885,455	246,951	2,076	366,467	2,287,838
<i>loans to SMEs</i>	2,915	73,668	634,213	213,192	264	197,261	1,121,513
<i>loans to other enterprises</i>	13,709	296,700	202,273	29,259	-	114,810	656,751
<i>loans to financial institutions</i>	-	315,309	39,408	-	-	-	354,717
<i>loans to individuals</i>	15,829	68,759	9,561	4,500	1,812	54,396	154,857
Investment securities:	389,096	548,690	56,731	3,551	-	506	998,574
<i>available-for-sale</i>	6,130	10,411	10,135	3,551	-	506	30,733
<i>held-to-maturity</i>	382,966	538,279	46,596	-	-	-	967,841
Other assets	1	26,081	2,079	-	-	48	28,209
Total	1,513,064	1,420,049	950,385	250,503	2,076	367,021	4,503,098

EXPLANATORY NOTES
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2011
(All amounts in LTL thousands unless otherwise stated)



d) Aging analysis of financial assets

As of 30 June 2011 the Group's financial assets by aging intervals were:

	Neither past due nor individually impaired	Past due but not individually impaired					Individually impaired					TOTAL	
		<= 30 days	31-60 days	61 days – 1 year	Over 1 year	Total	not past due	<=30 days	31-60 days	61 days – 1 year	Over 1 year		Total
Funds with central banks	262,974	-	-	-	-	-	-	-	-	-	-	-	262,974
Loans and advances to banks and other credit institutions	102,839	-	-	-	-	-	1	-	-	-	-	1	102,840
Financial assets at fair value through profit or loss	87,247	-	-	-	-	-	-	-	-	-	-	-	87,247
Loans and finance lease receivable	2,033,078	30,262	10,100	40,899	49,574	130,835	84,459	8,357	3,887	39,410	94,850	230,963	2,394,876
<i>loans to SMEs</i>	1,126,261	8,312	5,819	34,658	30,390	79,179	26,848	3,083	310	29,959	79,830	140,030	1,345,470
<i>loans to other enterprises</i>	720,494	9,587	63	-	892	10,542	14,342	1	-	1,994	37	16,374	747,410
<i>loans to financial institutions</i>	3,851	-	-	-	-	-	-	-	-	-	-	-	3,851
<i>loans to individuals</i>	182,472	12,363	4,218	6,241	18,292	41,114	43,269	5,273	3,577	7,457	14,983	74,559	298,145
Investment securities:	1,136,334	-	-	-	-	-	345	-	-	-	-	345	1,136,679
<i>available-for-sale</i>	31,280	-	-	-	-	-	345	-	-	-	-	345	31,625
<i>held-to-maturity</i>	1,105,054	-	-	-	-	-	-	-	-	-	-	-	1,105,054
Other assets	137,447	252	-	-	-	252	-	-	2	13	-	15	137,714
Total	3,759,919	30,514	10,100	40,899	49,574	131,087	84,805	8,357	3,889	39,423	94,850	231,324	4,122,330

EXPLANATORY NOTES
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2011
 (All amounts in LTL thousands unless otherwise stated)



As of 31 December 2010 the Group's financial assets by aging intervals were:

	Neither past due nor individually impaired	Past due but not individually impaired					Individually impaired					TOTAL	
		<= 30 days	31-60 days	61 days – 1 year	Over 1 year	Total	not past due	<=30 days	31-60 days	61 days – 1 year	Over 1 year		Total
Funds with central banks	621,075	-	-	-	-	-	-	-	-	-	-	-	621,075
Loans and advances to banks and other credit institutions	547,693	-	-	-	-	-	-	-	-	-	-	-	547,693
Financial assets at fair value through profit or loss	74,836	-	-	-	-	-	-	-	-	-	-	-	74,836
Loans and finance lease receivable	2,179,819	45,302	6,835	39,285	41,924	133,346	136,873	4,630	10,435	38,547	113,110	303,595	2,616,760
<i>loans to SMEs</i>	1,105,511	22,198	4,966	32,509	30,253	89,926	16,968	4,168	6,142	30,771	94,440	152,489	1,347,926
<i>loans to other enterprises</i>	846,079	5,177	71	-	974	6,222	107,677	-	-	-	2,469	110,146	962,447
<i>loans to financial institutions</i>	3,986	-	-	-	-	-	-	-	-	-	-	-	3,986
<i>loans to individuals</i>	224,243	17,927	1,798	6,776	10,697	37,198	12,228	462	4,293	7,776	16,201	40,960	302,401
Investment securities:	670,095	-	-	-	-	-	286	-	-	220	-	506	670,601
<i>available-for-sale</i>	30,691	-	-	-	-	-	286	-	-	220	-	506	31,197
<i>held-to-maturity</i>	639,404	-	-	-	-	-	-	-	-	-	-	-	639,404
Other assets	35,058	30	17	-	-	47	-	-	-	-	1	1	35,106
Total	4,128,576	45,332	6,852	39,285	41,924	133,393	137,159	4,630	10,435	38,767	113,111	304,102	4,566,071

EXPLANATORY NOTES
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2011
(All amounts in LTL thousands unless otherwise stated)



As of 30 June 2011 the Bank's financial assets by aging intervals were:

	Neither past due nor individually impaired	Past due but not individually impaired					Individually impaired					TOTAL	
		<= 30 days	31-60 days	61 days – 1 year	Over 1 year	Total	Not past due	<=30 days	31-60 days	61 days – 1 year	Over 1 year		Total
Funds with central banks	262,974	-	-	-	-	-	-	-	-	-	-	-	262,974
Loans and advances to banks and other credit institutions	90,478	-	-	-	-	-	1	-	-	-	-	1	90,479
Financial assets at fair value through profit or loss	41,923	-	-	-	-	-	-	-	-	-	-	-	41,923
Loans and finance lease receivable	1,677,068	20,876	6,240	34,292	43,614	105,022	40,401	3,321	1,124	22,611	87,414	154,871	1,936,961
<i>loans to SMEs</i>	917,159	6,903	4,010	28,313	25,713	64,939	24,134	3,051	308	18,620	75,729	121,842	1,103,940
<i>loans to other enterprises</i>	418,170	9,356	-	-	-	9,356	14,342	1	-	1,731	37	16,111	443,637
<i>loans to financial institutions</i>	239,525	-	-	-	-	-	-	-	-	-	-	-	239,525
<i>loans to individuals</i>	102,214	4,617	2,230	5,979	17,901	30,727	1,925	269	816	2,260	11,648	16,918	149,859
Investment securities:	1,469,248	-	-	-	-	-	345	-	-	-	-	345	1,469,593
<i>available-for-sale</i>	30,770	-	-	-	-	-	345	-	-	-	-	345	31,115
<i>held-to-maturity</i>	1,438,478	-	-	-	-	-	-	-	-	-	-	-	1,438,478
Other assets	131,304	252	-	-	-	252	-	-	2	13	-	15	131,571
Total	3,672,995	21,128	6,240	34,292	43,614	105,274	40,747	3,321	1,126	22,624	87,414	155,232	3,933,501

EXPLANATORY NOTES
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2011
(All amounts in LTL thousands unless otherwise stated)



As of 31 December 2010 the Bank's financial assets by aging intervals were:

	Neither past due nor individually impaired	Past due but not individually impaired				Total	Individually impaired					Total	TOTAL	
		<= 30 days	31-60 days	61 days – 1 year	Over 1 year		Not past due	<=30 days	31-60 days	61 days – 1 year	Over 1 year			
Funds with central banks	621,075	-	-	-	-	-	-	-	-	-	-	-	-	621,075
Loans and advances to banks and other credit institutions	535,335	-	-	-	-	-	-	-	-	-	-	-	-	535,335
Financial assets at fair value through profit or loss	32,067	-	-	-	-	-	-	-	-	-	-	-	-	32,067
Loans and finance lease receivable	1,921,371	14,803	4,376	34,572	39,120	92,871	135,802	4,361	6,741	20,033	106,659	273,596	2,287,838	
<i>loans to SMEs</i>	924,252	4,661	2,620	27,973	28,462	63,716	16,222	4,058	5,952	17,010	90,303	133,545	1,121,513	
<i>loans to other enterprises</i>	541,941	4,701	-	-	-	4,701	107,677	-	-	-	2,432	110,109	656,751	
<i>loans to financial institutions</i>	354,717	-	-	-	-	-	-	-	-	-	-	-	354,717	
<i>loans to individuals</i>	100,461	5,441	1,756	6,599	10,658	24,454	11,903	303	789	3,023	13,924	29,942	154,857	
Investment securities:	998,068	-	-	-	-	-	286	-	-	220	-	506	998,574	
<i>available-for-sale</i>	30,227	-	-	-	-	-	286	-	-	220	-	506	30,733	
<i>held-to-maturity</i>	967,841	-	-	-	-	-	-	-	-	-	-	-	967,841	
Other assets	28,161	30	17	-	-	47	-	-	-	-	1	1	28,209	
Total	4,136,077	14,833	4,393	34,572	39,120	92,918	136,088	4,361	6,741	20,253	106,660	274,103	4,503,098	

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ANNEX FOR ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

NOTE 15 LIQUIDITY RISK

As of 30 June 2011 the Group's assets and liabilities by maturity were as follows:

	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and up	Unlimited period	Total
Assets							
Cash and balances with central bank	337,512	-	-	-	-	-	337,512
Loans and advances to banks and credit institutions	89,610	1,144	7,096	4,636	-	354	102,840
Financial assets at fair value through profit or loss	1,160	36	930	14,283	8,897	61,941	87,247
Loans and finance lease receivable	91,762	375,251	875,466	640,405	192,232	219,760	2,394,876
Investment securities:	51,919	30,764	160,470	855,347	24,234	13,945	1,136,679
<i>available-for-sale</i>	71	23	-	-	17,694	13,837	31,625
<i>held-to-maturity</i>	51,848	30,741	160,470	855,347	6,540	108	1,105,054
Intangible assets	-	-	-	-	-	21,207	21,207
Property, plant and equipment	-	-	-	-	-	27,771	27,771
Investment property	-	-	-	-	-	236,636	236,636
Deferred income tax assets	-	-	-	-	-	17,187	17,187
Other assets	106,573	705	3,552	7,637	1,794	106,656	226,917
Total assets	678,536	407,900	1,047,514	1,522,308	227,157	705,457	4,588,872
Liabilities							
Due to banks and other credit institutions	69,691	7	1,288	717	-	-	71,703
Financial liabilities at fair value through profit or loss	71	-	-	-	-	-	71
Due to customers	1,454,292	581,139	1,435,553	292,820	8,979	-	3,772,783
Debt securities in issue	-	10,252	64,947	46,912	-	-	122,111
Subordinated loans	632	-	-	-	93,226	-	93,858
Deferred tax liabilities	-	-	-	-	-	20,902	20,902
Other liabilities	32,294	305	1,520	4,333	37,133	556	76,141
Total liabilities	1,556,980	591,703	1,503,308	344,782	139,338	21,458	4,157,569
Net position	(878,444)	(183,803)	(455,794)	1,177,526	87,819	683,999	431,303
2010 m. gruodžio 31 d. The Groups turto ir įsipareigojimų struktūra pagal terminus:							
	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and up	Unlimited period	Total
Total assets	1,468,801	468,611	1,334,843	893,991	233,582	610,875	5,010,703
Total liabilities	1,704,724	647,550	1,845,737	218,669	143,638	21,394	4,581,712
Net position	(235,923)	(178,939)	(510,894)	675,322	89,944	589,481	428,991

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As of 30 June 2011 the Bank's assets and liabilities by maturity were as follows:

	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and up	Unlimited period	Total
Assets							
Cash and balances with central bank	337,511	-	-	-	-	-	337,511
Loans and advances to banks and other credit institutions	88,667	-	-	1,458	-	354	90,479
Financial assets at fair value through profit or loss	1,033	36	45	5,752	2,949	32,108	41,923
Loans and finance lease receivable	68,293	438,448	572,228	541,348	125,005	191,639	1,936,961
Investment securities:	389,818	30,764	160,197	854,924	20,563	13,327	1,469,593
<i>available-for-sale</i>	71	23	-	-	17,694	13,327	31,115
<i>held-to-maturity</i>	389,747	30,741	160,197	854,924	2,869	-	1,438,478
Investments in subsidiaries	-	-	-	-	-	241,152	241,152
Intangible assets	-	-	-	-	-	1,267	1,267
Property, plant and equipment	-	-	-	-	-	24,677	24,677
Investment property	-	-	-	-	-	123,031	123,031
Deferred income tax assets	-	-	-	-	-	16,059	16,059
Other assets	105,529	588	2,139	5,152	1,780	97,069	212,257
Total assets	990,851	469,836	734,609	1,408,634	150,297	740,683	4,494,910
Liabilities							
Due to banks and other credit institutions	69,691	7	1,288	717	-	-	71,703
Financial liabilities at fair value through profit or loss	71	-	-	-	-	-	71
Due to customers	1,464,984	581,139	1,437,626	291,082	7,288	-	3,782,119
Debt securities in issue	-	10,252	64,947	46,912	-	-	122,111
Subordinated loans	632	-	-	-	93,226	-	93,858
Other liabilities	22,062	13	62	-	-	127	22,264
Total liabilities	1,557,440	591,411	1,503,923	338,711	100,514	127	4,092,126
Net position	(566,589)	(121,575)	(769,314)	1,069,923	49,783	740,556	402,784

As of 31 December 2010 the Bank's assets and liabilities by maturity were as follows:

Total assets	1,710,053	818,098	899,419	787,872	160,751	547,053	4,923,246
Total liabilities	1,701,778	652,314	1,845,283	213,120	105,721	-	4,518,216
Net position	8,275	165,784	(945,864)	574,752	55,030	547,053	405,030

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NOTE 16 MARKET RISK

a) currency risk

Concentrations of assets, liabilities and off balance sheet items of the Group as of 30 June 2011:

	EUR	USD	LTL	Other	Total
Assets					
Cash and balances with central bank	142,406	5,208	187,871	2,027	337,512
Loans and advances to banks and other credit institutions	23,246	61,807	9,714	8,073	102,840
Financial assets at fair value through profit or loss	35,870	12,789	35,673	2,915	87,247
Loans and finance lease receivable	802,376	104,488	1,471,788	16,224	2,394,876
Investment securities:	907,428	214,957	10,623	3,671	1,136,679
<i>available-for-sale</i>	769	20,233	10,623		31,625
<i>held-to-maturity</i>	906,659	194,724	-	3,671	1,105,054
Intangible assets	-	-	21,179	28	21,207
Property, plant and equipment	-	-	25,829	1,942	27,771
Investment property	-	-	233,956	2,680	236,636
Deferred income tax assets	-	-	16,165	1,022	17,187
Other assets	14,497	11,755	193,316	7,349	226,917
Total assets	1,925,823	411,004	2,206,114	45,931	4,588,872
Liabilities					
Due to banks and other credit institutions	33,727	8,044	29,773	159	71,703
Financial liabilities at fair value through profit or loss	-	-	71	-	71
Due to customers	1,100,206	442,633	2,182,476	47,468	3,772,783
Debt securities in issue	3,299	-	118,812	-	122,111
Subordinated loans	93,858	-	-	-	93,858
Deferred income tax liabilities	-	-	20,603	299	20,902
Other liabilities	22,926	10,059	42,248	908	76,141
Total liabilities	1,254,016	460,736	2,393,983	48,834	4,157,569
Total equity			431,689	(386)	431,303
Total liabilities and equity	1,254,016	460,736	2,825,672	48,448	4,588,872
Net balance sheet position	671,807	(49,732)	(619,558)	(2,517)	-
Net off-balance sheet position	(669,654)	37,455	618,032	14,238	71
Net balance and off-balance sheet position	2,153	(12,277)	(1,526)	11,721	71
Credit commitments	72,369	4,177	109,079		185,625
Issued guarantees	6,290	3,643	58,258	35	68,226

Concentrations of assets, liabilities and off balance sheet items of the Group as of 31 December 2010:

	EUR	USD	LTL	Other	Total
Total assets	2,290,311	650,031	1,989,995	80,366	5,010,703
Total liabilities and equity	1,508,916	678,355	2,757,619	65,813	5,010,703
Net balance sheet position	781,395	(28,324)	(767,624)	14,553	-
Net off-balance sheet position	(780,192)	12,929	766,774	(497)	(986)
Net balance and off-balance sheet position	1,203	(15,395)	(850)	14,056	(986)

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Concentrations of assets, liabilities and off balance sheet items of the Bank as of 30 June 2011:

	EUR	USD	LTL	Other	Total
Assets					
Cash and balances with central bank	142,406	5,208	187,870	2,027	337,511
Loans and advances to banks and other credit institutions	20,809	61,802	-	7,868	90,479
Financial assets at fair value through profit or loss	8,688	7,356	23,739	2,140	41,923
Loans and finance lease receivable	769,904	117,310	1,033,523	16,224	1,936,961
Investment securities:	906,818	214,627	348,148	-	1,469,593
<i>available-for-sale</i>	734	20,233	10,148	-	31,115
<i>held-to-maturity</i>	906,084	194,394	338,000	-	1,438,478
Investments in subsidiaries	-	-	241,152	-	241,152
Intangible assets	-	-	1,267	-	1,267
Property, plant and equipment	-	-	24,677	-	24,677
Investment property	-	-	123,031	-	123,031
Deferred income tax assets	-	-	16,059	-	16,059
Other assets	14,475	11,743	184,273	1,766	212,257
Total assets	1,863,100	418,046	2,183,739	30,025	4,494,910
Liabilities					
Due to banks and other financial institutions	33,727	8,044	29,773	159	71,703
Financial liabilities at fair value through profit or loss	-	-	71	-	71
Due to customers	1,100,837	442,639	2,191,175	47,468	3,782,119
Debt securities in issue	3,299	-	118,812	-	122,111
Subordinated loans	93,858	-	-	-	93,858
Other liabilities	4,847	4,531	12,686	200	22,264
Total liabilities	1,236,568	455,214	2,352,517	47,827	4,092,126
Total equity			402,784		402,784
Total liabilities and equity	1,236,568	455,214	2,755,301	47,827	4,494,910
Net balance sheet position	626,532	(37,168)	(571,562)	(17,802)	-
Net off-balance sheet position	(627,561)	37,671	572,075	17,887	72
Net balance and off-balance sheet position	(1,029)	503	513	85	72
Credit commitments	72,198	4,177	63,323		139,698
Issued guarantees	6,290	3,643	58,258	35	68,226

Concentrations of assets, liabilities and off balance sheet items of the Bank as of 31 December 2010:

	EUR	USD	LTL	Other	Total
Total assets	2,230,581	658,466	1,968,651	65,548	4,923,246
Total liabilities and equity	1,492,907	672,970	2,693,019	64,350	4,923,246
Net balance sheet position	737,674	(14,504)	(724,368)	1,198	-
Net off-balance sheet position	(737,485)	13,286	723,735	(497)	(961)
Net balance and off-balance sheet position	189	(1,218)	(633)	701	(961)

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Sensitivity to currency risk, LTL'000:

The Group			The Bank	
2011.06.30	2010.12.31		2011.06.30	2010.12.31
		Sensitivity to changes in EUR rates		
-	-	Expected rate fluctuation, %	-	-
2,152	1,203	Open position	(1,029)	189
-	-	Effect on profit or loss	-	-
-	-	Effect on equity	-	-
		Sensitivity to changes in USD rates		
14,87	8,51	Expected rate fluctuation, %	14,87	8,51
(12,277)	(15,395)	Open position	503	(1,218)
±1,826	±1,310	Effect on profit or loss	±75	±104
±1,552	±1,114	Effect on equity	±64	±88
		Sensitivity to changes in UAH rates		
15,76	9,87	Expected rate fluctuation, %	15,76	9,87
11,479	13,242	Open position	355	388
±1,809	±1,307	Effect on profit or loss	±56	±38
±1,538	±1,111	Effect on equity	±48	±32

Expected rate fluctuation is based on the actual changes from the beginning of the year till the end of the year.

In case open position is long (i.e. positive number), the increase in currency rates has positive impact on the results and the decrease in currency rates has negative impact on the results. In case open position is short (i.e. negative number), the increase in currency rates has negative impact on the results and the decrease in currency rates has positive impact on the results.

b) interest rate risk

The Group/Bank takes 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 Group/Bank has internal interest rate limits and ratios that are set in accordance with its procedures. Compliance with interest rate limits and ratios is reported on a monthly basis.

To minimize the risk of interest rate fluctuations granting loans with variable interest rate the Group/Bank sets a floor for fixed interest rates. As of 30 June 2011 loans with fixed lowest interest rate for the Group/Bank comprised LTL'000 850,349 (31 December 2010: LTL'000 940,689).

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ANNEX FOR ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

Groups' assets and liabilities stated at their carrying amounts at earlier of interest reprising and contractual maturity date as of 30 June 2011.

	Up to 1 month	1-3 months	3-12 months	Over 1 year	Non- interest bearing	Total
Assets						
Cash and balances with central bank	72,086	-	-	-	265,426	337,512
Loans and advances to banks and other credit institutions	19,827	1,100	6,958	4,357	70,598	102,840
Financial assets at fair value through profit or loss	23,910	-	-	-	63,337	87,247
Loans and finance lease receivable	708,692	382,473	678,606	331,612	293,493	2,394,876
Investment securities:	59,674	32,246	149,165	857,561	38,033	1,136,679
<i>available-for-sale</i>	14,188	-	-	-	17,437	31,625
<i>held-to-maturity</i>	45,486	32,246	149,165	857,561	20,596	1,105,054
Intangible assets	-	-	-	-	21,207	21,207
Property, plant and equipment	-	-	-	-	27,771	27,771
Investment property	-	-	-	-	236,636	236,636
Deferred income tax assets	-	-	-	-	17,187	17,187
Other assets	-	-	-	-	226,917	226,917
Total assets	884,189	415,819	834,729	1,193,530	1,260,605	4,588,872
Liabilities						
Due to banks and other credit institutions	62,001	10	1,529	512	7,651	71,703
Financial liabilities at fair value through profit or loss	-	-	-	-	71	71
Due to customers	631,871	568,903	1,410,511	234,484	927,014	3,772,783
Debt securities in issue	-	9,886	64,165	46,878	1,182	122,111
Subordinated loans	-	-	-	93,226	632	93,858
Deferred income tax liabilities	-	-	-	-	20,902	20,902
Other liabilities	-	-	-	-	76,141	76,141
Total liabilities	693,872	578,799	1,476,205	375,100	1,033,593	4,157,569
Off balance sheet claims sensitive to interest rate changes	-	-	-	-	-	-
Off balance sheet liabilities sensitive to interest rate changes	-	19,018	-	-	-	19,018
Interest rate risk	190,317	(181,998)	(641,476)	818,430	227,012	412,285

Groups' assets and liabilities stated at their carrying amounts at earlier of interest reprising and contractual maturity date as of 31 December 2010:

	Up to 1 month	1-3 months	3-12 months	Over 1 year	Non- interest bearing	Total
Total assets	1,331,259	455,682	1,051,495	523,312	1,648,955	5,010,703
Total liabilities	913,410	634,941	1,815,772	248,949	968,640	4,581,712
Off balance sheet claims sensitive to interest rate changes	-	-	-	-	-	-
Off balance sheet liabilities sensitive to interest rate changes	-	17,237	-	-	-	17,237
Interest rate risk	417,849	(196,496)	(764,277)	274,363	680,315	411,754

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ANNEX FOR ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

Banks' assets and liabilities stated at their carrying amounts at earlier of interest reprising and contractual maturity date as of 30 June 2011:

	Up to 1 month	1-3 months	3-12 months	Over 1 year	Non- interest bearing	Total
Assets						
Cash and balances with central bank	72,086	-	-	-	265,425	337,511
Loans and advances to banks and other credit institutions	19,827	-	-	1,458	69,194	90,479
Financial assets held for trading	8,701	-	-	-	33,222	41,923
Loans and finance lease receivable	694,357	398,480	379,997	179,371	284,756	1,936,961
Investment securities:	397,475	32,246	148,902	853,606	37,364	1,469,593
<i>available-for-sale</i>	14,188	-	-	-	16,927	31,115
<i>held-to-maturity</i>	383,287	32,246	148,902	853,606	20,437	1,438,478
Investments in subsidiaries	-	-	-	-	241,152	241,152
Intangible assets	-	-	-	-	1,267	1,267
Property, plant and equipment	-	-	-	-	24,677	24,677
Investment property	-	-	-	-	123,031	123,031
Deferred income tax assets	-	-	-	-	16,059	16,059
Other assets	-	-	-	-	212,257	212,257
Total assets	1,192,446	430,726	528,899	1,034,435	1,308,404	4,494,910
Liabilities						
Due to banks and other financial institutions	62,001	10	2,041	-	7,651	71,703
Financial liabilities at fair value through profit or loss	-	-	-	-	71	71
Due to customers	641,613	568,903	1,412,626	230,991	927,986	3,782,119
Debt securities in issue	-	9,886	64,165	46,878	1,182	122,111
Subordinated loans	-	-	-	93,226	632	93,858
Other liabilities	-	-	-	-	22,264	22,264
Total liabilities	703,614	578,799	1,478,832	371,095	959,786	4,092,126
Off balance sheet claims sensitive to interest rate changes	-	-	-	-	-	-
Off balance sheet liabilities sensitive to interest rate changes	-	19,018	-	-	-	19,018
Interest rate risk	488,832	(167,091)	(949,933)	663,340	348,618	383,766

Banks' assets and liabilities stated at their carrying amounts at earlier of interest reprising and contractual maturity date as of 31 December 2010:

	Up to 1 month	1-3 months	3-12 months	Over 1 year	Non- interest bearing	Total
Total assets	1,579,911	764,523	622,504	381,157	1,575,151	4,923,246
Total liabilities	918,716	640,323	1,816,520	245,333	897,324	4,518,216
Off balance sheet claims sensitive to interest rate changes	-	-	-	-	-	-
Off balance sheet liabilities sensitive to interest rate changes	-	17,237	-	-	-	17,237
Interest rate risk	661,195	106,963	(1,194,016)	135,824	677,827	387,793

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Sensitivity to interest rate risk, LTL'000:

The Group			The Bank	
2011.06.30	2010.12.31		2011.06.30	2010.12.31
		Changes in profit or loss if interest rates increased by 1 percentage point		
(3,530)	(3,131)	LTL	(1,114)	(271)
865	2,452	EUR	509	2,075
(380)	(14)	USD	(364)	(51)
(121)	55	Other currencies	(128)	48
(3,166)	(638)	Total changes in profit or loss if interest rates increased by 1 percentage point	(1,097)	1,801
(2,691)	(542)	Changes in equity or loss if interest rates increased by 1 percentage point	(932)	1,531
		Changes in profit or loss if interest rates decreased by 1 percentage point		
5,205	5,162	LTL	2,790	2,301
469	219	EUR	824	597
1,178	1,009	USD	1,164	1,047
152	54	Other currencies	159	60
7,004	6,444	Total changes in profit or loss if interest rates decreased by 1 percentage point	4,937	4,005
5,953	5,477	Changes in equity or loss if interest rates decreased by 1 percentage point	4,196	3,404

NOTE 17 COMPLIANCE WITH PRUDENTIAL REQUIREMENTS

In 2011 and 2010, the Group and the Bank were in compliance with all the requirements set by the Bank of Lithuania.

The compliance with the limits and ratios set by the Bank of Lithuania as of 30 June 2011 is presented in the table below:

Ratio	Requirement	Bank's ratio	Group's ratio
Capital adequacy ratio	>= 10%	12.29%	12.83%
Liquidity ratio	>= 30%	49.26%	49.29%
Maximum credit exposure to a single borrower	<= 25% (for subsidiaries – 75%) of eligible capital	74.20% (for subsidiary) 24.57% (other poz.)	22.39%
Large loans	<= 800% of eligible capital	351.71%	261.14%
Aggregate open foreign currency position	<= 25% of eligible capital	0.27%	(2.57)%
Single open foreign currency position	<= 15% of eligible capital	(0.12)%	(2.44)%

The compliance with the limits and ratios set by the Bank of Lithuania as of 31 December 2010 is presented in the table below:

Ratio	Requirement	Bank's ratio	Group's ratio
Capital adequacy ratio	>= 10%	12.58%	13.01%
Liquidity ratio	>= 30%	49.33%	49.06%
Maximum credit exposure to a single borrower	<= 25% (for subsidiaries – 75%) of eligible capital	72.06% (for subsidiary) 23.84% (other poz.)	21.86%
Large loans	<= 800% of eligible capital	370.35%	259.01%
Aggregate open foreign currency position	<= 25% of eligible capital	(0.27)%	(3.08)%
Single open foreign currency position	<= 15% of eligible capital	(0.27)%	(3.08)%

Please also refer to the note 18 for additional details on capital adequacy ratio calculation.

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ANNEX FOR ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

NOTE 18 CAPITAL ADEQUACY

The capital adequacy ratio set by Bank of Lithuania has to be at least 10% of the Group's and the Bank's capital.

The compliance with capital adequacy ratio is calculated based on the General Regulations for the Calculation of Capital Adequacy (No 138 09 11 2006) approved by the board of the Bank of Lithuania.

The capital adequacy ratio as of 30 June 2011 and 31 December 2010 calculated in accordance with the Bank of Lithuania regulations, is presented in the table below:

The Group			The Bank	
2011.06.30	2010.12.31		2011.06.30	2010.12.31
		Tier 1 capital		
295,824	295,824	Share capital	295,824	295,824
76,500	76,500	Share premium	76,500	76,500
21,811	61,650	Reserve capital	21,811	61,650
22,683	16,713	Undistributed profit of previous years	-	(1,826)
(613)	(33,496)	Loss of current year	(5,252)	(38,014)
16,991	16,617	Legal reserve	15,532	15,532
		Revaluation reserve – available-for-sale investment securities	(1,631)	(4,636)
(1,601)	(4,617)	Deductions	(20,782)	(21,091)
(21,207)	(21,578)			
410,388	407,613	Total Tier 1 capital	382,002	383,939
		Tier 2 capital		
(292)	(200)	Currency translation reserve		-
		Eligible for inclusion in Tier 2 capital part of subordinated loans	93,226	93,226
93,226	93,226	Deductions	(19,515)	(19,515)
-	-			
92,934	93,026	Total Tier 2 capital	73,711	73,711
503,322	500,639	Total Capital Base	455,713	457,650
		Risk-weighted assets and off-balance sheet items		
		Banking book risk-weighted assets and off-balance sheet items	3,370,110	3,325,780
3,415,190	3,366,410	Trading book risk-weighted assets and off-balance sheet items	110,440	84,630
178,200	150,910	Operational risk risk-weighted assets and off-balance sheet items	228,540	228,540
330,570	330,570			
3,923,960	3,847,890	Total risk-weighted assets and off-balance sheet items	3,709,090	3,638,950
10.46	10.59	Tier 1 capital / Total risk-weighted assets and off-balance sheet items, %	10.30	10.55
12.83	13.01	Capital adequacy ratio, %	12.29	12.58

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NOTE 19 RELATED PARTY TRANSACTIONS

Related party	Description of relationship
Shareholders Members of the Board and Council Subsidiaries	Shareholders whose interest exceeds 5% of share capital Companies, comprising the Group as described in Note 1 to financial statements
Other related parties	UAB Ūkio Banko Investicinė Grupė; UAB FMĪ Finbaltus and; heads of administration of the Bank's subsidiaries and their close relatives, close relatives of the Bank's shareholders and members of the Board and Council.

During the year 2011 and 2010 Group companies entered into the following transactions with related parties that are not members of the Group:

The Group	Members of the Board and the Council		Other related parties
	Shareholders		
As of 30 June 2011 and for the six month period then ended			
Loans, finance lease receivable	2,602	14	2,592
Interest income	43	-	61
Deposits	5,690	308	10,420
Interest expenses	80	3	192
As of 31 December 2010 and for the six month period ended 30 June 2010			
Loans, finance lease receivable	2,590	-	3,023
Interest income	44	-	1,703
Deposits	4,102	762	10,565
Interest expenses	60	2	116
The Bank			
As of 30 June 2011 and for the six month period then ended			
Loans, finance lease	2,592	-	2,545
Interest income	43	-	59
Deposits	5,690	308	10,420
Interest expense	80	3	192
As of 31 December 2010 and for the six month period ended 30 June 2010			
Loans, finance lease	2,580	-	2,963
Interest income	43	-	1,700
Deposits	4,102	762	10,565
Interest expense	60	2	116

The Group		Compensation to key management personnel	The Bank	
01.01.2011-30.06.2011	01.01.2010-30.06.2010		01.01.2011-30.06.2011	01.01.2010-30.06.2010
1,643	1,696	Short-terms payments	834	828
-	-	Long-terms payments	-	-

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As of 30 June 2011 and for the six month period then ended related party transactions between the Bank and subsidiaries were as follows:

Related parties	Bank's payables	Bank's receivables	Income received	Expenses
GD UAB Bonum Publicum	3,727	18	19	17
UAB Ūkio Banko Lizingas	9,439	338,005	11,606	(23)
UAB Ūkio Banko Investicijų Valdymas	193	1	-	1
RAB Ūkio Bank Lizing	-	32,662	1,064	-
UAB Ūkio Banko Rizikos Kapitalo Valdymas	-	20,645	249	(56)
UAB Investicinio Turto Valdymas	267	-	-	19
UAB Trade Project	178	-	-	-
UAB Eastern Europe Development Fund	19	-	-	-
UAB Turto valdymo paslaugos	-	203,012	8,691	-

As of 31 December 2010 and for the six month period ended 30 June 2010 related party transactions between the Bank and subsidiaries were as follows:

Related parties	Bank's payables	Bank's receivables	Income received	Expenses
GD UAB Bonum Publicum	6,765	3	18	155
UAB Ūkio Banko Lizingas	6,142	329,657	6,532	(22)
UAB Ūkio Banko Investicijų Valdymas	255	26	-	2
RAB Ūkio Bank Lizing	485	39,408	1,358	-
UAB Ūkio Banko Rizikos Kapitalo Valdymas	26	10,499	259	(34)
UAB Investicinio Turto Valdymas	101	-	-	-
UAB Trade Project	690	-	-	-
UAB Eastern Europe Development Fund	23	-	1,291	-
UAB Turto valdymo paslaugos	-	311,323	2,805	-

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

NOTE 20 CONTINGENT ASSETS AND LIABILITIES AND COMMITMENTS

The Group		Claims and liabilities	The Bank	
2011.06.30	2010.12.31		2011.06.30	2010.12.31
68,226	67,704	Guarantees and warranties	68,226	67,704
1,292	-	Commitments to issue letters of credit	1,292	-
185,625	138,968	Irrevocable lending commitments	139,698	85,557
629,237	824,059	Spot liabilities	675,194	867,098
629,234	824,025	Spot claims	675,191	867,064
-	-	Other off balance commitments	-	-

As of 30 June 2011 UAB Ūkio Banko Lizingas has finance lease contracts in the amount LTL'000 285 signed, but not yet executed (31 December 2010: LTL'000 122).

Finance lease – as of 30 June 2011 the Bank has outstanding finance lease obligations under finance lease contracts in the amount of LTL'000 82 (31 December 2010: 121). Minimum finance lease payment obligations are recorded on the balance sheet under liabilities. The Bank's obligations under finance leases are secured by the lessor's right to the leased assets.

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 2011 amounting to LTL'000 62,573 (31 December 2010: LTL'000 65,006).

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As of 30 June 2011 and 31 December 2010 the Group's and the Bank's future annual minimum commitments under leases were following:

	2011.06.30		2010.12.31	
	Finance lease	Operating lease	Finance lease	Operating lease
2011	41	7,317	81	10,439
2012	42	8,723	42	8,461
2013	-	7,916	-	7,633
2014	-	6,963	-	6,837
2015	-	5,728	-	5,674
Thereafter	-	25,926	-	25,962
Minimum lease payments	83	62,573	123	65,006
Less: interest	(1)		(2)	
Present value of minimum lease payments	82		121	

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 2011 and 31 December 2010 the Group/Bank was not involved in any legal proceedings except for those related to loan/lease loss recovery.

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NOTE 21 OPERATING SEGMENTS

Segments were identified by types of services Group's entities provide. The Banking segment includes financial information of AB Ūkio Bankas (main activity – banking services), Finance lease segment includes financial information of UAB Ūkio Banko Lizingas and RAB Ūkio Bank Lizing (main activity – finance lease). Other activities segment includes financial information of Group's entities not included in Banking or Finance lease segments. Other activities segment for the six month period ended 30 June 2011 includes financial information of UAB Ūkio Banko Rizikos Kapitalo Valdymas, UAB Ūkio Banko Investicijų Valdymas, UAB Investicinio Turto Valdymas, GD UAB Bonum Publicum, UAB Eastern Europe Development Fund, UAB Trade Project, UAB Turto Valdymo Paslaugos. Other activities segment for the twelve month period ended 30 June 2010 includes financial information of UAB Ūkio Banko Rizikos Kapitalo Valdymas, UAB Ūkio Banko Investicijų Valdymas, UAB Investicinio Turto Valdymas, GD UAB Bonum Publicum, UAB Turto Valdymo Paslaugos and UAB Eastern Europe Development Fund.

	2011.01.01-2011.06.30				
	Banking	Finance lease	Other activities	Elimination	Group
Interest revenues:					
Internal	21,531	22	112	(21,665)	-
External	66,687	22,816	10,013	-	99,516
	88,218	22,838	10,125	(21,665)	99,516
Interest expenses:					
Internal	(131)	(12,593)	(8,941)	21,665	-
External	(67,046)	-	(42)	-	(67,088)
	(67,177)	(12,593)	(8,983)	21,665	(67,088)
Net interest income	21,041	10,245	1,142	-	32,428
Non-interest revenues:					
Internal	98	10	115	(223)	-
External	38,268	2,655	9,133	-	50,056
	38,366	2,665	9,248	(223)	50,056
Non-interest expenses:					
Internal	171	(134)	(260)	223	-
External	(58,311)	(7,222)	(9,592)	-	(75,125)
	(58,140)	(7,356)	(9,852)	223	(75,125)
Segment result before impairment, amortization and taxes	1,267	5,554	538	-	7,359
Depreciation and amortization	(2,666)	(118)	(171)	-	(2,955)
Impairment losses	(3,516)	(473)	(187)	-	(4,176)
Profit (loss) before tax	(4,915)	4,963	180	-	228
Income tax	(337)	(509)	5	-	(841)
PROFIT (LOSS)	(5,252)	4,454	185	-	(613)
Attributable to:					
Equity holders of the parent	(5,252)	4,454	185	-	(613)
Minority interest	-	-	-	-	-
Assets	4,494,910	402,681	657,657	(966,376)	4,588,872
Liabilities	4,092,126	380,968	409,682	(725,207)	4,157,569

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	2010.01.01 – 2010.06.30				
	Banking	Finance lease	Other activities	Elimination	Group
Interest revenues:					
Internal	10,887	22	221	(11,130)	-
External	74,132	21,843	4,106	-	100,081
	85,019	21,865	4,327	(11,130)	100,081
Interest expenses:					
Internal	(243)	(7,824)	(3,064)	11,131	-
External	(96,085)	(94)	-	-	(96,179)
	(96,328)	(7,918)	(3,064)	11,131	(96,179)
Net interest income	(11,309)	13,947	1,263	1	3,902
Non-interest revenues:					
Internal	86	20	201	(307)	-
External	66,404	3,555	7,380	-	77,339
	66,490	3,575	7,581	(307)	77,339
Non-interest expenses:					
Internal	142	(738)	(207)	803	-
External	(62,315)	(6,435)	(8,813)	-	(77,563)
	(62,173)	(7,173)	(9,020)	803	(77,563)
Segment result before impairment, amortization and taxes	(6,992)	10,349	(176)	497	3,678
Depreciation and amortization	(3,098)	(1,505)	(148)	-	(4,751)
Impairment losses	11,813	(6,690)	(643)	-	4,480
Profit (loss) before tax	1,723	2,154	(967)	497	3,407
Income tax	(696)	(460)	-	-	(1,156)
PROFIT (LOSS)	1,027	1,694	(967)	497	2,251
Attributable to:					
Equity holders of the parent	1,027	1,694	(967)	497	2,251
Minority interest	-	-	-	-	-
Assets	4,635,072	395,372	653,738	(972,241)	4,711,941
Liabilities	4,239,640	387,453	486,265	(814,595)	4,298,763
