



**AB ŪKIO BANKAS INTERIM INFORMATION FOR  
THE SIX MONTH PERIOD OF THE YEAR 2012  
(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**

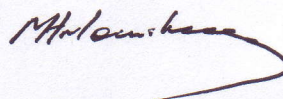
We hereby confirm that to the best of our knowledge, interim consolidated financial statements for the six month period ended 30 June 2012 prepared in accordance with applicable accounting standards are true and fairly present assets, liabilities, financial position, profit or loss and cash flows of 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

Head of Financial Institutions and Fund Raising Department



Marius Arlauskas



The report is prepared in Kaunas, 3th August 2012

## REPORTING PERIOD

The report includes information for the six month period ended 30 June 2012. All amounts are presented as of 30 June 2012, 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 2012, AB Ūkio Bankas Group consisted of AB Ūkio Bankas (parent company), 9 subsidiaries and one subsidiary held for sale, listed below:

<b>Name</b>	<b>Activity</b>	<b>Country</b>	<b>Ownership share</b>
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 Ūkio 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 Sporto Klubų Investicijos (held for sale) *	Asset management	Kaunas, Lithuania	100%

\* UAB Ūkio Banko Rizikos Kapitalo Valdymas owns 100% of the shares of RAB Ūkio Bank Lizing and UAB Sporto Klubų Investicijos.

### 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	<a href="mailto:ub@ub.lt">ub@ub.lt</a>
Website	<a href="http://www.ub.lt">www.ub.lt</a>

### 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	<a href="mailto:info@ubl.lt">info@ubl.lt</a>
Website	<a href="http://www.ubl.lt">www.ubl.lt</a>

### 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	<a href="mailto:life@bonumpublicum.lt">life@bonumpublicum.lt</a>
Website	<a href="http://www.bonumpublicum.lt">www.bonumpublicum.lt</a>

**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	<a href="mailto:fondai@ub.lt">fondai@ub.lt</a>
Website	<a href="http://www.ub.lt">www.ub.lt</a>

**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	<a href="mailto:info@ubrkv.lt">info@ubrkv.lt</a>
Website	<a href="http://www.ubrkv.lt">www.ubrkv.lt</a>

**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 Sevcenko 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	<a href="mailto:ubl-ukraine@ubl.lt">ubl-ukraine@ubl.lt</a>
Website	<a href="http://www.ubleasing.kiev.ua">www.ubleasing.kiev.ua</a>

**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	<a href="mailto:ub@ub.lt">ub@ub.lt</a>
Website	<a href="http://www.ub.lt">www.ub.lt</a>

**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	<a href="mailto:ub@ub.lt">ub@ub.lt</a> ; <a href="mailto:o.bankauskiene@ub.lt">o.bankauskiene@ub.lt</a>
Website	<a href="http://www.ub.lt">www.ub.lt</a>

**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	<a href="mailto:ub@ub.lt">ub@ub.lt</a> ; <a href="mailto:e.sankuniene@ub.lt">e.sankuniene@ub.lt</a>
Website	<a href="http://www.ub.lt">www.ub.lt</a>

**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](mailto:ub@ub.lt), [r.valanciauskas@ubrkv.lt](mailto:r.valanciauskas@ubrkv.lt)  
Website [www.ub.lt](http://www.ub.lt)

**Contact details of UAB Sporto Klubų Investicijos**

Name of the Subsidiary UAB Sporto Klubų Investicijos  
Legal organizational form Closed joint-stock company  
Registration date and place State Enterprise Registers Centre, Republic of Lithuania,  
14 December 2011  
Registration number 302698592  
Head Office address Laisvės av. 80 / Maironio str. 26, LT- 44249 Kaunas, Republic of  
Lithuania  
Telephone number +370 37 395 550  
E-mail address [info@ubrkv.lt](mailto:info@ubrkv.lt)  
Website [www.ubrkv.lt](http://www.ubrkv.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:

<b>Intermediary</b>	<b>Address</b>	<b>Nature of the agreement</b>
AB DnB 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 FMĪ Finbaltus	Konstitucijos ave. 23 C, 660, 08105 Vilnius, Lithuania	Securities accounts servicing agreement
AB FMĪ 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

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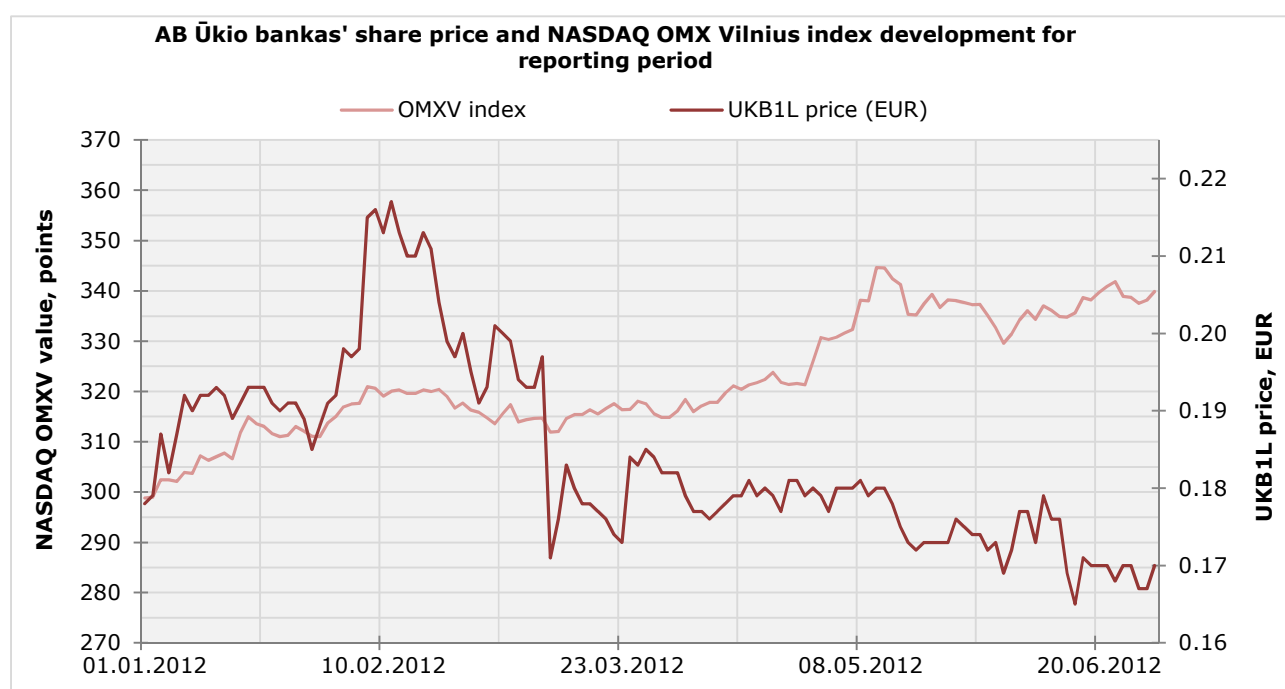
<b>Intermediary</b>	<b>Address</b>	<b>Nature of the agreement</b>
Troika Dialog (Bermuda) Limited	Chancery Hall 52 Reid Street, Hamilton HM 12 Bermuda	Intermediation and brokerage service agreement
Deutsche Bank AG London	Winchester House, 1 Great Winchester Street, London EC2N 2DB, UK	Securities custody agreement
Deutsche Bank AG Amsterdam Branch	Herengracht 450-454 NL-1017 CA Amsterdam, The 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 Nefpurdó u., Budapest, Hungary	Securities custody agreement
SG Private Banking (Suisse) S.A.	Rue de la Corraterie 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

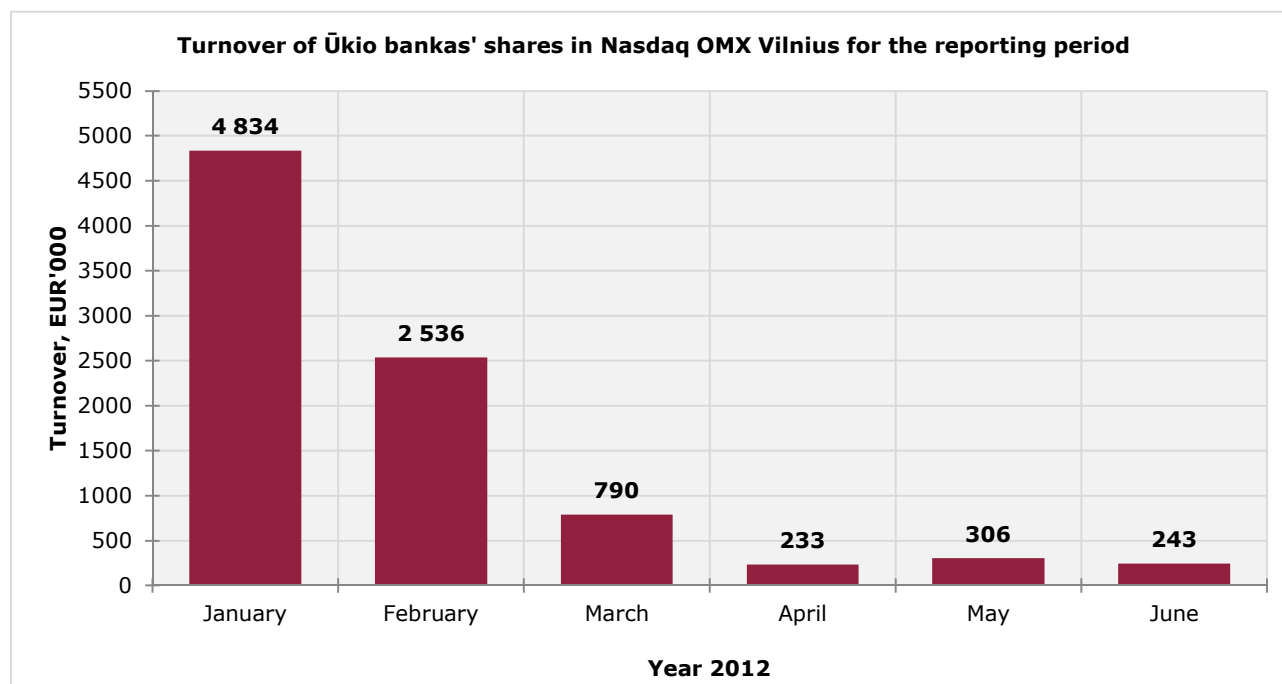
(Concluded)

#### TRADING IN THE BANK'S SECURITIES ON STOCK EXCHANGES

AB Ūkio Bankas ordinary registered shares (name: UKB1L) are traded on stock exchange NASDAQ OMX Vilnius ([www.nasdaqomxbaltic.com](http://www.nasdaqomxbaltic.com)) Official List. As of 30 June 2012 345,824,000 (three hundred forty five million eight hundred twenty four thousand) ordinary registered shares were quoted on stock exchange NASDAQ OMX Vilnius.

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





AB Ūkio bankas' shares trading history (in EUR unless otherwise stated):

	<u>2012.06.30</u>	<u>2011.12.31</u>	<u>2010.12.31</u>	<u>2009.12.31</u>	<u>2008.12.31</u>
<b>Open</b>	0.175	0.383	0.295	0.214	1.072
<b>High</b>	0.217	0.385	0.39	0.478	1.254
<b>Low</b>	0.160	0.151	0.238	0.183	0.151
<b>Average</b>	0.181	0.271	0.322	0.287	0.543
<b>Last</b>	0.165	0.173	0.38	0.307	0.214
<b>Traded volume</b>	49,269,516	59,796,081	102,464,222	116,809,194	119,276,768
<b>Turnover, million</b>	8.9	16.2	32.97	33.56	64.81
<b>Capitalisation, million</b>	57.06	51.18	112.41	75.47	42.16

#### **AUTHORIZED CAPITAL AND ITS STRUCTURE**

As of 30 June 2012 the authorized capital of the Bank amounted to LTL'000 345,824 (three hundred forty five million eight hundred twenty four thousand) and it was divided into 345,824,000 (three hundred forty 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 Articles of Association 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 execution of the functions 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**

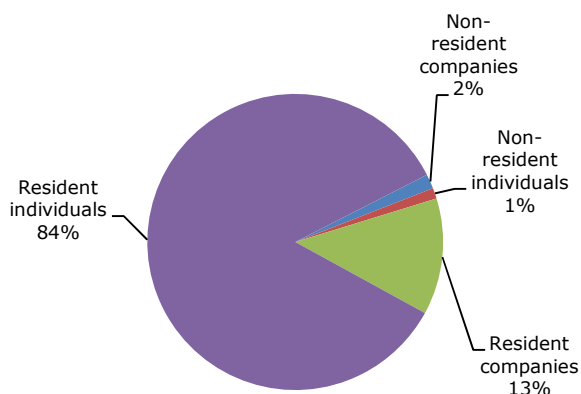
As of 30 June 2012 the Bank had 10,435 shareholders, who were holding 345,824,000 shares. The nominal value of each AB Ūkio Bankas ordinary registered share is LTL 1.

Over 5% of the registered authorized capital of the Bank was owned by the following shareholders (30 June 2012):

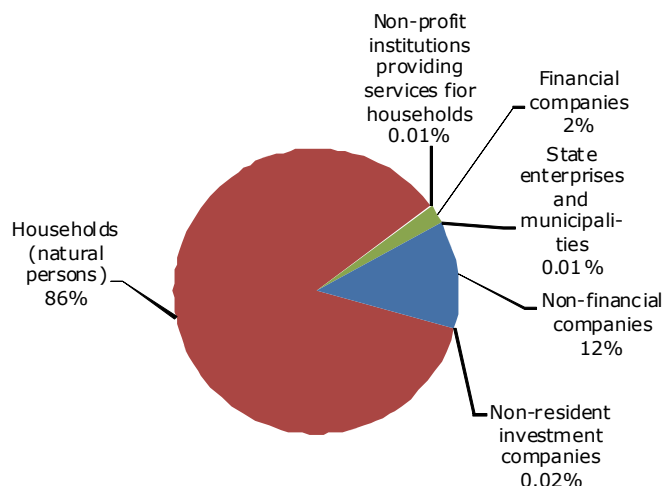
<b>Shareholder's corporate name/ full name</b>	<b>Legal shareholder's code</b>	<b>Legal address</b>	<b>Shares held under the property right, number/ percentage of authorized capital, %</b>	<b>Votes held under the property right, number/ percentage of votes, %</b>	<b>Votes held in concert with other persons, number/ percentage of votes, %</b>
Romanov Vladimir	-	-	224,508,192/ 64.9198 proc.	224,508,192/ 64.9198 proc.	224,508,192/ 64.9198 proc.
UAB FIRST Partneriai	301145610	Donelaičio str. 60, Kaunas, Lithuania	32,757,474/ 9.4723 proc.	32,757,474/ 9.4723 proc.	32,757,474/ 9.4723 proc.
Other			88,558,334/ 25.6079 proc.	88,558,334/ 25.6079 proc.	88,558,334/ 25.6079 proc.
<b>TOTAL:</b>			<b>345,824,000/ 100.00%</b>	<b>345,824,000/ 100.00%</b>	<b>345,824,000/ 100.00%</b>

- 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.

**Distribution of AB Ūkio bankas shareholders by residence and legal form on 30 June 2012**



**Distribution of AB Ūkio bankas shareholders by legal form on 30 June 2012**



#### EMPLOYEES OF THE BANK

As of 30 June 2012, the average number of AB Ūkio Bankas employees was 659. 78% of them had the university education (including those still studying), 15% had college education (including those still studying) and 7% 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)		
	2012.06.30	2011.12.31	2010.12.31	2012.06.30	2011.12.31	2010.12.31
Managing employees	137	130	120	6,700	6,756	6,292
Specialists	486	486	463	2,921	2,945	2,843
Other employees	36	35	36	2,770	2,811	2,809
<b>Total</b>	<b>659</b>	<b>651</b>	<b>619</b>	<b>3,698</b>	<b>3,699</b>	<b>3,537</b>

\* average number of employees does not include employees on maternity and parental leave

The staff policy of AB Ūkio Bankas is oriented to long-term employment relations. 24% 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 CHANGE OF ARTICLES OF ASSOCIATION 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 Articles of Association. 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 Bank's Articles of Association 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 Articles of Association 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 Articles of Association, 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 Articles of Association 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 Articles of Association 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 Articles of Association.

## **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;
- to adopt a resolution to cancel the priority right of all shareholders to obtain shares of a concrete emission or convertible securities of a concrete emission.

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.

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;
- approves rules, functions, regulation of formation and activity of The Remuneration Committee;
- 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 (loss) 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 5 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.

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 Bank of Lithuania and the Lithuanian Central Depository of Securities;
- public announcement of information determined in the Law of the Republic of Lithuania on Joint-Stock Companies in the source specified in Bank's Articles of Association;
- 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's, Chief Accountant, commencement and end of their office term and participation in the authorized capital as of 30 June 2012 are presented in the table below:

<b>Full name</b>	<b>Position</b>	<b>Number of shares held</b>	<b>Percentage of Bank capital, %</b>	<b>Percentage of votes, %</b>
<b>SUPERVISORY COUNCIL OF THE BANK</b>				
<b>Karpavičienė Edita,</b> (elected 26 March 2010, office term expires in 2014)	Chairwoman	231,948	0.0671	0.0671
<b>Korauskienė Ala,</b> (elected 26 March 2010, office term expires in 2014)	Deputy Chairwoman	474,606	0.1372	0.1372
<b>Gončaruk Olga,</b> (elected 26 March 2010, office term expires in 2014)	Member	8,460,823	2.4466	2.4466
<b>Jakavičienė Gražina,</b> (elected 26 March 2010, office term expires in 2014)	Member	12,411	0.0036	0.0036
<b>Soldatenko Viktor,</b> (elected 26 March 2010, office term expires in 2014)	Member	3,910	0.0011	0.0011
<b>BOARD OF THE BANK</b>				
<b>Ugianskis Gintaras,</b> (appointed 26 March 2010, office term expires in 2014)	Chairman, Chief Executive Officer	114,439	0.0331	0.0331
<b>Balandis Rolandas,</b> (appointed 26 March 2010, office term expires in 2014)	Deputy Chairman, Head of Financial Markets Division	87,730	0.0254	0.0254
<b>Žalys Arnas,</b> (appointed 26 March 2010, office term expires in 2014)	Deputy Chairman, Head of Finance Division	52,125	0.0151	0.0151
<b>CEO's</b>				
<b>Ugianskis Gintaras,</b> (since 11 October 2004 to present)	Chief Executive Officer	114,439	0.0331	0.0331
<b>Valdšteinas Saulius,</b> (since 21 April 2009 to present)	Deputy Chief Executive Officer, Head of IT Division	0	0.0000	0.0000
<b>CHIEF ACCOUNTANT</b>				
<b>Petraitiienė Vidutė,</b> (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 2012 are presented in the table below:

	<b>Supervisory Council of the Bank</b>	<b>Board of the Bank</b>	<b>CEO</b>	<b>Chief Accountant</b>
<b>Total amounts, LTL</b>	550,044	620,787	260,947	78,373
<b>Average amounts, LTL</b>	275,022	206,929	-	-

There were no guarantees or warranties issued during the first six months of 2012 regarding the fulfilment of liabilities of collegial bodies' members, CEO or Chief Accountant.

**INFORMATION ON PROFESSIONAL AND EDUCATIONAL BACKGROUND OF THE SUPERVISORY COUNCIL AND BOARD MEMBERS**

Information on professional and educational background of the Supervisory Council members is provided in the table below:

<b>EDITA KARPAVIČIENĖ</b>	
<b>Position</b>	Chairwoman of the Supervisory Council
<b>Member of the Supervisory Council since</b>	2009
<b>Educational background</b>	University education. PhD in Social Sciences (Kaunas University of Technology)
<b>ALA KURASKIENĖ</b>	
<b>Position</b>	Deputy Chairwoman of the Supervisory Council
<b>Member of the Supervisory Council since</b>	1998
<b>Educational background</b>	University education. Master degree in Business Administration (Vytautas Magnus University)
<b>OLGA GONČARUK</b>	
<b>Position</b>	Member of the Supervisory Council
<b>Member of the Supervisory Council since</b>	1994
<b>Educational background</b>	University education. Holds diploma in Philology (Vilnius University)
<b>GRAŽINA JAKAVIČIENĖ</b>	
<b>Position</b>	Member of the Supervisory Council
<b>Member of the Supervisory Council since</b>	1998
<b>Educational background</b>	University education. Holds diploma in Law (Vilnius University)
<b>VIKTOR SOLDATENKO</b>	
<b>Position</b>	Member of the Supervisory Council
<b>Member of the Supervisory Council since</b>	2002
<b>Educational background</b>	University education. Master degree in Economics (Vilnius University)

Information on professional and educational background of the Board members is provided in the table below:

<b>GINTARAS UGIANSKIS</b>	
<b>Position</b>	Chairman of the Board, Chief Executive Officer
<b>Member of the Board since</b>	1999
<b>Educational background</b>	University education. Master degree in Economics (Kaunas University of Technology)
<b>ROLANDAS BALANDIS</b>	
<b>Position</b>	Deputy Chairman of the Board, Head of Financial Markets Division
<b>Member of the Board since</b>	2002
<b>Educational background</b>	University education. Holds diploma in Accounting (Aleksandras Stulginskis University)
<b>ARNAS ŽALYS</b>	
<b>Position</b>	Deputy Chairman of the Board, Head of Finance Division
<b>Member of the Board since</b>	2005
<b>Educational background</b>	University education. Master degree in Accounting, Finance and Banking (Vilnius University Kaunas Faculty of Humanities)



## 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 Supervisory Council 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 2012 are presented in the table below:

Full name	Position	Main workplace	Number of shares held	Percentage of Bank capital, %	Percentage of votes, %
<b>MEMBERS OF CREDIT COMMITTEE</b>					
<b>Gintaras Ugianskis</b> (appointed 21 October 2010, permanent)	Chairman	AB Ūkio bankas	114,439	0.0331	0.0331
<b>Vytas Večerinskas</b> (appointed 21 October 2010, permanent)	Member	Advokato V. Večerinsko kontora	16	0.0000	0.0000
<b>Justas Babarskas</b> (appointed 21 October 2010, permanent)	Member	AB Ūkio bankas	1,000	0.0003	0.0003
<b>Laura Ivaškevičiūtė</b> (appointed 21 October 2010, permanent)	Member	AB Ūkio bankas	0	0.0000	0.0000
<b>Mindaugas Pašvenskas</b> (appointed 21 October 2010, permanent)	Member	AB Ūkio bankas	0	0.0000	0.0000
<b>MEMBERS OF INTERNAL AUDIT COMMITTEE</b>					
<b>Olga Gončaruk</b> (appointed 26 March 2010, permanent)	Chairwoman	UAB Ūkio Banko Lizingas	8,460,823	2.4466	2.4466
<b>Saulius Valdšteinas</b> (appointed 26 March 2010, permanent)	Member	AB Ūkio bankas	0	0.0000	0.0000
<b>Ona Armalienė</b> (appointed 26 March 2010, permanent)	Member	UAB O.Armalienė ir partneriai	0	0.0000	0.0000

(Continued)

<b>Full name</b>	<b>Position</b>	<b>Main workplace</b>	<b>Number of shares held</b>	<b>Percentage of Bank capital, %</b>	<b>Percentage of votes, %</b>
<b>MEMBERS OF RISK MANAGEMENT COMMITTEE</b>					
<b>Rolandas Balandis</b> (appointed 1 October 2008, permanent)	Chairman	AB Ūkio bankas	87,730	0.0254	0.0254
<b>Arnas Žalys</b> (appointed 1 October 2008, permanent)	Member	AB Ūkio bankas	52,125	0.0151	0.0151
<b>Valdas Bartkus</b> (appointed 1 October 2008, permanent)	Member	AB Ūkio bankas	80	0.0000	0.0000
<b>Antanas Suraučius</b> (appointed 1 October 2008, permanent)	Member	AB Ūkio bankas	0	0.0000	0.0000
<b>MEMBERS OF REMUNERATION COMMITTEE</b>					
<b>Justas Babarskas</b> (appointed 20 January 2011, permanent)	Chairman	AB Ūkio bankas	1,000	0.0003	0.0003
<b>Rasa Kriščiūnienė</b> (appointed 20 January 2011, permanent)	Member	AB Ūkio bankas	1,830	0.0005	0.0005
<b>Vyngantas Maulė</b> (appointed 20 January 2011, permanent)	Member	AB Ūkio bankas	0	0.0000	0.0000
<b>Odeta Bankauskienė</b> (appointed 20 January 2011, permanent)	Member	AB Ūkio bankas	0	0.0000	0.0000
<b>Algimantas Gaulia</b> (appointed 20 January 2011, permanent)	Member	AB Ūkio bankas	0	0.0000	0.0000
<b>Vidutė Petraitiienė</b> (appointed 20 January 2011, permanent)	Member	AB Ūkio bankas	629	0.0002	0.0002

*(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 is presented in Note 17 to the condensed interim financial statements for the six month period ended 30 June 2012.

#### **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 eighth 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.

During 2011-2012 AB Ūkio bankas launched environmental initiative "Ekolaboratorija". It is an eco-art project which 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 sought to change employees' attitude to the use of company's resources and promotes a creative look at the resource recycling. Initiative was launched after winning United Nations Development Programme in Lithuania funding for the project "Gateway: social and environmental business innovations." 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.

In November 2011 AB Ūkio Bankas has signed a contract with Joint Stock Company ECO Group which collects most of the Bank's paper waste and recycles it. Funds received for releasing paper waste are intended to be used for acquiring Eco-friendly stationery tools. All branches and client service units can contribute to paper recycling by collecting and delivering it to the main office. Better possibilities of paper waste collection from branches and client service units will be discussed in future. Paper waste will be recycled into stationery tools, gifts, souvenirs etc. Paper recycling will be carried out by a creative rework company.

In November 2011 Bank staff from Vilnius, Kaunas and Klaipėda branches participated in training, during which the opportunities of reduction of using in-house resources were presented. Over 60 Bank employees attended the training and later conveyed the idea of Eco Initiative to their colleagues. All Bank employees learned about the ongoing ECO project and could contribute to the initiative. Stickers have been distributed to employees to remind them about saving resources.

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.

In addition, the Bank has anticipated and consistently implements a plan to actively and consistently expand a list of online stores where customers can pay via Eta bankas. The purpose of E-Banking Department is to bring together a range of online stores so that customers can easily manage their basic needs via Eta bankas: to buy foodstuff, various domestic appliances, machinery, various tickets, to pay for various services. This helps save a lot of valuable time, avoid unnecessary going. Clients appreciate these benefits: the number of clearances in online stores via Eta bankas increased by 70 percent in 2011 compared to 2010, the turnover grew by more than 2.3 times – up to LTL 4.3 m.

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 to the condensed interim financial statements for the six month period ended 30 June 2012. 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 2012 are presented in the table below:

	<u>The Group</u>	<u>The Bank</u>
<b>Cash flows from (to) investing activities</b>		
Dividends received	96	96
Acquisition of subsidiaries	-	(590)
Acquisition of investment securities	(202)	(5,000)
Proceeds from sale/redemption of investment securities	82,263	82,138
Acquisition of property, plant and equipment and investment property	(11,062)	(10,885)
Direcognition of property, plant and equipment	277	516
Acquisition of intangible assets	(476)	(433)
<b>Net cash (used in) investing activities</b>	<b>70,896</b>	<b>65,842</b>

Details on main investments as of 30 June 2012 are presented in the following notes of the condensed interim financial statements for the six month period ended 30 June 2012:

- 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 2012 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;
- 100% of UAB Sporto Klubų Investicijos shares for the purpose of sale.

#### **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 2012, the Group's assets decreased by LTL 89 million (2%) and amounted to LTL'000 4,237,071 as of 30 June 2012. The Bank's assets amounted to LTL'000 4,135,620 (as of 30 June 2012 (i.e. decreased by LTL 85 million (2%) during the six month period ended 30 June 2012).

The Bank has 12 branches and 49 client service departments in Lithuania and 3 representative offices in foreign countries (Ukraine, Russia and Kazakhstan). During the six month period ended 30 June 2012, 3 new client service units were opened and 1 client service unit was closed. In addition, the Bank controls, directly or indirectly, 9 (nine) 100%-owned subsidiaries and 1 (one) 100%-owned subsidiary for the purpose of sale.

As of 30 June 2012 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). Insurance segment includes financial information of GD UAB Bonum Publicum. Other activities segment includes financial information of Group's entities not included in Banking, Finance lease or Insurance segments. Other activities segment includes financial information of UAB Ūkio Banko Rizikos Kapitalo Valdymas, UAB Ūkio Banko Investicijų Valdymas, UAB Investicinio Turto Valdymas, UAB Eastern Europe Development Fund, UAB Trade Project, UAB Turto Valdymo Paslaugos and discontinued operations (UAB Sporto Klubu Investicijos).

**INTERIM REPORT**  
**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2012**  
 (All amounts in LTL thousands unless otherwise stated)



For the six month period ended 30 June 2012 the Group's results by business segments are presented in the table below (LTL'000):

	<b>2012.01.01-2012.06.30</b>					
	<b>Banking</b>	<b>Finance lease</b>	<b>Insurance</b>	<b>Other activities</b>	<b>Elimination</b>	<b>Group</b>
<b>Net profit (loss) from continuing and discontinued operations</b>	<b>(44,603)</b>	<b>1,114</b>	<b>915</b>	<b>(38,770)</b>	<b>37,949</b>	<b>(43,395)</b>
Attributable to:						
<i>Equity holders of the parent</i>	(44,603)	1,114	915	(38,770)	37,949	(43,395)
<i>Non-controlling interest</i>	-	-	-	-	-	-
Assets	4,135,620	399,233	89,653	547,250	(934,685)	4,237,071
Liabilities	3,727,217	377,077	48,479	368,436	(722,726)	3,798,483

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 assets quality as on compliance with prudential requirements for the six month period ended 30 June 2012 is presented in Notes 14-16 of the condensed interim financial statements for the six month period ended 30 June 2012.

**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 2012: net loss of LTL'000 43,395 (six month period ended 30 June 2011: net loss of LTL'000 613). The Bank incurred a net loss of LTL'000 44,603 during six month period ended 30 June 2012 (six month period ended 30 June 2011: net loss of LTL'000 5,252). During the six month period ended 30 June 2012 the Group's assets decreased by LTL 89 million (2 %) and amounted to LTL 4.2 billion at the end of the period. The Bank's assets amounted to LTL 4.1 billion as of 30 June 2011 – i.e. decreased by LTL 85 million (2%) 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			
2012.06.30 and H1 2012	2011.06.30 and H1 2011	Increase (Decrease)			2012.06.30 and H1 2012	2011.06.30 and H1 2011	Increase (Decrease)	
		LTL'000	%			LTL'000	%	
75,378	69,455	5,923	9	Operating profit before provisions and operating expenses	57,655	52,720	4,935	9
62,844	65,051	(2,207)	(3)	Operating expenses	50,406	54,119	(3,713)	(7)
12,534	4,404	8,130	-	Profit (loss) before provisions and income tax	7,249	(1,399)	8,648	-
62,760	4,176	58,584	-	Provision expense	59,182	3,516	55,666	-
(50,226)	228	(50,454)	-	Pre-tax profit (loss)	(51,933)	(4,915)	(47,018)	-
(6,569)	841	(7,410)	-	Income tax expense (benefit)	(7,330)	337	(7,667)	-
(43,657)	(613)	(43,044)	-	Net loss from continuing operations	(44,603)	(5,252)	(39,351)	-
262	-	262	-	Net profit from discontinued operations	-	-	-	-
(43,395)	(613)	(42,782)	-	Net loss for the period	(44,603)	(5,252)	(39,351)	-
4,237,071	4,588,872	(351,801)	(8)	Assets	4,135,620	4,494,910	(359,290)	(8)
2,579,596	2,394,876	184,720	8	Loans and finance lease receivable	2,233,826	1,936,961	296,865	15
9.96	8.27	1.69	-	Provisions / Loans, %	10.40	8.85	1.55	-
3,492,706	3,772,783	(280,077)	(7)	Due to customers	3,501,347	3,782,119	(280,772)	(7)
438,588	431,303	7,285	2	Equity	408,403	402,784	5,619	1
345,824	295,824	50,000	17	Number of ordinary shares in issue at the end period (thousands units)	345,824	295,824	50,000	17
345,824	295,824	50,000	17	Weighted average numbers of ordinary shares in issue (thousands units)	345,824	295,824	50,000	17
(2.03)	(0.03)	-	-	Return on assets, %	(2.14)	(0.22)	-	-
(18.87)	(0.29)	-	-	Return on equity, %	(20.73)	(2.60)	-	-
1.67	1.00	-	-	Expense / Income before income tax	1.90	1.09	-	-
(0.13)	(0.00)	-	-	Basic earnings per share (in LTL)	(0.13)	(0.02)	-	-
(0.13)	(0.00)	-	-	Diluted earnings per share (in LTL)	(0.13)	(0.02)	-	-

**The main indicators of activity:**

- During the first half of 2012 Ūkio Bankas Group incurred a net loss of LTL'000 43,395 (during the same period of 2011: net loss of LTL'000 613);
- During the six month period ended 30 June 2012, the Bank opened 3 new client service units and closed 1 client service unit. As of 30 June 2012, Bank's customer servicing network consisted of 61 outlets – 12 branches and 49 client service units. In addition, as of 30 June 2012 the Bank had 3 representative offices in Kiev (Ukraine), Moscow (Russia) and Almaty (Kazakhstan);
- The Bank had 159 thousand customers as of 30 June 2012 – i.e. 3% less than as of 30 June 2011;
- As of 30 June 2012 The Bank's wholly owned leasing subsidiary UAB Ūkio Banko Lizingas had 151 thousand customers – i.e. 21 % more than as of 30 June 2011. UAB Ūkio Banko Lizingas offers its services through about 2.1 thousand sales points located throughout entire Lithuania;
- 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 9% and made LTL 69 million. The Group's expenses before provisions and income tax decreased by 3% and made LTL 63 million;
- Throughout 2012, the Bank and the Group complied with all the prudential requirements set by the Bank of Lithuania. As of 30 June 2012, the Group's capital adequacy ratio was 13.52 % (requirement – not less than 10%), liquidity ratio – 36.21% (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 6 million or 9% and amounted to LTL 75 million. The decline in the average amount of liabilities and in the price of borrowed term funds in local market caused the increase in net interest income 30% to LTL 42 million. Decrease in number of banking operations performed by customers caused the reduction of net service fees and commission income by 6% to LTL 21 million. Net trading income increased by LTL 1 million or 58% to LTL 11 million, other operating income decreased by LTL 3 million (74%) to LTL 1 million.

The Group				ITEM	The Bank			
H1 2012	H1 2011	INCREASE (DECREASE)			H1 2012	H1 2011	INCREASE (DECREASE)	
		LTL'000	%			LTL'000	%	
42,157	32,428	9,729	30	Net interest income	30,035	21,041	8,994	43
				Net service fees and commission income	18,622	19,891	(1,269)	(6)
20,997	22,451	(1,454)	(6)	Net trading income	8,875	10,920	(2,045)	(19)
11,016	9,994	1,022	10	Other income	123	868	(745)	(86)
1,208	4,582	(3,374)	(74)					
				<b>Operating profit before provisions and operating expenses</b>				
<b>75,378</b>	<b>69,455</b>	<b>5,923</b>	<b>9</b>		<b>57,655</b>	<b>52,720</b>	<b>4,935</b>	<b>9</b>

As compared to the same period of previous year, the operating expenses of the Group for the first half of 2011 decreased by LTL 2 million (3%) to 63 million. 40% of these expenses consisted of staff expenses, which increased by LTL 1 million (3%) to 25 million. During the first half of 2012 the Group incurred provision expenses of LTL 63 million (H1 2011: provision expenses of LTL 4 million). During the first half of 2012 income tax benefit amounted to LTL 7 million (during the first half of 2011 income tax expenses amounted to LTL 1 million).

### Assets, liabilities and equity

During the first six months of 2012 the assets of the Group decreased by LTL 89 million (2%) and amounted to LTL 4.2 billion at the end of the period. Largest share of the Group's assets – i.e. 61% consisted of loans and finance lease receivables, which decreased by 2% and amounted to LTL 2.58 billion at the end of period. During the first six months of 2012 cash, funds in central banks, banks and other credit institutions almost did not change and as of 30 June 2012 amounted to LTL 0.61 billion (14% of Group's assets). Securities portfolio decreased by LTL 67 million (11%) during the first half of 2011 and amounted to LTL 0.57 billion – i.e. 13% of Group's assets as of 30 June 2012.

The largest share of the Group's liabilities – i.e. 92% – consisted of due to customers, which increased by LTL 55 million during the first half of 2012 and amounted to LTL 3.49 billion at the end of period. Debt securities in issue decreased by LTL 99 million (51%) during the first six months of 2012 and as of 30 June 2012 amounted to LTL 95 million – i.e. 2% of the Group's liabilities. Group's equity, impacted by incurred loss, decreased by LTL 43 million during the first half of 2012 and amounted to LTL 439 million as of 30 June 2012.

### INFORMATION ON ACQUIRED OR DISPOSED OWN SHARES

As of 30 June 2012 the Bank did not have treasury shares. During the first six months of the year 2012 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 2011.

### INFORMATION ON HARMFUL TRANSACTIONS CARRIED OUT ON BEHALF OF THE ISSUER

During the six month period ended 30 June 2012 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**

- 6 January 2012** Announced that on 6 January 2012 Central Securities Depository of Lithuania effected amendments in the AB Ūkio bankas securities issue registration account in accordance with the adding of the new LTL 50,000,000 share issue to the share issue of the LTL 295,824,000 valid until now. After the assimilation of issues, the issue of AB Ūkio bankas with ISIN code LT0000102352 amounts to 345,824,000 ordinary registered shares. The shares of the new LTL 50,000,000 issue vested to the shareholders of AB Ūkio bankas are transferred to the intermediaries of public trading conducting the accounting of securities accounts of shareholders of AB Ūkio bankas.
- 21 February 2012** Announced that on 21 February 2012 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 6 January 2011, redeemed "Fixed rate bond issue LTL No 1/2011" (ISIN code – LT1000410318).
- 29 February 2012** Announced that AB Ūkio bankas group preliminary unaudited net profit of year 2011 is LTL 1.1 million (EUR 0.3 million). AB Ūkio bankas preliminary unaudited net loss of year 2011 is LTL 4.6 million (EUR 1.3 million). During 2010 AB Ūkio bankas group incurred a net loss of LTL 33.5 million (EUR 9.7 million) and AB Ūkio bankas incurred a net loss of LTL 38.0 million (EUR 11.0 million).
- 9 March 2012** Convocation of AB Ūkio bankas ordinary General Shareholders' Meeting announced. The Bank's Board has approved the agenda and draft resolutions of the meeting held on 30 March 2012.
- 12 March 2012** Announced that in 2012 January AB Ūkio bankas recorded a loss event in loans to real estate developers segment and formed LTL 50 million provisions for the impairment of loans to real estate developers that are not individually impaired but are collectively assessed for the impairment. The loss event was recorded based on the change of real estate development projects implementation conditions of loan recipients of above-mentioned segment, and their potential impact on the estimated future cash flows from main activity of loan recipients.
- 30 March 2012** Announced the resolutions of AB Ūkio bankas ordinary General Shareholders' Meeting held on 30 March 2012.
- 10 April 2012** Announced that On 10 April 2012 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 24 February 2011, redeemed "Fixed rate bond issue LTL No 2/2011" (ISIN code – LT0000410334).
- 03 May 2012** Announced that at the meeting of the Board of AB Ūkio bankas as of 3 May 2012, a resolution was taken to issue fixed rate bond emission in LTL and to confirm the bonds' offering Information Memorandum.
- 04 May 2012** Announced AB Ūkio bankas group consolidated unaudited net loss for the three months of 2012 is LTL 44.27 million (EUR 12.82 million). AB Ūkio bankas unaudited net loss for the three months of 2012 is LTL 44.64 million (EUR 12.93 million).
- 29 May 2012** Announced that on 29 May 2012 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 13 April 2011, redeemed "Fixed rate bond issue LTL No 3/2011" (ISIN code – LT0000410375).
- 01 June 2012** Announced that on 31 May 2012 AB Ūkio bankas finished the issue of Fixed rate bond issue ISIN LT0000402752. During distribution period (from 7 May 2012 till 31 May 2012) 6,075 bonds with nominal value of LTL 100 and fixed 5.0 percent annual interest rate were issued. Redemption of bonds on 11 June 2013.

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 stock exchange NASDAQ OMX Vilnius website [www.nasdaqomxbaltic.com](http://www.nasdaqomxbaltic.com), Central Storage Facility website [www.crib.lt](http://www.crib.lt) and on AB Ūkio Bankas website [www.ub.lt](http://www.ub.lt).



## REVIEW OF MAIN INDICATORS OF LITHUANIAN BANKING SECTOR

8 commercial banks holding a license from the Bank of Lithuania, 12 foreign bank branches, 2 foreign banks representative offices, 260 EU banks providing cross-border services in the Republic of Lithuania without a branch, 75 credit unions and the Central Credit Union of Lithuania operated<sup>1</sup> in the country at the moment this report was prepared.

According to Association of Lithuanian banks the assets of operating domestic banks<sup>2</sup> decreased by LTL 2.3 billion or 3.0 percent during the first six months of 2012 and amounted to LTL 76.0 billion as at 30 June 2012. Loans granted to customers increased by LTL 0.3 billion or 0.5 percent and amounted to LTL 54.1 billion. Deposits held with banks increased by LTL 1.1 billion or 2.5 percent and amounted to LTL 43.7 billion as at 30 June 2012.

According to Association of Lithuanian banks, in the first half of 2012 concentration of the three banks holding the biggest share of the market in loans granted and deposit remained at the same level as at the beginning of the year – 68.2% and 72.1% respectively. In the first half of 2012, concentration of the three banks holding the biggest share of the assets market decreased by 0.8 percentage points to 68.9%.

Market share of operating domestic banks by assets, loans granted to customers and deposits is presented in the tables below<sup>3</sup>:

### Market share of operating domestic banks by assets as at 30 June 2012:

No.	Bank	Market share, %
1.	AB SEB bankas	30.5
2.	„Swedbank“, AB	23.8
3.	AB DnB bankas	14.6
4.	Nordea Bank Finland Plc Lithuania Branch	11.8
5.	Danske Bank A/S Lithuania Branch	6.3
6.	AB Ūkio bankas	5.4
7.	AB Šiaulių bankas	3.7
8.	AS UniCredit Bank Lithuania Branch	1.4
9.	AB „Citadele“ bankas	1.3
10.	UAB Medicinos bankas	1.1
<b>Total:</b>		<b>100.0</b>

### Market share of operating domestic banks by loans granted to customers as at 30 June 2012:

No.	Bank	Market share, %
1.	AB SEB bankas	29.9
2.	„Swedbank“, AB	21.9
3.	AB DnB bankas	16.4
4.	Nordea Bank Finland Plc Lithuania Branch	14.1
5.	Danske Bank A/S Lithuania Branch	6.2
6.	AB Ūkio bankas	4.0
7.	AB Šiaulių bankas	3.8
8.	AS UniCredit Bank Lithuania Branch	1.5
9.	AB „Citadele“ bankas	1.2
10.	UAB Medicinos bankas	0.9
<b>Total:</b>		<b>100.0</b>

### Market share of operating domestic banks by deposits as at 30 June 2012:

No.	Bank	Market share, %
1.	„Swedbank“, AB	31.5
2.	AB SEB bankas	28.7
3.	AB DnB bankas	11.9
4.	AB Ūkio bankas	7.9
5.	Danske Bank A/S Lithuania Branch	6.2
6.	Nordea Bank Finland Plc Lithuania Branch	5.4
7.	AB Šiaulių bankas	4.6
8.	AB „Citadele“ bankas	1.7
9.	UAB Medicinos bankas	1.4
10.	AS UniCredit Bank Lithuania Branch	0.6
<b>Total:</b>		<b>100.0</b>

<sup>1</sup> The Bank of Lithuania, [http://www.lb.lt/credit\\_and\\_payment\\_institutions](http://www.lb.lt/credit_and_payment_institutions)

<sup>2</sup> Concept of the operating domestic banks applies to those domestic commercial banks and foreign bank branches which operated during the reporting period: Swedbank“, AB, AB SEB bankas, AB DnB bankas, AB Ūkio bankas, Danske Bank A/S Lithuania Branch, Nordea Bank Finland Plc Lithuania Branch, AB Šiaulių bankas, AB „Citadele“ bankas, UAB Medicinos bankas, AS UniCredit Bank Lithuania Branch.

<sup>3</sup> Association of Lithuanian banks, [http://www.lba.lt/go.php/eng/Main\\_Indicators\\_of\\_Banks/360](http://www.lba.lt/go.php/eng/Main_Indicators_of_Banks/360)

**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION  
AS OF 30 JUNE 2012**

(All amounts in LTL thousands unless otherwise stated)



	Notes	The Group 2012.06.30	The Group 2011.12.31	The Bank 2012.06.30	The Bank 2011.12.31
<b>ASSETS</b>					
Cash and balances with central bank		453,871	489,622	453,870	489,622
Loans and advances to banks and other credit institutions		157,711	121,729	147,598	111,195
Financial assets at fair value through profit or loss		83,262	68,873	34,745	24,549
Loans and finance lease receivable	4	2,579,596	2,624,149	2,233,826	2,282,394
Investment securities:					
<i>available-for-sale</i>	5	18,915	18,490	18,556	18,006
<i>held-to-maturity</i>	5	465,599	545,913	796,831	877,347
Investments in subsidiaries	6	-	-	239,754	239,164
Intangible assets		20,640	20,656	1,579	1,556
Property, plant and equipment		33,727	25,803	31,960	24,022
Investment property		236,418	236,350	6,031	6,031
Deferred tax assets		24,308	17,110	22,957	15,796
Other assets	7	149,754	144,564	134,966	130,735
Assets classified as held for sale		13,270	12,945	12,947	-
<b>Total assets</b>		<b>4,237,071</b>	<b>4,326,204</b>	<b>4,135,620</b>	<b>4,220,417</b>
<b>LIABILITIES AND EQUITY</b>					
<b>LIABILITIES</b>					
Due to banks and other credit institutions		11,331	20,809	11,331	20,809
Financial liabilities at fair value through profit or loss		51	3	51	3
Due to customers	8	3,492,706	3,437,668	3,501,347	3,438,435
Debt securities in issue		94,676	193,511	96,127	194,930
Subordinated loans		93,835	93,864	93,835	93,864
Deferred tax liabilities		21,001	20,884	-	-
Other liabilities		84,868	78,016	24,526	20,158
Liabilities directly associated with assets classified as held for sale		15	6	-	-
<b>Total liabilities</b>		<b>3,798,483</b>	<b>3,844,761</b>	<b>3,727,217</b>	<b>3,768,199</b>
<b>EQUITY</b>					
Share capital	9	345,824	345,824	345,824	345,824
Share premium		76,500	76,500	76,500	76,500
Revaluation reserve - available-for-sale investment securities		(2,079)	(2,881)	(2,102)	(2,890)
Currency translation reserve		(858)	(584)	-	-
Legal reserve	9	12,723	16,991	10,974	15,532
Other reserves	9	21,810	21,810	21,810	21,810
Retained earnings (accumulated loss)		(15,332)	23,783	(44,603)	(4,558)
<b>Equity attributable to equity holders of the parent</b>		<b>438,588</b>	<b>481,443</b>	<b>408,403</b>	<b>452,218</b>
Non-controlling interest		-	-	-	-
<b>Total equity</b>		<b>438,588</b>	<b>481,443</b>	<b>408,403</b>	<b>452,218</b>
<b>Total liabilities and equity</b>		<b>4,237,071</b>	<b>4,326,204</b>	<b>4,135,620</b>	<b>4,220,417</b>

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

**CONDENSED INTERIM INCOME STATEMENTS  
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2012**  
(All amounts in LTL thousands unless otherwise stated)



	Notes	The Group 2012.01.01- 2012.06.30	The Group 2011.01.01- 2011.06.30	The Bank 2012.01.01- 2012.06.30	The Bank 2011.01.01- 2011.06.30
<b>CONTINUING OPERATIONS</b>					
Interest income	10	90,210	99,516	78,155	88,218
Interest expense	10	(48,053)	(67,088)	(48,120)	(67,177)
<b>Interest income, net</b>		<b>42,157</b>	<b>32,428</b>	<b>30,035</b>	<b>21,041</b>
Fees and commission income	11	25,940	27,258	23,372	24,539
Fees and commission expense	11	(4,943)	(4,807)	(4,750)	(4,648)
<b>Fees and commission income, net</b>		<b>20,997</b>	<b>22,451</b>	<b>18,622</b>	<b>19,891</b>
Net gains from dealing in foreign currencies		43	6,098	(98)	6,362
Net gains (losses) from financial assets at fair value through profit or loss		10,749	2,996	8,749	3,658
Net gains arising from investment securities		224	900	224	900
Impairment charge		(64,187)	(5,792)	(59,237)	(3,539)
Recoveries of loans written off		1,427	1,616	55	23
Insurance income, net		660	3,137	-	-
Dividend income		96	80	96	80
Other operating income		452	1,365	27	788
<b>Operating profit before operating expenses</b>		<b>12,618</b>	<b>65,279</b>	<b>(1,527)</b>	<b>49,204</b>
<b>Operating expenses</b>	12	(62,844)	(65,051)	(50,406)	(54,119)
<b>Profit (loss) before income tax</b>		<b>(50,226)</b>	<b>228</b>	<b>(51,933)</b>	<b>(4,915)</b>
Income tax (expense) benefit		6,569	(841)	7,330	(337)
<b>Net profit (loss) for the year from the continuing operations</b>		<b>(43,657)</b>	<b>(613)</b>	<b>(44,603)</b>	<b>(5,252)</b>
<b>Net (loss) for the year from the discontinued operations</b>		<b>262</b>	-	-	-
<b>NET PROFIT (LOSS) FOR THE YEAR</b>		<b>(43,395)</b>	<b>(613)</b>	<b>(44,603)</b>	<b>(5,252)</b>
Attributable to:					
Equity holders of the parent		(43,395)	(613)	(44,603)	(5,252)
Non-controlling interest		-	-	-	-
<b>NET PROFIT (LOSS) FOR THE YEAR</b>		<b>(43,395)</b>	<b>(613)</b>	<b>(44,603)</b>	<b>(5,252)</b>
<b>EARNINGS PER SHARE</b>					
<b>From continuing and discontinued operations:</b>					
Basic (in LTL)	13	(0.13)	(0.00)	(0.13)	(0.02)
Diluted (in LTL)		(0.13)	(0.00)	(0.13)	(0.02)
<b>From continuing operations:</b>					
Basic (in LTL)	13	(0.13)	(0.00)	(0.13)	(0.02)
Diluted (in LTL)		(0.13)	(0.00)	(0.13)	(0.02)

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 2012**

(All amounts in LTL thousands unless otherwise stated)



	<b>The Group 2012.01.01- 2012.06.30</b>	<b>The Group 2011.01.01- 2011.06.30</b>	<b>The Bank 2012.01.01- 2012.06.30</b>	<b>The Bank 2011.01.01- 2011.06.30</b>
<b>Profit (loss) for the year</b>	<b>(43,395)</b>	<b>(613)</b>	<b>(44,603)</b>	<b>(5,252)</b>
<b>Other comprehensive income</b>				
<b>Exchange differences on translating foreign operations</b>				
Exchange differences arising during the year on translating foreign operations, net of tax	(274)	(92)	-	-
	<b>(274)</b>	<b>(92)</b>	-	-
<b>Available-for-sale financial assets</b>				
Net gain (loss) arising on revaluation of available-for-sale financial assets during the year, net of tax	802	3,016	788	3,005
	<b>802</b>	<b>3,016</b>	<b>788</b>	<b>3,005</b>
Other reclassification adjustments	12	1	-	1
<b>Total comprehensive income for the year</b>	<b>(42,855)</b>	<b>2,312</b>	<b>(43,815)</b>	<b>(2,246)</b>
Attributable to:				
Equity holders of the parent	(42,855)	2,312	(43,815)	(2,246)
Non-controlling interest	-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>(42,855)</b>	<b>2,312</b>	<b>(43,815)</b>	<b>(2,246)</b>

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

**CONDENSED INTERIM INCOME STATEMENTS  
FOR THE THREE MONTH PERIOD ENDED 30 JUNE 2012**  
(All amounts in LTL thousands unless otherwise stated)



	<b>The Group 2012.04.01- 2012.06.30</b>	<b>The Group 2011.04.01- 2011.06.30</b>	<b>The Bank 2012.04.01- 2012.06.30</b>	<b>The Bank 2011.04.01- 2011.06.30</b>
<b>CONTINUING OPERATIONS</b>				
Interest income	44,163	49,891	38,283	44,428
Interest expense	(24,443)	(31,318)	(24,486)	(31,350)
<b>Interest income, net</b>	<b>19,720</b>	<b>18,573</b>	<b>13,797</b>	<b>13,078</b>
Fees and commission income	13,153	14,126	11,837	12,814
Fees and commission expense	(2,469)	(2,517)	(2,373)	(2,436)
<b>Fees and commission income, net</b>	<b>10,684</b>	<b>11,609</b>	<b>9,464</b>	<b>10,378</b>
Net gains from dealing in foreign currencies	(10,305)	5,500	(10,779)	5,597
Net gains (losses) from financial assets at fair value through profit or loss	13,749	(1,577)	15,420	(621)
Net gains arising from investment securities	(113)	604	(113)	604
Impairment charge	(4,483)	(2,665)	(2,512)	(1,585)
Recoveries of loans written off	647	482	44	11
Insurance income, net	2,750	2,288	-	-
Dividend income	10	79	10	79
Other operating income	23	806	(89)	236
<b>Operating profit before operating expenses</b>	<b>32,682</b>	<b>35,699</b>	<b>25,242</b>	<b>27,777</b>
<b>Operating expenses</b>	<b>(31,323)</b>	<b>(31,878)</b>	<b>(25,086)</b>	<b>(26,562)</b>
<b>Profit (loss) before income tax</b>	<b>1,359</b>	<b>3,821</b>	<b>156</b>	<b>1,215</b>
Income tax (expense) benefit	(616)	(791)	(120)	(437)
<b>Net profit (loss) for the year from the continuing operations</b>	<b>743</b>	<b>3,030</b>	<b>36</b>	<b>778</b>
<b>Net (loss) for the year from the discontinued operations</b>	<b>127</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET PROFIT (LOSS) FOR THE YEAR</b>	<b>870</b>	<b>3,030</b>	<b>36</b>	<b>778</b>
Attributable to:				
Equity holders of the parent	870	3,030	36	778
Non-controlling interest	-	-	-	-
<b>NET PROFIT (LOSS) FOR THE YEAR</b>	<b>870</b>	<b>3,030</b>	<b>36</b>	<b>778</b>
<b>EARNINGS PER SHARE</b>				
<b>From continuing and discontinued operations:</b>				
Basic (in LTL)	0.00	0.01	0.00	0.00
Diluted (in LTL)	0.00	0.01	0.00	0.00
<b>From continuing operations:</b>				
Basic (in LTL)	0.00	0.01	0.00	0.00
Diluted (in LTL)	0.00	0.01	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 2012**

(All amounts in LTL thousands unless otherwise stated)



	<b>The Group 2012.04.01- 2012.06.30</b>	<b>The Group 2011.04.01- 2011.06.30</b>	<b>The Bank 2012.04.01- 2012.06.30</b>	<b>The Bank 2011.04.01- 2011.06.30</b>
<b>Profit for the year</b>	<b>870</b>	<b>3,030</b>	<b>36</b>	<b>778</b>
<b>Other comprehensive income</b>				
<b>Exchange differences on translating foreign operations</b>				
Exchange differences arising during the year on translating foreign operations, net of tax	(373)	(94)	-	-
	<b>(373)</b>	<b>(94)</b>	<b>-</b>	<b>-</b>
<b>Available-for-sale financial assets</b>				
Net gain (loss) arising on revaluation of available-for-sale financial assets during the year, net of tax	(854)	1,921	(845)	1,917
	<b>(854)</b>	<b>1,921</b>	<b>(845)</b>	<b>1,917</b>
Other reclassification adjustments	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>(357)</b>	<b>4,857</b>	<b>(809)</b>	<b>2,695</b>
Attributable to:				
Equity holders of the parent	(357)	4,857	(809)	2,695
Non-controlling interest	-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>(357)</b>	<b>4,857</b>	<b>(809)</b>	<b>2,695</b>

*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 2012**

(All amounts in LTL thousands unless otherwise stated)



<b>The Bank</b>	<b>Share Capital</b>	<b>Share premium</b>	<b>Other reserves</b>	<b>Revaluation reserve on available-for-sale investment securities</b>	<b>Legal reserve</b>	<b>Retained earnings (accumulated loss)</b>	<b>Total</b>
<b>As of 1 January 2011</b>	<b>295,824</b>	<b>76,500</b>	<b>61,650</b>	<b>(4,636)</b>	<b>15,532</b>	<b>(39,840)</b>	<b>405,030</b>
Transfer to retained earnings (loss)	-	-	(39,840)	-	-	39,840	-
Total comprehensive income for the year:	-	-	-	3,006	-	(5,252)	(2,246)
<i>Net profit</i>	-	-	-	-	-	(5,252)	(5,252)
<i>Other comprehensive income</i>	-	-	-	3,006	-	-	3,006
<b>As of 30 June 2011</b>	<b>295,824</b>	<b>76,500</b>	<b>21,810</b>	<b>(1,630)</b>	<b>15,532</b>	<b>(5,252)</b>	<b>402,784</b>
Increase of share capital	50,000	-	-	-	-	-	50,000
Total comprehensive income for the year:	-	-	-	(1,260)	-	694	(566)
<i>Net profit</i>	-	-	-	-	-	694	694
<i>Other comprehensive income</i>	-	-	-	(1,260)	-	-	(1,260)
<b>As of 31 December 2011</b>	<b>345,824</b>	<b>76,500</b>	<b>21,810</b>	<b>(2,890)</b>	<b>15,532</b>	<b>(4,558)</b>	<b>452,218</b>
Transfer to retained earnings (loss)	-	-	-	-	(4,558)	4,558	-
Total comprehensive income for the year:	-	-	-	788	-	(44,603)	(43,815)
<i>Net loss</i>	-	-	-	-	-	(44,603)	(44,603)
<i>Other comprehensive income</i>	-	-	-	788	-	-	788
<b>As of 31 June 2012</b>	<b>345,824</b>	<b>76,500</b>	<b>21,810</b>	<b>(2,102)</b>	<b>10,974</b>	<b>(44,603)</b>	<b>408,403</b>

(Continued)

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2012**

(All amounts in LTL thousands unless otherwise stated)



	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
<b>The Group</b>										
<b>As of 1 January 2011</b>	<b>295,824</b>	<b>76,500</b>	<b>61,650</b>	<b>(4,617)</b>	<b>(200)</b>	<b>16,617</b>	<b>(16,783)</b>	<b>428,991</b>	-	<b>428,991</b>
Transfer to legal reserve	-	-	-	-	-	374	(374)	-	-	-
Transfer to retained earnings (loss)	-	-	(39,840)	-	-	-	39,840	-	-	-
Total comprehensive income for the year:	-	-	-	3,017	(92)	-	(613)	2,312	-	2,312
<i>Net loss</i>	-	-	-	-	-	-	(613)	(613)	-	(613)
<i>Other comprehensive income</i>	-	-	-	3,017	(92)	-	-	2,925	-	2,925
<b>As of 30 June 2011</b>	<b>295,824</b>	<b>76,500</b>	<b>21,810</b>	<b>(1,600)</b>	<b>(292)</b>	<b>16,991</b>	<b>22,070</b>	<b>431,303</b>	-	
Increase of share capital	50,000	-	-	-	-	-	-	50,000	-	50,000
Total comprehensive income for the year:	-	-	-	(1,281)	(292)	-	1,713	140	-	140
<i>Net profit</i>	-	-	-	-	-	-	1,713	1,713	-	1,713
<i>Other comprehensive income</i>	-	-	-	(1,281)	(292)	-	-	(1,573)	-	(1,573)
<b>As of 31 December 2011</b>	<b>345,824</b>	<b>76,500</b>	<b>21,810</b>	<b>(2,881)</b>	<b>(584)</b>	<b>16,991</b>	<b>23,783</b>	<b>481,443</b>	-	<b>481,443</b>
Transfer to retained earnings (loss)	-	-	-	-	-	(4,558)	4,558	-	-	-
Transfer to legal reserve	-	-	-	-	-	290	(290)	-	-	-
Total comprehensive income for the year:	-	-	-	802	(274)	-	(43,383)	(42,855)	-	(42,855)
<i>Net loss</i>	-	-	-	-	-	-	(43,395)	(43,395)	-	(43,395)
<i>Other comprehensive income</i>	-	-	-	802	(274)	-	12	540	-	540
<b>As of 30 June 2012</b>	<b>345,824</b>	<b>76,500</b>	<b>21,810</b>	<b>(2,079)</b>	<b>(858)</b>	<b>12,723</b>	<b>(15,332)</b>	<b>438,588</b>	-	<b>438,588</b>

(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 2012**  
(All amounts in LTL thousands unless otherwise stated)



Notes	<b>The Group 2012.01.01- 2012.06.30</b>	<b>The Group 2011.01.01- 2011.06.30</b>	<b>The Bank 2012.01.01- 2012.06.30</b>	<b>The Bank 2011.01.01- 2011.06.30</b>
<b>Cash flows from (to) operating activities</b>				
Net profit (loss) for the year	(43,395)	(613)	(44,603)	(5,252)
<b>Adjustments to net profit (loss):</b>				
Income tax expenses (benefit) recognized in profit or loss	(6,569)	841	(7,330)	337
(Increase) in fair value of investment property	-	(247)	-	-
Impairment charge	62,760	4,176	59,182	3,516
Interest income	(90,210)	(99,516)	(78,155)	(88,218)
Interest expense	48,053	67,088	48,120	67,177
Dividends income	(96)	(80)	(96)	(80)
Depreciation and amortization	2,801	2,955	2,530	2,666
Loss (profit) from sales of property, plant and equipment	564	(190)	311	(181)
<b>Cash (to) operating activities before changes in operating assets and liabilities</b>	<b>(26,092)</b>	<b>(25,586)</b>	<b>(20,041)</b>	<b>(20,035)</b>
<b>Changes in operating assets and liabilities</b>				
Net change in balances with Central Bank	11,349	25,478	11,349	25,478
Net change in loans to banks and other credit institutions	(48,809)	1,247	(50,011)	-
Net change in financial assets at fair value through profit or loss	(14,399)	(12,814)	(10,072)	(10,166)
Net change in loans and finance lease	4,813	129,055	8,469	253,432
Net change in other assets	(14,439)	(14,878)	(21,256)	(19,400)
Net change in due to banks and other credit institutions	(9,475)	(321,983)	(9,475)	(321,983)
Net change in financial liabilities at fair value through profit or loss	48	(945)	48	(945)
Net change in due to customers	53,507	(176,975)	61,327	(177,315)
Net change in other liabilities	15,482	3,561	11,145	2,470
<b>Cash (used in) / generated from operations</b>	<b>(28,015)</b>	<b>(393,840)</b>	<b>(18,517)</b>	<b>(268,464)</b>
Interest received	66,947	75,633	60,036	71,459
Interest paid	(46,560)	(72,744)	(46,522)	(72,897)
Income tax paid	(504)	(52)	-	-
<b>Net cash (used in) / generated from operating activities</b>	<b>(8,132)</b>	<b>(391,003)</b>	<b>(5,003)</b>	<b>(269,902)</b>

(Continued)

**CONDENSED INTERIM CASH FLOW STATEMENTS  
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2012**  
(All amounts in LTL thousands unless otherwise stated)



Notes	<b>The Group 2012.01.01- 2012.06.30</b>	<b>The Group 2011.01.01- 2011.06.30</b>	<b>The Bank 2012.01.01- 2012.06.30</b>	<b>The Bank 2011.01.01- 2011.06.30</b>
<b>Cash flows from (to) investing activities</b>				
Dividends received	96	80	96	80
Acquisition of subsidiaries	-	-	(590)	-
Acquisition of investment securities	(202)	(787,069)	(5,000)	(792,021)
Proceeds from redemption or sale of investment securities	82,263	324,007	82,138	324,007
Acquisition of property, plant and equipment and investment property	(11,062)	(848)	(10,885)	(117,815)
Proceeds from disposal of property plant and equipment	277	915	516	954
Acquisition of intangible assets	(476)	(125)	(433)	(99)
<b>Net cash generated from / (used in) investing activities</b>	<b>70,896</b>	<b>(463,040)</b>	<b>65,842</b>	<b>(584,894)</b>
<b>Cash flows from (to) financing activities</b>				
Increase of share capital	-	-	-	-
Debt securities issued	17,255	200,439	18,655	200,439
Debt securities redeemed	(117,503)	(123,372)	(117,503)	(123,372)
Subordinated loans received	-	-	-	-
Subordinated loans repaid	-	-	-	-
<b>Net cash generated from financing activities</b>	<b>(100,248)</b>	<b>77,067</b>	<b>(98,848)</b>	<b>77,067</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(37,484)</b>	<b>(776,976)</b>	<b>(38,009)</b>	<b>(777,729)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>472,076</b>	<b>1,072,469</b>	<b>467,271</b>	<b>1,071,178</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>434,592</b>	<b>295,493</b>	<b>429,262</b>	<b>293,449</b>

(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 by 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 49 client service departments in Lithuania and 3 representative offices in foreign countries (Ukraine, Russia and Kazakhstan). In addition, the Bank controls, directly or indirectly, 10 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 Sporto Klubų Investicijos (set up in 2011 for the purpose of sale). UAB Ūkio Banko Rizikos Kapitalo Valdymas owns 100% of shares of RAB Ūkio Bank Lizing (Ukraine; set up in 2006).

As of 30 June 2012 the Group and the Bank employed 854 and employees respectively (as of 31 December 2011: 853 and 754).

AB Ūkio Bankas ordinary registered shares are being traded on stock exchange NASDAQ OMX Vilnius 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 NASDAQ OMX Vilnius.

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

	<b>2012.06.30</b>	<b>2011.12.31</b>
Vladimir Romanov	64.92 %	53.10 %
UAB First Partneriai	9.47 %	9.47 %
UAB Universal Business Investment Group Management	0.00 %	7.10 %

**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES**

This condensed interim financial information for the six month period ended 30 June 2012 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 2011, 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 year ended 31 December 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**

<b>The Group</b>			<b>The Bank</b>	
<b>2012.06.30</b>	<b>2011.12.31</b>		<b>2012.06.30</b>	<b>2011.12.31</b>
		<b>Loans and finance lease receivable</b>		
		Loans to small and medium size enterprises (SMEs)	1,240,435	1,232,849
1,359,983	1,342,259	Loans to other enterprises	609,400	618,262
952,513	940,438	Loans to individuals	175,980	170,332
326,847	324,931	Loans to financial institutions	377,009	369,576
4,318	4,138	Finance lease receivable	90,233	89,592
221,345	231,860			
<b>2,865,006</b>	<b>2,843,626</b>	<b>Total loans and finance lease receivable</b>	<b>2,493,057</b>	<b>2,480,611</b>
		Provisions for impairment loss of loans and finance lease receivable	(259,231)	(198,217)
(285,410)	(219,477)	<i>Provisions for impairment loss of loans receivable</i>	(254,581)	(197,420)
(267,625)	(208,529)	<i>Provisions for impairment loss of finance lease receivables</i>	(4,650)	(797)
(17,785)	(10,948)			
		<b>Total loans and finance lease receivable from customers, net of provisions</b>	<b>2,233,826</b>	<b>2,282,394</b>
<b>2,579,596</b>	<b>2,624,149</b>			

**NOTE 5 INVESTMENT SECURITIES**

<b>The Group</b>			<b>The Bank</b>	
<b>2012.06.30</b>	<b>2011.12.31</b>		<b>2012.06.30</b>	<b>2011.12.31</b>
		<b>Equity investment securities available-for-sale</b>		
		Investment funds	9,803	9,459
10,162	9,943	Equity securities of entities available-for-sale	40	285
40	285	Equity securities of banks and financial institutions available-for-sale	275	489
275	489			
<b>10,477</b>	<b>10,717</b>	<b>Total equity investment securities available-for-sale</b>	<b>10,118</b>	<b>10,233</b>
		<b>Debt investment securities available-for-sale</b>		
		Debt investment securities of entities available-for-sale	6,326	5,806
6,326	5,806	Debt investment securities of banks and financial institutions available-for-sale	2,152	1,967
2,152	1,967			
<b>8,478</b>	<b>7,773</b>	<b>Total debt investment securities available-for-sale</b>	<b>8,478</b>	<b>7,773</b>
		Provisions for the impairment of securities available-for-sale	(40)	-
(40)	-			
<b>18,915</b>	<b>18,490</b>	<b>Total investment securities available-for-sale</b>	<b>18,556</b>	<b>18,006</b>
		<b>Investment debt securities held to maturity</b>		
		Debt securities of entities held to maturity	101,592	105,601
101,592	105,601	Debt securities of banks and financial institutions held to maturity	453,086	466,904
120,943	134,802	Government debt securities held to maturity	243,396	306,043
244,307	306,711			
<b>466,842</b>	<b>547,114</b>	<b>Total investment securities held to maturity</b>	<b>798,074</b>	<b>878,548</b>
		Provisions for the impairment of securities held to maturity	(1,243)	(1,201)
(1,243)	(1,201)			
<b>465,599</b>	<b>545,913</b>	<b>Total debt investment securities held to maturity</b>	<b>796,831</b>	<b>877,347</b>

**NOTE 6 INVESTMENTS IN SUBSIDIARIES**

<b>The Group</b>			<b>The Bank</b>	
<b>2012.06.30</b>	<b>2011.12.31</b>		<b>2012.06.30</b>	<b>2011.12.31</b>
		<b>Investments in subsidiaries</b>		
-	-	GD UAB Bonum Publicum	36,321	36,321
-	-	UAB Ūkio Banko Investicijų Valdymas	2,000	2,000
-	-	UAB Ūkio Banko Lizingas	1,000	1,000
-	-	UAB Ūkio Banko Rizikos Kapitalo Valdymas *	19,924	19,924
-	-	UAB Investicinio Turto Valdymas	98,391	98,391
-	-	UAB Eastern Europe Development Fund	56,626	56,626
-	-	UAB Trade Project	27,380	26,880
-	-	UAB Turto Valdymo Paslaugos	100	10
-	-	<b>Total investments in subsidiaries</b>	<b>241,742</b>	<b>241,152</b>
-	-	Provisions for impairment of investments in subsidiaries	(1,988)	(1,988)
-	-	<b>Total investments in subsidiaries, net of provisions</b>	<b>239,754</b>	<b>239,164</b>

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

**NOTE 7 OTHER ASSETS**

<b>The Group</b>			<b>The Bank</b>	
<b>2012.06.30</b>	<b>2011.12.31</b>		<b>2012.06.30</b>	<b>2011.12.31</b>
		<b>Other assets</b>		
132,612	130,359	Foreclosed assets	123,063	119,924
8,094	8,048	Deferred expenses	5,785	5,741
5,077	3,429	Prepayments	3,797	2,239
884	1,925	Transit accounts	694	1,675
781	745	Collateral for rent of premises	781	745
1,628	491	Accounts receivable	809	-
403	392	Receivables on securities transactions	403	392
623	131	Income tax paid in advance	-	-
2,830	2,893	Other receivables	1,741	2,123
<b>152,932</b>	<b>148,413</b>	<b>Total other assets</b>	<b>137,073</b>	<b>132,839</b>
(3,178)	(3,849)	Impairment loss of other assets	(2,107)	(2,104)
<b>149,754</b>	<b>144,564</b>	<b>Total other assets, net of provisions</b>	<b>134,966</b>	<b>130,735</b>

**NOTE 8 DUE TO CUSTOMERS**

<b>The Group</b>			<b>The Bank</b>	
<b>2012.06.30</b>	<b>2011.12.31</b>		<b>2012.06.30</b>	<b>2011.12.31</b>
		<b>Due to customers</b>		
979,985	967,878	Current and demand deposits	980,846	968,952
2,447,993	2,394,903	Term deposits, letters of credit	2,459,616	2,398,907
64,728	74,887	Loans	60,885	70,576
<b>3,492,706</b>	<b>3,437,668</b>	<b>Total due to customers</b>	<b>3,501,347</b>	<b>3,438,435</b>
<b>The Group</b>			<b>The Bank</b>	
<b>2012.06.30</b>	<b>2011.12.31</b>		<b>2012.06.30</b>	<b>2011.12.31</b>
		<b>Current and demand deposits</b>		
491,637	523,337	Companies	492,112	523,817
379,172	388,189	Individuals	379,172	388,189
109,176	56,352	Financial institutions	109,562	56,946
	<b>967,878</b>		<b>980,846</b>	<b>968,952</b>
		<b>Term deposits, letters of credit</b>		
304,808	311,534	Companies	304,954	311,534
2,059,869	1,951,856	Individuals	2,059,869	1,951,856
62,530	112,363	Financial institutions	73,920	116,288
<b>2,427,207</b>	<b>2,375,753</b>		<b>2,438,743</b>	<b>2,379,678</b>
		<b>Loans</b>		
10,204	10,627	Government institutions	6,400	6,400
54,162	63,794	Financial institutions	54,162	63,794
-	-	Private companies	-	-
<b>64,366</b>	<b>74,421</b>		<b>60,562</b>	<b>70,194</b>
21,148	19,616	Accrued interest	21,196	19,611
<b>3,492,706</b>	<b>3,437,668</b>	<b>Total due to customers</b>	<b>3,501,347</b>	<b>3,438,435</b>

**NOTE 9 SHARE CAPITAL AND RESERVES**

The authorized capital of the Bank as of 30 June 2012 was LTL'000 345,824 (31 December 2011: 345,824) and consisted of 345,824,000 (31 December 2011: 345,824,000) ordinary shares with par value of LTL 1 each. All shares are fully paid.

On 30 December 2011 AB Ūkio bankas authorized capital was increased from additional contributions to LTL'000 345,824 by issuing new LTL'000 50,000 issue of 50 million ordinary registered shares of 1 LTL nominal value which was paid in cash. The price of the shares of the new issue – 1 LTL for one share.

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. On 25 March 2011 the ordinary general shareholders' meeting of AB Ūkio bankas 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 21,810(31 December 2011: LTL'000 21,810).

On 30 March 2012 the ordinary general shareholders' meeting of AB Ūkio bankas adopted resolution to transfer LTL'000 4,558 from legal reserve to retained earnings. On 30 June 2012 legal reserve was LTL'000 10,974 (31 December 2011: LTL'000 15,532).

**NOTE 10 INTEREST INCOME AND EXPENSE**

<b>The Group</b>			<b>The Bank</b>	
<b>2012.01.01- 2012.06.30</b>	<b>2011.01.01- 2011.06.30</b>		<b>2012.01.01- 2012.06.30</b>	<b>2011.01.01- 2011.06.30</b>
<b>Interest income</b>				
81,513	84,743	on loans and other receivables (including finance leases)	58,375	62,457
7,594	13,119	on investment securities held to maturity	19,130	24,497
537	638	on investment securities available-for-sale	84	248
377	588	on trading debt securities	377	588
189	428	on balances with central bank	189	428
<b>90,210</b>	<b>99,516</b>	<b>Total interest income</b>	<b>78,155</b>	<b>88,218</b>

<b>The Group</b>			<b>The Bank</b>	
<b>2012.01.01- 2012.06.30</b>	<b>2011.01.01- 2011.06.30</b>		<b>2012.01.01- 2012.06.30</b>	<b>2011.01.01- 2011.06.30</b>
<b>Interest expense</b>				
34,342	51,263	on due to customers	34,377	51,352
3,910	3,841	on due to banks and other credit institutions	3,910	3,841
2,345	1,466	on subordinated loans	2,377	1,466
164	1,970	on debt securities issued	164	1,970
7,292	8,548	deposit insurance expenses	7,292	8,548
<b>48,053</b>	<b>67,088</b>	<b>Total interest expense</b>	<b>48,120</b>	<b>61,177</b>

In the six month period ended 30 June 2012 the Group's/Bank's total interest income includes income accrued on impaired financial assets in the amount of LTL'000 7,291 and 5,048 respectively (six month period ended 30 June 2011: LTL'000 11,387 and LTL'000 7,807).

**NOTE 11 FEES AND COMMISSION INCOME AND EXPENSE**

<b>The Group</b>			<b>The Bank</b>	
<b>2012.01.01- 2012.06.30</b>	<b>2011.01.01- 2011.06.30</b>		<b>2012.01.01- 2012.06.30</b>	<b>2011.01.01- 2011.06.30</b>
<b>Fees and commission income</b>				
13,021	14,715	for money transfer operations	13,105	14,778
4,130	1,951	for credit services	1,757	1,951
2,598	3,086	for payment card services	2,515	2,145
1,488	1,236	for EUR currency exchange	1,488	1,236
960	757	for collection of payments for services	978	772
360	552	for guarantees and letters of credit	360	552
498	480	for internet banking service	498	480
2,885	4,481	other	2,671	2,625
<b>25,940</b>	<b>27,258</b>	<b>Total fees and commission income</b>	<b>23,372</b>	<b>24,539</b>

<b>The Group</b>			<b>The Bank</b>	
<b>2012.01.01- 2012.06.30</b>	<b>2011.01.01- 2011.06.30</b>		<b>2012.01.01- 2012.06.30</b>	<b>2011.01.01- 2011.06.30</b>
<b>Fees and commission expenses</b>				
2,817	2,754	for payment card services	2,815	2,757
1,420	1,352	for money transfer operations	1,235	1,203
706	701	other	700	688
<b>4,943</b>	<b>4,807</b>	<b>Total fees and commission expenses</b>	<b>4,750</b>	<b>4,648</b>

**NOTE 12 OPERATING EXPENSES**

<b>The Group</b>			<b>The Bank</b>	
<b>2012.01.01- 2012.06.30</b>	<b>2011.01.01- 2011.06.30</b>		<b>2012.01.01- 2012.06.30</b>	<b>2011.01.01- 2011.06.30</b>
		<b>Operating expenses</b>		
24,905	24,179	Salary and related expenses	20,213	19,455
10,722	11,161	Rent of premises and household expenses	9,086	9,521
4,230	11,786	Marketing and sponsorship expenses	1,748	10,024
2,789	2,955	Depreciation and amortization	2,530	2,666
1,412	2,066	Expenses related to foreclosed assets	963	1,951
2,300	2,178	IT expenses	2,271	2,147
5,893	1,840	Taxes (other than income tax)	5,574	1,631
		Transport, post and communication service expenses		
1,874	1,911		1,484	1,455
789	1,007	Training and business trip expenses	417	501
667	595	Expenses to organizations servicing the bank	649	573
7,263	5,373	Other expenses	5,471	4,195
<b>62,844</b>	<b>65,051</b>	<b>Total operating expenses</b>	<b>50,406</b>	<b>54,119</b>

**NOTE 13 EARNINGS PER SHARE**

<b>The Group</b>			<b>The Bank</b>	
<b>2012.01.01- 2012.06.30</b>	<b>2011.01.01- 2011.06.30</b>		<b>2012.01.01- 2012.06.30</b>	<b>2012.01.01- 2012.06.30</b>
		<b>Basic earnings per share calculation</b>		
		Profit (loss) attributable to equity holders of the Parent		
(43,657)	(613)	from continuing operations	(44,603)	(5,252)
262	-	from discontinued operations	-	-
(43,395)	(613)	Total profit (loss) attributable to equity holders of the Parent	(44,603)	(5,252)
		Weighted average number of ordinary shares in issue (thousands units)		
345,824	295,824		345,824	295,824
		Basic earnings per share (in LTL) from continuing operations		
(0.13)	(0.00)		(0.13)	(0.02)
		Basic earnings per share (in LTL) from discontinued operations		
0.00	-		-	-
<b>(0.13)</b>	<b>(0.00)</b>	<b>Basic earnings per share (in LTL)</b>	<b>(0.13)</b>	<b>(0.02)</b>

Diluted earnings per share are equal to basic earnings per share as no transactions having dilutive effect were effective as of 30 June 2012 and 30 June 2011.



**NOTE 14 INFORMATION ON ASSETS QUALITY**

As of 30 June 2012, amounts of provisions for the impairment of the assets per class of financial assets were as follows:

	<b>The Group</b>			<b>The Bank</b>		
	<b>Value gross of provisions</b>	<b>Provisions for the impairment</b>	<b>Value net of provisions</b>	<b>Value gross of provisions</b>	<b>Provisions for the impairment</b>	<b>Value net of provisions</b>
Funds with central banks	359,289	-	359,289	359,289	-	359,289
Loans and advances to banks and other credit institutions	158,777	(1,066)	157,711	147,598	-	147,598
Financial assets at fair value through profit or loss	83,262	-	83,262	34,745	-	34,745
Loans and finance lease receivable	2,865,006	(285,410)	2,579,596	2,493,057	(259,231)	2,233,826
Investment securities:						
<i>available-for-sale</i>	18,955	(40)	18,915	18,596	(40)	18,556
<i>held-to-maturity</i>	466,842	(1,243)	465,599	798,074	(1,243)	796,831
Other assets	44,601	(1,721)	42,880	36,941	(1,380)	35,561
<b>Total</b>	<b>3,996,732</b>	<b>(289,480)</b>	<b>3,707,252</b>	<b>3,888,300</b>	<b>(261,894)</b>	<b>3,626,406</b>

As of 31 December 2011, amounts of provisions for the impairment of the assets per class of financial assets were as follows:

	<b>The Group</b>			<b>The Bank</b>		
	<b>Value gross of provisions</b>	<b>Provisions for the impairment</b>	<b>Value net of provisions</b>	<b>Value gross of provisions</b>	<b>Provisions for the impairment</b>	<b>Value net of provisions</b>
Funds with central banks	385,569	-	385,569	385,569	-	385,569
Loans and advances to banks and other credit institutions	122,795	(1,066)	121,729	111,195	-	111,195
Financial assets at fair value through profit or loss	68,873	-	68,873	24,549	-	24,549
Loans and finance lease receivable	2,843,626	(219,477)	2,624,149	2,480,611	(198,217)	2,282,394
Investment securities:	565,604	(1,201)	564,403	896,554	(1,201)	895,353
<i>available-for-sale</i>	18,490	-	18,490	18,006	-	18,006
<i>held-to-maturity</i>	547,114	(1,201)	545,913	878,548	(1,201)	877,347
Other assets	35,140	(1,744)	33,396	27,958	(1,377)	26,581
<b>Total</b>	<b>4,021,607</b>	<b>(223,488)</b>	<b>3,798,119</b>	<b>3,926,436</b>	<b>(200,795)</b>	<b>3,725,641</b>

As of 30 June 2012, provisions for impairment of financial assets of the Group and the Bank include LTL'000 52,503 (31 December 2011: 3,071) provisions for financial assets that are not individually impaired but are collectively assessed for the impairment.

**NOTE 15 COMPLIANCE WITH PRUDENTIAL REQUIREMENTS**

In 2012 and 2011, 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 2012 is presented in the table below:

<b>Ratio</b>	<b>Requirement</b>	<b>Bank's ratio</b>	<b>Group's ratio</b>
Capital adequacy ratio	$\geq 10\%$	12.98 %	13.52 %
Liquidity ratio	$\geq 30\%$	35.63 %	36.21 %
Maximum credit exposure to a single borrower	$\leq 25\%$ (for subsidiaries – 75%) of eligible capital	74.23 % (subsidiary) 24.97 % (other)	23.33%
Aggregate open foreign currency position	$\leq 25\%$ of eligible capital	0.48 %	(2.77) %
Single open foreign currency position	$\leq 15\%$ of eligible capital	0.22 %	(2.76) %

The compliance with the limits and ratios set by the Bank of Lithuania as of 31 December 2011 is presented in the table below:

<b>Ratio</b>	<b>Requirement</b>	<b>Bank's ratio</b>	<b>Group's ratio</b>
Capital adequacy ratio	$\geq 10\%$	14.54%	14.89%
Liquidity ratio	$\geq 30\%$	47.29%	41.48%
Maximum credit exposure to a single borrower	$\leq 25\%$ (for subsidiaries – 75%) of eligible capital	66.50% (subsidiary) 22.22% (other)	20.83%
Aggregate open foreign currency position	$\leq 25\%$ of eligible capital	(0.39)%	(3.01)%
Single open foreign currency position	$\leq 15\%$ of eligible capital	(0.39)%	(3.01)%

Please also refer to the note 16 for additional details on capital adequacy ratio calculation.

**NOTE 16 CAPITAL ADEQUACY**

The capital adequacy ratio set by the 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 2012 and 31 December 2011 calculated in accordance with the Bank of Lithuania regulations, is presented in the table below:

<b>The Group</b>			<b>The Bank</b>	
<b>2012.06.30</b>	<b>2011.12.31</b>		<b>2012.06.30</b>	<b>2011.12.31</b>
		<b>Tier 1 capital</b>		
345,824	345,824	Share capital	345,824	345,824
76,500	76,500	Share premium	76,500	76,500
21,810	21,810	Reserve capital	21,810	21,810
28,063	22,683	Undistributed profit (loss) of previous years	-	-
(43,395)	-	Loss of current year	(44,603)	(4,558)
12,723	16,991	Legal reserve	10,974	15,532
(2,079)	(2,881)	Revaluation reserve – available-for-sale investment securities	(2,102)	(2,890)
(20,640)	(20,656)	Deductions	(20,740)	(20,676)
<b>418,806</b>	<b>460,271</b>	<b>Total Tier 1 capital</b>	<b>387,663</b>	<b>431,542</b>
		<b>Tier 2 capital</b>		
(858)	(584)	Currency translation reserve	-	-
93,226	93,226	Eligible for inclusion in Tier 2 capital part of subordinated loans	93,226	93,226
-	-	Deductions	(19,160)	(19,120)
<b>92,368</b>	<b>92,642</b>	<b>Total Tier 2 capital</b>	<b>74,066</b>	<b>74,106</b>
<b>511,174</b>	<b>552,913</b>	<b>Total Capital Base</b>	<b>461,729</b>	<b>505,648</b>
		<b>Risk-weighted assets and off-balance sheet items</b>		
3,237,630	3,274,250	Banking book risk-weighted assets and off-balance sheet items	3,195,280	3,224,150
265,050	163,110	Trading book risk-weighted assets and off-balance sheet items	184,620	76,930
276,900	276,900	Operational risk risk-weighted assets and off-balance sheet items	177,180	177,180
<b>3,779,580</b>	<b>3,714,260</b>	<b>Total risk-weighted assets and off-balance sheet items</b>	<b>3,557,080</b>	<b>3,478,260</b>
<b>11.08</b>	<b>12.39</b>	<b>Tier 1 capital / Total risk-weighted assets and off-balance sheet items, %</b>	<b>10.90</b>	<b>12.41</b>
<b>13.52</b>	<b>14.89</b>	<b>Capital adequacy ratio, %</b>	<b>12.98</b>	<b>14.54</b>

**NOTE 17 RELATED PARTY TRANSACTIONS**

<u>Related party</u>	<u>Description of relationship</u>
Shareholders	Shareholders whose interest exceeds 5% of share capital
Members of the Board and Council	
Subsidiaries	Companies, comprising the Group as described in Note 1 to financial statements
Other related parties	UAB Ūkio Banko Investicinė Grupė and related entities; UAB Universal Business Investment Group Management UAB FMĮ 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 2012 and 2011 Group companies entered into the following transactions with related parties that are not members of the Group:

<b>The Group</b>	<b>Members of the Board and the Council</b>		<b>Shareholders</b>	<b>Other related parties</b>
<b>As of 30 June 2012 and six month period then ended</b>				
Loans, finance lease receivable		3,145	-	3,248
Interest income		50	-	78
Deposits		2,010	157	8,034
Interest expenses		27	-	75
Operating expenses				2
<b>As of 31 December 2011 and six month period ended as of 30 June 2011</b>				
Loans, finance lease receivable		2,729	-	15,128
Interest income		43	-	61
Deposits		4,084	432	10,947
Interest expenses		80	3	192
Operating expenses				6,756
<b>The Bank</b>	<b>Members of the Board and the Council</b>		<b>Shareholders</b>	<b>Other related parties</b>
<b>As of 30 June 2012 and six month period then ended</b>				
Loans, finance lease receivable		3,002	-	3,234
Interest income		46	-	77
Deposits		2,010	157	8,034
Interest expenses		27	-	75
Operating expenses				2
<b>As of 31 December 2011 and three month period ended as of 30 June 2011</b>				
Loans, finance lease receivable		2,572	-	15,092
Interest income		43	-	59
Deposits		4,084	432	10,947
Interest expenses		80	3	192
Operating expenses				6,756

<b>The Group</b>		<b>Compensation to key management personnel</b>	<b>The Bank</b>	
<b>2012.01.01-2012.06.30</b>	<b>2011.01.01-2011.06.30</b>		<b>2012.01.01-2012.06.30</b>	<b>2011.01.01-2011.06.30</b>
1,626	1,643	Short-terms payments	854	834
-	-	Long-terms payments	-	-

**EXPLANATORY NOTES  
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2012**  
(All amounts in LTL thousands unless otherwise stated)



As of 30 June 2012 and for the six month period then ended related party transactions between the Bank and subsidiaries were as follows:

<b>Related parties</b>	<b>Bank's payables</b>	<b>Bank's receivables</b>	<b>Income received</b>	<b>Expenses</b>
GD UAB Bonum Publicum	6,974	3	21	48
UAB Ūkio Banko Lizingas	6,074	336,066	11,759	(69)
UAB Ūkio Banko Investicijų Valdymas	225	-	1	1
RAB Ūkio Bank Lizing	-	27,167	894	-
UAB Ūkio Banko Rizikos Kapitalo Valdymas	147	-	31	(55)
UAB Investicinio Turto Valdymas	288	-	-	-
UAB Trade Project	179	-	-	-
UAB Eastern Europe Development Fund	7	-	-	-
UAB Turto valdymo paslaugos	72	304,775	8,774	-
UAB Sporto Klubų Investicijos	47	-	-	-

As of 31 December 2011 and for the six month period ended as of 30 June 2011 related party transactions between the Bank and subsidiaries were as follows:

<b>Related parties</b>	<b>Bank's payables</b>	<b>Bank's receivables</b>	<b>Income received</b>	<b>Expenses</b>
GD UAB Bonum Publicum	5,112	2	19	17
UAB Ūkio Banko Lizingas	848	336,140	11,606	(23)
UAB Ūkio Banko Investicijų Valdymas	57	-	-	1
RAB Ūkio Bank Lizing	-	28,687	1,064	-
UAB Ūkio Banko Rizikos Kapitalo Valdymas	3	12,126	249	(56)
UAB Investicinio Turto Valdymas	276	-	-	19
UAB Trade Project	186	-	-	-
UAB Eastern Europe Development Fund	15	-	-	-
UAB Turto valdymo paslaugos	-	333,951	8,691	-
UAB Sporto Klubų Investicijos	8	-	-	-

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

**NOTE 18 CONTINGENT ASSETS AND LIABILITIES AND COMMITMENTS**

<b>The Group</b>		<b>Claims and liabilities</b>	<b>The Bank</b>	
<b>2012.06.30</b>	<b>2011.12.31</b>		<b>2012.06.30</b>	<b>2011.12.31</b>
34,949	45,364	Guarantees and warranties	34,949	45,364
970	2,229	Commitments to issue letters of credit	970	2,229
126,003	197,399	Irrevocable lending commitments	111,810	160,601
15,490	195,829	Spot liabilities	64,048	239,242
15,475	195,831	Spot claims	64,033	239,244
-	-	Other off balance commitments	-	-

As of 30 June 2012 UAB Ūkio Banko Lizingas has finance lease contracts in the amount LTL'000 109 signed, but not yet executed (31 December 2011: LTL'000 450).

Finance lease – as of 30 June 2012 the Bank has outstanding finance lease obligations under finance lease contracts in the amount of LTL'000 null (31 December 2011: LTL'000 41). 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 2012 amounting to LTL'000 49,330 (31 December 2011: LTL'000 54,295).

As of 30 June 2012 the Group's and the Bank's future annual minimum commitments under leases were following:

For the year ending 31 December	2012.06.30		2011.12.31	
	Finance lease	Operating lease	Finance lease	Operating lease
2011	-	-	-	-
2012	-	5,946	42	8,593
2013	-	7,423	-	7,591
2014	-	6,498	-	6,638
2015	-	5,608	-	5,636
2016	-	5,133	-	322
Thereafter	-	18,722	-	25,515
<b>Minimum lease payments</b>		<b>49,330</b>	<b>42</b>	<b>54,295</b>
Less: interest	-		(1)	
<b>Present value of minimum lease payments</b>	<b>-</b>		<b>41</b>	

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 2012 and 31 December 2011 the Group and the Bank was not involved in any legal proceedings except for those related to loan/lease loss recovery.

**NOTE 19 OPERATING SEGMENTS**

Segments were identified by types of services Group's entities provide.

As of 30 June 2012 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). Insurance segment includes financial information of GD UAB Bonum Publicum. Other activities segment includes financial information of Group's entities not included in Banking, Finance lease or Insurance segments. Other activities segment includes financial information of UAB Ūkio Banko Rizikos Kapitalo Valdymas, UAB Ūkio Banko Investicijų Valdymas, UAB Investicinio Turto Valdymas, UAB Eastern Europe Development Fund, UAB Trade Project, UAB Turto Valdymo Paslaugos and discontinued operations (UAB Sporto Klubu Investicijos).

	<b>2012.01.01 – 2012.06.30</b>					
	<b>Banking</b>	<b>Finance lease</b>	<b>Insurance</b>	<b>Other activities</b>	<b>Elimination</b>	<b>Group</b>
<b>CONTINUING OPERATIONS</b>						
<b>Interest revenues:</b>						
Internal	21,351	8	96	1	(21,456)	-
External	56,804	23,792	734	8,880	-	90,210
	<b>78,155</b>	<b>23,800</b>	<b>830</b>	<b>8,881</b>	<b>(21,456)</b>	<b>90,210</b>
<b>Interest expenses:</b>						
Internal	(106)	(12,590)	-	(8,804)	21,500	-
External	(48,014)	-	-	(39)	-	(48,053)
	<b>(48,120)</b>	<b>(12,590)</b>	<b>-</b>	<b>(8,843)</b>	<b>21,500</b>	<b>(48,053)</b>
<b>Net interest income</b>	<b>30,035</b>	<b>11,210</b>	<b>830</b>	<b>38</b>	<b>44</b>	<b>42,157</b>
<b>Non-interest revenues:</b>						
Internal	129	-	29	117	(181)	94
External	23,677	2,463	9,040	675	-	35,855
	<b>23,806</b>	<b>2,463</b>	<b>9,069</b>	<b>792</b>	<b>(181)</b>	<b>35,949</b>
<b>Non-interest expenses:</b>						
Internal	181	(141)	(214)	(57)	231	-
External	(44,243)	(8,036)	(8,646)	(1,858)	-	(62,783)
	<b>(44,062)</b>	<b>(8,177)</b>	<b>(8,860)</b>	<b>(1,915)</b>	<b>231</b>	<b>(62,783)</b>
<b>Segment result before impairment, amortization and taxes</b>	<b>9,779</b>	<b>5,496</b>	<b>1,039</b>	<b>(1,085)</b>	<b>94</b>	<b>15,323</b>
Depreciation and amortization	(2,530)	(100)	(124)	(35)	-	(2,789)
Impairment losses	(59,182)	(3,593)	-	(37,840)	37,855	(62,760)
<b>Profit (loss) before tax</b>	<b>(51,933)</b>	<b>1,803</b>	<b>915</b>	<b>(38,960)</b>	<b>37,949</b>	<b>(50,226)</b>
Income tax	7,330	(689)	-	(72)	-	6,569
<b>NET RESULT FROM CONTINUING OPERATIONS</b>	<b>(44,603)</b>	<b>1,114</b>	<b>915</b>	<b>(39,032)</b>	<b>37,949</b>	<b>(43,657)</b>
<b>Net result from discontinued operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>262</b>	<b>-</b>	<b>262</b>
<b>NET PROFIT (LOSS) FOR THE YEAR FROM CONTINUING AND DISCONTINUED OPERATIONS</b>	<b>(44,603)</b>	<b>1,114</b>	<b>915</b>	<b>(38,770)</b>	<b>37,949</b>	<b>(43,395)</b>
Attributable to:						
Equity holders of the parent	(44,603)	1,114	915	(38,770)	37,949	(43,395)
Non-controlling interest	-	-	-	-	-	-
Assets	4,135,620	399,233	89,653	547,250	(934,685)	4,237,071
Liabilities	3,727,217	377,077	48,479	368,436	(722,726)	3,798,483

**EXPLANATORY NOTES**  
**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2012**  
(All amounts in LTL thousands unless otherwise stated)



As of 30 June 2011 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, Finance lease segments. 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, UAB Turto Valdymo Paslaugos.

	<b>2011.01.01-2011.06.30</b>				
	<b>Banking</b>	<b>Finance lease</b>	<b>Insurance</b>	<b>Other activities</b>	<b>Elimination</b>
<b>Interest revenues:</b>					
Internal	21,531	22	112	(21,665)	-
External	66,687	22,816	10,013	-	99,516
	<b>88,218</b>	<b>22,838</b>	<b>10,125</b>	<b>(21,665)</b>	<b>99,516</b>
<b>Interest expenses:</b>					
Internal	(131)	(12,593)	(8,941)	21,665	-
External	(67,046)	-	(42)	-	(67,088)
	<b>(67,177)</b>	<b>(12,593)</b>	<b>(8,983)</b>	<b>21,665</b>	<b>(67,088)</b>
<b>Net interest income</b>	<b>21,041</b>	<b>10,245</b>	<b>1,142</b>	<b>-</b>	<b>32,428</b>
<b>Non-interest revenues:</b>					
Internal	98	10	115	(223)	-
External	38,268	2,655	9,133	-	50,056
	<b>38,366</b>	<b>2,665</b>	<b>9,248</b>	<b>(223)</b>	<b>50,056</b>
<b>Non-interest expenses:</b>					
Internal	171	(134)	(260)	223	-
External	(58,311)	(7,222)	(9,592)	-	(75,125)
	<b>(58,140)</b>	<b>(7,356)</b>	<b>(9,852)</b>	<b>223</b>	<b>(75,125)</b>
<b>Segment result before impairment, amortization and taxes</b>	<b>1,267</b>	<b>5,554</b>	<b>538</b>	<b>-</b>	<b>7,359</b>
Depreciation and amortization	(2,666)	(118)	(171)	-	(2,955)
Impairment losses	(3,516)	(473)	(187)	-	(4,176)
<b>Profit (loss) before tax</b>	<b>(4,915)</b>	<b>4,963</b>	<b>180</b>	<b>-</b>	<b>228</b>
Income tax	(337)	(509)	5	-	(841)
<b>NET RESULT FROM CONTINUING OPERATIONS</b>	<b>(5,252)</b>	<b>4,454</b>	<b>185</b>	<b>-</b>	<b>(613)</b>
Attributable to:					
Equity holders of the parent	(5,252)	4,454	185	-	(613)
Non-controlling 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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