



**AB ŪKIO BANKAS INTERIM INFORMATION FOR  
THE SIX MONTH PERIOD OF THE YEAR 2010  
(unaudited)**

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

	PAGE
CONFIRMATION OF RESPONSIBLE PERSONS	3
INTERIM REPORT FOR THE SIX MONTH PERIOD	4-19
CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD:	
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION	20
CONDENSED INTERIM INCOME STATEMENTS	21, 23
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME	22, 24
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY	25-26
CONDENSED INTERIM CASH FLOW STATEMENTS	27-28
EXPLANATORY NOTES	29-68

**CONFIRMATION OF RESPONSIBLE PERSONS**

We hereby confirm that condensed interim financial statements for the six month period ended 30 June 2010 prepared in accordance with applicable accounting standards are true and fairly present assets, liabilities, financial position, profit or loss of AB Ūkio bankas, as well as of AB Ūkio bankas Group consolidated companies. As per our knowledge, interim report includes a fair review of the development and performance of the business.

Chairman –  
Chief Executive Officer



Gintaras Ugianskis

Chief Accountant



Vidutė Petraitienė

Head of Financial Institutions and Fund Raising Department



Marius Arlauskas



The report is prepared in Kaunas, 4th August 2010

## REPORTING PERIOD

The report includes information for the six month period ended 30 June 2010. All amounts are presented as of 30 June 2010, 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 2010, AB Ūkio Bankas Group consisted of AB Ūkio Bankas (parent company) and 7 subsidiaries 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 Turto valdymo paslaugos	Asset management	Kaunas, Lithuania	100%

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

### Contact details of parent company:

Name of the Bank	AB Ūkio Bankas
Legal organizational form	Joint-stock company
Registration place and date	State Enterprise Registers Centre, Republic of Lithuania, 19 November 1990
Registration number	112020136
Head Office address	Maironio str. 25, LT-44250 Kaunas, Republic of Lithuania
Telephone number	+370 37 301 301
Fax number	+370 37 323 188
E-mail address	<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 40 72 00
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 UAB GD 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	+37037301390, +37037395526
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	J. Gruodžio str. 9, LT-44293 Kaunas, Republic of Lithuania
Telephone number	+37037395550, +37068674002
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 Sevchenko district, Kiev, Ukraine, 13 February 2006
Registration number	34003114
Head Office address	Artema 14A-43, Kiev, 04053, Ukraine
Telephone number	+38 044 502 83 10
E-mail address	<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	Limited liability 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 37 301 362, +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 Turto valdymo paslaugos:**

Name of the Subsidiary	UAB Turto valdymo paslaugos
Legal organizational form	Limited liability 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, +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>

**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 the Republic of Lithuania Law on Banks Article 2(6).

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

**AGREEMENTS WITH FINANCIAL BROKERAGE COMPANIES AND CREDIT INSTITUTIONS WHICH PROVIDE INVESTMENT SERVICES AND (OR) CARRY OUT INVESTMENT ACTIVITY**

AB Ūkio Bankas has entered into service agreements with the following financial brokerage companies and credit institutions:

<b>Intermediary</b>	<b>Address</b>	<b>Nature of the agreement</b>
AB DnB NORD Bankas	J. Basanavičiaus str. 26, Vilnius	Agreement on financial instruments account handling and execution of orders
AB "Swedbank"	Konstitucijos ave. 20A, 03502 Vilnius	Securities account handling and intermediation agreement
AS "Swedbank"	Liivalaia 8, Tallinn, Estonia	Securities account handling and intermediation agreement

(continued)

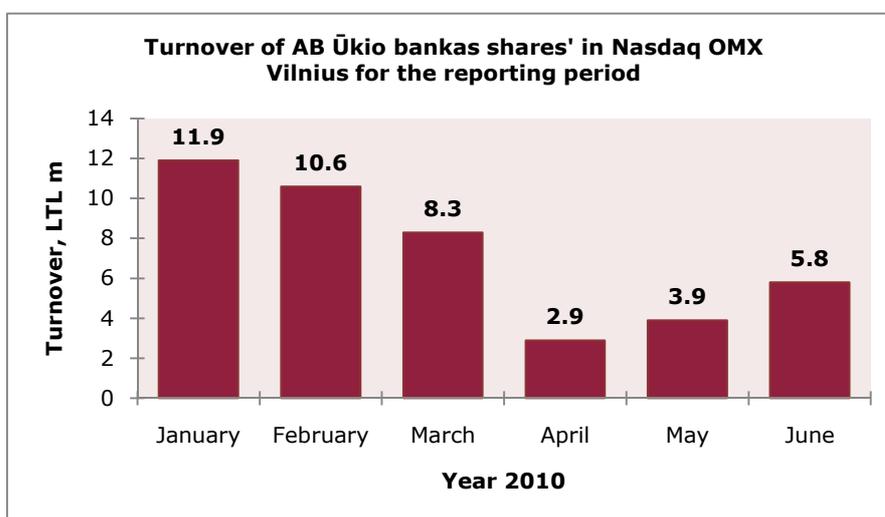
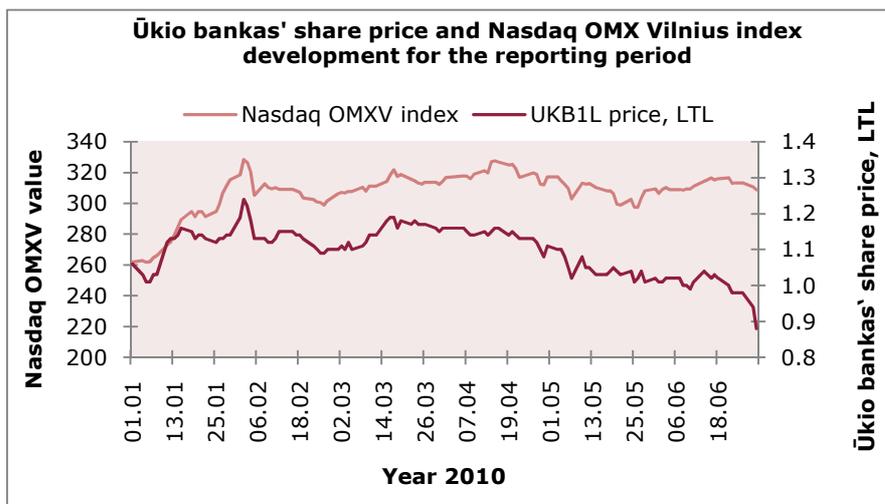
<b>Intermediary</b>	<b>Address</b>	<b>Nature of the agreement</b>
AS "Swedbank"	Balasta dambis 1 a, Riga, Latvia	Securities account handling and intermediation agreement
AB SEB bankas	Gedimino ave. 12, Vilnius	Securities account handling agreement
AB Parex bankas	K. Kalinausko str. 13, 03107 Vilnius	Agreement on the accounting, custody, and lending of securities and monetary funds and on acceptance and execution of orders
UAB FMĮ "Finbaltus"	Konstitucijos ave. 23 C korpusas-660, 08105 Vilnius	Securities account service agreement
UAB FMĮ "Finasta"	Maironio str. 11, 01124 Vilnius	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	Krajiških brigada br. 2, Banja Luka, Srpska Republika, BiH	Brokerage service agreement
Troika Dialog (Bermuda) Limited	Chancery Hall 52 Reid Street, Hamilton HM 12 Bermuda	Intermediation and service agreement
Deutsche Bank AG	Winchester House, 1 Great Winchester Street, London	Securities custody agreement
Deutsche Bank AG	Herengracht 450-454 NL-1017 CA Amsterdam	Securities custody agreement
OAD Bank ZENIT	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	Intermediation agreement
SC "Parex Asset Management"	Basteja Boulevard 14, LV-1050 Riga, Latvia	Agreement on investment portfolio management
SG Private Banking (Suisse) S.A.	Rue de la Corraterie 6, Case postale 5022, 1211 Geneve 11	Agreement on securities custody and brokerage service
Credit Suisse	Uetlibergstrasse 231, Postfach 100, CH-8070 Zurich, Switzerland	Agreement on securities custody and brokerage service
Interactive brokers	Gotthardstrasse 3, 6301 Zug, Switzerland	Brokerage service agreement
ASD Financial Services Corp.	25 SE Second Avenue, Suite 606 Miami, Florida 33131 USA	Intermediation agreement
Hauck & Aufhaeuser Privatbankiers KGaA	Kaiserstrasse 24, 60311 Frankfurt am Main Germany	Securities custody agreement

*(Concluded)*

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

AB Ūkio bankas ordinary registered shares (name: UKB1L) are traded on NASDAQ OMX Vilnius Stock Exchange (VSE) (<http://www.nasdaqomxbaltic.com/>) Official List. As of 30 June 2010 245,824,000 (two hundred forty five million eight hundred twenty four thousand) ordinary registered shares were quoted on the NASDAQ OMX Vilnius Stock Exchange.

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



**ISSUED SHARE CAPITAL AND ITS STRUCTURE**

As of 30 June 2010 the issued share capital of the Bank amounted to LTL'000 245,824 (two hundred forty five million eight hundred twenty four thousand) and it was divided into 245,824,000 (two hundred forty five million eight hundred twenty four thousand) ordinary registered shares. The nominal value of one share is LTL 1 (one).

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

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

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

The part of the authorized capital of the Bank and (or) voting rights that are possessed by a person having acquired the qualified part of the authorized capital of the Bank and (or) voting rights or having increased it without a consent of the supervising institution when such a consent 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.

As of 14 December 2009 The Bank received LTL 50 million subordinated loan from its shareholder Vladimir Romanov. AB Ūkio bankas ordinary general shareholders' meeting held on 26 March 2010 adopted the resolution to increase Bank's authorized capital from additional contributions converting subordinated loan, received from Vladimir Romanov, to a new issue of ordinary registered shares.

#### **RESTRICTIONS ON SECURITIES TRANSFER**

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

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

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

#### **SHAREHOLDERS**

As of 30 June 2010 the Bank had 11,091 shareholders, who were holding 245,824,000 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 2010):

Shareholder's corporate name/ full name	Shareholder's code	Address	Shares held under the property right, number/percentage of authorized capital, %	Votes held under the property right, number/percentage of votes, %	Votes held in concert with other persons, number/percentage of votes, %
Romanov Vladimir	-	-	80,992,132/ 32.9472 proc.	80,992,132/ 32.9472 proc.	80,992,132/ 32.9472 proc.
UAB Universal Business Investment Group Management	210869960	Donelaičio str. 60, Kaunas, Lietuva	24,557,256/ 9.9898 proc.	24,557,256/ 9.9898 proc.	24,557,256/ 9.9898 proc.
Romanova Zinaida	-	-	21,452,470/ 8.7268 proc.	21,452,470/ 8.7268 proc.	21,452,470/ 8.7268 proc.
UAB FIRST Partneriai	301145610	Donelaičio str. 60, Kaunas, Lietuva	19,074,119/ 7.7593 proc.	19,074,119/ 7.7593 proc.	19,074,119/ 7.7593 proc.
Other:			99,748,023/ 40.5769 proc.	99,748,023/ 40.5769 proc.	99,748,023/ 40.5769 proc.
<b>TOTAL:</b>			<b>245,824,000/ 100.00%</b>	<b>245,824,000/ 100.00%</b>	<b>245,824,000/ 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.

#### EMPLOYEES OF THE BANK

As of 30 June 2010, average number of AB Ūkio bankas employees was 620, 75 per cent of whom had the university education (including recently studying), 16 per cent had college, 9 per cent 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)		
	2010-06-30	2009	2008	2010-06-30	2009	2008
Managing employees	122	123	120	6,768	6,208	7,040
Specialists	460	465	514	2,666	3,030	2,963
Other employees	38	38	34	2,702	2,756	2,934
<b>Total</b>	<b>620</b>	<b>626</b>	<b>668</b>	<b>3,475</b>	<b>3,638</b>	<b>3,694</b>

The staff policy of AB Ūkio bankas is oriented to long-term employment relations. Almost 25 per cent of the staff have worked with the Bank for over 10 years. Conditions are created for the employees to advance their skills, raise qualification, study, be carer-oriented and realise their best abilities.

There are no collective agreements signed in AB Ūkio bankas.

#### RULES GOVERNING THE STATUTE CHANGE OF THE BANK

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

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

Permission to register changes in the Bank's statute is given by a supervising institution, following the rules, mentioned in the Bank Law of the Republic of Lithuania and in acts of the supervising institution itself. If the Bank wants to receive the permission to register the changes in the statute, it is required to give a request to the supervising institution along with other documents and data that are required by the acts of that institution. If changes

in the statute are related to increase of authorized capital of the Bank, documents and data mentioned in Items 6 and 7 of Paragraph 2 of Article 8 of the Law on the Banks of the Republic of Lithuania have to be provided.

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

## **BODIES OF THE BANK AND THEIR AUTHORITY**

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

### **The General Meeting of the Shareholders**

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

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

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

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

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

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

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

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

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

### **The Supervisory Council of the Bank**

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

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

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

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

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

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

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

The Supervisory Council of the Bank:

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

### **The Board of the Bank**

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

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

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

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

The Board of the Bank:

1. elects (appoints) and recalls the Head and the Deputy Heads of Administration of the Bank;
2. considers and approves:
  - 2.1. the strategy of Bank activity;
  - 2.2. Bank's annual statement;
  - 2.3. Bank management structure and positions of employees;
  - 2.4. positions to which employees are admitted by a competition procedure;
  - 2.5. regulations for branches, representation offices and structural sub-divisions of the Bank;
3. determines the salaries, other provisions of the employment agreements of the Heads of Administration of the Bank, approves the regulations for their positions held, motivates them, administers penalties;
4. determines information that is considered a secret and confidential of the Bank; information that has to be public according to the Law of the Republic of Lithuania on Joint-Stock Companies and other laws may not be considered a secret of the Bank;
5. determines areas of activities of the members of the Board of the Bank;

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

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

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

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

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

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

Each member of the Board of the Bank must take all possible measures to ensure that the Board of the Bank solves issues assigned to its competence and that the solutions comply with the requirements provided in legal acts. The member of the Board of the Bank who does not fulfil or fails to fulfil 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 at least one Deputy Head of Administration in the Bank (hereunder referred to as Heads of Bank Administration).

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

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

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

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

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

The Head of Bank Administration:

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

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

The Head of Bank Administration is responsible for:

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

As of 30 June 2010 members of AB Ūkio Bankas collegial bodies, CEO, Chief Accountant commencement and end of their office term and participation in the share capital 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	197,450	0.0803	0.0803
<b>Kurauskienė Ala,</b> (elected 26 March 2010, office term expires in 2014)	Deputy Chairwoman	405,024	0.1648	0.1648
<b>Gončaruk Olga,</b> (elected 26 March 2010, office term expires in 2014)	Member	8,124,854	3.3052	3.3052

*(continued)*

<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>Jakavičienė Gražina,</b> (elected 26 March 2010, office term expires in 2014)	Member	11,286	0.0046	0.0046
<b>Soldatenko Viktor,</b> (elected 26 March 2010, office term expires in 2014)	Member	2,785	0.0011	0.0011
<b>BOARD OF THE BANK</b>				
<b>Ugianskis Gintaras,</b> (elected 26 March 2010, office term expires in 2014)	Chairman, Chief Executive Officer	96,225	0.0391	0.0391
<b>Balandis Rolandas,</b> (elected 26 March 2010, office term expires in 2014)	Deputy Chairman, Head of Financial Markets Division	80,105	0.0326	0.0326
<b>Žalys Arnas</b> (elected 26 March 2010, office term expires in 2014)	Deputy Chairman, Head of Finance Division	51,000	0.0207	0.0207
<b>CEO</b>				
<b>Ugianskis Gintaras</b> (since 11 October 2004 to present)		96,225	0.0391	0.0391
<b>CHIEF ACCOUNTANT</b>				
<b>Petraitiienė Vidutė</b> (since 1 July 1999 to present)	Head of Accounting Department – Chief Accountant	629	0.0003	0.0003

*(concluded)*

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 2010 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>	485,377	613,346	250,423	78,390
<b>Average amounts, LTL</b>	242,689	204,449	-	-

There were no guarantees or warranties issued during the first six months of 2010 regarding the fulfilment of liabilities of collegial bodies' members, CEO or Chief Accountant.

#### **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**

Information on related parties transactions is presented in Note 19 of the condensed interim financial statements for the six month period ended 30 July 2010.

**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.

As of the end of the first half of 2010, AB Ūkio bankas ranks 7<sup>th</sup> by assets among the banks in Lithuania. In the first half of 2010, Bank's assets increased by LTL 414 million (10%) and amounted to LTL 4,635,072 thousand as of 30 June 2010. In the first half of 2010, assets of AB Ūkio bankas group increased by LTL 415 million (10%) and amounted to LTL 4,711,931 thousand as of 30 June 2010.

As of 30 June 2010 the Bank had 12 branches and 47 client service departments in Lithuania and 2 representative offices in foreign countries (Ukraine and Kazakhstan). During the first half of 2010, 1 new client service department was established and 2 were closed. In addition, the Bank, directly and indirectly, has 7 (seven) 100% subsidiaries. In the first half of 2010, the Bank established a subsidiary UAB Turto Valdymo Paslaugos.

As of 30 June 2010, the Banking segment includes financial information of AB Ūkio Bankas, Finance lease segment includes financial information of UAB Ūkio Banko Lizingas and RAB Ūkio Bank, Other activities segment includes financial information of UAB Ūkio Banko Rizikos Kapitalo Valdymas, UAB Ūkio Banko Investicijų Valdymas, UAB Investicinio Turto Valdymas, UAB Turto Valdymo Paslaugos, GD UAB Bonum Publicum and discontinued operations (UAB Eastern Europe Development Fund).

For the six month period ended 30 June 2010 the Group's results by business segments are presented in the table below (LTL'000):

	<b>2010-01-01 – 2010-06-30</b>				
	<b>Banking</b>	<b>Finance Lease</b>	<b>Other activities</b>	<b>Elimination</b>	<b>Group</b>
<b>Net result from continuing and discontinued operations</b>	<b>1,027</b>	<b>1,694</b>	<b>(967)</b>	<b>497</b>	<b>2,251</b>
Attributable to:					
<i>Equity holders of the parent</i>	1,027	1,694	(967)	497	2,251
<i>Minority interest</i>	-	-	-	-	-
Assets	4,635,072	395,372	653,738	(972,241)	4,711,941
Liabilities	4,239,640	387,453	486,265	(814,595)	4,298,763

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

Detailed information on main risks as well as on compliance with prudential requirements for the six month period ended 30 June 2010 is presented in Notes 14-18 of the condensed interim financial statements.

### ANALYSIS OF THE FINANCIAL AND NON-FINANCIAL ACTIVITY RESULTS

The result of the Bank's activities for the first half of 2010 is a net profit of LTL 1,027 thousand, i.e. decrease of 78% compared to the same period of previous year. During the first half of 2010 AB Ūkio bankas group earned a net profit of LTL 2,251 thousand, i.e. decrease of 64% compared to the first half of 2009. During the first six months of 2010, Bank's assets increased by LTL 414 million and amounted to LTL 4.6 billion at the end of the period. During the first six months of 2010, Group's assets increased by LTL 415 million and amounted to LTL 4.7 billion at the end of the period. 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				Bank's indicators				
1H 2010	1H 2009.	Increase (Decrease)		1H 2010	1H 2009.	Increase (Decrease)		
		LTL'000	%			LTL'000	%	
60,900	88,431	(27,531)	(31)	Operating profit before provisions and operating expenses	39,155	62,282	(23,127)	(37)
60,670	60,452	218	0	Operating expenses	49,245	49,565	(320)	(1)
230	27,979	(27,749)	(99)	Profit (loss) before provisions and income tax	(10,090)	12,717	(22,807)	-
(4,480)	20,718	(25,198)	-	Provision expense (reversal of expenses)	(11,813)	7,852	(19,665)	-
4,710	7,261	(2,551)	(35)	Pre-tax profit	1,723	4,865	(3,142)	(65)
1,156	1,025	131	13	Income tax expense	696	226	470	208
3,554	6,236	(2,682)	(43)	Net profit from continuing operations	1,027	4,639	(3,612)	(78)
(1,303)	-	(1,303)	-	Net profit (loss) from discontinued operations	-	-	-	-
2,251	6,236	(3,985)	(64)	Net profit for the period	1,027	4,639	(3,612)	(78)
4,711,931	4,230,759	481,172	11	Assets	4,635,072	4,176,194	458,878	11
2,643,205	2,990,628	(347,423)	(12)	Loans and finance lease receivable	2,367,112	2,754,120	(387,008)	(14)
7.14	3.92	-	-	Provisions / Loans, %	6.54	3.34	-	-
3,606,686	3,306,075	300,611	9	Due to customers	3,614,425	3,315,297	299,128	9
413,168	497,399	(84,231)	(17)	Equity	395,432	479,142	(83,710)	(17)
245,824	245,824	-	-	Number of ordinary shares in issue at the end period (thousands units)	245,824	245,824	-	-
245,824	211,361	34,463	16	Weighted average number of ordinary shares in issue (thousands units)	245,824	211,361	34,463	16
0.10	0.30	-	-	Return on assets, %	0.05	0.22	-	-
1.09	2.52	-	-	Return on equity, %	0.52	1.95	-	-
0.92	0.92	-	-	Expense / Income before income tax	0.96	0.93	-	-
0.01	0.03	-	-	Basic earnings per share (in LTL)	0.00	0.02	-	-
0.01	0.03	-	-	Diluted earnings per share (in LTL)	0.00	0.02	-	-

#### The main indicators of activity:

- In the first half of 2010 AB Ūkio bankas group earned a profit of LTL 2,251 thousand, i.e. a decrease of 64% compared to the same period of previous year;
- In the first half of 2010 the Bank opened 1 new client service department and closed 2. At 30 June 2010 the Bank's service network consisted of 59 outlets – 12 branches and 47 client service departments. In addition as of 30 June 2010 the Bank had 2 representative offices in Kiev (Ukraine) and Almaty (Kazakhstan);
- In the first half of 2010, the Bank established a 100% owned subsidiary UAB Turto Valdymo Paslaugos;
- At 30 June 2010 the Bank had 159 thousand customers, i.e. an increase of 3% during the first six months of 2010;
- The Bank's wholly owned leasing subsidiary UAB Ūkio Banko Lizingas offers its services through more than 3 thousand sales points located throughout entire Lithuania. More than 560 thousand customers have used the services of the company since the beginning of its activities. As of 30 June 2010 UAB Ūkio Banko Lizingas had 121 thousand customers;
- In the first half of 2010, as compared to the same period of 2009, Group's income decreased by 31% and amounted to LTL 61 million. Group's expenses before provisions and income tax remained at about the same level as in the same period of previous year and amounted to LTL 61 million;
- Throughout the first six months of 2010, the Bank and the Group complied with all the prudential requirements set by the Bank of Lithuania. As of 30 June 2010, the Groups's capital adequacy was 13.21% (requirement – not less than 8%), liquidity ratio – 45.28% (requirement – not less than 30%).

### Credit ratings

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

	<u>Rating</u>	<u>Date of assignment</u>
Long-term counterparty credit rating	B	2009-08-28
Short-term counterparty credit rating	C	2009-08-28

The outlook of ratings is negative.

### Income and expenses

As compared to the same period of previous year, in the first six months of 2010 the operating profit before provisions and operating expenses of AB Ūkio bankas Group decreased by LTL 28 million or 31% to LTL 61 million. Changes in asset structure and reduced loan portfolio led to the decrease in interest income of 36%, from LTL 156 million to LTL 100 million, while the decrease in funding priced caused interest expense to reduce by 14% - from LTL 112 million to LTL 96 million. Net interest income decreased by 91% to LTL 4 million. Decrease in number of banking operations performed by customers caused the reduction of net service fees and commission income by 16% to LTL 24 million. The net income from trading activities amounted to LTL 24 million, other income amounted to LTL 9 million. Income structure of the Group and the Bank (in LTL thousand) is presented in the table below:

The Group				ITEM	The Bank			
1H 2010	1H 2009	INCREASE (DECREASE) LTL'000	%		1H 2010	1H 2009	INCREASE (DECREASE) LTL'000	%
3,902	44,416	(40,514)	(91)	Net interest income	(11,309)	27,033	(38,342)	-
24,357	28,956	(4,599)	(16)	Net service fees and commission income	21,900	26,605	(4,705)	(18)
23,758	12,090	11,668	97	Net trading income	22,826	7,311	15,515	212
8,883	2,969	5,914	199	Other income	5,738	1,333	4,405	330
<b>60,900</b>	<b>88,431</b>	<b>(27,531)</b>	<b>(31)</b>	<b>Total income</b>	<b>39,155</b>	<b>62,282</b>	<b>(23,127)</b>	<b>(37)</b>

Strict control of expenses allowed the operating expenses of AB Ūkio bankas Group in the first six months of 2010 to remain in the same level as compared to the same period of 2009. The operating expenses amounted to LTL 61 million in the first half of 2010. 37% of these expenses consisted of staff expenses, which increased by 4% and amounted to LTL 23 million. In the first half of 2010, the Group reversed LTL 5 million of provision expenses. Income tax expense increased by 13% to LTL 1 million.

### Assets, liabilities and equity

During the first six months of 2010 the Group's assets increased by LTL 415 million i.e. 10% and amounted to LTL 4.71 billion at the end of the period. Largest share of Group's assets - i.e. 56% consisted of loans and finance lease receivables, which increased by 9% from the beginning of year and amounted to LTL 2.64 billion as of 30 June 2010. Due from banks and other credit institutions increased by 31% during the first six months of 2010 and amounted to LTL 768 million or 16% of Group's assets at the end of the period. Securities portfolio increased by 72% during the first six months of 2010 and amounted to LTL 610 million or 13% of Group's assets at 30 June 2010.

The largest share of Group's liabilities - i.e. 84% - consisted of due to customers, which increased by LTL 253 million (8%) during the first six months of 2010 and amounted to LTL 3.61 billion at 30 June 2010. Due to banks and other credit institutions comprised 9% of the Group's liabilities. During the first six months of 2010, it increased by LTL 122 million (43%) and amounted to LTL 408 million at the end of the period. Group's equity increased by LTL 2 million and amounted to LTL 413 million at the end of the first half of 2010.

### INFORMATION ON ACQUIRED OR DISPOSED OF OWN SHARES

As of 30 June 2010 the Bank did not have treasury shares. During the first six months of 2010 the Bank did not acquire or dispose own shares.

### SIGNIFICANT EVENTS THAT HAPPENED AFTER THE END OF PERIOD

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

**INFORMATION ON PUBLICLY PRESENTED INFORMATION**

- 20 January 2010** Announced that at the meeting of the Board of AB Ūkio bankas as of 19 January 2010, a resolution was taken to issue fixed rate bond issue in EUR under the "Base prospectus of LTL 200,000,000 short and medium term bonds offering programme" approved on 1 October 2009 by the Security Commission of the Republic of Lithuania, and to approve the Final terms and conditions of the issue. To view the Final terms and conditions, approved "Base prospectus of LTL 200,000,000 short and medium term bonds offering programme" and related documents is possible at the AB Ūkio bankas secretary office, Maironio str. 25, Kaunas, branches and units of the Bank, the Internet website [www.ub.lt](http://www.ub.lt), Central Storage Facility Internet website [www.crib.lt](http://www.crib.lt) and Nasdaq OMX Vilnius Internet website [www.nasdaqomxbaltic.com](http://www.nasdaqomxbaltic.com).
- 20 February 2010** Announced that on 19 February 2010 AB Ūkio bankas finished the issue of Fixed rate bond issue EUR No. 1/2010 issued under LTL 200,000,000 short and medium term bonds offering program. During distribution period (from 22 January 2010 till 19 February 2010) 12,664 bonds with nominal value of EUR 100 and fixed 5 percent annual interest rate were issued. Redemption of bonds on 24 February 2011.
- 26 February 2010** announced AB Ūkio bankas group preliminary unaudited net loss of year 2009 is LTL 70.5 million (EUR 20.4 million). AB Ūkio bankas preliminary unaudited net loss of year 2009 is LTL 75.0 million (EUR 21.7 million). During 2008 AB Ūkio bankas group earned a net profit of LTL 45.7 million (EUR 13.2 million) and AB Ūkio bankas earned a net profit LTL 57.4 million (EUR 16.6 million). Main reasons behind not reaching planned results are:
- significantly increasing provisions against the impairment of loans and receivables, caused by negative economic situation in Lithuania and growing number of problem debtors;
  - decreasing net interest margin resulted low net interest income;
  - number of banking operations performed by customers was lower than planned during economic recession.
- 3 March 2010** Convocation of an ordinary General Meeting of AB Ūkio bankas Shareholders announced. The Bank's Board has approved the agenda of the meeting to be held on 26 March 2010.
- 5 March 2010** Announced Draft resolutions of the ordinary general meeting, to be held on 26 March 2010, prepared by the Bank's Board.
- 10 March 2010** Announced amendment to agenda of an ordinary General Meeting of AB Ūkio bankas Shareholders to be held on 26 March 2010.
- 15 March 2010** Announced amendments of draft resolutions of the ordinary General Shareholders' Meeting, to be held on 26 March 2010, prepared by the Board.
- 26 March 2010** Announced the resolutions of AB Ūkio bankas ordinary General Shareholders' Meeting held on 26 March 2010.
- 26 March 2010** Announced that AB Ūkio bankas Board was elected of the following composition: Gintaras Ugianskis (Chairman of the Board), Rolandas Balandis (Deputy Chairman of the Board) and Arnas Žalys (Deputy Chairman of the Board).
- 23 April 2010** Announced that at the meeting of the Board of AB Ūkio bankas as of 22 April 2010, a resolution was taken to issue fixed rate bond emissions in LTL and EUR under the "Base prospectus of LTL 200,000,000 short and medium term bonds offering programme" approved on 1 October 2009 by the Security Commission of the Republic of Lithuania, and to approve the Final terms and conditions of the emissions. To view the Final terms and conditions, approved "Base prospectus of LTL 200,000,000 short and medium term bonds offering programme" and related documents is possible at the AB Ūkio bankas secretary office, Maironio str. 25, Kaunas, branches and units of the Bank, the Internet website [www.ub.lt](http://www.ub.lt), Central Storage Facility Internet website [www.crib.lt](http://www.crib.lt) and Nasdaq OMX Vilnius Internet website [www.nasdaqomxbaltic.com](http://www.nasdaqomxbaltic.com).
- 4 May 2010** Announced AB Ūkio bankas group consolidated unaudited net profit of the first quarter of year 2010 - LTL 1.5 million (EUR 0.4 million). AB Ūkio bankas unconsolidated unaudited net profit of the first quarter of year 2010 is LTL 0.6 million (EUR 0.2 million).
- 13 May 2010** Announced that on 12 May 2010 AB Ūkio bankas has registered a subsidiary Joint Stock Company "Turto valdymo paslaugos". The main activity of a subsidiary is asset management.
- 1 June 2010** Announced that on 31 May 2010 AB Ūkio bankas finished the issue of Fixed rate bond issue LTL No. 2/2010 issued under LTL 200,000,000 short and medium term bonds offering program. During distribution period (from 26 April 2010 till 31 May 2010) 107,867 bonds with nominal value of LTL 100 and fixed 5.5 percent annual interest rate were issued. Redemption of bonds on 6 June 2011.

**1 June 2010**

Announced that on 31 May 2010 AB Ūkio bankas finished the issue of Fixed rate bond issue EUR No. 3/2010 issued under LTL 200,000,000 short and medium term bonds offering program. During distribution period (from 26 April 2010 till 31 May 2010) 19,348 bonds with nominal value of EUR 100 and fixed 4 percent annual interest rate were issued. Redemption of bonds on 6 June 2011.

**21 June 2010**

Reacting to the information about AB Ūkio bankas illegal acts being spread in media, AB Ūkio bankas informed that:

1. Facts do not reflect reality;
2. Up to now AB Ūkio bankas neither was requested nor being informed about the acts taken by any Lithuanian or any international institution, responsible for Anti money laundering;
3. AB Ūkio bankas emphasize that all banking activities and Anti money laundering monitoring follow the laws of EU and the Republic of Lithuania, recommendations of international organizations and Law on the Prevention of Money Laundering and Terrorist Financing;
4. AB Ūkio bankas is willing to actively participate in investigation, provide information and to offer any help needed to responsible Lithuanian or international institutions.

All notifications provided should be made public are announced in the Lietuvos Rytas daily in compliance with the terms set forth in the Republic of Lithuania laws and acts of law of the supervising institution and material events are delivered to the news agencies BNS and ELTA, the Lithuanian Securities Commission, and NASDAQ OMX Vilnius Stock Exchange. Bank's notifications are also available on AB Ūkio bankas website [www.ub.lt](http://www.ub.lt).

**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION  
AS OF 30 JUNE 2010**

(All amounts in LTL thousands unless otherwise stated)



	Notes	The Group 2010-06-30	The Group 2009-12-31	The Bank 2010-06-30	The Bank 2009-12-31
<b>ASSETS</b>					
Cash and balances with central bank		344,480	442,736	344,480	442,719
Loans and advances to banks and other credit institutions		768,282	677,968	760,783	670,326
Financial assets at fair value through profit or loss		48,063	42,989	11,219	11,102
Loans and finance lease receivable	4	2,643,205	2,420,504	2,367,112	2,271,821
Investment securities:					
<i>available-for-sale</i>	5	21,150	43,339	20,730	42,935
<i>held-to-maturity</i>	5	541,919	268,496	863,157	460,233
Investments in subsidiaries	6	-	-	157,646	157,636
Intangible assets		21,781	22,095	1,851	2,220
Property, plant and equipment		31,926	34,311	23,290	25,197
Investment property		134,673	142,840	6,031	16,052
Deferred tax assets		12,861	13,337	12,861	13,337
Other assets	7	86,628	131,005	61,651	107,146
Assets classified as held for sale		56,963	56,963	4,261	-
<b>Total assets</b>		<b>4,711,931</b>	<b>4,296,583</b>	<b>4,635,072</b>	<b>4,220,724</b>
<b>LIABILITIES AND EQUITY</b>					
<b>LIABILITIES</b>					
Due to banks and other credit institutions		408,195	285,864	408,195	276,864
Financial liabilities at fair value through profit or loss		19	6	19	6
Due to customers	8	3,606,686	3,354,061	3,614,425	3,362,881
Debt securities in issue		40,393	17,860	40,393	17,860
Subordinated loans		144,539	148,836	144,539	148,836
Deferred tax liabilities		14,999	14,984	-	-
Other liabilities		81,328	61,184	32,069	19,946
Liabilities directly associated with assets classified as held for sale		2,604	2,617	-	-
<b>Total liabilities</b>		<b>4,298,763</b>	<b>3,885,412</b>	<b>4,239,640</b>	<b>3,826,393</b>
<b>EQUITY</b>					
Share capital	9	245,824	245,824	245,824	245,824
Share premium		76,500	76,500	76,500	76,500
Revaluation reserve - available-for-sale investment securities		(5,106)	(5,193)	(5,101)	(5,175)
General reserve for losses of assets		-	-	-	-
Fixed assets revaluation reserve		-	-	-	-
Currency translation reserve		(647)	(313)	-	-
Legal reserve		16,239	16,046	15,532	15,532
Other reserves		61,650	136,647	61,650	136,647
Retained earnings		18,708	(58,340)	1,027	(74,997)
<b>Equity attributable to equity holders of the parent</b>		<b>413,168</b>	<b>411,171</b>	<b>395,432</b>	<b>394,331</b>
Minority interest		-	-	-	-
<b>Total equity</b>		<b>413,168</b>	<b>411,171</b>	<b>395,432</b>	<b>394,331</b>
<b>Total liabilities and equity</b>		<b>4,711,931</b>	<b>4,296,583</b>	<b>4,635,072</b>	<b>4,220,724</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 2010**  
(All amounts in LTL thousands unless otherwise stated)



	Notes	The Group 2010-01-01 – 2010-06-30	The Group 2009-01-01 – 2009-06-30	The Bank 2010-01-01 – 2010-06-30	The Bank 2009-01-01 – 2009-06-30
<b>CONTINUING OPERATIONS</b>					
Interest income	10	100,081	155,998	85,019	145,607
Interest expense	10	(96,179)	(111,582)	(96,328)	(118,574)
<b>Interest income, net</b>		<b>3,902</b>	<b>44,416</b>	<b>(11,309)</b>	<b>27,033</b>
Fees and commission income	11	29,408	35,008	26,753	32,376
Fees and commission expense	11	(5,051)	(6,052)	(4,853)	(5,771)
<b>Fees and commission income, net</b>		<b>24,357</b>	<b>28,956</b>	<b>21,900</b>	<b>26,605</b>
Net gains from dealing in foreign currencies		14,695	(4,135)	13,926	(6,634)
Net gains (losses) from financial assets at fair value through profit or loss		(7,241)	16,183	(7,404)	13,877
Net gains (losses) arising from investment securities		16,304	42	16,304	68
Impairment charge for credit losses	14	3,179	(21,456)	11,678	(7,893)
Recoveries of loans written off		1,301	738	135	41
Insurance income, net		2,484	1,363	-	-
Dividend income		30	7	30	7
Other operating income		6,369	1,599	5,708	1,326
<b>Operating profit before operating expenses</b>		<b>65,380</b>	<b>67,713</b>	<b>50,968</b>	<b>54,430</b>
<b>Operating expenses</b>	12	(60,670)	(60,452)	(49,245)	(49,565)
<b>Profit (loss) before income tax</b>		<b>4,710</b>	<b>7,261</b>	<b>1,723</b>	<b>4,865</b>
Income tax benefit (expense)		(1,156)	(1,025)	(696)	(226)
<b>Net profit (loss) for the year from continuing operations</b>		<b>3,554</b>	<b>6,236</b>	<b>1,027</b>	<b>4,639</b>
<b>Profit (loss) for the year from discontinued operations</b>		<b>(1,303)</b>	-	-	-
<b>NET PROFIT (LOSS) FOR THE PERIOD</b>		<b>2,251</b>	<b>6,236</b>	<b>1,027</b>	<b>4,639</b>
Attributable to:					
Equity holders of the parent		2,251	6,236	1,027	4,639
Minority interest		-	-	-	-
<b>NET PROFIT (LOSS) FOR THE PERIOD</b>		<b>2,251</b>	<b>6,236</b>	<b>1,027</b>	<b>4,639</b>
<b>EARNINGS PER SHARE</b>					
<b>From continuing and discontinued operations:</b>					
Basic (in LTL)	13	0.01	0.03	0.00	0.02
Diluted (in LTL)		0.01	0.03	0.00	0.02
<b>From continuing operations:</b>					
Basic (in LTL)	13	0.01	0.03	0.00	0.02
Diluted (in LTL)		0.01	0.03	0.00	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 2010**  
(All amounts in LTL thousands unless otherwise stated)



	<b>The Group 2010-01-01 – 2010-06-30</b>	<b>The Group 2009-01-01 – 2009-06-30</b>	<b>The Bank 2010-01-01 – 2010-06-30</b>	<b>The Bank 2009-01-01 – 2009-06-30</b>
<b>Profit (loss) for the year</b>	<b>2,251</b>	<b>6,236</b>	<b>1,027</b>	<b>4,639</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	(334)	(2,813)	-	-
Reclassification adjustments relating to foreign operations disposed of in the year, net of tax	-	-	-	-
	<b>(334)</b>	<b>(2,813)</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	87	61	74	-
	<b>87</b>	<b>61</b>	<b>74</b>	<b>-</b>
<b>Revaluation of properties</b>				
Reclassification adjustments relating to revaluation of properties disposed of in the year, net of tax	-	-	-	-
Income from sale of subsidiaries included directly in retained earnings	-	-	-	-
Other reclassification adjustments	(7)	5	-	-
<b>Total comprehensive income for the year</b>	<b>1,997</b>	<b>3,489</b>	<b>1,101</b>	<b>4,639</b>
Attributable to:				
Equity holders of the parent	1,997	3,489	1,101	4,639
Minority interest	-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>1,997</b>	<b>3,489</b>	<b>1,101</b>	<b>4,639</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 2010**  
(All amounts in LTL thousands unless otherwise stated)



	Notes	The Group 2010-04-01 – 2010-06-30	The Group 2009-04-01 – 2009-06-30	The Bank 2010-04-01 – 2010-06-30	The Bank 2009-04-01 – 2009-06-30
<b>CONTINUING OPERATIONS</b>					
Interest income	10	49,933	75,052	42,612	65,795
Interest expense	10	(44,578)	(58,092)	(44,678)	(58,113)
<b>Interest income, net</b>		<b>5,355</b>	<b>16,960</b>	<b>(2,066)</b>	<b>7,682</b>
Fees and commission income	11	15,444	17,374	14,142	15,857
Fees and commission expense	11	(2,550)	(3,325)	(2,460)	(3,187)
<b>Fees and commission income, net</b>		<b>12,894</b>	<b>14,049</b>	<b>11,682</b>	<b>12,670</b>
Net gains from dealing in foreign currencies		10,735	4,689	10,303	2,760
Net gains (losses) from financial assets at fair value through profit or loss		(8,343)	3,533	(6,519)	1,250
Net gains (losses) arising from investment securities		(975)	55	(975)	56
Impairment charge for credit losses	14	8,437	(7,797)	12,601	1,620
Recoveries of loans written off		449	207	122	17
Insurance income, net		2,867	(388)	-	-
Dividend income		30	7	30	7
Other operating income		661	181	500	(70)
<b>Operating profit before operating expenses</b>		<b>32,110</b>	<b>31,496</b>	<b>25,678</b>	<b>25,992</b>
<b>Operating expenses</b>	12	(30,534)	(29,933)	(24,938)	(25,041)
<b>Profit (loss) before income tax</b>		<b>1,576</b>	<b>1,563</b>	<b>740</b>	<b>951</b>
Income tax benefit (expense)		(375)	(860)	(284)	(330)
<b>Net profit (loss) for the year from continuing operations</b>		<b>1,201</b>	<b>703</b>	<b>456</b>	<b>621</b>
<b>Profit (loss) for the year from discontinued operations</b>		<b>(483)</b>	-	-	-
<b>NET PROFIT (LOSS) FOR THE PERIOD</b>		<b>718</b>	<b>703</b>	<b>456</b>	<b>621</b>
Attributable to:					
Equity holders of the parent		718	703	456	621
Minority interest		-	-	-	-
<b>NET PROFIT (LOSS) FOR THE PERIOD</b>		<b>718</b>	<b>703</b>	<b>456</b>	<b>621</b>
<b>EARNINGS PER SHARE</b>					
<b>From continuing and discontinued operations:</b>					
Basic (in LTL)		0.00	0.00	0.00	0.00
Diluted (in LTL)		0.00	0.00	0.00	0.00
<b>From continuing operations:</b>					
Basic (in LTL)		0.00	0.00	0.00	0.00
Diluted (in LTL)		0.00	0.00	0.00	0.00

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

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
FOR THE THREE MONTH PERIOD ENDED 30 JUNE 2010**

(All amounts in LTL thousands unless otherwise stated)



	<b>The Group 2010-04-01 – 2010-06-30</b>	<b>The Group 2009-04-01 – 2009-06-30</b>	<b>The Bank 2010-04-01 – 2010-06-30</b>	<b>The Bank 2009-04-01 – 2009-06-30</b>
<b>Profit (loss) for the year</b>	<b>718</b>	<b>703</b>	<b>456</b>	<b>621</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	(453)	435	-	-
Reclassification adjustments relating to foreign operations disposed of in the year, net of tax	-	-	-	-
	<b>(453)</b>	<b>435</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	(625)	30	(624)	-
	<b>(625)</b>	<b>30</b>	<b>(624)</b>	<b>-</b>
<b>Revaluation of properties</b>				
Reclassification adjustments relating to revaluation of properties disposed of in the year, net of tax	-	-	-	-
Income from sale of subsidiaries included directly in retained earnings	-	-	-	-
Other reclassification adjustments	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>(360)</b>	<b>1,168</b>	<b>(168)</b>	<b>621</b>
Attributable to:				
Equity holders of the parent				
Minority interest	(360)	1,168	(168)	621
	-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>(360)</b>	<b>1,168</b>	<b>(168)</b>	<b>621</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 2010**

(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-sales investment securities</b>	<b>General reserve for losses of assets</b>	<b>Legal reserve</b>	<b>Retained earnings</b>	<b>Total</b>
<b>As of 31 December 2008</b>	<b>196,708</b>	<b>76,500</b>	<b>50,000</b>	-	<b>49,116</b>	<b>10,971</b>	<b>91,208</b>	<b>474,503</b>
Transfer to legal reserve	-	-	-	-	-	4,561	(4,561)	-
Transfer to other reserves	-	-	86,647	-	-	-	(86,647)	-
Increase of share capital	49,116	-	-	-	(49,116)	-	-	-
Net profit	-	-	-	-	-	-	4,639	4,639
<b>As of 30 June 2009</b>	<b>245,824</b>	<b>76,500</b>	<b>136,647</b>			<b>15,532</b>	<b>4,639</b>	<b>479,142</b>
Other comprehensive income	-	-	-	(5,175)	-	-	-	(5,175)
Net loss	-	-	-	-	-	-	(79,636)	(79,636)
<b>As of 31 December 2009</b>	<b>245,824</b>	<b>76,500</b>	<b>136,647</b>	<b>(5,175)</b>	-	<b>15,532</b>	<b>(74,997)</b>	<b>394,331</b>
Transfer to legal reserve	-	-	(74,997)	-	-	-	74,997	-
Transfer to retained earnings	-	-	-	74	-	-	-	74
Other comprehensive income	-	-	-	-	-	-	-	-
Net profit	-	-	-	-	-	-	1,027	1,027
<b>As of 30 June 2010</b>	<b>245,824</b>	<b>76,500</b>	<b>61,650</b>	<b>(5,101)</b>	-	<b>15,532</b>	<b>1,027</b>	<b>395,432</b>

(Continued)

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2010**

(All amounts in LTL thousands unless otherwise stated)



The Group	Share Capital	Share premium	Other reserves	Revaluation reserve on available-for-sale investment securities	General reserve for losses of assets	Fixed assets revaluation reserve	Foreign currency translation reserve	Legal reserve	Retained earnings	Equity attributable to equity holders of the parent	Minority interest	Total
<b>As of 31 December 2008</b>	<b>196,708</b>	<b>76,500</b>	<b>50,000</b>	<b>(110)</b>	<b>49,116</b>	-	<b>2,358</b>	<b>11,245</b>	<b>103,624</b>	<b>489,441</b>	-	<b>489,441</b>
Transfer to legal reserve	-	-	-	-	-	-	-	4,801	(4,801)	-	-	-
Increase of share capital	49,116	-	-	-	(49,116)	-	-	-	-	-	-	-
Transfer to other reserves	-	-	86,647	-	-	-	-	-	(86,647)	-	-	-
Other comprehensive income	-	-	-	61	-	-	(2,813)	-	5	(2,747)	-	(2,747)
Net profit	-	-	-	-	-	-	-	-	6,236	6,236	-	6,236
<b>As of 30 June 2009</b>	<b>245,824</b>	<b>76,500</b>	<b>136,647</b>	<b>(49)</b>	-	-	<b>(455)</b>	<b>16,046</b>	<b>18,417</b>	<b>492,930</b>	-	<b>492,930</b>
Other comprehensive income	-	-	-	(5,144)	-	-	142	-	-	(5,002)	-	(5,002)
Net loss	-	-	-	-	-	-	-	-	(76,757)	(76,757)	-	(76,757)
<b>As of 31 December 2009</b>	<b>245,824</b>	<b>76,500</b>	<b>136,647</b>	<b>(5,193)</b>	-	-	<b>(313)</b>	<b>16,046</b>	<b>(58,340)</b>	<b>411,171</b>	-	<b>411,171</b>
Transfer to legal reserve	-	-	-	-	-	-	-	193	(193)	-	-	-
Transfer to retained earnings	-	-	(74,997)	-	-	-	-	-	74,997	-	-	-
Other comprehensive income	-	-	-	87	-	-	(334)	-	(7)	(254)	-	(254)
Net profit	-	-	-	-	-	-	-	-	2,251	2,251	-	2,251
<b>As of 30 June 2010</b>	<b>245,824</b>	<b>76,500</b>	<b>61,650</b>	<b>(5,106)</b>	-	-	<b>(647)</b>	<b>16,239</b>	<b>18,708</b>	<b>413,168</b>	-	<b>413,168</b>

(Pabaiga)

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 2010**  
(All amounts in LTL thousands unless otherwise stated)



	<b>The Group 2010-01-01 – 2010-06-30</b>	<b>The Group 2009-01-01 – 2009-06-30</b>	<b>The Bank 2010-01-01 – 2010-06-30</b>	<b>The Bank 2009-01-01 – 2009-06-30</b>
<b>Cash flows from (to) operating activities</b>				
Net profit (loss) for the year	2,251	6,236	1,027	4,639
<b>Adjustments to net profit:</b>				
Income tax (benefit) expense recognized in profit or loss	1,156	1,025	696	226
Gain on disposal of subsidiaries				
Change in fair value of investment property	-	(61)	-	-
Impairment charge for credit losses	4,480	20,718	(11,813)	7,852
Interest income	(100,081)	(155,998)	(85,019)	(145,607)
Interest expense	96,179	111,582	96,328	118,574
Dividends income	(30)	(7)	(30)	(7)
Depreciation and amortization	4,751	3,625	3,098	3,207
(Profit) loss from sales of property, plant and equipment	(4,858)	(331)	(5,151)	(332)
<b>Cash from (to) operating profits before changes in operating assets and liabilities</b>	<b>3,848</b>	<b>(13,211)</b>	<b>(864)</b>	<b>(11,448)</b>
<b>Changes in operating assets and liabilities</b>				
Net change in balances with Central Bank	(16,776)	(858)	(16,776)	(858)
Net change in loans to banks and other credit institutions	2,329	(1,703)	(86)	4
Net change in financial assets at fair value through profit or loss	(5,235)	8,272	(268)	12,633
Net change in loans and finance lease	(259,735)	106,159	(126,983)	621,336
Net change in other assets	78,528	(30,637)	87,655	(25,447)
Net change in due to banks and other credit institutions	122,365	(15,270)	131,365	(9,071)
Net change in financial liabilities at fair value through profit or loss	13	(1,051)	13	(1,084)
Net change in due to customers	254,810	233,825	253,803	(65,300)
Net change in other liabilities	19,035	(9,605)	12,125	(9,720)
<b>Cash generated from (used in) operations</b>	<b>199,182</b>	<b>275,921</b>	<b>339,984</b>	<b>511,045</b>
Interest received	96,528	105,134	79,924	101,820
Interest paid	(98,278)	(72,771)	(98,501)	(79,819)
Income tax paid	(50)	(940)	-	(500)
<b>Net cash generated from / (used in) operating activities</b>	<b>197,382</b>	<b>307,344</b>	<b>321,407</b>	<b>532,546</b>

(Continued)

**CONDENSED INTERIM CASH FLOW STATEMENTS  
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2010**  
(All amounts in LTL thousands unless otherwise stated)



	<b>The Group 2010-01-01 – 2010-06-30</b>	<b>The Group 2009-01-01 – 2009-06-30</b>	<b>The Bank 2010-01-01 – 2010-06-30</b>	<b>The Bank 2009-01-01 – 2009-06-30</b>
<b>Cash flows from (to) investing activities</b>				
Dividends received	30	7	30	7
Acquisition of subsidiaries	-	-	(10)	-
Net change in investment securities	(249,009)	50,648	(378,539)	(177,711)
Acquisition of property, plant and equipment and investment property	98	(6,147)	(590)	(1,858)
Sales of property plant and equipment	11,245	331	15,192	606
Acquisition of intangible assets	(370)	(1,484)	(252)	(1,015)
Sale of intangible assets	-	952	-	952
<b>Net cash generated from / (used in) investing activities</b>	<b>(238,006)</b>	<b>44,307</b>	<b>(364,169)</b>	<b>(179,019)</b>
<b>Cash flows from (to) financing activities</b>				
Debt securities issued	43,700	3,500	43,700	3,500
Debt securities redeemed	(21,978)	(7,673)	(21,978)	(9,501)
Subordinated loans repaid	(3,608)	-	(3,608)	-
<b>Net cash generated from financing activities</b>	<b>18,114</b>	<b>(4,173)</b>	<b>18,114</b>	<b>(6,001)</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(22,510)</b>	<b>347,478</b>	<b>(24,648)</b>	<b>347,526</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>-</b>	<b>(13)</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>989,006</b>	<b>161,081</b>	<b>987,967</b>	<b>160,692</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>966,496</b>	<b>508,546</b>	<b>963,319</b>	<b>508,218</b>

(Concluded)

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

**NOTE 1 GENERAL INFORMATION**

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.

The Bank has 12 branches and 47 client service departments in Lithuania and 2 representative offices in foreign countries (Ukraine and Kazakhstan). In addition, the Bank controls, directly or indirectly, 7 subsidiaries: UAB Ūkio Banko Lizingas, UAB Ūkio Banko Investicijų Valdymas, GD UAB Bonum Publicum, UAB Ūkio Banko Rizikos Kapitalo Valdymas, UAB Turto valdymo paslaugos and UAB Investicinio Turto Valdymas. UAB Ūkio Banko Rizikos Kapitalo Valdymas owns RAB Ūkio Bank Lizing (Ukraine).

As of 30 June 2010 the Group and the Bank employed 801 and 699 employees respectively (as of 31 December 2009: 806 and 700).

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

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

	<u>2010.06.30</u>	<u>2009.12.31</u>
Vladimir Romanov	32.95%	32.95%
UAB Universal Business Investment Group Management	9.99%	9.99%
Zinaida Romanova	8.73%	8.73%
UAB First Partneriai	7.76%	6.84%

**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied by the Group and the Bank in these condensed interim financial statements are the same as those applied by the Group and the Bank in their financial statements as at and for the year ended 31 December 2009, which were prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the EU and International Financial Reporting Standards ("IFRS"), respectively. IFRSs as adopted by the EU do not currently differ from IFRS as issued by the International Accounting Standards Board (IASB) and currently effective for the purpose of these financial statements, except for certain hedge accounting requirements under IAS 39, which have not been adopted by the EU. The Group and the Bank has determined that the unendorsed hedge accounting requirements under IAS 39 would not impact the Bank's and the consolidated financial statements had they been endorsed by the EU at the balance sheet date.

The condensed interim financial statements for the Group and the Bank have been prepared in accordance with IAS 34, *Interim Financial Reporting*, as adopted by the EU and IAS 34, *Interim Financial Reporting*, respectively. Condensed interim financial statements such as these do not include information as extensive as annual financial statements compiled in accordance with IFRSs as adopted by the EU or IFRS and should be read in conjunction with the Group's and the Bank's annual financial statements for the year ended 31 December 2009.

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>2010-06-30</b>	<b>2009-12-31</b>		<b>2010-06-30</b>	<b>2009-12-31</b>
		<b>Loans and finance lease receivable</b>		
		Loans to small and medium size enterprises (SMEs)	1,247,096	1,152,249
1,195,077	1,111,862	Loans to other enterprises	610,173	854,116
832,045	851,844	Loans to individuals	192,987	211,471
322,017	334,665	Loans to financial institutions	416,994	230,545
4,185	185,950	Finance lease receivable	65,506	-
493,099	141,301			
<b>2,846,423</b>	<b>2,625,622</b>	<b>Total loans and finance lease receivable</b>	<b>2,532,756</b>	<b>2,448,381</b>
		Provisions for impairment loss of loans and finance lease receivable (note 14 (f))	(165,644)	(176,560)
(203,218)	(205,118)	<i>Provisions for impairment loss of loans receivable</i>	(165,644)	(176,560)
(189,074)	(193,492)	<i>Provisions for impairment loss of finance lease receivables</i>	-	-
(14,144)	(11,626)			
		<b>Total loans and finance lease receivable from customers, net of provisions</b>	<b>2,367,112</b>	<b>2,271,821</b>
<b>2,643,205</b>	<b>2,420,504</b>			

**NOTE 5 INVESTMENT SECURITIES**

<b>The Group</b>			<b>The Bank</b>	
<b>2010-06-30</b>	<b>2009-12-31</b>		<b>2010-06-30</b>	<b>2009-12-31</b>
		<b>Equity investment securities available-for-sale</b>		
28	11,504	Equity securities of entities available-for-sale	-	11,487
881	10,832	Equity securities of banks and financial institutions available-for-sale	489	10,445
<b>909</b>	<b>22,336</b>	<b>Total equity investment securities available-for-sale</b>	<b>489</b>	<b>21,932</b>
		<b>Debt investment securities available-for-sale</b>		
7,328	6,446	Debt investment securities of entities available-for-sale	7,328	6,446
12,913	14,557	Debt investment securities of banks and financial institutions available-for-sale	12,913	14,557
<b>20,241</b>	<b>21,003</b>	<b>Total debt investment securities available-for-sale</b>	<b>20,241</b>	<b>21,003</b>
<b>21,150</b>	<b>43,339</b>	<b>Total investment securities available-for-sale</b>	<b>20,730</b>	<b>42,935</b>
		<b>Investment securities held to maturity</b>		
106,224	86,591	Debt securities of entities held to maturity	106,224	86,591
122,082	145,172	Debt securities of banks and financial institutions held to maturity	443,754	337,340
313,613	36,733	Government debt securities held to maturity	313,179	36,302
<b>541,919</b>	<b>268,496</b>	<b>Total debt investment securities held to maturity</b>	<b>863,157</b>	<b>460,233</b>

As of 30 June 2010 investment securities held to maturity with carrying amount LTL'000 230,341 were pledged under repurchase agreements (as of 31 December 2009: LTL'000 121,935).

**NOTE 6 INVESTMENTS IN SUBSIDIARIES**

The Group			The Bank	
2010-06-30	2009-12-31		2010-06-30	2009-12-31
		<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 Turto valdymo paslaugos	10	-
-	-	<b>Total investments in subsidiaries</b>	<b>157,646</b>	<b>157,636</b>

**NOTE 7 OTHER ASSETS**

The Group			The Bank	
2010-06-30	2009-12-31		2010-06-30	2009-12-31
		<b>Other assets</b>		
27,930	26,084	Prepayments	26,310	24,818
14,972	16,810	Deferred expenses	11,798	13,239
1,047	1,566	Accounts receivable	1,016	2,268
3,672	3,898	Income tax paid in advance	2,000	2,000
27,677	77,250	Foreclosed assets	14,711	61,172
564	147	Transit accounts	433	23
422	352	Receivables on securities transactions	422	352
10,746	5,402	Other receivables	5,360	3,775
<b>87,030</b>	<b>131,509</b>	<b>Total other assets</b>	<b>62,050</b>	<b>107,647</b>
(402)	(504)	Provisions for impairment loss of other assets (Note 14 (e))	(399)	(501)
<b>86,628</b>	<b>131,005</b>	<b>Total other assets, net of provisions</b>	<b>61,651</b>	<b>107,146</b>

**NOTE 8 DUE TO CUSTOMERS**

The Group			The Bank	
2010-06-30	2009-12-31		2010-06-30	2009-12-31
		<b>Due to customers</b>		
707,996	649,248	Current and demand deposits	708,497	649,692
2,843,785	2,662,221	Term deposits, letters of credit	2,851,023	2,670,597
54,905	42,592	Loans	54,905	42,592
<b>3,606,686</b>	<b>3,354,061</b>	<b>Total due to customers</b>	<b>3,614,425</b>	<b>3,362,881</b>
		<b>Current and demand deposits</b>		
402,789	434,335	Companies	402,861	434,348
217,036	170,575	Individuals	217,036	170,575
88,171	44,338	Financial institutions	88,600	44,769
<b>707,996</b>	<b>649,248</b>		<b>708,497</b>	<b>649,692</b>
		<b>Term deposits, letters of credit</b>		
410,098	482,795	Companies	410,098	482,857
2,249,884	2,080,431	Individuals	2,249,884	2,080,431
144,581	57,845	Financial institutions	151,756	66,023
<b>2,804,563</b>	<b>2,621,071</b>		<b>2,811,738</b>	<b>2,629,311</b>
		<b>Loans</b>		
8,000	8,000	Government institutions	8,000	8,000
46,611	34,040	Financial institutions	46,611	34,040
-	-	Private companies	-	-
<b>54,611</b>	<b>42,040</b>		<b>54,611</b>	<b>42,040</b>
39516	41,702	Accrued interest	39,579	41,838
<b>3,606,686</b>	<b>3,354,061</b>	<b>Total due to customers</b>	<b>3,614,425</b>	<b>3,362,881</b>

**NOTE 9 SHARE CAPITAL AND RESERVES**

The authorized capital of the Bank as of 30 June 2010 was LTL'000 245,824 (31 December 2009: LTL'000 245,824) and consisted of 245,824,000 ordinary shares with par value of LTL 1 each. All shares are fully paid.

The ordinary General Shareholders' Meeting of AB Ūkio bankas on 26 March 2010 adopted resolution to increase AB Ūkio bankas authorized capital from additional contributions to LTL'000 295,824 issuing new LTL'000 50,000 issue of 50 million ordinary registered shares of 1 LTL nominal value. AB Ūkio bankas authorized capital will be increased from additional contributions converting subordinated loan, received from Vladimir Romanov, to a new issue of ordinary registered shares. 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. The ordinary General Shareholders' Meeting of AB Ūkio bankas on 26 March 2010 adopted resolution to transfer LTL'000 74,997 from other reserves to retained earnings. As of 30 June 2010 Other reserves amounted to LTL'000 61,650 (31 December 2009: LTL'000 136,647).

**NOTE 10 INTEREST INCOME AND EXPENSE**

<b>The Group</b>			<b>The Bank</b>	
<b>2010-01-01 – 2010-06-30</b>	<b>2009-01-01 – 2009-06-30</b>		<b>2010-01-01 – 2010-06-30</b>	<b>2009-01-01 – 2009-06-30</b>
		<b>Interest income</b>		
89,144	143,015	on loans and other receivables (including finance leases)	68,126	130,697
9,474	10,645	on investment securities held to maturity	15,804	13,077
707	1,114	on investment securities available-for-sale	707	1,114
409	680	on trading debt securities	35	175
347	544	on balances with central bank	347	544
<b>100,081</b>	<b>155,998</b>	<b>Total interest income</b>	<b>85,019</b>	<b>145,607</b>
		<b>Interest expense</b>		
75,130	93,317	on due to customers	75,373	100,578
5,727	6,146	on due to banks and other credit institutions	5,633	5,806
6,831	4,043	on subordinated loans	6,831	4,043
837	911	on debt securities issued	837	982
7,654	7,165	deposit insurance expenses	7,654	7,165
<b>96,179</b>	<b>111,582</b>	<b>Total interest expense</b>	<b>96,328</b>	<b>118,574</b>

In the six month period ended 30 June 2010 the Group's/Bank's total interest income includes income accrued on impaired financial assets in the amount of LTL'000 20,345 and LTL'000 17,745 respectively (six month period ended 30 June 2009: LTL'000 13,094 and LTL'000 10,243).

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

<b>The Group</b>			<b>The Bank</b>	
<b>2010-01-01 – 2010-06-30</b>	<b>2009-01-01 – 2009-06-30</b>		<b>2010-01-01 – 2010-06-30</b>	<b>2009-01-01 – 2009-06-30</b>
<b>Fees and commission income</b>				
17,608	20,154	for money transfer operations	17,658	20,216
1,431	2,692	for credit services	1,431	2,947
1,648	2,251	for bank accounts' services	1,648	2,251
4,152	4,574	for payment card services	1,744	1,691
792	1,496	for collection of taxes	814	1,663
1,137	1,771	for EUR currency exchange	1,137	1,771
2,640	2,070	other	2,321	1,837
<b>29,408</b>	<b>35,008</b>	<b>Total fees and commission income</b>	<b>26,753</b>	<b>32,376</b>

<b>The Group</b>			<b>The Bank</b>	
<b>2010-01-01 – 2010-06-30</b>	<b>2009-01-01 – 2009-06-30</b>		<b>2010-01-01 – 2010-06-30</b>	<b>2009-01-01 – 2009-06-30</b>
<b>Fees and commission expenses</b>				
1,645	2,586	for money transfer operations	1,473	2,318
2,791	2,069	for payment card services	2,782	2,069
615	1,397	other	598	1,384
<b>5,051</b>	<b>6,052</b>	<b>Total fees and commission expenses</b>	<b>4,853</b>	<b>5,771</b>

**NOTE 12 OPERATING EXPENSES**

<b>The Group</b>			<b>The Bank</b>	
<b>2010-01-01 – 2010-06-30</b>	<b>2009-01-01 – 2009-06-30</b>		<b>2010-01-01 – 2010-06-30</b>	<b>2009-01-01 – 2009-06-30</b>
<b>Operating expenses</b>				
22,606	21,705	Salary and related expenses	17,742	17,219
8,517	9,389	Marketing and charity expenses	7,281	6,493
11,238	8,836	Rent of premises and household expenses	9,722	8,137
4,092	4,263	Taxes (other than income tax)	3,829	4,180
4,751	3,625	Depreciation and amortization	3,098	3,207
1,866	1,890	Transport, post and communication service expenses	1,292	1,321
1,738	1,761	IT expenses	1,710	1,717
681	665	Training and business trip expenses	299	344
5,181	8,318	Other expenses	4,272	6,947
<b>60,670</b>	<b>60,452</b>	<b>Total operating expenses</b>	<b>49,245</b>	<b>49,565</b>

**NOTE 13 EARNINGS PER SHARE**

<b>The Group</b>			<b>The Bank</b>	
<b>2010-01-01 – 2010-06-30</b>	<b>2009-01-01 – 2009-06-30</b>		<b>2010-01-01 – 2010-06-30</b>	<b>2009-01-01 – 2009-06-30</b>
<b>Basic earnings per share calculation</b>				
		Profit attributable to equity holders of the Parent from continuing operations	1,027	4,639
3,554	6,236	from discontinued operations	-	-
<u>(1,303)</u>	<u>-</u>	Total profit attributable to equity holders of the Parent	<u>1,027</u>	<u>4,639</u>
2,251	6,236			
		Weighted average number of ordinary shares in issue (thousands units)	245,824	211,361
<u>245,824</u>	<u>211,361</u>			
		Basic earnings per share from continuing operations (in LTL)	0.00	0.02
0.01	0.03	Basic earnings per share from discontinued operations (in LTL)	-	-
<u>(0.01)</u>	<u>-</u>	<b>Basic earnings per share (in LTL)</b>	<u><b>0.00</b></u>	<u><b>0.02</b></u>
<b><u>0.01</u></b>	<b><u>0.03</u></b>			

<b>The Group</b>			<b>The Bank</b>	
<b>2010-01-01 – 2010-06-30</b>	<b>2009-01-01 – 2009-06-30</b>		<b>2010-01-01 – 2010-06-30</b>	<b>2009-01-01 – 2009-06-30</b>
<b>Diluted earnings per share calculation</b>				
		Profit attributable to equity holders of the Parent	1,027	4,639
2,251	6,236	Interest expense on subordinated loans (net of tax)	-	83
<u>-</u>	<u>83</u>	Net profit used to determine diluted earnings per share	<u>1,027</u>	<u>4,722</u>
2,251	6,319	from continuing operations	1,027	4,722
3,554	6,319	from discontinued operations	-	-
<u>(1,303)</u>	<u>-</u>			
		Weighted average number of ordinary shares in issue (thousands units)	245,824	211,361
245,824	211,361	Adjustment for assumed conversion of subordinated loans (thousands units)	-	8,829
<u>-</u>	<u>8,829</u>		<u>245,824</u>	<u>220,190</u>
245,824	220,190			
		Diluted earnings per share from continuing operations (in LTL)	0.00	0.02
0.01	0.03	Diluted earnings per share from discontinued operations (in LTL)	-	-
<u>(0.01)</u>	<u>-</u>	<b>Diluted earnings per share (in LTL)</b>	<u><b>0.00</b></u>	<u><b>0.02</b></u>
<b><u>0.01</u></b>	<b><u>0.03</u></b>			

**NOTE 14 CREDIT RISK**

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

<b>The Group</b>			<b>The Bank</b>	
<b>2010-06-30</b>	<b>2009-12-31</b>		<b>2010-06-30</b>	<b>2009-12-31</b>
<b>Assets</b>				
281,032	338,070	Funds with central banks	281,032	338,070
768,282	677,968	Loans and advances to banks and other credit institutions	760,783	670,326
48,063	42,989	Financial assets at fair value through profit or loss	11,219	11,102
2,643,205	2,420,504	Loans and finance lease receivable:	2,367,112	2,271,821
1,382,612	1,057,130	<i>loans to and finance lease receivable from SMEs</i>	1,191,979	1,032,745
953,755	826,120	<i>loans to and finance lease receivable from other enterprises</i>	594,283	820,689
4,185	185,950	<i>loans to and finance lease receivable from financial institutions</i>	416,994	230,545
302,653	351,304	<i>loans to and finance lease receivable from individuals</i>	163,856	187,842
563,069	311,835	Investment securities:	883,887	503,168
21,150	43,339	<i>available-for-sale</i>	20,730	42,935
541,919	268,496	<i>held to maturity</i>	863,157	460,233
71,786	83,154	Other assets	59,775	59,295
<b>4,375,437</b>	<b>3,874,520</b>	<b>Total</b>	<b>4,363,808</b>	<b>3,853,782</b>
<b>Contingent liabilities and commitments</b>				
61,073	47,702	Guarantees and warranties	61,073	47,702
4,071	4,015	Commitments to issue letters of credit	4,071	4,015
118,495	118,587	Irrevocable lending commitments	65,196	63,454
<b>183,639</b>	<b>170,304</b>	<b>Total</b>	<b>130,340</b>	<b>115,171</b>
<b>4,559,076</b>	<b>4,044,824</b>	<b>Total credit risk exposure</b>	<b>4,494,148</b>	<b>3,968,953</b>

**b) Risk concentrations of the maximum exposure to credit risk**

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

The maximum Group's credit exposure to any client or counterparty as of 30 June 2010 was LTL 132 million or 25% of the capital base (31 December 2009: LTL 122 million, or 23% of the capital base) before taking into account of collateral or other credit enhancements.

As of 30 June 2010 and during the year the Group and the Bank complied with the maximum loan to one customer requirement established by Bank of Lithuania, according to which the total amount of loans granted to one customer and the customer's related parties may not exceed 25% of the Group's and the Bank's capital (Note 17).

As of 30 June 2010 and during the year the Group and the Bank complied with the large loans requirement established by Bank of Lithuania, according to which the total amounts of loans granted to one customers and the customer's related parties that exceed 10% of the Group's and the Bank's capital may not exceed 800% of the Group's and the Bank's capital (Note 17).

**EXPLANATORY NOTES**  
**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2010**  
(All amounts in LTL thousands unless otherwise stated)



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

The Group as of 30 June 2010:

	Telecom- munication services	Financials	Industrials	Informa- tion Techno- logy	Materials	Energy	Consumer Staples	Consumer Discre- tionary	Health Care	Utilities	Govern- ment	Other	Total
<b>Assets</b>													
Cash and balances with central bank	-	-	-	-	-	-	-	-	-	-	281,032	-	281,032
Loans and advances to banks and other credit institutions	-	768,282	-	-	-	-	-	-	-	-	-	-	768,282
Financial assets at fair value through profit or loss	130	35,032	529	73	246	1,180	54	185	-	135	10,499	-	48,063
Loans and finance lease receivable	-	1,428,558	171,860	-	28,561	17,590	92,415	583,268	8,435	26,020	15,103	271,395	2,643,205
Investment securities:													
<i>available-for-sale</i>	-	19,901	-	-	28	-	-	-	-	-	1,221	-	21,150
<i>held-to-maturity</i>	34,368	118,212	7,327	-	9,809	15,190	2,000	5,585	1,770	15,762	331,896	-	541,919
Other assets	-	-	-	-	-	-	-	-	-	-	-	71,786	71,786
<b>Total</b>	<b>34,498</b>	<b>2,369,985</b>	<b>179,716</b>	<b>73</b>	<b>38,644</b>	<b>33,960</b>	<b>94,469</b>	<b>589,038</b>	<b>10,205</b>	<b>41,917</b>	<b>639,751</b>	<b>343,181</b>	<b>4,375,437</b>

As of 30 June 2010, the Group's loans to real estate and construction sectors amounted to LTL'000 1,161,840. In accordance with Global Industry Classification Standard (GICS) loans to real estate and construction sector are included in to industry sector "Financials" and "Consumer Discretionary", respectively in the above presented table.

**EXPLANATORY NOTES**  
**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2010**  
 (All amounts in LTL thousands unless otherwise stated)



The Group as of 31 December 2009:

	Telecom- munication services	Financials	Industrials	Informa- tion Techno- logy	Materials	Energy	Consumer Staples	Consumer Discre- tionary	Health Care	Utilities	Govern- ment	Other	Total
<b>Assets</b>													
Cash and balances with central bank	-	-	-	-	-	-	-	-	-	-	338,070	-	338,070
Loans and advances to banks and other credit institutions	-	677,968	-	-	-	-	-	-	-	-	-	-	677,968
Financial assets at fair value through profit or loss	-	33,372	224	-	188	-	-	-	-	-	9,205	-	42,989
Loans and finance lease receivable	841	1,307,219	187,204	254	31,148	15,046	98,607	443,098	6,402	9,233	13,030	308,422	2,420,504
Investment securities:													
<i>available-for-sale</i>	-	42,250	-	-	17	-	-	-	-	-	1,072	-	43,339
<i>held-to-maturity</i>	27,397	135,211	7,859	-	10,608	11,030	2,004	7,707	1,722	11,769	53,189	-	268,496
Other assets	-	-	-	-	-	-	-	-	-	-	-	83,154	83,154
<b>Total</b>	<b>28,238</b>	<b>2,196,020</b>	<b>195,287</b>	<b>254</b>	<b>41,961</b>	<b>26,076</b>	<b>100,611</b>	<b>450,805</b>	<b>8,124</b>	<b>21,002</b>	<b>414,566</b>	<b>391,576</b>	<b>3,874,520</b>

As of 31 December 2009, the Group's loans to real estate and construction sectors amounted to LTL'000 1,177,897. In accordance with Global Industry Classification Standard (GICS) loans to real estate and construction sector are included in to industry sector "Financials" and "Consumer Discretionary", respectively in the above presented table.

**EXPLANATORY NOTES**  
**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2010**  
(All amounts in LTL thousands unless otherwise stated)



The Bank as of 30 June 2010:

	Telecom- munication services	Financials	Industrials	Informa- tion Technology	Materials	Energy	Consumer Staples	Consumer Discretio- nary	Health Care	Utilities	Govern- ment	Other	Total
<b>Assets</b>													
Cash and balances with central bank	-	-	-	-	-	-	-	-	-	-	281,032	-	281,032
Loans and advances to banks and other credit institutions	-	760,783	-	-	-	-	-	-	-	-	-	-	760,783
Financial assets at fair value through profit or loss	130	10,114	282	73	246	-	54	185	-	135	-	-	11,219
Loans and finance lease receivable	-	1,353,158	153,236	-	24,870	17,590	87,414	551,987	8,407	26,020	15,044	129,386	2,367,112
Investment securities:													
<i>available-for-sale</i>	-	19,509	-	-	-	-	-	-	-	-	1,221	-	20,730
<i>held-to-maturity</i>	34,368	439,883	7,327	-	9,809	15,190	2,000	5,585	1,770	15,762	331,463	-	863,157
Other assets	-	-	-	-	-	-	-	-	-	-	-	59,775	59,775
<b>Total</b>	<b>34,498</b>	<b>2,583,447</b>	<b>160,845</b>	<b>73</b>	<b>34,925</b>	<b>32,780</b>	<b>89,468</b>	<b>557,757</b>	<b>10,177</b>	<b>41,917</b>	<b>628,760</b>	<b>189,161</b>	<b>4,363,808</b>

As of 30 June 2010, the Bank's loans to real estate and construction sectors amounted to LTL'000 762,192. In accordance with Global Industry Classification Standard (GICS) loans to real estate and construction sector are included in to industry sector "Financials" and "Consumer Discretionary" respectively in the above presented table.

**EXPLANATORY NOTES**  
**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2010**  
 (All amounts in LTL thousands unless otherwise stated)



The Bank as of 31 December 2009:

	Telecom- munication services	Financials	Industrials	Informa- tion Technology	Materials	Energy	Consumer Staples	Consumer Discretio- nary	Health Care	Utilities	Govern- ment	Other	Total
<b>Assets</b>													
Cash and balances with central bank	-	-	-	-	-	-	-	-	-	-	338,070	-	338,070
Loans and advances to banks and other credit institutions	-	670,326	-	-	-	-	-	-	-	-	-	-	670,326
Financial assets at fair value through profit or loss	-	10,914	-	-	188	-	-	-	-	-	-	-	11,102
Loans and finance lease receivable	-	1,396,784	154,515	-	24,888	14,577	92,375	415,394	6,370	8,928	13,030	144,960	2,271,821
Investment securities:													
<i>available-for-sale</i>	-	41,863	-	-	-	-	-	-	-	-	1,072	-	42,935
<i>held-to-maturity</i>	27,397	327,379	7,859	-	10,608	11,030	2,004	7,707	1,722	11,769	52,758	-	460,233
Other assets	-	-	-	-	-	-	-	-	-	-	-	59,295	59,295
<b>Total</b>	<b>27,397</b>	<b>2,447,266</b>	<b>162,374</b>	<b>-</b>	<b>35,684</b>	<b>25,607</b>	<b>94,379</b>	<b>423,101</b>	<b>8,092</b>	<b>20,697</b>	<b>404,930</b>	<b>204,255</b>	<b>3,853,782</b>

As of 31 December 2009, the Bank's loans to real estate and construction sectors amounted to LTL'000 1,209,226. In accordance with Global Industry Classification Standard (GICS) loans to real estate and construction sector are included in to industry sector "Financials" and "Consumer Discretionary" respectively in the above presented table.

**EXPLANATORY NOTES**  
**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2010**  
(All amounts in LTL thousands unless otherwise stated)



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

As of 30 June 2010:

	<b>The Group</b>			<b>The Bank</b>		
	<b>Higher rated countries</b>	<b>Lower rated countries</b>	<b>Total</b>	<b>Higher rated countries</b>	<b>Lower rated countries</b>	<b>Total</b>
<b>Assets</b>						
Funds with central banks	281,032	-	<b>281,032</b>	281,032	-	<b>281,032</b>
Loans and advances to banks and other credit institutions	731,865	36,417	<b>768,282</b>	724,811	35,972	<b>760,783</b>
Financial assets at fair value through profit or loss	46,836	1,227	<b>48,063</b>	10,953	266	<b>11,219</b>
Loans and finance lease receivable	2,340,505	302,700	<b>2,643,205</b>	2,147,953	219,159	<b>2,367,112</b>
Investment securities:	478,396	84,673	<b>563,069</b>	799,626	84,261	<b>883,887</b>
<i>available-for-sale</i>	18,644	2,506	<b>21,150</b>	18,224	2,506	<b>20,730</b>
<i>held-to-maturity</i>	459,752	82,167	<b>541,919</b>	781,402	81,755	<b>863,157</b>
Other assets	70,810	976	<b>71,786</b>	59,768	7	<b>59,775</b>
<b>Total</b>	<b>3,949,444</b>	<b>425,993</b>	<b>4,375,437</b>	<b>4,024,143</b>	<b>339,665</b>	<b>4,363,808</b>

As of 31 December 2009:

	<b>The Group</b>			<b>The Bank</b>		
	<b>Higher rated countries</b>	<b>Lower rated countries</b>	<b>Total</b>	<b>Higher rated countries</b>	<b>Lower rated countries</b>	<b>Total</b>
<b>Assets</b>						
Funds with central banks	338,070	-	<b>338,070</b>	338,070	-	<b>338,070</b>
Loans and advances to banks and other credit institutions	660,292	17,676	<b>677,968</b>	652,802	17,524	<b>670,326</b>
Financial assets at fair value through profit or loss	42,669	320	<b>42,989</b>	10,914	188	<b>11,102</b>
Loans and finance lease receivable	2,215,268	205,236	<b>2,420,504</b>	2,092,643	179,178	<b>2,271,821</b>
Investment securities:	226,216	85,619	<b>311,835</b>	417,934	85,234	<b>503,168</b>
<i>available-for-sale</i>	36,534	6,805	<b>43,339</b>	36,130	6,805	<b>42,935</b>
<i>held-to-maturity</i>	189,682	78,814	<b>268,496</b>	381,804	78,429	<b>460,233</b>
Other assets	76,534	6,620	<b>83,154</b>	59,290	5	<b>59,295</b>
<b>Total</b>	<b>3,559,049</b>	<b>315,471</b>	<b>3,874,520</b>	<b>3,571,653</b>	<b>282,129</b>	<b>3,853,782</b>

**EXPLANATORY NOTES**  
**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2010**  
(All amounts in LTL thousands unless otherwise stated)



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

As of 30 June 2010, largest single country concentrations of Group's financial assets without taking into account any collateral held or other credit enhancements were in Lithuania – 58.5%, USA – 7.1% (as of 31 December 2009: Lithuania – 63.7%, USA – 7.7%, Germany – 4.3%).

**c) Credit quality of financial assets**

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

For the counterparties that have external credit ratings, internal ratings are assigned based on the following principles: Grade 1 is assigned to counterparties that have a long-term credit rating of at least A-/A3; Grade 2 is assigned to counterparties that have a credit rating ranging from BBB+/Baa1 to BBB-/Baa3; Grade 3 is assigned to counterparties that have a credit rating ranging from BB+/Ba1 to B-/B3. For the banks or foreign bank branches registered in Lithuania, internal rating higher by one grade to that which would result from the before mentioned principle, is assigned.

As of 30 June 2010 the Group's financial assets by internal credit ratings were as follows.

The Group	Neither past due nor individually impaired					Past due or individually impaired	Total
	Grade 1	Grade 2	Grade 3	Grade 4	Grade 5		
Funds with central banks	281,032	-	-	-	-	-	281,032
Loans and advances to banks and other credit institutions	533,438	184,969	49,568	307	-	-	768,282
Financial assets at fair value through profit or loss	10,446	35,473	1,482	662	-	-	48,063
Loans and finance lease receivable:	140,173	726,233	848,208	406,053	4,738	517,800	2,643,205
<i>loans to SMEs</i>	3,800	76,154	677,008	346,872	3,806	274,972	1,382,612
<i>loans to other enterprises</i>	10,220	572,272	161,403	54,947	-	154,913	953,755
<i>loans to financial institutions</i>	-	4,185	-	-	-	-	4,185
<i>loans to individuals</i>	126,153	73,622	9,797	4,234	932	87,915	302,653
Investment securities:	270,319	210,030	69,235	8,921	-	4,564	563,069
<i>available-for-sale</i>	6,097	963	8,545	5,545	-	-	21,150
<i>held-to-maturity</i>	264,222	209,067	60,690	3,376	-	4,564	541,919
Other assets	1,030	43,742	26,987	-	-	27	71,786
<b>Total</b>	<b>1,236,438</b>	<b>1,200,447</b>	<b>995,480</b>	<b>415,943</b>	<b>4,738</b>	<b>522,391</b>	<b>4,375,437</b>

**EXPLANATORY NOTES**  
**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2010**  
(All amounts in LTL thousands unless otherwise stated)



As of 31 December 2009 the Group's financial assets by internal credit ratings were as follows:

The Group	Neither past due nor individually impaired					Past due or individually impaired	Total
	Grade 1	Grade 2	Grade 3	Grade 4	Grade 5		
Funds with central banks	338,070	-	-	-	-	-	338,070
Loans and advances to banks and other credit institutions	529,260	126,050	15,582	7,075	-	1	677,968
Financial assets at fair value through profit or loss	7,907	32,782	1,105	1,195	-	-	42,989
Loans and finance lease receivable:	177,488	452,120	667,132	272,107	6,938	844,719	2,420,504
<i>loans to SMEs</i>	4,337	76,969	396,098	207,075	5,712	366,939	1,057,130
<i>loans to other enterprises</i>	18,892	184,146	181,591	56,454	-	385,037	826,120
<i>loans to financial institutions</i>	-	105,128	80,822	-	-	-	185,950
<i>loans to individuals</i>	154,259	85,877	8,621	8,578	1,226	92,743	351,304
Investment securities:	116,113	103,171	65,480	27,071	-	-	311,835
<i>available-for-sale</i>	9,044	19,628	5,350	9,317	-	-	43,339
<i>held-to-maturity</i>	107,069	83,543	60,130	17,754	-	-	268,496
Other assets	1,050	55,101	26,995	-	-	8	83,154
<b>Total</b>	<b>1,169,888</b>	<b>769,224</b>	<b>776,294</b>	<b>307,448</b>	<b>6,938</b>	<b>844,728</b>	<b>3,874,520</b>

As of 30 June 2010 the Bank's financial assets by internal credit ratings were as follows:

The Bank	Neither past due nor individually impaired					Past due or individually impaired	Total
	Grade 1	Grade 2	Grade 3	Grade 4	Grade 5		
Funds with central banks	281,032	-	-	-	-	-	281,032
Loans and advances to banks and other credit institutions	529,844	181,064	49,568	307	-	-	760,783
Financial assets at fair value through profit or loss	-	11,189	-	30	-	-	11,219
Loans and finance lease receivable:	28,647	709,653	845,534	345,224	4,737	433,317	2,367,112
<i>loans to SMEs</i>	993	62,946	616,884	287,161	3,806	220,189	1,191,979
<i>loans to other enterprises</i>	10,220	203,769	172,265	54,947	-	153,082	594,283
<i>loans to financial institutions</i>	-	369,735	46,629	-	-	630	416,994
<i>loans to individuals</i>	17,434	73,203	9,756	3,116	931	59,416	163,856
Investment securities:	270,032	535,174	65,574	8,543	-	4,564	883,887
<i>available-for-sale</i>	6,097	543	8,545	5,545	-	-	20,730
<i>held-to-maturity</i>	263,935	534,631	57,029	2,998	-	4,564	863,157
Other assets	1,030	31,731	26,987	-	-	27	59,775
<b>Total</b>	<b>1,110,585</b>	<b>1,468,811</b>	<b>987,663</b>	<b>354,104</b>	<b>4,737</b>	<b>437,908</b>	<b>4,363,808</b>

**EXPLANATORY NOTES**  
**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2010**  
(All amounts in LTL thousands unless otherwise stated)



As of 31 December 2009 the Bank's financial assets by internal credit ratings were as follows:

<b>The Bank</b>	<b>Neither past due nor individually impaired</b>					<b>Past due or individually impaired</b>	<b>Total</b>
	<b>Grade 1</b>	<b>Grade 2</b>	<b>Grade 3</b>	<b>Grade 4</b>	<b>Grade 5</b>		
Funds with central banks	338,070	-	-	-	-	-	338,070
Loans and advances to banks and other credit institutions	525,308	122,360	15,582	7,075	-	1	670,326
Financial assets at fair value through profit or loss	-	10,522	-	580	-	-	11,102
Loans and finance lease receivable:	44,389	437,724	700,579	321,667	5,168	762,294	2,271,821
<i>loans to SMEs</i>	1,184	65,376	384,726	257,735	3,942	319,782	1,032,745
<i>loans to other enterprises</i>	18,892	181,473	181,815	56,454	-	382,055	820,689
<i>loans to financial institutions</i>	-	105,128	125,417	-	-	-	230,545
<i>loans to individuals</i>	24,313	85,747	8,621	7,478	1,226	60,457	187,842
Investment securities:	115,961	295,154	65,371	26,682	-	-	503,168
<i>available-for-sale</i>	9,044	19,224	5,350	9,317	-	-	42,935
<i>held-to-maturity</i>	106,917	275,930	60,021	17,365	-	-	460,233
Other assets	1,050	31,242	26,995	-	-	8	59,295
<b>Total</b>	<b>1,024,778</b>	<b>897,002</b>	<b>808,527</b>	<b>356,004</b>	<b>5,168</b>	<b>762,303</b>	<b>3,853,782</b>

**EXPLANATORY NOTES**  
**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2010**  
(All amounts in LTL thousands unless otherwise stated)



**d) Aging analysis of financial assets**

As of 30 June 2010 the Group's financial assets by aging intervals were:

	Neither past due nor individually impaired	Past due but not individually impaired					Individually impaired					TOTAL	
		<= 30 days	31-60 days	61 days – 1 year	Over 1 year	Total	not past due	<=30 days	31-60 days	61 days – 1 year	Over 1 year		Total
Funds with central banks	281,032	-	-	-	-	-	-	-	-	-	-	-	281,032
Loans and advances to banks and other credit institutions	768,282	-	-	-	-	-	-	-	-	-	-	-	768,282
Financial assets at fair value through profit or loss	48,063	-	-	-	-	-	-	-	-	-	-	-	48,063
Loans and finance lease receivable	2,125,405	59,637	14,149	32,845	55,081	161,712	151,992	3,179	6,011	118,534	76,372	356,088	2,643,205
<i>loans to SMEs</i>	1,107,640	35,117	10,076	21,409	24,417	91,019	24,613	2,500	3,353	93,481	60,006	183,953	1,382,612
<i>loans to other enterprises</i>	798,842	4,473	489	996	18,129	24,087	124,140	-	21	5,704	961	130,826	953,755
<i>loans to financial institutions</i>	4,185	-	-	-	-	-	-	-	-	-	-	-	4,185
<i>loans to individuals</i>	214,738	20,047	3,584	10,440	12,535	46,606	3,239	679	2,637	19,349	15,405	41,309	302,653
Investment securities:	558,505	4,564	-	-	-	4,564	-	-	-	-	-	-	563,069
<i>available-for-sale</i>	21,150	-	-	-	-	-	-	-	-	-	-	-	21,150
<i>held-to-maturity</i>	537,355	4,564	-	-	-	4,564	-	-	-	-	-	-	541,919
Other assets	71,759	6	-	-	-	6	-	-	19	1	1	21	71,786
<b>Total</b>	<b>3,853,046</b>	<b>64,207</b>	<b>14,149</b>	<b>32,845</b>	<b>55,081</b>	<b>166,282</b>	<b>151,992</b>	<b>3,179</b>	<b>6,030</b>	<b>118,535</b>	<b>76,373</b>	<b>356,109</b>	<b>4,375,437</b>

**EXPLANATORY NOTES**  
**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2010**  
 (All amounts in LTL thousands unless otherwise stated)



As of 31 December 2009 the Group's financial assets by aging intervals were:

	Neither past due nor individually impaired	Past due but not individually impaired					Individually impaired					TOTAL	
		<= 30 days	31-60 days	61 days – 1 year	Over 1 year	Total	not past due	<=30 days	31-60 days	61 days – 1 year	Over 1 year		Total
Funds with central banks	338,070	-	-	-	-	-	-	-	-	-	-	-	338,070
Loans and advances to banks and other credit institutions	677,967	-	-	-	-	-	1	-	-	-	-	1	677,968
Financial assets at fair value through profit or loss	42,989	-	-	-	-	-	-	-	-	-	-	-	42,989
Loans and finance lease receivable	1,575,785	33,519	10,315	64,008	22,572	130,414	509,650	1,487	9,829	157,250	36,089	714,305	2,420,504
<i>loans to SMEs</i>	690,191	15,667	5,592	42,111	11,702	75,072	139,069	324	635	120,368	31,471	291,867	1,057,130
<i>loans to other enterprises</i>	441,084	3,319	93	1,083	42	4,537	367,332	452	585	12,130	-	380,499	826,120
<i>loans to financial institutions</i>	185,950	-	-	-	-	-	-	-	-	-	-	-	185,950
<i>loans to individuals</i>	258,560	14,533	4,630	20,814	10,828	50,805	3,249	711	8,609	24,752	4,618	41,939	351,304
Investment securities:	311,835	-	-	-	-	-	-	-	-	-	-	-	311,835
<i>available-for-sale</i>	43,339	-	-	-	-	-	-	-	-	-	-	-	43,339
<i>held-to-maturity</i>	268,496	-	-	-	-	-	-	-	-	-	-	-	268,496
Other assets	83,146	-	-	-	-	-	-	-	-	8	-	8	83,154
<b>Total</b>	<b>3,029,792</b>	<b>33,519</b>	<b>10,315</b>	<b>64,008</b>	<b>22,572</b>	<b>130,414</b>	<b>509,651</b>	<b>1,487</b>	<b>9,829</b>	<b>157,258</b>	<b>36,089</b>	<b>714,314</b>	<b>3,874,520</b>

**EXPLANATORY NOTES**  
**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2010**  
(All amounts in LTL thousands unless otherwise stated)



As of 30 June 2010 the Bank's financial assets by aging intervals were:

	Neither past due nor individually impaired	Past due but not individually impaired				Total	Individually impaired					Total	TOTAL	
		<= 30 days	31-60 days	61 days – 1 year	Over 1 year		Not past due	<=30 days	31-60 days	61 days – 1 year	Over 1 year			
Funds with central banks	281,032	-	-	-	-	-	-	-	-	-	-	-	-	281,032
Loans and advances to banks and other credit institutions	760,783	-	-	-	-	-	-	-	-	-	-	-	-	760,783
Financial assets at fair value through profit or loss	11,219	-	-	-	-	-	-	-	-	-	-	-	-	11,219
Loans and finance lease receivable	1,933,795	31,242	10,360	24,015	54,585	120,202	151,538	2,972	4,281	81,560	72,764	313,115	2,367,112	
<i>loans to SMEs</i>	971,790	19,320	8,423	13,676	24,303	65,722	24,556	2,449	3,353	64,925	59,184	154,467	1,191,979	
<i>loans to other enterprises</i>	441,201	4,473	-	863	18,129	23,465	124,140	-	-	5,049	428	129,617	594,283	
<i>loans to financial institutions</i>	416,364	-	-	630	-	630	-	-	-	-	-	-	416,994	
<i>loans to individuals</i>	104,440	7,449	1,937	8,846	12,153	30,385	2,842	523	928	11,586	13,152	29,031	163,856	
Investment securities:	879,323	4,564	-	-	-	4,564	-	-	-	-	-	-	883,887	
<i>available-for-sale</i>	20,730	-	-	-	-	-	-	-	-	-	-	-	20,730	
<i>held-to-maturity</i>	858,593	4,564	-	-	-	4,564	-	-	-	-	-	-	863,157	
Other assets	59,748	6	-	-	-	6	-	-	19	1	1	21	59,775	
<b>Total</b>	<b>3,925,900</b>	<b>35,812</b>	<b>10,360</b>	<b>24,015</b>	<b>54,585</b>	<b>124,772</b>	<b>151,538</b>	<b>2,972</b>	<b>4,300</b>	<b>81,561</b>	<b>72,765</b>	<b>313,136</b>	<b>4,363,808</b>	

**EXPLANATORY NOTES**  
**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2010**  
(All amounts in LTL thousands unless otherwise stated)



As of 31 December 2009 the Bank's financial assets by aging intervals were:

	Neither past due nor individually impaired	Past due but not individually impaired					Individually impaired					TOTAL	
		<= 30 days	31-60 days	61 days – 1 year	Over 1 year	Total	Not past due	<=30 days	31-60 days	61 days – 1 year	Over 1 year		Total
Funds with central banks	338,070	-	-	-	-	-	-	-	-	-	-	-	338,070
Loans and advances to banks and other credit institutions	670,325	-	-	-	-	-	1	-	-	-	-	1	670,326
Financial assets at fair value through profit or loss	11,102	-	-	-	-	-	-	-	-	-	-	-	11,102
Loans and finance lease receivable	1,509,527	13,718	5,725	44,757	22,404	86,604	508,197	628	1,597	130,259	35,009	675,690	2,271,821
<i>loans to SMEs</i>	712,963	3,381	3,419	26,560	11,700	45,060	138,168	19	281	104,868	31,386	274,722	1,032,745
<i>loans to other enterprises</i>	438,634	3,319	-	267	42	3,628	367,332	-	-	11,095	-	378,427	820,689
<i>loans to financial institutions</i>	230,545	-	-	-	-	-	-	-	-	-	-	-	230,545
<i>loans to individuals</i>	127,385	7,018	2,306	17,930	10,662	37,916	2,697	609	1,316	14,296	3,623	22,541	187,842
Investment securities:	503,168	-	-	-	-	-	-	-	-	-	-	-	503,168
<i>available-for-sale</i>	42,935	-	-	-	-	-	-	-	-	-	-	-	42,935
<i>held-to-maturity</i>	460,233	-	-	-	-	-	-	-	-	-	-	-	460,233
Other assets	59,287	-	-	-	-	-	-	-	-	8	-	8	59,295
<b>Total</b>	<b>3,091,479</b>	<b>13,718</b>	<b>5,725</b>	<b>44,757</b>	<b>22,404</b>	<b>86,604</b>	<b>508,198</b>	<b>628</b>	<b>1,597</b>	<b>130,267</b>	<b>35,009</b>	<b>675,699</b>	<b>3,853,782</b>

**e) Impairment of financial assets**

As of 30 June 2010, 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	281,032	-	281,032	281,032	-	281,032
Loans and advances to banks and other credit institutions	768,283	(1)	768,282	760,784	(1)	760,783
Financial assets at fair value through profit or loss	48,063	-	48,063	11,219	-	11,219
Loans and finance lease receivable:	2,846,423	(203,218)	2,643,205	2,532,756	(165,644)	2,367,112
<i>loans to SMEs</i>	1,512,405	(129,793)	1,382,612	1,312,602	(120,623)	1,191,979
<i>loans to other enterprises</i>	971,047	(17,292)	953,755	610,173	(15,890)	594,283
<i>loans to financial institutions</i>	4,185	-	4,185	416,994	-	416,994
<i>loans to individuals</i>	358,786	(56,133)	302,653	192,987	(29,131)	163,856
Investment securities:	563,069	-	563,069	883,887	-	883,887
<i>available-for-sale</i>	21,150	-	21,150	20,730	-	20,730
<i>held-to-maturity</i>	541,919	-	541,919	863,157	-	863,157
Other assets	72,188	(402)	71,786	60,174	(399)	59,775
<b>Total</b>	<b>4,579,058</b>	<b>(203,621)</b>	<b>4,375,437</b>	<b>4,529,852</b>	<b>(166,044)</b>	<b>4,363,808</b>

As of 31 December 2009, 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	338,070	-	338,070	338,070	-	338,070
Loans and advances to banks and other credit institutions	677,969	(1)	677,968	670,327	(1)	670,326
Financial assets at fair value through profit or loss	42,989	-	42,989	11,102	-	11,102
Loans and finance lease receivable:	2,625,622	(205,118)	2,420,504	2,448,381	(176,560)	2,271,821
<i>loans to SMEs</i>	1,184,265	(127,135)	1,057,130	1,152,249	(119,504)	1,032,745
<i>loans to other enterprises</i>	861,040	(34,920)	826,120	854,116	(33,427)	820,689
<i>loans to financial institutions</i>	185,950	-	185,950	230,545	-	230,545
<i>loans to individuals</i>	394,367	(43,063)	351,304	211,471	(23,629)	187,842
Investment securities:	311,835	-	311,835	503,168	-	503,168
<i>available-for-sale</i>	43,339	-	43,339	42,935	-	42,935
<i>held-to-maturity</i>	268,496	-	268,496	460,233	-	460,233
Other assets	83,658	(504)	83,154	59,796	(501)	59,295
<b>Total</b>	<b>4,080,143</b>	<b>(205,623)</b>	<b>3,874,520</b>	<b>4,030,844</b>	<b>(177,062)</b>	<b>3,853,782</b>

**EXPLANATORY NOTES**  
**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2010**  
(All amounts in LTL thousands unless otherwise stated)



Movements in the provision for impairment losses on Group's financial assets for the period are as follows:

The Group	Loans and advances to banks and other credit institutions	Loans and finance lease receivable:					Other assets	Total
		Loans to financial institutions	Loans to SMEs	Loans to other enterprises	Loans to individuals	Total		
<b>As of 1 January 2009</b>	-	-	<b>64,412</b>	<b>14,515</b>	<b>21,705</b>	<b>100,632</b>	<b>412</b>	<b>101,044</b>
Reversal of provisions	-	-	(49,808)	(22,263)	(6,346)	(78,417)	(204)	(78,621)
Provisions written-off	-	-	(1)	(1)	-	(2)	(18)	(20)
Currency exchange rate effect	-	-	(13)	(6)	2	(17)	2	(15)
Provision charged	-	-	56,000	28,914	14,790	99,704	235	99,939
<b>As of 30 June 2009</b>	-	-	<b>70,590</b>	<b>21,159</b>	<b>30,151</b>	<b>121,900</b>	<b>427</b>	<b>122,327</b>
Reversal of provisions	(64)	-	(25,116)	(9,952)	(7,973)	(43,041)	(136)	(43,241)
Provisions written-off	(87)	-	(72)	(55)	(8,474)	(8,601)	(23)	(8,711)
Currency exchange rate effect	-	-	(526)	(89)	(66)	(681)	(2)	(683)
Provision charged	152	-	82,259	23,857	29,425	135,541	238	135,931
<b>As of 31 December 2009</b>	<b>1</b>	-	<b>127,135</b>	<b>34,920</b>	<b>43,063</b>	<b>205,118</b>	<b>504</b>	<b>205,623</b>
Reversal of provisions	(40)	-	(30,554)	(23,889)	(6,952)	(61,395)	(208)	(61,643)
Provisions written-off	-	-	-	-	(592)	(592)	(10)	(602)
Currency exchange rate effect	-	-	1,336	290	149	1,775	4	1,779
Provision charged	40	-	31,876	5,971	20,465	58,312	112	58,464
<b>As of 30 June 2010</b>	<b>1</b>	-	<b>129,793</b>	<b>17,292</b>	<b>56,133</b>	<b>203,218</b>	<b>402</b>	<b>203,621</b>

**EXPLANATORY NOTES**  
**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2010**  
(All amounts in LTL thousands unless otherwise stated)



Movements in the provision for impairment losses on Bank's financial assets for the period are as follows:

The Bank	Loans and advances to banks and other credit institutions	Loans and finance lease receivable:					Other assets	Total
		Loans to financial institutions	Loans to SMEs	Loans to other enterprises	Loans to individuals	Total		
<b>As of 1 January 2009</b>	-	<b>5,839</b>	<b>57,869</b>	<b>13,663</b>	<b>9,808</b>	<b>87,179</b>	<b>412</b>	<b>87,591</b>
Reversal of provisions	-	(6,154)	(49,808)	(22,263)	(6,346)	(84,571)	(204)	(84,775)
Provisions written-off	-	-	(1)	(1)	-	(2)	(18)	(20)
Currency exchange rate effect	-	315	3	-	1	319	2	321
Provision charged	-	-	52,914	28,628	10,753	92,295	235	92,530
<b>As of 30 June 2009</b>	-	-	<b>60,977</b>	<b>20,027</b>	<b>14,216</b>	<b>95,220</b>	<b>427</b>	<b>95,647</b>
Reversal of provisions	(64)	-	(25,116)	(9,952)	(7,973)	(43,041)	(136)	(43,241)
Provisions written-off	(87)	-	(1)	-	(8)	(9)	(23)	(119)
Currency exchange rate effect	-	-	(266)	-	(2)	(268)	(2)	(270)
Provision charged	152	-	83,910	23,352	17,396	124,658	235	125,045
<b>As of 31 December 2009</b>	<b>1</b>	-	<b>119,504</b>	<b>33,427</b>	<b>23,629</b>	<b>176,560</b>	<b>501</b>	<b>177,062</b>
Reversal of provisions	(40)	-	(30,178)	(23,545)	(6,952)	(60,675)	(208)	(60,923)
Provisions written-off	-	-	-	-	(8)	(8)	(10)	(18)
Currency exchange rate effect	-	-	627	37	10	674	4	678
Provision charged	40	-	30,670	5,971	12,452	49,093	112	49,245
<b>As of 30 June 2010</b>	<b>1</b>	-	<b>120,623</b>	<b>15,890</b>	<b>29,131</b>	<b>165,644</b>	<b>399</b>	<b>166,044</b>

Movements in the provision for off-balance sheet items for the period are as follows:

The Group		The Bank	
2010-01-01 – 2010-06-30	2009-01-01 – 2009-06-30	2010-01-01 – 2010-06-30	2009-01-01 – 2009-06-30
<b>Provisions for off-balance sheet items:</b>			
128	-	128	-
-	-	-	-
21	(8)	21	(8)
-	138	-	138
<b>149</b>	<b>130</b>	<b>149</b>	<b>130</b>
<b>Balance as of 30 June</b>			

**EXPLANATORY NOTES**  
**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2010**  
(All amounts in LTL thousands unless otherwise stated)



Impairment charge for credit losses reconciles to the income statement as follows:

<b>The Group</b>			<b>The Bank</b>	
<b>2010-01-01- 2010-06-30</b>	<b>2009-01-01 - 2010-06-30</b>		<b>2010-01-01- 2010-06-30</b>	<b>2009-01-01 - 2010-06-30</b>
58,464	99,939	Provisions charged for balance sheet items	49,245	92,530
(61,643)	(78,621)	Provisions reversed for balance sheet items	(60,923)	(84,775)
-	138	Provisions charged for off-balance sheet items	-	138
-	-	Provisions reversed for off-balance sheet items	-	-
<b>(3,179)</b>	<b>21,456</b>	<b>Provisions charged to profit or loss</b>	<b>(11,678)</b>	<b>7,893</b>

**f) Collateral and other credit enhancements**

The Group as of 30 June 2010:

	<b>Neither past due nor individually impaired</b>			<b>Past due but not individually impaired</b>			<b>Individually impaired</b>			<b>Total</b>		
	<b>Book value</b>	<b>Fair value of the collateral</b>	<b>Book value less collateral</b>	<b>Book value</b>	<b>Fair value of the collateral</b>	<b>Book value less collateral</b>	<b>Book value</b>	<b>Fair value of the collateral</b>	<b>Book value less collateral</b>	<b>Book value</b>	<b>Fair value of the collateral</b>	<b>Book value less collateral</b>
Funds with central banks	281,032	-	281,032	-	-	-	-	-	-	281,032	-	281,032
Loans and advances to banks and other credit institutions	768,282	1,590	766,692	-	-	-	-	-	-	768,282	1,590	766,692
Financial assets at fair value through profit or loss	48,063	-	48,063	-	-	-	-	-	-	48,063	-	48,063
Loans and finance lease receivable:	2,125,405	1,709,208	416,197	161,712	142,321	19,391	356,088	343,113	12,975	2,643,205	2,194,642	448,563
<i>loans to SMEs</i>	1,107,640	900,117	207,523	91,019	87,631	3,388	183,953	181,766	2,187	1,382,612	1,169,514	213,098
<i>loans to other enterprises</i>	798,842	706,016	92,826	24,087	22,066	2,021	130,826	130,730	96	953,755	858,812	94,943
<i>loans to financial institutions</i>	4,185	4,184	1	-	-	-	-	-	-	4,185	4,184	1
<i>loans to individuals</i>	214,738	98,891	115,847	46,606	32,624	13,982	41,309	30,617	10,692	302,653	162,132	140,521
Investment securities:	558,505	-	558,505	4,564	-	4,564	-	-	-	563,069	-	563,069
<i>available-for-sale</i>	21,150	-	21,150	-	-	-	-	-	-	21,150	-	21,150
<i>held-to-maturity</i>	537,355	-	537,355	4,564	-	4,564	-	-	-	541,919	-	541,919
Other assets	71,759	-	71,759	6	-	6	21	-	21	71,786	-	71,786
<b>Total</b>	<b>3,853,046</b>	<b>1,710,798</b>	<b>2,142,248</b>	<b>166,282</b>	<b>142,321</b>	<b>23,961</b>	<b>356,109</b>	<b>343,113</b>	<b>12,996</b>	<b>4,375,437</b>	<b>2,196,232</b>	<b>2,179,205</b>

**EXPLANATORY NOTES**  
**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2010**  
(All amounts in LTL thousands unless otherwise stated)



The Group as of 31 December 2009:

	Neither past due nor individually impaired			Past due but not individually impaired			Individually impaired			Total		
	Book value	Fair value of the collateral	Book value less collateral	Book value	Fair value of the collateral	Book value less collateral	Book value	Fair value of the collateral	Book value less collateral	Book value	Fair value of the collateral	Book value less collateral
Funds with central banks	338,070	-	338,070	-	-	-	-	-	-	338,070	-	338,070
Loans and advances to banks and other credit institutions	677,967	1,109	676,858	-	-	-	1	-	1	677,968	1,109	676,859
Financial assets at fair value through profit or loss	42,989	-	42,989	-	-	-	-	-	-	42,989	-	42,989
Loans and finance lease receivable:	1,575,785	1,081,466	494,319	130,414	122,053	8,361	714,305	694,710	19,595	2,420,504	1,898,229	522,275
<i>loans to SMEs</i>	690,191	531,260	158,931	75,072	75,042	30	291,867	291,275	592	1,057,130	897,577	159,553
<i>loans to other enterprises</i>	441,084	330,251	110,833	4,537	4,133	404	380,499	380,483	16	826,120	714,867	111,253
<i>loans to financial institutions</i>	185,950	95,407	90,543	-	-	-	-	-	-	185,950	95,407	90,543
<i>loans to individuals</i>	258,560	124,548	134,012	50,805	42,878	7,927	41,939	22,952	18,987	351,304	190,378	160,926
Investment securities:	311,835	-	311,835	-	-	-	-	-	-	311,835	-	311,835
<i>available-for-sale</i>	43,339	-	43,339	-	-	-	-	-	-	43,339	-	43,339
<i>held-to-maturity</i>	268,496	-	268,496	-	-	-	-	-	-	268,496	-	268,496
Other assets	83,146	-	83,146	-	-	-	8	-	8	83,154	-	83,154
<b>Total</b>	<b>3,029,792</b>	<b>1,082,575</b>	<b>1,947,217</b>	<b>130,414</b>	<b>122,053</b>	<b>8,361</b>	<b>714,314</b>	<b>694,710</b>	<b>19,604</b>	<b>3,874,520</b>	<b>1,899,338</b>	<b>1,975,182</b>

**EXPLANATORY NOTES**  
**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2010**  
(All amounts in LTL thousands unless otherwise stated)



The Bank as of 30 June 2010:

	Neither past due nor individually impaired			Past due but not individually impaired			Individually impaired			Total		
	Book value	Fair value of the collateral	Book value less collateral	Book value	Fair value of the collateral	Book value less collateral	Book value	Fair value of the collateral	Book value less collateral	Book value	Fair value of the collateral	Book value less collateral
Funds with central banks	281,032	-	281,032	-	-	-	-	-	-	281,032	-	281,032
Loans and advances to banks and other credit institutions	760,783	1,590	759,193	-	-	-	-	-	-	760,783	1,590	759,193
Financial assets at fair value through profit or loss	11,219	-	11,219	-	-	-	-	-	-	11,219	-	11,219
Loans and finance lease receivable:	1,933,795	1,181,046	752,749	120,202	110,314	9,888	313,115	308,541	4,574	2,367,112	1,599,901	767,211
<i>loans to SMEs</i>	971,790	764,299	207,491	65,722	62,341	3,381	154,467	152,281	2,186	1,191,979	978,921	213,058
<i>loans to other enterprises</i>	441,201	336,929	104,272	23,465	21,444	2,021	129,617	129,521	96	594,283	487,894	106,389
<i>loans to financial institutions</i>	416,364	4,184	412,180	630	-	630	-	-	-	416,994	4,184	412,810
<i>loans to individuals</i>	104,440	75,634	28,806	30,385	26,529	3,856	29,031	26,739	2,292	163,856	128,902	34,954
Investment securities:	879,323	-	879,323	4,564	-	4,564	-	-	-	883,887	-	883,887
<i>available-for-sale</i>	20,730	-	20,730	-	-	-	-	-	-	20,730	-	20,730
<i>held-to-maturity</i>	858,593	-	858,593	4,564	-	4,564	-	-	-	863,157	-	863,157
Other assets	59,748	-	59,748	6	-	6	21	-	21	59,775	-	59,775
<b>Total</b>	<b>3,925,900</b>	<b>1,182,636</b>	<b>2,743,264</b>	<b>124,772</b>	<b>110,314</b>	<b>14,458</b>	<b>313,136</b>	<b>308,541</b>	<b>4,595</b>	<b>4,363,808</b>	<b>1,601,491</b>	<b>2,762,317</b>

**EXPLANATORY NOTES**  
**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2010**  
(All amounts in LTL thousands unless otherwise stated)



The Bank as of 31 December 2009:

	Neither past due nor individually impaired			Past due but not individually impaired			Individually impaired			Total		
	Book value	Fair value of the collateral	Book value less collateral	Book value	Fair value of the collateral	Book value less collateral	Book value	Fair value of the collateral	Book value less collateral	Book value	Fair value of the collateral	Book value less collateral
Funds with central banks	338,070	-	338,070	-	-	-	-	-	-	338,070	-	338,070
Loans and advances to banks and other credit institutions	670,325	1,109	669,216	-	-	-	1	-	1	670,326	1,109	669,217
Financial assets at fair value through profit or loss	11,102	-	11,102	-	-	-	-	-	-	11,102	-	11,102
Loans and finance lease receivable:	1,509,527	1,062,573	446,954	86,604	81,931	4,673	675,690	672,236	3,454	2,271,821	1,816,740	455,081
<i>loans to SMEs</i>	712,963	554,059	158,904	45,060	45,033	27	274,722	274,136	586	1,032,745	873,228	159,517
<i>loans to other enterprises</i>	438,634	325,530	113,104	3,628	3,224	404	378,427	378,411	16	820,689	707,165	113,524
<i>loans to financial institutions</i>	230,545	95,407	135,138	-	-	-	-	-	-	230,545	95,407	135,138
<i>loans to individuals</i>	127,385	87,577	39,808	37,916	33,674	4,242	22,541	19,689	2,852	187,842	140,940	46,902
Investment securities:	503,168	-	503,168	-	-	-	-	-	-	503,168	-	503,168
<i>available-for-sale</i>	42,935	-	42,935	-	-	-	-	-	-	42,935	-	42,935
<i>held-to-maturity</i>	460,233	-	460,233	-	-	-	-	-	-	460,233	-	460,233
Other assets	59,287	-	59,287	-	-	-	8	-	8	59,295	-	59,295
<b>Total</b>	<b>3,091,479</b>	<b>1,063,682</b>	<b>2,027,797</b>	<b>86,604</b>	<b>81,931</b>	<b>4,673</b>	<b>675,699</b>	<b>672,236</b>	<b>3,463</b>	<b>3,853,782</b>	<b>1,817,849</b>	<b>2,035,933</b>

**NOTE 15 LIQUIDITY RISK AND FUNDING**

As of 30 June 2010 the Group's assets and liabilities by maturity were as follows:

	<b>Up to 1 month</b>	<b>1-3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>5 years and up</b>	<b>Unlimited period</b>	<b>Total</b>
<b>Assets</b>							
Cash and balances with central bank	344,480	-	-	-	-	-	344,480
Loans and advances to banks and credit institutions	760,227	2,450	2,192	3,413	-	-	768,282
Financial assets at fair value through profit or loss	1,027	-	1,897	6,303	5,998	32,838	48,063
Loans and finance lease receivable	47,357	186,189	1,230,270	735,722	217,643	226,024	2,643,205
Investment securities:							
<i>available-for-sale</i>	84	6	336	21	19,794	909	21,150
<i>held-to-maturity</i>	9,932	5,804	286,056	217,755	17,808	4,564	541,919
Intangible assets	-	-	-	-	-	21,781	21,781
Property, plant and equipment	-	-	-	-	-	31,926	31,926
Investment property	-	-	-	-	-	134,673	134,673
Deferred income tax assets	-	-	-	-	-	12,861	12,861
Assets classified as held for sale	-	-	56,963	-	-	-	56,963
Other assets	5,329	1,238	3,158	11,777	4,226	60,900	86,628
<b>Total assets</b>	<b>1,168,436</b>	<b>195,687</b>	<b>1,580,872</b>	<b>974,991</b>	<b>265,469</b>	<b>526,476</b>	<b>4,711,931</b>
<b>Liabilities</b>							
Due to banks and other credit institutions	98,500	315	207,375	40,628	-	61,377	408,195
Financial liabilities at fair value through profit or loss	19	-	-	-	-	-	19
Due to customers	1,401,734	586,451	1,423,336	184,668	10,497	-	3,606,686
Debt securities in issue	-	22,857	17,536	-	-	-	40,393
Subordinated loans	1,313	-	-	-	143,226	-	144,539
Deferred tax liabilities	-	-	-	-	-	14,999	14,999
Liabilities directly associated with assets classified as held for sale	-	-	2,604	-	-	-	2,604
Other liabilities	45,091	640	1,471	4,014	29,789	323	81,328
<b>Total liabilities</b>	<b>1,546,657</b>	<b>610,263</b>	<b>1,652,322</b>	<b>229,310</b>	<b>183,512</b>	<b>76,699</b>	<b>4,298,763</b>
<b>Net position</b>	<b>(378,221)</b>	<b>(414,576)</b>	<b>(71,450)</b>	<b>745,681</b>	<b>81,957</b>	<b>449,777</b>	<b>413,168</b>

As of 31 December 2009 the Group's assets and liabilities by maturity were as follows:

	<b>Up to 1 month</b>	<b>1-3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>5 years and up</b>	<b>Unlimited period</b>	<b>Total</b>
Total assets	1,643,084	558,945	547,019	789,232	177,054	581,249	4,296,583
Total liabilities	1,681,833	663,760	1,166,745	168,122	179,538	25,414	3,885,412
<b>Net position</b>	<b>(38,749)</b>	<b>(104,815)</b>	<b>(619,726)</b>	<b>621,110</b>	<b>(2,484)</b>	<b>555,835</b>	<b>411,171</b>

**EXPLANATORY NOTES**  
**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2010**  
(All amounts in LTL thousands unless otherwise stated)



As of 30 June 2010 the Bank's assets and liabilities by maturity were as follows:

	<b>Up to 1 month</b>	<b>1-3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>5 years and up</b>	<b>Unlimited period</b>	<b>Total</b>
<b>Assets</b>							
Cash and balances with central bank	344,480	-	-	-	-	-	344,480
Loans and advances to banks and other credit institutions	759,323	-	-	1,460	-	-	760,783
Financial assets at fair value through profit or loss	918	-	-	-	-	10,301	11,219
Loans and finance lease receivable	33,713	168,145	1,200,056	634,251	121,679	209,268	2,367,112
Investment securities:							
<i>available-for-sale</i>	84	6	336	21	19,794	489	20,730
<i>held-to-maturity</i>	121,924	219,804	281,852	217,205	17,808	4,564	863,157
Investments in subsidiaries	-	-	-	-	-	157,646	157,646
Intangible assets	-	-	-	-	-	1,851	1,851
Property, plant and equipment	-	-	-	-	-	23,290	23,290
Investment property	-	-	-	-	-	6,031	6,031
Assets classified as held for sale	-	-	4,261	-	-	-	4,261
Deferred income tax assets	-	-	-	-	-	12,861	12,861
Other assets	4,065	592	2,158	9,430	4,211	41,195	61,651
<b>Total assets</b>	<b>1,264,507</b>	<b>388,547</b>	<b>1,488,663</b>	<b>862,367</b>	<b>163,492</b>	<b>467,496</b>	<b>4,635,072</b>
<b>Liabilities</b>							
Due to banks and other credit institutions	98,500	315	207,375	40,628	-	61,377	408,195
Financial liabilities at fair value through profit or loss	19	-	-	-	-	-	19
Due to customers	1,402,887	586,920	1,429,096	185,025	10,497	-	3,614,425
Debt securities in issue	-	22,857	17,536	-	-	-	40,393
Subordinated loans	1,313	-	-	-	143,226	-	144,539
Deferred tax liabilities	-	-	-	-	-	-	-
Other liabilities	31,322	317	325	105	-	-	32,069
<b>Total liabilities</b>	<b>1,534,041</b>	<b>610,409</b>	<b>1,654,332</b>	<b>225,758</b>	<b>153,723</b>	<b>61,377</b>	<b>4,239,640</b>
<b>Net position</b>	<b>(269,534)</b>	<b>(221,862)</b>	<b>(165,669)</b>	<b>636,609</b>	<b>9,769</b>	<b>406,119</b>	<b>395,432</b>

As of 31 December 2009 the Bank's assets and liabilities by maturity were as follows:

Total assets	1,870,912	537,637	411,385	728,644	144,587	527,559	4,220,724
Total liabilities	1,676,014	659,645	1,164,547	168,263	147,764	10,160	3,826,393
<b>Net position</b>	<b>194,898</b>	<b>(122,008)</b>	<b>(753,162)</b>	<b>560,381</b>	<b>(3,177)</b>	<b>517,399</b>	<b>394,331</b>

**NOTE 16 market risk**

**a) currency risk**

Concentrations of assets, liabilities and off balance sheet items of the Group as of 30 June 2010:

	<b>EUR</b>	<b>USD</b>	<b>LTL</b>	<b>Other</b>	<b>Total</b>
<b>Assets</b>					
Cash and balances with central bank	20,077	4,908	316,474	3,021	344,480
Loans and advances to banks and other credit institutions	505,488	234,892	4,453	23,449	768,282
Financial assets at fair value through profit or loss	24,812	5,323	17,176	752	48,063
Loans and finance lease receivable	1,033,160	290,919	1,301,730	17,396	2,643,205
Investment securities:					
<i>available-for-sale</i>	3,246	17,384	520	-	21,150
<i>held-to-maturity</i>	380,019	142,801	19,099	-	541,919
Intangible assets	-	-	21,735	46	21,781
Property, plant and equipment	-	-	24,596	7,330	31,926
Investment property	-	-	134,673	-	134,673
Deferred income tax assets	-	-	12,861	-	12,861
Assets classified as held for sale	-	-	56,963	-	56,963
Other assets	4,968	429	71,190	10,041	86,628
<b>Total assets</b>	<b>1,971,770</b>	<b>696,656</b>	<b>1,981,470</b>	<b>62,035</b>	<b>4,711,931</b>
<b>Liabilities</b>					
Due to banks and other credit institutions	264,703	115,904	27,574	14	408,195
Financial liabilities at fair value through profit or loss	-	-	19	-	19
Due to customers	1,132,409	557,133	1,872,031	45,113	3,606,686
Debt securities in issue	14,857	-	25,536	-	40,393
Subordinated loans	94,539	-	50,000	-	144,539
Deferred income tax liabilities	-	-	14,999	-	14,999
Liabilities directly associated with assets classified as held for sale	-	-	2,604	-	2,604
Other liabilities	4,345	4,218	72,540	225	81,328
<b>Total liabilities</b>	<b>1,510,853</b>	<b>677,255</b>	<b>2,065,303</b>	<b>45,352</b>	<b>4,298,763</b>
<b>Total equity</b>	-	-	<b>417,386</b>	<b>(4,218)</b>	<b>413,168</b>
<b>Total liabilities and equity</b>	<b>1,510,853</b>	<b>677,255</b>	<b>2,482,689</b>	<b>41,134</b>	<b>4,711,931</b>
<b>Net balance sheet position</b>	<b>460,917</b>	<b>19,401</b>	<b>(501,219)</b>	<b>20,901</b>	-
<b>Net off-balance sheet position</b>	<b>(452,685)</b>	<b>(36,500)</b>	<b>487,472</b>	<b>712</b>	<b>(1,001)</b>
<b>Net balance and off-balance sheet position</b>	<b>8,232</b>	<b>(17,099)</b>	<b>(13,747)</b>	<b>21,613</b>	<b>(1,001)</b>
Credit commitments	57,189	1,881	81,582	-	140,652
Issued guarantees	6,088	4,972	49,469	544	61,073

Concentrations of assets, liabilities and off balance sheet items of the Group as of 31 December 2009:

	<b>EUR</b>	<b>USD</b>	<b>LTL</b>	<b>Other</b>	<b>Total</b>
<b>Total assets</b>	<b>1,705,520</b>	<b>526,888</b>	<b>1,956,307</b>	<b>107,868</b>	<b>4,296,583</b>
<b>Total liabilities and equity</b>	<b>1,480,234</b>	<b>531,157</b>	<b>2,202,519</b>	<b>82,673</b>	<b>4,296,583</b>
Net balance sheet position	225,286	(4,269)	(246,212)	25,195	-
Net off-balance sheet position	(231,646)	(5,769)	245,089	(5,672)	2,002
Net balance and off-balance sheet position	(6,360)	(10,038)	(1,123)	19,523	2,002

**EXPLANATORY NOTES**  
**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2010**  
(All amounts in LTL thousands unless otherwise stated)



Concentrations of assets, liabilities and off balance sheet items of the Bank as of 30 June 2010:

	EUR	USD	LTL	Other	Total
<b>Assets</b>					
Cash and balances with central bank	20,077	4,908	316,474	3,021	344,480
Loans and advances to banks and other credit institutions	502,983	234,683	-	23,117	760,783
Financial assets at fair value through profit or loss	899	1,306	9,011	3	11,219
Loans and finance lease receivable	991,962	308,535	1,049,219	17,396	2,367,112
Investment securities:					
<i>available-for-sale</i>	3,246	17,384	100	-	20,730
<i>held-to-maturity</i>	375,648	142,410	345,099	-	863,157
Investments in subsidiaries	-	-	157,646	-	157,646
Intangible assets	-	-	1,851	-	1,851
Property, plant and equipment	-	-	23,290	-	23,290
Investment property	-	-	6,031	-	6,031
Assets classified as held for sale	-	-	4,261	-	4,261
Deferred income tax assets	-	-	12,861	-	12,861
Other assets	4,947	416	54,486	1,802	61,651
<b>Total assets</b>	<b>1,899,762</b>	<b>709,642</b>	<b>1,980,329</b>	<b>45,339</b>	<b>4,635,072</b>
<b>Liabilities</b>					
Due to banks and other financial institutions	264,703	115,904	27,574	14	408,195
Financial liabilities at fair value through profit or loss	-	-	19	-	19
Due to customers	1,133,831	557,139	1,878,342	45,113	3,614,425
Debt securities in issue	14,857	-	25,536	-	40,393
Subordinated loans	94,539	-	50,000	-	144,539
Deferred tax liabilities	-	-	-	-	-
Other liabilities	2,196	3,935	25,828	110	32,069
<b>Total liabilities</b>	<b>1,510,126</b>	<b>676,978</b>	<b>2,007,299</b>	<b>45,237</b>	<b>4,239,640</b>
<b>Total equity</b>	-	-	<b>395,432</b>	-	<b>395,432</b>
<b>Total liabilities and equity</b>	<b>1,510,126</b>	<b>676,978</b>	<b>2,402,731</b>	<b>45,237</b>	<b>4,635,072</b>
<b>Net balance sheet position</b>	<b>389,636</b>	<b>32,664</b>	<b>(422,402)</b>	<b>102</b>	-
<b>Net off-balance sheet position</b>	<b>(388,322)</b>	<b>(31,775)</b>	<b>418,411</b>	<b>712</b>	<b>(974)</b>
<b>Net balance and off-balance sheet position</b>	<b>1,314</b>	<b>889</b>	<b>(3,991)</b>	<b>814</b>	<b>(974)</b>
Credit commitments	57,096	1,881	28,386		87,353
Issued guarantees	6,088	4,972	49,469	544	61,073

Concentrations of assets, liabilities and off balance sheet items of the Bank as of 31 December 2009:

	EUR	USD	LTL	Other	Total
<b>Total assets</b>	<b>1,639,462</b>	<b>536,405</b>	<b>1,952,616</b>	<b>92,241</b>	<b>4,220,724</b>
<b>Total liabilities and equity</b>	<b>1,481,331</b>	<b>531,325</b>	<b>2,121,914</b>	<b>86,154</b>	<b>4,220,724</b>
Net balance sheet position	158,131	5,080	(169,298)	6,087	-
Net off-balance sheet position	(162,920)	(5,429)	172,906	(5,671)	(1,114)
Net balance and off-balance sheet position	(4,789)	(349)	3,608	416	(1,114)

Sensitivity to currency risk, LTL'000:

<b>The Group</b>			<b>The Bank</b>	
<b>2010-06-30</b>	<b>2009-12-31</b>		<b>2010-06-30</b>	<b>2009-12-31</b>
<b>Sensitivity to changes in EUR rates</b>				
-	-	Expected rate fluctuation, %	-	-
8,230	(6,360)	Open position	1,313	(4,789)
-	-	Effect on profit or loss	-	-
-	-	Effect on equity	-	-
<b>Sensitivity to changes in USD rates</b>				
15.43	1.86	Expected rate fluctuation, %	15.43	1.86
(17,098)	(10,038)	Open position	888	(349)
±2,638	±187	Effect on profit or loss	±137	±6
-	-	Effect on equity	-	-
<b>Sensitivity to changes in UAH rates</b>				
12.12	7.21	Expected rate fluctuation, %	12.12	7.21
20,471	18,780	Open position	421	354
±2,481	±1,354	Effect on profit or loss	±51	±26
-	-	Effect on equity	-	-

Expected rate fluctuation is based on the actual changes during the year till reporting date.

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

**b) interest rate risk**

To minimize the risk of interest rate fluctuations granting loans with variable interest rate the Group/Bank sets a floor for fixed interest rates. As of 30 June 2010 loans with fixed lowest interest rate for the Group/Bank comprised LTL'000 1,087,361 tūkst. Lt (31 December 2009: LTL'000 1,185,575).

Groups' assets and liabilities stated at their carrying amounts at earlier of interest reprising and contractual maturity date as of 30 June 2010.

	<b>Up to 1 month</b>	<b>1-3 months</b>	<b>3-12 months</b>	<b>Over 1 year</b>	<b>Non- interest bearing</b>	<b>Total</b>
<b>Assets</b>						
Cash and balances with central bank	70,239	-	-	-	274,241	344,480
Loans and advances to banks and other credit institutions	318,814	2,274	2,182	3,257	441,755	768,282
Financial assets at fair value through profit or loss	14,105	-	-	-	33,958	48,063
Loans and finance lease receivable	814,428	164,669	959,463	433,452	271,193	2,643,205
Investment securities:	24,164	8,312	281,197	231,883	17,513	563,069
<i>available-for-sale</i>	16,523	-	-	-	4,627	21,150
<i>held-to-maturity</i>	7,641	8,312	281,197	231,883	12,886	541,919
Intangible assets	-	-	-	-	21,781	21,781
Property, plant and equipment	-	-	-	-	31,926	31,926
Investment property	-	-	-	-	134,673	134,673
Deferred income tax assets	-	-	-	-	12,861	12,861
Assets classified as held for sale	-	-	-	-	56,963	56,963
Other assets	-	-	-	-	86,628	86,628
<b>Total assets</b>	<b>1,241,750</b>	<b>175,255</b>	<b>1,242,842</b>	<b>668,592</b>	<b>1,383,492</b>	<b>4,711,931</b>

<b>Liabilities</b>						
Due to banks and other credit institutions	148,785	260	154,464	27,108	77,578	408,195
Financial liabilities at fair value through profit or loss	-	-	-	-	19	19
Due to customers	738,953	574,938	1,397,975	130,114	764,706	3,606,686
Debt securities in issue	-	21,655	17,467	-	1,271	40,393
Subordinated loans	-	-	-	143,226	1,313	144,539
Deferred income tax liabilities	-	-	-	-	14,999	14,999
Liabilities directly associated with assets classified as held for sale	-	-	-	-	2,604	2,604
Other liabilities	-	-	-	-	81,328	81,328
<b>Total liabilities</b>	<b>887,738</b>	<b>596,853</b>	<b>1,569,906</b>	<b>300,448</b>	<b>943,818</b>	<b>4,298,763</b>

Off balance sheet claims sensitive to interest rate changes	-	-	-	-	-	-
Off balance sheet liabilities sensitive to interest rate changes	-	-	-	-	-	-
Interest rate risk	354,012	(421,598)	(327,064)	368,144	439,674	413,168

Groups' assets and liabilities stated at their carrying amounts at earlier of interest reprising and contractual maturity date as of 31 December 2009:

	<b>Up to 1 month</b>	<b>1-3 months</b>	<b>3-12 months</b>	<b>Over 1 year</b>	<b>Non- interest bearing</b>	<b>Total</b>
<b>Total assets</b>	<b>1,563,912</b>	<b>557,658</b>	<b>259,049</b>	<b>389,456</b>	<b>1,526,508</b>	<b>4,296,583</b>
<b>Total liabilities</b>	<b>1,029,084</b>	<b>647,915</b>	<b>1,146,220</b>	<b>250,265</b>	<b>811,928</b>	<b>3,885,412</b>
Off balance sheet claims sensitive to interest rate changes	-	-	-	-	-	-
Off balance sheet liabilities sensitive to interest rate changes	-	-	-	-	-	-
Interest rate risk	534,828	(90,257)	(887,171)	139,191	714,580	411,171

**EXPLANATORY NOTES**  
**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2010**  
(All amounts in LTL thousands unless otherwise stated)



Banks' assets and liabilities stated at their carrying amounts at earlier of interest reprising and contractual maturity date as of 30 June 2010:

	<b>Up to 1 month</b>	<b>1-3 months</b>	<b>3-12 months</b>	<b>Over 1 year</b>	<b>Non- interest bearing</b>	<b>Total</b>
<b>Assets</b>						
Cash and balances with central bank	70,239	-	-	-	274,241	344,480
Loans and advances to banks and other credit institutions	318,814	-	-	1,458	440,511	760,783
Financial assets held for trading	-	-	-	-	11,219	11,219
Loans and finance lease receivable	803,174	118,616	915,047	266,028	264,247	2,367,112
Investment securities:	136,164	222,312	277,107	231,333	16,971	883,887
<i>available-for-sale</i>	16,523	-	-	-	4,207	20,730
<i>held-to-maturity</i>	119,641	222,312	277,107	231,333	12,764	863,157
Investments in subsidiaries	-	-	-	-	157,646	157,646
Intangible assets	-	-	-	-	1,851	1,851
Property, plant and equipment	-	-	-	-	23,290	23,290
Investment property	-	-	-	-	6,031	6,031
Deferred income tax assets	-	-	-	-	12,861	12,861
Assets classified as held for sale	-	-	-	-	4,261	4,261
Other assets	-	-	-	-	61,651	61,651
<b>Total assets</b>	<b>1,328,391</b>	<b>340,928</b>	<b>1,192,154</b>	<b>498,819</b>	<b>1,274,780</b>	<b>4,635,072</b>

<b>Liabilities</b>						
Due to banks and other financial institutions	148,785	260	154,464	27,108	77,578	408,195
Financial liabilities at fair value through profit or loss	-	-	-	-	19	19
Due to customers	739,767	575,376	1,403,720	130,425	765,137	3,614,425
Debt securities in issue	-	21,655	17,467	-	1,271	40,393
Subordinated loans	-	-	-	143,226	1,313	144,539
Deferred tax liabilities	-	-	-	-	-	-
Other liabilities	-	-	-	-	32,069	32,069
<b>Total liabilities</b>	<b>888,552</b>	<b>597,291</b>	<b>1,575,651</b>	<b>300,759</b>	<b>877,387</b>	<b>4,239,640</b>

Off balance sheet claims sensitive to interest rate changes	-	-	-	-	-	-
Off balance sheet liabilities sensitive to interest rate changes	-	-	-	-	-	-
Interest rate risk	439,839	(256,363)	(383,497)	198,060	397,393	395,432

Banks' assets and liabilities stated at their carrying amounts at earlier of interest reprising and contractual maturity date as of as of 31 December 2009:

	<b>Up to 1 month</b>	<b>1-3 months</b>	<b>3-12 months</b>	<b>Over 1 year</b>	<b>Non- interest bearing</b>	<b>Total</b>
<b>Total assets</b>	<b>1,771,290</b>	<b>521,338</b>	<b>177,279</b>	<b>333,240</b>	<b>1,417,577</b>	<b>4,220,724</b>
<b>Total liabilities</b>	<b>1,031,047</b>	<b>643,898</b>	<b>1,147,263</b>	<b>250,576</b>	<b>753,609</b>	<b>3,826,393</b>
Off balance sheet claims sensitive to interest rate changes	-	-	-	-	-	-
Off balance sheet liabilities sensitive to interest rate changes	-	-	-	-	-	-
Interest rate risk	740,243	(122,560)	(969,984)	82,664	663,968	394,331

Sensitivity to interest rate risk, LTL'000:

<b>The Group</b>			<b>The Bank</b>	
<b>2010-06-30</b>	<b>2009-12-31</b>		<b>2010-06-30</b>	<b>2009-12-31</b>
<b>Changes in profit or loss if interest rates increased by 1 percentage point</b>				
(4,456)	(442)	LTL	(2,015)	1,353
2,265	1,301	EUR	1,751	813
103	109	USD	92	133
(136)	(468)	Other currencies	(141)	(472)
<b>(2,224)</b>	<b>500</b>	<b>Total changes in profit or loss if interest rates increased by 1 percentage point</b>	<b>(313)</b>	<b>1,827</b>
<b>Changes in profit or loss if interest rates decreased by 1 percentage point</b>				
5,952	442	LTL	3,512	(1,353)
560	1,610	EUR	1,073	2,097
1,413	1,255	USD	1,423	1,231
181	572	Other currencies	186	575
<b>8,106</b>	<b>3,879</b>	<b>Total changes in profit or loss if interest rates decreased by 1 percentage point</b>	<b>6,194</b>	<b>2,550</b>

#### NOTE 17 COMPLIANCE WITH PRUDENTIAL REQUIREMENTS

In 2010 and 2009, 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 2010 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	$\geq 8\%$	12.97%	13.21%
Liquidity ratio	$\geq 30\%$	45.54%	45.28%
Maximum credit exposure to a single borrower	$\leq 25\%$ (for subsidiaries – 75%) of eligible capital	Complied	Complied
Large loans	$\leq 800\%$ of eligible capital	345.12%	241.29%
Aggregate open foreign currency position	$\leq 25\%$ of eligible capital	0.35%	4.07%
Single open foreign currency position	$\leq 15\%$ of eligible capital	0.18%	3.85%

The compliance with the limits and ratios set by the Bank of Lithuania as of 31 December 2009 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	$\geq 8\%$	13.80%	14.10%
Liquidity ratio	$\geq 30\%$	52.29%	50.86%
Maximum credit exposure to a single borrower	$\leq 25\%$ (for subsidiaries – 75%) of eligible capital	Complied	Complied
Large loans	$\leq 800\%$ of eligible capital	287.43%	200.41%
Aggregate open foreign currency position	$\leq 25\%$ of eligible capital	0.12%	3.70%
Single open foreign currency position	$\leq 15\%$ of eligible capital	0.07%	3.53%

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

**NOTE 18 CAPITAL ADEQUACY**

The capital adequacy ratio set by Bank of Lithuania has to be at least 8% 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 2010 and 31 December 2009 calculated in accordance with the Bank of Lithuania regulations, is presented in the table below:

<b>The Group</b>			<b>The Bank</b>	
<b>2010-06-30</b>	<b>2009-12-31</b>		<b>2010-06-30</b>	<b>2009-12-31</b>
		<b>Tier 1 capital</b>		
245,824	245,824	Share capital	245,824	245,824
76,500	76,500	Share premium	76,500	76,500
61,650	136,647	Reserve capital	61,650	136,647
16,457	12,181	Undistributed profit of previous years	-	-
-	(70,521)	Loss of current year	-	(74,997)
16,239	16,046	Legal reserve	15,532	15,532
	-	General reserve for losses of assets	-	-
(5,106)	(5,193)	Revaluation reserve – available-for-sale investment securities	(5,101)	(5,175)
(21,781)	(22,095)	Deductions	(21,366)	(21,730)
<b>389,783</b>	<b>389,389</b>	<b>Total Tier 1 capital</b>	<b>373,039</b>	<b>372,601</b>
		<b>Tier 2 capital</b>		
(647)	(313)	Currency translation reserve		-
143,226	143,226	Eligible for inclusion in Tier 2 capital part of subordinated loans	143,226	143,226
-	-	Deductions	(19,515)	(19,511)
<b>142,579</b>	<b>142,913</b>	<b>Total Tier 2 capital</b>	<b>123,711</b>	<b>123,715</b>
<b>532,362</b>	<b>532,302</b>	<b>Total Capital Base</b>	<b>496,750</b>	<b>496,316</b>
		<b>Risk-weighted assets and off-balance sheet items</b>		
3,504,700	3,231,580	Banking book risk-weighted assets and off-balance sheet items	3,457,060	3,194,730
122,090	139,250	Trading book risk-weighted assets and off-balance sheet items	51,220	80,810
404,420	404,420	Operational risk risk-weighted assets and off-balance sheet items	321,530	321,530
<b>4,031,210</b>	<b>3,775,250</b>	<b>Total risk-weighted assets and off-balance sheet items</b>	<b>3,829,810</b>	<b>3,597,070</b>
<b>9.67</b>	<b>10.31</b>	<b>Tier 1 capital / Total risk-weighted assets and off-balance sheet items, %</b>	<b>9.74</b>	<b>10.36</b>
<b>13.21</b>	<b>14.10</b>	<b>Capital adequacy ratio, %</b>	<b>12.97</b>	<b>13.80</b>

**NOTE 19 RELATED PARTY TRANSACTIONS**

<b>Related party</b>	<b>Description of relationship</b>
Shareholders Members of the Board and Council Subsidiaries	Shareholders whose interest exceeds 5% of share capital  Companies, comprising the Group as described in Note 1 to financial statements
Other related parties	UAB Ūkio Banko Investicinė Grupė; UAB Eastern Europe Development Fund; UAB FMĮ Finbaltus; UAB Apskaita ir Verslo Projektai 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 2010 and 2009 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>Other related parties</b>
	<b>Shareholders</b>		
<b>As of 30 June 2010</b>			
Loans, finance lease receivable	2,631	-	54,820
Interest income	44	-	4,370
Deposits	2,664	1,591	7,128
Interest expenses	60	2	116
<b>As of 31 December 2009</b>			
Loans, finance lease receivable	2,709	-	137,495
Interest income	107	-	9,354
Deposits	2,192	482	21,268
Interest expenses	130	17	465
<b>The Bank</b>	<b>Members of the Board and the Council</b>		<b>Other related parties</b>
	<b>Shareholders</b>		
<b>As of 30 June 2010</b>			
Loans, finance lease	2,618	-	54,757
Interest income	43	-	4,367
Deposits	2,664	1,591	7,128
Interest expense	60	2	116
<b>As of 31 December 2009</b>			
Loans, finance lease	2,656	-	137,444
Interest income	103	-	9,349
Deposits	2,192	482	21,268
Interest expense	130	17	465

In addition to the transactions described above, in December 2009 the Bank received a subordinated loan from its shareholder V.Romanov. The ordinary General Meeting of the Shareholders of AB Ūkio bankas on 26 March 2010 adopted resolution to increase AB Ūkio bankas authorized capital from additional contributions by converting subordinated loan, received from Vladimir Romanov, to a new issue of ordinary registered shares.

<b>The Group</b>		<b>Compensation to key management personnel</b>	<b>The Bank</b>	
<b>2010-01-01 – 2010-06-30</b>	<b>2009-01-01 – 2009-06-30</b>		<b>2010-01-01 – 2010-06-30</b>	<b>2009-01-01 – 2009-06-30</b>
1,696	(302)	Short-terms payments	828	(1,440)
		Long-terms payments		

**EXPLANATORY NOTES  
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2010**  
(All amounts in LTL thousands unless otherwise stated)



As of 30 June 2010 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	6,945	17	18	155
UAB Ūkio Banko Lizingas	533	326,239	6,532	(22)
UAB Ūkio Banko Investicijų Valdymas	206	25	-	2
RAB Ūkio Bank Lizing	-	47,259	1,358	-
UAB Ūkio Banko Rizikos Kapitalo Valdymas	-	11,446	259	(34)
UAB Investicinio Turto Valdymas	72	-	-	-
UAB Turto valdymo paslaugos	7	365,550	2,805	-

As of 31 December 2009 and for the year 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	6,451	2	17	543
UAB Ūkio Banko Lizingas	2,046	197,003	15,890	(98)
UAB Ūkio Banko Investicijų Valdymas	182	10	2	3
RAB Ūkio Bank Lizing	66	44,595	3,259	-
UAB Ūkio Banko Rizikos Kapitalo Valdymas	64	53,704	7,264	6,887
UAB Investicinio Turto Valdymas	11	-	4,214	-

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

**NOTE 20 CONTINGENT ASSETS AND LIABILITIES AND COMMITMENTS**

<b>The Group</b>		<b>Claims and liabilities</b>	<b>The Bank</b>	
<b>2010-06-30</b>	<b>2009-12-31</b>		<b>2010-06-30</b>	<b>2009-12-31</b>
61,073	47,702	Guarantees and warranties	61,073	47,702
4,071	4,015	Commitments to issue letters of credit	4,071	4,015
118,495	118,587	Irrevocable lending commitments	65,196	63,454
521,856	258,962	Spot liabilities	590,918	331,145
521,883	258,970	Spot claims	590,945	331,153
22,157	-	Other off balance commitments	22,157	-

As of 30 June 2010 UAB Ūkio Banko Lizingas has finance lease contracts in the amount LTL'000 259 signed, but not yet executed (31 December 2009: LTL'000 15).

Finance lease – as of 30 June 2010 the Bank has outstanding finance lease obligations under finance lease contracts in the amount of LTL'000 158 (31 December 2009: LTL'000 194). 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 2010 amounting to LTL'000 77,290 (31 December 2009: LTL'000 72,542).

As of 30 June 2009 the Bank's future annual minimum commitments under leases were following:

For the year ending 31 December	2010-06-30		2009-12-31	
	Finance lease	Operating lease	Finance lease	Operating lease
2010	39	7,819	78	10,938
2011	81	11,003	81	9,912
2012	42	9,262	42	8,197
2013	-	8,434	-	7,380
2014	-	7,542	-	6,490
Thereafter	-	3,323	-	29,625
<b>Minimum lease payments</b>	<b>162</b>	<b>77,290</b>	<b>201</b>	<b>72,542</b>
Less: interest	(4)		(7)	
<b>Present value of minimum lease payments</b>	<b>158</b>		<b>194</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 2010 and 31 December 2009 the Group/Bank was not involved in any significant legal proceedings except for those related to loan loss recovery.

**NOTE 21 OPERATING SEGMENTS**

Segments were identified by types of services Group's entities provide. The Banking segment includes financial information of AB Ūkio Bankas (main activity – banking services), Finance lease segment includes financial information of UAB Ūkio Banko Lizingas and RAB Ūkio Bank Lizing (main activity – finance lease). Other activities segment includes financial information of Group's entities not included in Banking or Finance lease segments. Other activities segment as of 30 June 2010 and for the six month period then ended includes financial information of UAB Ūkio Banko Rizikos Kapitalo Valdymas, UAB Ūkio Banko Investicijų Valdymas, UAB Investicinio Turto Valdymas, UAB Turto valdymo paslaugos and GD UAB Bonum Publicum and discontinued operations (financial information of UAB Eastern Europe Development Fund). Other activities segment as of 30 June 2009 and for the six month period then ended includes financial information of UAB Ūkio Banko Rizikos Kapitalo Valdymas, UAB Ūkio Banko Investicijų Valdymas and GD UAB Bonum Publicum.

	<b>2010-01-01 – 2010-06-30</b>				
	<b>Banking</b>	<b>Finance lease</b>	<b>Other activities</b>	<b>Elimination</b>	<b>Group</b>
<b>CONTINUING OPERATIONS</b>					
<b>Interest revenues:</b>					
Internal	10,887	22	221	(11,130)	-
External	74,132	21,843	4,106	-	100,081
	<b>85,019</b>	<b>21,865</b>	<b>4,327</b>	<b>(11,130)</b>	<b>100,081</b>
<b>Interest expenses:</b>					
Internal	(243)	(7,824)	(3,064)	11,131	-
External	(96,085)	(94)	-	-	(96,179)
	<b>(96,328)</b>	<b>(7,918)</b>	<b>(3,064)</b>	<b>11,131</b>	<b>(96,179)</b>
<b>Net interest income</b>	<b>(11,309)</b>	<b>13,947</b>	<b>1,263</b>	<b>1</b>	<b>3,902</b>
<b>Non-interest revenues:</b>					
Internal	86	20	201	(307)	-
External	66,404	3,555	8,683	-	78,642
	<b>66,490</b>	<b>3,575</b>	<b>8,884</b>	<b>(307)</b>	<b>78,642</b>
<b>Non-interest expenses:</b>					
Internal	142	(738)	(207)	803	-
External	(62,315)	(6,435)	(8,813)	-	(77,563)
	<b>(62,173)</b>	<b>(7,173)</b>	<b>(9,020)</b>	<b>803</b>	<b>(77,563)</b>
<b>Segment result before impairment, amortization and taxes</b>	<b>(6,992)</b>	<b>10,349</b>	<b>1,127</b>	<b>497</b>	<b>4,981</b>
Depreciation and amortization	(3,098)	(1,505)	(148)	-	(4,751)
Impairment losses	11,813	(6,690)	(643)	-	4,480
<b>Profit (loss) before tax</b>	<b>1,723</b>	<b>2,154</b>	<b>336</b>	<b>497</b>	<b>4,710</b>
Income tax	(696)	(460)	-	-	(1,156)
<b>Net result for the period from continuing operations</b>	<b>1,027</b>	<b>1,694</b>	<b>336</b>	<b>497</b>	<b>3,554</b>
<b>Net result from discontinued operations</b>	<b>-</b>	<b>-</b>	<b>(1,303)</b>	<b>-</b>	<b>(1,303)</b>
<b>NET RESULT FROM CONTINUING AND DISCONTINUED OPERATIONS</b>	<b>1,027</b>	<b>1,694</b>	<b>(967)</b>	<b>497</b>	<b>2,251</b>
Attributable to:					
Equity holders of the parent	1,027	1,694	(967)	497	2,251
Minority interest	-	-	-	-	-
Assets	4,635,072	395,372	653,738	(972,241)	4,711,941
Liabilities	4,239,640	387,453	486,265	(814,595)	4,298,763

**EXPLANATORY NOTES**  
**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2010**  
(All amounts in LTL thousands unless otherwise stated)



	<b>2009-01-01 – 2009-06-30</b>				
	<b>Banking</b>	<b>Finance lease</b>	<b>Other activities</b>	<b>Elimination</b>	<b>Group</b>
<b>CONTINUING OPERATIONS</b>					
<b>Interest revenues:</b>					
Internal	18,518	2	7,332	(25,852)	-
External	127,089	27,543	1,366	-	155,998
	<b>145,607</b>	<b>27,545</b>	<b>8,698</b>	<b>(25,852)</b>	<b>155,998</b>
<b>Interest expenses:</b>					
Internal	(7,333)	(11,711)	(6,806)	25,850	-
External	(111,241)	(341)	-	-	(111,582)
	<b>(118,574)</b>	<b>(12,052)</b>	<b>(6,806)</b>	<b>25,850</b>	<b>(111,582)</b>
<b>Net interest income</b>	<b>27,033</b>	<b>15,493</b>	<b>1,892</b>	<b>(2)</b>	<b>44,416</b>
<b>Non-interest revenues:</b>					
Internal	590	49	684	(1,323)	-
External	59,574	5,548	11,098	-	76,220
	<b>60,164</b>	<b>5,597</b>	<b>11,782</b>	<b>(1,323)</b>	<b>76,220</b>
<b>Non-interest expenses:</b>					
Internal	(249)	(1,278)	(113)	1,640	-
External	(71,025)	(8,223)	(9,784)	-	(89,032)
	<b>(71,274)</b>	<b>(9,501)</b>	<b>(9,897)</b>	<b>1,640</b>	<b>(89,032)</b>
<b>Segment result before impairment, amortization and taxes</b>	<b>15,923</b>	<b>11,589</b>	<b>3,777</b>	<b>315</b>	<b>31,604</b>
Depreciation and amortization	(3,207)	(293)	(125)	-	(3,625)
Impairment losses	(7,851)	(6,459)	(254)	(6,154)	(20,718)
<b>Profit (loss) before tax</b>	<b>4,865</b>	<b>4,837</b>	<b>3,398</b>	<b>(5,839)</b>	<b>7,261</b>
Income tax	(226)	(712)	(87)	-	(1,025)
<b>Net result for the period from continuing operations</b>	<b>4,639</b>	<b>4,125</b>	<b>3,311</b>	<b>(5,839)</b>	<b>6,236</b>
<b>Net result from discontinued operations</b>	-	-	-	-	-
<b>NET RESULT FROM CONTINUING AND DISCONTINUED OPERATIONS</b>	<b>4,639</b>	<b>4,125</b>	<b>3,311</b>	<b>(5,839)</b>	<b>6,236</b>
Attributable to:					
Equity holders of the parent	4,639	4,125	3,311	(5,839)	6,236
Minority interest	-	-	-	-	-
Assets	4,176,194	318,076	85,276	(348,787)	4,230,759
Liabilities	3,697,052	305,718	38,562	(307,972)	3,733,360

\*\*\*\*