

AB ÛKIO BANKAS

***Independent Auditor's Report,
Annual Report, Balance Sheets,
Income Statements, Statements of changes
in Equity and Cash Flow Statements
for the year ended 31 December 2008***

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INDEPENDENT AUDITOR'S REPORT

To the shareholders of AB Ūkio Bankas:

We have audited, in accordance with International Standards on Auditing, the financial statements of AB Ūkio Bankas ("the Bank") and the consolidated financial statements of AB Ūkio Bankas and subsidiaries ("the Group") for the year ended 31 December 2008 prepared in accordance with International Financial Reporting Standards and in accordance with International Financial Reporting Standards as adopted by EU respectively (these financial statements are not presented here). In our report dated 27 February 2009 we expressed an unqualified opinion on these financial statements. The accompanying balance sheets and income statements, statements of changes in equity and cash flow statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on such balance sheets and income statements, statements of changes in equity and cash flow statements in relation to the complete financial statements from which they have been derived.

In our opinion, the information set forth in the accompanying balance sheets as of 31 December 2008, and the income statements, statements of changes in equity and cash flow statements for the year then ended is consistent, in all material respects, with the financial statements from which it has been derived.

For a better understanding of the Bank's and the Group's financial position and the results of their operations and of the scope of our audit, the accompanying statements should be read in conjunction with the financial statements from which they were derived and our audit report thereon.

We have reviewed the Annual Report for the year ended 31 December 2008 and we have not identified any material discrepancies between the historical financial information presented in the Annual Report and the financial statements.


Deloitte Lietuva UAB
Torben Pedersen
Partner

Vilnius, Lithuania
17 March 2009


Lina Drakšienė
Certified auditor
Auditor's Certificate No. 000062

AB ŪKIO BANKAS

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

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REPORTING PERIOD

The report includes information for the year 2008. All amounts are presented as of 31 December 2008, 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 31 December 2008, AB Ūkio Bankas Group consisted of AB Ūkio Bankas (parent company) and 5 subsidiaries listed below:

Name	Activity	Country	Ownership share
UAB Ūkio Banko Lizingas	Finance lease	Kaunas, Lithuania	100%
UAB GD Bonum Publicum	Life insurance	Vilnius, Lithuania	100%
UAB Ūkio Banko Investicijų Valdymas	Financial intermediation	Kaunas, Lithuania	100%
UAB Ūkio Banko Rizikos Kapitalo Valdymas	Financial intermediation	Kaunas, Lithuania	100%
RAB Ūkio Bank Lizing *	Finance lease	Kiev, Ukraine	100%

* UAB Ūkio Banko Lizingas 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 date and place	State Enterprise Registers Centre, Republic of Lithuania, 19 November 1999
Registration number	112020136
Head Office address	Maironio str. 25, LT-44250 Kaunas, Republic of Lithuania
Telephone number	+370 37 301 301
Fax number	+370 37 323 188
E-mail address	ub@ub.lt
Website	www.ub.lt

Contact details of UAB Ūkio Banko Lizingas:

Name of the Subsidiary	UAB Ūkio Banko Lizingas
Legal organizational form	Closed joint-stock company
Registration date and place	State Enterprise Registers Centre, Republic of Lithuania, 14 July 1997
Registration number	234995490
Head Office address	Donelaičio str. 60, LT-44248 Kaunas, Republic of Lithuania
Telephone number	+370 37 40 72 00
E-mail address	info@ubl.lt
Website	www.ubl.lt

Contact details of GD UAB Bonum Publicum:

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

Contact details of UAB Ūkio Banko Investicijų valdymas:

Name of the Subsidiary	UAB Ūkio Banko Investicijų Valdymas
Legal organizational form	Closed joint-stock company
Registration date and place	State Enterprise Registers Centre, Republic of Lithuania, 3 April 2006
Registration number	300556509
Head Office address	J. Gruodžio str. 9, LT-44293 Kaunas, Republic of Lithuania
Telephone number	+37037301390, +37037395526
E-mail address	fondai@ub.lt
Website	www.ub.lt

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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	info@ubrkv.lt
Website	www.ubrkv.lt

Contact details of RAB Ūkio Bank Lizing:

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

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 have been provided above.

AGREEMENTS WITH MARKET INTERMEDIARIES OF PUBLIC TRADING IN SECURITIES

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

Intermediary	Address	Nature of the agreement
AB DnB NORD Bankas	J. Basanavičiaus str. 26, Vilnius	Agreement on financial instruments account handling and execution of orders
AB bankas Hansabankas	Savanorių ave. 19, Vilnius	Securities account handling and intermediation agreement
AS Hansapank	Liivalaia str. 8, Tallinn, Estonia	Securities account handling and intermediation agreement
AS Hansabanka	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, Vilnius	Agreement on the accounting, custody, and lending of securities and monetary funds and on acceptance and execution of orders
UAB FMĪ Finbaltus	Konstitucijos ave. 23-660, Vilnius	Securities accounts servicing agreement
AB FMĪ Finasta	Maironio str. 11, 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 brokerage 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
OAO Bank Zenit	Banij per. 9, Moscow	Agreement on the performance of operations on the securities market
Erste Bank Befektetesi Rt.	Madach Imre u. 13-15, Budapest	Brokerage agreement

(continued)

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Intermediary	Address	Nature of the agreement
SC Parex Asset Management	Basteja Boulevard 14, 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, Zurich, Switzerland	Agreement on securities custody and brokerage service
Interactive brokers	Gotthardstrasse 3, 6301 Zug, Switzerland	Brokerage service agreement

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/>) Main List.

ISSUED SHARE CAPITAL AND ITS STRUCTURE

As of 31 December 2008 the issued share capital of the Bank amounted to LTL'000 196,708 (one hundred and ninety six million seven hundred and eight thousand) and it was divided into 196,708,000 (one hundred and ninety six million seven hundred and eight 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.

As of 31 December 2008 the Bank had two subordinated loans in amount of LTL'000 8,681 denominated in USD which could be converted to newly issued shares on the maturity date (1 July 2009 and 7 January 2010, respectively).

RESTRICTIONS ON SECURITIES TRANSFER

There are no restraints 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 this Law, including their personal data and information on a person's previous convictions and health.

A person wishing to acquire 10 percent or more holding of a bank's authorized capital and/or voting rights or to increase it so that the proportion of the authorized capital and/or voting rights held by him would make up 1/5, 1/3 or 1/2 of the holding or so that the bank would become controlled by him must obtain prior consent of the supervisory institution.

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SHAREHOLDERS

As of 31 December 2008 there were 11,335 Bank's shareholders, who were holding 196,708,000 shares. The nominal value of each AB Ūkio Bankas ordinary registered share was LTL 1.

Over 5% of the registered authorized capital of the Bank was owned by the following shareholders (31 December 2008):

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	-	-	64,809,784/ 32.9472%	64,809,784/ 32.9472%	64,809,784/ 32.9472%
UAB „Universal Business Investment Group Management“	210869960	Donelaičio str. 60, Kaunas, Lietuva	19,650,680/ 9.9898%	19,650,680/ 9.9898%	19,650,680/ 9.9898%
Romanova Zinaida	-	-	17,166,235/ 8.7268%	17,166,235/ 8.7268%	17,166,235/ 8.7268%
UAB „FIRST Partneriai“	301145610	Donelaičio str. 60, Kaunas, Lietuva	11,565,368/ 5.8795%	11,565,368/ 5.8795%	11,565,368/ 5.8795%
Other:			83,515,933 / 42.4568%	83,515,933 / 42.4568%	83,515,933 / 42.4568%
TOTAL:			196,708,000/ 100.00%	196,708,000/ 100.00%	196,708,000/ 100.00%

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

EMPLOYEES OF THE BANK

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

	Average number of employees			Of these with higher education			Average monthly salary (before taxes, in LTL)		
	2008	2007	2006	2008	2007	2006	2008	2007	2006
Managing employees	120	90	75	110	83	73	7,040	9,932	8,436
Specialists	514	442	348	404	360	278	2,963	2,848	2,432
Other employees	34	31	26	5	3	3	2,934	2,358	1,935
Total	668	563	449	519	446	354	3,694	3,953	3,411

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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 judicial persons registrar after receiving a permission to do so from a supervising institution, if the changes are made about: 1) The Name or the Principal registered office 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 depositing 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 law 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 law acts of that institution. If changes in the statute are related with increase of authorized capital of Bank, documents and data mentioned in section 8, part 2, points 6 and 7 of the Law on the Banks of the Republic of Lithuania ought to be provided.

Changes in the statute cease to exist if they are not given to the judicial 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

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

The General Meeting of Shareholders is the supreme body of the Bank. The right of participating at the General Meeting is vested to the shareholders of the Bank whereas the Board members and the administration staff who are not the shareholders can also attend the General Meeting with the right of deliberative vote.

The Supervisory Council of the Bank is a collective body conducting the supervision over the Bank's activities. The Supervisory Council of the Bank is formed of 7 members elected by the General Meeting of Shareholders for a 4-year term.

The Board of the Bank is a collective body of the Bank's management. The Board of the Bank directs the Bank, manages its matters, represents it and is responsible for the fulfilment of the Bank's operations according to laws. The Board of the Bank consisting of 5 members is elected by the Supervisory Council of the Bank for a term not exceeding 4 years.

Head of Administration in the Bank (CEO) manages and administrates the Bank. The Head of the Bank Administration is an individual body of the Bank's management. The Head of Administration is elected by the Board of the Bank.

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MEMBERS OF MANAGING BODIES

As of 31 December 2008 members of AB Ūkio Bankas managing bodies, commencement and end of their office term, participation in the share capital are presented in the table below:

Full name	Position	Number of shares held	Percentage of Bank capital, %	Percentage of votes, %
SUPERVISORY COUNCIL OF THE BANK				
Varanavičius Liutauras (elected 24 March 2006, office term expires in 2010)	Chairman	29,722	0.0151	0.0151
Lowenhav Ulf (elected 24 March 2006, office term expires in 2010)	Deputy Chairman	2,229	0.0011	0.0011
Gončaruk Olga (elected 24 March 2006, office term expires in 2010)	Member	6,501,496	3.3052	3.3052
Jakavičienė Gražina (elected 24 March 2006, office term expires in 2010)	Member	9,031	0.0046	0.0046
Kurauskienė Ala (elected 24 March 2006, office term expires in 2010)	Member	324,100	0.1648	0.1648
Soldatenko Viktor (elected 24 March 2006, office term expires in 2010)	Member	2,229	0.0011	0.0011
Butkus Leonas Rimantas (elected 24 March 2006, office term expires in 2010)	Member	2,229	0.0011	0.0011
BOARD OF THE BANK				
Karpavičienė Edita (appointed 24 March 2006, office term expires in 2010)	Chairwoman, Deputy CEO	157,999	0.0803	0.0803
Ugianskis Gintaras (appointed 24 March 2006, office term expires in 2010)	Deputy Chairman, CEO	74,959	0.0381	0.0381
Balandis Rolandas (appointed 24 March 2006, office term expires in 2010)	Member, Head of International Banking Division	64,100	0.0326	0.0326
Žalys Arnas (appointed 24 March 2006, office term expires in 2010)	Member, Head of Finance Division	40,810	0.0207	0.0207
Grigaliauskas Antanas (appointed 24 March 2006, office term expires in 2010)	Member, Director of UAB Ūkio banko rizikos kapitalo valdymas	80,896	0.0411	0.0411
CHEIF ACCOUNTANT				
Petraitiienė Vidutė Since 1 July 1999 to present	Head of Accounting Department – Chief Accountant	503	0.0003	0.0003

INFORMATION ABOUT THE AGREEMENTS PART OF WHICH IS THE BANK

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 of it, its management bodies' members or employees, providing for compensation in case of their resignation, unfair dismissal or termination of their employment due to the change of the Bank's control.

RELATED PARTIES TRANSACTIONS

The information on related parties transactions for the year ended 31 December 2008 is presented in Note 40 to the financial statements.

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OBJECTIVE OVERVIEW OF 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.

At the end of 2008 AB Ūkio Bankas ranked 7th by assets among the banks in Lithuania. In 2008 the Bank's assets increased by LTL 205 million (5%) and as of 31 December 2008 amounted to LTL'000 4,224,250. In 2008, the assets of the Group decreased by LTL 340 million (8%) and as of 31 December 2008 amounted to LTL'000 3,984,653.

As of 31 December 2008, the Bank had 12 branches and 47 client service departments in Lithuania and 2 representative offices in foreign countries (Ukraine and Kazakhstan). During the year 2008, 7 new client service departments were opened. In addition, the Bank, directly and indirectly, has 5 subsidiaries. In 2008, the Bank disposed of shares of three 100% owned subsidiaries: UAB Turto Valdymo Strategija (which controlled 99% of OAO Russkij Karavaj shares), UAB Turto Valdymo Sprendimai and UAB Turto Valdymo Sistemose.

As of 31 December 2008, the Banking segment includes financial information of AB Ūkio Bankas, Finance lease segment includes financial information of UAB Ūkio Banko Lizingas and RAB Ūkio Bank Lizing. Other activities segment includes financial information of UAB Ūkio Banko Rizikos Kapitalo Valdymas, UAB Ūkio Banko Investicijų Valdymas and GD UAB Bonum Publicum. Discontinued operations (attributed to other activities segment) include financial information of UAB Turto Valdymo Strategija, UAB Turto Valdymo Sprendimai, UAB Turto Valdymo Sistemose and OAO Russkij Karavaj.

For the year ended 31 December 2008 the Group's results by business segments are presented in the table below (LTL'000):

	2008				Group
	Banking	Finance lease	Other activities	Elimination	
Net result from continuing and discontinued operations	57,383	(5,064)	17,683	(21,989)	48,013
Attributable to:					
Equity holders of the parent	57,383	(5,064)	17,683	(21,989)	48,013
Minority interest	-	-	-	-	-
Assets	4,224,250	380,751	349,691	(970,039)	3,984,653
Liabilities	3,749,747	369,710	326,418	(955,197)	3,490,678

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 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 year ended 31 December 2008 is presented in Notes 32-39 of the financial statements.

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ANALYSIS OF FINANCIAL AND NON-FINANCIAL ACTIVITY RESULTS

The results of the Bank's activity for the year ended 31 December 2008: net profit of LTL'000 57,383 – i.e. 31% less than in the year 2007. AB Ūkio Bankas Group earned net profit of LTL'000 48,013 in 2008 – i.e. 38% less than in the year 2007. In 2008 the Bank's assets increased by LTL 205 million (5%) and made LTL 4.2 billion at the year-end. In 2008 the assets of the Group decreased by LTL 340 million (8%) and made LTL 4.0 billion at the year-end. 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				
		INCREASE (DECREASE)				INCREASE (DECREASE)		
2008	2007	LTL'000	%	2008	2007	LTL'000	%	
243,782	257,440	(13,658)	(5)	Operating profit before provisions	232,282	237,052	(4,770)	(2)
162,389	148,115	14,274	10	Operating expenses	139,973	129,074	10,899	8
81,393	109,325	(27,932)	(26)	Profit before provisions and income tax	92,309	107,978	(15,669)	(15)
42,483	17,521	24,962	142	Provision expense	30,217	11,014	19,203	174
38,910	91,804	(52,894)	(58)	Pre-tax profit	62,092	96,964	(34,872)	(36)
5,829	15,595	(9,766)	(63)	Income tax	4,709	14,240	(9,531)	(67)
33,081	76,209	(43,128)	(57)	Net profit from continuing operations	57,383	82,724	(25,341)	(31)
14,932	960	13,972	-	Net profit from discontinued operations	-	-	-	-
48,013	77,169	(29,156)	(38)	Net profit for the year	57,383	82,724	(25,341)	(31)
-	(108)	108	-	Net profit attributable to minority interest	-	-	-	-
48,013	77,277	(29,264)	(38)	Net profit attributable to the shareholders of the Bank	57,383	82,724	(25,341)	31
3,984,653	4,324,728	(340,075)	(8)	Assets	4,224,250	4,019,085	205,165	5
2,879,888	2,145,576	734,312	34	Loans and finance lease receivable	2,512,504	1,818,467	694,037	38
2,915,898	2,733,995	181,903	7	Due to customers	2,915,898	2,733,995	181,903	7
493,975	514,193	(20,218)	(4)	Equity	474,503	430,038	44,465	10
196,708	196,708	-	-	Number of ordinary shares in issue at the end period (thousands units)	196,708	196,708	-	-
196,708	184,598	12,110	7	Weighted average numbers of ordinary shares in issue (thousands units)	196,708	184,598	12,110	7
1.16	2.05	-	-	Return on assets, %	1.39	2.35	-	-
9.52	17.14	-	-	Return on equity, %	12.69	23.12	-	-
0.84	0.64	-	-	Expense / Income before income tax	0.73	0.59	-	-
0.24	0.42	-	-	Basic earnings per share (in LTL)	0.29	0.45	-	-
0.24	0.42	-	-	Diluted earnings per share (in LTL)	0.29	0.45	-	-

The main indicators of activity:

- In 2008 Ūkio Bankas Group earned net profit of LTL'000 48,013 – i.e. 38 % less than in the year 2007;
- In 2008 the Bank opened 7 new client service departments. At 31 December 2008 the Bank's service network consisted of 59 outlets – 12 branches and 47 client service departments. In addition as of 31 December 2008 the Bank had 2 representative offices in Kiev (Ukraine) and Almaty (Kazakhstan);
- In 2008, the Bank disposed of three 100 percent owned subsidiaries UAB Turto Valdymo Strategija (which controlled 99 percent of shares of OAO Russkij Karavaj), UAB Turto Valdymo Sprendimai and UAB Turto Valdymo Sistemai;
- As of 31 December 2008 the Bank had 145 thousand customers – i.e. an increase of 20 percent during 2008.
- The Bank's wholly owned leasing subsidiary UAB Ūkio Banko Lizingas offers its services through about 3 thousand sales points located throughout entire Lithuania. As of 31 December 2008 UAB Ūkio Banko Lizingas had 180 thousand customers – i.e. the number of customers increased by 2 percent during the year;

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- In 2008 compared to previous year, income earned by the Group decreased by 5 percent and made LTL 244 million. The Group's expenses before provisions and income tax increased by 10 percent and made LTL 162 million;
- Throughout 2008, the Bank and the Group complied with all the prudential requirements set by the Bank of Lithuania. As of 31 December 2008, Group's capital adequacy ratio was 13.29 percent (requirement – not less than 8 percent), liquidity ratio – 35.99 percent (requirement – not less than 30 percent).

Credit ratings

Ratings assigned to Ūkio Bankas by the international rating agency Moody's are as follows:

- Deposit rating Ba3/NP (unchanged since 2007).
- Financial strength rating D- (unchanged since 2007).

The outlook of ratings is under review (as of 31 December 2007 the outlook was stable).

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

- Long-term counterparty credit rating BB (unchanged since 2007).
- Short-term counterparty credit rating B (unchanged since 2007).

The outlook of ratings is negative (as of 31 December 2007 the outlook was stable).

Income and expenses

As compared to previous year, net income of AB Ūkio Bankas Group decreased by LTL 14 million or 5 percent to LTL 244 million. Growth of interest earning assets offset the negative impact of increased cost of borrowing, and net interest income increased by 23% up to LTL 144 million. Decrease in number of banking operations performed by customers caused the reduction of net service fee and commission income by 6% to LTL 98 million. Result from trading activities, impacted by the global downturn in financial markets, decreased by LTL 41 million and comprised a loss LTL 13 million. Other income, mainly impacted by net insurance income, increased twice and amounted to LTL 15 million. Income structure of the Group and the Bank (in LTL thousand) is presented in the table below:

Group				ITEM	Bank			
2008	2007	INCREASE (DECREASE) LTL'000 %			2008	2007	INCREASE (DECREASE) LTL'000 %	
143,899	117,467	26,432	23	Net interest income	108,948	98,520	10,428	11
97,662	104,238	(6,576)	(6)	Net service fees and	99,617	106,043	(6,426)	(6)
(12,999)	28,209	(41,208)		commission income	21,242	28,446	(7,204)	(25)
15,220	7,526	7,694	102	Trading income	2,475	4,043	(1,568)	(39)
243,782	257,440	(13,658)	(5)	Other income	232,282	237,052	(4,770)	(2)
				Total income				

Expansion of AB Ūkio Bankas Group, increased service network and number of customers caused the increase in the Group's operating expenses in 2008 by LTL 14 million to LTL 162 million. 32% of these expenses consisted of staff expenses, which increased by LTL 7 million to LTL 52 million. Changes in Lithuanian and global economics caused the provision expenses to increase 2.4 times down to LTL 42 million, income tax expenses increased by 63% up to LTL 6 million.

Assets, liabilities and equity

During 2008 the Group's assets decreased by LTL 340 million, i.e. 8%, and amounted to LTL 3.98 billion at the year-end. Largest share of the Group's assets – i.e. 72% consisted of loans and finance lease receivables from customers, which increased by 34% from the beginning of the year and amounted to LTL 2.88 billion as of 31 December 2008. Securities portfolio at the end of 2008 amounted to LTL 455 million i.e. 11% of Group's assets, during 2008 they decreased by LTL 190 million. Due from banks and other financial institutions comprised 7% of the Group's assets as of 31 December 2008. During 2008 they decreased by LTL 525 million.

The largest share of the Group's liabilities – i.e. 84% - consisted of deposits from customers, which increased by LTL 182 million or 7% during 2008 and amounted to LTL 2.92 billion at the year-end. Due to banks and other financial institutions, which comprised 11% of the Group's liabilities, decreased by LTL 338 million during 2008 and amounted to LTL 380 million at the year-end. The Group's equity showed a decrease by 4% and amounted to LTL 494 million at the year-end.

AB ŪKIO BANKAS

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INFORMATION ON ACQUIRED OR DISPOSED OWN SHARES

During the year 2008 the Bank did not acquire or dispose own shares.

SIGNIFICANT EVENTS THAT HAPPENED AFTER THE END OF FINANCIAL YEAR

In the opinion of the management, no significant events happened after the end of financial year to the date the report is signed.

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

The deteriorating economic situation has had a negative impact on the financial condition and performance of the Bank and the Group in 2008, principally in increasing provisions for impairment losses, and is expected to impact future operations in 2009. This factor will cause quantitative reduction in the Group's activities – both deposit and loan amounts are expected to decrease at the market and Group level. The key priorities of the Bank's activities for 2009 will be exclusive attention to the management of financial portfolio and improvement of operating efficiency of the Bank through optimization of the Bank costs and concurrently adjusting to the changing economic environment. Bank expects to end the year 2009 profitably; however, irrespective of all measures to be taken the key financial indicators of the Bank (ROE and cost-to-income ratio) of 2009 are expected to be worse than in 2008.

INFORMATION ON PUBLICLY PRESENTED INFORMATION

25 January 2008 AB Ūkio Bankas announced the preliminary, non-audited result of AB Ūkio Bankas for the financial year 2007 and forecast and presumptions of target activity result for the year 2008. Non-audited net profit of AB Ūkio bankas for the year 2007 – LTL 82.5 million (EUR 23.9 million) – i.e. 74 percent more than in 2006. In 2007, Bank's assets increased by LTL 995 million i.e. 33 percent, and reached LTL 4.02 billion (EUR 1.16 billion) as of 31 December 2007.

In 2008 AB Ūkio Bankas plans to earn a net profit of LTL 91.5 million (EUR 26.5 million). It is planned that the Bank's assets will reach LTL 5.47 billion (EUR 1.58 billion) at the year-end 2007 – i.e. will increase by 36 percent. Main presumptions behind the Bank's plan are as follows: the number of customers of Ūkio Bankas will increase by 25 percent, number of operations – by 12 percent. It is expected to attract 30 thousand new customers; planned realization of the investment to real estate in Moscow project influences the Bank's results of year 2008 only as much as constitutes the interest income from loans granted to subsidiaries for financing this Project; it is planned that in 2008 two branches in foreign countries will start their operations. Branch network in Lithuania will increase by not less than 5 new client service units; there will be no changes in the economy of Lithuania that would result in material change in LTL interest rates or unplanned growth of insolvent customers;

11 February 2008 Announced AB Ūkio Bankas unaudited net profit of January 2008 is LTL 5.8 million (EUR 1.7 million) – i.e. 10 percent more than of the same period of previous year, when a profit of LTL 5.3 million (EUR 1.5 million) was earned;

19 February 2008 Preliminary, unaudited result of AB Ūkio Bankas Group for the financial year 2007 was announced. Unaudited net profit of AB Ūkio Bankas Group for the year 2007 is LTL 75.4 million (EUR 21.8 million) – i.e. by 73 percent more than in 2006. In 2007, net profit of AB Ūkio Bankas Group was by LTL 7.1 million (EUR 2.1 million) lower than bank's unaudited unconsolidated profit of LTL 82.5 million (EUR 23.9 million), mainly because of the subsidiaries expenses related to the financing of investment to real estate in Moscow project;

22 February 2008 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 27 March 2008;

12 March 2008 Announced AB Ūkio Bankas unaudited net profit of two months of year 2008 is LTL 11.8 million (EUR 3.4 million) – i.e. 11% more than of the same period of previous year, when a profit of LTL 10.6 million (EUR 3.1 million) was earned;

14 March 2008 Amendment to agenda of ordinary general meeting of shareholders was announced;

17 March 2008 Draft resolutions of the ordinary general meeting, to be held on 27 March 2008, prepared by the Board were announced;

27 March 2008 Announced resolutions of the Ordinary General Meeting of AB Ūkio Bankas shareholders;

10 April 2008 Announced AB Ūkio Bankas unaudited net profit of three months of year 2008 is LTL 16.1 million (EUR 4.7 million) – i. e. 11 percent more than of the same period of previous year, when a profit of LTL 14.5 million (EUR 4.2 million) was earned;

6 May 2008 Announced AB Ūkio Bankas consolidated unaudited activity result of three months of year 2008 is LTL 18.4 million (EUR 5.3 million) – i. e. 56 percent more than of the same period of previous year, when a profit of LTL 11.8 million (EUR 3.4 million) was earned;

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- 10 May 2008** Announced AB Ūkio Bankas unaudited net profit of January-April 2008 is LTL 21.5 million (EUR 6.2 million) – i. e. the same as in the same period of previous year, when a profit of LTL 21.5 million (EUR 6.2 million) was earned;
- 10 June 2008** Announced AB Ūkio Bankas unaudited net profit of January-May 2008 is LTL 28.4 million (EUR 8.2 million) – i. e. the same as in the same period of previous year, when a profit of LTL 28.4 million (EUR 8.2 million) was earned;
- 20 June 2008** Announced that in the meeting of the Board of AB Ūkio Bankas as of 19 June 2008, a resolution was taken within limits of LTL 200,000,000 medium term maturity bond proposal program basic prospectus approved by the Security Commission of the Republic of Lithuania, to issue fixed rate bond emission and to approve final provisions of the issue. To view the final provisions, approved proposal of basic prospectus of LTL 200,000,000 of medium maturity term bond and related documents is possible at the AB Ūkio Bankas secretary office, Maironio str. 25, Kaunas, branches and units of the Bank and the Internet website www.ub.lt;
- 10 July 2008** Announced AB Ūkio Bankas unaudited net profit of January-June 2008 is LTL 50.6 million (EUR 14.7 million) – i. e. 1.6 percent more than of the same period of previous year, when a profit of LTL 49.8 million (EUR 14.4 million) was earned;
- 25 July 2008** Announced that as of 24 July 2008, AB Ūkio Bankas sold the shares and claims of its three subsidiaries UAB Turto valdymo strategija, UAB Turto valdymo sprendimai and UAB Turto valdymo sistemose, which via OAO Russkij Karavaj financed and controlled the investment to real estate in Moscow project for LTL 282.8 million (EUR 81.9 million). Bank's realized profit from the transaction of sale of subsidiaries is LTL 27 million (EUR 7.8 million). The funds received will be used to strengthen the liquidity base and expand lending in Lithuania;
- 31 July 2008** Announced that on 30 July 2008 AB Ūkio Bankas finished the issue of first bond emission under LTL 200,000,000 medium term bonds offering program. During distribution period from 25 June 2008 till 30 July 2008 160,164 bonds with nominal value of LTL 100 and fixed 8 percent annual interest rate were issued. Redemption of bonds on 2 August 2010;
- 4 August 2008** Announced AB Ūkio Bankas consolidated unaudited activity result of six months of year 2008 is LTL 53.7 million (EUR 15.6 million) – i. e. 20 percent more than of the same period of previous year, when a profit of LTL 44.9 million (EUR 13.0 million) was earned;
- 11 August 2008** Announced AB Ūkio Bankas unaudited net profit of January-July 2008 is LTL 81.1 million (EUR 23.5 million) – i. e. 46.4 percent more than in the same period of previous year, when a profit of LTL 55.4 million (EUR 16.0 million) was earned;
- 21 August 2008** Announced that at the meeting of the Board of AB Ūkio Bankas as of 21 August 2008, a resolution was taken to issue fixed rate bond emissions in LTL and EUR under "LTL 200,000,000 medium term maturity bond proposal program basic prospectus" approved on 19 June 2008 by the Security Commission of the Republic of Lithuania, and to approve final provisions of the issues. To view the final provisions, approved "LTL 200,000,000 medium term maturity bond proposal program basic prospectus" and related documents is possible at the AB Ūkio Bankas secretary office, Maironio str. 25, Kaunas, branches and units of the Bank and the Internet website www.ub.lt;
- 10 September 2008** Announced AB Ūkio Bankas unaudited net profit of January-August 2008 is LTL 85.8 million (EUR 24.8 million) – i. e. 39.9 percent more than in the same period of previous year, when a profit of LTL 61.3 million (EUR 17.8 million) was earned;
- 25 September 2008** Announced that on 24 September 2008 AB Ūkio Bankas finished the issue of second bond emission under LTL 200,000,000 medium term bonds offering program. During distribution period from 25 August 2008 till 24 September 2008 197,286 bonds with nominal value of LTL 100 and fixed 8 percent annual interest rate were issued. Redemption of bonds on 27 September 2010;
- 25 September 2008** Announced that on 24 September 2008 AB Ūkio Bankas finished the issue of third bond emission under LTL 200,000,000 medium term bonds offering program. During distribution period from 25 August 2008 till 24 September 2008 13,640 bonds with nominal value of EUR 100 and fixed 7 percent annual interest rate were issued. Redemption of bonds on 27 September 2010;
- 10 October 2008** Announced AB Ūkio Bankas unaudited net profit of January-September 2008 is LTL 89.4 million (EUR 25.9 million) – i. e. 30.9 percent more than in the same period of previous year, when a profit of LTL 68.3 million (EUR 19.8 million) was earned;

AB ŪKIO BANKAS

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- 10 October 2008** Announced that at the meeting of the Board of AB Ūkio Bankas as of 9 October 2008, a resolution was taken to issue fixed rate bond emissions in LTL and EUR under "LTL 200,000,000 medium term maturity bond proposal program basic prospectus" approved on 19 June 2008 by the Security Commission of the Republic of Lithuania, and to approve final provisions of the issues. To view the final provisions, approved "LTL 200,000,000 medium term maturity bond proposal program basic prospectus" and related documents is possible at the AB Ūkio Bankas secretary office, Maironio str. 25, Kaunas, branches and units of the Bank and the Internet website www.ub.lt;
- 31 October 2008** Announced that AB Ūkio Bankas according to the provisions specified in Base Prospectus of Medium Term Bonds Offering Programme and Final Terms and Conditions approved by the Board of the Bank as of 19 June 2008, at the initiative of the bondholders redeemed Fixed rate bond issue No. 1/2008, ISIN code – LT0000402372 bonds submitted for redemption prior to maturity. Amount of the bonds redeemed prior to maturity – 32,788 bonds;
- 7 November 2008** Announced AB Ūkio Bankas consolidated unaudited activity result of nine months of year 2008 is LTL 83.8 million (EUR 24.3 million) – i. e. 36 percent more than of the same period of previous year, when a profit of LTL 61.5 million (EUR 17.8 million) was earned;
- 10 November 2008** Announced AB Ūkio Bankas unaudited net profit of January-October 2008 is LTL 92.6 million (EUR 26.8 million) – i. e. 25.7 percent more than in the same period of previous year, when a profit of LTL 73.6 million (EUR 21.3 million) was earned;
- 13 November 2008** Announced that on 12 November 2008 AB Ūkio Bankas finished the issue of fourth and fifth bond emissions under LTL 200,000,000 medium term bonds offering program. During distribution period respectively 1,667 bonds of fourth bond emission with nominal value of LTL 100 and fixed 7.5 percent annual interest rate and 30 bonds of fifth bond emission with nominal value of EUR 100 and fixed 6.5 percent annual interest rate were issued. Redemption of both bond emissions on 14 November 2009;
- 19 November 2008** Announced that on 19 November 2008 AB Ūkio Bankas has repaid the syndicated loan of EUR 48 million (LTL 165.7 million), received on 26 November 2007 and loan of EUR 14 million (LTL 48.3 million), received on 30 June 2008;
- 10 December 2008** Announced AB Ūkio Bankas unaudited net profit of January-November 2008 is LTL 95.7 million (EUR 27.7 million) – i. e. 21.3 percent more than in the same period of previous year, when a profit of LTL 78.9 million (EUR 22.8 million) was earned.

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 Vilnius Stock Exchange. Bank's notifications are also available on AB Ūkio bankas website www.ub.lt.

Edita Karpavičienė
Chairwoman of the Board

Kaunas, Lithuania

27 February 2009

AB ŪKIO BANKAS

BALANCE SHEETS AS OF 31 DECEMBER 2008

(All amounts in LTL thousands unless otherwise stated)

	The Group 2008	The Group 2007 as re-presented	The Bank 2008	The Bank 2007 as re-presented
ASSETS				
Cash and balances with central bank	188,875	202,382	188,874	202,381
Loans and advances to banks and other financial institutions	294,340	819,913	928,873	1,224,355
Financial assets at fair value through profit or loss	45,250	233,227	26,511	213,546
Loans and finance lease receivable	2,879,888	2,145,576	2,512,504	1,818,467
Investment securities:				
<i>available-for-sale</i>	50,676	33,777	50,482	31,281
<i>held-to-maturity</i>	375,208	394,845	372,011	393,694
Investments in subsidiaries	-	-	39,821	42,821
Intangible assets	22,671	26,217	2,778	2,347
Property, plant and equipment	30,928	353,784	27,934	23,424
Investment property	26,026	23,638	16,052	13,730
Deferred tax assets	910	-	910	-
Other assets	69,881	91,369	57,500	53,039
Total assets	3,984,653	4,324,728	4,224,250	4,019,085
LIABILITIES AND EQUITY				
LIABILITIES				
Due to banks and other financial institutions	380,635	718,968	673,783	698,077
Financial liabilities at fair value through profit or loss	1,161	3,760	1,223	3,757
Due to customers	2,915,898	2,733,995	2,915,898	2,733,995
Debt securities in issue	24,784	-	27,021	-
Subordinated loans	103,220	101,784	103,220	101,784
Deferred tax liabilities	1,186	39,937	-	3,081
Other liabilities	63,794	212,091	28,602	48,353
Total liabilities	3,490,678	3,810,535	3,749,747	3,589,047
EQUITY				
Share capital	196,708	196,708	196,708	196,708
Share premium	76,500	76,500	76,500	76,500
Revaluation reserve - available-for-sale investment securities	(110)	10,178	-	8,984
General reserve for losses of assets	49,116	21,543	49,116	21,543
Fixed assets revaluation reserve	-	79,874	-	-
Currency translation reserve	2,358	7,546	-	-
Legal reserve	11,245	5,300	10,971	4,900
Other reserves	50,000	2,000	50,000	2,000
Retained earnings	108,158	113,519	91,208	119,403
Equity attributable to equity holders of the parent	493,975	513,168	474,503	430,038
Minority interest	-	1,025	-	-
Total equity	493,975	514,193	474,503	430,038
Total liabilities and equity	3,984,653	4,324,728	4,224,250	4,019,085

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

The financial statements were approved by the Board of the Bank on 27 February 2009 and signed on its behalf by:

E. Karpavičienė
Chairwoman of the Board

V. Petraitiene
Chief Accountant

AB ŪKIO BANKAS

INCOME STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

(All amounts in LTL thousands unless otherwise stated)

	The Group 2008	The Group 2007 as re-presented	The Bank 2008	The Bank 2007
CONTINUING OPERATIONS				
Interest income	283,096	215,104	249,760	194,614
Interest expense	(139,197)	(97,637)	(140,812)	(96,094)
Interest income, net	143,899	117,467	108,948	98,520
Fees and commission income	115,148	125,599	115,991	126,815
Fees and commission expense	(17,486)	(21,361)	(16,374)	(20,772)
Fees and commission income, net	97,662	104,238	99,617	106,043
Net gains from dealing in foreign currencies	35,937	41,581	36,281	41,910
Net losses from financial assets at fair value through profit or loss	(46,248)	(15,987)	(39,302)	(16,079)
Net gains (losses) arising from investment securities	(2,688)	2,615	24,263	2,615
Impairment charge for credit losses	(43,073)	(18,545)	(30,807)	(12,038)
Recoveries of loans written off	590	1,024	590	1,024
Insurance income, net	12,532	1,826	-	-
Dividend income	178	422	177	422
Other operating income	2,510	5,278	2,298	3,621
OPERATING PROFIT	201,299	239,919	202,065	226,038
OPERATING EXPENSES	(162,389)	(148,115)	(139,973)	(129,074)
PROFIT BEFORE INCOME TAX	38,910	91,804	62,092	96,964
Income tax expense	(5,829)	(15,595)	(4,709)	(14,240)
NET PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	33,081	76,209	57,383	82,724
Profit for the year from discontinued operations	14,932	960	-	-
NET PROFIT FOR THE YEAR	48,013	77,169	57,383	82,724
Attributable to:				
Equity holders of the parent	48,013	77,277	57,383	82,724
Minority interest	-	(108)	-	-
NET PROFIT FOR THE YEAR	48,013	77,169	57,383	82,724
EARNINGS PER SHARE				
From continuing and discontinued operations:				
Basic (in LTL)	0.24	0.42	0.29	0.45
Diluted (in LTL)	0.24	0.42	0.29	0.45
From continuing operations:				
Basic (in LTL)	0.17	0.41	0.29	0.45
Diluted (in LTL)	0.17	0.41	0.29	0.45

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

The financial statements were approved by the Board of the Bank on 27 February 2009 and signed on its behalf by:

E. Karpavičienė
Chairwoman of the Board

V. Petraitiienė
Chief Accountant

AB ŪKIO BANKAS

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2008

(All amounts in LTL thousands unless otherwise stated)

The Bank	Share Capital	Share premium	Other reserves	Revaluation reserve on available-for-sales investment securities	General reserve for losses of assets	Legal reserve	Retained earnings	Total
As of 31 December 2006	176,708	34,500	2,000	7,484	8,377	2,183	54,330	285,582
Dividends paid	-	-	-	-	-	-	(1,768)	(1,768)
Changes in fair value of investment securities available-for-sale, net of tax	-	-	-	1,500	-	-	-	1,500
Transfer to legal reserve	-	-	-	-	-	2,717	(2,717)	-
Transfer to general reserve for losses of assets	-	-	-	-	13,166	-	(13,166)	-
Issue of shares	20,000	42,000	-	-	-	-	-	62,000
Net profit	-	-	-	-	-	-	82,724	82,724
As of 31 December 2007 (as re-presented)	196,708	76,500	2,000	8,984	21,543	4,900	119,403	430,038
Transfer to legal reserve	-	-	-	-	-	6,071	(6,071)	-
Transfer to general reserve for losses of assets	-	-	-	-	27,573	-	(27,573)	-
Dividends paid	-	-	-	-	-	-	(3,934)	(3,934)
Changes in fair value of investment securities available-for-sale, net of tax	-	-	-	(8,984)	-	-	-	(8,984)
Transfer to retained earnings	-	-	(2,000)	-	-	-	2,000	-
Transfer to reserve capital	-	-	50,000	-	-	-	(50,000)	-
Net profit	-	-	-	-	-	-	57,383	57,383
As of 31 December 2008	196,708	76,500	50,000	-	49,116	10,971	91,208	474,503

(Continued)

AB ŪKIO BANKAS

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2008

(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	Currency translation reserve	Legal reserve	Retained earnings	Equity attributable to equity holders of the parent	Minority interest	Total
As of 31 December 2006	176,708	34,500	2,000	8,191	8,377	60,145	5,492	2,296	58,958	356,667	29,586	386,253
Dividends paid	-	-	-	-	-	-	-	-	(1,768)	(1,768)	-	(1,768)
Transfer to legal reserve	-	-	-	-	-	-	-	3,004	(3,004)	-	-	-
Transfer to reserve for losses of assets	-	-	-	-	13,166	-	-	-	(13,166)	-	-	-
Currency translation adjustment	-	-	-	-	-	-	356	-	-	356	20	376
Decrease in fixed assets revaluation reserve, net of tax	-	-	-	-	-	(9,474)	-	-	-	(9,474)	(191)	(9,665)
Changes in fair value of investment securities available-for-sale, net of tax	-	-	-	1,987	-	-	-	-	-	1,987	-	1,987
Issue of shares	20,000	42,000	-	-	-	-	-	-	-	62,000	-	62,000
Acquisition of minority shares	-	-	-	-	-	29,203	1,698	-	(2,619)	28,282	(28,282)	-
Adjustment to profit of previous years of subsidiary	-	-	-	-	-	-	-	-	(2,159)	(2,159)	-	(2,159)
Net profit	-	-	-	-	-	-	-	-	77,277	77,277	(108)	77,169
As of 31 December 2007 (as re-presented)	196,708	76,500	2,000	10,178	21,543	79,874	7,546	5,300	113,519	513,168	1,025	514,193
Dividends paid	-	-	-	-	-	-	-	-	(3,934)	(3,934)	-	(3,934)
Transfer to reserve capital	-	-	50,000	-	-	-	-	-	(50,000)	-	-	-
Transfer to retained earnings	-	-	(2,000)	-	-	-	-	-	2,000	-	-	-
Transfer to legal reserve	-	-	-	-	-	-	-	6,245	(6,245)	-	-	-
Transfer to reserve for losses of assets	-	-	-	-	27,573	-	-	-	(27,573)	-	-	-
Currency translation adjustment	-	-	-	-	-	-	2,569	-	-	2,569	(17)	2,552
Decrease in fixed assets revaluation reserve, net of tax	-	-	-	-	-	(47,795)	-	-	-	(47,795)	(468)	(48,263)
Changes in fair value of investment securities available for sale, net of tax	-	-	-	(10,288)	-	-	-	-	-	(10,288)	-	(10,288)
Disposal of subsidiaries	-	-	-	-	-	(32,079)	(7,757)	(300)	32,378	(7,758)	(540)	(8,298)
Net profit	-	-	-	-	-	-	-	-	48,013	48,013	-	48,013
As of 31 December 2008	196,708	76,500	50,000	(110)	49,116	-	2,358	11,245	108,158	493,975	-	493,975

(Concluded)

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

The financial statements were approved by the Board of the Bank on 27 February 2009 and signed on its behalf by:

E. Karpavičienė
Chairwoman of the Board

V. Petraitiene
Chief Accountant

AB ŪKIO BANKAS

CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

(All amounts in LTL thousands unless otherwise stated)

	The Group 2008	The Group 2007 as re-presented	The Bank 2008	The Bank 2007 as re-presented
Net profit for the year	48,013	77,169	57,383	82,724
Adjustments to net profit:				
Income tax expense recognized in profit or loss	5,829	15,595	4,709	14,240
Gain on disposal of subsidiaries	(14,932)	-	(27,000)	-
Impairment charge for credit losses	43,073	18,545	30,807	12,038
Interest income	(283,096)	(215,104)	(249,760)	(194,614)
Interest expense	139,197	97,637	140,812	96,094
Dividends income	(178)	(422)	(177)	(422)
Depreciation and amortization	7,299	5,284	6,530	4,840
Increase in fair value of investments	-	(5,492)	-	(4,059)
(Profit) loss from sales of property, plant and equipment	38	(2)	57	-
Total adjustments to operating profit	(102,770)	(83,959)	(94,022)	(71,883)
Changes in operating assets and liabilities				
Net change in balances with Central Bank	29,371	4,205	29,371	4,205
Net change in investment securities	(9,307)	(130,784)	(8,135)	(147,199)
Net change in loans to banks and other financial institutions	(12,568)	486,996	(241,470)	468,025
Net change in financial assets at fair value through profit or loss	186,399	120,741	185,457	169,020
Net change in loans and finance lease	(511,025)	(1,164,100)	(716,658)	(1,023,889)
Net change in other assets	(2,747)	(14,146)	(5,111)	(34,679)
Net change in due to banks and other financial institutions	(339,731)	126,705	(25,676)	113,791
Net change in financial liabilities at fair value through profit or loss	(2,599)	3,760	(2,534)	-
Net change in due to customers	148,904	594,366	148,904	596,505
Net change in other liabilities	(141,028)	131,301	(8,830)	22,406
Total adjustments to operating assets and liabilities	(654,331)	159,044	(644,682)	168,185
Interest received	267,460	209,198	238,610	177,996
Interest paid	(101,454)	(73,202)	(103,085)	(71,734)
Income tax paid	(20,167)	(14,891)	(19,025)	(13,315)
Net cash from / (used in) operating activities	(563,249)	273,359	(564,821)	271,973

(Continued)

AB ŪKIO BANKAS

CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

(All amounts in LTL thousands unless otherwise stated)

	<u>The Group 2008</u>	<u>The Group 2007 as re-presented</u>	<u>The Bank 2008</u>	<u>The Bank 2007 as re-presented</u>
Cash from investing activities				
Dividends received	178	422	177	422
Acquisition of subsidiaries	-	(35,758)	-	(38,221)
Proceeds on sale of subsidiaries	29,875	-	30,000	-
Acquisition of property, plant and equipment and investment property	(13,336)	(25,339)	(12,587)	(9,225)
Sales of property plant and equipment	646	1,598	620	1,585
Acquisition of intangible assets	(2,018)	(2,343)	(1,883)	(2,219)
Net cash from / (used in) investing activities	15,345	(61,420)	16,327	(47,658)
Cash from financing activities				
Proceeds from issues of equity shares	-	62,000	-	62,000
Dividends paid	(3,897)	(1,768)	(3,897)	(1,768)
Debt securities issued	79,657	-	81,894	-
Debt securities redeemed	(54,873)	-	(54,873)	-
Subordinated loans received	-	91,734	-	91,734
Net cash provided by financing activities	20,887	151,966	23,124	151,966
Net (decrease) increase in cash and cash equivalents	(527,017)	363,905	(525,370)	376,281
Effect of exchange rate changes on cash and cash equivalents	748	12,446	-	-
Cash and cash equivalents at the beginning of the year	687,350	310,999	686,062	309,781
Cash and cash equivalents at the end of the year	161,081	687,350	160,692	686,062

(Concluded)

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

The financial statements were approved by the Board of the Bank on 27 February 2009 and signed on its behalf by:

E. Karpavičienė
Chairwoman of the Board

V. Petraitiienė
Chief Accountant
