

AB ŪKIO BANKAS

***Amended Annual Report
for the year ended 31 December 2008
(not reviewed by auditors)***

AB ŪKIO BANKAS

TABLE OF CONTENTS

	PAGE
AMENDED ANNUAL REPORT	3 - 18
ANNEX TO ANNUAL REPORT	19 - 37

AB ŪKIO BANKAS

AMENDED ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

REPORTING PERIOD

The annual report includes information for the year 2008. All amounts are presented as of 31 December 2008 or for the year then ended, unless otherwise stated. AB Ūkio Bankas is also referred to as "the Bank" and 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 1990
Registration number	112020136
Head Office address	Maironio str. 25, LT-44250 Kaunas, Republic of Lithuania
Telephone number	+370 37 301 301
Fax number	+370 37 323 188
E-mail address	ub@ub.lt
Website	www.ub.lt

Contact details of UAB Ūkio Banko Lizingas:

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

AB ŪKIO BANKAS

AMENDED ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

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

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 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	Krajiških brigada br. 2, Banja Luka, Srpska Republika, BiH	Brokerage service agreement
Balkan Investment Broker, Banja Luka		
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)

AB ŪKIO BANKAS

AMENDED ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

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

(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 31 December 2008 196,708,000 (one hundred ninety six million seven hundred and eight thousand) ordinary registered shares were quoted on the NASDAQ OMX Vilnius Stock Exchange.

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 ninety six million seven hundred and eight thousand) and it was divided into 196,708,000 (one hundred 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.

Each ordinary registered share of the Bank shall grant 1 (one) vote to its holder at the General Meeting.

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

- to receive a part of the Bank's profit (dividend);
- to receive the Bank's funds if the Bank's authorised capital is reduced with the aim of paying the Bank's funds to the shareholders;
- to receive a part of assets of the Bank in liquidation;
- to receive shares without payment if the authorised capital is increased out of the Bank's funds, except in cases specified in paragraph 3 of Article 42 of the Republic of Lithuania Law on Companies;
- to have the pre-emption right in acquiring shares or convertible debentures issued by the Bank, except in case when the General Meeting decides to withdraw the pre-emption right for all the shareholders in the manner prescribed by the Republic of Lithuania Law on Companies;
- to lend to the Bank in the manner prescribed by law; however, when borrowing from its shareholders, the Bank may not pledge its assets to the shareholders. When the Bank borrows from a shareholder, the interest may not be higher than the average interest rate offered by commercial banks of the locality where the lender has his place of residence or business, which was in effect on the day of conclusion of the loan agreement. In such a case the Bank and shareholders shall be prohibited from negotiating a higher interest rate;
- other property rights established by laws.

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

- to attend General Meetings;
- to vote at General Meetings according to voting rights carried by their shares;
- to receive information on the Bank specified in paragraph 1 of Article 18 of the Republic of Lithuania Law on Companies;
- to file a claim with the court for reparation of damage resulting from nonfeasance or malfeasance by the Bank's Chief Executive Officer and Board members of their obligations prescribed by the Republic of Lithuania Law on Companies and other laws and the Statutes of the Bank as well as in other cases laid down by laws;
- other non-property rights established by laws.

The right to vote at the General Meetings shall be granted only by fully paid shares.

In case of increasing the Bank's authorised 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 authorised 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 authorised capital and/or voting rights.

The entire proportion of the Bank's authorised capital and/or voting rights held by a person who has acquired a qualifying holding in the Bank's authorised capital and/or voting rights or who has increased it without prior consent of the supervisory institution where such a consent was required or where the supervisory institution takes a decision on the suspension of the right to exercise the voting right shall be divested of the voting right at the General Meeting of the Bank.

When increasing the authorised capital of the Bank by additional contributions, new shares of the Bank may be paid only in money's worth or by the rights of claim according to the Bank's payment obligations, except when the Bank's

AB ŪKIO BANKAS

AMENDED ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

authorised capital is increased in the course of the reorganisation of the Bank. A person subscribing for the shares must fully pay-up for the Bank's shares not later than until the day when the Bank applies to the supervisory institution for the granting of an authorisation to register amendments to the Bank's Statute related to the increase of the Bank's authorised capital.

As of 31 December 2008 the Bank had two subordinated loans in the 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 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 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.

SHAREHOLDERS

As of 31 December 2008 the Bank had 11,335 Bank's shareholders, who were holding 196,708,000 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 (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.

AB ŪKIO BANKAS

AMENDED ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

EMPLOYEES OF THE BANK

As of 31 December 2008, average number of AB Ūkio bankas employees was 668, 85 per cent of whom had the university education (10 per cent of them are recently studying), 10 per cent had college, 5 per cent secondary and vocational education. In connection with the purposefully expanded Bank's client service network the number of employees increased by nearly 19 per cent in comparison with the year 2007.

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)		
	2008	2007	2006	2008	2007	2006
Managing employees	120	90	75	7,040	9,932	8,436
Specialists	514	442	348	2,963	2,848	2,432
Other employees	34	31	26	2,934	2,358	1,935
Total	668	563	449	3,694	3,953	3,411

The staff policy of AB Ūkio bankas is oriented to long-term employment relations. Almost 20 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 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 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 with increase of authorized capital of the 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 have 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 AND THEIR AUTHORITY

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 Bank Administration (CEO). The managing bodies of the Bank are the Board of the Bank and the Head of Bank Administration.

The General Meeting of Shareholders

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

- elect the members of the Bank's Supervisory Council;
- remove the Bank's Supervisory Council or its members;
- select and remove the firm of auditors, set the conditions for auditor remuneration;
- approve the annual accounts;
- take a decision regarding the purchase of own shares;
- elect and remove the liquidator of the Bank, except where otherwise provided by the Republic of Lithuania Law on Companies.

The General Meeting by a qualified majority of votes that shall be not less than 2/3 of all the votes carried by the shares held by the shareholders attending the Meeting adopts the following resolutions:

- to amend the Statute of the Bank except in cases specified in the Republic of Lithuania Law on Companies;
- to determine the class, number, nominal value and the minimum issue price of the shares issued by the Bank;

AB ŪKIO BANKAS

AMENDED ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

- to convert the Bank's shares of one class into shares of another class, approve the share conversion procedure;
- to issue convertible debentures;
- on the appropriation of profit/loss;
- on building up, drawing on, reduction or liquidation of the reserves;
- to increase the authorised capital;
- to reduce the authorised capital except in cases specified in the Republic of Lithuania Law on Companies;
- on approving the conditions of reorganisation or division and reorganisation, or division of the Bank;
- on transforming the Bank;
- on restructuring the Bank;
- on the liquidation of the Bank and cancellation of Bank liquidation except where otherwise provided by the Republic of Lithuania Law on Companies;
- transfer to the Bank's management bodies the right to dispose of the total assets of the Bank.

The decision to withdraw for all shareholders the pre-emption right in acquiring the Bank's newly issued shares or the Bank's newly issued convertible debentures of a specific issue shall require a qualified majority vote that shall be not less than 3/4 of all votes conferred by the shares of the shareholders present at the General Meeting and entitled to decide on the issue.

The General Meeting shall consider or decide on other issues which must be considered or decided on by the General Meeting under the laws of the Republic of Lithuania or other legal acts.

A General Meeting may take decisions and shall be held valid if attended by shareholders who hold shares carrying not less than 1/2 of all votes. After the presence of a quorum has been established, the quorum shall remain continuously throughout the Meeting. If a quorum is not present, the General Meeting shall be considered invalid and a repeat General Meeting must be convened, which shall be authorised to take decisions only on the issues on the agenda of the meeting that has not been held and to which the quorum requirements shall not apply.

For the purpose of establishing the total number of votes carried by the shares of the Bank and the quorum of the General Meeting, the shares the voting right of which is forbidden to be used by law and on the basis of the court decision shall be considered to be non-voting shares.

Voting at the General Meeting shall be decided on a show of hands. Secret voting shall be mandatory to all shareholders on the issues on which at least one shareholder requests a secret vote be taken, provided that he is supported by shareholders whose shares carry at least 1/10 of the votes at this General Meeting.

The Supervisory Council of the Bank

The Supervisory Council of the Bank is a collegial body supervising the activities of the Bank. The Bank's Supervisory Council shall comprise 7 members. It shall be elected by the General Meeting of Shareholders. During the election of the Supervisory Council members, each shareholder shall have the number of votes equal to the number of votes carried by the shares he owns multiplied by the number of members of the Supervisory Council being elected. The shareholder shall distribute the votes at his discretion, giving them for one or several candidates. The candidates who receive the greatest number of votes shall be elected. If the number of candidates who received an equal number of votes is greater than the number of vacancies on the Supervisory Council of the Bank, a repeat voting shall be held in which each shareholder may vote only for one of the candidates who received an equal number of votes.

The Bank's Supervisory Council shall be elected for the term of 4 years. The Supervisory Council of the Bank shall continue in office for the period laid down in the Bank's Statutes or until a new Supervisory Council is elected but not for longer than the date of the Annual General Meeting to be held during the final year of its term of office. The number of the terms of office a member may serve on the Bank's Supervisory Council shall not be limited.

The Bank's Supervisory Council shall elect the chairman of the Bank's Supervisory Council from among its members.

The meetings of the Bank's Supervisory Council shall be convened by the chairman of the Bank's Supervisory Council.

A member of the Bank's Supervisory Council may resign from office before the expiry of his term of office by giving a written notice thereof to the Bank at least 14 days in advance.

If a member of the Bank's Supervisory Council is removed from office, resigns or stops performing his duties for any other reason and the shareholders who hold at least 1/10 of all votes object to the election of individual members of the Bank's Supervisory Council, the Bank's Supervisory Council shall lose its powers and the entire Supervisory Council of the Bank shall be subject to election. Where individual members of the Bank's Supervisory Council are elected, the term of office for which they are elected shall be only until the expiry of the term of office of the current Supervisory Council of the Bank.

The Bank's Supervisory Council or its members shall commence in office upon the completion of the General Meeting which elected the Bank's Supervisory Council 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 Council of Observers 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 Council of Observers of the Bank has to consider whether the members of the Board of the Bank are suitable for the office;

AB ŪKIO BANKAS

AMENDED ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

- 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, annual financial accountability, 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 the Bank's management. The Board of the Bank, consisting of 5 members, shall be elected by the Bank's Supervisory Council for not longer period than 4 years. If individual members of the Board of the Bank are elected, they shall only serve until the expiry of the term of office of the current Board. The Board of the Bank shall elect the chairman of the Bank's Board from among its members.

The Board of the Bank shall continue in office for the period laid down in the Statute or until a new Board is elected and assumes the office but for not longer period than the Annual General Meeting during the final year of its term of office.

A member of the Bank's Board may resign from office before the expiry of his term of office by giving a written notice thereof to the Bank at least 14 days in advance.

The Supervisory Council of the Bank may remove from office the entire Board of the Bank or its individual members before the expiry of their term of office.

The Board of the Bank shall:

1. elect (appoint) and remove from office the Chief Executive Officer of the Bank and his deputy;
2. consider and approve:
 - 2.1. the bank's activity strategy;
 - 2.2. the Bank's annual report;
 - 2.3. the Bank's management structure and positions;
 - 2.4. the positions to which employees are recruited by holding competitions;
 - 2.5. Articles of Association of the Bank's branches, representative offices and structural establishments;
3. fix salaries of the Bank's chief executive officers and set other terms of the employment contract, approve their job description, provide incentives for them and impose penalties;
4. lay down information to be considered the Bank's secret; any information which must be publicly available under the Republic of Lithuania Law on Companies and other laws may not be considered to be the Bank's secret;
5. lay down areas of activities of members of the Bank's Board;
6. approve the procedure of paying salaries and bonuses to employees and fix the limits of their salaries;
7. approve the functions, the procedure for the formation and operation of the Loan and Risk management Committees of the Bank and approve articles of association thereof;
8. approve types of resident deposits and conditions of their keeping;
9. adopt decisions regarding improvement of the working, household, social and recreation conditions of the Bank's employees;
10. adopt decisions in respect of granting and raising loans within the areas of its responsibility;
11. adopt decisions in respect of write-offs of bad debts and set forth the procedure of writing off the loans; manage, use and dispose of the assets taken over for debts;
12. appoint representatives at the companies where the Bank holds shares;
13. adopt decisions regarding the issue of the bank's bonds and the procedure of their circulation;
14. lay down the credit policy of the Bank;
15. set up client service units, approve their regulations and terminate their operations;
16. ensure clear specification of the rights, duties and responsibilities of each structural establishment of the Bank and proper execution of the duties entrusted;
17. develop procedures that would help determine, measure, assess and monitor the risk of the bank's activities;
18. set forth the Bank's internal control policy and supervise whether the internal control system is adequate and effective;
19. set the prices and rates for the Bank's services;
20. be responsible for the creation of the system necessary to determine, measure, assess and supervise the risk of the Bank's operations.
21. The Board of the Bank must review and assess the system on a regular basis and inform the Supervisory Council of the Bank about this.
22. the Board shall analyse and evaluate the documents submitted by the Chief Executive Officer of the Bank on:
 - 22.1. implementation of the Bank's activity strategy;
 - 22.2. organisation of the Bank's activities;
 - 22.3. the Bank's financial situation;
 - 22.4. the results of business activities, income and expenditure estimates, the stocktaking data and other accounting data of changes in the assets;
23. adopt decisions for the Bank to become an incorporator or a member of other legal entities;

AB ŪKIO BANKAS

AMENDED ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

24. adopt decisions on setting up the Bank's branches and representative offices and termination of their activities, and appoint and remove their managers;
25. adopt decisions to invest, transfer or lease the tangible long-term assets the book value whereof exceeds 1/20 of the authorised capital of the Bank (calculated individually for every type of transaction);
26. adopt decisions to pledge or mortgage the tangible long-term assets the book value whereof exceeds 1/20 of the authorised capital of the Bank (calculated for the total amount of transactions);
27. adopt decisions to offer surety or guarantee for the discharge of obligations of third parties the amount whereof exceeds 1/20 of the authorised capital of the Bank;
28. adopt decisions to acquire the tangible long-term assets the price whereof exceeds 1/20 of the authorised capital of the Bank;
29. analyse and assess the Bank's draft annual accounts and draft of profit/loss appropriation and shall submit them along with the Bank's annual report to the Bank's Supervisory Council and the General Meeting. The Bank's Board shall determine the methods used by the it to calculate the depreciation of tangible assets and the amortisation of intangible assets;
30. consider or decide on other issues which must be considered or decided on by the Bank's Board under the Republic of Lithuania Law on banks, other laws, the Bank's Statute or decisions of the General Meeting;
31. address other issues of the Bank's activities unless these have been assigned under the laws of the Republic of Lithuania within the scope of powers of other bodies of the Bank.

The Board must receive the approval of the General Meeting before adopting the decisions referred to in paragraphs 25, 26, 27 listed above.

It shall be the duty of the Bank's Board to convene and organise General Meetings in due time.

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

Members of the Board shall be under duty not to divulge any secrets of the Bank which they learned serving on the Board.

The procedure of work of the Board shall be laid down in the rules of procedure of the Board.

Every member of the Bank's Board must take all possible measures to ensure that the Board decides on the issues within the limits of its powers and that the decisions meet the requirements set in legal acts. A member of the Bank's Board shall be held liable for nonfeasance or misfeasance of this duty or other duties set forth by legal under laws, the Bank's Statute and agreements concluded with the Bank.

Head of Bank Administration (CEO)

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

Head of Bank Administration:

- Organizes daily activities of the Bank;
- Admits and dismisses employees, concludes and terminates employment agreements with them, approves of 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.

INFORMATION ABOUT MEMBERS OF COLLEGIAL BODIES, CEO, CHIEF ACCOUNTANT

As of 31 December 2008 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:

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

AB ŪKIO BANKAS

AMENDED ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

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	
CEO				
Ugianskis Gintaras (since 11 October 2004 to present)				
	74,959	0.0381	0.0381	
CHIEF ACCOUNTANT				
Petraitiienė Vidutė (since 1 July 1999 to present)				
Head of Accounting Department – Chief Accountant	503	0.0003	0.0003	

Amounts of funds in total and average amounts per members of the collegial bodies, CEO and Chief Accountant calculated by the Bank during 2008 are presented in the table below:

	Supervisory Council of the Bank	Board of the Bank	CEO	Chief Accountant
Total amounts, LTL	1,847,888	2,772,931	689,916	135,494
Average amounts, LTL	263,984	554,586	-	-

There were no guarantees or warranties issued in 2008 regarding the fulfillment 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

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

INFORMATION ON COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Information on compliance with the corporate governance code is provided in the annex to annual report (pages 19 to 37).

INFORMATION ON SUPPORTING THE PRINCIPLES OF ENVIRONMENT PROTECTION

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

AB ŪKIO BANKAS

AMENDED ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

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

The Bank's internal rules provide for employee obligation to protect environment, sustain natural resources, and not to violate environment quality norms and standards. The Bank aims to reduce the potential negative environmental impact within the range of everyday activities. Office equipment is purchased from reliable suppliers and manufacturers holding all quality certificates. Night-time heat-saving systems are installed in all premises used by the Bank and other energy-saving opportunities are considered. The Bank attempts to operate only 3-4 year old vehicles with relatively lower pollution compared to older vehicles. The vehicle fleet is regularly upgraded to adhere to pollution standards.

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

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

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

In the April 2008 AB Ūkio bankas, having received authorizations from the internationally recognised Professor of Anthropology Birutė Galdikas, who is of Lithuanian descent, established the International Birutė Galdikas Environmental Charity and Support Foundation in Lithuania. One of the Foundation's major aims is to support research in the field of environment protection and grant the possibility to Lithuanian students to go on traineeships to Indonesia.

INFORMATION ON FINANCIAL AND INSURANCE MEANS USED BY THE BANK

Information on financial means used by the Bank and the scope of risk taken by the Bank is provided in the notices 32-39 of Financial statement's for the year 2008 explanatory note. The Bank did not use insurance means for which insurance transactions accounting is applied.

INFORMATION ON THE BANK'S INTERNAL CONTROL SYSTEM

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

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

Three types of internal control are applied at the Bank:

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

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

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

INFORMATION ON SIGNIFICANT BLOCKS OF SHARES MANAGED DIRECTLY OR INDIRECTLY

As of 31 December 2008 AB Ūkio bankas managed the following blocks of shares exceeding 20%:

- 100% UAB Ūkio banko lizingas shares;
- 100% UAB Ūkio banko investicijų valdymas shares;
- 100% UAB Ūkio banko rizikos kapitalo valdymas shares;
- 100% UAB Bonum Publicum shares;
- Via 100% managed subsidiary UAB Ūkio banko lizingas managed 100% RAB „Ukio Bank Lizing“ (Ukraine) shares.

MAIN FEATURES OF ŪKIO BANKAS GROUP INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS FORMATION RELATED TO CONSOLIDATED FINANCIAL SETTLEMENTS

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

All enterprises of the Group consistently apply the accounting policy of AB Ūkio bankas.

AB ŪKIO BANKAS

AMENDED ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

Financial accounting of the Group covers all subsidiaries directly or indirectly controlled by the patronized company. The company, that is started and completed to control during the term of financial year, provided results cover a period from the date of the start of control or until the control completion date. The control is considered as existing when a patronizing company controls over a half of the voting rights of the subsidiary or when patronizing company may manage subsidiary's financial or activity policy or control dismissal or appointment of the majority of the managing board of the subsidiary. Property and liabilities of the subsidiary are evaluated at the time of purchasing by the real value of the day of acquisition. Difference, which occurs between acquisition cost and real value of the net property is acknowledged as prestige. In the process of preparation of consolidated financial statement, all mutual transactions of the Group, account balances, not realized profit and loss from the transactions between the enterprises of the Group were eliminated. Non realized profit from transactions with associated enterprises is eliminated considering part of capital of the enterprise belonging to the Group. Non realized loss is eliminated the same way as non realized profit except that they are eliminated only in the case if there is no value reduction features. Accounting policies of subsidiaries were modified under necessity in order to conform with the accounting policies used by the Group. Minority part of the Group, directly or indirectly, in the possession of the controlled enterprises and the result are displayed by separate inscription in the part of property of the Group's financial statement.

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.

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 (five) 100% 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 Sistemai.

As of 31 December 2008, the Banking segment includes financial information of AB Ūkio Bankas, Leasing 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 Sistemai 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				
	Banking	Leasing	Other activities	Elimination	Group
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 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 year ended 31 December 2008 is presented in Notes 32-39 of the financial statements.

AB ŪKIO BANKAS

AMENDED ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

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				ITEMS	Bank's indicators			
2008	2007	Increase (Decrease) LTL'000	%		2008	2007	Increase (Decrease) LTL'000	%
243,782	257,440	(13,658)	(5)	Operating profit before provisions and operating expenses	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 expense	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;

AB ŪKIO BANKAS

AMENDED ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

- In 2008 compared to previous year, Group's operating profit before impairment charge 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, the 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 AB Ūkio Bankas by the international rating agency Moody's as of 31 December 2008 were 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 AB 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, the operating profit before provisions and operating expenses 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. Net 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:

The Group				ITEM	The 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 commission income	99,617	106,043	(6,426)	(6)
(12,999)	28,209	(41,208)		Net trading (loss) income	21,242	28,446	(7,204)	(25)
15,220	7,526	7,694	102	Other income	2,475	4,043	(1,568)	(39)
243,782	257,440	(13,658)	(5)	Operating profit before impairment charge	232,282	237,052	(4,770)	(2)

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 impairment charge for credit losses to increase 2.4 times up to LTL 42 million, income tax expenses decreased by 63% down 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, 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

AMENDED ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

INFORMATION ON ACQUIRED OR DISPOSED OWN SHARES

As of 31 December 2008 and 2007 the Bank did not have 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

On 27 March 2009 after the General Meeting of Shareholders of AB Ūkio bankas the new composition of AB Ūkio bankas Supervisory council: Edita Karpavičienė (Chairwoman of the Supervisory council), Ala Kurauskienė (Deputy Chairwoman of the Supervisory council), Olga Gončaruk (Member of the Supervisory council), Gražina Jakavičienė (Member of the Supervisory council), Viktor Soldatenko (Member of the Supervisory council) and AB Ūkio bankas Board: Gintaras Ugianskis (Chairman of the Board), Rolandas Balandis (Deputy Chairman of the Board) ir Arnas Žalys (Deputy Chairman of the Board) was announced.

During the period of the first three months of the year 2009 AB Ūkio bankas group earned LTL 5.5 million consolidated unaudited net profit. AB Ūkio bankas unconsolidated unaudited net profit of the three months of year 2009 is LTL 4.0 million.

On 8 May 2009 AB Ūkio bankas Statute with increased authorized share capital has been registered with the Register of legal entities. After increase the Bank's authorized share capital amounts to LTL 245 824 000. One share has a nominal value of LTL 1.

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 the 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 the 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. The 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, the 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;

AB ŪKIO BANKAS

AMENDED ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

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;
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 Sistemai, 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;

AB ŪKIO BANKAS

AMENDED ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

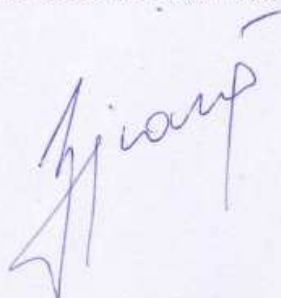
25 September 2008	Announced that on 24 September 2008 AB Ūkio Bankas finished the issue of second bond emission under LTL 200,000,000 medium term bonds offering program. During distribution period from 25 August 2008 till 24 September 2008 197,286 bonds with nominal value of LTL 100 and fixed 8 percent 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;
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 Program 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 and 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.

Gintaras Ugianskis
Chairman of the Board

Kaunas, Lithuania

9 July 2009



AB ŪKIO BANKAS

ANNEX TO ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

INFORMATION ON COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Ūkio bankas following Article 21 paragraph 3 of the Law on Securities of the Republic of Lithuania and item 23.5 of the Trading Rules of the Stock Exchange NASDAQ OMX Vilnius, discloses its compliance with the Governance Code, approved by the Stock Exchange NASDAQ OMX Vilnius for the companies listed on the regulated market, and its specific provisions.

PRINCIPLES/ RECOMMENDATIONS	YES /NO/ IRRELEVANT	COMMENTARY
Principle I: Basic Provisions		
The overriding objective of a company should be to operate in common interests of all the shareholders by optimizing over time shareholder value.		
1.1. A company should adopt and make public the company's development strategy and objectives by clearly declaring how the company intends to meet the interests of its shareholders and optimize shareholder value.	Yes	The Bank's development strategy and objectives are disclosed to the shareholders in the Bank's annual report, and part of information is placed on the Bank's website.
1.2. All management bodies of a company should act in furtherance of the declared strategic objectives in view of the need to optimize shareholder value.	Yes	The Bank's Supervisory Council, the Board and Chief Executive Officers make every effort to implement the Bank's strategic objectives and at the same time to increase shareholders' value, carry profitable activity and to make conditions for the strengthening of the capital base.
1.3. A company's supervisory and management bodies should act in close co-operation in order to attain maximum benefit for the company and its shareholders.	Yes	The Bank's Supervisory Council acts in close cooperation with the Bank's Board as it helps implement the key and strategic issues of the Bank, approves the Bank's activity plans and supervises all the activities of Board and the Bank's administration. The Bank has set the produce of extending loans whereby loans of certain amounts are extended only upon receiving approval of the Supervisory Council. The Bank's Board is responsible for the development of the system allowing to determine, measure, assess and observe the Bank's activity risk. The Bank's Chief Executive Officers submit reports on implemented plans and future works to the Board.
1.4. A company's supervisory and management bodies should ensure that the rights and interests of persons other than the company's shareholders (e.g. employees, creditors, suppliers, clients, local community), participating in or connected with the company's operation, are duly respected.	Yes	The Bank's Supervisory Council, the Board and Chief Executive Officers evaluate the contribution of the Bank's employees in the improvement of the Bank's activities and strengthening of the capital basis, and for this purpose conditions are created for the Bank's employees to advance their professional skills and comprehensively participate in the activities of the banking sector, the employees are given incentives when they propose innovative ideas concerning the improvement of the bank's operation. Decisions of the Bank's bodies help realize the ideas of our state and city, i.e.

the Bank supports events, exhibitions, and invests in the cultural life of the local community.

Principle II: The corporate governance framework

The corporate governance framework should ensure the strategic guidance of the company, the effective oversight of the company's management bodies, an appropriate balance and distribution of functions between the company's bodies, protection of the shareholders' interests.

<p>2.1. Besides obligatory bodies provided for in the Law on Companies of the Republic of Lithuania – a general shareholders' meeting and the chief executive officer, it is recommended that a company should set up both a collegial supervisory body and a collegial management body. The setting up of collegial bodies for supervision and management facilitates clear separation of management and supervisory functions in the company, accountability and control on the part of the chief executive officer, which, in its turn, facilitate a more efficient and transparent management process.</p>	<p>Yes</p>	<p>Pursuant to the Lithuanian Republic laws on banks and financial institutions, the Bank, as a credit institution, has set up the Supervisory Council, the Board and elected two Chief Executive Officers.</p>
<p>2.2. A collegial management body is responsible for the strategic management of the company and performs other key functions of corporate governance. A collegial supervisory body is responsible for the effective supervision of the company's management bodies.</p>	<p>Yes</p>	<p>The Board, a collegial management body, performs the functions of the Bank's management, and the Supervisory Council, a collegial supervisory body, supervises the activities of the Board and how efficiently the Board performs its functions.</p>
<p>2.3. Where a company chooses to form only one collegial body, it is recommended that it should be a supervisory body, i.e. the supervisory board. In such a case, the supervisory board is responsible for the effective monitoring of the functions performed by the company's chief executive officer.</p>	<p>Irrelevant</p>	<p>The Bank has set up both the Supervisory Council and the Board.</p>
<p>2.4. The collegial supervisory body to be elected by the general shareholders' meeting should be set up and should act in the manner defined in Principles III and IV. Where a company should decide not to set up a collegial supervisory body but rather a collegial management body, i.e. the board, Principles III and IV should apply to the board as long as that does not contradict the essence and purpose of this body.</p>	<p>Yes/No</p>	<p>At the time of electing the present Supervisory Council of the Bank the Corporate Governance Code was not adopted, therefore the Supervisory Council was set up in the manner prescribed by the Company Law. Members of the Bank's Supervisory Council are elected by the shareholders from the candidates nominated by the shareholders therefore the procedure of setting up the Supervisory Council ensures the representation of interests of the minority shareholders. Also please see comments provided in the III and IV principles.</p>
<p>2.5. Company's management and supervisory bodies should comprise such number of board (executive directors) and supervisory (non-executive directors) board members that no individual or small group of individuals can dominate decision-making on the part of these bodies.</p>	<p>Yes</p>	<p>The Bank's Board comprises 5 (five) members and the Supervisory Council – 7 (seven) members. Based on the practice and opinion of the Bank's management, such number of the Board's and Supervisory Council's members is sufficient to rationally adopt decisions.</p>
<p>2.6. Non-executive directors or members of the supervisory board should be appointed for specified terms subject to individual re-election, at maximum intervals provided for in the Lithuanian legislation with a view to ensuring necessary development of professional experience and sufficiently frequent reconfirmation of their status. A possibility to remove them should also be stipulated however this procedure should not be easier than the removal procedure for an executive director or a member of the management board.</p>	<p>Yes</p>	<p>The Bank's Supervisory Council is elected for the period of 4 years and the number of terms of office of the Supervisory Council's member is not limited. Pursuant to the currently applicable Articles of Association of Ūkio bankas as well as practice, the re-election of the same members of the</p>

AB ŪKIO BANKAS

ANNEX TO ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

2.7. Chairman of the collegial body elected by the general shareholders' meeting may be a person whose current or past office constitutes no obstacle to conduct independent and impartial supervision. Where a company should decide not to set up a supervisory board but rather the board, it is recommended that the chairman of the board and chief executive officer of the company should be a different person. Former company's chief executive officer should not be immediately nominated as the chairman of the collegial body elected by the general shareholders' meeting. When a company chooses to depart from these recommendations, it should furnish information on the measures it has taken to ensure impartiality of the supervision.

Yes

Supervisory Council for the next term of office is not prohibited. The Chairman of the Bank's Supervisory Council can conduct independent and impartial supervision since he did not take and presently does not take the office of the Chief Executive Officer of the Bank.

Principle III: The order of the formation of a collegial body to be elected by a general shareholders' meeting

The order of the formation a collegial body to be elected by a general shareholders' meeting should ensure representation of minority shareholders, accountability of this body to the shareholders and objective monitoring of the company's operation and its management bodies.

3.1. The mechanism of the formation of a collegial body to be elected by a general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure objective and fair monitoring of the company's management bodies as well as representation of minority shareholders.

Yes

The mechanism of the formation of the Supervisory Council ensures objective and fair monitoring of the company's management bodies. The minority shareholders' right and possibility to have their representative in a collegial body is not restricted

3.2. Names and surnames of the candidates to become members of a collegial body, information about their education, qualification, professional background, positions taken and potential conflicts of interest should be disclosed early enough before the general shareholders' meeting so that the shareholders would have sufficient time to make an informed voting decision. All factors affecting the candidate's independence, the sample list of which is set out in Recommendation 3.7, should be also disclosed. The collegial body should also be informed on any subsequent changes in the provided information. The collegial body should, on yearly basis, collect data provided in this item on its members and disclose this in the company's annual report.

Yes/No

To become member of the Bank's Supervisory Council or Board the authorization from the Bank of Lithuania has to be obtained therefore all the candidate members meet the requirements for this position. The shareholders are furnished with full information (curriculum vitae) about the candidates and during the elections possibilities are created for them to ask questions and receive desired information from the candidates. The Bank's shareholders can also receive extensive information about the members of the Bank's collegial body at the Human Resource Department, which stores data about the members of collegial bodies.

3.3. Should a person be nominated for members of a collegial body, such nomination should be followed by the disclosure of information on candidate's particular competences relevant to his/her service on the collegial body. In order shareholders and investors are able to ascertain whether member's competence is further relevant, the collegial body should, in its annual report, disclose the information on its composition and particular competences of individual members which are relevant to their service on the collegial body.

No

The Bank supposes that it is sufficient to meet the standards and provisions set in the acts of law of the Republic of Lithuania including the requirement approved by the resolutions of the Bank of Lithuania which indicates that people who are being elected and assigned into senior management have to receive the permission from the Bank of Lithuania.

3.4. In order to maintain a proper balance in terms of the current qualifications possessed by its members, the collegial body should determine its desired composition with regard to the company's structure and activities, and have this periodically evaluated. The collegial body should ensure that it is composed of members who, as a whole, have the required diversity of knowledge, judgment and experience to complete their tasks properly. The members of the audit committee, collectively, should have a recent knowledge and relevant experience in the

Yes

All the members of the Bank's Supervisory Council and Board possess required qualification. Pursuant to the Bank of Lithuania Board's Resolution No. 105, members of a Bank's Supervisory Council should have higher education, and at least two members of the Board should

AB ŪKIO BANKAS

ANNEX TO ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

fields of finance, accounting and/or audit for the stock exchange listed companies.

have a specific education, i.e. higher education in law, management and business administration or economics. The Bank's Supervisory Council and Board include members who are specialists in different fields. The members of Ūkio bankas Supervisory Council and Board meet the requirements set by the Bank of Lithuania.

The members of Bank's Audit Committee have a recent knowledge and relevant experience in the fields of finance, accounting and/or audit for the stock exchange listed companies.

3.5. All new members of the collegial body should be offered a tailored program focused on introducing a member with his/her duties, corporate organization and activities. The collegial body should conduct an annual review to identify fields where its members need to update their skills and knowledge.

Yes

At the Bank, new members of the collegial bodies are granted the right to use the Bank's internal internet system, which stores all the orders, procedures and policies applicable in the Bank as well as the Bank's organizational structure in order a newly elected member of the collegial body could evaluate the current situation of the Bank and familiarize himself/herself with the bank's activities.

3.6. In order to ensure that all material conflicts of interest related with a member of the collegial body are resolved properly, the collegial body should comprise a sufficient number of independent members.

No

At the time of electing the present Supervisory Council of the Bank the Corporate Governance Code was not adopted, therefore the Supervisory Council was set up in the manner prescribed by the Company Law.

The Bank supposes that in order to ensure that all material conflicts of interest related with a member of the collegial body are resolved properly, it is sufficient to meet the standards and provisions set in the acts of law of the Republic of Lithuania.

3.7. A member of the collegial body should be considered to be independent only if he is free of any business, family or other relationship with the company, its controlling shareholder or the management of either, that creates a conflict of interest such as to impair his judgment. Since all cases when member of the collegial body is likely to become dependent are impossible to list, moreover, relationships and circumstances associated with the determination of independence may vary amongst companies and the best practices of solving this problem are yet to evolve in the course of time, assessment of independence of a member of the collegial body should be based on the contents of the relationship and circumstances rather than their form. The key criteria for identifying whether a member of the collegial body can be considered to be independent are the following:

No

See commentary on the recommendation 3.6

- 1) He/she is not an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) of the company or any associated company and has not been such during the last five years;
- 2) He/she is not an employee of the company or some any company and has not been such during the last three years, except for cases when a member of the collegial body does not belong to the senior management and was elected to the collegial body as a representative of

AB ŪKIO BANKAS

ANNEX TO ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

the employees;

- 3) He/she is not receiving or has been not receiving significant additional remuneration from the company or associated company other than remuneration for the office in the collegial body. Such additional remuneration includes participation in share options or some other performance based pay systems; it does not include compensation payments for the previous office in the company (provided that such payment is no way related with later position) as per pension plans (inclusive of deferred compensations);
- 4) He/she is not a controlling shareholder or representative of such shareholder (control as defined in the Council Directive 83/349/EEC Article 1 Part 1);
- 5) He/she does not have and did not have any material business relations with the company or associated company within the past year directly or as a partner, shareholder, director or superior employee of the subject having such relationship. A subject is considered to have business relations when it is a major supplier or service provider (inclusive of financial, legal, counseling and consulting services), major client or organization receiving significant payments from the company or its group;
- 6) He/she is not and has not been, during the last three years, partner or employee of the current or former external audit company of the company or associated company;
- 7) He/she is not an executive director or member of the board in some other company where executive director of the company or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) is non-executive director or member of the supervisory board, he/she may not also have any other material relationships with executive directors of the company that arise from their participation in activities of other companies or bodies;
- 8) He/she has not been in the position of a member of the collegial body for over than 12 years;
- 9) He/she is not a close relative to an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) or to any person listed in above items 1 to 8. Close relative is considered to be a spouse (common-law spouse), children and parents.

3.8. The determination of what constitutes independence is fundamentally an issue for the collegial body itself to determine. The collegial body may decide that, despite a particular member meets all the criteria of independence laid down in this Code, he cannot be considered independent due to special personal or company-related circumstances.

No See commentary on the recommendation 3.6

3.9. Necessary information on conclusions the collegial body has come to in its determination of whether a particular member of the body should be considered to be independent should be disclosed. When a person is nominated to become a member of the collegial body, the company should disclose whether it considers the person to be independent. When a particular member of the collegial body does not meet one or more criteria of independence set out in this Code, the company should disclose its reasons for nevertheless considering the member to be independent. In addition, the company should annually disclose which members of the collegial body it considers to be independent.

No See commentary on the recommendation 3.6

3.10. When one or more criteria of independence set out in this Code has not been met throughout the year, the company should disclose its reasons for considering a particular member of the collegial body to be independent. To ensure accuracy of

No See commentary on the recommendation 3.6

AB ŪKIO BANKAS

ANNEX TO ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

the information disclosed in relation with the independence of the members of the collegial body, the company should require independent members to have their independence periodically re-confirmed.

3.11. In order to remunerate members of a collegial body for their work and participation in the meetings of the collegial body, they may be remunerated from the company's fund. The general shareholders' meeting should approve the amount of such remuneration.

No See commentary on the recommendation 3.6

Principle IV: The duties and liabilities of a collegial body elected by the general shareholders' meeting

The corporate governance framework should ensure proper and effective functioning of the collegial body elected by the general shareholders' meeting, and the powers granted to the collegial body should ensure effective monitoring of the company's management bodies and protection of interests of all the company's shareholders.

4.1. The collegial body elected by the general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure integrity and transparency of the company's financial statements and the control system. The collegial body should issue recommendations to the company's management bodies and monitor and control the company's management performance.

Yes

The Supervisory Council elected at the Bank issues responses and recommendations concerning the company's annual Financial Statements, draft of profit distribution, the company's annual report and activities of the Board and the Bank's management to the general shareholders' meeting, and performs other functions of supervising the activities of the Bank and its management bodies ascribed to the competence of the Supervisory Council.

4.2. Members of the collegial body should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders with due regard to the interests of employees and public welfare. Independent members of the collegial body should (a) under all circumstances maintain independence of their analysis, decision-making and actions (b) do not seek and accept any unjustified privileges that might compromise their independence, and (c) clearly express their objections should a member consider that decision of the collegial body is against the interests of the company. Should a collegial body have passed decisions independent member has serious doubts about, the member should make adequate conclusions. Should an independent member resign from his office, he should explain the reasons in a letter addressed to the collegial body or audit committee and, if necessary, respective company-not-pertaining body (institution).

Yes

According to the data possessed by the Bank all the Supervisory Council's members act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders with due regard to the interests of employees and public welfare. Independent members of the collegial body are not elected, please see the commentary on the recommendation 3.6.

4.3. Each member should devote sufficient time and attention to perform his duties as a member of the collegial body. Each member of the collegial body should limit other professional obligations of his (in particular any directorships held in other companies) in such a manner they do not interfere with proper performance of duties of a member of the collegial body. In the event a member of the collegial body should be present in less than a half of the meetings of the collegial body throughout the financial year of the company, shareholders of the company should be notified.

Yes

The Bank follows this recommendation since the members of the collegial bodies properly perform their functions, i.e. they actively participate in the meetings of the collegial body and devote sufficient time to perform their duties as collegial members.

4.4. Where decisions of a collegial body may have a different effect on the company's shareholders, the collegial body should treat all shareholders impartially and fairly. It should ensure that shareholders are properly informed on the company's affairs, strategies, risk management and resolution of conflicts of interest. The company should have a clearly established role of members of the collegial body when communicating with and committing to shareholders.

Yes

The Bank's collegial body always treats all shareholders impartially and fairly. The official regulations of the Bank's collegial body are being supplemented currently by describing more accurately the role of the members in communicating with and committing to shareholders.

4.5. It is recommended that transactions (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions), concluded between the company and its shareholders, members of the supervisory or managing bodies or other natural or legal persons that exert or may exert influence on the company's

Yes

The Bank follows this recommendation because any transactions concluded between the Bank and its shareholders, members of the supervisory or managing bodies and similar are

AB ŪKIO BANKAS

ANNEX TO ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

management should be subject to approval of the collegial body. The decision concerning approval of such transactions should be deemed adopted only provided the majority of the independent members of the collegial body voted for such a decision.

4.6. The collegial body should be independent in passing decisions that are significant for the company's operations and strategy. Taken separately, the collegial body should be independent of the company's management bodies. Members of the collegial body should act and pass decisions without an outside influence from the persons who have elected it. Companies should ensure that the collegial body and its committees are provided with sufficient administrative and financial resources to discharge their duties, including the right to obtain, in particular from employees of the company, all the necessary information or to seek independent legal, accounting or any other advice on issues pertaining to the competence of the collegial body and its committees.

4.7. Activities of the collegial body should be organized in a manner that independent members of the collegial body could have major influence in relevant areas where chances of occurrence of conflicts of interest are very high. Such areas to be considered as highly relevant are issues of nomination of company's directors, determination of directors' remuneration and control and assessment of company's audit. Therefore when the mentioned issues are attributable to the competence of the collegial body, it is recommended that the collegial body should establish nomination, remuneration, and audit committees. Companies should ensure that the functions attributable to the nomination, remuneration, and audit committees are carried out. However they may decide to merge these functions and set up less than three committees. In such case a company should explain in detail reasons behind the selection of alternative approach and how the selected approach complies with the objectives set forth for the three different committees. Should the collegial body of the company comprise small number of members, the functions assigned to the three committees may be performed by the collegial body itself, provided that it meets composition requirements advocated for the committees and that adequate information is provided in this respect. In such case provisions of this Code relating to the committees of the collegial body (in particular with respect to their role, operation, and transparency) should apply, where relevant, to the collegial body as a whole.

4.8. The key objective of the committees is to increase efficiency of the activities of the collegial body by ensuring that decisions are based on due consideration, and to help organize its work with a view to ensuring that the decisions it takes are free of material conflicts of interest. Committees should present the collegial body with recommendations concerning the decisions of the collegial body. Nevertheless the final decision shall be adopted by the collegial body. The recommendation on creation of committees is not intended, in principle, to constrict the competence of the collegial body or to remove the matters considered from the purview of the collegial body itself, which remains fully responsible for the decisions taken in its field of competence.

4.9. Committees established by the collegial body should normally be composed of at least three members. In companies with small number of members of the collegial body, they could

subject to approval of the Supervisory Council or the Board depending on the size of the transaction and the level of members with whom the transaction is concluded.

Independent members of the collegial body are not elected, please see the commentary on the recommendation 3.6

Yes The Bank's collegial body is independent in passing decisions that are significant for the Bank's operations and strategy. Members of the collegial body act and pass decisions without an outside influence from the persons who have elected them. The Supervisory Council is independent of the Board. All the committees currently operating at the Bank are provided with all resources to discharge their duties. All the Bank's employees provide required information to the members of the Bank's Supervisory Council in order they could properly execute their functions and deal with the issues pertaining to their competence.

Yes/No The Bank has set up the Audit Committee, which exercises the Bank's internal audit control. The Committees of the Nomination and Remuneration are not established, the functions of these committees are successfully handled by the Bank's Board.

Yes/No The Audit Committee issues recommendations related to the audit control carried out in the Bank to the Bank's Supervisory Council and the Board. The Committees of the Nomination and Remuneration are not established, the functions of these committees are successfully handled by the Bank's Board.

Yes/No The Audit Committee is composed of four members.. The Committees of the Nomination

AB ŪKIO BANKAS

ANNEX TO ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

<p>exceptionally be composed of two members. Majority of the members of each committee should be constituted from independent members of the collegial body. In cases when the company chooses not to set up a supervisory board, remuneration and audit committees should be entirely comprised of non-executive directors. Chairmanship and membership of the committees should be decided with due regard to the need to ensure that committee membership is refreshed and that undue reliance is not placed on particular individuals.</p>		and Remuneration are not established
<p>4.10. Authority of each of the committees should be determined by the collegial body. Committees should perform their duties in line with authority delegated to them and inform the collegial body on their activities and performance on regular basis. Authority of every committee stipulating the role and rights and duties of the committee should be made public at least once a year (as part of the information disclosed by the company annually on its corporate governance structures and practices). Companies should also make public annually a statement by existing committees on their composition, number of meetings and attendance over the year, and their main activities. Audit committee should confirm that it is satisfied with the independence of the audit process and describe briefly the actions it has taken to reach this conclusion.</p>	Yes/No	The authority delegated to the Audit Committee as well as its accounting is set in the Committee's provisions approved by the Supervisory Council. During the year 2008 four meetings of the Committee were arranged.
<p>4.11. In order to ensure independence and impartiality of the committees, members of the collegial body that are not members of the committee should commonly have a right to participate in the meetings of the committee only if invited by the committee. A committee may invite or demand participation in the meeting of particular officers or experts. Chairman of each of the committees should have a possibility to maintain direct communication with the shareholders. Events when such are to be performed should be specified in the regulations for committee activities.</p>	Yes	The Audit Committee works and holds its meetings in the manner prescribed in this recommendation.
<p>4.12. Nomination Committee. 4.12.1. Key functions of the nomination committee should be the following: 1) Identify and recommend, for the approval of the collegial body, candidates to fill board vacancies. The nomination committee should evaluate the balance of skills, knowledge and experience on the management body, prepare a description of the roles and capabilities required to assume a particular office, and assess the time commitment expected. Nomination committee can also consider candidates to members of the collegial body delegated by the shareholders of the company; 2) Assess on regular basis the structure, size, composition and performance of the supervisory and management bodies, and make recommendations to the collegial body regarding the means of achieving necessary changes; 3) Assess on regular basis the skills, knowledge and experience of individual directors and report on this to the collegial body; 4) Properly consider issues related to succession planning; 5) Review the policy of the management bodies for selection and appointment of senior management.</p>	No	The Nomination Committee in the Bank is not established.
<p>4.12.2. Nomination committee should consider proposals by other parties, including management and shareholders. When dealing with issues related to executive directors or members of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) and senior management, chief executive officer of the company should be consulted by, and entitled to submit proposals to the nomination committee.</p>		
<p>4.13. Remuneration Committee. 4.13.1. Key functions of the remuneration committee should be the following: 1) Make proposals, for the approval of the collegial body, on the remuneration policy for members of management bodies and executive directors. Such policy should address all forms of compensation, including the fixed remuneration, performance-based remuneration schemes, pension arrangements, and termination payments. Proposals considering performance-based remuneration schemes should be accompanied with</p>	No	The Remuneration Committee in the Bank is not established.

AB ŪKIO BANKAS

ANNEX TO ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

recommendations on the related objectives and evaluation criteria, with a view to properly aligning the pay of executive director and members of the management bodies with the long-term interests of the shareholders and the objectives set by the collegial body;

2) Make proposals to the collegial body on the individual remuneration for executive directors and member of management bodies in order their remunerations are consistent with company's remuneration policy and the evaluation of the performance of these persons concerned. In doing so, the committee should be properly informed on the total compensation obtained by executive directors and members of the management bodies from the affiliated companies;

3) Make proposals to the collegial body on suitable forms of contracts for executive directors and members of the management bodies;

4) Assist the collegial body in overseeing how the company complies with applicable provisions regarding the remuneration-related information disclosure (in particular the remuneration policy applied and individual remuneration of directors);

5) Make general recommendations to the executive directors and members of the management bodies on the level and structure of remuneration for senior management (as defined by the collegial body) with regard to the respective information provided by the executive directors and members of the management bodies.

4.13.2. With respect to stock options and other share-based incentives which may be granted to directors or other employees, the committee should:

1) Consider general policy regarding the granting of the above mentioned schemes, in particular stock options, and make any related proposals to the collegial body;

2) Examine the related information that is given in the company's annual report and documents intended for the use during the shareholders meeting;

3) Make proposals to the collegial body regarding the choice between granting options to subscribe shares or granting options to purchase shares, specifying the reasons for its choice as well as the consequences that this choice has.

4.13.3. Upon resolution of the issues attributable to the competence of the remuneration committee, the committee should at least address the chairman of the collegial body and/or chief executive officer of the company for their opinion on the remuneration of other executive directors or members of the management bodies.

4.14. Audit Committee.

4.14.1. Key functions of the audit committee should be the following:

1) Observe the integrity of the financial information provided by the company, in particular by reviewing the relevance and consistency of the accounting methods used by the company and its group (including the criteria for the consolidation of the accounts of companies in the group);

2) At least once a year review the systems of internal control and risk management to ensure that the key risks (inclusive of the risks in relation with compliance with existing laws and regulations) are properly identified, managed and reflected in the information provided;

3) Ensure the efficiency of the internal audit function, among other things, by making recommendations on the selection, appointment, reappointment and removal of the head of the internal audit department and on the budget of the department, and by monitoring the responsiveness of the management to its findings and recommendations. Should there be no internal audit authority in the company, the need for one should be reviewed at least annually;

4) Make recommendations to the collegial body related with selection, appointment, reappointment and removal of the external auditor (to be done by the general shareholders' meeting) and with the terms and conditions of his engagement. The committee should investigate situations that lead to a resignation of the audit company or auditor and make

Yes

The Bank has set up the Audit Committee, which performs the functions that are established in the Regulations governing the activities of the Bank's Audit Committee and fundamentally do not differ from those indicated in this recommendation.

AB ŪKIO BANKAS

ANNEX TO ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

recommendations on required actions in such situations;

5) Monitor independence and impartiality of the external auditor, in particular by reviewing the audit company's compliance with applicable guidance relating to the rotation of audit partners, the level of fees paid by the company, and similar issues. In order to prevent occurrence of material conflicts of interest, the committee, based on the auditor's disclosed inter alia data on all remunerations paid by the company to the auditor and network, should at all times monitor nature and extent of the non-audit services. Having regard to the principals and guidelines established in the 16 May 2002 Commission Recommendation 2002/590/EC, the committee should determine and apply a formal policy establishing types of non-audit services that are (a) excluded, (b) permissible only after review by the committee, and (c) permissible without referral to the committee;

6) Review efficiency of the external audit process and responsiveness of management to recommendations made in the external auditor's management letter.

4.14.2. All members of the committee should be furnished with complete information on particulars of accounting, financial and other operations of the company. Company's management should inform the audit committee of the methods used to account for significant and unusual transactions where the accounting treatment may be open to different approaches. In such case a special consideration should be given to company's operations in offshore centers and/or activities carried out through special purpose vehicles (organizations) and justification of such operations.

4.14.3. The audit committee should decide whether participation of the chairman of the collegial body, chief executive officer of the company, chief financial officer (or superior employees in charge of finances, treasury and accounting), or internal and external auditors in the meetings of the committee is required (if required, when). The committee should be entitled, when needed, to meet with any relevant person without executive directors and members of the management bodies present.

4.14.4. Internal and external auditors should be secured with not only effective working relationship with management, but also with free access to the collegial body. For this purpose the audit committee should act as the principal contact person for the internal and external auditors.

4.14.5. The audit committee should be informed of the internal auditor's work program, and should be furnished with internal audit's reports or periodic summaries. The audit committee should also be informed of the work program of the external auditor and should be furnished with report disclosing all relationships between the independent auditor and the company and its group. The committee should be timely furnished information on all issues arising from the audit.

4.14.6. The audit committee should examine whether the company is following applicable provisions regarding the possibility for employees to report alleged significant irregularities in the company, by way of complaints or through anonymous submissions (normally to an independent member of the collegial body), and should ensure that there is a procedure established for proportionate and independent investigation of these issues and for appropriate follow-up action.

4.14.7. The audit committee should report on its activities to the collegial body at least once in every six months, at the time the yearly and half-yearly statements are approved.

4.15. Every year the collegial body should conduct the assessment of its activities. The assessment should include evaluation of collegial body's structure, work organization and ability to act as a group, evaluation of each of the collegial body member's and committee's competence and work efficiency and assessment whether the collegial body has achieved its objectives. The collegial body should, at least once a year, make public (as part of the information the company annually discloses on its management structures and practices) respective information on its internal organization and working procedures, and specify what material changes were made as a

No The assessment of the activities of the Bank's collegial body is conducted by a state supervisory institution – the Bank of Lithuania annually. When conducting the inspection (review), it points out all the shortcomings to be eliminated seeking efficient and productive work of the Bank's collegial body.

result of the assessment of the collegial body of its own activities.

Principle V: The working procedure of the company's collegial bodies

The working procedure of supervisory and management bodies established in the company should ensure efficient operation of these bodies and decision-making and encourage active co-operation between the company's bodies.

<p>5.1. The company's supervisory and management bodies (hereinafter in this Principle the concept 'collegial bodies' covers both the collegial bodies of supervision and the collegial bodies of management) should be chaired by chairpersons of these bodies. The chairperson of a collegial body is responsible for proper convocation of the collegial body meetings. The chairperson should ensure that information about the meeting being convened and its agenda are communicated to all members of the body. The chairperson of a collegial body should ensure appropriate conducting of the meetings of the collegial body. The chairperson should ensure order and working atmosphere during the meeting.</p>	<p>Yes</p>	<p>The Bank implements this recommendation and pursuant to the paragraphs 15 and 16 of the Supervisory Council's Work Regulations – "The Council meetings shall be convened by the Council chairman, and in his/her absence – by the Council deputy chairman. The meetings may also be convened by the decision passed by not less than 1/3 of the Council members. The issues proposed by the initiators of the meeting have to be included in the agenda of these meetings. When notifying of the meetings the required material prepared for the meeting has also to be presented (theses of reports, draft resolutions, certificates, explanations and other necessary documents)." Pursuant to the paragraphs 10, 15 and 16 of the Bank Board's Work regulations – "The initiative right to convoke the meeting has any and every member of the Board. The meetings are chaired by the chairperson of the Board and in his/her absence – by the Board deputy chairman. The material on the questions under consideration has to be presented to the secretary of the Board meeting two working days before the meeting.</p>
<p>5.2. It is recommended that meetings of the company's collegial bodies should be carried out according to the schedule approved in advance at certain intervals of time. Each company is free to decide how often to convene meetings of the collegial bodies, but it is recommended that these meetings should be convened at such intervals, which would guarantee an interrupted resolution of the essential corporate governance issues. Meetings of the company's supervisory board should be convened at least once in a quarter, and the company's board should meet at least once a month¹.</p>	<p>Yes</p>	<p>The Bank implements this recommendation, and pursuant to the paragraph 14 of the Supervisory Council's Work regulations – "the Council's meetings shall be convened at least once a quarter. Members shall be notified of the Council's meetings being convened in writing or orally not later than 3 (three) days in advance. In separate cases, upon having the consent of all members of the Council, the meetings may be convened within a shorter time. According to the paragraph 14 of the Bank Board's Work regulations – "meetings of the Bank's Board shall be convened at least once a fortnight."</p>
<p>5.3. Members of a collegial body should be notified about the meeting being convened in advance in order to allow sufficient time for proper preparation for the issues on the agenda of the meeting and to ensure fruitful discussion and adoption of appropriate decisions. Alongside with the notice about the meeting being convened, all the documents relevant to the</p>	<p>Yes</p>	<p>The Bank implements this recommendation, and pursuant to the paragraphs 14 and 15 of the Supervisory Council's Work Regulations – "When notifying of the meetings the required</p>

AB ŪKIO BANKAS

ANNEX TO ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

issues on the agenda of the meeting should be submitted to the members of the collegial body. The agenda of the meeting should not be changed or supplemented during the meeting, unless all members of the collegial body are present or certain issues of great importance to the company require immediate resolution.

5.4. In order to co-ordinate operation of the company's collegial bodies and ensure effective decision-making process, chairpersons of the company's collegial bodies of supervision and management should closely co-operate by co-coordinating dates of the meetings, their agendas and resolving other issues of corporate governance. Members of the company's board should be free to attend meetings of the company's supervisory board, especially where issues concerning removal of the board members, their liability or remuneration are discussed.

Yes

material prepared for the meeting has also to be presented (theses of reports, draft resolutions, certificates, explanations and other necessary documents). The Council's meetings shall be convened at least once a quarter. Members shall be notified about the meeting being convened in writing or orally not later than 3 (three) days in advance. In separate cases, upon having consent of all members of the Council, meetings may be convened within a shorter term." The Bank implements this recommendation, and pursuant to the paragraph 17 of the Supervisory Council's Work regulations – "the Bank Board's members and other Bank's managers or employees may be invited to participate in the Council's meetings with a deliberative vote. If the invited persons cannot participate in the meeting they must inform the Council's chairman or his/her deputy by stating the reason of absence."

Principle VI: The equitable treatment of shareholders and shareholder rights

The corporate governance framework should ensure the equitable treatment of all shareholders, including minority and foreign shareholders. The corporate governance framework should protect the rights of the shareholders.

6.1. It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all their holders.

Yes

Ordinary registered shares comprising the Bank's capital grant equal rights to all holders of the Bank's shares.

6.2. It is recommended that investors should have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance, i.e. before they purchase shares.

Yes

The Bank publicly informs investors about the rights granted by the new or already issued shares.

6.3. Transactions that are important to the company and its shareholders, such as transfer, investment, and pledge of the company's assets or any other type of encumbrance should be subject to approval of the general shareholders' meeting.² All shareholders should be furnished with equal opportunity to familiarize with and participate in the decision-making process when significant corporate issues, including approval of transactions referred to above, are discussed.

Yes

As stipulated by the Bank's Articles of Association (paragraphs 14.25, 14.26, 14.27, 14.28), the Bank Board's decisions concerning the investment, transfer, lease (calculated separately for each type of transaction concerning non-current assets whose balance-sheet value is bigger than 1/2 of the Bank's authorized capital), pledge and mortgage (the total amount of transactions is calculated) of non-current assets whose balance-sheet value is bigger than 1/20 of the Bank's authorized capital; the security and guarantee of performance of other persons' obligations whose amount is bigger than 1/20 of the bank's authorized capital; the acquisition of non-current assets at the price bigger than 1/20 of the Bank's authorized capital

AB ŪKIO BANKAS

ANNEX TO ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

<p>6.4. Procedures of convening and conducting a general shareholders' meeting should ensure equal opportunities for the shareholders to effectively participate at the meetings and should not prejudice the rights and interests of the shareholders. The venue, date, and time of the shareholders' meeting should not hinder wide attendance of the shareholders. Prior to the shareholders' meeting, the company's supervisory and management bodies should enable the shareholders to lodge questions on issues on the agenda of the general shareholders' meeting and receive answers to them.</p>	Yes	<p>must be approved by the general shareholders' meeting..</p> <p>The Bank implements this recommendation because the Company Law of the Republic of Lithuania also ensures equal opportunities for the shareholders to participate in the meeting and the rights and interests of the shareholders are not violated. Prior to the meeting, all shareholders interested in the activities of the Bank, may address and address the Bank's managers asking questions about the shareholders' meeting and they are furnished with extensive information.</p>
<p>6.5. It is recommended that documents on the course of the general shareholders' meeting, including draft resolutions of the meeting, should be placed on the publicly accessible website of the company in advance. It is recommended that the minutes of the general shareholders' meeting after signing them and/or adopted resolutions should be also placed on the publicly accessible website of the company. Seeking to ensure the right of foreigners to familiarize with the information, whenever feasible, documents referred to in this recommendation should be published in English and/or other foreign languages. Documents referred to in this recommendation may be published on the publicly accessible website of the company to the extent that publishing of these documents is not detrimental to the company or the company's commercial secrets are not revealed.</p>	Yes	<p>All draft resolutions of the shareholders as well as the adopted resolutions of the shareholders are announced to all investors and persons interested in the Bank's activities via the internet information system of the Stock Exchange in the manner prescribed by law. On its website the Bank places information related to the announcement of the shareholders' meeting, draft resolutions of the shareholders' meeting as well as approved resolutions of the shareholders' meeting. The information in Banks' website is published in Lithuanian, English and Russian languages.</p>
<p>6.6. Shareholders should be furnished with the opportunity to vote in the general shareholders' meeting in person and in absentia. Shareholders should not be prevented from voting in writing in advance by completing the general voting ballot.</p>	Yes	<p>The Bank's shareholders may exercise their right to participate in the general shareholders' meeting in person or via a representative if such a person holds a proper Power of Attorney or the Agreement on the transfer of a voting right has been concluded with him/her in the manner prescribed by legislation, the Bank also furnishes the shareholders with the opportunity to vote by completing a general voting baler as provided for in the Company Law.</p>
<p>6.7. With a view to increasing the shareholders' opportunities to participate effectively at shareholders' meetings, the companies are recommended to expand use of modern technologies in voting processes by allowing the shareholders to vote in general meetings via terminal equipment of telecommunications. In such cases security of telecommunication equipment, text protection and a possibility to identify the signature of the voting person should be guaranteed. Moreover, companies could furnish its shareholders, especially foreigners, with the opportunity to watch shareholder meetings by means of modern technologies.</p>	Irrelevant	<p>Until now there was no need for the Bank to implement this recommendation since there are not many foreign shareholders, who successfully implement their rights of a shareholders by delegating their representative to participate in the shareholders' meeting or voting in advance by completing the voting ballot.</p>

Principle VII: The avoidance of conflicts of interest and their disclosure

The corporate governance framework should encourage members of the corporate bodies to avoid conflicts of interest and assure transparent and effective mechanism of disclosure of conflicts of interest regarding members of the corporate bodies.

AB ŪKIO BANKAS

ANNEX TO ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

7.1. Any member of the company's supervisory and management body should avoid a situation, in which his/her personal interests are in conflict or may be in conflict with the company's interests. In case such a situation did occur, a member of the company's supervisory and management body should, within reasonable time, inform other members of the same collegial body or the company's body that has elected him/her, or to the company's shareholders about a situation of a conflict of interest, indicate the nature of the conflict and value, where possible.	Yes
7.2. Any member of the company's supervisory and management body may not mix the company's assets, the use of which has not been mutually agreed upon, with his/her personal assets or use them or the information which he/she learns by virtue of his/her position as a member of a corporate body for his/her personal benefit or for the benefit of any third person without a prior agreement of the general shareholders' meeting or any other corporate body authorized by the meeting.	Yes
7.3. Any member of the company's supervisory and management body may conclude a transaction with the company, a member of a corporate body of which he/she is. Such a transaction (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions) must be immediately reported in writing or orally, by recording this in the minutes of the meeting, to other members of the same corporate body or to the corporate body that has elected him/her or to the company's shareholders. Transactions specified in this recommendation are also subject to recommendation 4.5.	Yes
7.4. Any member of the company's supervisory and management body should abstain from voting when decisions concerning transactions or other issues of personal or business interest are voted on.	Yes

Principle VIII: Company's remuneration policy

Remuneration policy and procedure for approval, revision and disclosure of directors' remuneration established in the company should prevent potential conflicts of interest and abuse in determining remuneration of directors, in addition it should ensure publicity and transparency both of company's remuneration policy and remuneration of directors.

8.1. A company should make a public statement of the company's remuneration policy (hereinafter the remuneration statement). This statement should be part of the company's annual accounts. Remuneration statement should also be posted on the company's website.	No	The Bank does not prepare a statement of the company's remuneration policy and does not declare it publicly being of the opinion that such information is not to be published. In the scope set by valid requirements, the average salaries are declared in the Bank's annual reports and securities' prospectuses.
8.2. Remuneration statement should mainly focus on directors' remuneration policy for the following year and, if appropriate, the subsequent years. The statement should contain a summary of the implementation of the remuneration policy in the previous financial year. Special attention should be given to any significant changes in company's remuneration policy as compared to the previous financial year.	No	See commentary on the recommendation 8.1
8.3. Remuneration statement should leastwise include the following information: 1) Explanation of the relative importance of the variable and non-variable components of directors' remuneration; 2) Sufficient information on performance criteria that entitles directors to share options, shares or variable components of remuneration; 3) Sufficient information on the linkage between the remuneration and performance; 4) The main parameters and rationale for any annual bonus scheme and any other non-cash benefits; 5) A description of the main characteristics of supplementary pension or early retirement schemes for directors.	No	See commentary on the recommendation 8.1
8.4. Remuneration statement should also summarize and explain company's policy regarding the terms of the contracts	No	See commentary on the recommendation 8.1

AB ŪKIO BANKAS

ANNEX TO ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

executed with executive directors and members of the management bodies. It should include, inter alia, information on the duration of contracts with executive directors and members of the management bodies, the applicable notice periods and details of provisions for termination payments linked to early termination under contracts for executive directors and members of the management bodies.

8.5. The information on preparatory and decision-making processes, during which a policy of remuneration of directors is being established, should also be disclosed. Information should include data, if applicable, on authorities and composition of the remuneration committee, names and surnames of external consultants whose services have been used in determination of the remuneration policy as well as the role of shareholders' annual general meeting.

No See commentary on the recommendation 8.1

8.6. Without prejudice to the role and organization of the relevant bodies responsible for setting directors' remunerations, the remuneration policy or any other significant change in remuneration policy should be included into the agenda of the shareholders' annual general meeting. Remuneration statement should be put for voting in shareholders' annual general meeting. The vote may be either mandatory or advisory.

No See commentary on the recommendation 8.1

8.7. Remuneration statement should also contain detailed information on the entire amount of remuneration, inclusive of other benefits, that was paid to individual directors over the relevant financial year. This document should list at least the information set out in items 8.7.1 to 8.7.4 for each person who has served as a director of the company at any time during the relevant financial year.

No See commentary on the recommendation 8.1

8.7.1. The following remuneration and/or emoluments-related information should be disclosed:

- 1) The total amount of remuneration paid or due to the director for services performed during the relevant financial year, inclusive of, where relevant, attendance fees fixed by the annual general shareholders meeting;
- 2) The remuneration and advantages received from any undertaking belonging to the same group;
- 3) The remuneration paid in the form of profit sharing and/or bonus payments and the reasons why such bonus payments and/or profit sharing were granted;
- 4) If permissible by the law, any significant additional remuneration paid to directors for special services outside the scope of the usual functions of a director;
- 5) Compensation receivable or paid to each former executive director or member of the management body as a result of his resignation from the office during the previous financial year;
- 6) Total estimated value of non-cash benefits considered as remuneration, other than the items covered in the above points.

8.7.2. As regards shares and/or rights to acquire share options and/or all other share-incentive schemes, the following information should be disclosed:

- 1) The number of share options offered or shares granted by the company during the relevant financial year and their conditions of application;
- 2) The number of shares options exercised during the relevant financial year and, for each of them, the number of shares involved and the exercise price or the value of the interest in the share incentive scheme at the end of the financial year;
- 3) The number of share options unexercised at the end of the financial year; their exercise price, the exercise date and the main conditions for the exercise of the rights;
- 4) All changes in the terms and conditions of existing share options occurring during the financial year.

8.7.3. The following supplementary pension schemes-related information should be disclosed:

- 1) When the pension scheme is a defined-benefit scheme, changes in the directors' accrued benefits under that scheme during the relevant financial year;
- 2) When the pension scheme is defined-contribution scheme, detailed information on contributions paid or payable by the company in respect of that director during the relevant financial year.

AB ŪKIO BANKAS

ANNEX TO ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

8.7.4. The statement should also state amounts that the company or any subsidiary company or entity included in the consolidated annual financial statements of the company has paid to each person who has served as a director in the company at any time during the relevant financial year in the form of loans, advance payments or guarantees, including the amount outstanding and the interest rate.

8.8. Schemes anticipating remuneration of directors in shares, share options or any other right to purchase shares or be remunerated on the basis of share price movements should be subject to the prior approval of shareholders' annual general meeting by way of a resolution prior to their adoption. The approval of scheme should be related with the scheme itself and not to the grant of such share-based benefits under that scheme to individual directors. All significant changes in scheme provisions should also be subject to shareholders' approval prior to their adoption; the approval decision should be made in shareholders' annual general meeting. In such case shareholders should be notified on all terms of suggested changes and get an explanation on the impact of the suggested changes.

8.9. The following issues should be subject to approval by the shareholders' annual general meeting:

- 1) Grant of share-based schemes, including share options, to directors;
- 2) Determination of maximum number of shares and main conditions of share granting;
- 3) The term within which options can be exercised;
- 4) The conditions for any subsequent change in the exercise of the options, if permissible by law;
- 5) All other long-term incentive schemes for which directors are eligible and which are not available to other employees of the company under similar terms. Annual general meeting should also set the deadline within which the body responsible for remuneration of directors may award compensations listed in this article to individual directors.

8.10. Should national law or company's Articles of Association allow, any discounted option arrangement under which any rights are granted to subscribe to shares at a price lower than the market value of the share prevailing on the day of the price determination, or the average of the market values over a number of days preceding the date when the exercise price is determined, should also be subject to the shareholders' approval.

8.11. Provisions of Articles 8.8 and 8.9 should not be applicable to schemes allowing for participation under similar conditions to company's employees or employees of any subsidiary company whose employees are eligible to participate in the scheme and which has been approved in the shareholders' annual general meeting.

8.12. Prior to the annual general meeting that is intended to consider decision stipulated in Article 8.8, the shareholders must be provided an opportunity to familiarize with draft resolution and project-related notice (the documents should be posted on the company's website). The notice should contain the full text of the share-based remuneration schemes or a description of their key terms, as well as full names of the participants in the schemes. Notice should also specify the relationship of the schemes and the overall remuneration policy of the directors. Draft resolution must have a clear reference to the scheme itself or to the summary of its key terms. Shareholders must also be presented with information on how the company intends to provide for the shares required to meet its obligations under incentive schemes. It should be clearly stated whether the company intends to buy shares in the market, hold the shares in reserve or issue new ones. There should also be a summary on scheme-related expenses the company will suffer due to the anticipated application of the scheme. All information given in this article must be posted on the company's website.

No The Bank's senior management is not remunerated for their work in shares, share options or any other right to purchase shares.

Principle IX: The role of stakeholders in corporate governance

The corporate governance framework should recognize the rights of stakeholders as established by law and encourage active co-operation between companies and stakeholders in creating the company value,

AB ŪKIO BANKAS

ANNEX TO ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

jobs and financial sustainability. For the purposes of this Principle, the concept "stakeholders" includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interest in the company concerned.

9.1. The corporate governance framework should assure that the rights of stakeholders that are protected by law are respected.	Yes	The Bank's management system ensures the protection of the stakeholders' rights. Employees' rights are established and assured by the Labor Code and the Bank's employment contracts with employees. Suppliers, clients and creditors have signed contracts with the Bank and on the basis thereof the Bank endeavors to observe mutual agreements in good faith, which contributes to the Bank's long-term success and good performance results. By supporting education, culture, medicine and sports, and providing other kind of social support the Bank actively participates in the local community's life and is well aware of the importance of social responsibility.
9.2. The corporate governance framework should create conditions for the stakeholders to participate in corporate governance in the manner prescribed by law. Examples of mechanisms of stakeholder participation in corporate governance include: employee participation in adoption of certain key decisions for the company; consulting the employees on corporate governance and other important issues; employee participation in the company's share capital; creditor involvement in governance in the context of the company's insolvency, etc.	Yes	Labor laws grant the right to the representatives of employees to submit proposals to the Bank concerning work organization, in adoption of key decisions. The Bank does not object to employee participation in the share capital.
9.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.	Yes	The stakeholders are granted access to relevant information.

Principle X: Information disclosure and transparency

The corporate governance framework should ensure that timely and accurate disclosure is made on all material information regarding the company, including the financial situation, performance and governance of the company.

<p>10.1. The company should disclose information on:</p> <ol style="list-style-type: none"> 1) The financial and operating results of the company; 2) Company objectives; 3) Persons holding by the right of ownership or in control of a block of shares in the company; 4) Members of the company's supervisory and management bodies, chief executive officer of the company and their remuneration; 5) Material foreseeable risk factors; 6) Transactions between the company and connected persons, as well as transactions concluded outside the course of the company's regular operations; 7) Material issues regarding employees and other stakeholders; 8) Governance structures and strategy. <p>This list should be deemed as a minimum recommendation, while the companies are encouraged not to limit themselves to disclosure of the information specified in this list..</p>	Yes	The Bank follows this recommendation since information about the Bank's objectives, results etc. is announced on the Bank's website, the public information system of the Exchange, in the Bank's annual reports and securities' prospectuses.
10.2. It is recommended that consolidated results of the whole group to which the company belongs should be disclosed when information specified in item 1 of Recommendation 10.1 is under disclosure.		
10.3. It is recommended that information on the professional background, qualifications of the members of supervisory and management bodies, chief executive officer of the company should be disclosed as well as potential conflicts of interest that may have an effect on their decisions when information specified in item 4 of Recommendation 10.1 about the members of the company's supervisory and management bodies is under		

AB ŪKIO BANKAS

ANNEX TO ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

disclosure. It is also recommended that information about the amount of remuneration received from the company and other income should be disclosed with regard to members of the company's supervisory and management bodies and chief executive officer as per Principle VIII.

10.4. It is recommended that information about the links between the company and its stakeholders, including employees, creditors, suppliers, local community, as well as the company's policy with regard to human resources, employee participation schemes in the company's share capital, etc. should be disclosed when information specified in item 7 of Recommendation 10.1 is under disclosure.

10.5. Information should be disclosed in such a way that neither shareholders nor investors are discriminated with regard to the manner or scope of access to information. Information should be disclosed to all simultaneously. It is recommended that notices about material events should be announced before or after a trading session on the Vilnius Stock Exchange, so that all the company's shareholders and investors should have equal access to the information and make informed investing decisions.

Yes The Bank follows this recommendation since information is presented in the Lithuanian and English languages via the system of information disclosure of the Vilnius Stock Exchange simultaneously insofar this is possible. The Stock Exchange places this information on its website and trading system and in this way simultaneous disclosure of information to all is ensured. Furthermore, the Bank announces information only before or after a trading session of the Vilnius Stock Exchange and simultaneously presents it to all the markets where the Bank's securities are traded. The Bank does not disclose information, which might have influence on the price of securities issued by it, in commentaries, interviews or any other manner before such information is publicly announced via the information system of the Exchange.

10.6. Channels for disseminating information should provide for fair, timely and cost-efficient access to relevant information by users. It is recommended that information technologies should be employed for wider dissemination of information, for instance, by placing the information on the company's website. It is recommended that information should be published and placed on the company's website not only in Lithuanian, but also in English, and, whenever possible and necessary, in other languages as well.

Yes All information on the Bank's website is placed in the Lithuanian, English and Russian languages.

10.7. It is recommended that the company's annual reports and other periodical accounts prepared by the company should be placed on the company's website. It is recommended that the company should announce information about material events and changes in the price of the company's shares on the Stock Exchange on the company's website too.

Yes The Bank follows this recommendation since it places all the information enumerated in this recommendation on its website.

Principle XI: The selection of the company's auditor

The mechanism of the selection of the company's auditor should ensure independence of the firm of auditor's conclusion and opinion.

11.1. An annual audit of the company's financial statements and report should be conducted by an independent firm of auditors in order to provide an external and objective opinion on the company's financial statements.

Yes The Bank follows this recommendation since an independent company of auditors conducts the audit of the Bank's interim financial statements, annual financial statements and report.

11.2. It is recommended that the company's supervisory board and, where it is not set up, the company's board should propose a candidate firm of auditors to the general shareholders' meeting.

Yes The Bank follows this recommendation since the candidate company of auditors is proposed to the general shareholders' meeting by the company's Supervisory Council

AB ŪKIO BANKAS

ANNEX TO ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

11.3. It is recommended that the company should disclose to its shareholders the level of fees paid to the firm of auditors for non-audit services rendered to the company. This information should be also known to the company's supervisory board and, where it is not formed, the company's board upon their consideration which firm of auditors to propose for the general shareholders' meeting.

Yes

even though it can also be proposed by the shareholders or the Bank's Board.

So far the company of auditors has not received from the Bank any other income than that for the conducted audit. Information about the income received from Bank by the company of auditors can be obtained from agreements signed between the Bank and the company of auditors, furthermore every year the shareholders approve a remuneration payable to the company of auditors and all shareholders know the amount of income received by the company of auditors, and the shareholder who is interest in the income received by the audit company from the Bank can obtain this information during the shareholders' meeting from the Bank's managers
