

AB ŪKIO BANKAS

***Independent Auditor's Report,
Annual Report and
Financial Statements
for the year ended 31 December 2010***

INDEPENDENT AUDITOR'S REPORT

To the shareholders of AB Ūkio Bankas:

Report on the Financial Statements

We have audited the accompanying financial statements (page 28 to 109) of AB Ūkio Bankas ("the Bank") and the consolidated financial statements of AB Ūkio Bankas and subsidiaries ("the Group"), which comprise the Bank's and the Group's statements of financial position as of 31 December 2010, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements and the consolidated financial statements present fairly, in all material respects, the financial position of the Bank and the Group as of 31 December 2010, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Report on Other Legal and Regulatory Requirements

As required by the Law on Banks of the Republic of Lithuania, Article 61, the Bank has presented financial information (page 110 to 116) of the Financial Group that, comprise financial information extracted from the financial statements of the Bank and the consolidated financial statements of the Group. In our opinion, the financial information of the Financial Group is consistent, in all material respects, with the financial statements of the Bank and the consolidated financial statements of the Group from which it was derived.

Furthermore, we have read the accompanying Annual Report for the year ended 31 December 2010 (page 5 to 27) and have not noted any material inconsistencies between the historical financial information included in it and the financial statements for the year ended 31 December 2010.



Simonas Rimašauskas
Managing Director

Deloitte Lietuva UAB
Vilnius, Lithuania
28 February 2011



Certified auditor Romanas Skrebnevskis
Auditor's Certificate No. 000471

AB ŪKIO BANKAS

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

REPORTING PERIOD

The annual report includes information for the year 2010. All amounts are presented as of 31 December 2010 or for the year then ended, unless otherwise stated. AB Ūkio Bankas is also being referred to as "the Bank" and AB Ūkio Bankas Group – "the Group".

COMPANIES CONSTITUTING THE GROUP AND THEIR CONTACT DETAILS

As of 31 December 2010, AB Ūkio Bankas Group consisted of AB Ūkio Bankas (parent company) and 9 subsidiaries listed below:

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

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

Contact details of parent company:

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

Contact details of UAB Ūkio Banko Lizingas:

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

Contact details of GD UAB Bonum Publicum:

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

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Contact details of UAB Ūkio Banko Investicijų valdymas:

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

Contact details of UAB Ūkio Banko Rizikos Kapitalo Valdymas:

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

Contact details of RAB Ūkio Bank Lizing:

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

Contact details of UAB Investicinio Turto Valdymas:

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

Contact details of UAB Trade Project:

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

Contact details of UAB Turto valdymo paslaugos:

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

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Contact details of UAB Eastern Europe Development Fund:

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

MAIN ACTIVITIES OF THE GROUP

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

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

AGREEMENTS WITH MARKET INTERMEDIARIES OF PUBLIC TRADING IN SECURITIES

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

<u>Intermediary</u>	<u>Address</u>	<u>Nature of the agreement</u>
AB DnB NORD Bankas	J. Basanavičiaus str. 26, Vilnius, Lithuania	Agreement on financial instruments account handling and execution of orders
AB Swedbank	Konstitucijos ave. 20A, 03502 Vilnius, Lithuania	Securities account handling and intermediation agreement
AS Swedbank	Liivalaia 8, Tallinn, Estonia	Securities account handling and intermediation agreement
AS Swedbank	Balasta dambis 1 a, Riga, Latvia	Securities account handling and intermediation agreement
AB SEB bankas	Gedimino ave. 12, Vilnius, Lithuania	Securities account handling agreement
AB Citadele bankas	K. Kalinausko str. 13, 03107 Vilnius, Lithuania	Agreement on the accounting, custody, and lending of securities and monetary funds and on acceptance and execution of orders
UAB FMĪ Finbaltus	Konstitucijos ave. 23 C, 660, 08105 Vilnius, Lithuania	Securities accounts servicing agreement
AB FMĪ Finasta	Maironio str. 11, 01124 Vilnius, Lithuania	Agreement on the accounting, custody, and lending of securities and monetary funds and on acceptance and execution of orders
Nova Banka A. D. Bijeljina	Knjaza Miloša 15, 78000 Banja Luka, Srpska Republika	Brokerage service agreement
Balkan Investment Bank AD, Banja Luka Balkan Investment Broker, Banja Luka	Krajiških brigada br. 2, Banja Luka, Srpska Republika, BiH	Brokerage service agreement
Troika Dialog (Bermuda) Limited	Chancery Hall 52 Reid Street, Hamilton HM 12 Bermuda	Intermediation and brokerage service agreement
Deutsche Bank AG	Winchester House, 1 Great Winchester Street, London, UK	Securities custody agreement
Deutsche Bank AG	Herengracht 450-454 NL-1017 CA Amsterdam, Netherlands	Securities custody agreement
ОАО Банк ЗЕИИТ	9, Banny pereulok, Moscow 129110, Russia	Agreement on the performance of operations on the securities market
Erste Bank Befektetesi Rt.	Madach Imre u. 13-15, 1075 Budapest, Hungary	Intermediation agreement
Citadele Asset Management"	2a Republikas square, LV-1010 Riga, Latvia	Agreement on investment portfolio management

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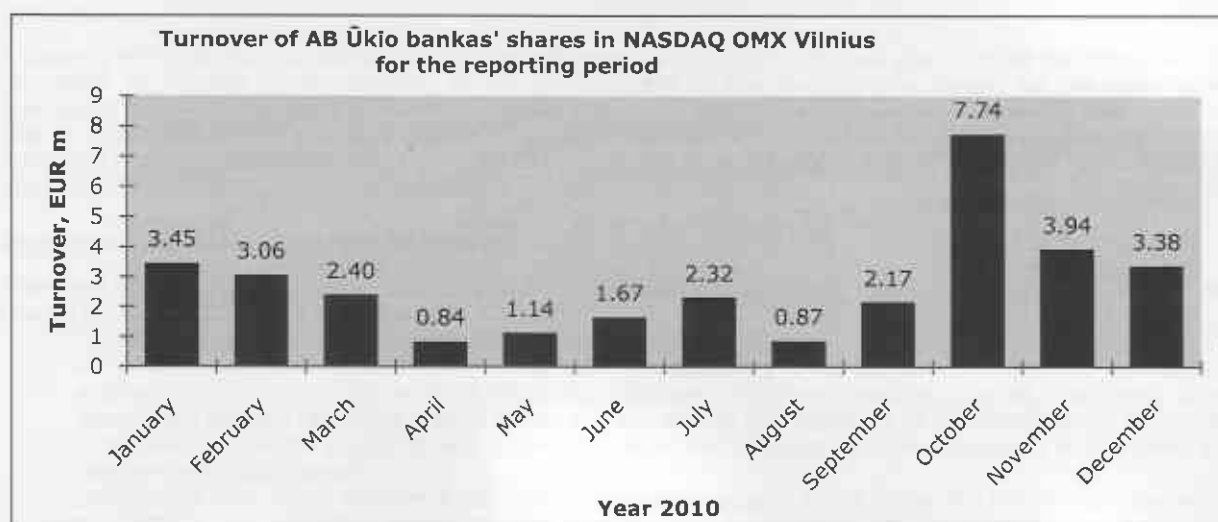
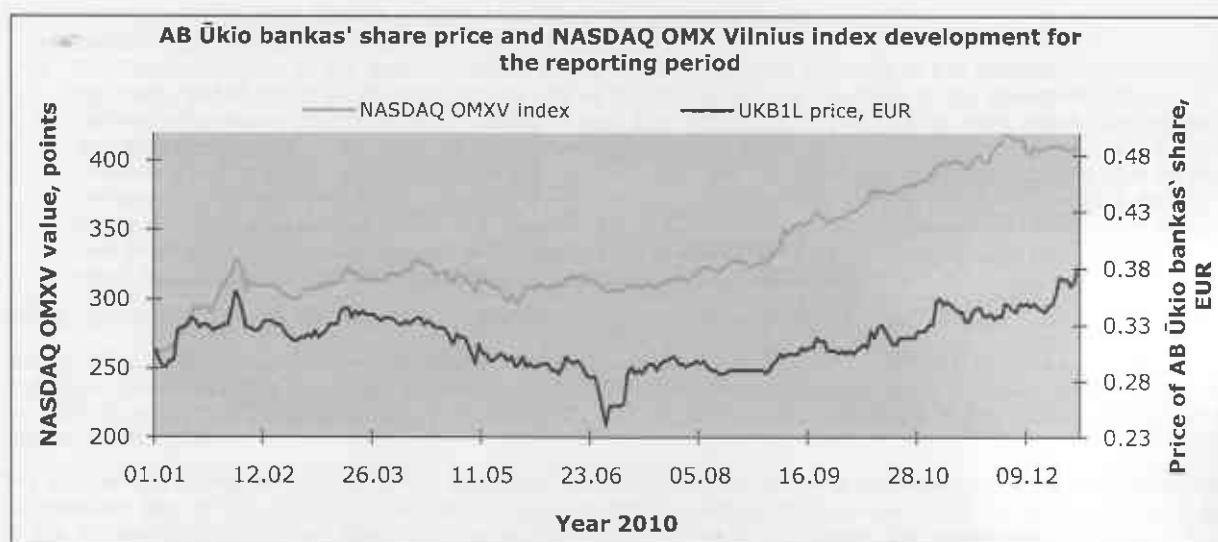
Intermediary	Address	Nature of the agreement
SG Private Banking (Suisse) S.A.	Rue de la Corraterie 6, Case postale 5022, 1211 Geneve 11, Switzerland	Agreement on securities custody and brokerage service
Credit Suisse	Uetlibergstrasse 231, Postfach 100, CH-8070 Zurich, Switzerland	Agreement on securities custody and brokerage service
Interactive brokers	Gothardstrasse 3, 6301 Zug, Switzerland	Brokerage service agreement
ASD Financial Services Corp.	25 SE Second Avenue, Suite 606 Miami, Florida 33131 USA	Intermediation agreement
Hauck & Aufhaeuser Privatbankiers KGaA	Kaiserstrasse 24 60311 Frankfurt am Main Germany	Securities custody agreement

(Concluded)

TRADING IN THE BANK'S SECURITIES ON STOCK EXCHANGES

AB Ūkio Bankas ordinary registered shares (name: UKB1L) are traded on NASDAQ OMX Vilnius Stock Exchange (VSE) (www.nasdaqomxbaltic.com) Official List. As of 31 December 2010 295,824,000 (two hundred ninety five million eight hundred twenty four thousand) ordinary registered shares were quoted on the NASDAQ OMX Vilnius Stock Exchange.

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



AB ŪKIO BANKAS

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AUTHORIZED CAPITAL AND ITS STRUCTURE

As of 31 December 2010 the authorized capital of the Bank amounted to LTL'000 295,824 (two hundred ninety five million eight hundred twenty four thousand) and it was divided into 295,824,000 (two hundred ninety five million eight hundred twenty four thousand) ordinary registered shares. The nominal value is LTL 1 (one) per share.

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

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

Shareholders have property and non-property rights.

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

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

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

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

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

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

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

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

RESTRICTIONS ON SECURITIES TRANSFER

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

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

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

SHAREHOLDERS

As of 31 December 2010 the Bank had 11,160 shareholders, who were holding 295,824,000 shares. The nominal value of each AB Ūkio Bankas ordinary registered share is LTL 1.

Over 5% of the registered authorized capital of the Bank was owned by the following shareholders (31 December 2010):

Shareholder's corporate name/ full name	Legal shareholder's code	Legal address	Shares held under the property right, number/ percentage of authorized capital, %	Votes held under the property right, number/ percentage of votes, %	Votes held in concert with other persons, number/ percentage of votes, %
Romanov Vladimir	-	-	157,084,696/ 53.1007%	157,084,696/ 53.1007%	157,084,696/ 53.1007%
UAB Universal Business Investment Group Management	210869960	Donelaičio str. 60, Kaunas, Lithuania	24,557,256/ 8.3013%	24,557,256/ 8.3013%	24,557,256/ 8.3013%
UAB FIRST Partneriai	301145610	Donelaičio str. 60, Kaunas, Lithuania	19,074,119/ 6.4478%	19,074,119/ 6.4478%	19,074,119/ 6.4478%
InCompleks LLC	CP00193203	101 South Spring str., Suite 220, Little Rock, Arkansas 72201, USA	17,483,266/ 5.9100%	17,483,266/ 5.9100%	17,483,266/ 5.9100%
Other			77,624,663/ 26.2402%	77,624,663/ 26.2402%	77,624,663/ 26.2402%
TOTAL:			295,824,000/ 100.00%	295,824,000/ 100.00%	295,824,000/ 100.00%

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

EMPLOYEES OF THE BANK

As of 31 December 2010, the average number of AB Ūkio Bankas employees was 619. 78% of them had the university education, 14% had college education and 8% had secondary education.

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

	Average number of employees			Average monthly salary (before taxes, in LTL)		
	2010	2009	2008	2010	2009	2008
Managing employees	120	123	120	6,292	6,208	7,040
Specialists	463	465	514	2,843	3,030	2,963
Other employees	36	38	34	2,809	2,756	2,934
Total	619	626	668	3,537	3,638	3,694

The staff policy of AB Ūkio Bankas is oriented to long-term employment relations. 22% of the staff has worked with the Bank for over 10 years. Conditions are created for the employees to advance their skills, raise qualification, study, be career-oriented and realize their best abilities.

There are no collective agreements signed in AB Ūkio Bankas.

AB ŪKIO BANKAS

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RULES GOVERNING THE STATUTE CHANGE OF THE BANK

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

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

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

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

BODIES OF THE BANK, THEIR ACTIVITIES AND AUTHORITY

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

The General Meeting of the Shareholders

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

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

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

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

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

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

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

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

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

The Supervisory Council of the Bank

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

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

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

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

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

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

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

The Supervisory Council of the Bank:

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

The Board of the Bank

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

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

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

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

The Board of the Bank:

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

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

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

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

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

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

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

Head of Bank Administration (CEO)

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

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

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

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

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

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

The Head of Bank Administration:

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

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

The Head of Bank Administration is responsible for:

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

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

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INFORMATION ABOUT MEMBERS OF COLLEGIAL BODIES, CEO, CHIEF ACCOUNTANT

Members of AB Ūkio Bankas collegial bodies, CEO, Chief Accountant, commencement and end of their office term and participation in the authorized capital as of 31 December 2010 are presented in the table below:

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

Amounts of funds in total and average amounts per members of the collegial bodies, CEO and Chief Accountant calculated by the Bank during 2010 are presented in the table below:

	Supervisory Council of the Bank	Board of the Bank	CEO	Chief Accountant
Total amounts, LTL	968,042	1,232,003	509,805	157,643
Average amounts, LTL	484,021	410,668	-	-

There were no guarantees or warranties issued in 2010 regarding the fulfillment of liabilities of collegial bodies' members, CEO or Chief Accountant.

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COMMITTEES OF THE BANK

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

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

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

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

On 20 January 2011 the Board of the Bank established the Remuneration Committee, which was established under the Bank of Lithuania adopted Resolution No. 228 "Concerning the approval of policy requirements for the minimum remuneration of employees of credit institutions".

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INFORMATION ABOUT MEMBERS OF COMMITTEES OF THE BANK

Members of the committees of AB Ūkio Bankas, commencement and end of their office term and participation in the authorized capital as of 31 December 2010 are presented in the table below:

Full name	Position	Main workplace	Number of shares held	Percentage of Bank capital, %	Percentage of votes, %
MEMBERS OF CREDIT COMMITTEE					
Gintaras Ugianskis (appointed 21 October 2010, permanent)	Chairman	AB Ūkio bankas	96,225	0.0325	0.0325
Vytas Večerinskis (appointed 21 October 2010, permanent)	Member	Advokato V. Večerinsko kontora	16	0.00001	0.00001
Justas Babarskas (appointed 21 October 2010, permanent)	Member	AB Ūkio bankas	0	0.0000	0.0000
Laura Ivaškevičiūtė (appointed 21 October 2010, permanent)	Member	AB Ūkio bankas	1,623	0.0005	0.0005
Raimundas Keršys (appointed 21 October 2010, permanent)	Member	AB Ūkio bankas	18,366	0.0062	0.0062
Mindaugas Pašvenskas (appointed 21 October 2010, permanent)	Member	AB Ūkio bankas	0	0.0000	0.0000
MEMBERS OF INTERNAL AUDIT COMMITTEE					
Olga Gončaruk (appointed 3 September 2009, office term expires 26 March 2011)	Chairwoman	UAB Ūkio Banko Lizingas	8,124,854	2.7465	2.7465
Saulius Valdšteinas (appointed 3 September 2009, office term expires in 26 March 2011)	Member	AB Ūkio bankas	0	0.0000	0.0000
Ona Armalienė (appointed 3 September 2009, office term expires in 26 March 2011)	Member	UAB O.Armalienė ir partneriai	0	0.0000	0.0000
MEMBERS OF RISK MANAGEMENT COMMITTEE					
Rolandas Balandis (appointed 1 October 2008, permanent)	Chairman	AB Ūkio bankas	80,105	0.0271	0.0271
Arnas Žalys (appointed 1 October 2008, permanent)	Member	AB Ūkio bankas	51,000	0.0172	0.0172
Raimundas Keršys (appointed 1 October 2008, permanent)	Member	AB Ūkio bankas	18,366	0.0062	0.0062
Valdas Bartkus (appointed 1 October 2008, permanent)	Member	AB Ūkio bankas	80	0.00003	0.00003
Antanas Suraučius (appointed 1 October 2008, permanent)	Member	AB Ūkio bankas	0	0.0000	0.0000
MEMBERS OF REMUNERATION COMMITTEE					
Justas Babarskas (appointed 20 January 2011, permanent)	Chairman	AB Ūkio bankas	0	0.0000	0.0000
Rasa Kriščiūnienė (appointed 20 January 2011, permanent)	Member	AB Ūkio bankas	1,565	0.0005	0.0005
Vygantas Maulė (appointed 20 January 2011, permanent)	Member	AB Ūkio bankas	0	0.0000	0.0000
Odeta Bankauskienė (appointed 20 January 2011, permanent)	Member	AB Ūkio bankas	0	0.0000	0.0000
Algimantas Gaulia (appointed 20 January 2011, permanent)	Member	AB Ūkio bankas	0	0.0000	0.0000

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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 2010 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 117 to 143).

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.

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 to Bank, paper consumption in many banking transactions.

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

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

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 HEDGING INSTRUMENTS USED BY THE BANK

Information on financial instruments used by the Bank and the scope of risk taken by the Bank is described in Notes 32-39 to the financial statements. The Bank did not use hedging instruments for which hedge accounting is applied.

DESCRIPTION OF MAIN INVESTMENTS MADE DURING THE LAST REPORTING PERIOD

Details on cash flows to investing activities during the year ended 31 December 2010 are presented in the table below:

	<u>The Group</u>	<u>The Bank</u>
Cash flows (to) investing activities		
Dividends received	60	60
Acquisition of subsidiaries	(2,004)	(2,725)
Net change in investment securities	(348,982)	(482,883)
Acquisition of property, plant and equipment and investment property	(12,352)	(1,571)
Proceeds from sales of property plant and equipment	14,095	10,471
Acquisition of intangible assets	(749)	(488)
Proceeds from sale of intangible assets	-	-
Net cash (used in) investing activities	(349,932)	(477,136)

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Details on main investments made during the year ended 31 December 2010 are presented in the following notes of the financial statements:

- Details on acquisition of subsidiaries are presented in Notes 11-12 of the financial statements;
- Details on Group's/Bank's investment securities portfolio are presented in Note 10 of the financial statements;
- Details on property, plant and equipment and investment property are presented in Note 14 of the financial statements
- Details on intangible assets are presented in Note 13 of the financial statements.

INFORMATION ON THE BANK'S INTERNAL CONTROL SYSTEM

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

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

Three types of internal control are applied at the Bank:

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

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

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

INFORMATION ON SIGNIFICANT STAKES MANAGED DIRECTLY OR INDIRECTLY

As of 31 December 2010 AB Ūkio Bankas held following stakes exceeding 20%:

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

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

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

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

The consolidated financial statements include all subsidiaries that are controlled, directly or indirectly, by the Bank. When an entity began or ceased to be controlled during the year, the results are included only from the date control commenced or up to the date control ceased. Control is presumed to exist where more than one half of a subsidiary's voting power is controlled by the parent company, or the parent company is able to govern the financial and operational policies of a subsidiary, or control the removal or appointment of majority of a subsidiary's board of directors. On acquisition, the assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognized as goodwill. Intra-group balances and transactions, and any unrealized gains and losses arising from intra-group transactions, are eliminated in full in preparing the consolidated financial statements. Unrealized gains arising from transactions with associates are eliminated to the extent of the Group's interest in the enterprise. Unrealized losses are eliminated in the same way as unrealized gains except that they are only eliminated to the extent that there is no evidence of impairment. The accounting policies used by the subsidiaries have been changed, if needed, to ensure consistency with the policies adopted by the Group. Non-controlling interests in the equity and results of companies that are controlled, directly or indirectly, by the Group are shown as a separate item of the shareholders equity in the Group financial statements.

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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.

In 2010, the assets of the Group increased by LTL 714 million (17%) and as of 31 December 2010 amounted to LTL'000 5,010,703. As of 31 December 2010, the Bank's assets amounted to LTL'000 4,923,246 (i.e. increased by LTL 703 million (17%). AB Ūkio Bankas ranks 7th by assets among the banks in Lithuania.

As of 31 December 2010, the Bank had 12 branches and 47 client service departments in Lithuania and 2 representative offices in foreign countries (Ukraine and Kazakhstan). During the year 2010, 1 new client service departments was opened and 2 were closed. In addition, the Bank, directly and indirectly, has 9 (nine) 100% subsidiaries. In 2010, the Bank acquired 100% stake in UAB Trade Project and set up UAB Turto Valdymo Paslaugos.

As of 31 December 2010, the Banking segment includes financial information of AB Ūkio Bankas, Finance lease segment includes financial information of UAB Ūkio Banko Lizingas and RAB Ūkio Bank Lizing, Other activities segment includes financial information of UAB Ūkio Banko Rizikos Kapitalo Valdymas, UAB Ūkio Banko Investicijų Valdymas, UAB Investicinio Turto Valdymas, GD UAB Bonum Publicum, UAB Eastern Europe Development Fund, UAB Trade Project and UAB Turto Valdymo Paslaugos.

For the year ended 31 December 2010 the Group's results by business segments are presented in the table below (LTL'000):

	2010				Group
	Banking	Finance lease	Other activities	Elimination	
Net profit (loss) for the year	(38,014)	8,854	(745)	(3,591)	(33,496)
Attributable to:					
<i>Equity holders of the parent</i>	<i>(38,014)</i>	<i>8,854</i>	<i>(745)</i>	<i>(3,591)</i>	<i>(33,496)</i>
<i>Non-controlling interest</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
Assets	4,923,246	396,773	637,276	(946,592)	5,010,703
Liabilities	4,518,216	379,423	389,491	(705,418)	4,581,712

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 2010 is presented in Notes 32-39 of the financial statements.

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ANALYSIS OF FINANCIAL AND NON-FINANCIAL ACTIVITY RESULTS

The results of the AB Ūkio Bankas Group activity for the year ended 31 December 2010: net loss of LTL'000 33,496 (in 2009, net loss of LTL'000 70,521). The Bank incurred a net loss of LTL'000 38,014 for the year 2010 (in 2009, net loss of LTL'000 74,997). In 2010, the Group's assets increased by LTL 714 million (17%) and made LTL 5.0 billion at the year-end. Bank's assets amounted to LTL 4.9 billion – i.e. increased by LTL 703 million (17%) during the year. The main financial indicators of the Group and the Bank (in LTL thousand unless stated otherwise) are presented in the table below:

Group's indicators				ITEMS	Bank's indicators			
2010	2009 As re- presented	Increase (Decrease)			2010	2009	Increase (Decrease)	
		LTL'000	%			LTL'000	%	
121,942	144,639	(22,697)	(16)	Operating profit before provisions* and operating expenses	79,908	97,067	(17,159)	(18)
126,657	117,720	8,937	8	Operating expenses	102,296	94,076	8,220	9
(4,715)	26,919	(31,634)	-	Profit (loss) before provisions* and income tax	(22,388)	2,991	(25,379)	-
32,906	113,567	(80,661)	(71)	Provision expense*	21,060	89,632	(68,572)	(77)
(37,621)	(86,648)	49,027	(57)	Pre-tax (loss)	(43,448)	(86,641)	43,193	(50)
(4,125)	(16,127)	12,002	(74)	Income tax (benefit)	(5,434)	(11,644)	6,210	(53)
(33,496)	(70,521)	37,025	(53)	Net (loss) from continuing operations	(38,014)	(74,997)	36,983	(49)
				Net profit (loss) from discontinued operations	-	-	-	-
(33,496)	(70,521)	37,025	(53)	Net (loss) for the year	(38,014)	(74,997)	36,983	(49)
5,010,703	4,296,583	714,120	17	Assets	4,923,246	4,220,724	702,522	17
2,616,760	2,420,504	196,256	8	Loans and finance lease receivable	2,287,838	2,271,821	16,017	1
7.68	7.81	-	-	Provisions / Loans, %	7.74	7.21	-	-
3,953,178	3,354,061	599,117	18	Due to customers	3,962,918	3,362,881	600,037	18
428,991	411,805	17,186	4	Equity	405,030	394,331	10,699	3
295,824	245,824	50,000	20	Number of ordinary shares in issue at the end period (thousands units)	295,824	245,824	50,000	20
260,756	228,600	32,156	14	Weighted average numbers of ordinary shares in issue (thousands units)	260,756	228,600	32,156	14
(0.72)	(1.70)	-	-	Return on assets, %	(0.83)	(1.78)	-	-
(7.97)	(15.65)	-	-	Return on equity, %	(9.51)	(17.26)	-	-
1.31	1.60	-	-	Expense / Income before income tax	1.54	1.89	-	-
(0.13)	(0.31)	-	-	Basic earnings per share (in LTL)	(0.15)	(0.33)	-	-
(0.13)	(0.30)	-	-	Diluted earnings per share (in LTL)	(0.15)	(0.32)	-	-

* Provision expenses consist of Impairment charge + Recoveries of loans written off

The main indicators of activity:

- In 2010 Ūkio Bankas Group incurred a net loss of LTL'000 33,496 (in 2009: net loss of LTL'000 70,521);
- In 2010 the Bank opened 1 new client service department and closed 2. At 31 December 2010 the Bank's service network consisted of 59 outlets – 12 branches and 47 client service departments. In addition as of 31 December 2010 the Bank had 2 representative offices in Kiev (Ukraine) and Almaty (Kazakhstan);
- In 2010, the Bank acquired 100% of shares in UAB Trade Project and set up a fully owned subsidiary UAB Turto Valdymo Paslaugos;
- As of 31 December 2010 the Bank had 166 thousand customers – i.e. an increase of 7% during 2010.
- The Bank's wholly owned leasing subsidiary UAB Ūkio Banko Lizingas offers its services through about 3 thousand sales points located throughout entire Lithuania. As of 31 December 2010 UAB Ūkio Banko Lizingas had 131 thousand customers;
- In 2010 compared to previous year, the Group's operating profit before impairment charge decreased by 16% and made LTL 122 million. The Group's expenses before provisions and income tax increased by 8% and made LTL 127 million;
- Throughout 2010, the Bank and the Group complied with all the prudential requirements set by the Bank of Lithuania. As of 31 December 2010, the Group's capital adequacy ratio was 13.01% (requirement – not less than 10%), liquidity ratio – 49.06% (requirement – not less than 30%).

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Credit ratings

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

- Long-term counterparty credit rating B (assigned 28 August 2009).
- Short-term counterparty credit rating C (assigned 28 August 2009).

The outlook of ratings is negative.

Income and expenses

As compared to previous year, the operating profit before provisions and operating expenses of AB Ūkio Bankas Group decreased by LTL 23 million or 16% to LTL 122 million. Reduced interest income caused net interest income to decrease by 59% to LTL 26 million. Decrease in number of banking operations performed by customers caused the reduction of net service fees and commission income by 12% to LTL 49 million. Positive trends in financial markets led to increase in net result from trading activities, which increased by LTL 13 million (56%) and comprised LTL 37 million. Other income increased by LTL 7 million and amounted to LTL 10 million. Income structure of the Group and the Bank (in LTL thousand) is presented in the table below:

The Group				ITEM	The Bank			
2010	2009 As re- presented	INCREASE (DECREASE)			2010	2009	INCREASE (DECREASE)	
		LTL'000	%			LTL'000	%	
25,586	61,880	(36,294)	(59)	Net interest income	(3,479)	28,613	(32,092)	-
49,056	56,027	(6,971)	(12)	Net service fees and commission income	44,071	51,257	(7,186)	(14)
37,094	23,810	13,284	56	Net trading income	32,908	15,516	17,392	112
10,206	2,922	7,284	249	Other income	6,408	1,681	4,727	281
121,942	144,639	(22,697)	(16)	Operating profit before impairment charge	79,908	97,067	(17,159)	(18)

In 2010, operating expenses of AB Ūkio Bankas Group increased by LTL 9 million (8%) to LTL 127 million. 36% of these expenses consisted of staff expenses, which increased by LTL 2 million (4%) to LTL 45 million. Stabilization of country's and global economic situation caused the impairment charge to decrease by 71% to LTL 33 million, deferred tax result caused the reversal of income tax expense of LTL 4 million.

Assets, liabilities and equity

During 2010 the Group's assets increased by LTL 714 million i.e. 17%, and amounted to LTL 5.01 billion at the year-end. Largest share of the Group's assets – i.e. 52% consisted of loans and finance lease receivables, which increased by 8% from the beginning of year and amounted to LTL 2.62 billion as of 31 December 2010. Cash, balances in central bank, banks and other credit institutions comprised LTL 1.24 billion i.e. 25% of the Group's assets at the year-end 2010. During the year it increased by LTL 123 million (11%). Securities portfolio increased by LTL 390 million (2.1 times) during the year and amounted to LTL 744 million, i.e. 15% of the Group's assets.

The largest share of the Group's liabilities – i.e. 86% - consisted of deposits from customers, which increased by LTL 599 million or 18% during 2010 and amounted to LTL 3.95 billion at the year-end. Due to banks and other credit institutions, which comprised 9% of the Group's liabilities, increased by 39% during 2010 and amounted to LTL 396 million at the year-end. Subordinated loans, mainly impacted by a conversion of a LTL 50 million subordinated loan to share capital, showed an decrease of 37% during 2010 and amounted to LTL 94 million (i.e. 2% of Group's liabilities) at the year-end. The Group's equity, impacted positively by above-discussed conversion of a subordinated loan to capital and negatively by the losses, increased by 4% and amounted to LTL 429 million at the year-end.

INFORMATION ON ACQUIRED OR DISPOSED OWN SHARES

As of 31 December 2010 and 2009 the Bank did not have treasury shares. During the year 2010 the Group/the Bank did not acquire or dispose own shares.

SIGNIFICANT EVENTS THAT HAPPENED AFTER THE END OF FINANCIAL YEAR

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

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

The changing economic situation has had a negative impact on the financial condition and performance of the Bank and the Group in 2009-2010, principally in increasing provisions for impairment losses and reducing the net interest margin and income. The Bank's management assesses that the worst times have passed. In 2011, the Bank expects moderate asset growth and to strengthen its capital base by receiving a new subordinated loan and issuing a new share issue. The key priorities of the Group's activities for 2011 will be exclusive attention to assuring asset quality and improvement of operating efficiency of the Group through increasing income from the main activities and concurrently adjusting to the changing operating environment.

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INFORMATION ON PUBLICLY PRESENTED INFORMATION

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

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1 June 2010	Announced that on 31 May 2010 AB Ūkio bankas finished the issue of Fixed rate bond issue EUR No. 3/2010 issued under LTL 200,000,000 short and medium term bonds offering program. During distribution period (from 26 April 2010 till 31 May 2010) 19,348 bonds with nominal value of EUR 100 and fixed 4 percent annual interest rate were issued. Redemption of bonds on 6 June 2011.
21 June 2010	Reacting to the information about AB Ūkio bankas illegal acts being spread in media, AB Ūkio bankas informed that: 1. Facts do not reflect reality; 2. Up to now AB Ūkio bankas neither was requested nor being informed about the acts taken by any Lithuanian or any international institution, responsible for Anti money laundering; 3. AB Ūkio bankas emphasize that all banking activities and Anti money laundering monitoring follow the laws of EU and the Republic of Lithuania, recommendations of international organizations and Law on the Prevention of Money Laundering and Terrorist Financing; 4. AB Ūkio bankas is willing to actively participate in investigation, provide information and to offer any help needed to responsible Lithuanian or international institutions.
8 July 2010	Announced that as at July 8, 2010, AB Ūkio bankas received a report from shareholder Vladimir Romanov about applied request to Competition Council of the Republic of Lithuania for permission to increase the controlled block of shares of AB Ūkio bankas up to 100 percent, and about request to Bank of Lithuania for permission to increase the controlled block of shares of AB Ūkio bankas up to 100 percent. Implementing resolution of the AB Ūkio bankas ordinary general meeting held on March 26, 2010, to increase share capital, Vladimir Romanov is obligated to lay mandatory tender offer to purchase the rest shares of AB Ūkio bankas according to the Laws of the Republic of Lithuania.
16 July 2010	Announced that as at July 15, 2010, AB Ūkio bankas received a report from shareholder Vladimir Romanov about resolution, passed by Competition Council of the Republic of Lithuania, to give permission for Vladimir Romanov to pursue separate concentration acts presented in request: to sign share subscription agreement between AB Ūkio bankas and Vladimir Romanov and to convert subordinated loan by purchasing 50 million units newly signed ordinary registered shares with the nominal value of 1 (one) LTL per share; to register the new edition of the Bank's Articles of Association; to present the circular of the mandatory tender offer to purchase the rest shares of AB Ūkio bankas to Securities Commission of the Republic of Lithuania; to present the mandatory tender offer to purchase the rest shares of AB Ūkio bankas; to implement mandatory tender offer and to purchase shares of AB Ūkio bankas from individuals, responsive to tender offer and requesting to sell their holding shares of AB Ūkio bankas, according to applied request about concentration as of 1st July, 2010.
26 July 2010	Announced that AB Ūkio bankas received a report from shareholder Vladimir Romanov about resolution, passed by the Board of the Bank of Lithuania to give permission for Vladimir Romanov to increase his share of joint-stock company Ūkio bankas qualified capital and (or) voting rights up to controlling interest.
2 August 2010	Announced that as at 2 August 2010 AB Ūkio bankas according to the provisions specified in Base Prospectus of LTL 200,000,000 Short and Medium Term Bonds Offering Programme and Final Terms and Conditions approved by the Board of the Bank as at 19 June 2008, redeemed "Fixed rate bond issue No. 1/2008" (ISIN code – LT0000402372).
4 August 2010	Announced AB Ūkio bankas group consolidated unaudited net profit of the six months of year 2010 – LTL 2.3 million (EUR 0.7 million). AB Ūkio bankas unconsolidated unaudited net profit of the six months of year 2010 is LTL 1.0 million (EUR 0.3 million).
5 August 2010	Announced that on 4th August 2010 AB Ūkio bankas acquired 100 percent of Joint Stock Company "Trade Project" shares. The main activity of JSC "Trade Project" is lease and administration of real estate.
10 August 2010	Announced that on 4th August 2010 AB Ūkio bankas acquired 100 percent of Joint Stock Company "Trade Project" shares. The main activity of JSC "Trade Project" is lease and administration of real estate. Transaction value – LTL 26.9 million. Purpose of transaction – to acquire buildings and land belonging to JSC "Trade Project". Real estate objects will go for bank's use.

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- 20 August 2010** Announced that at the meeting of the Board of AB Ūkio bankas as of 19 August 2010, a resolution was taken to issue fixed rate bond emissions in LTL and EUR under the "Base prospectus of LTL 200,000,000 short and medium term bonds offering programme" approved on 1 October 2009 by the Security Commission of the Republic of Lithuania, and to approve the Final terms and conditions of the emissions. To view the Final terms and conditions, approved "Base prospectus of LTL 200,000,000 short and medium term bonds offering programme" and related documents is possible at the AB Ūkio bankas secretary office, Maironio str. 25, Kaunas, branches and units of the Bank, the Internet website www.ub.lt, Central Storage Facility Internet website www.crib.lt and Nasdaq OMX Vilnius Internet website www.nasdaqomxbaltic.com.
- 2 September 2010** Announced that as at 2 September 2010 the Board of the Bank of Lithuania permitted to register the amendment of the Articles of AB Ūkio bankas regarding the increase of bank's authorized capital up to LTL 295,824,000. The capital is increased according to the resolution of AB Ūkio bankas ordinary general shareholders' meeting held on 26 March 2010 to increase AB Ūkio bankas authorized capital from additional contributions converting subordinated loan, received from Vladimir Romanov, to a new issue of ordinary registered shares.
- 3 September 2010** Announced that on September 3, 2010, AB Ūkio bankas received a report from shareholder Vladimir Romanov about resolution, passed by Competition Council of the Republic of Lithuania, to give permission for shareholder Vladimir Romanov to pursue concentration acquiring up to 100 percent shares of AB Ūkio bankas according to submitted report.
- 7 September 2010** Announced on 6 September 2010 AB Ūkio bankas received a report (in Lithuanian) from shareholder Vladimir Romanov regarding his intention to announce a mandatory offer to buy up ordinary registered shares with the nominal value of 1 LTL (EUR 0.29) of AB Ūkio bankas. On 6 September 2010 shareholder Vladimir Romanov owns 102,444,602 ordinary registered shares of AB Ūkio bankas (41.67 percent voting rights at the ordinary general meeting of AB Ūkio bankas). It is intended to buy up 143,379,398 ordinary registered shares of AB Ūkio bankas (58.33 percent voting rights at the ordinary general meeting of AB Ūkio bankas). For bought shares will be settled in cash. A mandatory offer is announced exceeding a limit of 1/3 votes by shareholder Vladimir Romanov at the ordinary general meeting of AB Ūkio bankas.
After implementation of the resolution of AB Ūkio bankas ordinary general shareholders' meeting held on 26 March 2010 to increase AB Ūkio bankas authorized share capital from additional contributions converting subordinated loan, received from Vladimir Romanov, to a new issue of ordinary registered shares and after registration of Articles with increased authorized share capital with the Register of legal entities to LTL 295,824,000 (EUR 85.68 million), shareholder Vladimir Romanov will own 152,444,602 ordinary registered shares of AB Ūkio bankas (51.53 percent voting rights at the ordinary general meeting of AB Ūkio bankas).
- 7 September 2010** Announced that on 7 September 2010 AB Ūkio bankas Articles 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 295,824,000 (EUR 85.68 million). One share has a nominal value of LTL 1 (EUR 0.29).
The capital was increased according to the resolution of AB Ūkio bankas ordinary general shareholders' meeting held on 26 March 2010 to increase AB Ūkio bankas authorized share capital from additional contributions converting subordinated loan, received from Vladimir Romanov, to a new issue of ordinary registered shares.
The shares of the new LTL 50,000,000 issue will be transferred to the securities account of shareholder Vladimir Romanov after amendments effected by Central Securities Depository of Lithuania in the AB Ūkio bankas securities issue registration account.
- 22 September 2010** Announced that on 21 September 2010 AB Ūkio bankas finished the issue of Fixed rate bond issue LTL No. 4/2010 issued under LTL 200,000,000 short and medium term bonds offering program. During distribution period (from 23 August 2010 till 21 September 2010) 78,563 bonds with nominal value of LTL 100 and fixed 5.2 percent annual interest rate were issued. Validity date of bonds – 24 September 2010. Maturity date of bonds – 29 September 2011.
- 22 September 2010** Announced that on 21 September 2010 AB Ūkio bankas finished the issue of Fixed rate bond issue EUR No. 5/2010 issued under LTL 200,000,000 short and medium term bonds offering program. During distribution period (from 23 August 2010 till 21 September 2010) 5,933 bonds with nominal value of EUR 100 and fixed 3.5 percent annual interest rate were issued. Validity date of bonds – 24 September 2010. Maturity date of bonds – 29 September 2011.

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- 24 September 2010** Announced that on 24 September 2010, AB Ūkio bankas received a report from shareholder Vladimir Romanov about resolution, passed on 23 September 2010 by Securities Commission of the Republic of Lithuania, to approve a circular of mandatory non-competitive tender offer to buy up remaining ordinary registered voting bearer shares of AB Ūkio bankas.
The tender offer price is LTL 1.03 (one litas, three cents) (EUR 0.2983) per 1 (one) ordinary registered share of LTL 1 (one litas) (EUR 0.2896) nominal value (ISIN code LT0000102352) of AB Ūkio bankas share.
Implementation of the tender offer beginning and end: 29 September 2010 - 12 October 2010.
- 24 September 2010** Announced that on 24 September 2010, the Board of the Bank of Lithuania gave permission to AB Ūkio bankas to register the amendments of the Articles of AB Ūkio bankas, related to the changes of voting rights and competence of the bodies of the Bank, approved by ordinary general shareholders' meeting held on 26 March 2010. Amendments were accomplished in order to harmonize Articles of AB Ūkio bankas with amendments of Republic of Lithuania Company Law.
- 27 September 2010** Announced that on 27 September 2010 AB Ūkio bankas according to the provisions specified in Base Prospectus of LTL 200,000,000 Short and Medium Term Bonds Offering Programme and Final Terms and Conditions approved by the Board of the Bank as at 19 June 2008, redeemed "Fixed rate bond issue LTL No 2/2008" (ISIN code - LT0000402380) and "Fixed rate bond issue EUR No 3/2008" (ISIN code - LT1000402248).
- 28 September 2010** Announced that the Board of AB Ūkio bankas, having familiarised itself with the mandatory non-competitive tender offer material presented to it by offeror Vladimir Romanov, in its meeting held on 28 September 2010 presented its opinion on mandatory tender offer.
- 1 October 2010** Announced that the Board of AB Ūkio bankas in its meeting held on 30 September 2010 made the statement to include 50 million units newly signed shares with the nominal value of 1 (one) LTL per share to the listing and to conjunct with quoted shares of the Bank. AB Ūkio bankas will submit share issue prospectus to The Securities Commission of the Republic of Lithuania in the nearest future. After the approval of prospectus by the Securities Commission, AB Ūkio bankas will apply to Central Securities Depository of Lithuania to conjunct 50 million units newly signed shares with the nominal value of 1 (one) LTL per share with 245,824,000 units registered shares with the nominal value of 1 (one) LTL per share and ISIN number LT0000102352 quoted at NASDAQ OMX Vilnius Main list.
- 18 October 2010** Announced that on 18 October 2010 AB Ūkio Bankas received a report on the implementation of the mandatory non-competitive tender offer from shareholder Vladimir Romanov.
Through the implementation period of the tender offer, shareholder Vladimir Romanov acquired 4,640,094 ordinary registered shares of the bank, with nominal value of LTL 1 (EUR 0.29) each (ISIN code LT0000102352), which represent 1.57 percent voting rights at the ordinary general meeting of AB Ūkio bankas.
- 5 November 2010** Announced AB Ūkio bankas group consolidated unaudited net profit for the nine months of 2010 - LTL 2.9 million (EUR 0.8 million). AB Ūkio bankas unconsolidated unaudited net profit for the nine months of 2010 is LTL 1.5 million (EUR 0.4 million).
- 10 November 2010** Announced that on 10th November 2010 the Board of AB Ūkio bankas made a resolution to recognise UAB Eastern Europe Development Fund as subsidiary of the Bank. The main activity of the company is real estate management. Transaction value - LTL 56.6 million. Purpose of transaction - to acquire and develop further real estate projects implemented by UAB Eastern Europe Development Fund.
- 11 November 2010** Announced that at the meeting of the Board of AB Ūkio bankas as of 11 November 2010, a resolution was taken to issue fixed rate bond emissions in LTL and EUR under the "Base prospectus of LTL 200,000,000 short and medium term bonds offering programme" approved on 7 October 2010 by the Security Commission of the Republic of Lithuania, and to approve the Final terms and conditions of the emissions. To view the Final terms and conditions, approved "Base prospectus of LTL 200,000,000 short and medium term bonds offering programme" and related documents is possible at the AB Ūkio bankas secretary office, Maironio str. 25, Kaunas, branches and units of the Bank, the Internet website www.ub.lt, Central Storage Facility Internet website www.crib.lt and Nasdaq OMX Vilnius Internet website www.nasdaqomxbaltic.com.
- 17 November 2010** Announced that AB Ūkio bankas' ordinary registered shares issues with codes LT0000102352 - 245,824,000 units and LT0000128399 - 50,000,000 units at Central Securities Depository of Lithuania (hereinafter - depository) were merged into one account on 17 November 2010. After the assimilation the code of AB Ūkio bankas issue of ordinary registered shares at depository is LT0000102352, the size of issue - 295,824,000 units.

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- 2 December 2010** Announced that the meeting of the board of the Bank of Lithuania held on 2 December 2010 considered inspection results on AB Ūkio bankas and appointed to hedge in risk of bank business, more conservative estimate provisions and further strengthen capital base. In the meeting it was noted that AB Ūkio bankas did not eliminate part of the offence in previous inspection and the shortcomings of the bank business. AB Ūkio bankas is obligated to provide the plan of shortcoming improvement in 10 days. The management of AB Ūkio bankas will implement obligations of the Bank of Lithuania in accordance with requirements and deadlines.
- 15 December 2010** Announced that on 14 December 2010 AB Ūkio bankas finished the issue of Fixed rate bond issue LTL No. 6/2010 issued under LTL 200,000,000 short and medium term bonds offering program. During distribution period (from 15 November 2010 till 14 December 2010) 110,782 bonds with nominal value of LTL 100 and fixed 4.9 percent annual interest rate were issued. Redemption of bonds on 22 December 2011.
- 15 December 2010** Announced that on 14 December 2010 AB Ūkio bankas finished the issue of Fixed rate bond issue EUR No. 7/2010 issued under LTL 200,000,000 short and medium term bonds offering program. During distribution period (from 15 November 2010 till 14 December 2010) 3,409 bonds with nominal value of EUR 100 and fixed 2.9 percent annual interest rate were issued. Redemption of bonds on 22 December 2011.

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

Gintaras Ugianskis
Chairman of the Board

Kaunas, Lithuania

28 February 2011



AB ŪKIO BANKAS

STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2010

(All amounts in LTL thousands unless otherwise stated)

	Notes	The Group	The Group	The Group	The Bank	The Bank	The Bank
		31.12.2010	31.12.2009 as re-presented (Note 5)	01.01.2009	12.31.2010	12.31.2009	01.01.2009
ASSETS							
Cash and balances with central bank	6	695,866	442,736	188,875	695,864	442,719	188,874
Loans and advances to banks and other credit institutions	7	547,693	677,968	102,018	535,335	670,326	99,100
Financial assets at fair value through profit or loss	8	74,836	42,989	45,250	32,067	11,102	26,511
Loans and finance lease receivable	9	2,616,760	2,420,504	3,072,210	2,287,838	2,271,821	3,342,277
Investment securities:							
<i>available-for-sale</i>	10	31,197	43,339	50,676	30,733	42,935	50,482
<i>held-to-maturity</i>	10	639,404	268,496	375,208	967,841	460,233	372,011
Investments in subsidiaries	11,12	-	-	-	241,152	157,636	39,821
Intangible assets	13	21,578	22,095	22,671	1,576	2,220	2,778
Property, plant and equipment	14	30,460	34,311	30,928	26,893	25,197	27,934
Investment property	14	236,468	199,690	26,026	6,031	16,052	16,052
Deferred tax assets	29	18,070	13,337	910	16,835	13,337	910
Other assets	15	98,371	131,118	65,347	81,081	107,146	57,500
Total assets		5,010,703	4,296,583	3,980,119	4,923,246	4,220,724	4,224,250
LIABILITIES AND EQUITY							
LIABILITIES							
Due to banks and other credit institutions	16	396,169	285,864	261,017	396,169	276,864	245,818
Financial liabilities at fair value through profit or loss		1,016	6	1,161	1,016	6	1,223
Due to customers	17	3,953,178	3,354,061	3,035,516	3,962,918	3,362,881	3,343,863
Debt securities in issue	18	44,698	17,860	24,784	44,698	17,860	27,021
Subordinated loans	19	93,956	148,836	103,220	93,956	148,836	103,220
Deferred tax liabilities	29	21,054	16,886	1,186	-	-	-
Other liabilities	20	71,641	61,265	63,794	19,459	19,946	28,602
Total liabilities		4,581,712	3,884,778	3,490,678	4,518,216	3,826,393	3,749,747
EQUITY							
Share capital	21	295,824	245,824	196,708	295,824	245,824	196,708
Share premium		76,500	76,500	76,500	76,500	76,500	76,500
Revaluation reserve - available-for-sale investment securities		(4,617)	(5,193)	(110)	(4,636)	(5,175)	-
General reserve for losses of assets		-	-	49,116	-	-	49,116
Currency translation reserve		(200)	(313)	2,358	-	-	-
Legal reserve		16,617	16,046	11,245	15,532	15,532	10,971
Other reserves		61,650	136,647	50,000	61,650	136,647	50,000
Retained earnings (accumulated loss)		(16,783)	(57,706)	103,624	(39,840)	(74,997)	91,208
Equity attributable to equity holders of the parent		428,991	411,805	489,441	405,030	394,331	474,503
Non-controlling interest		-	-	-	-	-	-
Total equity		428,991	411,805	489,441	405,030	394,331	474,503
Total liabilities and equity		5,010,703	4,296,583	3,980,119	4,923,246	4,220,724	4,224,250

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

The financial statements were approved by the Board of the Bank on 28 February 2011 and signed on its behalf by:

G. Uglanskis
Chairman of the Board

V. Petraitiene
Chief Accountant

AB ŪKIO BANKAS

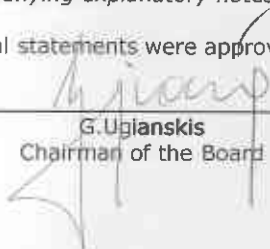
INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

(All amounts in LTL thousands unless otherwise stated)

	Notes	The Group 2010	The Group 2009 as re-presented (Note 5)	The Bank 2010	The Bank 2009
Interest income	22	201,371	275,173	172,655	248,770
Interest expense	22	(175,785)	(213,293)	(176,134)	(220,157)
Interest income, net		25,586	61,880	(3,479)	28,613
Fees and commission income	23	59,471	68,922	54,114	63,396
Fees and commission expense	23	(10,415)	(12,895)	(10,043)	(12,139)
Fees and commission income, net		49,056	56,027	44,071	51,257
Net gains from dealing in foreign currencies	24	20,132	3,176	19,834	1,610
Net gains (losses) from financial assets at fair value through profit or loss	24	715	20,039	(3,173)	13,290
Net gains (losses) arising from investment securities	24	16,247	595	16,247	616
Impairment charge	33	(34,829)	(114,695)	(21,232)	(89,697)
Recoveries of loans written off		1,923	1,128	172	65
Insurance income, net		917	(85)	-	-
Dividend income		60	7	60	7
Other operating income	25	9,229	3,000	6,348	1,674
Operating profit before operating expenses		89,036	31,072	58,848	7,435
Operating expenses	26	(126,657)	(117,720)	(102,296)	(94,076)
(Loss) before income tax		(37,621)	(86,648)	(43,448)	(86,641)
Income tax benefit	28	4,125	16,127	5,434	11,644
Net (loss) for the year		(33,496)	(70,521)	(38,014)	(74,997)
NET (LOSS) FOR THE YEAR		(33,496)	(70,521)	(38,014)	(74,997)
Attributable to:					
Equity holders of the parent		(33,496)	(70,521)	(38,014)	(74,997)
Non-controlling interest		-	-	-	-
NET (LOSS) FOR THE YEAR		(33,496)	(70,521)	(38,014)	(74,997)
EARNINGS PER SHARE					
Basic (in LTL)	30	(0.13)	(0.31)	(0.15)	(0.33)
Diluted (in LTL)	30	(0.13)	(0.30)	(0.15)	(0.32)

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

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G. Uglianskis
Chairman of the Board


V. Petraitiene
Chief Accountant

AB ŪKIO BANKAS

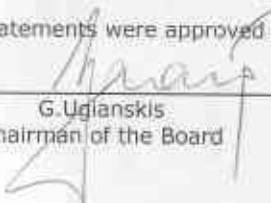
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2010

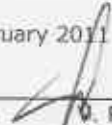
(All amounts in LTL thousands unless otherwise stated)

	The Group 2010	The Group 2009 as re-presented (Note 5)	The Bank 2010	The Bank 2009
(Loss) for the year	(33,496)	(70,521)	(38,014)	(74,997)
Other comprehensive income				
Exchange differences on translating foreign operations				
Exchange differences arising during the year on translating foreign operations, net of tax	113	(2,671)	-	-
	113	(2,671)	-	-
Available-for-sale financial assets				
Net gain (loss) arising on revaluation of available-for-sale financial assets during the year, net of tax	576	(5,083)	539	(5,175)
	576	(5,083)	539	(5,175)
Other reclassification adjustments	(7)	639	-	-
Total comprehensive income for the year	(32,814)	(77,636)	(37,475)	(80,172)
Attributable to:				
Equity holders of the parent	(32,814)	(77,636)	(37,475)	(80,172)
Non-controlling interest	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(32,814)	(77,636)	(37,475)	(80,172)

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

The financial statements were approved by the Board of the Bank on 28 February 2011 and signed on its behalf by:


G. Ugianskis
Chairman of the Board


V. Petraitiene
Chief Accountant

AB ÜKIO BANKAS

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2010**

(All amounts in LTL thousands unless otherwise stated)

The Bank	Share Capital	Share premium	Other reserves	Revaluation reserve on available-for-sales investment securities	General reserve for losses of assets	Legal reserve	Retained earnings (accumulated loss)	Total
As of 1 January 2009	196,708	76,500	50,000	-	49,116	10,971	91,208	474,503
Transfer to legal reserve	-	-	-	-	-	4,561	(4,561)	-
Increase of share capital (Note 21)	49,116	-	-	-	(49,116)	-	-	-
Transfer to other reserves	-	-	86,647	-	-	-	(86,647)	-
Total comprehensive income for the year:	-	-	-	(5,175)	-	-	(74,997)	(80,172)
Net loss	-	-	-	(5,175)	-	-	(74,997)	(74,997)
Other comprehensive income	-	-	-	(5,175)	-	-	-	(5,175)
As of 31 December 2009	245,824	76,500	136,647	(5,175)	-	15,532	(74,997)	394,331
Transfer to retained earnings (loss)	-	-	(74,997)	-	-	-	74,997	-
Increase of share capital (Note 21)	50,000	-	-	-	-	-	-	50,000
Tax loss transfer to subsidiary	-	-	-	-	-	-	(1,826)	(1,826)
Total comprehensive income for the year:	-	-	-	539	-	-	(38,014)	(37,475)
Net loss	-	-	-	539	-	-	(38,014)	(38,014)
Other comprehensive income	-	-	-	539	-	-	-	539
As of 31 December 2010	295,824	76,500	61,650	(4,636)	-	15,532	(39,840)	405,030

(Continued)

AB ŪKIO BANKAS


**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2010**
(All amounts in LTL thousands unless otherwise stated)

The Group	Share Capital	Share premium	Other reserves	Revaluation reserve on available-for-sale investment securities	General reserve for losses of assets	Foreign currency translation reserve	Legal reserve	Retained earnings (accumulated loss)	Equity attributable to equity holders of the parent	Non-controlling interest	Total
As of 1 January 2009	196,708	76,500	50,000	(110)	49,116	2,358	11,245	103,624	489,441	-	489,441
Transfer to legal reserve	-	-	-	-	-	-	4,801	(4,801)	-	-	-
Transfer to other reserves	-	-	86,647	-	-	-	-	(86,647)	-	-	-
Increase of share capital (Note 21)	49,116	-	-	-	(49,116)	-	-	-	-	-	-
Total comprehensive income for the year:	-	-	-	(5,083)	-	(2,671)	-	(69,882)	(77,636)	-	(77,636)
Net loss	-	-	-	(5,083)	-	-	-	(70,521)	(70,521)	-	(70,521)
Other comprehensive income	-	-	-	-	-	(2,671)	-	639	(7,115)	-	(7,115)
As of 31 December 2009 as re-presented (Note 5)	245,824	76,500	136,647	(5,193)	-	(313)	16,046	(57,706)	411,805	-	411,805
Transfer to retained earnings (loss)	-	-	(74,997)	-	-	-	-	74,997	-	-	-
Transfer to legal reserve	-	-	-	-	-	-	571	(571)	-	-	-
Increase of share capital (Note 21)	50,000	-	-	-	-	-	-	-	50,000	-	50,000
Total comprehensive income for the year:	-	-	-	576	-	113	-	(33,503)	(32,814)	-	(32,814)
Net loss	-	-	-	576	-	113	-	(33,496)	(33,496)	-	(33,496)
Other comprehensive income	-	-	-	-	-	-	-	(2)	682	-	682
As of 31 December 2010	295,824	76,500	61,650	(4,617)	-	(200)	16,617	(16,783)	428,991	-	428,991

(Continued)

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

The financial statements were approved by the Board of the Bank on 28 February 2011 and signed on its behalf by:


G. Ugienskis
Chairman of the Board


V. Petrašiūnė
Chief Accountant

AB ŪKIO BANKAS

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2010

(All amounts in LTL thousands unless otherwise stated)

Notes	The Group	The Group	The Bank	The Bank
	2010	2009 as re-presented (Note 5)	2010	2009
Cash flows from (to) operating activities				
Net (loss) for the year	(33,496)	(70,521)	(38,014)	(74,997)
Adjustments to net loss:				
Income tax (benefit) recognized in profit or loss	(4,125)	(16,127)	(5,434)	(11,644)
Excess of the fair value of net assets acquired in subsidiary over the cost of acquisition	-	(404)	-	-
(Increase) decrease in fair value of investment property	(1,426)	186	-	-
Impairment charge	34,829	114,146	21,232	89,697
Interest income	(201,371)	(275,173)	(172,655)	(248,770)
Interest expense	175,785	213,293	176,134	220,157
Dividends income	(60)	(7)	(60)	(7)
Depreciation and amortization	8,493	8,318	5,981	6,363
(Profit) loss from sales of property, plant and equipment	(5,062)	797	(5,424)	(307)
Cash (to) operating activities before changes in operating assets and liabilities	(26,433)	(25,492)	(18,240)	(19,508)
Changes in operating assets and liabilities				
Net change in balances with Central Bank	(34,505)	3,578	(34,505)	3,578
Net change in loans to banks and other credit institutions	(4,804)	(5,237)	(441)	(1,369)
Net change in financial assets at fair value through profit or loss	(31,469)	2,261	(20,725)	15,409
Net change in loans and finance lease	(207,936)	390,276	(82,017)	864,900
Net change in other assets	3,861	(303)	12,359	11,161
Net change in due to banks and other credit institutions	108,110	24,509	117,110	30,708
Net change in financial liabilities at fair value through profit or loss	1,010	(1,155)	1,010	(1,217)
Net change in due to customers	607,917	276,843	608,881	(22,820)
Net change in other liabilities	9,459	(8,581)	(2,218)	(10,212)
Cash generated from operations	425,210	656,699	581,214	870,630
Interest received	168,718	199,343	139,959	178,528
Interest paid	(183,287)	(168,789)	(183,680)	(175,517)
Income tax paid	(100)	(2,820)	-	(2,000)
Net cash generated from operating activities	410,541	684,433	537,493	871,641

(Continued)

AB ŪKIO BANKAS

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2010


(All amounts in LTL thousands unless otherwise stated)


Notes	The Group	The Group	The Bank	The Bank
	2010	2009 as re-presented (Note 5)	2010	2009
Cash flows from (to) investing activities				
Dividends received	60	7	60	7
Acquisition of subsidiaries	(2,004)	-	(2,725)	-
Net change in investment securities	(348,982)	116,633	(482,883)	(78,246)
Acquisition of property, plant and equipment and investment property	(12,352)	(12,443)	(1,571)	(3,708)
Proceeds from sale of property plant and equipment	14,095	1,266	10,471	1,674
Acquisition of intangible assets	(749)	(884)	(488)	(769)
Proceeds from sale of intangible assets	-	42	-	42
Net cash generated from / (used in) investing activities	(349,932)	104,621	(477,136)	(81,000)
Cash flows from (to) financing activities				
Debt securities issued	88,202	5,510	88,202	5,510
Debt securities redeemed	(61,740)	(12,895)	(61,740)	(15,132)
Subordinated loans received	-	50,000	-	50,000
Subordinated loans repaid	(3,608)	(3,744)	(3,608)	(3,744)
Net cash generated from financing activities	22,854	38,871	22,854	36,634
Net increase in cash and cash equivalents	83,463	827,925	83,211	827,275
Effect of exchange rate changes on cash and cash equivalents	-	-	-	-
Cash and cash equivalents at the beginning of the year	31 989,006	161,081	987,967	160,692
Cash and cash equivalents at the end of the year	31 1,072,469	989,006	1,071,178	987,967

(Concluded)

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

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G. Ugianskis
Chairman of the Board


V. Petrailienė
Chief Accountant