

AB BANKAS FINASTA

COMPANY'S BALANCE SHEET AND INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008
FOR PUBLICATION



ERNST & YOUNG

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Code of legal entity 110878442
VAT payer code LT108784411
Register of Legal Entities

TO THE SHAREHOLDER OF AB BANKAS FINASTA

We have audited financial statements of AB Bankas Finasta, a joint stock company registered in the Republic of Lithuania (hereinafter the Bank), which comprise the balance sheet as of 31 December 2008, the statement of income, changes in equity and cash flows for the year then ended, and notes (comprising a summary of significant accounting policies and other explanatory notes) in accordance with the International Standards on Auditing. In our audit report on the Bank's financial statements for the period from 2 January 2008 (inception date) to 31 December 2008, dated 25 March 2009, we expressed unqualified audit opinion on these financial statements.

In our opinion, data in the accompanying balance sheet as of 31 December 2008 and the statement of income for the period from 2 January 2008 (inception date) to 31 December 2008, in all material respects fairly represent statements, whereof it was derived.

UAB ERNST & YOUNG BALTIC
Audit company's licence No. 001335



Jonas Akelis
Auditor's licence
No. 000003
President



Ramūnas Bartašius
Auditor's licence
No. 000362

Vilnius
29 April 2009

AB BANKAS FINASTA

ANNUAL REPORT FOR PUBLICATION FOR THE PERIOD FROM 2 JANUARY 2008 (INCEPTION DATE) TO 31 DECEMBER 2008

(All amounts in LTL thousand unless otherwise stated)

AB FINASTA BANKAS ANNUAL REPORT FOR THE YEAR 2008

I. Background information

Finasta Bankas AB provides licensed and unlicensed financial services. The Bank was registered in the Register of Legal Entities on 2 January 2008.

Registered office: Maironio 11, Vilnius.

Shareholder: Finasta Įmonių Finansai AB, registration number 3005 87351.

Shares: the amount of the authorised capital was LTL 20,000,000 on 31 December 2008. It comprised 2,000,000 ordinary registered shares with a nominal value of LTL 10.

Manager: Dalius Kaziūnas (born in 1976), CEO.

On 31 December 2008, the board of the Bank had three members:

Dalius Kaziūnas (born in 1976), chairman of the board;

Dalia Švelnytė (born in 1965), member;

Aivaras Karalius (born in 1963), member.

On 31 December 2008, the supervisory board of the Bank had three members:

Vytautas Bučas (born in 1968), chairman of the supervisory board;

Darius Šulnis (born in 1971), member;

Dailius Juozapas Mišeikis (born in 1943), member.

Information on treasury shares: Finasta Bankas AB did not acquire any treasury shares during the reporting period.

II. Key events in 2008

2 January: Finasta Bankas AB was registered in the Register of Legal Entities.

15 May: the Bank of Lithuania issued the banking licence to Finasta Bankas AB.

3 July: Finasta Bankas AB became an official member of NASDAQ OMX Baltic stock exchanges holding membership in all three NASDAQ OMX Baltic stock exchanges.

20 August: the Bank of Lithuania modified the licence of Finasta Bankas AB lifting the restriction of trading in precious metals.

4 September: Finasta Bankas AB officially launched its operations and began providing integrated investment, asset management and corporate finance solutions in Vilnius, Kaunas and Klaipėda.

Material events after the end of the financial year

On 13 January 2009, the sole shareholder Finasta Įmonių Finansai AB decided to form the reserve capital of Finasta Bankas AB of LTL 4 million. The reserve capital of the Bank was formed on 13 January 2009.

III. Overview of financial standing, operations and growth

Finasta Bankas AB began operating in autumn 2008. In the first year of operation, the Bank was actively setting up its structure, systems and improving the competences of its staff, and now provides a full range of traditional banking services as well as actively provides intermediation services for trading in securities.

At the onset of global and regional economic crisis, the Bank faced challenges in the first year of operation which prompted the Bank to be proactive in adapting its activities to a new global situation and expectations of customers. A dynamic situation on financial markets motivates the Bank to be flexible in offering new products, to revise its pricing policy looking for an optimal model tailored to the needs of customers and business. The Bank's business development concept is based on value generation for customers by providing integrated financial and asset management services, i.e. solutions that are customised for each and every customer after a thorough review of his investment goals, expectations, risk propensity, his and his family's life style and future plans, etc. Investment solutions for customers are customised using a wide range of investment instruments and a large pool of investment or asset management entities since the Bank serves as an independent consultant (financial advisor). Being committed to this business concept, the Bank will continue to strive to promptly respond to changes in market and customer needs remaining a reliable financial adviser to each and every customer.

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IV. Staff management policy

In 2008, the staff management policy of Finasta Bankas AB was approved. It covered the following areas of staff management:

- staff planning;
- selection of employees;
- adaptation of new employees;
- performance management and assessment;
- training;
- management of salaries and bonuses.

The entire staff management policy was based on an underlying idea that an employee is the biggest asset of the company. Implementation of the policy ensured an optimal ratio between attainment of the organisational goals and employee satisfaction. It was based on individual treatment of every employee, did not violate any human rights of employees and complied with current legal procedures.

The staff management policy was implemented based on the analysis of best human resource management practices of Lithuanian and foreign businesses and was adapted to the nature of Bank's operations ensuring that the existing staff management processes are updated regularly.

In 2008, a team of professionals of Finasta Bankas AB pursued its objectives and ensured a successful start and continuation of the Bank's operations. The Human Resource Department focused on building a strong team of employees, searched for and hired skilled professionals to vacant positions. The selection procedures were aimed at finding suitable candidates from outside and within the Bank wishing and able to have a successful career ascending to higher positions with more responsibilities.

In total, the Bank employed 112 people by the end of the year. 90% of employees are university graduates and the rest are still studying and will soon receive their higher education diplomas.

The average age of employees is 30 years. The ratio between men and women is balanced (48% men and 52% women). Since the employees are quite young, they are able to adapt quickly to the changing market environment and ongoing internal changes, implement innovative solutions based on best business management practices.

The staff training programme was devised and implemented according to the needs of staff and development of the necessary competences. Employees took part in a variety of external training exercises improving and raising their qualification. Some employees of the Bank studied under and passed the examinations of world-class programmes and received globally accepted certificates of financial management professionals. This helped set up and implement an internal learning academy using the existing competences and potential of employees and enabling the most competent and experienced team members to share their knowledge with co-workers.

A well-organised and objective performance management programme helped define individual targets for employees related to strategic objectives of the Bank. Clear performance measurement criteria ensured objective assessment of employee progress in achieving their specific targets throughout the year.

To ensure adequate internal communication, a weekly bulletin is published for employees giving them access to up-to-date information on changes ongoing in the companies.

V. Bank's exposure to principal risks and uncertainties

Risk management is an integral part of banking industry. The principal risks related to the operations of the Bank are credit risk, operational risk, liquidity risk and market risk. In its turn, the latter comprises interest rate risk, equity securities risk and foreign exchange rate risk. Financial risks of the Bank are limited using internal limits and prudential rates established by the Bank of Lithuania.

Credit risk. It is a risk that a counterparty will default on its obligations to the Bank. The Bank is exposed to credit risks through the issue of credits to customers and on the interbank market. The Bank has not issued any guarantees to its customers enabling the creditors to demand payment for the obligations of other customers. The Bank uses no derivative credit instruments. The Bank mitigates its credit risk demanding the provision of mortgages, suretyship and other credit securities. The Bank also uses restrictions of credit concentration to mitigate its credit risks.

Operational risk. It is a risk of direct and/or indirect loss resulting from inadequate or failed internal controls, human factors and/or unlawful actions and failures of information systems and technologies or from external events. Operational risks are managed using the internal control function, putting in place prudential procedures to mitigate potential risks and business continuity plans, insuring the Bank's tangible assets, evaluating the acceptability or unacceptability of services provided by the Bank, carrying out product and service pricing management and internal resource reallocation functions, analysing the processes and procedures of the Bank, identifying risk points and measuring the adequacy of their control. The operational risk register is an important component of the Bank's operational risk management system. Responsible employees of Bank's units keep the operational risk register describing operational risk events taking place at a particular unit. Later, all described events are systemised and analysed in a central manner.

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Liquidity risk. It is a risk that the Bank may be unable to meet its obligations (both balance sheet obligations to customers and off-balance sheet lending or other obligations) or will meet them under unfavourable conditions by raising additional funds or disposing of its assets.

Given the instability of financial markets, diminished confidence on the interbank market and the fact that 2008 was the first year of operation for the Bank, a conservative policy has been pursued for liquidity risk management. The Bank maintains a liquidity ratio which is well above the threshold set by the Bank of Lithuania, monitors and analyses its cash flows. The Bank also uses a preventative system of internal liquidity limits and analyses deposit fluctuation trends.

Market risk. It is a risk of loss due to changes in the value of a financial instrument resulting from market (foreign exchange rate, market interest rate, prices of equity securities) changes. Foreign exchange rate risk is managed and controlled by using the limits for foreign exchange positions calculated as a ratio between an open foreign exchange position and Bank's capital.

Extent of financial risk and management objectives

The Bank manages its financial risks according to the requirements of the Bank of Lithuania binding on all commercial banks operating under a banking licence.

Financial risk management and the extent of risks is disclosed in the annual financial statements of Finasta Bankas AB.

VI. Issuer's financial and non-financial performance

In May 2008, Finasta Bankas AB was issued the banking licence by the Bank of Lithuania and became the first bank in Lithuania focusing on investment banking. Although the first steps entailed extra costs, the Bank managed to boost its loan portfolio to over LTL 30 million. The following sections provide the key data from the financial statements of Finasta Bankas AB. Since the Bank has operated for less than a year, there are no comparative data from the previous periods.

Key balance sheet headings as at 31 December 2008 ('000 LTL):

Heading	
Cash in hand and at bank	15,237
Loans and receivables	31,491
Deposits (excl. deposits of credit institutions)	34,272
Debt liabilities (certificates) including debentures	2,442
Total liabilities	37,711
Total equity capital	15,314
Total assets	53,025

Key income statement 2008 headings ('000 LTL):

Heading	
Net interest revenue	1,430
Net service charge and commission revenue	480
Other operating revenue	(37)
Financial assets (impairment), at net value	(452)
Operating expense	(6,271)
Income before income tax expense	(4,850)
Income tax (expense) revenue	970

At the end of December, assets of Finasta Bankas AB comprised LTL 53 million. Loans and receivables made up the majority of assets, or 59.4%. A breakdown of loan portfolio by customer shows that 59.8% of credits were issued to private customers and 40.2% to corporate customers at the end of 2008. The Bank is focused on investment banking services and, therefore, 34.9% of credits were reverse repos, i.e. loans collateralised by securities.

Cash and money in other banks accounted for a significant portion of assets (28.7%). At the end of December, most of them were term deposits at banks for a total amount of LTL 6.9 million, while money in correspondent accounts made up LTL 5.2 million. Due to the high amount of liquid resources, the liquidity ratio of Finasta Bankas AB was well above the minimum threshold of 30% set by the Bank of Lithuania at the end of 2008.

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At the end of the reporting period, Finasta Bankas AB complied with all prudential rates for operational risk set by the Bank of Lithuania.

Prudential rate for operational risk	Minimum prudential rate for operational risk set by the Bank of Lithuania, %	Indicator compliance, %
Liquidity ratio	30	81.7
Capital adequacy indicator	8	33.9

Deposits comprise the largest share of asset-backed finance as they back the entire loan portfolio and 64.6% of assets. At the end of December, the debt level calculated by dividing total liabilities of the Bank by equity capital stood at 2.46. This ratio shows that the Bank is mildly leveraged and is exposed to lower operational risks as a result.

Due to additional expenses incurred during the first year of operation and difficult situation on financial markets which impaired the possibility to gain from investment activities, the Bank's result for 2008 is a loss.

Profitability and performance indicators of 2008

Indicator	Indicator compliance, %
Return on equity (ROE)	-25.34
Return on assets (ROA)	-7.32
Earnings per share, LTL	- 1.94
Cost-to-income ratio	- 3.35

In the reporting period, the Bank earned LTL 1.9 million from core activities, incurred a loss of LTL 489,000 from additional activities and its operating expenses stood at LTL 6.27 million.

In 2008, expenses for salaries and social insurance contributions accounted for 29.6% of total expenditure, and advertising and marketing expenses for 23.2% of total expenditure.

VII. References and additional explanations to information disclosed in annual financial statements

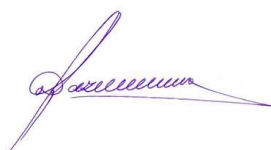
The information disclosed in annual financial statements is sufficient, detailed and requires no additional explanation.

VIII. Business plans and projections

Although investment services is the core activity of the Bank, it will focus strongly on the development of basic services and introduction of systems. The Bank will further develop credit services to private and corporate customers, payment products, internet banking system including a platform for trading in securities.

The Bank will pay particular attention to educating its customers through series of in-depth analytical and expert presentations to customers who are active investors. The Bank will be actively working with customers providing its services both at Bank's premises and wherever convenient for the customers. This customer service principle must be utilised for working with people who manage large investment capital since regular personal contact as well as provision of comprehensive information and advice is the cornerstone of customer care.

Qualification of employees is the basis of the business concept of the Bank. Investment consultants of the Bank are held to very high professional standards: trader's licences, internal training, testing, etc. are mandatory for every employee working with customers. This ensures the adequate quality of services and, at the same time, market competitiveness. The Bank uses knowledge and professionalism rather than low prices in the competitive battle to create exceptional value.



Chairman of the Board

Dalius Kaziūnas

AB BANKAS FINASTA

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BALANCE SHEET

Assets	31 December 2008
Cash and due from banks	
<i>Cash</i>	276
<i>Placements with the central bank</i>	834
<i>Placements with banks and other credit institutions</i>	14,127
	<u>15,237</u>
Available-for-sale financial assets	
<i>Equity securities</i>	2,125
	<u>2,125</u>
Held-to-maturity investments	
<i>Debt securities</i>	96
	<u>96</u>
Loans and receivables	31,491
Deferred income tax asset	1,172
Property and equipment	17
Intangible assets	37
Other assets	2,850
Total assets	<u>53,025</u>
Liabilities and shareholder's equity	
Liabilities	
Financial liabilities at amortised cost	
<i>Deposits (other than from credit institutions)</i>	34,272
<i>Debt securities</i>	2,442
	<u>36,714</u>
Other liabilities	997
Total liabilities	<u>37,711</u>
Shareholder's equity	
Capital and reserves	
<i>Registered share capital</i>	20,000
<i>Revaluation reserve of financial assets</i>	(806)
<i>Retained earnings (loss)</i>	(3,880)
Total shareholder's equity	<u>15,314</u>
Total shareholder's equity and liabilities	<u>53,025</u>

Chairman of the Board



Dalius Kaziūnas

Chief Accountant



Giedrė Reiponienė

AB BANKAS FINASTA

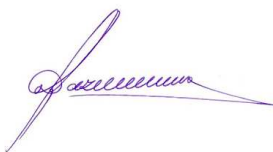
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INCOME STATEMENT

	From 2 January 2008 to 31 December 2008
Interest revenue	1,752
Interest expenses	(322)
Net interest income	1,430
Service fee and commission revenue	592
Service fee and commission expenses	(112)
Net service fee and commission income	480
Net (loss) on securities trading	(64)
Net foreign exchange gain	27
Other operating income	(37)
Impairment for financial assets, net	(452)
Operating expenses	(6,271)
Profit before income tax expenses	(4,850)
Income tax benefit	970
Net (loss) for the period attributable to shareholder of the Bank	(3,880)

Chairman of the Board



Dalius Kaziūnas

Chief Accountant



Giedrė Reiponienė

AB BANKAS FINASTA

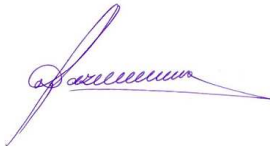
**FINANCIAL STATEMENTS FOR PUBLICATION
FOR THE PERIOD FROM 2 JANUARY 2008 (INCEPTION DATE) TO 31 DECEMBER 2008**

(All amounts in LTL thousand unless otherwise stated)

OFF-BALANCE SHEET ITEMS

	31 December 2008
Contingent liabilities and commitments	
Lending commitments	1,110
Liabilities to the clients for securities custody	<u>36,992</u>
Total contingent liabilities and commitments	<u>38,102</u>

Chairman of the Board



Dalius Kaziūnas

Chief Accountant



Giedrė Reiponienė