

AB DnB NORD Bankas

Interim Condensed Financial Information

(in accordance with IFRS, unaudited)

I quarter
2011

DnB NORD

AB DnB NORD BANKAS
INTERIM CONDENSED FINANCIAL INFORMATION
AS AT 31 MARCH 2011

(All amounts are in LTL thousand, if not otherwise stated)

THE GROUP AND BANK INCOME (EXPENSE) STATEMENT

	Notes	Group		Bank	
		31 March 2011	31 March 2010	31 March 2011	31 March 2010
Interest income		97,001	118,160	95,069	115,112
Interest expense		(40,146)	(62,518)	(40,145)	(60,686)
Net interest income		56,855	55,642	54,924	54,426
Fee and commission income		20,199	16,481	20,081	16,949
Fee and commission expense		(4,188)	(4,001)	(4,101)	(3,869)
Net interest, fee and commission income		72,866	68,122	70,904	67,506
Net gain (loss) on operations with securities and derivative financial instruments		7,190	2,495	9,005	4,120
Net foreign exchange result		2,979	4,062	3,068	4,063
Impairment losses and provisions	1	(21,659)	(86,508)	(16,858)	(86,295)
Other income		3,466	3,573	1,494	2,163
Personnel expenses		(22,722)	(22,349)	(22,149)	(21,938)
Depreciation and amortisation		(3,727)	(4,557)	(3,554)	(3,942)
Administrative and other operating expenses		(20,003)	(22,862)	(19,615)	(18,787)
Profit (loss) before income tax		18,390	(58,024)	22,295	(53,110)
Income tax		(116)	(100)	(2)	-
Net profit (loss) for the period		18,274	(58,124)	22,293	(53,110)
Profit (loss) attributable to:					
Equity holders of the parent		18,274	(58,124)	22,293	(53,110)
Earnings per share (in LTL per share)	2				
Basic		3.20	(10.18)		
Diluted		3.20	(10.18)		

The accounting policies and notes on pages 8 to 17 are an integral part of this financial information.

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THE GROUP AND BANK STATEMENT OF COMPREHENSIVE INCOME (EXPENSE)

	Group		Bank	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
Profit (loss) for the period	18,274	(58,124)	22,293	(53,110)
Other comprehensive income (expenses), net of tax				
available for sale assets revaluation	2,773	634	2,786	561
Total other comprehensive income, net of tax	2,773	634	2,786	561
Total comprehensive income (expenses) for the period, net of tax	21,047	(57,490)	25,079	(52,549)
Attributable to:				
Equity holders of the parent	21,047	(57,490)	25,079	(52,549)

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THE GROUP AND BANK CONDENSED STATEMENT OF FINANCIAL POSITION

	Notes	Group		Bank	
		31 March 2011	31 December 2010	31 March 2011	31 December 2010
ASSETS					
Cash and balances with central banks		492,146	525,842	492,146	525,842
Due from banks		609,993	483,406	609,993	483,406
Trading securities		36,110	30,177	36,110	30,177
Securities designated at fair value through profit or loss	3	396,134	459,498	396,134	459,498
Derivative financial instruments		23,560	24,683	23,560	24,683
Securities available-for-sale		226,686	323,925	221,025	318,496
Loans and advances to customers	4	8,634,297	8,731,999	9,175,094	9 290,610
Finance lease receivables		361,882	385,475		-
Investments in subsidiaries		-	-	20,115	20,115
Property, plant and equipment		95,013	98,661	93,802	96,649
Investment property		50,927	40,271	-	-
Intangible assets		5,494	6,006	5,422	5,909
Deferred income tax asset		30,187	30,184	30,188	30,188
Other assets		44,506	39,424	19,226	14,011
Total assets		11,006,935	11,179,551	11,122,815	11,299,584
LIABILITIES AND EQUITY					
Due to banks	5	4,795,919	5,327,814	4,795,919	5,327,814
Derivative financial instruments		54,871	61,862	54,871	61,862
Due to customers	6	4,686,773	4,334,713	4,688,777	4,336,248
Debt securities in issue	7	139,906	151,563	139,906	151,563
Current income tax liabilities		-	-	-	-
Subordinated loans	8	405,019	403,622	406,019	403,622
Provisions		979	673	58,577	66,603
Other liabilities		37,049	33,932	94,155	91,360
Total liabilities		10,120,516	10,314,179	10,237,224	10,439,072
Equity attributable to equity holders of parent					
Ordinary shares	9	656,665	656,665	656,665	656,665
Share premium		282,929	282,929	282,929	282,929
Retained earnings		(54,211)	(245,127)	(54,802)	(249,737)
Reserves		1,036	170,905	799	170,655
		886,419	865,372	885,591	860,512
Total equity		886,419	865,372	885,591	860,512
Total liabilities and equity		11,006,935	11,179,551	11,122,815	11,299,584

This condensed financial information was signed on 26 May 2011:



B. Lund
President



A. Cicenas
Acting Chief Accountant

The accounting policies and notes on pages 8 to 17 are an integral part of this financial information.

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(All amounts are in LTL thousand, if not otherwise stated)

GROUP STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent						
	Issued shares	Share premium	Financial assets revaluation reserve	Mandatory reserve	Other reserves	Retained earnings	Total
Balance at 31 December 2009	656,665	282,929	(2,793)	18,763	190,742	(340,505)	805,801
Total comprehensive income	-	-	24	-	-	(113,093)	(113,069)
Depreciation transfer for land and buildings	-	-	-	-	(4)	4	-
Increase of reserve capital (by additional contributions of shareholders)	-	-	-	-	172,640	-	172,640
Transfer of reserves	-	-	-	(18,563)	(189,904)	208,467	-
Balance at 31 December 2010	656,665	282,929	(2,769)	200	173,474	(245,127)	865,372
Total comprehensive income	-	-	2,773	-	-	18,274	21,047
Depreciation transfer for land and buildings	-	-	-	-	(2)	2	-
Transfer of reserves	-	-	-	-	(172,640)	172,640	-
Balance at 31 March 2011	656,665	282,929	4	200	832	(54,211)	886,419

The accounting policies and notes on pages 8 to 17 are an integral part of this financial information.

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BANK STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent						Total
	Issued shares	Share premium	Financial assets revaluation reserve	Mandatory reserve	Other reserves	Retained earnings	
Balance at 31 December 2009	656,665	282,929	(2,734)	18,413	190,742	(335,425)	810,590
Total comprehensive income	-	-	(85)	-	-	(122,633)	(122,718)
Depreciation transfer for land and buildings	-	-	-	-	(4)	4	-
Increase of reserve capital (by additional contributions of shareholders)	-	-	-	-	172,640	-	172,640
Transfer of reserves	-	-	-	(18,413)	(189,904)	208,317	-
Balance at 31 December 2010	656,665	282,929	(2,819)	-	173,474	(249,737)	860,512
Total comprehensive income	-	-	2,786	-	-	22,293	25,079
Depreciation transfer for land and buildings	-	-	-	-	(2)	2	-
Transfer of reserves	-	-	-	-	(172,640)	172,640	-
Balance at 31 March 2011	656,665	282,929	(33)	-	832	(54,802)	885,591

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AB DnB NORD BANKAS
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GROUP AND BANK STATEMENT OF CASH FLOWS

	Notes	Period ended			
		Group		Bank	
		31 March 2011	31 March 2010	31 March 2011	31 March 2010
Operating activities					
Interest receipt		92,068	117,891	89,720	114,872
Interest payments		(35,559)	(47,581)	(34,998)	(45,525)
Collected previously written-off loans		740	481	740	481
Receipts from FX trading		(1,336)	5,412	(1,336)	5,412
Net receipt from operations in securities		1,369	4,614	1,369	4,614
Fee and commission receipt		20,199	16,481	20,081	16,949
Fee and commission payments		(4,188)	(4,001)	(4,101)	(3,869)
Salaries and related payments		(22,799)	(23,774)	(22,226)	(23,339)
Other payments		(16,603)	(22,998)	(18,121)	(20,504)
Net cash flow from operating profits before changes in operating assets and liabilities		33,891	46,525	31,128	49,091
(Increase) decrease in operating assets					
(Increase) decrease in loans to credit and financial institutions		(131,475)	(51,902)	(102,579)	4,556
Decrease in loans granted		47,669	399,437	57,657	399,416
(Purchase) of trading securities		(882,419)	(576,586)	(882,419)	(576,586)
Proceeds from trading securities		876,689	551,414	876,689	551,414
(Increase) decrease in other assets		23,478	78,830	994	26,391
Change in operating assets		(66,058)	401,193	(49,658)	405,191
Increase (decrease) in liabilities:					
(Decrease) in liabilities to credit and financial institutions		(541,657)	(541,262)	(540,959)	(547,632)
Increase (decrease) in deposits		367,367	405,805	367,138	405,749
Increase (decrease) in other liabilities		10,598	(13,451)	(4,750)	(13,265)
Change in liabilities		(163,692)	(148,908)	(178,571)	(155,148)
Income tax paid		-	(37)	-	-
Net cash flows from operating activities		(195,859)	298,773	(197,101)	299,134
Investing activities					
Acquisition of property, plant, equipment and intangible assets		(457)	(432)	(453)	(418)
Disposal of property, plant, equipment and intangible assets		416	1,111	31	-
Purchase of available for sale securities		(751)	(1,791)	(141)	(208)
Proceeds from available for sale securities		100,975	45,458	100,309	43,047
Purchase of securities designated at fair value through profit or loss		(91,309)	(246,253)	(91,309)	(246,253)
Proceeds from securities designated at fair value through profit or loss		151,972	18,035	151,972	18,035
Dividends received		3	4	1,818	1,652
Interest received		6,330	8,955	6,282	8,871
Net cash flows from investing activities		167,179	(174,913)	168,509	(175,274)
Financing activities					
Own debt securities redemption		(11,417)	(208,887)	(11,417)	(208,887)
Own debt securities issued		2,971	53,912	2,971	53,912
Interest paid		(1,142)	(9,325)	(1,142)	(9,325)
Increase of reserve capital		-	69,056	-	69,056
Net cash flow from financing activities		(9,588)	(95,244)	(9,588)	(95,244)
Net increase (decrease) in cash and cash equivalents		(38,268)	28,616	(38,180)	28,616
Net foreign exchange difference on cash and cash equivalents		(400)	(2,137)	(488)	(2,137)
Cash and cash equivalents at 1 January		693,284	527,239	693,284	527,239
Cash and cash equivalents at 31 March	11	654,616	553,718	654,616	553,718

The accounting policies and notes on pages 8 to 17 are an integral part of this financial information.

GENERAL BACKGROUND

The name of AB DnB NORD Bankas was registered on May 12, 2006. The Bank as a joint stock company was registered on September 13, 1993. The Bank possesses a license issued by the Bank of Lithuania, which entitles to provide financial services established in the Law of the Republic of Lithuania on Banks and the Law of the Republic of Lithuania on Financial Institutions.

The Bank accepts deposits, issues loans, makes money transfers and documentary settlements, exchanges currencies for its clients, issues and processes debit and credit cards, is engaged in trade finance and is investing and trading in securities as well as provides other financial services established in the Law of the Republic of Lithuania on Banks and on Financial Institutions.

As at 31 March 2011 the Bank owned the following subsidiaries:

- UAB DnB NORD Lizingas (leasing activities),
- UAB DnB NORD Investicijų Valdymas (investment asset management activities),
- UAB DnB NORD Būstas (real estate brokerage),
- UAB Intractus (real estate management, development and sale). UAB Intractus owned subsidiary UAB Industrius (Company was registered on Legal Entities, State enterprise Centre of Register on 15 February 2011),
- UAB Gėlužės projektai (real estate management and development activities).

As at 31 March 2011 the Bank owned 100% of the share capital of the UAB DnB NORD Lizingas, UAB DnB NORD Investicijų Valdymas, 25.14% of the share capital of the UAB Intractus and 75.47% of the share capital of the UAB DnB NORD Būstas. UAB DnB NORD Lizingas owned 24.53% of the share capital of the UAB DnB NORD Būstas and 74.86% of the share capital of the UAB Intractus. UAB Intractus owned 100% of share of the UAB Industrius. As at 31 March 2011 AB DnB NORD Bankas Group (hereinafter referred to as "the Group") in Lithuania consisted of AB DnB NORD Bankas and its subsidiaries UAB DnB NORD Investicijų Valdymas, UAB DnB NORD Lizingas, UAB DnB NORD Būstas, UAB Intractus and UAB Gėlužės projektai.

Basis of preparation

The Bank and the Group condensed interim financial information was prepared in accordance with IAS 34. The interim consolidated financial statements do not contain all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 31 December 2010.

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2010, except for the adoption of the following new and amended IFRSs and IFRIC interpretations:

Amendments to IAS 24 Related Party Disclosures

The amendments simplify the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition. They also provide a partial exemption from the disclosure requirements for government-related entities. The implementation of these amendments did not have any impact on the financial position or performance of the Group.

Amendment to IAS 32 Financial Instruments: Presentation – Classification of Rights Issues

The amendment changes the definition of a financial liability to exclude certain rights, options and warrants. The amendment did not have any impact on the financial position or performance of the Group, as the Group does not have such instruments.

In May 2010 IASB issued omnibus of amendments to its standards. The amendments became effective for annual periods on or after either 1 July 2010 or 1 January 2011. The adoption of the following amendments may result in changes to accounting policies but did not have any impact on the financial position or performance of the Group:

- IFRS 3 *Business Combinations*;
- IFRS 7 *Financial instruments: Disclosures*;
- IAS 1 *Presentation of Financial Statements*;
- IAS 27 *Consolidated and Separate Financial Statements*;
- IFRIC 13 *Customer Loyalty Programmes*.

Amendment to IFRIC 14 IAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The amendment modifies the accounting for prepayments of future contributions when there is a minimum funding requirement. This amendment did not have any impact on the consolidated financial statements because the Group does not have defined benefit assets.

Basis of preparation (continued)

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

The interpretation provides guidance on accounting for extinguishing financial liabilities with equity instruments. Since the Group does not have such transactions, IFRIC 19 did not have any impact on its consolidated financial statements.

The preparation of financial information in conformity with International Financial Reporting Standards require the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current event and actions, actual results ultimately may differ from those estimates.

This financial information combines the consolidated financial statements for the Group and stand-alone financial statements of the parent Bank. Such format of reporting was adopted to ensure consistency of presentation with the format prescribed by the Bank of Lithuania and applied for statutory reporting.

Amounts shown in this financial information are presented in the local currency, Litas (LTL). Since 2 February 2002 the exchange rate of the Litas was pegged to Euro at a rate of 3.4528 LTL = 1 EUR.

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SEGMENT INFORMATION

Segment information

The Group is organised into these main business segments based on products, services and legal organisation: banking, leasing, investment management, real estate brokerage and real estate management, development and sale. Transactions between the business segments are on normal commercial terms and conditions, transfer prices between operating segments are on arm's length basis. Funds are ordinary reallocated between segments, resulting in funding cost transfers disclosed in operating income. No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Group's total revenue in 2011 or 2010.

As at 31 March 2011

	Banking	Leasing	Investment management	Real estate brokerage	Real estate management, development and sale	Eliminations	Group
Third party	91,777	5,174	50	-	-	-	97,001
Inter-segment	3,292	6	-	-	-	(3,298)	-
Total interest income	95,069	5,180	50	-	-	(3,298)	97,001
Third party	(40,145)	-	(1)	-	-	-	(40,146)
Inter-segment	-	(3,083)	-	-	(209)	3,292	-
Total interest expense	(40,145)	(3,083)	(1)	-	(209)	3,292	(40,146)
Third party	51,632	5,174	49	-	-	-	56,855
Inter-segment	3,292	(3,077)	-	-	(209)	(6)	-
Net interest income	54,924	2,097	49	-	(209)	(6)	56,855
Third party	26,778	24	1,197	142	-	(1,815)	26,326
Inter-segment	1,275	(1,007)	(224)	32	-	(76)	-
Net income from the other main operations	28,053	(983)	973	174	-	(1,891)	26,326
Third party	(40,254)	1,641	(213)	(192)	(387)	-	(39,405)
Inter-segment	(16)	(29)	(26)	(8)	(3)	82	-
Total administrative and other operating expenses/ income	(40,270)	1,612	(239)	(200)	(390)	82	(39,405)
Depreciation and amortisation	(3,554)	(152)	(10)	(11)	-	-	(3,727)
Impairment losses and provisions	(25,190)	3,531	-	-	-	-	(21,659)
Profit (loss) before tax	13,963	6,105	773	(37)	(599)	(1,815)	18,390
Income tax	(2)	-	(117)	-	-	-	(119)
Change of deferred tax	-	-	3	-	-	-	3
Net profit (loss)	13,961	6,105	659	(37)	(599)	(1,815)	18,274
Capital expenditure	453	-	-	2	2	-	457
Shareholders' equity	885,591	(60,414)	5,506	1,231	29,307	25,198	886,419
Total assets	11,122,815	462,062	7,860	1,644	51,119	(638,565)	11,006,935
Total liabilities	10,237,224	522,476	2,354	413	21,812	(663,763)	10,120,516

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(All amounts are in LTL thousand, if not otherwise stated)

SEGMENT INFORMATION (continued)

31 March 2010

	Banking	Leasing	Investment management	Real estate brokerage	Real estate management, development and sale	Eliminations	Group
Third party	111,857	6,229	74	-	-	-	118,160
Inter-segment	3,255	20	-	-	-	(3,275)	-
Total interest income	115,112	6,249	74	-	-	(3,275)	118,160
Third party	(60,674)	(1,843)	(1)	-	-	-	(62,518)
Inter-segment	(12)	(3,252)	-	(3)	-	3,267	-
Total interest expense	(60,686)	(5,095)	(1)	(3)	-	3,267	(62,518)
Third party	51,183	4,386	73	-	-	-	55,642
Inter-segment	3,243	(3,232)	-	(3)	-	(8)	-
Net interest income	54,426	1,154	73	(3)	-	(8)	55,642
Third party	19,714	463	972	111	-	(1,648)	19,612
Inter-segment	1,549	(1,322)	(149)	14	-	(92)	-
Net income from the other main operations	21,263	(859)	823	125	-	(1,740)	19,612
Third party	(38,527)	(3,258)	(238)	(172)	(18)	-	(42,213)
Inter-segment	(35)	(25)	(27)	(11)	(2)	100	-
Total administrative and other operating expenses/ income	(38,562)	(3,283)	(265)	(183)	(20)	100	(42,213)
Depreciation and amortisation	(3,942)	(583)	(11)	(21)	-	-	(4,557)
Impairment losses and provisions	(74,487)	(12,021)	-	-	-	-	(86,508)
Profit (loss) before tax	(41,302)	(15,592)	620	(82)	(20)	(1,648)	(58,024)
Income tax	-	-	(109)	-	-	-	(109)
Change of deferred tax	-	-	9	-	-	-	9
Net profit (loss)	(41,302)	(15,592)	520	(82)	(20)	(1,648)	(58,124)
Year ended 31 December 2010							
Capital expenditure	2,652	-	10	8	1	-	2,671
Shareholders' equity	860,512	(58,187)	6,675	1,268	29,905	25,199	865,372
Total assets	11,299,584	495,100	7,024	1,648	40,322	(664,127)	11,179,551
Total liabilities	10,439,072	553,287	349	380	10,417	(689,326)	10,314,179

The Group operates in one geographical segment – Lithuania.

The main capital expenditures used by the Group to acquire assets that are expected to be used during more than one period (property, plant, equipment and intangible assets) belong to geographical segment "Lithuania".

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(All amounts are in LTL thousand, if not otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 IMPAIRMENT LOSSES AND PROVISIONS

	Group		Bank	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
Impairment losses on loans:				
Increase (decrease) of impairment losses, net	25,688	74,438	25,688	74,438
Recovered previously written off loans	(740)	(481)	(740)	(481)
Total impairment losses on loans	24,948	73,957	24,948	73,957
Impairment losses on finance lease receivables	(4,377)	10,968	-	-
Impairment losses for other assets	768	1,070	(78)	17
Expenses for provisions on: guarantees and other contingent liabilities	320	513	(8,012)	12,321
Total	21,659	86,508	16,858	86,295

NOTE 2 EARNINGS PER SHARE

Earnings per share were calculated by dividing the Group's net profit for the period by the weighted average number of ordinary registered shares in issue during the period.

Group Earnings per share

	31 March 2011	31 March 2010
Net profit	18,274	(58,124)
Weighted average number of registered issued shares (units)	5,710,134	5,710,134
Earnings per share (LTL per share)	3.20	(10.18)

As at 31 March 2011 and as at 31 March 2010 diluted earnings per share ratios are the same as basic earnings per share.

NOTE 3 SECURITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

Group (Bank)

	31 March 2011			31 December 2010		
	Fair value measurement based on:			Fair value measurement based on:		
	quoted prices	valuation techniques based on observable market data	valuation techniques not based on observable market data	quoted prices	valuation techniques based on observable market data	valuation techniques not based on observable market data
Government bonds of the Republic of Lithuania	366,093	-	-	408,376	-	-
Bonds issued by other banks	-	-	-	-	13,995	-
Government bonds of foreign issuers	28,652	1,389	-	29,690	7,437	-
Total	394,745	1,389	-	438,066	21,432	-

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NOTE 4 LOANS AND ADVANCES TO CUSTOMERS

	Group		Bank	
	31 03 2010	31 12 2010	31 03 2010	31 12 2010
Loans and advances to financial institutions	85	67	519,385	548,328
Loans to business customers	5,207,059	5,261,527	5,228,556	5,271,877
Loans to individuals (retail)	4,263,428	4,333,030	4,263,428	4,333,030
Total gross loans granted	9,470,572	9,594,624	10,011,369	10,153,235
Total allowance for impairment:	(836,275)	862,625	(836,275)	862,625
to financial institutions	-	-	-	-
to business customers	(588,310)	624,095	(588,310)	624,095
to individuals	(247,965)	238,530	(247,965)	238,530
Total net loans and advances to customers	8,634,297	8,731,999	9,175,094	9,290,610

Due to deteriorated financial strength and evaluation of likely recovery the Bank has material impairment losses on an individual client loans (assigned to the banking business segment of the Group). Gross loans amounted to LTL 12,145 thousand, accrued interests – LTL 677 thousand on 31 March 2011, impairment losses for them amounted to LTL 4,828 thousand year-to-date, of which for accrued interests – LTL 584 thousand. Fair value was determined using discounting cash flow method as it is described in the accounting policy.

Material recovery on an individual item (assigned to the banking business segment of the Group) amounted to LTL 8,563 thousand year-to-date.

NOTE 5 DUE TO BANKS

	Group		Bank	
	31 03 2011	31 12 2010	31 03 2011	31 12 2010
<u>Funds of banks:</u>				
Demand deposits	273,091	322,146	273,091	322,146
Term deposits	2,697,745	3,182,960	2,697,745	3,182,960
Loans	1,825,083	1,822,708	1,825,083	1,822,708
Total	4,795,919	5,327,814	4,795,919	5,327,814

NOTE 6 DUE TO CUSTOMERS

	Group		Bank	
	31 03 2011	31 12 2010	31 03 2011	31 12 2010
Demand deposits:				
Business customers (financial and corporate)	1,683,184	1,561,618	1,684,510	1,563,153
Individuals	929,615	983,958	929,615	983,958
Total demand deposits	2,612,799	2,545,576	2,614,125	2,547,111
Term deposits				
Business customers (financial and corporate)	982,735	680,377	983,413	680,377
Individuals	1,047,085	1,060,486	1,047,085	1,060,486
Total term deposits	2,029,820	1,740,863	2,030,498	1,740,863
Term loan	44,154	48,274	44,154	48,274
Total	4,686,773	4,334,713	4,688,777	4,336,248

As at 31 March 2011 customer accounts included the deposits of LTL 39,360 thousand (31 December 2010: LTL 49,634 thousand) held as collateral for irrevocable commitments under import letter of credit, guarantees and loans.

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NOTE 7 DEBT SECURITIES IN ISSUE

The Bank and the Group debt securities in issue were as follows:

	Currency	Interest rate	Maturity	Carrying value	
				31 03 2010	31 12 2010
Index linked bonds					
	LTL	-	2011 – 2013	34,021	38,346
	EUR	-	2011 – 2014	27,538	34,615
Embedded derivatives				2,738	3,001
Deferred profit from index linked bonds				858	5,609
Total				65,155	77,009
Other bonds					
	LTL	3.50 p.a.	2013	35,089	35,295
	LTL	0 p.a.	2012	14,046	13,925
	LTL	5.00 p.a.	2015	15,680	15,495
	LTL	4.10 p.a.	2013	9,936	9,839
Total				74,751	74,554
Total debt securities in issue				139,906	151,563

NOTE 8 SUBORDINATED LOANS

Loan provider:	Group		Bank	
	31 03 2011	31 12 2010	31 03 2011	31 12 2010
European Bank for Reconstruction and Development (EBRD)	38,120	38,463	38,120	38,463
Bank DnB NORD A/S	241,982	240,236	241,982	240,236
DnB NOR Bank ASA	124,917	124,923	124,917	124,923
Total	405,019	403,622	405,019	403,622

NOTE 9 SHARE CAPITAL

After the account managers have implemented the decision of the Second District Court of Vilnius City dated 17 December 2009 regarding the transfer of ownership rights to 4,371 shares of AB DnB NORD Bankas to Bank DnB NORD A/S, Bank DnB NORD A/S completed the squeeze-out procedure of AB DnB NORD Bankas shares on 1 February 2010 and became the sole shareholder of AB DnB NORD Bankas having 100 percent ownership of shares and votes in AB DnB NORD Bankas.

Share premium amounted to LTL 282,929 thousand as at 31 March 2011 (as at 31 December 2010 – LTL 282,929 thousand).

Information about shareholder of the Bank is listed in the table below:

	31 03 2011			31 12 2010		
	Number of shares	Nominal value, LTL thousand	%	Number of shares	Nominal value, LTL thousand	%
BANK DNB NORD A/S (DK)	5,710,134	656,665	100.00	5,710,134	656,665	100.00
Total	5,710,134	656,665	100.00	5,710,134	656,665	100.00

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NOTE 10 CONTINGENT LIABILITIES AND COMMITMENTS

Guarantees, letters of credit, commitments to grant loans and other commitments:

	Group		Bank	
	31 03 2011	31 12 2010	31 03 2011	31 12 2010
Guarantees	172,508	190,299	485,488	521,144
Letters of credit	2,374	5,793	2,374	5,793
Commitments to grant loans	785,277	803,109	955,379	944,461
Commitments to grant finance leases	2,506	2,683	-	-
Capital commitments and other commitments to acquire assets	1,964	2,244	836	836
Other commitments	14,169	12,019	14,378	12,298
Total	978,798	1,016,147	1,458,455	1,484,532

Operating lease commitments – where the Group (the Bank) is the lessee

The future aggregate minimum lease payments under non-cancellable operating lease agreements are as follows:

	Group		Bank	
	31 03 2011	31 12 2010	31 03 2011	31 12 2010
Not later than 1 year	1,162	1,051	1,364	1,273
Later than 1 year and not later than 5 years	1,743	2,103	1,750	2,161
Later than 5 years	-	-	-	-
Total	2,905	3,154	3,114	3,434

Amounts receivable under operating lease – where the Group is the lessor

The future minimum lease payments receivable under non-cancellable operating lease agreements can be specified as follows:

	Group		Bank	
	31 03 2011	31 12 2010	31 03 2011	31 12 2010
Not later than 1 year	227	348	-	-
Later than 1 year and not later than 5 years	23	4	-	-
Total	250	352	-	-

NOTE 11 CASH AND CASH EQUIVALENTS

	Group		Bank	
	31 03 2011	31 12 2010	31 03 2011	31 12 2010
Cash	241,636	225,250	241,636	225,250
Correspondent accounts with other banks	52,256	61,652	52,256	61,652
Overnight deposits	110,242	105,817	110,242	105,817
Required reserves in national currency in Central Bank	250,482	242,779	250,482	242,779
Correspondent account with central bank	-	57,786	-	57,786
Total	654,616	693,284	654,616	693,284

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NOTE 12 RELATED PARTY TRANSACTIONS

In the normal course of business, the Bank enters into banking transactions with large shareholders, members of the Council and the Board as well as subsidiaries.

The following balances were outstanding with Bank DnB NORD A/S (the parent company):

Assets	31 03 2011	31 12 2010
Derivative financial instruments	687	609
Liabilities		
Correspondent bank accounts	8,647	11,981
Subordinated loans	241,983	240,236
Income	31 03 2011	31 03 2010
Fee and commission	259	380
Net gain (loss) from foreign exchange	-	2
Net gain (loss) from operations with financial instruments	644	2,919
Expenses		
Interest	1,747	1,600
Others	2,072	2,279

The following balances were outstanding with DnB NOR Group companies:

Assets	31 03 2011	31 12 2010
Correspondent bank accounts	7,759	4,831
Overnight deposits	110,246	105,817
Term deposits	428,762	292,718
Derivative financial instruments	6,126	3,276
Liabilities		
Correspondent bank accounts	2,599	6,585
Overnight deposits	186,638	241,699
Term deposits	2,677,743	3,182,960
Loans	1,798,381	1,796,234
Derivative financial instruments	28,470	16,213
Demand deposits	186	189
Subordinated loans	124,917	124,924

The following balances were outstanding with DnB NOR Group companies:

Income	31 03 2011	31 03 2010
Interest	1,089	809
Fee and commission	2	48
Net gain (loss) from foreign exchange	82	(65)
Net gain (loss) from operations with financial instruments	(3,358)	(11,296)
Other	49	1,113
Expenses		
Interest	24,158	27,923
Fee and commission	16	27
Other	796	367

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NOTE 12 RELATED PARTY TRANSACTIONS (continued)

The following balances were outstanding on the Bank balance sheet with subsidiaries:

Assets	31 03 2011	31 12 2010
Loans	540,797	558,611
Equity securities	20,115	20,115
Other assets	404	291
Liabilities		
Demand deposits	1,326	1,535
Term deposits	678	-
Other liabilities	62,821	62,821

The main income/expenses from transactions with subsidiaries are as follows:

Income	31 03 2011	31 03 2010
Interest	3,292	3,255
Fee and commission	1,307	1,563
Dividends	1,815	1,648
Other	18	12
Expenses		
Interest	-	12
Fee and commission	32	14
Other	34	47