

**AB DnB NORD Bankas  
Registration Document**

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**DnB NORD**

2007, Vilnius

# AB DnB NORD Bankas

(HEREINAFTER REFERRED TO AS THE "BANK" OR "ISSUER")

## Registration Document

THIS REGISTRATION DOCUMENT CONTAINING THE ISSUER'S INFORMATION WAS DRAWN UP IN ACCORDANCE WITH THE RULES FOR PREPARATION AND APPROVAL OF SECURITIES PROSPECTUS AND DISCLOSURE OF INFORMATION, APPROVED BY RESOLUTION NO 1K-21 OF THE SECURITIES COMMISSION OF THE REPUBLIC OF LITHUANIA DATED 15 JULY 2005, AND REGULATION NO 809/2004 OF THE COMMISSION (EC) OF 29 APRIL 2004 IMPLEMENTING DIRECTIVE 2003/71/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AS REGARDS INFORMATION CONTAINED IN PROSPECTUSES AS WELL AS THE FORMAT, INCORPORATION BY REFERENCE AND PUBLICATION OF SUCH PROSPECTUSES AND DISSEMINATION OF ADVERTISEMENTS.

THIS REGISTRATION DOCUMENT WAS DRAWN UP IN ACCORDANCE WITH THE PROCEDURE DESCRIBED IN ANNEX XI TO REGULATION NO 809/2004 OF THE COMMISSION.

THIS REGISTRATION DOCUMENT TOGETHER WITH THE BASE PROSPECTUS, THE FINAL TERMS AND OTHER DOCUMENTS INCORPORATED THEREIN BY REFERENCE, WHICH ARE OR WILL BE PUBLISHED SEPARATELY CONSTITUTE A PROSPECTUS OF SECURITIES OFFERED OR PLANNED TO BE OFFERED BY THE ISSUER (HEREINAFTER REFERRED TO AS THE PROSPECTUS). THE DOCUMENTS INCORPORATED INTO THIS REGISTRATION DOCUMENT BY REFERENCE ARE LISTED ON THE NEXT PAGE OF THIS REGISTRATION DOCUMENT.

**A DECISION TO INVEST IN THE SECURITIES OFFERED BY THE ISSUER SHOULD BE BASED ON CONSIDERATION OF THE PROSPECTUS AS A WHOLE BY THE INVESTOR.**

INVESTMENTS INTO SECURITIES CARRY CERTAIN RISKS, THEREFORE, SECURITIES OFFERED BY THE ISSUER SHOULD BE ACQUIRED ONLY BY THE INVESTORS WHOSE FINANCIAL KNOWLEDGE AND EXPERTISE IS SUFFICIENT TO MAKE A PROPER ASSESSMENT OF THE RISKS RELATED TO THE SECURITIES AND THE ISSUER'S ACTIVITIES.

**THE MAIN RISK FACTORS RELATED TO THE ISSUER**, SUCH AS THE CREDIT CONDITION OF ITS CLIENTS, CHANGES IN THE MARKET VARIABLES, THE LIQUIDITY OF FINANCIAL RESOURCES AND OPERATING FACTORS, **ARE LISTED IN SECTION 3 OF THE REGISTRATION DOCUMENT.** THE MAIN RISK FACTORS RELATED TO THE SECURITIES ISSUED OR PLANNED TO BE OFFERED, SUCH AS THE MARKET LIQUIDITY, THE LEVEL OF INTEREST RATES IN THE MARKET, ETC., ARE PRESENTED IN THE RESPECTIVE SECURITIES NOTE, OR IN THE CASE OF SECURITIES ISSUED ON THE BASIS OF THE PROGRAMME – IN THE BASE PROSPECTUSES OR THE FINAL TERMS.

## **INCORPORATION OF INFORMATION BY REFERENCE**

The below-listed documents, submitted to the Securities Commission of the Republic of Lithuania previously or together with this Registration Document, are incorporated by reference and form an integral part of this Registration Document:

- Issuer's prospectus – report for 2006 (hereinafter referred to as the "Annual Prospectus")
- Issuer's interim consolidated report for the six months of 2007 (hereinafter referred to as the "Interim Report") together with the officially published interim condensed financial information;
- Issuer's audited financial statements for the year ended 31 December 2005 (hereinafter referred to as the "Financial Statements for 2005") and the Issuer's audited financial statements for the year ended 31 December 2006 (hereinafter referred to as the "Financial Statements for 2006"), both drawn up in accordance with International Financial Standards.

The information indicated in this Registration Document and the documents incorporated herein by reference may be updated in the annexes to the Prospectus as regulated by Articles 20 – 22 of the Rules for Preparation and Approval of Securities Prospectus and the Disclosure of Information approved by Resolution No 1K-21 of the Securities Commission of the Republic of Lithuania dated 15 July 2005, and Article 16 of Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC.

This Registration Document and the documents incorporated herein by reference may be inspected by physical or electronic means, and their free copies are available at the Bank's Investment Banking Department at the address J. Basanavičiaus g. 26, Vilnius, Lithuania from 8:00 till 16:30 on working days (till 15:30 on Fridays) and on the Bank's internet website at the address [www.dnbNord.lt](http://www.dnbNord.lt). Contact telephone numbers: (+370 5) 239 3516, (+370 5) 239 3772.

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## 1. PERSONS RESPONSIBLE

The persons responsible for the information given in this Registration Document are as follows:

- Werner Heinz Schilli – President of AB DnB NORD Bankas;
- Jurgita Šaučiūnienė – Chief Accountant of AB DnB NORD Bankas;
- Žygimantas Stankevičius – Head of the Legal Unit of AB DnB NORD Bankas.

The undersigned persons declare that, to the best of their knowledge, the information contained in the Registration Document is accordance with the facts and there are no omissions likely to affect the meaning of the information, and that they have taken all reasonable care to ensure that such is the case.

President \_\_\_\_\_ Werner Heinz Schilli  
(signature)

Chief Accountant \_\_\_\_\_ Jurgita Šaučiūnienė  
(signature)

Head of the Legal Unit \_\_\_\_\_ Žygimantas Stankevičius  
(signature)

The Registration Document was signed on 28 August 2007 in Vilnius.

## 2. STATUTORY AUDITORS

For the information on the audit company that has conducted an independent audit of the Issuer's Financial Statements for 2005 and Financial Statements for 2006 please refer to the table below:

Company name:	Close Stock Company "PricewaterhouseCoopers"
Registered address:	J. Jasinskio g. 16B, LT-01112
Telephone number:	(+370 5) 239 23 00
Fax number:	(+370 5) 239 23 01
Legal form:	Close Stock Company
Date and venue of registration:	29 December 1993, Ministry of Economy of the Republic of Lithuania (Gedimino pr. 38/2, 01104 Vilnius-1)
Registration number:	UI 93 - 369
Company code:	111473315

For the information on the auditors who have conducted an independent audit of the Issuer's Financial Statements for 2005 and Financial Statements for 2006 please refer to the table below:

Year	Given names, surname	Address	Certificate No	Issuer of the certificate
2006	Christopher C. Butler	J. Jasinskio g. 16B, LT-01112	7986452	ICAEW*
	Jurgita Kirvaitienė	J. Jasinskio g. 16B, LT-01112	000447	Lithuanian Chamber of Auditors
2005	Christopher C. Butler	J. Jasinskio g. 16B, LT-01112	7986452	ICAEW*
	Jurgita Kirvaitienė	J. Jasinskio g. 16B, LT-01112	000447	Lithuanian Chamber of Auditors

\* - Institute of Certified Accountants of England and Wales, ICAEW

### 3. RISK FACTORS

The main risks related to the Issuer's activities are described below. Investors should note that it is not an exhaustive list of all possible risks. The risks listed below are of accidental nature, and the Issuer does not assume a responsibility to state the probability of occurrence of one or another event related to the below-described risk factors. Before investing into the Issuer's securities, potential investors should assess the below-listed and other risks, taking into consideration all the information presented in the Prospectus.

Risks related to the Issuer's securities, such as the securities market liquidity, the interest rate level in the market, etc., are listed in the Base Prospectus or the Final Terms.

The purpose of Issuer's risk management is to ensure an adequate return on equity by adhering to a conservative risk management policy. The scope of risks assumed by the bank is strictly limited by an effective limit system. Implementing an advanced risk management policy, the Bank pursues a goal not only to minimize potential risk, but also to improve pricing and achieve a more efficient capital distribution. In order to assess probable losses caused by the risks of liquidity, currency exchange rate, interest rate, operations, securities held and credits granted, testing under the most unfavourable conditions is carried out in the Bank on a quarterly basis. The capital and potential risks are assessed using standard, probable and worst case scenarios.

The scope of risks assumed by the Bank is small: calculations conducted show that probable losses in case of the worst scenario would account for approximately 0.9% of the Bank's assets or 9.6% of the Bank's equity.

The main risk management principle is to segregate the function of the overhaul risk management from that of the risk assumption, i.e. from the front office functions. The risk is managed on the scale of the entire Group (the Group consists of the companies listed in Section 6 of this Registration Document and hereinafter these companies altogether are referred to as the "Group").

**The credit risk** is a risk to incur losses due to the default of financial obligations to the Bank by customers. Credit risk has the largest significance in the Issuer's risk structure. The results of testing under the most unfavourable conditions show that the probable losses incurred by the Bank due to the credit risk could account for approximately 75% of all probable losses.

In order to avoid a large concentration of risk, the monitoring of the risks of exposure to both individual customers and separate economic sectors is carried out on a regular basis. Decisions on large exposures can be adopted exclusively by a collegial body of the respective authority level. The credit risk is managed by carrying out a comprehensive customer analysis prior to granting loans and carrying out monitoring afterwards. Risks are assessed using standardized loan/customer scoring and rating means, which are under constant improvement and reliability of which is regularly checked according to the results of the analysis of historical data on the losses caused by the credit risk.

A possible concentration in certain economic sectors is restricted by internal percentage and volume limits of exposure established for individual economic sectors. The lending limits for economic sectors are established on the basis of assessment carried out using economic sector rating models.

The good quality of the Issuer's loan portfolio is reflected by the low level of the provisions for loan losses to loan portfolio ratio, which was 0.49% on 30 June 2007. To compare, on 31 December 2006 and 31 December 2005, the ratio amounted to 0.57% and 0.65%, respectively. Ratios of earlier periods may not be compared due to the change in the loan valuation method in 2005.

**The market risk** is a risk to incur losses due to changes in the market parameters. The most significant risk to AB DnB NORD Bankas is the interest rate risk, while the foreign exchange rate risk is of lower significance. In 2006, the stock price risk was not significant to the Bank due to the low positions of of stock securities. The interest rate risk is assessed by calculation of the Bank's vulnerability to the interest rate changes, whereas the foreign exchange rate risk is assessed by calculation of the open foreign exchange positions. The interest rate and foreign exchange rate risks are restricted by the limits established by the Assets and Liabilities Committee of the DnB NORD Group (the DnB NORD Group consists of the companies listed in Section 6 of this Registration Document and hereinafter these companies altogether are referred to as the "DnB NORD Group"). In 2006, AB DnB NORD Bankas adjusted the market risk assessment system to the unified requirements of the DnB NORD Group.

**The liquidity risk** is the risk of failure by the Bank to meet financial liabilities in due time and the risk to incur losses due to a sudden decrease in financial resources and due to the higher cost of the new funding intended to replace them. There is a distinction between the short-term liquidity and the long-term liquidity risk management in AB DnB NORD Bankas. The short-term liquidity management (up to 1 month) is aimed at meeting the daily need for funds, ensuring the compliance with the reserve and liquidity requirements set by the Bank of Lithuania as well as the compliance with the internal liquidity limits. Such liquidity management is based on the future cash flow analysis and planning. The long-term liquidity management is based on the future cash flow analysis and forecasting for 1 year and compliance with the internal long-term liquidity limits. As a result of joining the DnB NORD Group, the Bank has a competitive edge of attracting funding at minimal costs, which has significantly reduced the Bank's vulnerability to the liquidity risk. Simultaneously, the liquidity risk is controlled on the overall DnB NORD Group level and restricted by the limits established by the Assets and Liabilities Committee of the DnB NORD Group.

**The operating risk** is a risk to incur direct or indirect losses due to improper or ineffective internal processes, systems, technologies, personnel actions, and external factors.

According to the Issuer's estimations, probable losses due to the operating risk events would account for approximately 6% of total probable losses. The operating risk management is decentralised in the Bank, i.e. the branch managers are responsible for the operating risk management in their respective branches. The efficiency of the operating risk management in the Bank is based on awareness, risk consciousness and knowledge of each single employee. Therefore, the Bank is raising the awareness of the employees systematically through the training on operating risk issues. The Bank manages the operating risk by minimising it, i.e. through insurance, implementation of the internal control measures, investment as well as outsourcing of services (in this case the specific provisions are made for the operating risk upon evaluation of the anticipated losses due to the operating risk events). The operating risk losses are reported to the Bank's management, the parent bank and the Supervisory Council on a regular basis.

In order to manage and balance the operating risk, various measures related to the daily management processes have been implemented. Such measures comprise the classic risk management process: identification, assessment, supervision, management and control.

The operating risk management and control system is based on the operating risk inventory, i.e. systematic review of the operating risk describing the operating risk scenarios and drawing up the operating risk map in order to identify the most problematic fields in terms of the operating risk in the Bank, i.e. those business lines, in which the risk to incur losses is the highest. The Bank also has a system for declaration of the operating risk losses on the overall scale of the Bank, wherein all operating risk events shall be registered.

Insurance is treated as a component of the operating risk management in the Bank, therefore in 2005 the Bank insured against certain risks not only in the local market but also acquired the banking risks insurance in the international market.

The Bank dedicates much attention to ensuring the business continuity; the disaster recovery and business continuity plans as well as the procedures for restoring of IT services are in place and tested on a regular basis. Moreover, to ensure an uninterrupted functioning of the IT systems and the data security, all critical IT components are duplicated.

Analysis of information on operating risk events compiled in the last 9.5 years shows that the largest losses incurred by the Issuer derived from the personnel and the external factors (55% and 21% respectively), therefore they may be identified as the main sources of the operating risk. Still, the losses incurred were not significant in their absolute value – they did not exceed 1% of the equity.

**The risk related to debt securities issued by the Issuer** – on 30 June 2007 the total amount of the par values of the debt securities issued by the Issuer was LTL 880,460,376, including LTL 448,640,776 of equity linked notes. The total par value of bonds issued and redeemed by the Issuer over the period from 30 June 2006 till 30 June 2007 amounted to LTL 532,712,485 and LTL 291,913,700, respectively.

The main risk related to the Bank's debt securities is that on the date of the interest payment or redemption, the Issuer might default on its obligations to the holders of the debt securities. The latter risk is related to the risk inherent in the Issuer's activity and index fluctuations in the stock markets (for equity index linked bonds). Since the Issuer's risk is under control, and the risk of fall in the indices underlying the equity index linked bonds is hedged through buying of index options, there is no risk of failure to redeem bonds at the moment.



**The legal supervision risk** – the institutions exercising the supervision of the Issuer’s activities have a great amount of power to impose restrictions on the Issuer’s business, to establish the volume of the required reserves, to limit the exposure to a single borrower, to establish the capital adequacy, liquidity and other requirements. Any changes to such requirements may have a significant effect on the Issuer’s or its competitors’ activities.

**Bank and Financial Group\* compliance with the prudential requirements in 2005, 2006, 1<sup>st</sup> half-year of 2007**

Requirement	%	31.12.2005		31.12.2006		30.06.2007	
		Bank	Financial Group	Bank	Financial Group	Bank	Financial Group
Capital adequacy requirement	8	10.68	10.54	9.91	9.64	11.19	10.68
Liquidity requirement	30	37.16	36.85	34.99	34.74	32.78	-
Open foreign exchange position***	25	0.17	0.17	1.84	1.82	1.07	1.06
Maximum exposure to a single borrower requirement	25	14.85	14.58	14.72	14.55	11.02	10.93
Large exposure requirement	800	131.89	68.15	119.46	67.08	88.81	32.44

\* The Financial Group consists of the Issuer and its subsidiaries – the leasing company UAB DnB NORD Lizingas (UAB “NORD/LB Lizingas”, before the change of the company name on 12 May 2006) and the asset management company UAB DnB NORD Investicijų Valdymas (UAB “NORD/LB Investicijų Valdymas” before the change of the company name on 12 May 2006).

#### **4. ISSUER'S INFORMATION**

Issuer's name:	AB DnB NORD Bankas
Company code:	112029270
Date, venue and number of registration:	Registered with the Bank of Lithuania on 13 September 1993, Registration No 29
Registered address:	J. Basanavičiaus g, 26, Vilnius, Republic of Lithuania
Legal form:	Joint Stock Company
Governing law:	Law of the Republic of Lithuania
Authorized capital:	LTL 363,691,755
Telephone number:	(+370 5) 239 34 44
Fax number:	(+370 5) 213 90 57
E-mail address:	info@dnbnord.lt
Website address:	<a href="http://www.dnbnord.lt">www.dnbnord.lt</a>

For the significant events in the Issuer's activities over the year 2006 and the first half-year of 2007, please refer to the Annual Prospectus and the Interim Report.

The significant events after 30 June 2007 were as follows:

- From 30 June 2007 till the signing date of this Registration Document, the Issuer placed debt securities at the total par value of LTL 332,117,505, including LTL 192,668,405 of the equity index and commodity basket price linked notes.
- Over the period after 30 June 2007, the Bank also redeemed 6 (six) previously issued private issues of short-term (1-2 months) fixed rate bonds at the total par value of LTL 86,290,100 and 2 (two) publicly offered issues of floating rate bonds: the EUR 500,000,000 issue of the 3-year floating rate (6 months EURIBOR + 0.35%) bonds on 19 July 2007 and the LTL 50,000,000 issue of 3-year floating rate (VILIBOR + 0.23%) mortgage bonds on 17 July 2007. The total par value of bonds redeemed by the Issuer over this period amounted to LTL 308,930,100.
- The total par value of debt securities issued by the Issuer amounted to LTL 903,647,781 on the signing date of this Registration Document.
- On 23 August 2007 the Securities Commission of the Republic of Lithuania approved the increase of the Bank's Medium Term Notes Program from LTL 500,000,000 to LTL 700,000,000 without changing other terms and conditions provided in the Prospectus.
- On 17 August 2007 the international rating agency Fitch Ratings upgraded AB DnB NORD Bankas' Individual rating to 'C/D' from 'D', as a result of the improvement in underlying profitability of the bank and reported asset quality. The Bank's other ratings were affirmed at Long-term Issuer Default 'A', Short-term Issuer Default 'F1' and Support '1'. Both Short-term and Long-term Issuer Default Ratings were given a Stable Outlook.

#### **5. BUSINESS OVERVIEW**

##### **5.1. MAIN ACTIVITIES**

AB DnB NORD Bankas is a credit institution holding a license to engage and is engaged in taking of deposits and other repayable funds from other than professional market players and lending of funds, and assumes the risk and liability related thereto. The Bank undertakes commercial banking activities (Activity Type 65.12.10 according to the Classification of Economic Activities).

The Bank provides the following financial services:

- 1) taking of deposits and other repayable funds;
- 2) lending (including mortgage loans);
- 3) money transmission;

- 4) issuing of payment cards and other payment vehicles and (or) execution of transactions with them;
- 5) financial lease (leasing);
- 6) issuing of financial sureties and guarantees;
- 7) trading, for its own account or for account of customers, in money market instruments (cheques, bills, certificates of deposits, etc.), foreign exchange, financial futures and options, exchange and interest rate instruments, public trading securities, precious metals;
- 8) investment services;
- 9) financial brokerage (agent activities);
- 10) cash handling;
- 11) credit and payment reference services;
- 12) rent of safe deposit lockers;
- 13) currency exchange (cash);
- 14) safekeeping and administration of monetary funds;
- 15) advice to undertakings on the capital structure, manufacturing strategy and the issues related thereto as well as advice and services related to the reorganization, restructuring and acquisition of undertakings;
- 16) provision of services related to issuing of securities;
- 17) issuing and maintenance of electronic money;
- 18) inter-settlements of credit institutions (clearing);
- 19) management of unit trust/common funds or investment companies with a variable capital.

## **5.2. PRINCIPAL MARKETS**

The Issuer provides services in the Republic of Lithuania and investment banking services in the Republic of Latvia. The Issuer is also licensed to provide investment banking services in the Republic of Estonia. In February 2007 the Issuer obtained the permission of the Securities Commission of the Republic of Latvia for placement of debt securities in Latvia under the LTL 500,000,000 Medium Term Notes Program approved by the Securities Commission of the Republic of Lithuania on 11 January 2007. By 30 June 2007 the Issuer placed 4 issues of equity index and/or commodity basket price linked bonds at the total par value of LTL 14,201 thousand under this Program in Latvia.

At the end of the first half-year of 2007, the Lithuanian bank system included 9 banks and 8 foreign bank affiliates: 4 branches and 4 representative offices. 2 Lithuanian banks have 9 representative offices in abroad. There were also 66 credit unions and the Lithuanian Central Credit Union operating in the market. All the above-mentioned entities are direct competitors of the Issuer.

In the first half-year of 2007 almost all the Lithuanian banks operated profitably (except AB Parex Bankas which operated at a loss of LTL 1.2 million) and generated a profit of LTL 547 million, which represents a 75% increase over the LTL 313.2 million profit generated by the national banking system by the end of the respective period in 2006.

According to the financial statements as of 1 July 2007, the assets of the Lithuanian commercial banks and branches of foreign banks amounted to LTL 66.8 billion which represented a 6.4% increase in the quarter.

The market share of assets held by the three largest Lithuanian banks (AB SEB Vilniaus Bankas, AB Bankas "Hasabankas" and AB DnB NORD Bankas) decreased from 70.2% to 68.4% over the year. The concentration of the loans granted by the three largest Lithuanian banks slightly fell (from 74% to 72.3%) over the year too, whereas the respective deposit concentration ratio equalled 70% and remained almost unchanged over the year.

The banks continue prioritising investment in the local market. The domestic assets of banks increased by LTL 13.6 billion, whereas the assets outside the country increased by LTL 1.8 billion over the year.

In 2007, the loan portfolio of the banking system grew at a slower pace. However, it sustained the growth trend on the overall scale. The portfolio of the loans issued by banks to customers increased by 20.2% over the first half-year of 2007 (while over the respective period in 2006, the growth rate was 21.6%).

The growth of the profit gained by the banks was attributable mainly to the increase in the net interest income resulting from the further rapid growth of the banks' loan portfolio and a higher real interest margin. Over the first half-year of 2007 the banks received 51.1% more net interest income than over the respective period last year.

The increase in the volume of banking services and the rise in the fees for some services provided by the banks boosted up the net fee and commission income collected by banks. The improved result was also attributable to higher revenues from foreign exchange and transactions in derivatives, as well as higher revenues from equity investments and higher dividends from subsidiaries.

The increase of 34.9% in the operating costs of the banks was the factor which had the most adverse impact on the profitability of the banking system. However, the rise in the operating costs was outpaced by the growth in the banks' income. On the overall scale, the banking system witnessed a considerable improvement in efficiency over the year.

According to the statistics on commercial banks published by the Bank of Lithuania, on 30 June 2007, the Issuer was the third largest bank in Lithuania in terms of the assets (12.9% market share), deposits of individuals and legal entities (10.2%), and loans issued to legal entities and individuals (15.0%).

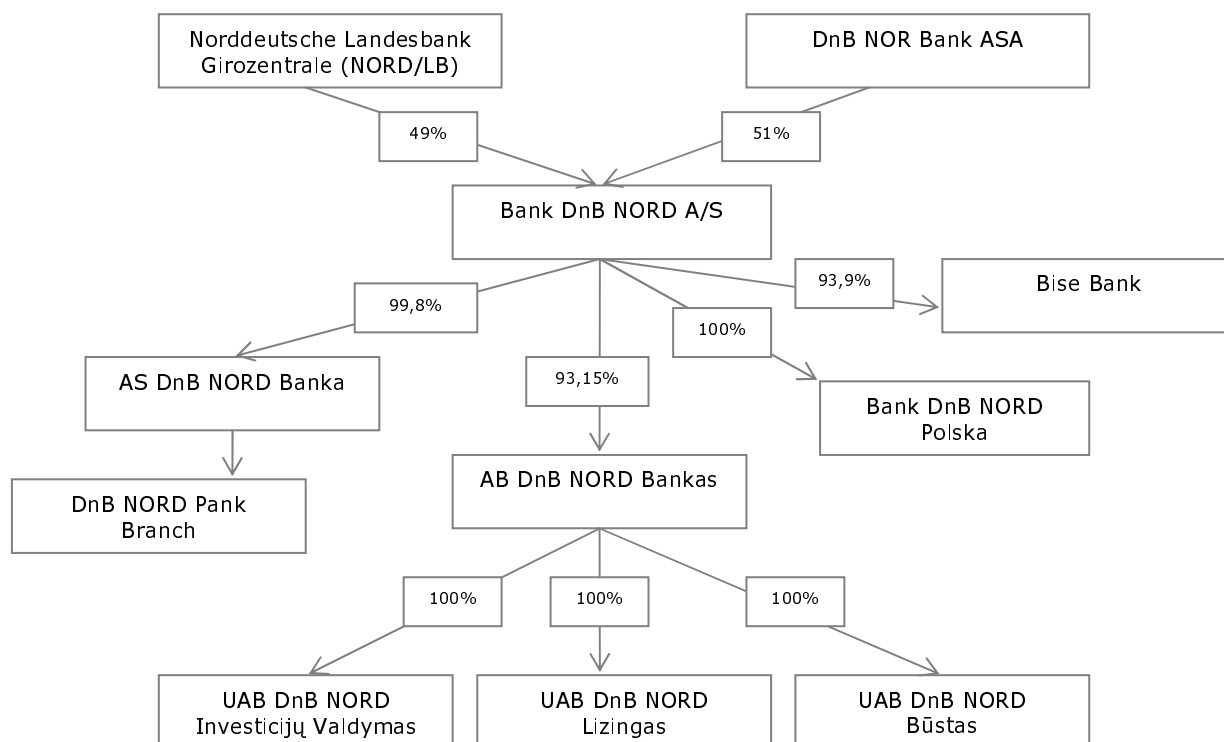
## 6. ORGANIZATIONAL STRUCTURE

The Issuer is a member of Bank DnB NORD A/S Group registered in Denmark (hereinafter referred to as the "DnB NORD Group"). Besides Lithuania, the DnB NORD Group operates in Poland, Latvia, Estonia, Finland and Denmark.

Bank DnB NORD A/S Group was established in the course of the implementation of the partnership agreement made between Norddeutsche Landesbank Girozentrale (NORD/LB), which was the major shareholder of the Issuer at that time and controlled 93.11% of the Issuer's authorized capital, and the largest Norwegian financial service group DnB NOR, in June 2005. The capital of the parent bank was formed on the basis of the infrastructure and custom of NORD/LB in Poland, Latvia, Lithuania, Estonia, Finland and Denmark, and the financial contribution of DnB NOR. Upon closure of the transaction, the share of NORD/LB in the parent bank accounts for 49%, and that of DnB NOR – for 51% of the authorized capital and votes in the general meeting of shareholders.

The Issuer has the following three subsidiaries in the Republic of Lithuania: UAB DnB NORD Investicijų Valdymas engaged in the investment and pension fund management, and UAB DnB NORD Lizingas engaged in the financial leasing of transport and having a representative office in Kaliningrad District of the Russian Federation, and UAB DnB NORD Būstas rendering brokerage services in the real estate market, established on 10 January 2007 (hereinafter the four companies altogether are referred to as the "Group"). The Issuer controls 100% of shares in the above referred subsidiary companies. For further information about the Bank's subsidiaries please refer to Section 35 of the Annual Prospectus.

### Organizational structure of the DnB NORD Group and the Group



## 7. TREND INFORMATION

Since the publication of the latest audited financial statements, no significant negative changes in the Issuer's outlook have occurred.

## 8. PROFIT FORECASTS OR ESTIMATES

The Bank has chosen not to include its profit forecasts and/or the estimates, since there is no report on the profit forecast or estimates prepared by independent accountants or auditors.

## 9. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND EXECUTIVE OFFICERS

The Supervisory Council of the Issuer consists of 8 Members elected for a 4-year term of office:

<b>Given names, surname</b>	<b>Function in the Issuer company</b>	<b>Address of employment</b>	<b>Main activities outside the Issuer</b>	<b>Office starting date</b>	<b>Office expiry date</b>
Sven Herlyn	Supervisory Council Chairman	Amerikakaj Dampfærgejev 28 2100 Copenhagen Denmark	Bank DnB NORD/AS, Chief Executive Officer	23 03 2006	23 03 2010
Dr Juergen Allerkamp (Jürgen Allerkamp)	Supervisory Council Vice Chairman	Friedrichswall 10 30151Hannover Germany	Norddeutsche Landesbank Girozentrale, Management Board Member	23 03 2006	23 03 2010
Viktoras Valentukevičius	Supervisory Council Member	AB Lietuvos Dujos Aguoņų g. 24 03212 Vilnius Lithuania	AB Lietuvos Dujos, General Manager, CEO	23 03 2006	23 03 2010
Antanas Juozas Zabulis	Supervisory Council Member	UAB Omnitel Vytenio g. 18 03229 Vilnius Lithuania	UAB Omnitel, President, CEO	23 03 2006	23 03 2010
Torstein Hagen	Supervisory Council Member	Amerikakaj Dampfærgevej 28 2100 Copenhagen Denmark	Bank DnB NORD/AS, Chief Credit Officer	12 05 2006	23 03 2010
Georg Christoph Schulz	Supervisory Council Member	Nord/LB Friedrich-Wilhelm-Platz 38100 Brunswick, Germany	Norddeutsche Landesbank Girozentrale, Management Board Member	24 05 2007	23 03 2010
Jarle Mortensen	Supervisory Council Member	DnB NOR Bank ASA, Postbanken, 0021 Oslo Norway	DnB NOR Bank ASA, Executive Vice President	24 05 2007	23 03 2010
Pal Skoe	Supervisory Council Member	DnB NOR Bank ASA 0021 Oslo Norway	DnB NOR Head Office Division Manager	04 06 2007	23 03 2010

The Management Board of the Issuer consists of 6 Members elected for a 4-year term of office:

<b>Given names, surname</b>	<b>Function in the Issuer company</b>	<b>Address of employment</b>	<b>Main activities outside the Issuer</b>	<b>Office starting date</b>	<b>Office expiry date</b>
Werner Heinz Schilli	Chairman of the Management Board, President (took office on 31 12 2005)	J. Basanavičiaus g. 26 03601 Vilnius Lithuania	Irrelevant to the Issuer's activities	23 03 2006	23 03 2010
Dr Vygintas Bubnys	Vice Chairman of the Management Board, Executive Vice President	J. Basanavičiaus g. 26 03601 Vilnius Lithuania	Irrelevant to the Issuer's activities	23 03 2006	23 03 2010

Gundars Andžans	Member of the Management Board since 01 08 2005, Head of Service	J. Basanavičiaus g. 26 03601 Vilnius Lithuania	DnB NORD Banka AS (Latvia), Management Board Member	23 03 2006	23 03 2010
Alditas Saulius	Member of the Management Board, Executive Vice President	J. Basanavičiaus g. 26 03601 Vilnius Lithuania	Irrelevant to the Issuer's activities	23 03 2006	23 03 2010
Jekaterina Titarenko	Member of the Management Board, Executive Vice President since 01 01 2007	J. Basanavičiaus g. 26 03601 Vilnius Lithuania	Irrelevant to the Issuer's activities	01 01 2007	23 03 2010
Sigitas Žutautas	Member of the Management Board, Executive Vice President since 01 01 2007	J. Basanavičiaus g. 26 03601 Vilnius Lithuania	Irrelevant to the Issuer's activities	01 01 2007	23 03 2010

Executive Officers of the Issuer:

<i>Given names, surname</i>	<i>Function in the Issuer company</i>	<i>Address of employment</i>	<i>Main activities outside the Issuer</i>
Werner Heinz Schilli	President	J. Basanavičiaus g. 26 03601 Vilnius Lithuania	Irrelevant to the Issuer's activities
Dr Vygintas Bubnys	Executive Vice President	J. Basanavičiaus g. 26 03601 Vilnius Lithuania	Irrelevant to the Issuer's activities
Alditas Saulius	Executive Vice President	J. Basanavičiaus g. 26 03601 Vilnius Lithuania	Irrelevant to the Issuer's activities
Jekaterina Titarenko	Executive Vice President since 01 01 2007	J. Basanavičiaus g. 26 03601 Vilnius Lithuania	Irrelevant to the Issuer's activities
Sigitas Žutautas	Executive Vice President since 01 01 2007	J. Basanavičiaus g. 26 03601 Vilnius Lithuania	Irrelevant to the Issuer's activities

Members of the Issuer's administrative, management and supervisory bodies do not have conflicts of interests related to the functions within the Issuer's company and their private interests and (or) other duties.

The Issuer has not concluded any transactions with the above-mentioned persons that would not be intrinsic to its core business.

## 10. MAJOR SHAREHOLDERS

On 30 June 2007, the Bank had 1,000 shareholders. For the information on the shareholders holding over 5% of the registered authorized capital of LTL 363 691 755 on 30 June 2007, please refer to the table below:

Shareholder	Registered address	Type of company	Company code	Number of ordinary registered shares	% of share capital, share of votes	
					Held by title	Held together with affiliated parties
Bank DnB NORD A/S	Dampfærgevej 28 2100 Copenhagen Denmark	Bank	28691947	2,946,061	93.15	93.15
East Capital Asset Management	Box 1364 Kungsgatan 30 11193 Stockholm Sweden	Asset Management Company	556564-5370	196,003	6.20	6.20

The laws as well as the Issuer's Articles of Association ensure the right of each shareholder to participate in the Issuer's General Meeting of Shareholders and to vote on the issues on the agenda of such meeting. Furthermore, the compliance of the Issuer's business with the legal acts is under the supervision by the Bank of Lithuania, the Securities Commission of the Republic of Lithuania and other national authorities.

To the extent known to the Issuer there are no arrangements the operation of which may at a subsequent date result in a change of control of the Issuer.

## **11. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFIT AND LOSSES**

### **11.1. HISTORICAL FINANCIAL INFORMATION**

The Issuer's historical Financial Statements for 2005 and Financial Statements for 2006 were drawn up in accordance with the International Financial Reporting Standards (IFRS) and approved by the auditors and the General Meeting of Shareholders.

For full notes to the financial statements please refer to the respective documents - the Financial Statements for 2005 and the Financial Statements for 2006, which are incorporated into this Registration Document by reference and form an integral part of this Registration Document. The Financial Statements for 2005 and the Financial Statements for 2006 may be inspected, and free copies thereof are available at the Bank's Investment Banking Department, at the address J. Basanavičius g. 26, Vilnius, Lithuania, from 8:00 till 16:30 on working days (till 16:30 on Fridays), and on the Bank's internet website at the address [www.dnbNord.lt](http://www.dnbNord.lt). Contact telephone numbers: (+370 5) 239 3516, (+370 5) 239 3772.

No information contained in this Registration Document has been audited, unless otherwise specified.

#### **Group and Bank balance sheet drawn up in accordance with the International Financial Reporting Standards (as amended)**

	LTL thou			
	<b>31 December 2006</b>		<b>31 December 2005</b>	
	<b>Group</b>	<b>Bank</b>	<b>Group</b>	<b>Bank</b>
<b>ASSETS</b>				
Cash and balances with central banks	352 032	352 029	339 610	339 604
Due from other banks and financial institutions	328 425	638 768	234 862	456 570
Trading securities	24 150	24 150	62 776	62 776
Derivative financial instruments	32 490	32 490	2 011	2 011
Loans	5 818 144	5 818 144	3 749 607	3 749 607
Finance lease receivables	480 173	-	317 998	-
Securities available-for-sale	536 276	530 393	258 630	257 623
Securities held-to-maturity	-	-	143 512	143 512
Investments in subsidiaries	-	6 200	-	6 200
Intangible assets	7 096	6 806	3 915	3 778
Property, plant and equipment	108 560	93 652	98 109	88 496
Deferred tax asset	660	-	8 178	8 000
Other assets	47 380	7 369	37 927	10 664
<b>Total assets</b>	<b>7 735 386</b>	<b>7 510 001</b>	<b>5 257 135</b>	<b>5 128 841</b>
<b>LIABILITIES</b>				
Due to other banks and financial institutions	3 396 780	3 190 691	1 684 074	1 583 203
Derivative financial instruments	2 479	2 479	337	337
Due to customers	3 028 964	3 028 964	2 624 625	2 624 625
Debt securities in issue	547 338	547 338	440 814	440 814
Special and lending funds	9 890	9 890	12 659	12 659
Other liabilities	73 421	56 420	63 791	39 019
Current income tax liabilities	4 511	4 037	323	42
Deferred income tax liability	271	271	-	-
Subordinated loans	199 054	199 054	99 658	99 658
<b>Total liabilities</b>	<b>7 262 708</b>	<b>7 039 144</b>	<b>4 926 281</b>	<b>4 800 357</b>
<b>SHAREHOLDERS' EQUITY</b>				
Share capital	404 536	404 536	268 999	268 999
Retained earnings	63 637	61 952	60 146	57 840
Other reserves	4 505	4 369	1 709	1 645
<b>Total shareholders' equity</b>	<b>472 678</b>	<b>470 857</b>	<b>330 854</b>	<b>328 484</b>
<b>Total liabilities and shareholders' equity</b>	<b>7 735 386</b>	<b>7 510 001</b>	<b>5 257 135</b>	<b>5 128 841</b>

**Note**

Consolidated using the full consolidation method:

UAB DnB NORD Lizingas as of 31.12.2006, 31.12.2005.

UAB DnB NORD Investicijų Valdymas as of 31.12.2006, 31.12.2005.

**Group and Bank income statement drawn up in accordance with the International Financial Reporting Standards (as amended)**

LTL thou

	<b>31 December 2006</b>		<b>31 December 2005</b>	
	<b>Group</b>	<b>Bank</b>	<b>Group</b>	<b>Bank</b>
Interest income	296 361	283 846	179 956	171 326
Interest expense	(135 684)	(130 031)	(68 518)	(64 179)
<b>Net interest income</b>	<b>160 677</b>	<b>153 815</b>	<b>111 438</b>	<b>107 147</b>
Fee and commission income	59 814	55 288	48 803	46 616
Fee and commission expense	(12 820)	(12 785)	(10 558)	(10 528)
<b>Net interest, fee and commission income</b>	<b>207 671</b>	<b>196 318</b>	<b>149 683</b>	<b>143 235</b>
Net gain on operations with securities and financial derivative instruments	1 323	3 299	1 315	1 313
Net foreign exchange gain	11 157	11 147	6 443	6 399
Impairment losses on loans and provisions	(9 991)	(8 607)	(3 583)	(4 011)
Other income	4 669	4 664	9 062	8 595
Administrative and other operating expenses	(146 610)	(138 265)	(120 383)	(114 348)
<b>Profit before tax</b>	<b>68 219</b>	<b>68 556</b>	<b>42 537</b>	<b>41 183</b>
Income tax	(12 535)	(12 338)	1 671	1 857
<b>Net profit for the year</b>	<b>55 684</b>	<b>56 218</b>	<b>44 208</b>	<b>43 040</b>
<b>Earnings per share</b> (in LTL per share)				
Basic	22,15		20,25	
Diluted	22,15		20,25	

**Note**

Consolidated using the full consolidation method:

UAB DnB NORD Lizingas as of 31.12.2006, 31.12.2005.

UAB DnB NORD Investicijų Valdymas as of 31.12.2006, 31.12.2005.



**Group and Bank cash flow statement drawn up in accordance with the International Financial Reporting Standards**

	LTL thou			
	<b>31 December 2006</b>		<b>31 December 2005</b>	
	<b>Group</b>	<b>Bank</b>	<b>Group</b>	<b>Bank</b>
<b>Operating activities</b>				
Receipt (payments)				
Interest receipt	274 367	261 587	166 788	158 864
Interest payments	(87 648)	(84 009)	(49 625)	(44 774)
Collected previously written-off loans	9 511	9 511	10 632	10 632
Net receipt from operations in foreign currency	5 031	5 016	5 398	5 366
Net receipt from operations in securities	3 406	3 378	1 764	1 764
Fee and commission receipt	59 814	55 288	48 803	46 616
Fee and commission payments	(12 820)	(12 785)	(10 558)	(10 528)
Salaries and related payments	(58 086)	(55 596)	(49 475)	(47 459)
Other payments	(67 085)	(64 767)	(47 093)	(46 045)
<b>Net cash flow from operating profits before changes in operating assets and liabilities</b>	<b>126 490</b>	<b>117 623</b>	<b>76 634</b>	<b>74 436</b>
<b>(Increase) decrease in operating assets</b>				
Decrease in mandatory reserves with the central bank	-	-	51 820	51 820
(Increase) decrease in loans to credit and financial institutions	(80 352)	(168 491)	224 367	63 194
(Increase in) loans granted	(2 079 776)	(2 079 776)	(1 287 199)	(1 287 532)
(Purchase of) trading securities	(119 099)	(119 099)	(237 275)	(237 275)
Proceeds from trading securities	147 711	147 711	314 795	314 795
(Increase) decrease in other short-term assets	(175 175)	668	(123 984)	(631)
<b>Change in operating assets</b>	<b>(2 306 691)</b>	<b>(2 218 987)</b>	<b>(1 057 476)</b>	<b>(1 095 629)</b>
<b>Increase (decrease) in liabilities</b>				
Increase in liabilities to credit and financial institutions	1 694 885	1 591 618	616 132	672 200
Increase in deposits	400 185	400 185	657 136	657 136
Increase (decrease) in other liabilities	1 392	8 775	30 179	11 964
<b>Change in liabilities</b>	<b>2 096 462</b>	<b>2 000 578</b>	<b>1 303 447</b>	<b>1 341 300</b>
<b>Net cash flow from operating activities before income tax</b>	<b>(83 739)</b>	<b>(100 786)</b>	<b>322 605</b>	<b>320 107</b>
<b>Income tax paid</b>	<b>(461)</b>	<b>(62)</b>	<b>(122)</b>	<b>-</b>
<b>Net cash flow from operating activities</b>	<b>(84 200)</b>	<b>(100 848)</b>	<b>322 483</b>	<b>320 107</b>
<b>Investing activities</b>				
(Acquisition of) property, plant, equipment and intangible assets	(29 365)	(18 695)	(7 351)	(4 491)
Disposal of property, plant, equipment and intangible assets	2 541	1 664	3 578	3 466
(Purchase of) held to maturity securities	-	-	(45 833)	(45 833)
Proceeds from held to maturity securities	-	-	11 668	11 668
(Purchase of) available for sale securities	(537 708)	(507 514)	(321 656)	(324 304)
Proceeds from available for sale securities	394 417	369 079	164 699	167 182)
Dividends received	1	2 001	-	-
Interest received	25 499	25 501	8 599	8 562
<b>Net cash flow from investing activities</b>	<b>(144 615)</b>	<b>(127 964)</b>	<b>(186 296)</b>	<b>(183 750)</b>
<b>Financing activities</b>				
Own debt securities redemption	(172 640)	(172 640)	-	-
Own debt securities issued	254 128	254 128	43 856	43 683
Increase in share capital	86 251	86 251	73 882	73 882
Received subordinated loans	98 405	98 405	8 632	8 632
Interest paid	(20 904)	(20 904)	(13 444)	(13 446)
<b>Net cash flow from financing activities</b>	<b>245 240</b>	<b>245 240</b>	<b>112 926</b>	<b>112 751</b>
<b>Net increase in cash and cash equivalents</b>	<b>16 425</b>	<b>16 428</b>	<b>249 113</b>	<b>249 108</b>
Cash and cash equivalents at beginning of year	489 590	489 584	240 477	240 476
<b>Cash and cash equivalents at 31 December</b>	<b>506 015</b>	<b>506 012</b>	<b>489 590</b>	<b>489 584</b>

**Group statement of changes in shareholders' equity**

LTL thou

	Ordinary shares	Share premium	Property, plant and equipment revaluation reserve	Financial assets revaluation reserve	Mandatory reserve	Retained earnings	Total
<b>Balance at 31 December 2004</b>	<b>195 117</b>	-	<b>1 338</b>	<b>343</b>	<b>39</b>	<b>16 436</b>	<b>213 273</b>
Change in available for sale securities revaluation, net of tax	-	-	-	(509)	-	-	(509)
Net profit for the year	-	-	-	-	-	44 208	44 208
Total recognised income and expense	-	-	-	(509)	-	44 208	43 699
Increase of share capital	38 993	34 889	-	-	-	-	73 882
Transfer to mandatory reserve	-	-	-	-	853	(853)	-
Transfer from revaluation reserve on property, plant and equipment sold or fully depreciated	-	-	(355)	-	-	355	-
<b>Balance at 31 December 2005</b>	<b>234 110</b>	<b>34 889</b>	<b>983</b>	<b>(166)</b>	<b>892</b>	<b>60 146</b>	<b>330 854</b>
Change in available for sale securities revaluation, net of tax	-	-	-	(111)	-	-	(111)
Net profit for the year	-	-	-	-	-	55 684	55 684
Total recognised income and expense	-	-	-	(111)	-	55 684	55 573
Increase in share capital (through increase of par value per share)	49 286	-	-	-	-	(49 286)	-
Increase of share capital (through issue of ordinary registered shares)	28 340	57 911	-	-	-	-	86 251
Transfer to mandatory reserve	-	-	-	-	2 983	(2 983)	-
Transfer from revaluation reserve on property, plant and equipment sold or fully depreciated	-	-	(76)	-	-	76	-
<b>Balance at 31 December 2006</b>	<b>311 736</b>	<b>92 800</b>	<b>907</b>	<b>(277)</b>	<b>3 875</b>	<b>63 637</b>	<b>472 678</b>

**Bank statement of changes in shareholders' equity**

LTL thou

	Ordinary shares	Share premium	Property, plant and equipment revaluation reserve	Financial assets revaluation reserve	Mandatory reserve	Retained earnings	Total
<b>Balance at 31 December 2004</b>	<b>195 117</b>	-	<b>1 338</b>	<b>316</b>	-	<b>15 298</b>	<b>212 069</b>
Change in available for sale securities revaluation, net of tax	-	-	-	(507)	-	-	(507)
Net profit for the year	-	-	-	-	-	43 040	43 040
Total recognised income and expense	-	-	-	(507)	-	43 040	42 533
Increase of share capital	38 993	34 889	-	-	-	-	73 882
Transfer to mandatory reserve	-	-	-	-	853	(853)	-
Transfer from revaluation reserve on property, plant and equipment sold or fully depreciated	-	-	(355)	-	-	355	-
<b>Balance at 31 December 2005</b>	<b>234 110</b>	<b>34 889</b>	<b>983</b>	<b>(191)</b>	<b>853</b>	<b>57 840</b>	<b>328 484</b>
Change in available for sale securities revaluation, net of tax	-	-	-	(96)	-	-	(96)
Net profit for the year	-	-	-	-	-	56 218	56 218
Total recognised income and expense	-	-	-	(96)	-	56 218	56 122
Increase in share capital (through increase of par value per share)	49 286	-	-	-	-	(49 286)	-
Increase of share capital (through issue of ordinary registered shares)	28 340	57 911	-	-	-	-	86 251
Transfer to mandatory reserve	-	-	-	-	2 986	(2 986)	-
Transfer from revaluation reserve on property, plant and equipment sold or fully depreciated	-	-	(76)	-	-	76	-
<b>Balance at 31 December 2006</b>	<b>311 736</b>	<b>92 800</b>	<b>907</b>	<b>(287)</b>	<b>3 749</b>	<b>61 952</b>	<b>470 857</b>

**11.2. AGE OF THE LATEST FINANCIAL INFORMATION**

The latest audited financial information was drawn up for the year ended on 31 December 2006. The latest interim financial information was drawn up for the period ended on 30 June 2007.

### 11.3. INTERIM FINANCIAL INFORMATION

The Issuer publishes interim half-year financial statements and interim financial results as of the end of the first and the third quarter of the year. The above financial statements and results are not audited.

#### Interim Group and Bank balance sheet drawn up in accordance with the International Financial Reporting Standards

	LTL thou					
	30.06.2007		31.12.2006		30.06.2006	
	Group	Bank	Group	Bank	Group	Bank
<b>ASSETS</b>						
Cash and balances with central banks	327 974	327 972	352 032	352 029	329 801	329 801
Due from other banks and financial institutions	327 974	327 972	352 032	352 029	329 801	329 801
Trading securities	7 581	7 581	24 150	24 150	45 516	45 516
Derivative financial instruments	58 315	58 315	32 490	32 490	8 689	8 689
Loans	6 953 345	6 953 345	5 818 144	5 818 144	4 841 669	4 841 669
Finance lease receivables	541 384	-	480 173	-	423 191	-
Securities available-for-sale	601 741	600 581	536 276	530 393	348 466	344 664
Investments in subsidiaries	-	7 200	-	6 200	-	6 200
Intangible assets	7 340	6 693	7 096	6 806	5 987	5 853
Property, plant and equipment	112 099	93 084	108 560	93 652	100 426	86 490
Deferred tax asset	531	-	660	-	2 004	1 792
Other assets	95 689	13 590	47 380	7 369	71 492	19 345
<b>Total assets</b>	<b>9 210 657</b>	<b>8 632 250</b>	<b>7 735 386</b>	<b>7 510 001</b>	<b>6 577 719</b>	<b>6 378 779</b>
<b>LIABILITIES</b>						
Due to other banks and financial institutions	3 561 940	3 008 727	3 396 780	3 190 691	2 450 996	2 280 181
Derivative financial instruments	15 761	15 761	2 479	2 479	201	201
Due to customers	3 791 364	3 791 524	3 028 964	3 028 964	2 922 382	2 922 382
Debt securities in issue	858 732	858 732	547 338	547 338	612 979	612 979
Special and lending funds	8 589	8 589	9 890	9 890	9 676	9 676
Other liabilities	71 801	47 855	73 421	56 420	64 329	36 950
Current income tax liabilities	14 297	13 737	4 511	4 037	337	-
Deferred income tax liabilities	588	588	271	271	-	-
Subordinated loans	199 269	199 269	199 054	199 054	155 252	155 252
<b>Total liabilities</b>	<b>8 522 341</b>	<b>7 944 782</b>	<b>7 262 708</b>	<b>7 039 144</b>	<b>6 216 152</b>	<b>6 017 621</b>
<b>SHAREHOLDERS' EQUITY</b>						
Share capital	569 439	569 439	404 536	404 536	318 285	318 285
Retained earnings	110 914	110 257	63 637	61 952	44 225	43 938
Other reserves	7 963	7 772	4 505	4 369	(943)	(1 065)
<b>Total shareholders' equity</b>	<b>688 316</b>	<b>687 468</b>	<b>472 678</b>	<b>470 857</b>	<b>361 567</b>	<b>361 158</b>
<b>Total liabilities and shareholders' equity</b>	<b>9 210 657</b>	<b>8 632 250</b>	<b>7 735 386</b>	<b>7 510 001</b>	<b>6 577 719</b>	<b>6 378 779</b>

#### Note

Consolidated using the full consolidation method:

UAB DnB NORD Lizingas as of 30.06.2007, 31.12.2006, 30.06.2006.

UAB DnB NORD Investicijų Valdymas as of 30.06.2007, 31.12.2006, 30.06.2006.

UAB DnB NORD Būstas as of 30.06.2007 (the subsidiary was established in January 2007).

**Interim Group and Bank income statement drawn up in accordance with the International Financial Reporting Standards**

LTL thou

	<b>1<sup>st</sup> half-year of 2007</b>		<b>1<sup>st</sup> half-year of 2006</b>	
	<b>Group</b>	<b>Bank</b>	<b>Group</b>	<b>Bank</b>
Interest income	219 972	205 425	127 344	122 398
Interest expense	(109 250)	(99 439)	(54 227)	(52 131)
<b>Net interest income</b>	<b>110 722</b>	<b>105 986</b>	<b>73 117</b>	<b>70 267</b>
Fee and commission income	34 263	32 652	27 989	26 217
Fee and commission expense	(7 643)	(7 547)	(6 383)	(6 214)
<b>Net interest, fee and commission income</b>	<b>137 342</b>	<b>131 091</b>	<b>94 723</b>	<b>90 270</b>
Net gain on operations with securities and financial derivative instruments	4 132	5 417	2 740	4 732
Net foreign exchange gain	5 509	5 518	6 546	6 540
Impairment losses on loans and provisions	1 188	1 459	(729)	254
Other income	5 738	5 509	2 877	2 858
Administrative and other operating expenses	(93 391)	(87 733)	(64 446)	(61 177)
<b>Profit before income tax</b>	<b>60 518</b>	<b>61 261</b>	<b>41 711</b>	<b>43 477</b>
Income tax	(10 116)	(9 900)	(5 439)	(5 273)
<b>Net profit for the year</b>	<b>50 402</b>	<b>51 361</b>	<b>36 272</b>	<b>38 204</b>
<b>Earnings per share</b> (in LTL per share)				
Basic	18,09		14,72	
Diluted	18,09		14,72	

**Note**

Consolidated using the full consolidation method:

UAB DnB NORD Lizingas as 30.06.2007, 30.06.2006.

UAB DnB NORD Investicijų Valdymas as of 30.06.2007, 30.06.2006.

UAB DnB NORD Būstas as of 30.06.2007 (the subsidiary was established in January 2007).

**Interim Group statement of changes in shareholders' equity**

LTL thou

	Ordinary shares	Share premium	Property, plant and equipment revaluation reserve	Financial assets revaluation reserve	Mandatory reserve	Retained earnings	Total
<b>Balance at 30 June 2006</b>	283 396	34 889	907	(5 725)	3 875	44 225	361 567
Net change in available for sale securities revaluation	-	-	-	5 448	-	-	5 448
Net profit for the year	-	-	-	-	-	19 412	19 412
Total recognised income and expense	-	-	-	5 448	-	19 412	24 860
Increase of share capital (through issue of ordinary registered shares)	28 340	57 911	-	-	-	-	86 251
<b>Balance at 31 December 2006</b>	<b>311 736</b>	<b>92 800</b>	<b>907</b>	<b>(277)</b>	<b>3 875</b>	<b>63 637</b>	<b>472 678</b>
Net change in available for sale securities revaluation	-	-	-	333	-	-	333
Net profit for the year	-	-	-	-	-	50 402	50 402
Total recognised income and expense	-	-	-	333	-	50 402	50 735
Increase of share capital (through issue of ordinary registered shares)	51 956	112 947	-	-	-	-	164 903
Transfer to mandatory reserve	-	-	-	-	3 169	(3 169)	-
Transfer from revaluation reserve on property, plant and equipment sold or fully depreciated	-	-	(44)	-	-	44	-
<b>Balance at 30 June 2007</b>	<b>363 692</b>	<b>205 747</b>	<b>863</b>	<b>56</b>	<b>7 044</b>	<b>110 917</b>	<b>688 316</b>

**Interim Bank statement of changes in shareholders' equity**

LTL thou

	Ordinary shares	Share premium	Property, plant and equipment revaluation reserve	Financial assets revaluation reserve	Mandatory reserve	Retained earnings	Total
<b>Balance at 30 June 2006</b>	<b>283 396</b>	<b>34 889</b>	<b>907</b>	<b>(5 721)</b>	<b>3 749</b>	<b>43 938</b>	<b>361 158</b>
Net change in available for sale securities revaluation	-	-	-	5 434	-	-	5 434
Net profit for the year	-	-	-	-	-	18 014	18 014
Total recognised income and expense	-	-	-	5 434	-	18 014	23 448
Increase of share capital (through issue of ordinary registered shares)	28 340	57 911	-	-	-	-	86 251
<b>Balance at 31 December 2006</b>	<b>311 736</b>	<b>92 800</b>	<b>907</b>	<b>(287)</b>	<b>3749</b>	<b>61 952</b>	<b>470 857</b>
Net change in available for sale securities revaluation	-	-	-	347	-	-	347
Net profit for the year	-	-	-	-	-	51 361	51 361
Total recognised income and expense	-	-	-	347	-	51 361	51 708
Increase of share capital (through issue of ordinary registered shares)	51 956	112 947	-	-	-	-	164 903
Transfer to mandatory reserve	-	-	-	-	3 100	3 100	-
Transfer from revaluation reserve on property, plant and equipment sold or fully depreciated	-	-	(44)	-	-	44	-
<b>Balance at 30 June 2007</b>	<b>363 692</b>	<b>205 747</b>	<b>863</b>	<b>60</b>	<b>6 849</b>	<b>110 257</b>	<b>687 468</b>

**Interim Group and Bank cash flow statement drawn up in accordance with the International Financial Reporting Standards**

	LTL thou			
	<b>1<sup>st</sup> half-year of 2007</b>		<b>1<sup>st</sup> half-year of 2006</b>	
	<b>Group</b>	<b>Bank</b>	<b>Group</b>	<b>Bank</b>
<b>Operating activities</b>				
Receipt (payments)				
Interest receipt	203 600	190 018	113 332	107 990
Interest payments	(73 158)	(69 450)	(26 907)	(22 137)
Collected previously written-off loans	2 148	2 148	7 896	7 896
Net receipt from operations in foreign currency	3 102	3 111	1 254	1 237
Net receipt from operations in securities	1 994	1 969	5 165	5 157
Fee and commission receipt	34 263	32 652	27 989	26 217
Fee and commission payments	(7 643)	(7 547)	(6 383)	(6 214)
Salaries and related payments	(33 747)	(31 957)	(28 306)	(27 194)
Other payments	(37 572)	(35 783)	(27 689)	(26 891)
<b>Net cash flow from operating profits before changes in operating assets and liabilities</b>	<b>92 987</b>	<b>85 161</b>	<b>66 351</b>	<b>66 061</b>
<b>(Increase) decrease in operating assets</b>				
(Increase) decrease in mandatory reserves with the central bank	-	-	-	-
(Increase) decrease in loans to credit and financial institutions	(109 139)	141 012	(85 597)	(151 931)
(Increase in) loans granted	(1 131 015)	(1 131 015)	(1 096 426)	(1 096 426)
(Purchase of) trading securities	(15 414)	(15 414)	(44 811)	(44 811)
Proceeds from trading securities	31 800	31 800	54 666	54 666
(Increase in) other short-term assets	(102 782)	(67)	(139 599)	(8 868)
<b>Change in operating assets</b>	<b>(1 326 550)</b>	<b>(973 684)</b>	<b>(1 311 767)</b>	<b>(1 247 370)</b>
<b>Increase (decrease) in liabilities</b>				
Increase in liabilities to credit and financial institutions	158 058	(183 131)	757 207	687 873
Increase in deposits	758 432	758 592	293 871	293 871
Increase (decrease) in other liabilities	(21 780)	(28 929)	(8 954)	(11 654)
<b>Change in liabilities</b>	<b>894 710</b>	<b>546 532</b>	<b>1 042 124</b>	<b>970 090</b>
<b>Net cash flow from operating activities before income tax</b>	<b>(338 853)</b>	<b>(341 991)</b>	<b>(203 292)</b>	<b>(211 219)</b>
<b>Income tax paid</b>	<b>(3 925)</b>	<b>(3 640)</b>	-	-
<b>Net cash flow from operating activities</b>	<b>(342 778)</b>	<b>(345 631)</b>	<b>(203 292)</b>	<b>(211 219)</b>
<b>Investing activities</b>				
(Acquisition of) property, plant, equipment and intangible assets	(13 966)	(4 806)	(8 139)	(4 855)
Disposal of property, plant, equipment and intangible assets	1 948	69	1 992	1 838
(Purchase of) available for sale securities	(121 786)	(122 786)	(293 843)	(282 714)
Proceeds from available for sale securities	57 085	52 377	332 630	324 301
Dividends received	1	1 311	-	2 000
Interest received	10 360	10 331	14 519	14 522
<b>Net cash flow from investing activities</b>	<b>(66 358)</b>	<b>(63 504)</b>	<b>47 159</b>	<b>55 092</b>
<b>Financing activities</b>				
Own debt securities redemption	(119 274)	(119 274)	-	-
Own debt securities issued	418 516	418 516	171 725	171 725
Share capital	164 903	164 903	-	-
Received subordinated loans	-	-	54 310	54 310
Interest paid	(12 123)	(12 123)	(8 772)	(8 772)
<b>Net cash flow from financing activities</b>	<b>452 022</b>	<b>452 022</b>	<b>217 263</b>	<b>217 263</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>42 886</b>	<b>42 887</b>	<b>61 130</b>	<b>61 136</b>
Cash and cash equivalents at beginning of year	506 015	506 012	489 590	489 584
<b>Cash and cash equivalents at 30 June</b>	<b>548 901</b>	<b>548 899</b>	<b>550 720</b>	<b>550 720</b>

For further information concerning the interim financial statements please refer to the interim condensed financial information of the Issuer which is published together with the Interim Report incorporated into the Registration Document by reference.

#### **11.4. LEGAL AND ARBITRATION PROCEEDINGS**

In the last 12 months, there were no governmental, legal or arbitration proceedings (and no proceedings pending or, to the Issuer's knowledge, threatened), which significantly affect or recently have affected the financial state or profitability of the Issuer and (or) the Group.

#### **11.5. SIGNIFICANT CHANGES IN THE ISSUER'S FINANCIAL POSITION**

No significant changes in the financial position and business state of the Issuer's Group have occurred since the date of the latest financial statements published – the end of the first half-year of 2007. For the significant events which have occurred since 30 June 2007 please refer to Section 4 of this Registration Document.

#### **12. MATERIAL AGREEMENTS**

In the year preceding the approval of the Registration Document, the Bank or any member of the Group signed no material agreements, other than agreements signed in the course of regular business, whereunder any member of the Issuer's Group assumed obligations or acquired rights having a material effect on the Issuer's capabilities to fulfil all the obligations to investors related to securities issued.

#### **13. THIRD PARTY INFORMATION AND STATEMENT BY EXPERT AND DECLARATION OF ANY INTERESTS**

The Registration Document does not incorporate any statements or reports by the persons acting as experts, except for the Auditor's Report as per the Financial Statements for 2005 and the Financial Statements for 2006. The Financial Statements for 2005 and the Financial Statements for 2006 are incorporated into this Registration Document by reference and form an integral part of this Registration Document. For the information on the auditors who have conducted an independent audit of Financial Statements for 2005 and Financial Statements for 2006 please refer to Section 2 of this Registration Document.

The information about the Issuer's market share contained in Section 5.2 of this Registration Document is based on the information published by the Bank of Lithuania. As far as the Issuer is aware and is able to ascertain from the information published by the Bank of Lithuania, no facts have been omitted which would render the reproduced information inaccurate or misleading.

#### **14. DOCUMENTS ON DISPLAY**

During the life of this Registration Document (i.e. in the course of one year from the day of approval of this document by the Securities Commission of the Republic of Lithuania, as indicated on the Front Page of this document), potential investors can inspect and receive free copies the following documents:

- a) Articles of Association of the Issuer;
- b) all documents, any part whereof is incorporated into this Registration Document by reference (for the list of such documents please refer to Page 3 of this Registration Document).

These documents may be inspected by physical or electronic means and their free copies are available at the Issuer's Investment Banking Department, at the address Basanavičiaus g. 26, Vilnius, Lithuania, from 8:00 till 17:00 on working days (from 8:00 till 15:00 on Fridays) and on the Bank's internet website at the address [www.dnbNord.lt](http://www.dnbNord.lt). Contact telephone numbers: (+370 5) 239 3516, (+370 5) 239 3772.