



Supervision Service of the Bank of Lithuania

24 02 2012

Interim confirmation of responsible persons

This confirmation of responsible persons regarding interim condensed consolidated financial information of AB DNB Bankas as of 31 December 2011 is provided following Law of Republic of Lithuania on securities, dated 18 January 2007 and Lithuanian Securities Commission resolution No. 1K-3 on rules of disclosure and submission of periodic and additional information, dated 23 February 2007.

We, responsible persons, confirm that to the best of our knowledge, provided interim condensed consolidated financial information is prepared in accordance with International Financial Reporting standards, gives a true and fair view of the assets, liabilities, financial position and profit of the Bank and consolidated subsidiaries.

President

Bjornar Lund

Chief Accountant

Jurgita Šaučiūnienė

— AB DNB bankas

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Duomenys kaupiami ir saugomi
Juridinių asmenų registre



AB DNB Bankas Interim Condensed Financial Information

(in accordance with IFRS, unaudited)

IV quarter
2011

AB DNB BANKAS
INTERIM CONDENSED FINANCIAL INFORMATION
AS AT 31 DECEMBER 2011

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

THE GROUP AND BANK INCOME (EXPENSE) STATEMENT

Notes	Group		Bank		Group		Bank	
	2011 4th quarter	2010 4th quarter	2011 4th quarter	2010 4th quarter	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Interest income	103,224	101,260	102,266	100,423	404,193	444,969	398,420	435,269
Interest expense	(41,875)	(42,451)	(41,875)	(42,451)	(172,788)	(203,048)	(172,791)	(197,994)
Net interest income	61,349	58,809	60,391	57,972	231,405	241,921	225,629	237,275
Fee and commission income	24,434	20,730	24,704	20,815	89,307	74,773	91,441	75,879
Fee and commission expense	(5,333)	(4,510)	(5,278)	(4,348)	(19,483)	(16,674)	(19,085)	(16,039)
Net interest, fee and commission income	80,450	75,029	79,817	74,439	301,229	300,020	297,985	297,115
Net gain (loss) on operations with securities and derivative financial instruments	3,942	1,091	5,009	1,090	(753)	(1,745)	2,109	(138)
Net foreign exchange result	1,474	4,742	1,294	4,653	21,904	17,765	21,727	17,681
Impairment losses and provisions	(35,295)	(821)	(30,169)	(15,382)	(82,778)	(243,068)	(75,179)	(263,146)
Other income	9,618	9,951	8,126	3,721	18,504	21,601	11,889	11,936
Personnel expenses	(26,883)	(21,576)	(26,156)	(20,841)	(93,964)	(85,905)	(91,445)	(83,977)
Depreciation and amortisation	(3,239)	(3,876)	(3,168)	(3,665)	(13,958)	(16,889)	(13,491)	(15,224)
Administrative and other operating expenses	(18,169)	(29,752)	(17,016)	(29,149)	(74,894)	(104,854)	(71,577)	(86,878)
Profit (loss) before income tax	11,898	34,788	17,737	14,866	75,290	(113,075)	82,018	(122,631)
Income tax	(679)	283	(1,046)	(1)	(1,028)	(18)	(1,067)	(2)
Net profit (loss) for the period	11,219	35,071	16,691	14,865	74,262	(113,093)	80,951	(122,633)
Profit (loss) attributable to:								
Equity holders of the parent	11,219	35,071	16,691	14,865	74,262	(113,093)	80,951	(122,633)
Earnings per share (in LTL per share)								
Basic	1.96	6.14			13.01	(19.81)		
Diluted	1.96	6.14			13.01	(19.81)		

The accounting policies and notes on pages 8 to 18 are an integral part of this financial information.

AB DNB BANKAS
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AS AT 31 DECEMBER 2011

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

THE GROUP AND BANK STATEMENT OF COMPREHENSIVE INCOME (EXPENSE)

	Group		Bank		Group		Bank	
	2011 quarter	4th 2010 4th quarter	2011 4th quarter	2010 4th quarter	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Profit (loss) for the period	11,219	35,071	16,691	14,865	74,262	(113,093)	80,951	(122,633)
Other comprehensive income (expenses), net of tax available - for - sale assets revaluation	(108)	(918)	(10)	(917)	2,654	24	2,819	(85)
Total other comprehensive income, net of tax	(108)	(918)	(10)	(917)	2,654	24	2,819	(85)
Total comprehensive income(expenses) for the period, net of tax	11,111	34,153	16,681	13,948	76,916	(113,069)	83,770	(122,718)
Total comprehensive income attributable to:								
Equity holders of the parent	11,111	34,153	16,681	13,948	76,916	(113,069)	83,770	(122,718)

The accounting policies and notes on pages 8 to 18 are an integral part of this financial information.

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

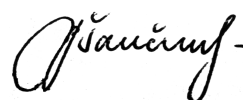
THE GROUP AND BANK CONDENSED STATEMENT OF FINANCIAL POSITION

	Notes	Group		Bank	
		31 December 2011	31 December 2010	31 December 2011	31 December 2010
ASSETS					
Cash and balances with central banks		763,428	525,842	763,428	525,842
Due from banks		836,215	483,406	836,215	483,406
Trading securities		32,189	30,177	32,189	30,177
Securities designated at fair value through profit or loss	3	388,287	459,498	388,287	459,498
Derivative financial instruments		11,533	24,683	11,533	24,683
Securities available-for-sale		6,049	323,925	915	318,496
Loans and advances to customers	4	8,524,185	8,731,999	8,882,706	9,290,610
Finance lease receivables		295,823	385,475	-	-
Investments in subsidiaries		-	-	155,671	20,115
Investment property		138,899	40,271	-	-
Property, plant and equipment		91,018	98,661	90,616	96,649
Intangible assets		6,265	6,006	6,231	5,909
Deferred income tax asset		29,839	30,184	29,804	30,188
Other assets		64,664	39,424	45,211	14,011
Total assets		11,188,394	11,179,551	11,242,806	11,299,584
LIABILITIES AND EQUITY					
Due to banks	5	4,506,051	5,327,814	4,506,051	5,327,814
Derivative financial instruments		31,463	61,862	31,463	61,862
Due to customers	6	5,146,575	4,334,713	5,149,173	4,336,248
Debt securities in issue	7	114,954	151,563	114,954	151,563
Subordinated loans	8	38,544	403,622	38,544	403,622
Provisions		1,168	673	57,736	66,603
Other liabilities		43,081	33,932	36,333	91,360
Total liabilities		9,881,836	10,314,179	9,934,254	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		1,777	(245,127)	3,856	(249,737)
Reserves		365,187	170,905	365,102	170,655
		1,306,558	865,372	1,308,552	860,512
Total equity		1,306,558	865,372	1,308,552	860,512
Total liabilities and equity		11,188,394	11,179,551	11,242,806	11,299,584

This condensed financial information was signed on 24 February 2012:



B. Lund
 President



J. Šaučiūnienė
 Chief Accountant

The accounting policies and notes on pages 8 to 18 are an integral part of this financial information.

AB DNB BANKAS
INTERIM CONDENSED FINANCIAL INFORMATION
AS AT 31 DECEMBER 2011

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

GROUP 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	(2,793)	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	-	-	2,654	-	-	74,262	76,916
Depreciation transfer for land and buildings	-	-	-	-	(2)	2	-
Increase of reserve capital (by additional contributions of shareholders)	-	-	-	-	364,270	-	364,270
Transfer of reserves	-	-	-	-	(172,640)	172,640	-
Balance at 31 December 2011	656,665	282,929	(115)	200	365,102	1,777	1,306,558

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

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	-	-	2,819	-	-	80,951	83,770
Depreciation transfer for land and buildings	-	-	-	-	(2)	2	-
Increase of reserve capital (by additional contributions of shareholders)	-	-	-	-	364,270	-	364,270
Transfer of reserves	-	-	-	-	(172,640)	172,640	-
Balance at 31 December 2011	656,665	282,929	-	-	365,102	3,856	1,308,552

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

GROUP AND BANK STATEMENT OF CASH FLOWS

Notes	Period ended			
	Group		Bank	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Operating activities				
Interest receipt	376,619	431,283	370,321	420,526
Interest payments	(171,191)	(191,247)	(171,574)	(187,546)
Collected previously written-off loans	4,027	2,405	4,027	2,405
Receipts from FX trading	(6,550)	24,804	(6,550)	24,804
Net receipt from operations in securities	5,932	11,911	6,979	11,870
Fee and commission receipt	89,307	74,773	91,441	75,879
Fee and commission payments	(19,483)	(16,674)	(19,085)	(16,039)
Salaries and related payments	(89,572)	(86,052)	(87,216)	(84,100)
Other payments	(56,388)	(83,071)	(59,731)	(74,942)
Net cash flow from operating profits before changes in operating assets and liabilities	132,701	168,132	128,612	172,857
(Increase) decrease in operating assets				
(Increase) decrease in loans to credit and financial institutions	(464,147)	(148,435)	(208,574)	(449,261)
Decrease in loans granted	105,787	867,808	71,252	857,477
(Purchase) of trading securities	(2,321,607)	(1,955,483)	(2,321,607)	(1,955,483)
Proceeds from trading securities	2,318,857	1,999,509	2,318,857	1,999,509
(Increase) decrease in other assets	(5,296)	249,369	27,484	28,317
Change in operating assets	(366,406)	1,012,768	(112,588)	480,559
Increase (decrease) in liabilities:				
(Decrease) in liabilities to credit and financial institutions	(785,864)	(954,884)	(784,918)	(961,129)
Increase (decrease) in deposits	787,962	962,710	788,079	962,911
Increase (decrease) in other liabilities	2,833	(60,344)	(67,368)	(4,023)
Change in liabilities	4,931	(52,518)	(67,207)	(2,241)
Income tax paid	(150)	(154)	(1)	(1)
Net cash flows from operating activities	(228,924)	1,128,228	(48,184)	651,174
Investing activities				
Acquisition of property, plant, equipment and intangible assets	(7,756)	(2,671)	(7,738)	(2,652)
Disposal of property, plant, equipment and intangible assets	799	3,639	32	-
Purchase of available for sale securities	(2,068)	(6,515)	(38)	(856)
Proceeds from available for sale securities	322,608	76,621	320,413	71,068
Purchase of securities designated at fair value through profit or loss	(482,921)	(525,678)	(482,921)	(525,678)
Proceeds from securities designated at fair value through profit or loss	546,662	297,732	546,662	297,732
Dividends received	12	12	1,827	1,660
Interest received	16,488	27,261	16,276	27,065
Investment in subsidiaries	-	-	(190,275)	(21,624)
Disposal of subsidiaries shares	-	-	8,669	-
Net cash flows from investing activities	393,824	(129,599)	212,907	(153,285)
Financing activities				
Own debt securities redemption	(62,823)	(580,606)	(62,823)	(580,606)
Own debt securities issued	38,605	108,935	38,605	108,935
Increase in reserve capital	364,270	172,640	364,270	172,640
Interest paid	(5,831)	(27,246)	(5,831)	(27,246)
Repaid subordinated loans	(364,270)	-	(364,270)	-
Repaid loans	-	(500,656)	-	-
Net cash flow from financing activities	(30,049)	(826,933)	(30,049)	(326,277)
Net increase (decrease) in cash and cash equivalents	134,851	171,696	134,674	171,612
Net foreign exchange difference on cash and cash equivalents	(8,751)	(5,651)	(8,574)	(5,567)
Cash and cash equivalents at 1 January	693,284	527,239	693,284	527,239
Cash and cash equivalents at 31 December	819,384	693,284	819,384	693,284

The accounting policies and notes on pages 8 to 18 are an integral part of this financial information.

AB DNB BANKAS
INTERIM CONDENSED FINANCIAL INFORMATION
AS AT 31 DECEMBER 2010

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

GENERAL BACKGROUND

The name of AB DNB Bankas was registered on November 11, 2011. 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 December 2011 the Bank owned the following subsidiaries:

- AB DNB Lizingas (leasing activities),
- UAB DNB Investicijų Valdymas (investment asset management activities),
- UAB DNB Būstas (real estate brokerage),
- UAB Intractus (real estate management, development and sale). UAB Intractus owned subsidiary UAB Industrious (Company was registered on Legal Entities, State enterprise Centre of Register on 15 February 2011 and subsidiary UAB Gėlužės projektai acquired from Bank on 19 October 2011),

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

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

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.

Standards, amendments and interpretations that have been published but as at 31 December 2011 are not yet effective and have not been early adopted by the Group:

- IFRS 10 Consolidated Financial Statements (Effective for annual periods beginning on or after 1 January 2013)
- IFRS 11 Joint Arrangements (Effective for annual periods beginning on or after 1 January 2013)
- IFRS 12 Disclosure of Interests in Other Entities (Effective for annual periods beginning on or after 1 January 2013)
- IFRS 13 Fair Value Measurement (Effective for annual periods beginning on or after 1 January 2013)
- Amendments to IAS 19 Employee Benefits (Effective for annual periods beginning on or after 1 January 2013)
- Amendments to IAS 27 Separate Financial Statements (Effective for annual periods beginning on or after 1 January 2013)
- Amendments to IAS 28 Investments in Associates and Joint Ventures (Effective for annual periods beginning on or after 1 January 2013).

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

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.

31 December 2011

	Banking	Leasing	Investment management	Real estate brokerage	Real estate management, development and sale	Eliminations	Group
Third party	384,705	19,291	197	-	-	-	404,193
Inter-segment	13,715	27	5	-	-	(13,747)	-
Total interest income	398,420	19,318	202	-	-	(13,747)	404,193
Third party	(172,785)	-	(3)	-	-	-	(172,788)
Inter-segment	(6)	(12,352)	-	(3)	(1,360)	13,721	-
Total interest expense	(172,791)	(12,352)	(3)	(3)	(1,360)	13,721	(172,788)
Third party	211,920	19,291	194	-	-	-	231,405
Inter-segment	13,709	(12,325)	5	(3)	(1,360)	(26)	-
Net interest income	225,629	6,966	199	(3)	(1,360)	(26)	231,405
Third party	88,368	6,861	4,923	499	-	(9,326)	91,325
Inter-segment	7,824	(3,928)	(979)	146	(1)	(3,062)	-
Net income from the other main operations	96,192	2,933	3,944	645	(1)	(12,388)	91,325
Third party	(151,048)	4,059	(1,104)	(612)	(1,999)	-	(150,704)
Inter-segment	(85)	(2,838)	(105)	(29)	(31)	3,088	-
Total administrative and other operating expenses/ income	(151,133)	1,221	(1,209)	(641)	(2,030)	3,088	(150,704)
Depreciation and amortisation	(13,491)	(411)	(28)	(26)	(2)	-	(13,958)
Impairment losses and provisions	(84,542)	217	-	-	1,547	-	(82,778)
Profit (loss) before tax	72,655	10,926	2,906	(25)	(1,846)	(9,326)	75,290
Income tax	(1,067)	-	-	-	-	-	(1,067)
Change of deferred tax	-	-	39	-	-	-	39
Net profit (loss)	71,588	10,926	2,945	(25)	(1,846)	(9,326)	74,262
Capital expenditure	7 738	-	-	13	5	-	7 756
Shareholders' equity	1,308,552	73,516	7,640	1,243	71,616	(156,009)	1,306,558
Total assets	11,242,806	370,916	7,999	1,628	139,453	(574,408)	11,188,394
Total liabilities	9,934,254	297,400	359	385	67,837	(418,399)	9,881,836

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

SEGMENT INFORMATION (continued)

31 December 2010

	Banking	Leasing	Investment management	Real estate brokerage	Real estate management, development and sale	Eliminations	Group
Third party	423,626	21,106	237	-	-	-	444,969
Inter-segment	11,643	42	1	-	-	(11,686)	-
Total interest income	435,269	21,148	238	-	-	(11,686)	444,969
Third party	(197,980)	(5,065)	(3)	-	-	-	(203,048)
Inter-segment	(14)	(11,583)	-	(9)	(51)	11,657	-
Total interest expense	(197,994)	(16,648)	(3)	(9)	(51)	11,657	(203,048)
Third party	225,646	16,041	234	-	-	-	241,921
Inter-segment	11,629	(11,541)	1	(9)	(51)	(29)	-
Net interest income	237,275	4,500	235	(9)	(51)	(29)	241,921
Third party	71,375	1,267	4,117	615	-	(1,648)	75,726
Inter-segment	6,008	(4,976)	(762)	99	-	(369)	-
Net income from the other main operations	77,383	(3,709)	3,355	714	-	(2,017)	75,726
Third party	(158,786)	(8,953)	(941)	(751)	(509)	(825)	(170,765)
Inter-segment	(133)	(91)	(104)	(44)	1,312	(940)	-
Total administrative and other operating expenses/ income	(158,919)	(9,044)	(1,045)	(795)	803	(1,765)	(170,765)
Depreciation and amortisation	(15,224)	(1,554)	(45)	(66)	-	-	(16,889)
Impairment losses and provisions	(303,976)	(8,443)	-	(58)	(7,731)	77,140	(243,068)
Profit (loss) before tax	(163,461)	(18,250)	2,500	(214)	(6,979)	73,329	(113,075)
Income tax	(2)	-	-	-	-	-	(2)
Change of deferred tax	-	-	(16)	-	-	-	(16)
Net profit (loss)	(163,463)	(18,250)	2,484	(214)	(6,979)	73,329	(113,093)
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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NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 IMPAIRMENT LOSSES AND PROVISIONS

	Group		Bank		Group		Bank	
	2011 4th quarter	2010 4th quarter	2011 4th quarter	2010 4th quarter	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Impairment losses on loans:								
Increase (decrease) of impairment losses, net	29,647	(9,102)	29,647	(991)	86,358	237,348	86,358	224,619
Recovered previously written off loans	(1,130)	(914)	(1,130)	(914)	(4,027)	(2,405)	(4,027)	(2,405)
Total impairment losses on loans	28,517	(10,016)	28,517	(1,905)	82,331	234,943	82,331	222,214
Impairment losses on finance lease receivables	5,575	(41,597)	-	-	(1,587)	(44,193)	-	-
Impairment losses for other assets	900	52,437	1,700	(16,370)	1,519	52,347	1,696	(28)
Impairment losses for investment in subsidiary	-	-	-	81,819	-	-	-	81,819
Expenses for provisions on: guarantees and other contingent liabilities	303	(3)	(48)	(48,162)	515	(29)	(8,848)	(40,859)
Total	35,295	821	30,169	15,382	82,778	243,068	75,179	263,146

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

	2011 4th quarter	2010 4th quarter	31 December 2011	31 December 2010
Net profit	11,219	35,071	74,262	(113,093)
Weighted average number of registered issued shares (units)	5,710,134	5,710,134	5,710,134	5,710,134
Earnings per share (LTL per share)	1.96	6.14	13.01	(19.81)

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

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NOTE 3 SECURITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

Group (Bank)

	31 December 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	388,287	-	-	408,376	-	-
Bonds issued by other banks	-	-	-	-	13,995	-
Government bonds of foreign issuers	-	-	-	29,690	7,437	-
Total	388,287	-	-	438,066	21,432	-

NOTE 4 LOANS AND ADVANCES TO CUSTOMERS

	Group		Bank	
	31 12 2011	31 12 2010	31 12 2011	31 12 2010
Loans and advances to financial institutions	45	67	292,545	548,328
Loans to business customers	5,117,781	5,261,527	5,183,802	5,271,877
Loans to individuals (retail)	4,208,671	4,333,030	4,208,671	4,333,030
Total gross loans granted	9,326,497	9,594,624	9,685,018	10,153,235
Total allowance for impairment:	802,312	862,625	802,312	862,625
to financial institutions	-	-	-	-
to business customers	531,578	624,095	531,578	624,095
to individuals	270,734	238,530	270,734	238,530
Total net loans and advances to customers	8,524,185	8,731,999	8,882,706	9,290,610

Considering deteriorated financial strength and likely recovery the Bank had accounted for material impairment losses on an individual client loans (assigned to the banking business segment of the Group). Gross loans amounted to LTL 18,383 thousand, accrued interests – LTL 495 thousand on 31 December 2011, impairment losses for them amounted to LTL 9,858 thousand year-to-date, of which for accrued interests – LTL 280 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 14,544 thousand year-to-date.

NOTE 5 DUE TO BANKS

	Group		Bank	
	31 12 2011	31 12 2010	31 12 2011	31 12 2010
Funds of banks:				
Demand deposits	16,902	322,146	16,902	322,146
Term deposits	556,432	3,182,960	556,432	3,182,960
Loans	3,932,717	1,822,708	3,932,717	1,822,708
Total	4,506,051	5,327,814	4,506,051	5,327,814

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NOTE 6 DUE TO CUSTOMERS

	Group		Bank	
	31 12 2011	31 12 2010	31 12 2011	31 12 2010
Demand deposits:				
Business customers (financial and corporate)	1,860,881	1,561,618	1,863,479	1,563,153
Individuals	1,197,120	983,958	1,197,120	983,958
Total demand deposits	3,058,001	2,545,576	3,060,599	2,547,111
Term deposits				
Business customers (financial and corporate)	580,963	680,377	580,963	680,377
Individuals	1,477,275	1,060,486	1,477,275	1,060,486
Total term deposits	2,058,238	1,740,863	2,058,238	1,740,863
Term loan	30,336	48,274	30,336	48,274
Total	5,146,575	4,334,713	5,149,173	4,336,248

As at 31 December 2011 customer accounts included the deposits of LTL30,362 thousand (31 December 2010: LTL 49,634 thousand) held as collateral for irrevocable commitments under import letter of credit, guarantees and loans.

NOTE 7 DEBT SECURITIES IN ISSUE

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

	Currency	Interest rate	Maturity	Carrying value	
				2011	2010
Index linked bonds					
	LTL	-	2012 – 2014	13,411	38,346
	EUR	-	2012 – 2014	17,347	34,615
Embedded derivatives				491	3,001
Deferred profit from index linked bonds				519	1,047
Total				31,768	77,009
Other bonds					
	LTL	0 p.a.	2012	29,811	13,925
	LTL	3.50 p.a.	2013	32,877	35,295
	LTL	4.10 p.a.	2013	9,786	9,839
	LTL	4.18 p.a.	2014	1,038	-
	LTL	5.00 p.a.	2015	9,6740	15,495
Total				83,186	74,554
Total debt securities in issue				114,954	151,563

NOTE 8 SUBORDINATED LOANS

	Group		Bank	
	31 12 2011	31 12 2010	31 12 2011	31 12 2010
Loan provider:				
European Bank for Reconstruction and Development (EBRD)	38,544	38,463	38,544	38,463
Bank DNB A/S	-	240,236	-	240,236
DNB Bank ASA	-	124,923	-	124,923
Total	38,544	403,622	38,544	403,622

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NOTE 9 SHARE CAPITAL

On 30 June 2011 DNB Bank ASA registered in Norway has acquired 100 percent of shares of the Bank from Bank DNB A/S, controlled by DNB Bank ASA and registered in Denmark, thus becoming direct shareholder of the Bank owning 100 percent of its shares and voting rights.

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

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

	2011			2010		
	Number of shares	Nominal value, LTL thousand	%	Number of shares	Nominal value, LTL thousand	%
Bank DNB A/S (Denmark)	-	-	-	5,710,134	656,665	100.00
DNB Bank ASA	5,710,134	656,665	100.00	-	-	-
Total	5,710,134	656,665	100.00	5,710,134	656,665	100.00

NOTE 10 CONTINGENT LIABILITIES AND COMMITMENTS

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

	Group		Bank	
	31 12 2011	31 12 2010	31 12 2011	31 12 2010
Guarantees	260,046	190,299	510,382	521,144
Letters of credit	3,206	5,793	3,206	5,793
Commitments to grant loans	802,389	803,109	1,202,190	944,461
Commitments to grant finance leases	2,292	2,683	-	-
Capital commitments and other commitments to acquire assets	4,319	2,244	3,757	836
Other commitments	11,792	12,019	11,846	12,298
Total	1,084,044	1,016,147	1,731,381	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 12 2011	31 12 2010	31 12 2011	31 12 2010
Not later than 1 year	1,162	1,051	1,216	1,273
Later than 1 year and not later than 5 years	871	2,103	871	2,161
Later than 5 years	-	-	-	-
Total	2,033	3,154	2,087	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 12 2011	31 12 2010	31 12 2011	31 12 2010
Not later than 1 year	35	348	-	-
Later than 1 year and not later than 5 years	4	4	-	-
Total	39	352	-	-

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NOTE 11 CASH AND CASH EQUIVALENTS

	Group		Bank	
	31 12 2011	31 12 2010	31 12 2011	31 12 2010
Cash	322,421	225,250	322,421	225,250
Correspondent accounts with other banks	45,991	61,652	45,991	61,652
Overnight deposits	10,000	105,817	10,000	105,817
Required reserves in national currency in Central Bank	310,842	242,779	310,842	242,779
Correspondent account with central bank	130,130	57,786	130,130	57,786
Total	819,384	693,284	819,384	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 the parent Bank:

Assets	31 12 2011	31 12 2010
Correspondent bank accounts	17,246	-
Overnight deposits	10,000	-
Term deposits	756,452	-
Derivative financial instruments	5,676	609
Liabilities		
Correspondent bank accounts	2,042	11,981
Overnight deposits	4,834	-
Term deposits	416,420	-
Demand deposits	171	-
Derivative financial instruments	8,838	-
Subordinated loans	-	240,236
Loans	2,108,292	-
Payable	883	-
Other liabilities	126	-
Income	31 12 2011	31 12 2010
Interest	5,627	-
Fee and commission	442	1,374
Net gain (loss) from foreign exchange	(222)	6
Net gain (loss) from operations with financial instruments	1,512	16,887
Expenses		
Interest	54,280	6,547
Fee and commission	69	-
Others	(3,892)	2,455

The following balances were outstanding with DNB Group companies:

Assets	31 12 2011	31 12 2010
Correspondent bank accounts	1,378	4,831
Overnight deposits	-	105,817
Term deposits	10,685	292,718
Derivative financial instruments	-	3,276
Receivable	6,659	-
Liabilities		
Correspondent bank accounts	2,843	6,585
Overnight deposits	-	241,699
Term deposits	-	3,182,960
Demand deposits	-	189
Derivative financial instruments	44	16,213
Subordinated loans	-	124,924
Loans	1,797,862	1,796,234
Payable	559	-
Income	31 12 2011	31 12 2010
Interest	3,774	2,378
Fee and commission	152	106
Net gain (loss) from foreign exchange	125	7
Net gain (loss) from operations with financial instruments	(5,436)	(27,769)
Other	6,832	7,554
Expenses		
Interest	56,565	102,579
Fee and commission	312	113
Other	1,486	17,909

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NOTE 12 RELATED PARTY TRANSACTIONS (continued)

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

Assets	31 12 2011	31 12 2010
Loans	358,521	558,611
Equity securities	155,671	20,115
Other assets	574	291
Liabilities		
Demand deposits	2,598	1,535
Other liabilities	-	62,821

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

Income	31 12 2011	31 12 2010
Interest	13,715	11,643
Fee and commission	7,952	6,098
Dividends	1,067	1,648
Sale of subsidiary	1,069	-
Other	88	53
Expenses		
Interest	6	14
Fee and commission	128	90
Other	173	186
Impairment	-	81,819