



Supervision Service of the Bank of Lithuania

24 05 2012

**Interim confirmation of responsible persons**

This confirmation of responsible persons regarding interim condensed consolidated financial information of AB DNB Bankas as of 31 March 2012 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, profit and cash flows 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**

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(in accordance with IFRS, unaudited)

I quarter  
2012

**AB DNB BANKAS**  
**INTERIM CONDENSED FINANCIAL INFORMATION**  
**AS AT 31 MARCH 2012**

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

**THE GROUP AND BANK INCOME (EXPENSE) STATEMENT**

	Notes	Group		Bank	
		31 March 2012	31 March 2011	31 March 2012	31 March 2011
Interest income		98,729	97,001	96,287	95,069
Interest expense		(36,786)	(40,146)	(36,786)	(40,145)
<b>Net interest income</b>		<b>61,943</b>	<b>56,855</b>	<b>59,501</b>	<b>54,924</b>
Fee and commission income		23,967	20,199	24,235	20,081
Fee and commission expense		(4,482)	(4,188)	(4,406)	(4,101)
<b>Net interest, fee and commission income</b>		<b>81,428</b>	<b>72,866</b>	<b>79,330</b>	<b>70,904</b>
Net gain (loss) on operations with securities and derivative financial instruments		5,272	7,190	7,877	9,005
Net foreign exchange result		2,996	2,979	3,100	3,068
Impairment losses and provisions	1	(15,641)	(21,659)	(16,776)	(16,858)
Other income		5,220	3,466	4,060	1,494
Personnel expenses		(26,195)	(22,722)	(25,557)	(22,149)
Depreciation and amortisation		(3,009)	(3,727)	(2,959)	(3,554)
Administrative and other operating expenses		(28,465)	(20,003)	(27,344)	(19,615)
<b>Profit (loss) before income tax</b>		<b>21,606</b>	<b>18,390</b>	<b>21,731</b>	<b>22,295</b>
Income tax		(135)	(116)	-	(2)
<b>Net profit (loss) for the period</b>		<b>21,471</b>	<b>18,274</b>	<b>21,731</b>	<b>22,293</b>
<b>Profit (loss) attributable to:</b>					
Equity holders of the parent		21,471	18,274	21,731	22,293
<b>Earnings per share</b> (in LTL per share)	2				
Basic		3.76	3.20		
Diluted		3.76	3.20		

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 MARCH 2012**

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

**THE GROUP AND BANK STATEMENT OF COMPREHENSIVE INCOME (EXPENSE)**

	<b>Group</b>		<b>Bank</b>	
	<b>31 March 2012</b>	<b>31 March 2011</b>	<b>31 March 2012</b>	<b>31 March 2011</b>
<b>Profit (loss) for the period</b>	<b>21,471</b>	<b>18,274</b>	<b>21,731</b>	<b>22,293</b>
Other comprehensive income (expenses), net of tax available for sale assets revaluation	115	2,773	-	2,786
Total other comprehensive income, net of tax	115	2,773	-	2,786
<b>Total comprehensive income(expenses) for the period, net of tax</b>	<b>21,586</b>	<b>21,047</b>	<b>21,731</b>	<b>25,079</b>
Attributable to:				
Equity holders of the parent	21,586	21,047	21,731	25,079

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

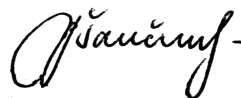
**THE GROUP AND BANK CONDENSED STATEMENT OF FINANCIAL POSITION**

	Notes	Group		Bank	
		31 March 2012	31 December 2011	31 March 2011	31 December 2011
<b>ASSETS</b>					
Cash and balances with central banks		498,871	763,428	498,871	763,428
Due from banks		522,568	836,215	522,568	836,215
Trading securities		44,636	32,189	44,636	32,189
Securities designated at fair value through profit or loss	3	646,602	388,287	641,191	388,287
Derivative financial instruments		12,871	11,533	12,871	11,533
Securities available-for-sale		1,188	6,049	889	915
Loans and advances to customers	4	8,278,081	8,524,185	8,657,041	8,882,706
Finance lease receivables		288,574	295,823	-	-
Investments in subsidiaries		-	-	163,592	155,671
Investment property		174,270	138,899	-	-
Property, plant and equipment		91,704	91,018	90,913	90,616
Intangible assets		7,131	6,265	7,102	6,231
Deferred income tax asset		29,804	29,839	29,804	29,804
Other assets		71,096	64,664	52,136	45,211
<b>Total assets</b>		<b>10,667,396</b>	<b>11,188,394</b>	<b>10,721,614</b>	<b>11,242,806</b>
<b>LIABILITIES AND EQUITY</b>					
Due to banks	5	3,839,344	4,506,051	3,839,344	4,506,051
Derivative financial instruments		33,013	31,463	33,013	31,463
Due to customers	6	5,335,040	5,146,575	5,342,768	5,149,173
Debt securities in issue	7	81,067	114,954	81,067	114,954
Subordinated loans	8	-	38,544	-	38,544
Provisions		914	1,168	52,982	57,736
Other liabilities		49,874	43,081	42,157	36,333
<b>Total liabilities</b>		<b>9,339,252</b>	<b>9,881,836</b>	<b>9,391,331</b>	<b>9,934,254</b>
<b>Equity attributable to equity holders of parent</b>					
Ordinary shares	9	656,665	656,665	656,665	656,665
Share premium		282,929	282,929	282,929	282,929
Retained earnings		23,056	1,777	25,395	3,856
Reserves		365,494	365,187	365,294	365,102
		1,328,144	1,306,558	1,330,283	1,308,552
<b>Total equity</b>		<b>1,328,144</b>	<b>1,306,558</b>	<b>1,330,283</b>	<b>1,308,552</b>
<b>Total liabilities and equity</b>		<b>10,667,396</b>	<b>11,188,394</b>	<b>10,721,614</b>	<b>11,242,806</b>

This condensed financial information was signed on 24 May 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 MARCH 2012**

(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	
<b>Balance at 31 December 2010</b>	<b>656,665</b>	<b>282,929</b>	<b>(2,769)</b>	<b>200</b>	<b>173,474</b>	<b>(245,127)</b>	<b>865,372</b>
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	-
<b>Balance at 31 December 2011</b>	<b>656,665</b>	<b>282,929</b>	<b>(115)</b>	<b>200</b>	<b>365,102</b>	<b>1,777</b>	<b>1,306,558</b>
Total comprehensive income	-	-	115	-	-	21,471	21,586
Depreciation transfer for land and buildings	-	-	-	-	(1)	1	-
Transfer to mandatory reserve	-	-	-	193	-	(193)	-
<b>Balance at 31 March 2012</b>	<b>656,665</b>	<b>282,929</b>	<b>-</b>	<b>393</b>	<b>365,101</b>	<b>23,056</b>	<b>1,328,144</b>

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 MARCH 2012**

(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	
<b>Balance at 31 December 2010</b>	<b>656,665</b>	<b>282,929</b>	<b>(2,819)</b>	-	<b>173,474</b>	<b>(249,737)</b>	<b>860,512</b>
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	-
<b>Balance at 31 December 2011</b>	<b>656,665</b>	<b>282,929</b>	-	-	<b>365,102</b>	<b>3,856</b>	<b>1,308,552</b>
Total comprehensive income	-	-	-	-	-	21,731	21,731
Depreciation transfer for land and buildings	-	-	-	-	(1)	1	-
Transfer to mandatory reserve	-	-	-	193	-	(193)	-
<b>Balance at 31 March 2012</b>	<b>656,665</b>	<b>282,929</b>	-	<b>193</b>	<b>365,101</b>	<b>25,395</b>	<b>1,330,283</b>

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 MARCH 2012**

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

**GROUP AND BANK STATEMENT OF CASH FLOWS**

	Notes	Period ended			
		Group		Bank	
		31 March 2012	31 March 2011	31 March 2012	31 March 2011
<b>Operating activities</b>					
Interest receipt		85,681	92,068	83,570	89,720
Interest payments		(22,545)	(35,559)	(22,455)	(34,998)
Collected previously written-off loans		1,406	740	1,406	740
Receipts from FX trading		2,967	(1,336)	2,967	(1,336)
Net receipt from operations in securities		1,899	1,369	1,899	1,369
Fee and commission receipt		23,967	20,199	24,235	20,081
Fee and commission payments		(4,482)	(4,188)	(4,406)	(4,101)
Salaries and related payments		(24,977)	(22,799)	(24,366)	(22,226)
Other payments		(23,251)	(16,603)	(23,284)	(18,121)
<b>Net cash flow from operating profits before changes in operating assets and liabilities</b>		<b>40,665</b>	<b>33,891</b>	<b>39,566</b>	<b>31,128</b>
(Increase) decrease in operating assets					
(Increase) decrease in loans to credit and financial institutions		360,183	(131,475)	372,081	(102,579)
Decrease in loans granted		225,188	47,669	192,546	57,657
(Purchase) of trading securities		(674,038)	(882,419)	(674,038)	(882,419)
Proceeds from trading securities		662,455	876,689	662,455	876,689
(Increase) decrease in other assets		(18,804)	23,478	(2,651)	994
<b>Change in operating assets</b>		<b>554,984</b>	<b>(66,058)</b>	<b>550,393</b>	<b>(49,658)</b>
Increase (decrease) in liabilities:					
(Decrease) in liabilities to credit and financial institutions		(697,223)	(541,657)	(695,321)	(540,959)
Increase (decrease) in deposits		206,756	367,367	209,984	367,138
Increase (decrease) in other liabilities		(398)	10,598	(2,683)	(4,750)
<b>Change in liabilities</b>		<b>(490,865)</b>	<b>(163,692)</b>	<b>(488,020)</b>	<b>(178,571)</b>
<b>Income tax paid</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net cash flows from operating activities</b>		<b>104,784</b>	<b>(195,859)</b>	<b>101,939</b>	<b>(197,101)</b>
<b>Investing activities</b>					
Acquisition of property, plant, equipment and intangible assets		(4,146)	(457)	(4,127)	(453)
Disposal of property, plant, equipment and intangible assets		79	416	-	31
Purchase of available for sale securities		-	(751)	-	(141)
Proceeds from available for sale securities		-	100,975	-	100,309
Purchase of securities designated at fair value through profit or loss		(263,896)	(91,309)	(263,300)	(91,309)
Proceeds from securities designated at fair value through profit or loss		17,528	151,972	17,329	151,972
Dividends received		4	3	2,649	1,818
Interest received		778	6,330	745	6,282
<b>Net cash flows from investing activities</b>		<b>(249,653)</b>	<b>167,179</b>	<b>(246,704)</b>	<b>168,509</b>
<b>Financing activities</b>					
Own debt securities redemption		(34,764)	(11,417)	(34,764)	(11,417)
Own debt securities issued		-	2,971	-	2,971
Interest paid		(523)	(1,142)	(523)	(1,142)
Repayment subordinated loans		(37,981)	-	(37,981)	-
<b>Net cash flow from financing activities</b>		<b>(73,268)</b>	<b>(9,588)</b>	<b>(73,268)</b>	<b>(9,588)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(218,137)</b>	<b>(38,268)</b>	<b>(218,033)</b>	<b>(38,180)</b>
Net foreign exchange difference on cash and cash equivalents		291	(400)	187	(488)
Cash and cash equivalents at 1 January		819,384	693,284	819,384	693,284
<b>Cash and cash equivalents at 31 March</b>	11	<b>601,538</b>	<b>654,616</b>	<b>601,538</b>	<b>654,616</b>

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



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**AB DNB BANKAS**  
**INTERIM CONDENSED FINANCIAL INFORMATION**  
**AS AT 31 MARCH 2012**

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(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 March 2012 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 March 2012 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.

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.

## **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 2011.

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 2011, except for the adoption of the following amended standard:

### **IFRS 7 Financial Instruments: Disclosures (Amended) – Transfers of Financial Assets**

The amendment is effective for annual periods beginning on or after 1 July 2011. The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognised assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets. The amendment has only disclosure effects. This amendment did not have any impact on the accounting policies, financial position or performance of the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

## **Use of estimates in the preparation of condensed interim financial information**

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.

**AB DNB BANKAS**  
**INTERIM CONDENSED FINANCIAL INFORMATION**  
**AS AT 31 MARCH 2012**

(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 2012 or 2011.

**31 March 2012**

	Banking	Leasing	Investment management	Real estate brokerage	Real estate management, development and sale	Eliminations	Group
Third party	93,751	4,924	54	-	-	-	<b>98,729</b>
Inter-segment	2,536	9	-	-	-	(2,545)	-
<b>Total interest income</b>	<b>96,287</b>	<b>4,933</b>	<b>54</b>	<b>-</b>	<b>-</b>	<b>(2,545)</b>	<b>98,729</b>
Third party	(36,785)	-	(1)	-	-	-	(36,786)
Inter-segment	(1)	(1,834)	-	-	(702)	2,537	-
<b>Total interest expense</b>	<b>(36,786)</b>	<b>(1,834)</b>	<b>(1)</b>	<b>-</b>	<b>(702)</b>	<b>2,537</b>	<b>(36,786)</b>
Third party	56,966	4,924	53	-	-	-	61,943
Inter-segment	2,535	(1,825)	-	-	(702)	(8)	-
<b>Net interest income</b>	<b>59,501</b>	<b>3,099</b>	<b>53</b>	<b>-</b>	<b>(702)</b>	<b>(8)</b>	<b>61,943</b>
Third party	29,155	(105)	1,284	82	-	(2,645)	27,771
Inter-segment	1,651	(831)	(405)	33	-	(448)	-
<b>Net income from the other main operations</b>	<b>30,806</b>	<b>(936)</b>	<b>879</b>	<b>115</b>	<b>-</b>	<b>(3,093)</b>	<b>27,771</b>
Third party	(48,836)	422	(259)	(135)	(650)	-	(49,458)
Inter-segment	(5)	(384)	(39)	(7)	(21)	456	-
<b>Total administrative and other operating expenses/ income</b>	<b>(48,841)</b>	<b>38</b>	<b>(298)</b>	<b>(142)</b>	<b>(671)</b>	<b>456</b>	<b>(49,458)</b>
Depreciation and amortisation	(2,959)	(40)	(6)	(4)	-	-	(3,009)
Impairment losses and provisions	(21,276)	5,635	-	-	-	-	(15,641)
<b>Profit (loss) before tax</b>	<b>17,231</b>	<b>7,796</b>	<b>628</b>	<b>(31)</b>	<b>(1,373)</b>	<b>(2,645)</b>	<b>21,606</b>
Income tax	-	-	(89)	-	-	-	(89)
Change of deferred tax	-	-	(46)	-	-	-	(46)
<b>Net profit (loss)</b>	<b>17,231</b>	<b>7,796</b>	<b>493</b>	<b>(31)</b>	<b>(1,373)</b>	<b>(2,645)</b>	<b>21,471</b>
Capital expenditure	7,738	-	-	13	5	-	7,756
<b>Shareholders' equity</b>	<b>1,330,283</b>	<b>76,812</b>	<b>5,603</b>	<b>1,212</b>	<b>78,164</b>	<b>(163,930)</b>	<b>1,338,144</b>
<b>Total assets</b>	<b>10,721,614</b>	<b>362,935</b>	<b>7,083</b>	<b>1,668</b>	<b>178,629</b>	<b>(604,533)</b>	<b>10,667,393</b>
<b>Total liabilities</b>	<b>9,391,331</b>	<b>286,123</b>	<b>1,480</b>	<b>456</b>	<b>100,465</b>	<b>(440,603)</b>	<b>9,339,252</b>

**AB DNB BANKAS**  
**INTERIM CONDENSED FINANCIAL INFORMATION**  
**AS AT 31 MARCH 2012**

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

**SEGMENT INFORMATION (continued)**

**31 March 2011**

	Banking	Leasing	Investment management	Real estate brokerage	Real estate management, development and sale	Eliminations	Group
Third party	91,777	5,174	50	-	-	-	97,001
Inter-segment	3,292	6	-	-	-	(3,298)	-
<b>Total interest income</b>	<b>95,069</b>	<b>5,180</b>	<b>50</b>	<b>-</b>	<b>-</b>	<b>(3,298)</b>	<b>97,001</b>
Third party	(40,145)	-	(1)	-	-	-	(40,146)
Inter-segment	-	(3,083)	-	-	(209)	3,292	-
<b>Total interest expense</b>	<b>(40,145)</b>	<b>(3,083)</b>	<b>(1)</b>	<b>-</b>	<b>(209)</b>	<b>3,292</b>	<b>(40,146)</b>
Third party	51,632	5,174	49	-	-	-	56,855
Inter-segment	3,292	(3,077)	-	-	(209)	(6)	-
<b>Net interest income</b>	<b>54,924</b>	<b>2,097</b>	<b>49</b>	<b>-</b>	<b>(209)</b>	<b>(6)</b>	<b>56,855</b>
Third party	26,778	24	1,197	142	-	(1,815)	26,326
Inter-segment	1,275	(1,007)	(224)	32	-	(76)	-
<b>Net income from the other main operations</b>	<b>28,053</b>	<b>(983)</b>	<b>973</b>	<b>174</b>	<b>-</b>	<b>(1,891)</b>	<b>26,326</b>
Third party	(40,254)	1,641	(213)	(192)	(387)	-	(39,405)
Inter-segment	(16)	(29)	(26)	(8)	(3)	82	-
<b>Total administrative and other operating expenses/ income</b>	<b>(40,270)</b>	<b>1,612</b>	<b>(239)</b>	<b>(200)</b>	<b>(390)</b>	<b>82</b>	<b>(39,405)</b>
Depreciation and amortisation	(3,554)	(152)	(10)	(11)	-	-	(3,727)
Impairment losses and provisions	(25,190)	3,531	-	-	-	-	(21,659)
<b>Profit (loss) before tax</b>	<b>13,963</b>	<b>6,105</b>	<b>773</b>	<b>(37)</b>	<b>(599)</b>	<b>(1,815)</b>	<b>18,390</b>
Income tax	(2)	-	(117)	-	-	-	(119)
Change of deferred tax	-	-	3	-	-	-	3
<b>Net profit (loss)</b>	<b>13,961</b>	<b>6,105</b>	<b>659</b>	<b>(37)</b>	<b>(599)</b>	<b>(1,815)</b>	<b>18,274</b>
<b>31 December 2011</b>							
Capital expenditure	2,652	-	10	8	1	-	2,671
Shareholders' equity	<b>1,308,552</b>	<b>73,516</b>	<b>7,640</b>	<b>1,243</b>	<b>71,616</b>	<b>(156,009)</b>	<b>1,306,558</b>
<b>Total assets</b>	<b>11,242,806</b>	<b>370,916</b>	<b>7,999</b>	<b>1,628</b>	<b>139,453</b>	<b>(574,408)</b>	<b>11,188,394</b>
<b>Total liabilities</b>	<b>9,934,254</b>	<b>297,400</b>	<b>359</b>	<b>385</b>	<b>67,837</b>	<b>(418,399)</b>	<b>9,881,836</b>

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**

	<b>Group</b>		<b>Bank</b>	
	<b>31 March 2012</b>	<b>31 March 2011</b>	<b>31 March 2012</b>	<b>31 March 2011</b>
Impairment losses on loans:				
Increase (decrease) of impairment losses, net	23,043	25,688	23,043	25,688
Recovered previously written off loans	(1,406)	(740)	(1,406)	(740)
Total impairment losses on loans	<u>21,637</u>	<u>24,948</u>	<u>21,637</u>	<u>24,948</u>
Impairment losses on finance lease receivables	<u>(5,665)</u>	<u>(4,377)</u>	<u>-</u>	<u>-</u>
Impairment losses for other assets	<u>184</u>	<u>768</u>	<u>154</u>	<u>(78)</u>
Expenses for provisions on: guarantees and other contingent liabilities	<u>(515)</u>	<u>320</u>	<u>(5,015)</u>	<u>(8,012)</u>
<b>Total</b>	<b><u>15,641</u></b>	<b><u>21,659</u></b>	<b><u>16,776</u></b>	<b><u>16,858</u></b>

**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**

	<b>31 March 2012</b>	<b>31 March 2011</b>
Net profit	21,471	18,274
Weighted average number of registered issued shares (units)	<u>5,710,134</u>	<u>5,710,134</u>
<b>Earnings per share (LTL per share)</b>	<b><u>3.76</u></b>	<b><u>3.20</u></b>

As at 31 March 2012 and as at 31 March 2011 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 March 2012			31 December 2011		
	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	641,190	-	-	388,287	-	-
Bonds issued by other banks	-	-	-	-	-	-
Government bonds of foreign issuers	-	-	-	-	-	-
<b>Total</b>	<b>641,190</b>	<b>-</b>	<b>-</b>	<b>388,287</b>	<b>-</b>	<b>-</b>

**NOTE 4 LOANS AND ADVANCES TO CUSTOMERS**

	Group		Bank	
	31 03 2012	31 12 2011	31 03 2012	31 12 2011
Loans and advances to financial institutions	45	45	280,342	292,545
Loans to business customers	4,895,281	5,117,781	4,993,944	5,183,802
Loans to individuals (retail)	4,170,515	4,208,671	4,170,515	4,208,671
<b>Total gross loans granted</b>	<b>9,065,841</b>	<b>9,326,497</b>	<b>9,444,801</b>	<b>9,685,018</b>
Total allowance for impairment:	787,760	802,312	787,760	802,312
to financial institutions	-	-	-	-
to business customers	511,968	531,578	511,968	531,578
to individuals	275,792	270,734	275,792	270,734
<b>Total net loans and advances to customers</b>	<b>8,278,081</b>	<b>8,524,185</b>	<b>8,657,041</b>	<b>8,882,706</b>

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 7,263 thousand, accrued interests – LTL 84 thousand on 31 March 2012, impairment losses for them amounted to LTL 3,420 thousand year-to-date, of which for accrued interests – LTL 84 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 13,359 thousand year-to-date.

**NOTE 5 DUE TO BANKS**

	Group		Bank	
	31 03 2012	31 12 2011	31 03 2012	31 12 2011
<b>Funds of banks:</b>				
Demand deposits	32,693	16,902	32,693	16,902
Term deposits	419,376	556,432	419,376	556,432
Loans	3,387,275	3,932,717	3,387,275	3,932,717
<b>Total</b>	<b>3,839,344</b>	<b>4,506,051</b>	<b>3,839,344</b>	<b>4,506,051</b>

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**NOTE 6 DUE TO CUSTOMERS**

	<b>Group</b>		<b>Bank</b>	
	<b>31 03 2012</b>	<b>31 12 2011</b>	<b>31 03 2012</b>	<b>31 12 2011</b>
Demand deposits:				
Business customers (financial and corporate)	2,005,268	1,860,881	2,012,996	1,863,479
Individuals	1,129,582	1,197,120	1,129,582	1,197,120
<b>Total demand deposits</b>	<b>3,134,850</b>	<b>3,058,001</b>	<b>3,142,578</b>	<b>3,060,599</b>
Term deposits				
Business customers (financial and corporate)	590,159	580,963	590,159	580,963
Individuals	1,583,070	1,477,275	1,583,070	1,477,275
<b>Total term deposits</b>	<b>2,173,229</b>	<b>2,058,238</b>	<b>2,173,229</b>	<b>2,058,238</b>
Term loan	26,961	30,336	26,961	30,336
<b>Total</b>	<b>5,335,040</b>	<b>5,146,575</b>	<b>5,342,768</b>	<b>5,149,173</b>

As at 31 March 2012 customer accounts included the deposits of LTL 21,197 thousand (31 December 2011: LTL 30,362 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:

	<b>Currency</b>	<b>Interest rate</b>	<b>Maturity</b>	<b>Carrying value</b>	
				<b>31 03 2012</b>	<b>31 12 2011</b>
<b>Index linked bonds</b>					
LTL	-	2012 – 2014	13,285	13,411	
EUR	-	2012 – 2014	15,605	17,347	
Embedded derivatives			673	491	
Deferred profit from index linked bonds			405	519	
<b>Total</b>			<b>29,968</b>	<b>31,768</b>	
<b>Other bonds</b>					
LTL	0 p.a.	2012	-	29,811	
LTL	3.50 p.a.	2013	33,160	32,877	
LTL	4.10 p.a.	2013	9,765	9,786	
LTL	4.18 p.a.	2014	1,049	1,038	
LTL	5.00 p.a.	2015	7,125	9,674	
<b>Total</b>			<b>51,099</b>	<b>83,186</b>	
<b>Total debt securities in issue</b>			<b>81,067</b>	<b>114,954</b>	

**NOTE 8 SUBORDINATED LOANS**

	<b>Group</b>		<b>Bank</b>	
	<b>31 03 2012</b>	<b>31 12 2011</b>	<b>31 03 2012</b>	<b>31 12 2011</b>
Loan provider:				
European Bank for Reconstruction and Development (EBRD)	-	38,544	-	38,544
Bank DNB A/S	-	-	-	-
DNB Bank ASA	-	-	-	-
<b>Total</b>	<b>-</b>	<b>38,544</b>	<b>-</b>	<b>38,544</b>

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**NOTE 9 SHARE CAPITAL**

Share premium amounted to LTL 282,929 thousand as at 31 March 2012 (as at 31 December 2011 – LTL 282,929 thousand).

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

	31 03 2012			31 12 2011		
	Number of shares	Nominal value, LTL thousand	%	Number of shares	Nominal value, LTL thousand	%
DNB Bank ASA	5,710,134	656,665	100	5,710,134	656,665	100
<b>Total</b>	<b>5,710,134</b>	<b>656,665</b>	<b>100</b>	<b>5,710,134</b>	<b>656,665</b>	<b>100</b>

**NOTE 10 CONTINGENT LIABILITIES AND COMMITMENTS**

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

	Group		Bank	
	31 03 2012	31 12 2011	31 03 2012	31 12 2011
Guarantees	256,999	260,046	489,721	510,382
Letters of credit	4,205	3,206	4,205	3,206
Commitments to grant loans	895,845	802,389	1,304,901	1,202,190
Commitments to grant finance leases	2,287	2,292	-	-
Capital commitments and other commitments to acquire assets	1,429	4,319	1,429	3,757
Other commitments	11,354	11,792	11,361	11,846
<b>Total</b>	<b>1,172,119</b>	<b>1,084,044</b>	<b>1,811,617</b>	<b>1,731,381</b>

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

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

	Group		Bank	
	31 03 2012	31 12 2011	31 03 2012	31 12 2011
Not later than 1 year	1,197	1,162	1,204	1,216
Later than 1 year and not later than 5 years	598	871	598	871
Later than 5 years	-	-	-	-
<b>Total</b>	<b>1,795</b>	<b>2,033</b>	<b>1,802</b>	<b>2,087</b>

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

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

	Group		Bank	
	31 03 2012	31 12 2011	31 03 2012	31 12 2011
Not later than 1 year	25	35	-	-
Later than 1 year and not later than 5 years	2	4	-	-
<b>Total</b>	<b>27</b>	<b>39</b>	<b>-</b>	<b>-</b>

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**NOTE 11 CASH AND CASH EQUIVALENTS**

	<b>Group</b>		<b>Bank</b>	
	<b>31 03 2011</b>	<b>31 12 2011</b>	<b>31 03 2011</b>	<b>31 12 2011</b>
Cash	242,897	322,421	242,897	322,421
Correspondent accounts with other banks	81,690	45,991	81,690	45,991
Overnight deposits	21,000	10,000	21,000	10,000
Required reserves in national currency in Central Bank	207,754	310,842	207,754	310,842
Correspondent account with central bank	48,197	130,130	48,197	130,130
<b>Total</b>	<b>601,538</b>	<b>819,384</b>	<b>601,538</b>	<b>819,384</b>



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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:

<b>Assets</b>	<b>31 03 2011</b>	<b>31 12 2011</b>
Correspondent bank accounts	55,700	17,246
Overnight deposits	21,000	10,000
Term deposits	397,161	756,452
Derivative financial instruments	6,584	5,676
<b>Liabilities</b>		
Correspondent bank accounts	534	2,042
Overnight deposits	-	4,834
Term deposits	419,377	416,420
Demand deposits	170	171
Derivative financial instruments	9,855	8,838
Loans	761,120	2,108,292
Payable	3,256	883
Other liabilities	-	126
<b>Income</b>	<b>31 03 2012</b>	<b>31 03 2011</b>
Interest	1,611	259
Fee and commission	3	-
Net gain (loss) from foreign exchange	(5)	-
Net gain (loss) from operations with financial instruments	(282)	644
<b>Expenses</b>		
Interest	11,549	1,747
Fee and commission	44	-
Others	2,416	2,072

The following balances were outstanding with DNB Group companies:

<b>Assets</b>	<b>31 03 2011</b>	<b>31 12 2011</b>
Correspondent bank accounts	5,083	1,378
Term deposits	9,630	10,685
Receivable	8,938	6,659
<b>Liabilities</b>		
Correspondent bank accounts	2,608	2,843
Demand deposits	321	-
Derivative financial instruments	-	44
Loans	2,599,308	1,797,862
Payable	7,170	559
<b>Income</b>	<b>31 03 2012</b>	<b>31 03 2011</b>
Interest	82	1,089
Fee and commission	1,463	2
Net gain (loss) from foreign exchange	(1)	82
Net gain (loss) from operations with financial instruments	(55)	(3,358)
Other	2,329	49
<b>Expenses</b>		
Interest	7,312	24,158
Fee and commission	84	16
Other	6,609	796

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**NOTE 12 RELATED PARTY TRANSACTIONS (continued)**

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

<b>Assets</b>	<b>31 03 2012</b>	<b>31 12 2011</b>
Loans	378,960	358,521
Finance lease receivables	464	-
Equity securities	163,592	155,671
Other assets	1,709	574
<b>Liabilities</b>		
Demand deposits	7,728	2,598
Other liabilities		-

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

<b>Income</b>	<b>31 03 2012</b>	<b>31 03 2011</b>
Interest	2,536	3,292
Fee and commission	1,680	1,307
Dividends	2,645	1,815
Other	37	18
<b>Expenses</b>		
Interest	1	-
Fee and commission	29	32
Other	42	34