

# AB DNB NORD BANKAS

(WITH THE HEAD OFFICE REGISTERED IN VILNIUS, 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 OF 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 OF 15 JULY 2005, AND REGULATION NO 809/2004 OF THE COMMISSION OF THE EUROPEAN COMMUNITIES 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 OF THE EUROPEAN COMMUNITIES.

THIS REGISTRATION DOCUMENT, TOGETHER WITH THE SECURITIES NOTE, THE SUMMARY AND OTHER DOCUMENTS INCORPORATED THEREIN BY REFERENCE, WHICH ARE OR WILL BE PUBLISHED SEPARATELY, CONSTITUTES 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 AND CONDITIONS.

OCTOBER 2006, VILNIUS

## INCORPORATION OF INFORMATION BY REFERENCE

The below-listed documents, submitted to the Securities Commission of the Republic of Lithuania (hereinafter referred to as the SC) 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 2005 (hereinafter referred to as the "Annual Prospectus")
- Issuer's report for the 1<sup>st</sup> half of 2006 (hereinafter referred to as the "Semi-annual Prospectus")
- Issuer's audited financial statements for 2005 and 2004 (hereinafter referred to as the "Audit Report") drawn up in accordance with International Financial Standards.

The information indicated in this Registration Document and documents incorporated therein by reference may be updated in the annexes to the Prospectus as regulated by Articles 20 – 22 of Resolution No 1K-21 of the SC of 15 July 2005, and Article 16 of Directive 2003/71/EC of the European Parliament and of the Council.

This Registration Document and the documents incorporated therein by reference are accessible, and free copies of them are available at the Bank's Corporate Finance Division of the Investment Banking Department, 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 website [www.dnbNord.lt](http://www.dnbNord.lt). Information phones: (+370 5) 239 3516, (+370 5) 239 3772.

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## 1. PERSONS RESPONSIBLE

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

- Werner Heinz Schilli – President of AB DnB NORD Bankas;
- Jurgita Šaučiūnienė – Chief Accountant of AB DnB NORD Bankas;
- Andrius Načajus – Head of the Investment Banking Department of AB DnB NORD Bankas.

The undersigned persons certify that, to the best of their knowledge, the information contained in the Registration Document is in 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 Investment Banking  
Department \_\_\_\_\_ Andrius Načajus  
(signature)

The Registration Document was signed on the 5<sup>th</sup> of October 2006, Vilnius.

## 2. STATUTORY AUDITORS

The main information on the audit company that conducted an independent audit of the Issuer's financial statements for 2004 and 2005 is presented below:

<b>Company name</b>	<b>UAB "PricewaterhouseCoopers"</b>
<b>Registered address</b>	<b>J. Jasinskio g. 16B, LT-01112 Vilnius, Lithuania</b>
<b>Phone</b>	<b>(+370 5) 239 23 00</b>
<b>Fax</b>	<b>(+370 5) 239 23 01</b>
<b>Legal form</b>	<b>Private Limited Company</b>
<b>Date and venue of registration</b>	<b>29 December 1993, Ministry of Economy of the Republic of Lithuania (Gedimino pr. 38/2, 01104 Vilnius-1)</b>
<b>Registration number</b>	<b>UI 93 - 369</b>
<b>Company code</b>	<b>1147331</b>

The main information on the auditors who conducted an independent audit of the Issuer's financial statements for 2004 and 2005 is presented below:

<b>Year</b>	<b>Given names, surname</b>	<b>Address</b>	<b>Certificate No</b>	<b>Issuer of the certificate</b>
<b>2005</b>	<b>Christopher C. Butler</b>	<b>J. Jasinskio g. 16B, LT-01112 Vilnius, Lithuania</b>	<b>7986452</b>	<b>ICAEW*</b>
	<b>Jurgita Kirvaitienė</b>	<b>J. Jasinskio g. 16B, LT-01112 Vilnius, Lithuania</b>	<b>000447</b>	<b>Lithuanian Chamber of Auditors</b>
<b>2004</b>	<b>Christopher C. Butler</b>	<b>J. Jasinskio g. 16B, LT-01112 Vilnius, Lithuania</b>	<b>7986452</b>	<b>ICAEW*</b>
	<b>Ona Armalienė</b>	<b>J. Jasinskio g. 16B, LT-01112 Vilnius, Lithuania</b>	<b>000008</b>	<b>Lithuanian Chamber of Auditors</b>

\* - 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 Securities Note, which together with this Registration Document form an integral part of the Securities Prospectus. In the case of the securities issued on the basis of the Program, these risks are presented in the Base Prospectus or the Final Terms and Conditions of the issue.

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 unfavorable 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 0.6% of the Bank's assets or approx. 6% of the Bank's equity.

The main risk management principle is to segregate the function of the overhaul risk management from risk assumption, i.e. from the front office. The risk is managed on the scale of the entire Group AB DnB NORD Bankas (including affiliate companies).

**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 0.58% on 30 June 2006. To compare, on 31 December 2005, the respective ratio was 0.65%. 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 that the Issuer may incur losses due to unfavourable changes in the market variables (interest rates, exchange rates or prices of securities held, etc.). The market risk is assessed by the Issuer using a Scenario Model. The Issuer's sensitivity to changes in market variables is determined using the Scenario Model. The market risk is restricted by the limits established by the Bank's Management Board. These limits are subject to the decreasing limit principle, i.e. negative results are followed by decreasing limits.

*The interest rate risk* is a risk to incur losses due to unfavourable fluctuations of interest rates. The interest rate risk is a significant type of the market risk (probable losses caused by negative interest rate fluctuations would account for approximately 7% of total probable losses). This risk is assessed and managed using the above-mentioned Scenario Model and Interest Rate Gap Method.

*The foreign exchange rate risk* is a risk to incur losses due to unfavourable fluctuations of foreign exchange rates. The Scenario Model is applied to assess this risk. The Issuer adheres to a particularly conservative policy of the foreign exchange rate risk management. The foreign exchange rate risk is insignificant due to small open foreign exchange positions.

**The liquidity risk** is a risk that the Issuer will not be able to fulfil the financial liabilities upon their maturity, and a risk to incur losses due to rapidly decreasing financial resources and a rise in price of the new funding to compensate for the decrease in the resources. The liquidity risk management in the Bank covers the following aspects:

- *The current liquidity management (up to 1 month)* is the liquidity management to satisfy the daily demand for funds, to ensure the compliance with the required reserve and the liquidity requirements established by the Bank of Lithuania (the internal liquidity requirement of the Issuer – 33%, i.e. 3% higher than the liquidity requirement established by the Bank of Lithuania). The current liquidity management is based on the future cash flow analysis and planning of projected cash flow (up to 1 month).
- *The short-term liquidity management* is the liquidity management based on the analysis the issuer's future cash flows and projection of cash flows for one year.
- *The long-term liquidity management* is the liquidity management based on the analysis of the long-term liquidity gap and control of the limits established.

**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 15% of total probable losses. The operating risk is managed in the Bank by mitigating (through insurance, outsourcing, etc.) and assuming it. Upon reliable assessment of probable losses due to the operating risk events, the Issuer makes provisions for the operating risk.

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 fields that represent most problems in terms of the operating risk of the Bank, i.e. those business lines, in which the risk to incur losses is the highest. The Bank also has a system of declaration of operating risk losses on the scale of the whole Bank, in which all operating risk events are registered.

Analysis of information on operating risk events compiled in the last 6 years shows that the largest losses incurred by the Issuer derived from the personnel and the internal processes (48% and 28% respectively), which may be identified as the main sources of operating risk. Still, the losses incurred were not significant in their absolute value – they did not exceed 0.5% of the equity.

**The risk related to debt securities issued by the Issuer** – on 30 June 2006 the total amount of the par values of debt securities issued by the Issuer was LTL 639,661,591, including LTL 194,381,591 of equity linked notes. The main risk related to the Bank's debt securities is that on the date of interest payment or redemption, the Issuer will be unable to fulfil 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 changes 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 of equity index linked bonds is hedged by index options, there is no risk of non-redemption of 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 types of the Issuer's activities, to establish amounts of the required reserves, to limit the exposure to a single borrower, to establish the capital adequacy, liquidity and other requirements. Any amendments to these rules may have a significant effect on the Issuer's or its competitors' activities.

#### **BANK AND GROUP\* COMPLIANCE WITH THE PRUDENTIAL REQUIREMENTS IN 2004, 2005, 1<sup>ST</sup> HALF OF 2006**

Requirement	%	31.12.2004		31.12.2005		30.06.2006	
		Bank	Group	Bank	Group	Bank	Group
Capital adequacy requirement	8%	11.65	11.29	10.68	10.54	8.78	8.60
Liquidity requirement	30%	41.71	42.12	37.16	36.85	34.69	33.33
Open foreign exchange position***	25%	0.14	0.16	0.17	0.17	2.26	2.22
Maximum exposure to a single borrower requirement	25	21.20	20.74	14.85	14.58	17.16	16.88
Large exposure requirement	800	143.57	79.89	131.89	68.15	173.98	94.51

\* The 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 (AB Bankas NORD/LB Lietuva before the change of the company name on 12 May 2006)  
Authorized capital: LTL 283,396,340  
Registered address: J. Basanavičiaus g, 26, LT-03601 Vilnius-6, Lithuania  
Phone: **(+370-5) 239 34 44**  
Fax: **(+370-5) 213 90 57**  
E-mail address: info@dnbnord.lt  
Legal form (type of company): Joint Stock Company  
Date and place of registration: Registered with the Bank of Lithuania on 13 September 1993, Registration No 29.  
Last amendments made to the Articles of Association were registered with the Register of Legal Entities on 12 May 2006.  
Previous amendments to the Articles of Association were registered with:  
Ministry of Economy on 9 May 2002;  
State Enterprise Land and other Real Estate Cadastre and Register on 13 December 2002;  
State Enterprise Center of Registers on 2 May 2003;  
State Enterprise Center of Registers on 31.12.03;  
Register of Legal Entities on 30 April 2004;  
Register of Legal Entities on 5 May 2005;  
Register of Legal Entities on 8 September 2005.  
Company code: **112029270**  
Website: www.dnbnord.lt

For the significant events in the Issuer's activities please refer to Section 46, "Annual Prospectus", and Section 16, "Semi-annual Prospectus" incorporated into this Registration Document by reference.

In addition, the following significant events have occurred since 30 June 2006:

- On 10 July 2006, the extraordinary general meeting of shareholders of the Bank was held which decided to increase the authorized capital of the Bank from additional contributions of the shareholders up to LTL 311,735,905, by issuing 246,431 ordinary registered shares. The par value of a share was LTL 115, the issue value being LTL 350. Considering the fact that during the term established for paying up of the shares, 246,430 ordinary registered shares were paid up (one share remained unpaid), the authorized capital of the Bank was increased up to LTL 311,735,790 by the Management Board resolution.
- *Main events related to the bond offering:* From 30 June 2006 till the day of signing of the Registration Document, the total par value of debt securities placed by the Issuer was LTL 52,807,470, including LTL 27,807,470 of the equity index and commodity basket price linked notes. The total par value of debt securities issued by the Issuer amounted to LTL 692,469,061 on the day of signing the Registration Document.

#### 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 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.

For the historical performance results of the last year please refer to Section 26, "Annual Prospectus", and Section 14, "Semi-annual Prospectus", incorporated into the Prospectus by reference.

## **5.2. PRINCIPAL MARKETS**

The Issuer provides services in the Republic of Lithuania. At the end of 2005, the Issuer applied to the Bank of Lithuania with a request to notify the Securities Commission of the Republic of Lithuania as well as the Latvian and Estonian market supervision authorities about its intentions to start providing investment banking services in Latvia and Estonia.

On 30 June 2006, 10 banks licensed by the Bank of Lithuania operated in Lithuania: AB Bankas "Hansabankas", AB Bankas "Snoras", AB "Parex Bankas", AB "Šiaulių Bankas", AB "Ūkio Bankas", AB "SEB VB Būsto ir Obligacijų Bankas" (the latter was issued a permit for winding up by the Bank of Lithuania on 29 June 2006), AB "SEB Vilniaus Bankas", UAB "Sampo Bankas", UAB "Medicinos Bankas" and AB DnB NORD Bankas. In addition, there were 2 foreign bank branches, ("Bayerische Hypo- und Vereinsbank" Vilnius Branch, "Nordea Bank Finland Plc" Lithuanian Branch), 3 foreign bank representative offices, the Lithuanian Central Credit Union and 66 credit unions operating in the market. All the above-mentioned entities are direct competitors of the Issuer. Since the Issuer does not operate outside the Republic of Lithuania, the Issuer does not have direct competitors in foreign countries.

According to the statistics on commercial banks published by the Bank of Lithuania, on 30 June 2006, the Issuer was the third largest bank in Lithuania by the assets (12.4% market share), deposits of individuals and legal entities (10.6%), and loans issued to legal entities and individuals (15.3%).

**Sector overview in 2005:** According to the statistics of the Bank of Lithuania, the aggregate unaudited net profit of the national banking system amounted to LTL 352.7 million in 2005, and has never been higher throughout the Lithuanian banking history (in 2004, profit was LTL 299.3 million). Last year, all the Lithuanian banks and branches of foreign banks operated at a profit. The significantly larger, compared to 2004, profit of banks mainly resulted from a 53.6% growth in their loan portfolios, although the interest margins continued to decrease. Net interest income increased by LTL 157 million, or 25.8% throughout the period. Furthermore, the banking system received LTL 87.7 million (26.4%) more net income from the service fees and commissions, the growth of which was attributable to the increase in the service volumes and the rise in the fees for services provided by some banks.

In 2005, the growth of the banks' loan portfolios sustained a high pace. Loans issued by the banks to customers increased by LTL 9.1 billion or 53.6%. In 2005, the largest loan increase was experienced in such sectors as private companies (LTL 4.6 billion) and individual persons (LTL 4.1 billion).

**Sector overview, 1<sup>st</sup> half of 2006:** According to the unaudited financials of the Lithuanian commercial banks, in the first half of 2006 the aggregate net profit of the banking sector (commercial banks and branches of foreign banks) amounted to LTL 318 million, and was 80.8% higher than the profit received

during the respective period of the previous year. The profit growth in the sector was mainly determined by the increasing volumes of the banking activity and the newly implemented modernization and cost cutting programmes.

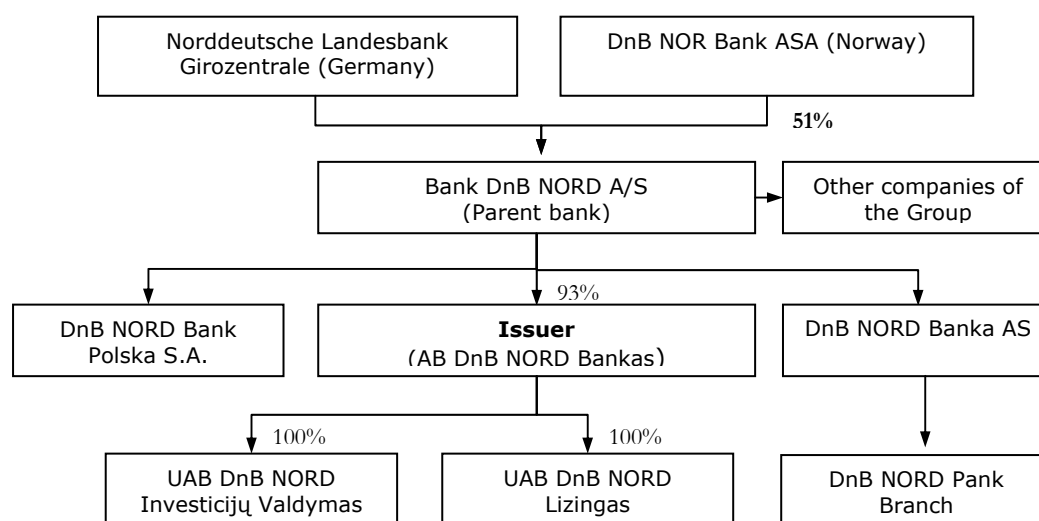
By 30 June 2006, the assets of the Lithuanian commercial banks and branches of foreign banks increased by 14.6% up to LTL 51.4 billion compared to the beginning of the year. Loans issued to customers increased by 21.6% up to LTL 31.6 billion, while deposits accepted increased by 7.3% up to LTL 27 billion. Loans and deposits mainly increased in the segment of individual persons – loans issued to individuals boosted by 34% while individual deposits increased by 9.6% from the beginning of the year.

## 6. ORGANIZATIONAL STRUCTURE

The Issuer is a member of Bank DnB NORD A/S Group registered in Denmark. Besides Lithuania, the Group operates in Poland, Latvia, and has a branch in Estonia, as well as affiliate companies in Finland and Denmark. The Estonian Branch is structurally subordinate to the Latvian DnB NORD Banka.

Bank DnB NORD A/S Group was established in the course of implementation of the agreement made between the major shareholder of the Issuer– Norddeutsche Landesbank Girozentrale (NORD/LB), which controlled 93.11% of the Issuer's authorized capital at that time, and the largest Norwegian financial service group of DnB NOR Bank ASA (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.

### Organizational structure of the Group and Issuer



The Issuer has two subsidiaries. They are 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. The Issuer controls 100% of shares in both companies. More detailed information about the Bank's subsidiaries is presented in Section 35, "Annual Prospectus".

## 7. TREND INFORMATION

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

For the events that may affect the Issuer's outlook please refer to Section 16, "Semi-annual Prospectus" incorporated into this Registration Document by reference, and Section 4 of this Registration Document.

## 8. PROFIT FORECASTS OR ESTIMATES

The Bank does not publish 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

On 23 March 2006, the ordinary general meeting of shareholders of the Issuer elected Members of the Supervisory Council for a 4-year term of office, and the Supervisory Council, in its turn, elected Members to the Management Board for a 4-year term of office. The Management Board appointed the President and Executive Vice Presidents. The Supervisory Council consists of 7 Members elected for a 4-year term of office. The Management Board of the Bank consists of 6 Members (at present there are 5 members elected) elected also for a 4-year term of office.

### Supervisory Council

Given names, surname	Function in the Issuer company	Address of Employment	Main activities outside the Issuer
Sven Herlyn	Chairman of the Supervisory Council	Dampfærgejev 28 2100 Copenhagen Denmark	Bank DnB NORD/AS, Chief Executive Officer
Aasmund Skaar	Deputy Chairman of the Supervisory Council	Stranden 21 Aker Brygge 0021 Oslo Norway	DnB NOR Bank ASA, Management Board Member
Dr Jürgen Allerkamp	Supervisory Council Member	Friedrichswall 10 30151Hannover Germany	Norddeutsche Landesbank Girozentrale, Management Board Member
Peter-Jürgen Schmidt	Supervisory Council Member	Georgsstrasse 52 Hannover Germany	Irrelevant to the Issuer's activities
Viktoras Valentukevičius	Supervisory Council Member	Aguonų g. 24 LT-03212 Vilnius Lithuania	AB Lietuvos Dujos, General Manager, CEO
Antanas Juozas Zabulis	Supervisory Council Member	Vytenio g. 18 LT-03229 Vilnius Lithuania	UAB Omnitel, President, CEO
Torstein Hagen	Supervisory Council Member	Dampfærgevej 28 2100 Copenhagen Denmark	Bank DnB NORD/AS, Chief Credit Officer

### Management Board

Given names, surname	Function in the Issuer company	Address of Employment	Main activities outside the Issuer
Werner Heinz Schilli	Chairman of the Management Board, President (took office on 31 December 2005)	J. Basanavičiaus g. 26 LT-03601 Vilnius-6 Lithuania	Irrelevant to the Issuer's activities
Dr Vygintas Bubnys	Deputy Chairman of the Management Board, Executive Vice President	-"-	Irrelevant to the Issuer's activities
Gundars Andžans	Member of the Management Board, Head of Service since 1 August 2005	-"-	DnB NORD Banka AS (Latvia), Management Board Member
Rudolf Karges	Member of the Management Board, Executive Vice President since 2 June 2005	-"-	DnB NORD Banka AS (Latvia), Management Board Member
Alditas Saulius	Member of the Management Board, Executive Vice President	-"-	Irrelevant to the Issuer's activities

### Executive Officers

Given names, surname	Function in the Issuer company	Address of Employment	Main activities outside the Issuer
Werner Heinz Schilli	President (took office on 31 December 2005)	J. Basanavičiaus g. 26 LT-03601 Vilnius-6 Lithuania	Irrelevant to the Issuer's activities
Dr Vygintas Bubnys	Executive Vice President	" "	Irrelevant to the Issuer's activities
Rudolf Karges	Executive Vice President since 2 June 2005	" "	DnB NORD Banka (Latvia), Management Board Member
Alditas Saulius	Executive Vice President	" "	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 main activities.

### 10. MAJOR SHAREHOLDERS

On 30 June 2006, the Bank had 961 shareholders. The table below contains shareholders holding over 5% of the registered authorized capital of LTL 283,396,340 on 30 June 2006:

Shareholder	Registered address	Type of company	Company code	Number of ordinary registered shares	% of share capital, share of votes	% of share capital, share of votes together with affiliated persons
Bank DnB NORD A/S	Dampfærgevej 28 DK-2100 Copenhagen Denmark	bank	112029270	2,294,643	93.11	93.11
SEB, for East Capital Asset Management	Kungsträdgårdsg 8 SE-10640 Stockholm Sweden	bank	112021238	157,116	6.38	6.38

Bank DnB NORD A/S controls over 75% of the Issuer's authorized capital, and therefore has a sufficient number of votes to adopt all resolutions of shareholders pursuant to the Law on Companies of the Republic of Lithuania.

The Law on Companies and the Law on Securities Market of the Republic of Lithuania as well as the Issuer's Articles of Association ensure the participation of each shareholder in the Issuer's management. The Issuer's activities are supervised by the Bank of Lithuania, the Securities Commission and other supervising authorities.

To the extent known to the Issuer there are no arrangements 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

Historical financial statements for 2004 and 2005 were drawn up in accordance with the International Financial Reporting Standards (IFRS) and approved by the auditors and the General Meeting of Shareholders. The Issuer's financial statement as of 31 December 2005 were drawn up taking into account the amendments to the IFRS (27 IAS "Consolidated and Separate Financial Statement" and 39 IAS "Financial Instruments: Recognition and Measurement"), and reflect retrospective adjustments in the financial statements for 2004.

For full notes to the financial statements please refer to the "Audit Report", which is incorporated into this Registration Document by reference and forms an integral part of this Registration Document. The "Audit Report" is accessible, and free copies thereof are available at the Corporate Finance Division of the Bank's Investment Banking Department, J. Basanavičiaus g. 26, Vilnius, Lithuania, from 8:00 till 16:30 on working days (till 16:30 on Fridays), and on the Bank's website [www.dnbnord.lt](http://www.dnbnord.lt).

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

			LTL thou	
	31 December 2005		31 December 2004	
	Group	Bank	Group	Bank
<b>ASSETS</b>				
Cash and balances with central banks	339,610	339,604	224,100	224,099
Treasury bills	19,615	19,615	15,032	14,587
Due from other banks and financial institutions	234,862	456,570	386,392	447,068
Trading securities	54,566	54,566	127,845	127,845
Derivative financial instruments	2,011	2,011	866	866
Loans	3,749,607	3,749,607	2,475,965	2,475,800
Finance lease receivables	317,998	-	215,858	-
Securities available-for-sale	247,225	246,218	89,021	88,295
Securities held-to-maturity	143,512	143,512	107,969	107,969
Investments in subsidiaries	-	6,200	-	6,200
Intangible assets	3,915	3,778	4,339	4,236
Property and equipment	98,109	88,496	108,141	100,127
Deferred tax asset	8,178	8,000	6,083	6,000
Other assets	37,927	10,664	17,840	11,731
<b>Total assets</b>	<b>5,257,135</b>	<b>5,128,841</b>	<b>3,779,451</b>	<b>3,614,823</b>
<b>LIABILITIES</b>				
Due to other banks and financial institutions	1,684,074	1,583,203	1,066,618	908,755
Derivative financial instruments	337	337	1,666	1,666
Due to customers	2,624,625	2,624,625	1,967,361	1,967,361
Debt securities in issue	440,814	440,814	396,579	396,752
Special and lending funds	12,659	12,659	10,917	10,917
Other liabilities	64,114	39,061	32,175	26,441
Subordinated loans	99,658	99,658	90,862	90,862
<b>Total liabilities</b>	<b>4,926,281</b>	<b>4,800,357</b>	<b>3,566,178</b>	<b>3,402,754</b>
<b>SHAREHOLDERS' EQUITY</b>				
Share capital	268,999	268,999	195,117	195,117
Retained earnings	60,146	57,840	16,437	15,298
Other reserves	1,709	1,645	1,719	1,654
<b>Total shareholders equity</b>	<b>330,854</b>	<b>328,484</b>	<b>213,273</b>	<b>212,069</b>
<b>Total liabilities and equity</b>	<b>5,257,135</b>	<b>5,128,841</b>	<b>3,779,451</b>	<b>3,614,823</b>

**Note**

Consolidated using the full consolidation method:

UAB DnB NORD Lizingas as of 31.12.2004, 31.12.2005.

UAB DnB NORD Investicijų Valdymas as of 31.12.2004, 31.12.2005.

UAB "NORD/LB Draudimas", UAB "NORD/LB Gyvybės Draudimas" as of the 1<sup>st</sup> quarter of 2004 (the insurance subsidiaries were sold in April 2004).

**GROUP AND BANK INCOME STATEMENT DRAWN UP IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (AS AMENDED)**

LTL thou

	<b>31 December 2005</b>		<b>31 December 2004</b>	
	<b>Group</b>	<b>Bank</b>	<b>Group</b>	<b>Bank</b>
Interest income	175,007	166,377	127,951	122,027
Interest expense	(68,518)	(64,179)	(45,097)	(42,775)
<b>Net interest income</b>	<b>106,489</b>	<b>102,198</b>	<b>82,854</b>	<b>79,252</b>
Fee and commission income	53,752	51,565	42,100	41,224
Fee and commission expense	(10,558)	(10,528)	(8,619)	(8,031)
<b>Net interest, fee and commission income</b>	<b>149,683</b>	<b>143,235</b>	<b>116,335</b>	<b>112,445</b>
Net gain on operations with securities and financial derivative instruments	1,315	1,313	1,187	1,177
Net foreign exchange gain	6,443	6,399	7,153	7,072
Provisions for other assets and contingent liabilities	1,064	820	(956)	(623)
Other income	9,062	8,595	5,853	4,870
Impairment losses on loans	(4,647)	(4,831)	11,278	11,337
<b>Operating income</b>	<b>162,920</b>	<b>155,531</b>	<b>140,850</b>	<b>136,278</b>
Operating expenses	(98,766)	(94,088)	(100,767)	(97,173)
Loss on sale of discontinuing operations	-	-	(1,127)	(1,127)
Other expenses	(21,617)	(20,260)	(18,527)	(17,437)
<b>Profit before tax</b>	<b>42,537</b>	<b>41,183</b>	<b>20,429</b>	<b>20,541</b>
Income tax	1,671	1,857	(63)	-
<b>Net profit</b>	<b>44,208</b>	<b>43,040</b>	<b>20,366</b>	<b>20,541</b>
<b>Earnings per share</b> (in LTL per share)				
Basic	20.25		9.99	
Diluted	20.25		9.99	

**Note**

Consolidated using the full consolidation method:

UAB DnB NORD Lizingas as of 31.12.2004, 31.12.2005.

UAB DnB NORD Investicijų Valdymas as of 31.12.2004, 31.12.2005.

UAB "NORD/LB Draudimas", UAB "NORD/LB Gyvybės Draudimas" as of the 1<sup>st</sup> quarter of 2004 (the insurance subsidiaries were sold in April 2004).

**GROUP AND BANK CASH FLOW STATEMENT DRAWN UP IN CCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS**

LTL thou

	<b>31 December 2005</b>		<b>31 December 2004</b>	
	<b>Group</b>	<b>Bank</b>	<b>Group</b>	<b>Bank</b>
<b>Operating activities</b>				
Receipt (payments)				
Interest receipt	161,839	153,915	116,493	112,118
Interest payments	(49,625)	(44,774)	(28,984)	(28,274)
Collected previously written-off loans	10,632	10,632	14,437	14,437
Net receipt from operations in foreign currency	5,398	5,366	5,883	5,865
Net receipt from operations in treasury bills	1,764	1,764	2,315	2,305
Fee and commission receipt	53,752	51,565	42,100	41,224
Fee and commission payments	(10,558)	(10,528)	(8,619)	(8,031)
Salaries and related payments	(49,475)	(47,459)	(49,895)	(48,024)
Other payments	(47,215)	(46,045)	(45,048)	(45,210)
<b>Net cash flow from operating profits before changes in operating assets and liabilities</b>	<b>76,512</b>	<b>74,436</b>	<b>48,682</b>	<b>46,410</b>
<b>(Increase) decrease in operating assets</b>				
(Increase) decrease in mandatory reserves with the central bank	51,820	51,820	(7,371)	(7,371)
(Increase) in loans to credit and financial institutions	224,367	63,194	(198,549)	(132,976)
(Increase) in loans granted	(1,287,199)	(1,287,532)	(900,562)	(900,937)
(Increase) decrease in securities	4,382	3,937	33,130	18,985
(Increase) in other short-term assets	(123,984)	(631)	(65,190)	2,888
<b>Change in operating assets</b>	<b>(1,130,614)</b>	<b>(1,169,212)</b>	<b>(1,138,542)</b>	<b>(1,019,411)</b>
<b>Increase (decrease) in liabilities</b>				
Increase in liabilities to credit and financial institutions	616,132	672,200	544,086	402,769
Increase in deposits	657,136	657,136	396,385	396,385
Increase (decrease) in other liabilities	30,179	11,964	(12,778)	11,684
<b>Change in liabilities</b>	<b>1,303,447</b>	<b>1,341,300</b>	<b>927,693</b>	<b>810,838</b>
<b>Net cash flow from operating activities before profit tax</b>	<b>249,345</b>	<b>246,524</b>	<b>(162,167)</b>	<b>(162,163)</b>
<b>Net cash flow from operating activities</b>	<b>249,345</b>	<b>246,524</b>	<b>(162,167)</b>	<b>(162,163)</b>
<b>Investing activities</b>				
Acquisition of tangible and intangible assets	(7,351)	(4,491)	(14,598)	(10,857)
Disposal of tangible and intangible assets	3,578	3,466	3,607	3,298
Investments in securities and sale thereof, net	(117,984)	(117,704)	(87,171)	(89,288)
Dividends received			26	26
Interest received	8,599	8,562	9,823	8,340
Disposal of subsidiaries, net cash of disposed			13,502	13,502
<b>Net cash flow from investing activities</b>	<b>(113,158)</b>	<b>(110,167)</b>	<b>(74,811)</b>	<b>(74,979)</b>
<b>Financing activities</b>				
Own debt securities issued	43,856	43,683	221,964	222,137
Increase in share capital	73,882	73,882	18,532	18,532
Cash flow from subordinated loans	(4,812)	(4,814)	(2,165)	(2,170)
<b>Net cash flow from financing activities</b>	<b>112,926</b>	<b>112,751</b>	<b>238,331</b>	<b>238,499</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>249,113</b>	<b>249,108</b>	<b>1,353</b>	<b>1,357</b>
Cash and cash equivalents at beginning of year	240,477	240,476	239,124	239,119
<b>Cash and cash equivalents at 31 December</b>	<b>489,590</b>	<b>489,584</b>	<b>240,477</b>	<b>240,476</b>

**GROUP STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

LTL thou

	Share capital	Share premium	Reserve capital	Fixed assets revaluation reserve	Financial assets revaluation reserve	Mandatory reserve	Retained earnings	Total
<b>Previously reported Balance at 1 January 2004</b>	<b>176,585</b>	-	<b>2,816</b>	<b>2,405</b>	-	-	<b>(6,565)</b>	<b>175,241</b>
Adjustment of equity investments (effect of IAS 27 changes)	-	-	-	-	-	39	(39)	-
Adjustment of available-for-sale securities revaluation (effect of IAS 39 changes)	-	-	-	-	1,209	-	(1,209)	-
<b>Adjusted Balance at 1 January 2004</b>	<b>176,585</b>	-	<b>2,816</b>	<b>2,405</b>	<b>1,209</b>	<b>39</b>	<b>(7,813)</b>	<b>175,241</b>
Increase of share capital	18,532	-	-	-	-	-	-	18,532
Transfer to retained earnings	-	-	(2,816)	-	-	-	2,816	-
Transfer from revaluation reserve on tangible assets sold or fully depreciated	-	-	-	(1,067)	-	-	1,067	-
Net changes in available-for-sale securities revaluation	-	-	-	-	(866)	-	-	(866)
Net profit for year	-	-	-	-	-	-	20,366	20,366
<b>Adjusted 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>
Increase of share capital	38,993	34,889	-	-	-	-	-	73,882
Transfer to mandatory reserve	-	-	-	-	-	853	(853)	-
Transfer from revaluation reserve on tangible assets sold or fully depreciated	-	-	-	(355)	-	-	355	-
Net changes in available-for-sale securities revaluation	-	-	-	-	(509)	-	-	(509)
Net profit for year	-	-	-	-	-	-	44,208	44,208
<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>

**BANK STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

LTL thou

	Share capital	Share premium	Reserve capital	Fixed assets revaluation reserve	Financial assets revaluation reserve	Mandatory reserve	Retained earnings	Total
<b>Previously reported Balance at 1 January 2004</b>	<b>176,585</b>	-	<b>2,816</b>	<b>2,405</b>	-	-	<b>(6,565)</b>	<b>175,241</b>
Adjustment of equity investments (effect of IAS 27 changes)	-	-	-	-	-	-	(1,327)	(1,327)
Adjustment of available available-for-sale revaluation (effect of IAS 39 changes)	-	-	-	-	1,234	-	(1,234)	-
<b>Adjusted Balance at 1 January 2004</b>	<b>176,585</b>	-	<b>2,816</b>	<b>2,405</b>	<b>1,234</b>	-	<b>(9,126)</b>	<b>173,914</b>
Increase of share capital	18,532	-	-	-	-	-	-	18,532
Transfer to retained earnings	-	-	(2,816)	-	-	-	2,816	-
Transfer from revaluation reserve on tangible assets sold or fully depreciated	-	-	-	(1,067)	-	-	1,067	-
Adjustment of equity investments (effect of IAS 27 changes)	-	-	-	-	-	-	228	228
Net changes in available-for-sale securities revaluation	-	-	-	-	(918)	-	-	(918)
Net profit for year	-	-	-	-	-	-	20,313	20,313
<b>Adjusted 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>
Increase of share capital	38,993	34,889	-	-	-	-	-	73,882
Transfer to mandatory reserve	-	-	-	-	-	853	(853)	-
Transfer from revaluation reserve on tangible assets sold or fully depreciated	-	-	-	(355)	-	-	355	-
Net changes in available-for-sale securities revaluation	-	-	-	-	(507)	-	-	(507)
Net profit for year	-	-	-	-	-	-	43,040	43,040
<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>



## 11.2. AGE OF THE LATEST FINANCIAL INFORMATION

The latest audited financial information was drawn up for the year ended on 31 December 2005. The latest interim financial information is dated 30 June 2006.

## 11.3. INTERIM FINANCIAL INFORMATION

In accordance with provisions of the Law on Securities Market of the Republic of Lithuania and the Rules of Vilnius Stock Exchange, 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.

The main interim financial statements are provided below. The financial statements as of the 1<sup>st</sup> half-year of 2005 contain retrospective adjustments in accordance with the amendments to the IFRS made in 2005 (for more detailed information please refer to Section 11.1 of the Registration Document).

### INTERIM GROUP AND BANK BALANCE SHEET DRAWN UP IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS

LTL thou

	30.06.2006		31.12.2005		30.06.2005	
	Group	Bank	Group	Bank	Group	Bank
<b>ASSETS</b>						
Cash and balances with central banks	329,801	329,801	339,610	339,604	274,566	274,564
Treasury bills	13,722	13,722	19,615	19,615	2,133	1,984
Due from other banks and financial institutions	400,478	688,760	234,862	456,570	366,729	456,399
Trading securities	45,516	45,516	54,566	54,566	38,015	38,015
Derivative financial instruments	8,689	8,689	2,011	2,011	338	338
Loans	4,841,669	4,841,669	3,749,607	3,749,607	2,934,931	2,934,889
Finance lease receivables	423,191	-	317,998	-	246,180	-
Securities available-for-sale	334,744	330,942	247,225	246,218	163,373	162,562
Securities held-to-maturity	-	-	143,512	143,512	143,631	143,631
Investments in subsidiaries	-	6,200	-	6,200	-	6,200
Intangible assets	5,987	5,853	3,915	3,778	4,272	4,192
Property and equipment	100,426	86,490	98,109	88,496	103,952	95,582
Deferred tax asset	2,004	1,792	8,178	8,000	6,083	6,000
Other assets	71,492	19,345	37,927	10,664	19,929	11,687
<b>Total assets</b>	<b>6,577,719</b>	<b>6,378,779</b>	<b>5,257,135</b>	<b>5,128,841</b>	<b>4,304,132</b>	<b>4,136,043</b>
<b>LIABILITIES</b>						
Due to other banks and financial institutions	2,450,996	2,280,181	1,684,074	1,583,203	1,170,315	1,010,783
Derivative financial instruments	201	201	337	337	47	47
Due to customers	2,922,382	2,922,382	2,624,625	2,624,625	2,249,286	2,249,286
Debt securities in issue	612,979	612,979	440,814	440,814	444,898	444,999
Special and lending funds	9,676	9,676	12,659	12,659	3,850	3,850
Other liabilities	64,666	36,950	64,114	39,061	99,842	93,163
Subordinated loans	155,252	155,252	99,658	99,658	99,651	99,651
<b>Total liabilities</b>	<b>6,216,152</b>	<b>6,017,621</b>	<b>4,926,281</b>	<b>4,800,357</b>	<b>4,067,889</b>	<b>3,901,779</b>
<b>SHAREHOLDERS' EQUITY</b>						
Share capital	318,285	318,285	268,999	268,999	195,117	195,117
Retained earnings	44,225	43,938	60,146	57,840	37,507	35,628
Other reserves	(943)	(1,065)	1,709	1,645	3,619	3,519
<b>Total shareholders equity</b>	<b>361,567</b>	<b>361,158</b>	<b>330,854</b>	<b>328,484</b>	<b>236,243</b>	<b>234,264</b>
<b>Total liabilities and equity</b>	<b>6,577,719</b>	<b>6,378,779</b>	<b>5,257,135</b>	<b>5,128,841</b>	<b>4,304,132</b>	<b>4,136,043</b>

#### Note

Consolidated using the full consolidation method:

UAB DnB NORD Lizingas as 30.06.2006, 31.12.2005, 30.06.2005.

UAB DnB NORD Investicijų Valdymas as of 30.06.2006, 31.12.2005, 30.06.2005.

**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 2006</b>		<b>1<sup>st</sup> half-year of 2005</b>	
	<b>Group</b>	<b>Bank</b>	<b>Group</b>	<b>Bank</b>
Interest income	127,344	122,398	83,606	79,059
Interest expense	(54,227)	(52,131)	(31,004)	(28,648)
<b>Net interest income</b>	<b>73,117</b>	<b>70,267</b>	<b>52,602</b>	<b>50,411</b>
Fee and commission income	27,989	26,217	23,080	22,096
Fee and commission expense	(6,383)	(6,214)	(5,438)	(5,380)
<b>Net interest, fee and commission income</b>	<b>94,723</b>	<b>90,270</b>	<b>70,244</b>	<b>67,127</b>
Net gain on operations with securities and financial derivative instruments	2,740	4,732	(1,019)	(1,020)
Net foreign exchange gain	6,546	6,540	5,016	4,972
Provisions for other assets and contingent liabilities	(1,001)	(18)	(576)	(539)
Other income	2,877	2,858	5,625	5,404
Impairment losses on loans	272	272	16	(158)
<b>Operating income</b>	<b>106,157</b>	<b>104,654</b>	<b>79,306</b>	<b>75,786</b>
Operating expenses	(53,409)	(50,618)	(47,651)	(45,762)
Other expenses	(11,307)	(10,559)	(9,948)	(9,196)
<b>Profit before tax</b>	<b>41,711</b>	<b>43,477</b>	<b>21,707</b>	<b>20,828</b>
Income tax	(5,439)	(5,273)	(138)	-
<b>Net profit</b>	<b>36,272</b>	<b>38,204</b>	<b>21,569</b>	<b>20,828</b>

**Note**

Consolidated using the full consolidation method:  
UAB DnB NORD Lizingas as 30.06.2006, 30.06.2005.  
UAB DnB NORD Investicijų Valdymas as of 30.06.2006, 30.06.2005.

INTERIM GROUP STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

LTL thou

	Share capital	Share premium	Fixed assets revaluation reserve	Financial assets revaluation reserve	Mandatory reserve	Retained earnings	Total
<b>Balance at 30 June 2006</b>	<b>195,117</b>	-	<b>1,004</b>	<b>1,723</b>	<b>892</b>	<b>37,507</b>	<b>236,243</b>
Increase of share capital	38,993	34,889	-	-	-	-	73,882
Adjustment of revaluation reserve	-	-	(21)	-	-	-	(21)
Net changes in available for sale securities revaluation	-	-	-	(1,889)	-	-	(1,889)
Net profit for the period	-	-	-	-	-	22,639	22,639
<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>
Increase of share capital	49,286	-	-	-	-	(49,286)	-
Transfer to mandatory reserve	-	-	-	-	2,983	(2,983)	-
Transfer from revaluation reserve on tangible assets sold or fully depreciated	-	-	(76)	-	-	76	-
Net changes in available for sale securities revaluation	-	-	-	(5 559)	-	-	(5,559)
Net profit for the period	-	-	-	-	-	36,272	36,272
<b>Balance at 30 June 2006</b>	<b>283,396</b>	<b>34,889</b>	<b>907</b>	<b>(5,725)</b>	<b>3,875</b>	<b>44,225</b>	<b>361,567</b>

INTERIM GROUP STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

LTL thou

	Share capital	Share premium	Fixed assets revaluation reserve	Financial assets revaluation reserve	Mandatory reserve	Retained earnings	Total
<b>Balance at 30 June 2005</b>	<b>195,117</b>	-	<b>983</b>	<b>1,683</b>	<b>852</b>	<b>35,628</b>	<b>234,264</b>
Increase of share capital	38,993	34,889	-	-	-	-	73,882
Net changes in available for sale securities revaluation	-	-	-	(1,874)	-	-	(1,874)
Net profit for the period	-	-	-	-	-	22,212	22,212
<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>
Increase of share capital	49,286	-	-	-	-	(49,286)	-
Transfer to mandatory reserve	-	-	-	-	2,896	(2,896)	-
Transfer from revaluation reserve on tangible assets sold or fully depreciated	-	-	(76)	-	-	76	-
Net changes in available for sale securities revaluation	-	-	-	(5,530)	-	-	(5,530)
Net profit for the period	-	-	-	-	-	38,204	38,204
<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>

**INTERIM GROUP AND BANK CASH FLOW STATEMENT DRAWN UP IN CCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS**

	LTL thou			
	1 <sup>st</sup> half-year of 2006		1 <sup>st</sup> half-year of 2005	
	Group	Bank	Group	Bank
<b>Operating activities</b>				
Receipt (payments)				
Interest receipt	113.332	107.990	75.349	69.026
Interest payments	(26.907)	(22.137)	(25.667)	(23.324)
Collected previously written-off loans	7.896	7.896	9.044	9.044
Net receipt from operations in foreign currency	1.254	1.237	(182)	(199)
Net receipt from operations in treasury bills	5.165	5.157	1.585	1.584
Fee and commission receipt	27.989	26.217	25.023	24.039
Fee and commission payments	(6.383)	(6.214)	(5.438)	(5.380)
Salaries and related payments	(28.306)	(27.194)	(22.723)	(21.914)
Other payments	(27.689)	(26.891)	(20.768)	(20.306)
<b>Net cash flow from operating profits before changes in operating assets and liabilities</b>	<b>66.351</b>	<b>66.061</b>	<b>36.223</b>	<b>32.570</b>
<b>(Increase) decrease in operating assets</b>				
(Increase) decrease in mandatory reserves with the central bank	-	-	4.649	4.649
(Increase) in loans to credit and financial institutions	(85.597)	(151.931)	127.600	97.903
(Increase) in loans granted	(1.096.426)	(1.096.426)	(466.800)	(467.072)
(Increase) decrease in securities	9.855	9.855	98.895	98.895
(Increase) in other short-term assets	(139.599)	(8.868)	(32.979)	(784)
<b>Change in operating assets</b>	<b>(1.311.767)</b>	<b>(1.247.370)</b>	<b>(268.635)</b>	<b>(266.409)</b>
<b>Increase (decrease) in liabilities</b>				
Increase in liabilities to credit and financial institutions	757.207	687.873	104.459	102.641
Increase in deposits	293.871	293.871	273.930	273.930
Increase (decrease) in other liabilities	(8.954)	(11.654)	(986)	(2.218)
<b>Change in liabilities</b>	<b>1.042.124</b>	<b>970.090</b>	<b>377.403</b>	<b>374.353</b>
<b>Net cash flow from operating activities before profit tax</b>	<b>(203.292)</b>	<b>(211.219)</b>	<b>144.991</b>	<b>140.514</b>
<b>Net cash flow from operating activities</b>	<b>(203.292)</b>	<b>(211.219)</b>	<b>144.991</b>	<b>140.514</b>
<b>Investing activities</b>				
Acquisition of tangible and intangible assets	(8.139)	(4.855)	(3.594)	(1.780)
Disposal of tangible and intangible assets	1.992	1.838	295	133
Investments in securities and sale thereof, net	38.787	41.587	(109.393)	(106.477)
Dividends received	-	2.000	-	-
Interest received	14.519	14.522	8.981	8.963
<b>Net cash flow from investing activities</b>	<b>47.159</b>	<b>55.092</b>	<b>(103.711)</b>	<b>(99.161)</b>
<b>Financing activities</b>				
Own debt securities issued	171.725	171.725	47.738	47.666
Interest paid	(8.772)	(8.772)	(3.618)	(3.620)
Cash flow from other financing activities	54.310	54.310	77.650	77.650
<b>Net cash flow from financing activities</b>	<b>217.263</b>	<b>217.263</b>	<b>121.770</b>	<b>121.696</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>61.130</b>	<b>61.136</b>	<b>163.050</b>	<b>163.049</b>
Cash and cash equivalents at beginning of year	489.590	489.584	240.477	240.476
<b>Cash and cash equivalents at 30 June</b>	<b>550.720</b>	<b>550.720</b>	<b>403.527</b>	<b>403.525</b>

For further information concerning the interim financial statements please refer to Section 14 of the "Semi-annual Prospectus" 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 of 2006. For the significant events which have occurred since 30 June 2006 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, save for the agreement signed by and between NORD/LB and DnB NOR on the establishment of the joint venture, as described in Section 6 of this Registration Document.

#### **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 Audit Report, which is incorporated into this document by reference and forms an integral part of this Registration Document. For information on the authors of the Audit Report 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, 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 of which is incorporated into this Registration Document by reference (for the list of such documents please refer to Page 2 of this Registration Document).

These documents may be inspected in physical and electronic means in the Issuer's Corporate Finance Division of Investment Banking Department, Basanavičiaus g. 26, Vilnius, Lithuania, from 8:00 till 17:00 on working days (from 8:00 till 15:00 on Fridays).

Information phones: (8-5) 239 37 72, (8-5) 239 35 16.