

**The Annual Financial Statements
Of the Bank of Lithuania 2002**

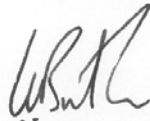
AUDITOR'S REPORT

TO THE SEIMAS OF THE REPUBLIC OF LITHUANIA

1. We have audited the accompanying balance sheet of the Bank of Lithuania ("the Bank") as at 31 December 2002, the related statements of profit and loss and movements of capital and revaluation accounts for the year then ended. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with International Standards on Auditing as issued by the International Federation of Accountants. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. In our opinion, the financial statements give a true and fair view of the financial position of the Bank as at 31 December 2002 and of the results of its operations for the year then ended in accordance with the accounting principles adopted by the Bank of Lithuania. In our opinion, the accounting principles adopted by the Bank of Lithuania comply in all material respects with the Law on the Bank of Lithuania.

Vilnius, 31 March 2003

On behalf of PricewaterhouseCoopers UAB



Christopher C. Butler
Partner



Irena Petruškevičienė
Auditor's Certificate No. 000208

BALANCE SHEET OF THE BANK OF LITHUANIA

LTL million

| | Notes | 31 December 2002 | 31 December 2001 |
|--|-----------|------------------|------------------|
| ASSETS | | | |
| 1. Gold | 1 | 211.34 | 205.88 |
| 2. Claims on foreign institutions denominated in foreign currency | | 7,629.14 | 6,413.16 |
| 2.1. Receivables from the IMF | 2 | 175.98 | 73.59 |
| 2.2. Deposits, securities and other investments denominated in foreign currency | 3 | 7,453.16 | 6,339.57 |
| 3. Claims on domestic credit institutions denominated in foreign currency | 4 | 15.83 | 14.44 |
| 4. Other assets | | 350.83 | 251.16 |
| 4.1. Fixed assets | 5 | 167.40 | 160.54 |
| 4.2. Investment into equity instruments | 6 | 13.24 | 13.24 |
| 4.3. Accrued income and deferred expenditure | 7 | 154.62 | 60.10 |
| 4.4. Sundry | 8 | 15.57 | 17.28 |
| Total | | 8,207.14 | 6,884.64 |
| LIABILITIES | | | |
| 5. Banknotes and coins in circulation | 9 | 4,221.96 | 3,266.71 |
| 6. Liabilities to domestic credit institutions denominated in litas | 10 | 591.13 | 583.51 |
| 7. Liabilities to other domestic institutions denominated in litas | 11 | 381.86 | 166.81 |
| 7.1. Liabilities to Government institutions | | 364.37 | 152.31 |
| 7.2. Other liabilities | | 17.49 | 14.50 |
| 8. Liabilities to foreign institutions denominated in litas | | 3.18 | 3.23 |
| 9. Liabilities to domestic institutions denominated in foreign currency | 12 | 1,925.25 | 1,752.61 |
| 9.1. Liabilities to credit institutions | | 339.27 | 416.74 |
| 9.2. Liabilities to Government institutions | | 1,585.98 | 1,335.87 |
| 10. Liabilities to foreign institutions denominated in foreign currency | 13 | 368.77 | 459.48 |
| 11. Other liabilities | | 11.50 | 7.67 |
| 11.1. Accrued expenditure and deferred income | 14 | 5.21 | 4.44 |
| 11.2. Sundry | 15 | 6.29 | 3.23 |
| 12. Subsidies | 16 | 28.75 | 28.46 |
| 13. Revaluation accounts | 17 | 57.91 | 40.86 |
| 14. Capital | | 513.27 | 434.89 |
| 14.1. Authorised capital | | 100.00 | 62.62 |
| 14.2. Reserve capital | | 402.52 | 361.52 |
| 14.3. Reserves | | 10.75 | 10.75 |
| 15. Profit for the year | 25 | 103.56 | 140.41 |
| Total | | 8,207.14 | 6,884.64 |

PROFIT AND LOSS STATEMENT OF THE BANK OF LITHUANIA

| | | LTL million | |
|---|-----------|----------------|----------------|
| | Notes | 2002 | 2001 |
| Interest income | 18 | 272.73 | 272.35 |
| Interest expense | 19 | (61.00) | (65.17) |
| 1. Net interest income | | 211.73 | 207.18 |
| Net gains (losses) from sale of gold, securities and foreign currencies | | (17.58) | 35.27 |
| Unrealised losses from revaluation of gold, securities and foreign currencies | | (22.27) | (34.59) |
| 2. Net result from sale and revaluation of financial assets | 20 | (39.85) | 0.68 |
| Commission and fee income | | 6.45 | 6.41 |
| Commission and fee expense | | (0.82) | (0.60) |
| 3. Net commission and fee income | 21 | 5.63 | 5.81 |
| 4. Dividend income | 6 | 0.97 | 0.87 |
| 5. Other income | | 3.47 | 3.13 |
| NET INCOME | | 181.95 | 217.67 |
| Staff costs | 22 | (42.78) | (39.61) |
| Other administrative expenses | 23 | (11.73) | (11.60) |
| Asset depreciation and amortisation | 5 | (13.16) | (15.35) |
| Banknote and coin production and circulation expenses | | (12.17) | (18.65) |
| Other expenses | | – | (3.51) |
| 6. Operational expenses | | (79.84) | (88.72) |
| 7. Specific provisions | 24 | 1.45 | 11.46 |
| PROFIT FOR THE YEAR | | 103.56 | 140.41 |

**MOVEMENTS OF CAPITAL AND REVALUATION ACCOUNTS
OF THE BANK OF LITHUANIA**

LTL million

| | Authorised capital | Reserve capital | General reserve | Tangible fixed asset reserve | Reserves ¹ | Revaluation accounts | Profit | Total |
|--|--------------------|-----------------|-----------------|------------------------------|-----------------------|----------------------|---------------|---------------|
| Balance as at 31 December 2000 | 50.00 | 172.67 | x | x | 212.96 | x | 126.20 | 561.83 |
| Profit for the year 2000 transferred to reserve capital | 12.62 | 15.03 | – | – | – | – | (27.65) | – |
| Profit for the year 2000 transferred to the state budget | – | – | – | – | – | – | (98.55) | (98.55) |
| Change in the value of investments | – | – | – | – | 5.73 | – | – | 5.73 |
| Effect of changes in exchange rates | – | – | – | – | 6.74 | – | – | 6.74 |
| Reserve transfers | – | 173.82 | 0.84 | 9.91 | (225.43) | 40.86 | – | – |
| Profit for the year 2001 | – | – | – | – | – | – | 140.41 | 140.41 |
| Balance as at 31 December 2001 | 62.62 | 361.52 | 0.84 | 9.91 | x | 40.86 | 140.41 | 616.16 |
| Profit for the year 2001 transferred to reserve capital | 37.38 | 41.00 | – | – | – | – | (78.38) | – |
| Profit for the year 2001 transferred to the state budget | – | – | – | – | – | – | (62.03) | (62.03) |
| Change in the value of investments | – | – | – | – | – | 23.79 | – | 23.79 |
| Effect of changes in exchange rates | – | – | – | – | – | (6.74) | – | (6.74) |
| Reserve transfers | – | – | 0.30 | (0.30) ² | – | – | – | – |
| Profit for the year 2002 | – | – | – | – | – | – | 103.56 | 103.56 |
| Balance as at 31 December 2002 | 100.00 | 402.52 | 1.14 | 9.61 | x | 57.91 | 103.56 | 674.74 |

The accompanying explanatory notes are an integral part of these financial statements.

The Annual Financial Statements of the Bank of Lithuania were approved on 27 March 2003 by Resolution No. 23 of the Board of the Bank of Lithuania.

Chairman of the Board

Reinoldijus Šarkinas

¹ Reserves closed in 2001.

² Part of the Tangible Fixed Assets Reserve attributable to fixed assets written off and/or fully depreciated in 2002 transferred to the General Reserve on 31 December 2002.

EXPLANATORY NOTES TO THE ANNUAL FINANCIAL STATEMENTS OF THE BANK OF LITHUANIA 2002

LEGAL FRAMEWORK AND MAIN FUNCTIONS

In 2002, the Bank of Lithuania continued the implementation of its objective of seeking price stability as defined in the Law on the Bank of Lithuania, performed the functions specified in the above law and the tasks provided in the Bank of Lithuania operational guidelines.

The main functions of the Bank of Lithuania are the following:

- issuing the currency of the Republic of Lithuania; formulating and implementing monetary policy; determining the litas exchange rate regulation system and announcing the official exchange rate of the litas;
- managing, using and disposing of the foreign reserves of the Bank of Lithuania;
- acting as a State Treasury agent;
- issuing and revoking licenses of Lithuanian and foreign credit institutions and supervising their activities;
- developing and managing the inter-bank funds transfer system and establishing the requirements for its participants;
- collecting monetary, banking and balance of payments statistics, as well as Lithuanian financial and related statistic data, implementing standards for the collection, reporting and publishing of said statistics and compiling the Balance of Payments of the Republic of Lithuania.

In implementing the exclusive right to issue the national currency of the Republic of Lithuania, the Bank of Lithuania put into and withdrew from circulation litas banknotes and coins.

In the area of monetary policy, the Bank of Lithuania applied reserve requirements to commercial banks, performed litas and anchor currency purchase and sale transactions with commercial banks without any restrictions, thus ensuring the backing of the litas in circulation with gold and foreign exchange reserves.

The foreign reserves of the Bank of Lithuania were invested, in compliance with set requirements for the investment strategy and currency structure, in the securities of central governments of other countries and international financial institutions, were held as deposits with the central banks of other countries, foreign commercial banks and international financial institutions.

In performing the functions of the State Treasury agent, the Bank of Lithuania carried out operations related to the organisation of issue and repurchase of Government securities, administered Treasury and Government institution accounts, serviced the projects implemented by the Government with foreign public and international financial institutions.

Seeking to create an adequate environment for efficient and reliable functioning of credit institutions, the whole banking system and the economic development of the country in general, the Bank of Lithuania consistently strengthened the supervision of credit institutions.

Acting as the manager of the interbank funds transfer system, the Bank of Lithuania ensured its stable and smooth functioning.

The Bank of Lithuania carried out macroeconomic research, macroeconomic and monetary forecasting, compiled the Balance of Payments of the country, collected, processed and published statistical information, monitored and assessed ongoing processes, developments and trends in the financial system.

The Bank of Lithuania developed and enhanced its information systems and ensured their smooth functioning, updated and maintained its resource base in order to create adequate conditions for performing its main functions and developing the necessary infrastructure.

At the end of 2002, the Board of the Bank of Lithuania consisted of the chairman, 3 deputy chairmen and 7 members (at the end of 2001, it consisted of the chairman, 2 deputy chairmen

and 7 members). The Bank of Lithuania activities were carried out by 10 departments, 5 independent divisions and 2 bank branches. Its staff consisted of 865 members (876 in 2001).

BASIS FOR PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

The financial accounting of the Bank of Lithuania has been managed and the financial statements have been prepared on the basis of the Law on the Bank of Lithuania, other laws of the Republic of Lithuania, accounting policies set by the Board of the Bank of Lithuania and other legal acts of the Bank of Lithuania regulating accounting and reporting.

The Law of the Bank of Lithuania establishes that the Bank of Lithuania manages its financial accounting and prepares its annual financial statements on the basis of the International Accounting Standards (IAS) and the recommendations of the European Central Bank (ECB). Taking into account the Republic of Lithuania's efforts to become a full-fledged member of the European Union and the intention of the Bank of Lithuania to participate in the European System of Central Banks (ESCB), the Bank of Lithuania has developed its accounting policies and reporting in accordance with the recommendations to participating central banks established by the Governing Council of the European Central Bank on 15 December 1999 (as amended on 14 December 2000) and has followed the IAS in areas of accounting and reporting that are not regulated by the ECB, taking into account the recommendations of the ECB on the application of these standards.

The structure of the items of the Balance Sheet and the Profit and Loss Statement of the Annual Financial Statements of the Bank of Lithuania for 2002 has been changed. In order to provide the information consistently, the comparative financial information for 2001 has been presented alongside the data for 2002.

Taking into account the operational goals and functions of the Bank of Lithuania as the central bank of the country, the Board of the Bank of Lithuania believes that the presentation of the statement on cash flows would not provide the readers with any additional or useful information about the financial standing of the Bank of Lithuania.

The Balance Sheet, the Profit and Loss Statement, and the Statement on the Movements of Capital and Revaluation Accounts for the year 2002 were prepared on the basis of the provisions of the accounting policy presented below.

ACCOUNTING POLICY

General Principles

In managing financial accounting and drawing up the financial statements, the Bank follows the following principles: economic reality and transparency, prudence, materiality, going concern, accrual, consistency and comparability.

The financial statements have been prepared on the historical cost basis of accounting, with the exception of gold within foreign reserves, other financial assets and liabilities (“financial items”) denominated in foreign currencies. Financial items are reflected in the Financial Statements at market prices on the balance sheet date and litas and foreign currency official exchange rates (“official exchange rate”) on that date.

Official exchange rates of the litas and the main foreign currencies

| Currency | Code | Litas (LTL) per unit | |
|-------------------------------|------|----------------------|------------------|
| | | 31 December 2002 | 31 December 2001 |
| Euro | EUR | 3.4528 | 3.5272 |
| US dollar | USD | 3.3114 | 4.0000 |
| 100 Japanese yen | JPY | 2.7736 | 3.0412 |
| Special Drawing Rights | XDR | 4.4751 | 5.0179 |
| Great Britain pounds sterling | GBP | 5.3123 | 5.7944 |

Revaluation results arising from revaluation of gold, each securities issue (according to the same ISIN number) and any foreign currency (on a currency-by-currency basis) are treated separately. Unrealised revaluation loss arising at the end of the financial year from the revaluation of gold, any one security or any foreign currency at market price and the official exchange rate cannot be reversed in subsequent years against new revaluation gain relating to the same financial item or netted against unrealised revaluation gain related to another type of financial item.

Financial assets and financial liabilities are recorded in the Balance Sheet accounts on the transaction settlement date.

Gold

Gold holdings are revalued on the last business day of each month at market price at London Bullion Market. Gold revaluation gains or losses are calculated on the basis of gold mid market price in US dollars per one Troy ounce, translated into litas at the exchange rate of the litas against the US dollar on the revaluation day.

Revaluation gains and losses related to the revaluation of gold held as part of foreign reserves are recorded in the gold revaluation account without splitting the results of revaluation due to changes in price and revaluation due to changes in the exchange rate.

Transactions related to gold swaps are accounted for in the same way as repurchase agreements (see below).

Foreign Currency Transactions

Financial foreign currency instruments are accounted for at transaction value.

Financial items in foreign currencies are revalued on a currency-by-currency basis on each business day at the official exchange rate of that day, and the revaluation gains or losses related

to the respective foreign currency (including Special Drawing Rights, SDRs) are recorded in separate revaluation accounts.

The average rate of the net foreign currency position is recalculated if the operations carried out during the day (including the ones shown in off-balance sheet accounts) increase the net position of that currency (in the case of net asset position) or reduce it (in the case of net liability position).

In the event of recognition of unrealised revaluation losses on any foreign currency at year-end, the average rate of that currency position is adjusted correspondingly to the official exchange rate on the last business day of the financial year.

Income and expenses in foreign currencies are reflected at the official exchange rate on the date on which they were recorded in the accounts.

Securities

Securities are recognised in the accounts at acquisition value. Coupon income purchased is not included in that value and is recorded as a separate item in other assets.

Securities held as part of foreign reserves are revalued on the last business day on a monthly basis at market price.

Revaluation gains or losses arising from securities price movements are entered separately on an item-by-item basis (according to the same ISIN number).

The difference between the security acquisition value and its nominal value – premium or discount – is recognised as income or expenses over the remaining maturity of the security.

Discounts or premiums arising on discount securities are amortised according to the Internal Rate of Return (IRR) method, on coupon securities – according to the straight-line method.

Unrealised revaluation losses of a particular securities issue at the end of the financial year are recorded as expenses.

If unrealised revaluation losses from revaluation of a particular securities issue are recognised as expenses at the end of the financial year, the average cost of such securities issue is adjusted according to market price. After the adjustment of the average cost of such securities, their premium or discount is accumulated from effective yield at the time of the last revaluation of securities.

Long-term investments in equities held for the Bank needs are recorded at cost.

The value of non-interest bearing debt securities taken over as foreclosed assets is adjusted by making specific provisions.

Repurchase Agreements

A repurchase agreement is recorded as a collateralised inward deposit of the transaction counterparty: the commitment to repay funds is recorded on the liabilities side of the Balance Sheet, while the financial asset that has been given as collateral (sold and repurchased under this agreement) remains on the asset side of the Balance Sheet for the period of the transaction. A reverse repurchase agreement is recorded as a collateralised outward loan on the asset side of the Balance Sheet. The collateral purchased under these agreements for the transaction period is not shown in the Balance Sheet and is not revalued.

The difference of the value between the purchase and repurchase price of the collateral indicated in repurchase and reverse repurchase agreements is recognised as income or expense on a straight-line basis over transaction period.

Loans

Loans granted by the Bank are recorded at their nominal value and their balances are presented at net value, i.e. less specific provisions.

Loans to legal entities are classified and specific provisions are made each quarter. Specific provisions are recorded as expenses. These expenses are adjusted for changes in the need for specific provisions. Specific provision expenses (income) representing changes in the loan portfolio quality during the accounting year are recorded in the Profit and Loss Statement.

The value of loans to individuals is adjusted for the year-end situation on a yearly basis.

A loan whose net value is zero and whose status has not improved for over a year is written off from the Balance Sheet, including accrued interest and other receivables.

Tangible and Intangible Fixed Assets

Tangible and intangible fixed assets include such assets whose value at cost (including VAT) is not less than LTL 500 and whose useful life is longer than one year. Tangible and intangible fixed assets are recognised in the accounts at cost and are reported in the Balance Sheet at cost less accumulated depreciation. Depreciation is calculated on a straight-line basis over the expected useful life of assets.

The net book value of the fixed assets acquired before 1994 was indexed in accordance with the resolutions of the Government.

Depreciation (amortisation) rates of tangible and intangible fixed assets

| Assets | Annual depreciation rate, % |
|---|-----------------------------|
| Buildings | 2.5–10 |
| Computer equipment | 10–50 |
| Software | 33–100 |
| Vehicles | 20 |
| Furniture, office equipment and other inventory | 5–50 |

If there are signals that the market value of real estate is declining more rapidly than expected when estimating the useful life of the asset, then at the end of the financial year the value at cost of such assets is adjusted for losses arising because of their significant impairment.

Banknotes and Coins in Circulation

Banknotes and coins in circulation are represented at nominal value as liabilities in the Balance Sheet. The cost of printing banknotes and minting coins, as well as other expenses associated with the issue of currency into circulation are recorded as expenses as incurred irrespective of when the coins and banknotes are put into circulation.

Recognition of Income and Expenses

Interest income and expenses (including premiums and discounts of securities) related to financial assets and liabilities are accrued on a daily basis and are recorded in profit and loss accounts on the last business day of each month, regardless of the date when it was received or incurred. Other income earned and expenses incurred within the current year are recorded in the accounts on an annual basis.

Realised income and expenses are recorded in the profit and loss statement on the date on which they are settled.

Realised income and expenses arising from the sale of securities and foreign currency operations are calculated according to the average price and average rate method.

Taxes

The Bank of Lithuania is not subject to any taxes or fees payable to the state budget, with the exception of the contribution from the profit provided by the Law on the Bank of Lithuania, remaining after the allocation of the profit to the authorised and/or reserve capital.

Post-Balance-Sheet Events

Data of annual financial statements are adjusted for post-balance-sheet events if these events depend on circumstances that occurred before the balance sheet day (i.e., the last day of the financial year) and therefore should have affected the data presented in the financial statements.

No adjustment is made for the data of annual financial statements of post-balance-sheet events that depend on circumstances that affect the condition of the data of annual financial statements at the later day than the balance sheet day. These events are disclosed in the Explanatory Notes to the Annual Financial Statements, which are of such importance that their non-disclosure would affect the ability of users of the financial statements to make proper evaluations and decisions.

Significant Changes in the Accounting Policy of the Bank of Lithuania in 2002

Accrued premiums and discounts on securities held as at 31 December 2002 are recorded to the profit and loss statement. Until 2002, premiums and discounts on securities were not accrued.

Note 29 shows the impact of the accounting policy provisions adopted in 2002 on the accounting data of the 2001 Balance Sheet and Profit and Loss Statement.

RISK AND RISK MANAGEMENT

In conducting its activities the Bank of Lithuania is exposed to certain risks that may influence financial results. The main risk management tasks of the Bank of Lithuania are to ensure uninterrupted risk assessment and monitoring, to provide adequate information on risks to respective bank divisions and management chains and constantly assess the suitability of the accepted risk level for implementing the objectives of the Bank of Lithuania. An appropriate organisational and internal control system was established at the Bank of Lithuania in order to implement the foregoing tasks.

The main subject for risks is the Bank of Lithuania foreign reserves, which on 31 December 2002 accounted for more than 97 per cent of total assets of the Bank of Lithuania.

In managing foreign reserves the Bank of Lithuania is exposed to liquidity, credit, market, settlement and operational risks. These risks are managed by an established broad system of limits for risk exposures and other means aimed at reducing risks.

The main risk faced by the Bank of Lithuania in foreign reserve management that has the strongest influence on financial results is market risk. Market risk consists of exchange rate risk and interest rate risk.

In order to reduce exchange rate risk, the major part of foreign reserves not related to liabilities in foreign currencies is invested in the anchor currency. The part of foreign reserves related to liabilities is invested in the currency of the liabilities (see Note 26).

The Bank of Lithuania uses the indicator of the modified duration (MD) as the main tool for managing interest rate risk. All foreign reserves are structured according to their objectives into functional parts (portfolios) for which benchmarks of different MD are established. The Bank of Lithuania uses its own benchmarks. In order to reduce interest rate risk, allowed deviations from MD of the benchmarks are established to portfolios. The “value-at-risk” (VAR) method is used in order to estimate market risk of investments more comprehensively. VAR indicator is applied

in establishing the allowed deviations of MD from the benchmark that changes according to fluctuations in financial markets. VAR information is also used in making other investment management decisions, however, it is not the main risk management instrument.

Credit risk is managed by establishing strict financial reliability requirements to issuers and counterparties. In order to reduce credit risk, investment limits are established for financial instruments, issuers, counterparties and their groups.

Foreign reserve liquidity risk is managed by setting liquidity ratios and liquidity requirements for financial instruments. Liquidity ratios guarantee that a certain portion of foreign reserves is always held in a very liquid form (see Note 27).

Various correspondent account management techniques are applied for managing settlement risks, such as payment queuing, matching of debit and credit turnovers. These means reduce the risk of loss due to settlement defaults by counterparties. Operational risks are managed on the basis of clear procedural regulations.

OTHER INFORMATION

On 4 March 2003 the Seimas of the Republic of Lithuania adopted the Law on the Amendment of Article 23 of the Law on the Bank of Lithuania. In accordance with this Law, the profit of the Bank of Lithuania is allocated in the following way: 50 per cent is allocated to the authorised capital (until it amounts to LTL 100 million) and 50 per cent is allocated to the reserve capital (up to 10% of Bank of Lithuania liabilities in litas).

NOTES

Note 1. Gold

| | 31 December 2002 | 31 December 2001 |
|------------------------------|------------------|------------------|
| Gold holdings in | | |
| Troy ounces | 186,205.36 | 186,146.03 |
| Kilograms | 5,791.63 | 5,789.79 |
| Price of one Troy ounce, USD | 342.75 | 276.50 |
| Value of gold, LTL million | 211.34 | 205.88 |

Gold holdings changed due to differences in the weight of gold bars arising on settlements of gold lending transactions.

Note 2. Receivables from the IMF

The Bank of Lithuania performs the function of depository of the IMF funds.

Net Reserve Position in the IMF

SDR million

| | 31 December 2002 | 31 December 2001 |
|---|------------------|------------------|
| State Quota of IMF membership (total value) | 144.20 | 144.20 |
| Reduced: IMF claims in litas | (233.45) | (264.50) |
| Disposition of the IMF loans | 89.27 | 120.32 |
| Net reserve position in the IMF | 0.02 | 0.02 |

Funds Receivable from the IMF

LTL million

| | 31 December 2002 | 31 December 2001 |
|-------------------------------------|------------------|------------------|
| Net reserve position in the IMF | 0.07 | x |
| Balance in SDR account with the IMF | 175.91 | 73.59 |
| Total | 175.98 | 73.59 |

From 2002 the Balance Sheet of the Bank of Lithuania shows the net reserve position in the IMF belonging to the Republic of Lithuania which has been a member of the IMF since 1992. The Republic of Lithuania's Quota (SDR 144.20 million) has not changed since 1999. A part of this Quota (25%) was paid in SDR and another part was paid in non-marketable and non-interest bearing Government securities denominated in the national currency. The value of these Government securities issued in favour of the IMF as at 31 December 2002 amounted to SDR 233.02 million.

The increased balance in the SDR account with the IMF as at 31 December 2002, compared to 31 December 2001, is related to the repayment of the remaining part of the loan under the IMF Extended Fund Facility managed by the Bank of Lithuania that was planned at the beginning of January 2003 (see Note 13).

The Bank of Lithuania accrues in its Balance Sheet interest income and interest expenses related to the IMF operations (see Note 7 and Note 14).

Note 3. Deposits, Securities and Other Investments Denominated in Foreign Currency

LTL million

| | 31 December 2002 | 31 December 2001 |
|---|------------------|------------------|
| Correspondent accounts with foreign banks | 361.11 | 255.15 |
| Term deposits with foreign banks | 274.27 | 244.82 |
| Debt securities | 4,973.04 | 5,552.40 |
| Reverse repurchase transactions | 1,844.74 | 287.20 |
| Total | 7,453.16 | 6,339.57 |

Breakdown of securities and other investments by currencies and by maturity is shown in Note 26 and Note 27.

Breakdown of Correspondent Accounts, Deposits and Reverse Repurchase Transactions by Counterparties

LTL million

| | 31 December 2002 | 31 December 2001 |
|---------------------------------------|------------------|------------------|
| Central banks | 26.71 | 202.22 |
| International financial organisations | 342.01 | 217.99 |
| Other financial institutions | 2,111.40 | 366.96 |
| Total | 2,480.12 | 787.17 |
| European Union states | 2,110.73 | 350.29 |
| USA | 21.19 | 206.17 |
| Other | 348.20 | 230.71 |
| Total | 2,480.12 | 787.17 |

Investments denominated in euros comprise the major part of these investments (98.69%).

Breakdown of Debt Securities by Issuer and Issuer's Country

LTL million

| | 31 December 2002 | 31 December 2001 |
|---|------------------|------------------|
| Debt securities of central governments and government agencies | 4,802.09 | 4,636.68 |
| European Union states | 4,750.32 | 3,339.14 |
| USA | 51.77 | 1,119.09 |
| Other states | – | 178.45 |
| Securities of international financial institutions | 170.95 | 915.72 |
| Eurofima | 84.10 | 99.89 |
| International Bank for Reconstruction and Development (World Bank) | 40.10 | 28.23 |
| European Investment Bank | 30.90 | 259.10 |
| Council of Europe Development Bank | – | 435.41 |
| Other institutions | 15.85 | 93.09 |
| Total | 4,973.04 | 5,552.40 |

Note 4. Claims on Domestic Credit Institutions Denominated in Foreign Currency

LTL million

| | 31 December 2002 | 31 December 2001 |
|-----------------------------------|------------------|------------------|
| Loans to banks | 15.77 | 15.34 |
| Specific provisions | – | (0.95) |
| Net value of loans | 15.77 | 14.39 |
| Accounts with credit institutions | 0.06 | 0.05 |
| Total | 15.83 | 14.44 |

Loans to banks are related to the implementation of the Small and Medium Size Enterprise Financing Programme of the Republic of Lithuania.

As at 31 December 2002, the need for specific provisions disappeared due to the improved risk situation of loans granted to banks.

Note 5. Fixed Assets

LTL million

| | Intangible assets | Tangible assets | | | | Total |
|--|-------------------|--|---|-------------|-----------------------|---------------|
| | | Buildings and construction in progress | Cash calculation and computer equipment (including non-assembled items) | Vehicles | Other tangible assets | |
| Acquisition value as at 31 December 2001 | 7.84 | 137.80 | 47.35 | 6.17 | 38.09 | 237.25 |
| Additions in 2002 | 2.85 | 6.03 | 9.72 | 0.65 | 1.02 | 20.27 |
| Disposals in 2002 | – | (0.33) | (0.76) | (0.40) | (0.87) | (2.36) |
| Redistribution in 2002 | – | – | (0.05) | – | 0.05 | – |
| Acquisition value as at 31 December 2002 | 10.69 | 143.50 | 56.26 | 6.42 | 38.29 | 255.16 |
| Accrued depreciation as at 31 December 2001 | (6.38) | (8.94) | (31.51) | (5.46) | (24.42) | (76.71) |
| Depreciation in 2002 | (2.35) | (2.00) | (4.82) | (0.46) | (3.53) | (13.16) |
| Written-off depreciation in 2002 | – | 0.14 | 0.81 | 0.40 | 0.76 | 2.11 |
| Net book value as at 31 December 2002 | 1.96 | 132.70 | 20.74 | 0.90 | 11.10 | 167.40 |
| Net book value as at 31 December 2001 | 1.46 | 128.86 | 15.84 | 0.71 | 13.67 | 160.54 |

The net book value of fixed assets acquired prior to 1994 and indexed according to the resolutions of the Government of the Republic of Lithuania as at 31 December 2002 amounted to LTL 65.33 million.

Note 6. Equity Investment

The Bank of Lithuania is a member of the Bank for International Settlements (BIS) with representation and voting rights equal to 1,000 shares with an acquisition cost of LTL 7.77 million and the nominal value of 2,500 gold francs per share. The Bank of Lithuania has paid up 25 per cent of the value of these shares. The Bank of Lithuania received dividends of LTL 0.89 million for these BIS shares in 2002 (LTL 0.80 million in 2001).

One SWIFT share and one Euroclear share held by the Bank of Lithuania do not yield dividends.

The Bank of Lithuania owns 60 per cent of shares of the Central Securities Depository of Lithuania with an acquisition cost of LTL 3.63 million. In 2002 the Bank of Lithuania received dividends of LTL 0.08 million for them (LTL 0.07 million in 2001).

As from 1995 the Bank of Lithuania was granted the rights of founder of the Public Company Lithuanian Mint. In 1998, the Bank of Lithuania made a LTL 1.83 million property contribution to increase the authorised capital of this company.

Note 7. Accrued Income and Deferred Expenditure

| | LTL million | |
|---|------------------|------------------|
| | 31 December 2002 | 31 December 2001 |
| Debt securities coupon payment purchased | 84.82 | 13.77 |
| Accrued interest income | 66.81 | 44.86 |
| Accrued debt securities coupon | 65.09 | 43.98 |
| Interest on reverse repurchase transactions | 0.92 | 0.04 |
| Interest on balance in SDR account with the IMF | 0.60 | 0.18 |
| Other income | 0.20 | 0.66 |
| Other accrued income | 0.62 | 0.52 |
| Deferred expenses | 2.37 | 0.95 |
| Total | 154.62 | 60.10 |

Note 8. Sundry

| | LTL million | |
|---------------------------------|------------------|------------------|
| | 31 December 2002 | 31 December 2001 |
| Foreclosed assets | 6.95 | 6.75 |
| Provisions on foreclosed assets | (1.45) | (1.78) |
| Net value of foreclosed assets | 5.50 | 4.97 |
| Loans to the Bank's staff | 7.64 | 6.40 |
| Other assets | 2.43 | 5.91 |
| Total | 15.57 | 17.28 |

Foreclosed assets consist of non-interest bearing debt securities of the Government of the Republic of Lithuania denominated in the national currency of five issues with various maturity (LTL 6.75 million) and the balance of the rights of claim to the debts of individuals taken over for satisfying part of claims on loans granted by the Bank of Lithuania (LTL 0.20 million).

From 1996 to 2000 loans to the Bank's staff were not granted. Pursuant to the provisions of the Law on the Bank of Lithuania, from October 2001 granting of loans to Bank of Lithuania staff was revoked. As at 31 December 2002, the balance of loans granted to the staff from 2001 made up LTL 3.29 million, of which the balance of mortgage loans was LTL 2.15 million and the balance of consumer loans was LTL 1.14 million.

Note 9. Banknotes and Coins in Circulation

Banknotes and coins in circulation are litas and centas put into circulation by the Bank of Lithuania. In 2002, the amount of cash put into circulation amounted to LTL 2,091.97 million (LTL 2,173.77 million in 2001) and the amount withdrawn from circulation made up LTL 1,136.72 million (LTL 1,814.93 million in 2001).

Banknotes and Coins in Circulation

LTL million

| | 31 December 2002 | 31 December 2001 |
|------------------------------|------------------|------------------|
| Banknotes | 4,121.41 | 3,172.12 |
| Coins | 100.55 | 94.59 |
| of which commemorative coins | 4.08 | 3.88 |
| Total | 4,221.96 | 3,266.71 |

Note 10. Liabilities to Domestic Credit Institutions Denominated in Lit

These liabilities consist of balances of correspondent accounts with domestic banks where the banks' required reserves are held. Interest on balances on these accounts is not paid.

Note 11. Liabilities to Other Domestic Institutions Denominated in Lit

LTL million

| | 31 December 2002 | 31 December 2001 |
|---|------------------|------------------|
| Liabilities to Government institutions | 364.37 | 152.31 |
| Balances of accounts with the Ministry of Finance | 356.37 | 141.46 |
| Balances of accounts with other Government institutions | 8.00 | 10.85 |
| Other liabilities | 17.49 | 14.50 |
| Total | 381.86 | 166.81 |

Note 12. Liabilities to Domestic Institutions Denominated in Foreign Currency

| | LTL million | |
|---|------------------|------------------|
| | 31 December 2002 | 31 December 2001 |
| Liabilities to credit institutions | 339.27 | 416.74 |
| Liabilities to Government institutions | 1,585.98 | 1,335.87 |
| Balances of accounts with the Ministry of Finance | 353.52 | 1,335.85 |
| Term deposits of the Ministry of Finance | 1,232.44 | – |
| Balances of accounts with other Government institutions | 0.02 | 0.02 |
| Total | 1,925.25 | 1,752.61 |

Liabilities to credit institutions consist of the required reserves of banks in foreign currency held in separate accounts of credit institutions with the Bank of Lithuania.

Note 13. Liabilities to Foreign Institutions Denominated in Foreign Currency

| | LTL million | |
|--|------------------|------------------|
| | 31 December 2002 | 31 December 2001 |
| IMF loans | 175.62 | 253.19 |
| Liabilities on repurchase transactions | 193.15 | 206.29 |
| Total | 368.77 | 459.48 |

As at 31 December 2002, compared to 31 December 2001, the part of the loan under the IMF Extended Fund Facility administered by the Bank of Lithuania decreased by LTL 77.57 million due to the repayment of LTL 52.88 million (SDR 11.21 million) of the loan by the Bank of Lithuania and changes in exchange rates. The Government of the Republic of Lithuania administers another part of this loan which totalled SDR 39.24 million as at 31 December 2002, and a Systematic Transformation Facility granted by the IMF to the Republic of Lithuania, the balance of which made up SDR 10.78 million as at 31 December 2002³.

Note 14. Accrued Expenditure and Deferred Income

| | LTL million | |
|---------------------------|------------------|------------------|
| | 31 December 2002 | 31 December 2001 |
| Accrued interest expenses | 3.36 | 2.62 |
| Interest on the IMF loan | 0.77 | 1.18 |
| Other expenses | 2.59 | 1.44 |
| Other accrued expenses | 1.68 | 1.71 |
| Deferred income | 0.17 | 0.11 |
| Total | 5.21 | 4.44 |

³ Accrued interest on loans administered by the Government as at 31 December 2002 made up SDR 0.22 million.

Note 15. Sundry

LTL million

| | 31 December 2002 | 31 December 2001 |
|-----------------------|------------------|------------------|
| Balances of accounts | 2.31 | 2.06 |
| Other amounts payable | 3.98 | 1.17 |
| Total | 6.29 | 3.23 |

Note 16. Subsidies

LTL million

| | 31 December 2002 | 31 December 2001 |
|---|------------------|------------------|
| Subsidies for financing small and medium size enterprises | 28.52 | 28.23 |
| Fixed tangible assets | 0.23 | 0.23 |
| Total | 28.75 | 28.46 |

According to trilateral agreements of 1993 and 1995 between the European Commission, the Government of the Republic of Lithuania and the Bank of Lithuania, the Bank of Lithuania administers non-repayable subsidies allocated to the Republic of Lithuania for pursuing the Small and Medium Size Enterprise Financing Programme of the Republic of Lithuania. Under these agreements, the purpose of the subsidies may be revised in 2003 and 2005. The contractual portion of interest received is allocated for re-financing loans.

Note 17. Revaluation Accounts

LTL million

| | 31 December 2002 | 31 December 2001 |
|------------------|------------------|------------------|
| Gold | 23.04 | 17.65 |
| Securities | 34.87 | 16.47 |
| Foreign currency | – | 6.74 |
| Total | 57.91 | 40.86 |

The balance accounted for in revaluation accounts shows unrealised revaluation gains related to gold, securities and foreign currency revaluation at market price and/or the official exchange rate as at 31 December 2002.

Unrealised revaluation losses of a specific foreign currency and specific securities issue (by ISIN) that arose as at 31 December 2002 were recognized as expenses (see Note 20).

Note 18. Interest Income

LTL million

| | 2002 | 2001 |
|---|---------------|---------------|
| Interest on: | | |
| Investment in debt securities | 225.68 | 207.92 |
| Reverse repurchase transactions | 26.77 | 32.44 |
| Balances of correspondent accounts with foreign banks | 9.85 | 2.60 |
| Time deposits in foreign banks | 5.56 | 27.15 |
| Balance in SDR account with the IMF | 4.37 | 0.41 |
| Other interest income | 0.50 | 1.83 |
| Total | 272.73 | 272.35 |

In 2002 the Bank of Lithuania earned 0.14 per cent more interest income than in 2001. The amount of income earned was influenced by a higher average amount of foreign investments⁴ (LTL 7,383.35 million in 2002 and LTL 5,920.20 million in 2001) and a lower average interest rate on these investments (3.69% in 2002 and 4.59% in 2001).

The largest part of interest income (92.56%) was generated from operations with foreign securities (interest for investment in debt securities and reverse repurchase transactions). In 2002, income earned from operations with securities was 5.03 per cent higher than in 2001 due to a higher volume of these investments (in 2002 the average volume of investments in debt securities was LTL 5,519.81 million, investment in reverse repurchase transactions was LTL 848.16 million and in 2001 LTL 4,149.56 million and LTL 790.32 million, respectively). In 2002 the average interest rate of investments in debt securities was 4.09 per cent (5.01% in 2001) and the average interest rate of investments in reverse repurchase transactions was 3.16 per cent (4.10% in 2001).

Note 19. Interest Expense

LTL million

| | 2002 | 2001 |
|--|----------------|----------------|
| Interest on: | | |
| Time deposits of the Ministry of Finance | (37.55) | (31.56) |
| Balances of account with the Ministry of Finance | (11.13) | (13.15) |
| IMF loan | (6.64) | (12.35) |
| Repurchase transactions | (5.68) | (8.07) |
| Other interest expenses | – | (0.04) |
| Total | (61.00) | (65.17) |

Interest expenses were lower by 6.40 per cent in 2002 owing to the decline of average interest rates paid on interest bearing liabilities (the average interest rate in 2002 was 2.63%, 3.92% in 2001). The average volume of interest costing liabilities in 2002 amounted to LTL 2,318.62 million, LTL 1,659.94 in 2001.

In 2002, compared to 2001, the amount of interest paid to the Ministry of Finance on time deposits was 18.98 per cent higher owing to a larger average volume of such deposits (the

⁴ Average amount is calculated on the basis of the daily investment amount.

average amount of time deposits of the Ministry of Finance was LTL 1,283.17 million in 2002, LTL 678.81 in 2001). In 2002, the average interest rate on time deposits of the Ministry of Finance was 2.93 per cent (4.84% in 2001).

In 2002, compared to 2001, the amount of interest paid on IMF loans was lower by 46.23 per cent owing to the decreasing debt of the Bank of Lithuania (see Note 13). In addition, the average interest rate was lower in 2002 by 1.3 percentage points compared to 2001. Part of the annual commitment fee for the possibility to use IMF funds was recorded as interest expenses (LTL 0.76 million in 2002, LTL 0.54 million in 2001).

The amount of interest paid on liabilities under repurchase transactions was lower by 29.62 per cent in 2002, as compared to 2001, as the average interest rate paid on these transactions was lower by 0.60 percentage points.

Note 20. Net Result from Sale and Revaluation of Financial Assets

| | LTL million | |
|---|----------------|-------------|
| | 2002 | 2001 |
| Net gains (losses) on realisation of securities | (16.20) | 36.47 |
| Net gains (losses) on realisation of foreign currencies | (1.38) | (1.20) |
| Unrealised losses on revaluation of securities | (0.01) | (7.66) |
| Unrealised losses on revaluation of foreign currencies | (22.26) | (26.93) |
| Total | (39.85) | 0.68 |

Note 21. Net Commission and Fee income

| | LTL million | |
|--------------------------------------|---------------|---------------|
| | 2002 | 2001 |
| Income from | | |
| Trade in anchor currency | 0.79 | 1.23 |
| Trade in commemorative coins | 0.27 | 0.33 |
| Auctions of securities | 0.24 | 0.21 |
| Settlement services | 4.84 | 3.97 |
| Management of the World Bank loan | 0.24 | 0.63 |
| Other services | 0.07 | 0.04 |
| Total | 6.45 | 6.41 |
| Commission and fee expense | (0.82) | (0.60) |
| Net commission and fee income | 5.63 | 5.81 |

The Bank of Lithuania issues gold and silver commemorative coins.

Note 22. Staff Costs

LTL million

| | 2002 | 2001 |
|--------------------------------------|----------------|----------------|
| Expenses on wages and salaries: | (32.68) | (30.27) |
| to the members of the board | (0.62) | (0.54) |
| to the heads of structural divisions | (1.65) | (1.55) |
| to other staff | (30.41) | (28.18) |
| State social insurance contributions | (10.10) | (9.34) |
| Total | (42.78) | (39.61) |

Note 23. Other Administrative Expenses

Other administrative expenses (LTL 11.73 million) include maintenance expenses (LTL 6.37 million), subscription expenses (LTL 1.44 million), mail and communication (LTL 1.05 million), training of staff (LTL 0.96 million), business trips (LTL 0.82 million), library acquisitions and press subscription (LTL 0.20 million) and other expenses (LTL 0.89 million). Other administrative expenses include various one-off items which do not have a significant effect on the financial statements and are not disclosed separately.

Note 24. Specific Provisions

LTL million

| | 2002 | 2001 |
|--|-------------|--------------|
| Specific provisions income (expenses): | | |
| against the loans to banks | 1.12 | 6.49 |
| against the foreclosed assets | 0.33 | 4.97 |
| Total | 1.45 | 11.46 |

Income from specific provisions on loans granted to banks resulted from the reduction of the need for specific provisions, improvement of the condition of loans and the repayment of loans subject to specific provisions over the previous year.

Note 25. Distribution of the Profit of the Bank of Lithuania

LTL million

| | 2002 | 2001 | 2000 |
|--------------------------------------|---------|---------|---------|
| Profit for the year | 103.56 | 140.41 | 126.20 |
| Allocation to the authorised capital | – | (37.38) | (12.62) |
| Allocation to the reserve capital | (51.78) | (41.00) | (15.03) |
| Transfer to the state budget | (51.78) | (62.03) | (98.55) |

Note 26. Assets and Liabilities of the Bank of Lithuania by Currencies

LTL million

| | LTL | EUR | USD | XDR | XAU | Other | Total |
|--|-------------------|-----------------|-----------------|-----------------|---------------|--------------|-----------------|
| 31 December 2002 | | | | | | | |
| <u>ASSETS</u> | | | | | | | |
| Gold | – | – | – | – | 211.34 | – | 211.34 |
| Claims in foreign currency on foreign institutions | – | 6,768.53 | 675.18 | 175.98 | – | 9.45 | 7,629.14 |
| Receivables from the IMF | – | – | – | 175.98 | – | – | 175.98 |
| Debt securities | – | 4,320.89 | 652.15 | – | – | – | 4,973.04 |
| Deposits and other investment | – | 2,447.64 | 23.03 | – | – | 9.45 | 2,480.12 |
| Claims in foreign currency on domestic credit institutions | – | 15.77 | 0.06 | – | – | – | 15.83 |
| Other assets | 198.98 | 147.28 | 3.97 | 0.60 | – | – | 350.83 |
| Total assets | 198.98 | 6,931.58 | 679.21 | 176.58 | 211.34 | 9.45 | 8,207.14 |
| <u>LIABILITIES</u> | | | | | | | |
| Banknotes and coins in circulation | 4,221.96 | – | – | – | – | – | 4,221.96 |
| Liabilities in litas to domestic credit institutions | 591.13 | – | – | – | – | – | 591.13 |
| Liabilities in litas to other domestic institutions | 381.86 | – | – | – | – | – | 381.86 |
| Liabilities in litas to foreign institutions | 3.18 | – | – | – | – | – | 3.18 |
| Liabilities in foreign currency to domestic institutions | – | 1,569.40 | 346.46 | 0.10 | – | 9.29 | 1,925.25 |
| Liabilities in foreign currency to foreign institutions | – | – | 193.15 | 175.62 | – | – | 368.77 |
| Other liabilities | 8.10 | 1.18 | 1.44 | 0.77 | – | 0.01 | 11.50 |
| Subsidies | 0.23 | 28.52 | – | – | – | – | 28.75 |
| Revaluation accounts | 23.04 | 34.09 | 0.78 | – | – | – | 57.91 |
| Capital | 513.27 | – | – | – | – | – | 513.27 |
| Profit for the year | 103.56 | – | – | – | – | – | 103.56 |
| Total liabilities, capital and profit | 5,846.33 | 1,633.19 | 541.83 | 176.49 | – | 9.30 | 8,207.14 |
| NET BALANCE POSITION | (5,647.35) | 5,298.39 | 137.38 | 0.09 | 211.34 | 0.15 | 0.00 |
| 31 December 2001 | | | | | | | |
| Total assets | 191.10 | 661.40 | 5,694.86 | 73.77 | 205.88 | 57.63 | 6,884.64 |
| Total liabilities, capital and profit | 4,625.09 | 211.98 | 1,778.77 | 254.47 | – | 14.33 | 6,884.64 |
| NET BALANCE POSITION | (4,433.99) | 449.42 | 3,916.09 | (180.70) | 205.88 | 43.30 | 0.00 |

Pursuant to the Law of the Republic of Lithuania on the Credibility of the Litas, as from 1 February 2002 the national currency of the Republic of Lithuania was pegged to the euro as the anchor currency (at the official exchange rate of LTL 3.4528 to EUR 1). Prior to 1 February 2002 the national currency of the Republic of Lithuania was pegged to the US dollar (at the exchange rate of LTL 4 to USD 1).

The change of the anchor currency and the subsequent review of foreign reserve management principles resulted in changes of Bank of Lithuania asset and liability structure by currencies as at 31 December 2002, showing a marked increase in the net position in the euro and a decline in the net position in the US dollar.

Note 27. Assets and Liabilities of the Bank of Lithuania by Maturity⁵

LTL million

| | Demand | Up to 1 month | 2–3 months | 4–12 months | 1–5 years | Over 5 years | No fixed maturity | Total |
|--|-------------------|-----------------|-----------------|-----------------|-----------------|---------------|-------------------|-----------------|
| 31 December 2002 | | | | | | | | |
| ASSETS | | | | | | | | |
| Gold | – | – | – | – | – | – | 211.34 | 211.34 |
| Claims in foreign currency on foreign institutions | 537.02 | 2,995.52 | 1,351.16 | 1,482.89 | 757.74 | 504.74 | 0.07 | 7,629.14 |
| Receivables from the IMF | 175.91 | – | – | – | – | – | 0.07 | 175.98 |
| Debt securities | – | 876.51 | 1,351.16 | 1,482.89 | 757.74 | 504.74 | – | 4,973.04 |
| Deposits and other investment | 361.11 | 2,119.01 | – | – | – | – | – | 2,480.12 |
| Claims in foreign currency on domestic credit institutions | 0.06 | – | – | 4.23 | 11.54 | – | – | 15.83 |
| Other assets | 0.02 | 61.46 | 42.85 | 23.75 | 23.31 | 16.74 | 182.70 | 350.83 |
| Total assets | 537.10 | 3,056.98 | 1,394.01 | 1,510.87 | 792.59 | 521.48 | 394.11 | 8,207.14 |
| LIABILITIES | | | | | | | | |
| Banknotes and coins in circulation | – | – | – | – | – | – | 4,221.96 | 4,221.96 |
| Liabilities in litas to domestic credit institutions | 591.13 | – | – | – | – | – | – | 591.13 |
| Liabilities in litas to other domestic institutions | 381.86 | – | – | – | – | – | – | 381.86 |
| Liabilities in litas to foreign institutions | 3.18 | – | – | – | – | – | – | 3.18 |
| Liabilities in foreign currency to domestic institutions | 353.47 | – | 1,232.44 | – | – | – | 339.34 | 1,925.25 |
| Liabilities in foreign currency to foreign institutions | – | 175.62 | 32.02 | 161.13 | – | – | – | 368.77 |
| Other liabilities | 2.32 | 3.73 | 2.34 | 2.94 | – | – | 0.17 | 11.50 |
| Subsidies | – | – | – | 28.52 | – | – | 0.23 | 28.75 |
| Revaluation accounts | – | 0.23 | 0.58 | 1.23 | 15.17 | 17.66 | 23.04 | 57.91 |
| Capital | – | – | – | – | – | – | 513.27 | 513.27 |
| Profit | – | – | – | 51.78 | – | – | 51.78 | 103.56 |
| Total liabilities, capital and profit | 1,331.96 | 179.58 | 1,267.38 | 245.60 | 15.17 | 17.66 | 5,149.79 | 8,207.14 |
| LIQUIDITY EXCESS (SHORTAGE) | (794.86) | 2,877.40 | 126.63 | 1,265.27 | 777.42 | 503.82 | (4,755.68) | 0.00 |
| 31 December 2001 | | | | | | | | |
| Total assets | 328.79 | 3,799.08 | 481.22 | 570.01 | 1,026.85 | 296.89 | 381.80 | 6,884.64 |
| Total liabilities, capital and profit | 2,091.48 | 6.01 | 42.63 | 281.45 | 227.59 | 14.02 | 4,221.46 | 6,884.64 |
| LIQUIDITY EXCESS (SHORTAGE) | (1,762.69) | 3,793.07 | 438.59 | 288.56 | 799.26 | 282.87 | (3,839.66) | 0.00 |

The volume of assets and liabilities carrying a variable interest rate is not significant.

⁵ Maturity is presented on the basis of the remaining period to repayment date.

Note 28. Post-Balance-Sheet Events

Bank of Lithuania Foreign Reserve Management Guidelines, as amended in 2003, provide that all foreign reserves that are not related to liabilities in a corresponding foreign currency are invested in euros. Owing to the changes in the foreign reserve investment strategy, the Bank of Lithuania's net position in the US dollar became close to neutral on the date of approving the Bank of Lithuania financial statements for 2002.

On 2 January 2003 the Bank of Lithuania repaid the remaining part of the loan under the IMF Extended Fund Facility, i.e. LTL 175.39 million (SDR 39.24 million).

Note 29. Effect of Changes in Accounting Policies in 2002

The application of the provisions of the accounting policy approved in 2002 on securities accounting in 2001 would result in LTL 8.52 million lower interest income from securities in the Profit and Loss Statement of the Bank of Lithuania for 2001. The securities revaluation account balance would increase by the same amount.