AB DNB Bankas

INTERIM CONSOLIDATED REPORT, SIX MONTHS 2012

(UNAUDITED)
CONTENTS

REPORTING PERIOD COVERED BY THIS REPORT 3
THE ISSUER AND ITS CONTACT DETAILS 3
MAIN ACTIVITIES OF THE ISSUER 3
STRUCTURE OF THE AUTHORIZED CAPITAL 4
SHAREHOLDERS 5
ARRANGEMENTS THAT WOULD BE ENFORCED, CHANGED OR TERMINATED AS A RESULT OF CHANGE IN THE ISSUER’S CONTROL 6
INFORMATION ON SECURITIES LISTED ON REGULATED MARKETS 6
MAIN CHARACTERISTICS OF DEBT SECURITIES ISSUED FOR PUBLIC TRADING 7
INFORMATION ON RELEVANT AGREEMENTS WITH RELATED PARTIES 7
MATERIAL EVENTS OVER THE REPORTING PERIOD 7
INFORMATION ON PERFORMANCE RESULTS 10
BANK’S SUBSIDIARIES 12
RISK MANAGEMENT AND RATINGS 15
STRATEGY AND PLANS 15
INVESTMENTS 15
MANAGEMENT OF THE ISSUER 16
SUPERVISORY COUNCIL AND MANAGEMENT BOARD 18
INFORMATION ON THE ACTIVITIES OF THE COMMITTEES OF THE ISSUER 21
EMPLOYEES 22
INFORMATION ON EXECUTIVE REMUNERATION POLICY 22
INFORMATION ON HARMFUL TRANSACTIONS CARRIED OUT ON BEHALF OF THE ISSUER DURING THE REPORTING PERIOD 24
PROCEDURE FOR AMENDING THE BYLAWS 24
INFORMATION ON LEGAL OR ARBITRAL PROCEEDINGS 24
ANNEX I 25
REPORTING PERIOD COVERED BY THIS REPORT

This Interim Consolidated Report for the first six months of 2012 covers the period from 1 January 2012 to 30 June 2012.

THE ISSUER AND ITS CONTACT DETAILS

<table>
<thead>
<tr>
<th>Name of the Issuer</th>
<th>AB DNB Bankas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal status</td>
<td>Joint stock company</td>
</tr>
<tr>
<td>Date and place of registration</td>
<td>Registered with the Bank of Lithuania on 13 September 1993, registration No. 29</td>
</tr>
<tr>
<td>Company code</td>
<td>112029270</td>
</tr>
<tr>
<td>Office address</td>
<td>J. Basanavičiaus str. 26, Vilnius, Republic of Lithuania</td>
</tr>
<tr>
<td>Telephone number</td>
<td>(+370 5) 239 34 44</td>
</tr>
<tr>
<td>Fax number</td>
<td>(+370 5) 213 90 57</td>
</tr>
<tr>
<td>E-mail</td>
<td><a href="mailto:info@dnb.lt">info@dnb.lt</a></td>
</tr>
<tr>
<td>Website</td>
<td><a href="http://www.dnb.lt">www.dnb.lt</a></td>
</tr>
</tbody>
</table>

MAIN ACTIVITIES OF THE ISSUER

AB DNB Bankas (hereinafter referred to as the “Bank” or the “Issuer”) is a credit institution holding a licence for and is engaged in acceptance of deposits and other repayable funds from unprofessional market players and lending, as well as provision of other financial services, and assumes the risks and liabilities related thereto.

The Bank shall provide the following financial services:

- taking of deposits and other repayable funds;
- lending (including mortgage loans);
- money transfers;
- issuing of payment cards and other payment vehicles and (or) execution of transactions with them;
- financial lease (leasing);
- issuing of financial indemnities and guarantees;
- trading, on its own account or on account of customers, in money market instruments (cheques, bills, certificates of deposits, etc.), foreign exchange, financial futures and options, foreign exchange and interest rate instruments, public trading securities, precious metals;
- investment services;
- financial brokerage (agent activities);
- cash handling;
- consultancy on credits and payments;
- rent of safe deposit lockers;
- currency exchange (cash);
- safekeeping and administration of monetary funds;
- 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;
- provision of services related to issuance of securities;
- issuance and maintenance of electronic money;
- settlements of credit institutions (clearing);
- administration of investment funds or investment companies with a variable capital.

As of 30 June 2012 AB DNB Bankas’ Group (hereinafter referred to as “the Group”) in Lithuania consisted of AB DNB Bankas and its subsidiaries UAB DNB Investicijų Valdymas, AB DNB Lizings, UAB DNB Būstas, UAB Intractus with its subsidiaries UAB Industrius and UAB Gėlužės projektai. Comprehensive data regarding the subsidiaries of the Bank and their activity are described in Article 12 of this consolidated annual report.

AB DNB Bankas provided financial services to its customers in 79 banking outlets (15 customer service branches and 17 customer service sub-branches) across Lithuania.

Norway’s DNB Bank ASA is a sole direct shareholder of AB DNB Bankas group holding 100 percent direct ownership of the Bank’s shares and voting rights.
The organization structure of the Group and the Issuer

**STRUCTURE OF THE AUTHORIZED CAPITAL**

On 30 June 2012 the authorized capital of the Bank was LTL 656,665,410 (six hundred fifty six million six hundred sixty five thousand four hundred ten). It is divided into 5,710,134 (five million seven hundred ten thousand one hundred thirty four) ordinary registered shares with LTL 115 (one hundred and fifteen) par value each.

The authorized capital of AB DNB Bankas has not changed during the reporting period.

On 30 June 2012 the authorised capital of AB DNB Bankas consisted of:

<table>
<thead>
<tr>
<th>Type and class of shares</th>
<th>ISIN code of securities</th>
<th>Number of issued shares</th>
<th>Nominal value per share, LTL</th>
<th>Aggregate nominal value, LTL</th>
<th>Share in authorized capital, percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary registered shares</td>
<td>LT0000100174</td>
<td>5,710,134</td>
<td>115</td>
<td>656,665,410</td>
<td>100.00</td>
</tr>
</tbody>
</table>

The entire authorized capital of AB DNB Bankas is paid up and no restrictions apply to the shares of the Bank as to their disposal.

AB DNB Bankas had not issued any convertible securities.

As of 30 June 2012 AB DNB Bankas did not own its own shares nor sold its own shares or the shares of its subsidiaries to the third parties.

No restrictions other than those provided by the legal acts or described in this Interim Consolidated Report of six months 2012 apply to the securities of AB DNB Bankas and there are no requirements to receive approval from the Issuer or other holders of securities.

The history of the Issuer’s authorized capital formation:

<table>
<thead>
<tr>
<th>Date</th>
<th>Authorized capital</th>
<th>Increase of the authorized capital</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>102,839,115</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2002</td>
<td>176,585,430</td>
<td>73,746,315</td>
<td>Increase of the authorized capital by additional contributions</td>
</tr>
<tr>
<td>2004</td>
<td>195,116,795</td>
<td>18,531,365</td>
<td>Increase of the authorized capital by additional contributions</td>
</tr>
<tr>
<td>2005</td>
<td>234,110,020</td>
<td>38,993,225</td>
<td>Increase of the authorized capital by additional contributions</td>
</tr>
<tr>
<td>2006</td>
<td>283,396,340</td>
<td>49,286,320</td>
<td>Increase of the authorized capital from undistributed profit</td>
</tr>
<tr>
<td>2006</td>
<td>311,735,790</td>
<td>28,339,450</td>
<td>Increase of the authorized capital by additional contributions</td>
</tr>
<tr>
<td>2007</td>
<td>363,691,755</td>
<td>51,955,965</td>
<td>Increase of the authorized capital by additional contributions</td>
</tr>
<tr>
<td>2008</td>
<td>590,998,800</td>
<td>227,307,045</td>
<td>Increase of the authorized capital from undistributed profit and additional contributions</td>
</tr>
<tr>
<td>2009</td>
<td>656,665,410</td>
<td>65,666,610</td>
<td>Increase of the authorized capital by additional contributions</td>
</tr>
</tbody>
</table>
The Issuer, then operating under AB Lietuvos Žemės Ūkio bankas name, was registered on 13 September 1993 in the Bank of Lithuania. The founder of AB Lietuvos Žemės Ūkio bankas was the Ministry of Finance of the Republic of Lithuania. It owned 51 percent or the outstanding shares of the Bank. The remaining part of the Bank’s share capital (49 percent) was owned by natural and legal entities.

At the end of 2001 the State Property Fund announced a tender on privatization of AB Lietuvos Žemės Ūkio bankas state owned shares. Germany’s bank Norddeutsche Landesbank Girozentrale (NORD/LB) was recognized the winner of the tender. In March 2002 NORD/LB officially took over a 76.01 percent stake of the Bank. At the moment of privatization the registered Bank’s share capital amounted to LTL 102,839,115.

In 2002 a new share issue of the Bank was issued which was acquired by NORD/LB. In such a way the Bank’s authorized capital was increased to LTL 176,585,430, and the share portfolio held by NORD/LB increased to 93.03 percent. On 2 May 2003 the Register of Legal enterprises registered a new name of the Issuer: AB Bankas NORD/LB Lietuva as well as the new wording of the statute.

In June 2005 the largest shareholder of the Issuer, NORD/LB signed an agreement with Norway’s financial service group DnB NOR Bank ASA regarding the establishment of the new bank in the North East Europe. The newly established Bank started its activity on 2 January 2006 under the name of Bank DnB NORD A/S and its headquarters were set in Copenhagen (Denmark).

NORD/LB formed the capital for the new Bank by selling to the latter its infrastructure, customers across Poland, Latvia, Lithuania, Estonia, Finland and Denmark. On 20 December 2005 NORD/LB transferred to the Norway’s bank DnB NOR Bank ASA 51 percent of the shares of the Bank DnB NORD A/S entitling 51 percent of votes in the general meeting of shareholders and constituting 51 percent of the authorized capital. In such a way Norwegian bank DnB NOR Bank ASA acquired an indirect control over the Issuer. The new name of the Issuer - AB DnB NORD Bankas – and the Bank’s by-laws regarding the change were registered on 12 May 2006 in the Register of Legal Entities of the Republic of Lithuania.

On 23 December 2010 NORD/LB bank transferred 49 percent of Bank DnB NORD A/S shares to Norway’s DnB NORD Bank ASA, thus increasing its indirect control of AB DnB NORD Bankas to 100 percent from 51 percent.

On 30 June 2011 DnB NOR Bank ASA registered in Norway has acquired 100 percent of shares of the Bank from Bank DnB NORD A/S, controlled by DnB NOR Bank ASA and registered in Denmark, thus becoming direct shareholder of the Bank owning 100 percent of its shares and voting rights.

On 11 November 2011 upon the sole Bank’s shareholder DnB NOR Bank ASA changing its name to DNB Bank ASA, the Bank has registered at the Register of Legal Entities its amended Bylaws, stating that as of that date the name AB DnB NORD Bankas has been changed to AB DNB Bankas.

**SHAREHOLDERS**

On 30 June 2012 Norway’s DNB Bank ASA was the sole direct shareholder of AB DNB Bankas that held 100 percent of the Bank’s registered authorized capital of LTL 656,665,410.

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Office address</th>
<th>Type of the company</th>
<th>Code</th>
<th>Number of ordinary registered shares</th>
<th>Share of the authorized capital held and number of votes, percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>DNB Bank ASA</td>
<td>Stranden 21, Aker Brygge, N-0021 Oslo, Norway</td>
<td>Bank</td>
<td>984851006MVA</td>
<td>5,710,134</td>
<td>100</td>
</tr>
</tbody>
</table>

The shareholders of the Issuer shall have the following property rights:

- To receive a share of the profit of the Bank (dividend);
- To receive funds of the Issuer if the authorized capital of the Issuer is decreased on purpose to disburse funds of the Issuer to the shareholders;
- To receive a share of the assets of the Issuer in the event of liquidation;
- To receive shares free of charge when the authorized capital is increased from the Bank’s own funds, except in the events stipulated in laws;
- In case the shareholder is a natural person, to devise and bequeath all or any part of the shares to one or several persons;
- To sell or otherwise transfer all or any part of the shares to the ownership of other persons in the procedure and under the conditions prescribed in laws;
- To exercise the pre-emption right in acquisition of the shares or convertible bonds issued by the Issuer unless the General Meeting decides to withdraw the pre-emption right from all the shareholders in the procedure prescribed in laws;
- To lend to the Issuer in the manner prescribed in laws; however, when borrowing from its shareholders, the Issuer shall not pledge its assets to the shareholders. When the Issuer borrows from a shareholder, the interest shall not be higher than the average interest rate offered by commercial banks of the place of residence or business of the lender effective on the date of conclusion of the loan agreement. Thus the Issuer and the shareholders shall be prohibited from negotiating a
higher interest rate;
• Other property rights stipulated in laws.

The shareholders of the Issuer shall have the following non-property rights:

• To participate in the General Meetings of Shareholders;
• To cast the votes granted by the shares held in the General Meetings of Shareholder;
• To receive the information about the Bank to the extent specified in the Law on Companies;
• To appeal to the court for the compensation of the damage suffered by the Bank due to the failure to perform the obligations of the President and the Members of the Management Board of the Bank stipulated in laws and the Bylaws of the Bank, or to perform them duly, and in other cases stipulated in laws.
• Other non-property rights stipulated in laws.

Unless otherwise established by law, the shareholders of the Issuer shall only hold an obligation to pay to the Issuer the issue price for all subscribed shares under the established procedure.

The shareholders of the Issuer shall not have special control rights. No Issuer’s restrictions shall apply to the voting rights of the shareholders of the Issuer.

The Issuer is not aware of any reciprocal agreements between the shareholders which might lead to any restrictions on the disposal of the Issuer’s securities and (or) voting rights.

ARRANGEMENTS THAT WOULD BE ENFORCED, CHANGED OR TERMINATED AS A RESULT OF CHANGE IN THE ISSUER’S CONTROL

As of 30 June 2012 the following ISDA Master Agreements and TBMA/ISMA Global Master Repurchase Agreement, whereby the counterparties thereto have the right to terminate the transactions with the Issuer in case of a change in the Issuer’s control, were in force:

– ISDA Master Agreement with UBS Limited dated 13 January 2006;
– ISDA Master Agreement with UBS AG dated 13 January 2006;
– ISDA Master Agreement with Calyon dated 15 November 2007;
– ISDA Master Agreement with Barclays Bank Plc dated 18 December 2008;
– ISDA 2002 Master Agreement with BNP Paribas S.A. dated 22 June 2009;
– TBMA/ISMA Global Master Repurchase Agreement with AB SEB Bank dated 29 October 2009;

As of 30 June 2012 the Issuer also had the Finance Contract dated 13 March 2009 with the European Investment Bank, whereby the European Investment Bank has the right to terminate the Finance Contract in case of a change in the Issuer’s control if, in the reasonable opinion of the European Investment Bank, such a change in the Issuer’s control has or is likely to have a material adverse effect on the future repayment of the loan received under the Finance Contract.

The terms and conditions of the aforementioned by-lateral contracts are deemed confidential with regards to the Bank and the other parties involved disclosure of which could cause damage to the Bank.

As of 30 June 2012 the Issuer had no other significant arrangements that would be enforced, changed or terminated as a result of the change in the Issuer’s control.

INFORMATION ON SECURITIES LISTED ON REGULATED MARKETS

Shares of AB DNB Bankas or of the other companies of the Group are not traded on regulated markets.

As of 30 June 2012 the following debt securities of AB DNB Bankas were listed on regulated markets:

<table>
<thead>
<tr>
<th>Name of securities (ISIN code)</th>
<th>Name in regulated market</th>
<th>Number of securities</th>
<th>Nominal value per unit</th>
<th>Aggregate nominal value</th>
<th>Maturity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed rate notes issue No. 10/2013 (LT0000431132)</td>
<td>NASDAQ OMX Vilnius Stock Exchange list of debt securities</td>
<td>350 000</td>
<td>100 (LTL)</td>
<td>35 000 000 (LTL)</td>
<td>2013-10-07</td>
</tr>
<tr>
<td>Fixed rate notes issue No. 05/2015 (LT0000405052)</td>
<td>NASDAQ OMX Vilnius Stock Exchange list of debt securities</td>
<td>150 000</td>
<td>100 (LTL)</td>
<td>15 000 000 (LTL)</td>
<td>2015-05-07</td>
</tr>
</tbody>
</table>
The Issuer is engaged in public trading brokerage activities; relevant transactions are performed by the Markets Department of the Bank.

MAIN CHARACTERISTICS OF DEBT SECURITIES ISSUED FOR PUBLIC TRADING

As of 30 June 2012 the par value of debt securities issued by AB DNB Bankas for public trading constituted LTL 96 million.

All Issuer’s debt securities were made available for public trading during the public issues. No restrictions apply to those securities as to their negotiability. All the securities are non-convertible.

Key characteristics of the debt securities issued by the Issuer are presented in Annex 1 of this Consolidated 2012 semi annual report.

INFORMATION ON RELEVANT AGREEMENTS WITH RELATED PARTIES

Information on relevant agreements with related parties are provided in Note 13 of the Interim Condensed Financial Information for the first six months of 2012.

MATERIAL EVENTS OVER THE REPORTING PERIOD

The material events of AB DNB Bankas that took place in the first six months of 2012:

On 2 February 2012 AB DNB Bankas notified that on 1 February 2012 Anne Birgitte Prestholdt started her office of member of the Bank’s management board and executive vice president in charge of credit and financial risk management, loan restructuring as well as special assets and asset valuation operations. She replaced the member of the Bank’s management board Fredrik Johannes Borch in the position.

On 9 February 2012 AB DNB Bankas notified that according to preliminary unaudited data calculated in accordance to International financial reporting standards the Bank earned a net profit of LTL 81.0 million (EUR 23.5 million) in the full year 2011. AB DNB Bankas profit before taxes and provisions in the full year 2011 was LTL 157.2 million (EUR 45.5 million).

On 27 February 2012 AB DNB Bankas presented unaudited Group and Bank’s interim condensed financial statements for the fourth quarter of 2011 prepared in accordance with International Financial Reporting Standards and confirmed by the management

On 30 March 2012 the sole shareholder of the Bank Norway’s DNB Bank ASA:

1. acknowledged 2011 Consolidated Annual Report of the Bank;

2. approved separate and consolidated financial statements of the Bank of 2011;

3. approved distribution of the profit (loss) of the Bank. It was decided to allocate LTL 77.1 million (EUR 23.5 million) from the Bank’s 2011 net profit of LTL 81 million (EUR 23.5 million) to cover the retained loss for the previous year and transfer LTL193 thousand (EUR 55.9 thousand) to the obligatory reserve. The remaining part of the net profit of LTL 3.7 million (EUR 1.1 million) shall be transferred to the next financial year.

4. elected closed stock company „Ernst & Young Baltic” as an audit firm to perform audit of the annual financial statements of the Bank for the year 2012 and authorized the president of the Bank to establish the other terms and conditions of the Agreement on auditing services with audit firm according to the approved by the sole shareholder remuneration amount;

5. approved the amendments of the Bylaws of the Bank:

5.1. Regarding reduction of the number of the Bank’s Supervisory Council members from 7 to 5 and to set the Section 7.1 of Chapter VII of the Bylaws of the Bank to read as follows:

“7.1. The Supervisory Council of the Bank shall be a collegial supervisory body supervising the operation of the Bank. The Chairman of the Supervisory Council shall be in charge of the Supervisory Council. The General Meeting shall elect 5 Members of the Supervisory Council. At such election, every shareholder shall have the number of votes equal to the number of the votes granted by his/her shares multiplied by the number of the Supervisory Council Members to be elected. These votes shall be cast, at the shareholders’ sole discretion, for one or for several candidates. The candidates who receive the greatest number of votes shall be elected. Should the number of the candidates who have received an equal number of votes be greater than the
number of the vacancies on the Supervisory Council, a repeat voting shall be held, and in such voting each shareholder shall vote only for one of the candidates who have received the equal number of votes. The Supervisory Council shall be elected for the period of four years."

5.2. Regarding increase of the number of members of the Management Board from 6 to 7 and to set the Section 8.1 of Chapter VIII of the Bylaws of the Bank to read as follows:

"The Management Board shall be a collegial management body of the Bank consisting of 7 Members. It shall manage the Bank, handle the affairs thereof and represent it, and shall bear the liability for the performance of financial services in accordance with the laws."

5.3. Regarding the simplification of the procedure for the Adoption of the Decisions on the Establishment of the Branches, Representative Offices and Other Individual Outlets of the Bank and on the Termination of Their Operation and to set the Section X of the Bylaws of the Bank to read as follows:

"Section X. The Procedure for the Adoption of the Decisions on the Establishment of the Branches, Representative Offices and Other Individual Outlets of the Bank and on the Termination of Their Operation, the Procedure for the Appointment of the Managers of the Branches and Representative Offices of the Bank

10.1. The Bank shall have the right to establish branches and representative offices in the Republic of Lithuania.

10.2. The Bank shall also have the right to establish other individual outlets of the Bank which provide the financial services.

10.3. The decisions on the establishment, merger and termination of the operation of the branches, representative offices and other individual outlets of the Bank shall be taken by the Management Board. They shall operate in accordance with the laws, other legal acts, the Bylaws of the Bank and the Regulations approved by the Management Board.

10.4. The Bank may establish individual working places and automated points of sale subordinate to the Bank, a branch or any other individual outlet of the Bank in a location the same as or other than the Head Office, the branch or any other individual outlet of the Bank for provision of one or more financial services. The decision on the establishment of individual working places and automated points of sale, termination of the operation and approval of the Regulations thereof (if any) shall be made by the Management Board or a person duly authorised thereby to such extent.

10.5. The Management Board shall establish the procedure for appointment of managers of the branches and representative offices of the Bank and shall approve the candidate managers of the branches and representative offices of the Bank nominated by the President.

10.6. The branches, representative offices and other individual outlets of the Bank may have their seals.

10.7. The transactions made (financial services provided) by the branches and other individual outlets of the Bank including customer self service centres, individual working places and automated points of sale shall be included in the balance sheet of the Bank.

On 30 March 2012 AB DNB Bankas presented 2011 financial statements that include audited separate and consolidated financial statements prepared in accordance with International Financial Reporting Standards and consolidated annual report assessed by the auditors. The documents were approved by the Bank’s sole shareholder DNB Bank ASA on 30 March 2012. The audited results of AB DNB Bankas for the full year 2011 did not differ from previously reported preliminary data.

On 30 March 2012 AB DNB Bankas notified that dr. Jekaterina Titarenko resigned from her position of a member of the Bank’s Supervisory Council. She continued her career in Norway’s DNB Bank ASA.

On 6 April 2012 AB DNB Bankas notified that the amended Bylaws of the Bank were registered with the Register of the Legal Entities on 5 April 2012. The Bylaws were amended in line with the decision of the sole shareholder of the Bank – DNB Bank ASA – as of 30 March 2012:

1. regarding reduction of the number of the Bank’s Supervisory Council members from 7 to 5, therefore the Section 7.1 of Chapter VII of the Bylaws of the Bank was set as follows:

"7.1. The Supervisory Council of the Bank shall be a collegial supervisory body supervising the operation of the Bank. The Chairman of the Supervisory Council shall be in charge of the Supervisory Council. The General Meeting shall elect 5 Members of the Supervisory Council. At such election, every shareholder shall have the number of votes equal to the number of the votes granted by his/her shares multiplied by the number of the Supervisory Council Members to be elected. These votes shall be cast, at the shareholders’ sole discretion, for one or for several candidates. The candidates who receive the greatest number of votes shall be elected. Should the number of the candidates who have received an equal number of votes be greater than the number of the vacancies on the Supervisory Council, a repeat voting shall be held, and in such voting each shareholder shall
vote only for one of the candidates who have received the equal number of votes. The Supervisory Council shall be elected for the period of four years.”

2. regarding increase of the number of members of the Management Board from 6 to 7 therefore the Section 8.1 of Chapter VIII of the Bylaws of the Bank was set as follows:

“The Management Board shall be a collegial management body of the Bank consisting of 7 Members. It shall manage the Bank, handle the affairs thereof and represent it, and shall bear the liability for the performance of financial services in accordance with the laws.”

3. regarding the simplification of the procedure for the Adoption of the Decisions on the Establishment of the Branches, Representative Offices and Other individual Outlets of the Bank and on the Termination of Their Operation. The Section X of the Bylaws of the Bank was set as follows:

“Section X. The Procedure for the Adoption of the Decisions on the Establishment of the Branches, Representative Offices and Other Individual Outlets of the Bank and on the Termination of Their Operation, the Procedure for the Appointment of the Managers of the Branches and Representative Offices of the Bank

10.1. The Bank shall have the right to establish branches and representative offices in the Republic of Lithuania.

10.2. The Bank shall also have the right to establish other individual outlets of the Bank which provide the financial services.

10.3. The decisions on the establishment, merger and termination of the operation of the branches, representative offices and other individual outlets of the Bank shall be taken by the Management Board. They shall operate in accordance with the laws, other legal acts, the Bylaws of the Bank and the Regulations approved by the Management Board.

10.4. The Bank may establish individual working places and automated points of sale subordinate to the Bank, a branch or any other individual outlet of the Bank in a location the same as or other than the Head Office, the branch or any other individual outlet of the Bank for provision of one or more financial services. The decision on the establishment of individual working places and automated points of sale, termination of the operation and approval of the Regulations thereof (if any) shall be made by the Management Board or a person duly authorised thereby to such extent.

10.5. The Management Board shall establish the procedure for appointment of managers of the branches and representative offices of the Bank and shall approve the candidate managers of the branches and representative offices of the Bank nominated by the President.

10.6. The branches, representative offices and other individual outlets of the Bank may have their seals.

10.7. The transactions made (financial services provided) by the branches and other individual outlets of the Bank including customer self service centres, individual working places and automated points of sale shall be included in the balance sheet of the Bank.”

On 27 April 2012 it was announced that according to preliminary unaudited data calculated in accordance to International financial reporting standards AB DNB Bankas earned LTL 21.7 million (EUR 6.3 million) net profit in the first quarter of 2012.

On 25 May 2012 AB DNB Bankas presented unaudited Group and Bank’s interim condensed financial statements for the first quarter of 2012 prepared in accordance with International Financial Reporting Standards and confirmed by the management.

On 13 June 2012 AB DNB Bankas notified that on 12 June 2012 based on the decision of the Bank’s sole shareholder – Norway’s DNB Bank ASA – Olaf Tronsgaard was elected a member of the Supervisory Council of AB DNB Bankas until the expiry of term of office of the current Supervisory Council. Olaf Tronsgaard replaced dr. Jekaterina Titarenko on the Supervisory Council after she resigned from the position on 30 March 2012 to continue her carrier in DNB Bank ASA.

Material events of the Issuer that took place after the date of the reporting period covered in this Interim consolidated report:

On 12 July 2012 the Bank notified that according to preliminary unaudited data calculated in accordance to International financial reporting standards, AB DNB Bankas earned LTL 55.3 million (EUR 16.0 million) net profit in the first six months of 2012.In the first six months of 2011 AB DNB Bankas net profit was LTL 36.2 million (EUR 10.5 million).

On 16July 2012 AB DNB Bankas notified that on 16 July 2012 the Bank received a Statement of Objections by the Competition Council of the Republic of Lithuania regarding the investigation performed of the actions of AB DNB Bankas and other legal entities in compliance with the requirements of the Law on Competition of the Republic of Lithuania and Treaty on the Functioning of the European Union. To the opinion of the evaluators, the actions of AB DNB Bankas could have limited competition in the cash collection and handling market. The Statement of Objections does not mean it has been established that AB DNB Bankas and/or other legal entities have committed the infringement.

The Competition Council shall take the final decision after completing all procedures related to the investigation. AB DNB Bankas stands by opinion it has not violated legal acts on competition and shall provide to the Competition Council its arguments to ground the position according to the established procedure.

The Laws of the Republic of Lithuania provide that in case the Competition Council acknowledges the evidence of the infringement to be sufficient, it may request to cease the infringement and impose the fine on a legal entity that equals up to 10 percent of the total annual revenue of the last financial year.
On 31 July 2012 it was notified that on 1 August 2012 Per Weidemann will take office of a member of the Bank’s management board and executive vice president in charge of implementation of human resource management strategy. Bank of Lithuania has granted a permission to Per Weidemann to take the office.

Per Weidemann began his work in AB DNB Bankas on 1 January 2012 as an advisor to the Bank’s president. Prior to joining AB DNB Bankas Per Weidemann held the position of a senior vice-president at Norway’s DNB Bank ASA. Per Weidemann has been working in DNB Bank ASA since 1994. Per Weidemann (born 1963) is a graduate of the Oslo Business school and holds the degree of Master of business administration and marketing. Per Weidemann has no shareholdings in AB DNB Bankas.

Full information on material events related with the Issuer’s activities is presented to the Bank of Lithuania, AB NASDAQ OMX Vilnius Stock Exchange, Central storage facility, the daily Lietuvos Rytas, news agencies BNS and ELTA and is available on the Bank’s website www.dnb.lt.

INFORMATION ON PERFORMANCE RESULTS

AB DNB Bankas group operated profitably in the first six months of 2012 recording the best financial result in four years for the period. The main driving factors behind positive financial result were the growth of income along all major business lines and further improvement of quality of the loan portfolio. This came as a direct reflection of the continuous growth of number of customers who choose DNB as their home bank and more stable business environment. It made the Bank to feel particularly positive to see the markedly better economic sentiment of both private individuals and businesses in the second quarter of the year that stimulated the demand for financial services, mortgages, and especially investment credits for business expansion.

AB DNB Bankas group signed new credit contracts worth LTL 0.9 billion in the first six months of 2012 and its net loan portfolio totaled LTL 8.5 billion as at the end of June 2012. Although the amount of new loans granted started to outweigh the credits repaid in the second quarter of the year, the Group’s net loan portfolio as at the end of June was 0.6 percent lower compared to the start of the year.

With a number of customers increasing and funds on individual and corporate deposit accounts growing, the Group’s deposit portfolio rose 1.5 percent in the first six months of the year to LTL 5.2 billion.

As the loan portfolio stabilized, the Group’s assets compared to the same period a year ago has remained largely unchanged and made LTL 11.1 billion as of 30 June 2012.

In line with the consistent focus on operating efficiency The Group’s net income rose by 17.2 percent compared with first half of 2011 to LTL 193.4 million. Net interest income made the largest relative weight of 63.9 percent of operating income in the first six months of 2012. Non-interest income made 36.1 percent of the operating income of the Group and was 4.6 percentage points higher compared to the same period a year ago. The Group’s operating and other expenses amounted to LTL 114.7 million in the first half of 2012 compared to LTL 91.7 million in the same period a year ago.

As the customer risk continued to decline in the first six months of the year, AB DNB Bankas set aside LTL 22.4 million for impaired loans, almost half less compared to LTL 41.9 million in the same period a year before. As the result the Bank’s net profit for the first six months of the year was LTL 55.3 million and the Group’s net profit for the period was LTL 56.0 million.

As of 30 June 2012 the Group’s return on equity (ROE) was 8.4 percent and its cost/income ratio (CIR) was 59.3 percent.

<table>
<thead>
<tr>
<th>Year</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012 06 30</th>
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<tbody>
<tr>
<td></td>
<td>Group</td>
<td>Bank</td>
<td>Group</td>
<td>Bank</td>
</tr>
<tr>
<td>Return on equity (percent)</td>
<td>-46.5</td>
<td>-45.9</td>
<td>-13.5</td>
<td>-14.7</td>
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<tr>
<td>Cost/income ratio (percent)</td>
<td>44.4</td>
<td>41.3</td>
<td>61.5</td>
<td>57.0</td>
</tr>
</tbody>
</table>

Due to consistent implementation of customer oriented business model and concerted efforts aimed to increase the number of new and existing customers who choose DNB as their home bank, the number of individual and corporate customers rose by almost 30 thousand in the first six months of 2012 up to 746 thousand contributing positively to the Group’s income growth from its core business.

For the convenience of its customers AB DNB Bankas group served its private and corporate customers through the country’s second largest nationwide customer service network consisting of 79 branches and sub-branches with self-service terminals in each of them. Also the Group’s customers could use under the same terms and conditions the country’s largest ATM network that connects 528 DNB (176) and SEB (352) ATM’s in 73 cities and towns thanks to the outstanding common ATM network agreement.

As the result of consistent efforts to further improve user-friendliness and functionality of the internet banking system, the number of customers using AB DNB Bankas internet banking services rose 8 percent compared to the same period a year ago to 487 thousand as at the end of June. During the first six months of the year 93.5 percent of all money transfers were executed via internet banking of AB DNB Bankas.
In line with growing number of customers the Bank issued 47 thousand new payment cards in the first six months of 2012, therefore the outstanding payment cards issued by the Bank rose to 500 thousand as at the end of June. The average turnover of transactions made on the payment cards issued by the Bank was LTL 2.2 billion in the first six months of the year.

In the reporting period AB DNB Bankas continued implementation of the SEPA (Single Euro Payments Area) initiative in Lithuania, by actively participating in SEPA Coordination Committee. Starting from January 3rd bank has implemented requirements of Payments Law by improving value dating of SEPA credit transfer from two to one value date and extending cut-off time. AB DNB Bankas has improved cut-off time for express payments in US dollars and euro at the customer service branches and internet banking providing customers with exceptional terms in the market.

Deutsche Bank AG, one of the largest settlement banks worldwide, awarded AB DNB Bankas with the EUR/US Straight-Through-Processing Excellence Award for the exceptional quality of payment messages for the sixth year running. The quality of drafting and sending of a money order means that funds of customers at AB DNB Bankas constantly reach the beneficiary in a prompt and safe way.

To ensure high level of financial services AB DNB Bankas continued to perform the "Mystery Shopping" and individual customer satisfaction surveys in the first half of 2012. These surveys measured customer service quality and customer satisfaction at AB DNB Bankas from different aspects - from general service quality up to functionality of individual products. The surveys’ results allow for identifying of strengths and set priority actions for further improvement.

AB DNB Bankas group that cherishes long-term relationships, has been fulfilling its obligations to its social partners including sponsorship for the national men’s basketball team for the tenth year in a row clearly demonstrating that it is a reliable partner not only in business but also in community life

Retail banking

In the first six months of 2012 AB DNB Bankas offered the following services to its individual customers: bank accounts in litas and foreign currencies, term deposits in Litas and foreign currencies, mortgage loans, consumer credits, private credits, local and international transfers, MasterCard and VISA payment cards of international organizations, acceptance of bank cheques and traveler’s cheques (American Express, Thomas Cook, Swiss Bankers), cash exchange services, cash operations, individual safe lease services, financial brokerage services, electronic banking services, leasing services and investment products.

Aiming to increase the number of new and existing individual customers who use DNB as their home bank and encourage them to use various banking services more actively, in the first half of 2012 the Bank continued to focus on individual customer service quality and culture, implementation on processes facilitating a more flexible response to customer needs, enhancing of the Bank’s brand, service and product awareness. As the result the number of individual customers of AB DNB Bankas rose by 27 thousand in the first six months of the year to 688 thousand as at the end of June.

In response to strengthening of the country’s mortgage loan market seen in the first half of the year and pursuing responsible lending practices AB DNB Bankas extended its mortgage loan program “Your first home”, offering its customers an option to defer a monthly payment of credit principal once a year and to repay the entire credit or part of it early free of charge also adding special insurance offers from Bank’s partners to the package. In April a consumer financing promotion program was started, including three products: consumer credit, leasing and credit limit with Power credit card. As a result AB DNB Bankas became one of the largest new credit providers in Lithuania’s banking market in the first half of the year.

In the reporting period the Bank also took active approach in savings and investment market. To retail customers who were looking for alternative instruments for investment, the Bank offered Government bond launching active sales promotion program in January. In May, the Bank also offered to retail customers the Government savings notes being one of the three banks on the country’s market to offer this investment option to its customers.

After introducing special service packages for senior citizens as well as the youth last year, this year the Bank continued work with various age groups and designed a special offer for school children, which consists of free of charge youth paying card with no administration fee, possibility to create an individual design card also get a virtual paying card at significant discount.

To provide customers with various financial services at the Bank, AB DNB Bankas continued collaboration with ERGO Life Insurance SE, UAB DK PZU Lietuva and UAB DK PZU Lietuva Gvgybės Draudimas. As a result of active sales of insurance services in first half of 2012 more than 50 percent of new mortgage borrowers of AB DNB Bankas were insured with life insurance and over 75 percent of them chose to insure their property. Within the reporting period over 80 percent of new express credit borrowers were insured with life insurance while the total number of insured payment cards topped 130 thousand.

Corporate banking

Benefiting from its long-term constructive relationships with its customers and consistent focusing on service quality the Bank maintained its strong positions in corporate banking sector in the first six months of 2012. Alongside with the increasing number of corporate customers who choose DNB as their home bank, the number of corporate customers grew by 2.7 thousand to 58.3 thousand in the first six months of 2012. This indicates the efficiency of the Bank’s customer centric business model in offering financial services and solutions that correspond to the customer expectations.

More stable operating environment and markedly better economic sentiment of businesses seen in the second quarter of the year has stimulated the increasing demand for funding of financial services projects, especially investment credits for business expansion. As a result at the end of June the Bank’s net loan portfolio to corporate customers reached LTL 4.6 billion,
increasing 0.65 percent since the start of the year. As the Bank improved the quality of loan portfolio during the first half of 2012 the Bank’s loan portfolio to the food processing, energy related and construction industries as well as export oriented economy sectors increased the most while financing of real estate and transport sectors declined. The Bank’s loan portfolio for manufacturing, trade and service sectors stabilized during the reporting period due credit restructuring efficiency.

AB DNB Bankas paid major attention to small and medium size enterprises (SMEs) by offering the solutions to meet the specific needs of this business segment. With every second limited liability company registered online, AB DNB Bankas was the sole financial institution offering an option to open a cumulative account and form the authorized capital of the company via internet. Moreover, the Bank designed a special solution for business start-ups VITAMINAI STARTU® (vitamins for business start-up), that helps the newly established companies to grow their business under more favorable financial terms. To already existing enterprises AB DNB Bankas offers one of BANKO ABONEMENTAS™ which helps to manage the enterprise’s expenses for daily banking services more efficiently. For investment credit takers the Bank offered a unique option on the local market to postpone a credit installment once in a year.

In the reporting period AB DNB Bankas and its partner signed company factoring portfolio insurance agreement that helps the Bank’s customers to scale down their operating risks. The Bank’s relationships with SME segment were also positively influenced by allocation of a personal relationship manager to each SME customer.

Agriculture and food processing sectors are among the most important strategic priorities for AB DNB Bankas. For this reason, in 2012 the Bank further extended loans to farmers and agricultural enterprises for working capital and investments and continued co-operation with the state agricultural credit fund UAB Žemės ūkio paskolų garantijos fondas, extending credits secured by guarantees of this state institution. In the reporting period the Bank extended cooperation with partners trading in goods for agricultural sector under more favorable financing conditions to farmers, agricultural companies and other enterprises purchasing products from the partners. The major advantage of these programmes is that farmers get interest-free financing without collateral as the credits are backed by guarantees of the state rural credit guarantee fund UAB Žemės ūkio paskolų garantijų fondas, the seller of the production pays the interest on the credit to the bank and the farmers are offered interest –free financing.

During the reporting period the Bank continued cooperation with UAB Investicijų ir verslo garantijos, was extending micro credits and loans backed by guarantees of this state institution.

In the reporting period AB DNB Bankas has successfully paid State company’s Deposit and Investment Insurance insured deposits for bankrupt bank AB bankas Snoras corporate customers in Telšiai and Utena district. As of 1 July 2012 the Bank had paid 99.3 percent of the amount allocated by the State company’ Deposit and Investment Insurance.

The Bank, in cooperation with leasing and investment management subsidiaries, offered corporate customers a variety of solutions that meet the borrowing, investment and settlement needs of companies. Beneficial offers were made not only for businesses but also for employees of the corporate customers.

**Investment banking**

AB DNB Bankas investment banking activity includes trading in securities, full service brokerage services, operations with securities finance, financial solutions development for private and corporate customers including derivative and structured products, as well as corporate finance services, particularly mergers and acquisitions, fundraising and other services.

Currency, fixed income securities brokerage and DNB Trade were the main drivers behind profitability of the Bank in the investment banking segment in the first half of 2012. The Bank’s foreign exchange turnover made LTL 5.4 billion in the first six months of 2012, the amount representing 12 percent year-on-year rise.

AB DNB Bankas remained one of the most active intermediaries in fixed income securities brokerage both in local primary and secondary markets. AB DNB Bankas together with HSBC bank has successfully placed a benchmark six year euro denominated issue of Lithuania’s sovereign bonds becoming the country’s first bank mandated as joint lead manager for a global placement. Within the first six months of 2012 the Bank’s fixed income securities trade turnover made LTL 5.4 billion representing 12 percent increase year-on-year.

DNB Trade™ trading platform brokerage commission income also had a positive impact on the Bank’s first half results. The turnover of the Bank’s clients in DNB Trade™ platform during the first half was LTL 3.8 billion. DNB Trade customers can trade number of cash and derivative instruments on the global scale and at the same time enjoy competitive advantage of using the service of the local bank. Real-time online trading platform offers a wide variety of cash and derivative instruments on the global scale: 130 currency pairs (FOREX), more than 12 thousand stocks from 30 stock exchanges all over the world, 1 thousand Exchange-traded-funds (ETF), more than 7 thousand Contracts-for-difference (CFD), more than 450 Futures contracts.

**BANK’S SUBSIDIARIES**

On 30 June 2012 AB DNB Bankas owned the following subsidiaries: UAB DNB Investicijų Valdymas, AB DNB Lizingas, UAB DNB Būstas and UAB Intractus with its subsidiaries UAB Industrius and UAB Gelužės projektai.
**UAB DNB Investicijų Valdymas**

<table>
<thead>
<tr>
<th>Name</th>
<th>UAB DNB Investicijų Valdymas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal status</td>
<td>Limited company</td>
</tr>
<tr>
<td>Date and place of registration</td>
<td>Registered with the State enterprise Centre of Registers on 19 August 2003</td>
</tr>
<tr>
<td>Company code</td>
<td>226299280</td>
</tr>
<tr>
<td>Registered and actual office address</td>
<td>J. Basanavičiaus g. 26, Vilnius, Lietuvos Respublika</td>
</tr>
<tr>
<td>Telephone numbers</td>
<td>(+370 5) 239 3567</td>
</tr>
<tr>
<td>Fax number</td>
<td>(+370 5) 239 3473</td>
</tr>
<tr>
<td>E-mail</td>
<td><a href="mailto:investicija@dnb.lt">investicija@dnb.lt</a></td>
</tr>
<tr>
<td>Website</td>
<td><a href="http://www.dnb.lt">www.dnb.lt</a></td>
</tr>
<tr>
<td>Number of the permission to be engaged in the activities of a management company</td>
<td>VĮK –003</td>
</tr>
</tbody>
</table>

**UAB DNB Investicijų Valdymas** is engaged in management of pension and investment funds and is the country’s third largest asset management company in terms of value of assets.

The assets under management of **UAB DNB Investicijų Valdymas** rose by LTL 11 million in the first six month of the year to LTL 564.7 million as at the end of June 2012. The change of the company’s assets were influenced by further incoming contributions to II pillar pension funds, slight decrease in investment funds and value of portfolio under management of institutional clients.

On 30 June 2012 **UAB DNB investicijų Valdymas** managed three II pillar pension funds, two III pillar pension funds and two investment funds. It also provided investment portfolio management services to UAGDB PZU Lietuva gyvūbės draudimas, AB Ergo Lietuva gyvūbės draudimas and other legal entities.

Results of funds under management as of 30 June 2012:

<table>
<thead>
<tr>
<th>Fund</th>
<th>Equity part, %</th>
<th>YTD</th>
<th>Benchmark YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>DNB pensija 1</td>
<td>0</td>
<td>4.64%</td>
<td>+1.44%</td>
</tr>
<tr>
<td>DNB pinigų rinkos fondas</td>
<td>&lt;25</td>
<td>1.06%</td>
<td>+0.32%</td>
</tr>
<tr>
<td>DNB pensija 2</td>
<td>4.82%</td>
<td>+2.30%</td>
<td></td>
</tr>
<tr>
<td>DNB pensija 3</td>
<td>5.57%</td>
<td>+3.12%</td>
<td></td>
</tr>
<tr>
<td>DNB papildoma pensija</td>
<td>4.74%</td>
<td>+3.12%</td>
<td></td>
</tr>
<tr>
<td>DNB papildoma pensija 100</td>
<td>5.85%</td>
<td>+4.65%</td>
<td></td>
</tr>
<tr>
<td>DNB akcijų fondų fondas</td>
<td>6.36%</td>
<td>+4.65%</td>
<td></td>
</tr>
</tbody>
</table>

Yet back in 2009 international investment market research agency “Morningstar” assigned DNB Money Market Fund the top 5 star rating, which still holds and DNB Equity Fund of Funds currently holding 3 stars rating. These rankings are granted based on the fund performance, investment portfolio and costs.

**AB DNB Lizingas**

<table>
<thead>
<tr>
<th>Name</th>
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<tbody>
<tr>
<td>Legal status</td>
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<td>Date and place of registration</td>
<td>Registered with the State enterprise Centre of Registers on 6 March 1998</td>
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<tr>
<td>Company code</td>
<td>124385737</td>
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<tr>
<td>Registered office address</td>
<td>J. Basanavičiaus str. 26, Vilnius, Republic of Lithuania</td>
</tr>
<tr>
<td>Actual office address</td>
<td>J. Basanavičiaus str. 26, Vilnius, Republic of Lithuania</td>
</tr>
<tr>
<td>Telephone number</td>
<td>(+370 5) 239 3030</td>
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<td>Fax number</td>
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<tr>
<td>E-mail</td>
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<td><a href="http://www.dnb.lt">www.dnb.lt</a></td>
</tr>
</tbody>
</table>
AB DNB Bankas
INTERIM CONSOLIDATED REPORT, SIX MONTHS 2012

AB DNB Lizingas is the Bank’s subsidiary that provides vehicle, agriculture machinery, equipment and real estate leasing services to corporates and private individuals. To customer convenience AB DNB Lizingas services are provided using nationwide AB DNB Bankas branch network. AB DNB Bankas is the sole shareholder of the leasing subsidiary. Company’s share capital on 30 June 2012 was LTL 130 150 000.

As at the end of the reporting period AB DNB Lizingas leasing portfolio before provisions was LTL 332 million, 2.9 percent lower compared to the start of the year, however its leasing portfolio for private individuals rose 2.2 percent to LTL 32.6 million as at the end of June 2012. AB DNB Lizingas leasing portfolio dynamics matched the country’s leasing market trend.

To counter market trend AB DNB Lizingas continued to focus on its portfolio quality, credit risk management, and further improvement of customer service quality and increase of new sales.

UAB DNB Būstas

<table>
<thead>
<tr>
<th>Name</th>
<th>UAB DNB Būstas</th>
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<tbody>
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<tr>
<td>Company code</td>
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<tr>
<td>Registered office address</td>
<td>J. Basanavičiaus str. 26, Vilnius, Republic of Lithuania</td>
</tr>
<tr>
<td>Actual office address</td>
<td>Švitrigailos str. 11M, LT-03228 Vilnius, Republic of Lithuania</td>
</tr>
<tr>
<td>Telephone number</td>
<td>(+370 5) 249 9277</td>
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<td>E-mail</td>
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<tr>
<td>Website</td>
<td><a href="http://www.dnbbustas.lt">www.dnbbustas.lt</a></td>
</tr>
</tbody>
</table>

UAB DNB Būstas is engaged in providing brokerage services in the country’s real estate market. The company also sells franchises to real estate brokerage companies and individual brokers. On 30 June 2012 AB DNB Bankas owned 75.47 percent of UAB Intractus registered authorized capital of LTL 1,378,000 and 24.53 percent of it was owned by the Bank’s subsidiary AB DNB Lizingas.

In the reporting period the company carried out its activities in Vilnius, Kaunas, Klaipėda, Šiauliai, Mažeikiai, Akmenė and Skuodas and the surrounding regions. At the end of the reporting period three real estate brokerage companies and 41 individual brokers were providing real estate brokerage services under franchise agreements with UAB DNB Būstas.

During the reporting period UAB DNB Būstas retained its leading position in newly constructed residential segment and was among three largest real estate brokerage companies in terms of sales and number of listings.

UAB Intractus

<table>
<thead>
<tr>
<th>Name</th>
<th>UAB Intractus</th>
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<tbody>
<tr>
<td>Legal status</td>
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<td>Date and place of registration</td>
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<td>Company code</td>
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<tr>
<td>Registered office address</td>
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<tr>
<td>Actual office address</td>
<td>Liejyklos g.3, LT-01120 Vilnius, Republic of Lithuania</td>
</tr>
<tr>
<td>Telephone number</td>
<td>(+370 5) 243 1679</td>
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<tr>
<td>E-mail</td>
<td><a href="mailto:intractus@intractus.lt">intractus@intractus.lt</a></td>
</tr>
<tr>
<td>Website</td>
<td>-</td>
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</tbody>
</table>

UAB Intractus is a limited liability company set up for efficient management of foreclosed real estate assets. The company is entitled to effect operations related to the efficient management of real estate, such as buying, selling, and letting of real estate.
On 30 June 2012 AB DNB Bankas was the sole shareholder of UAB Intractus with a registered authorized share capital of LTL 97 428 100.

On 15 February 2011 UAB Intractus established subsidiary company UAB Industrius (company code 302593805). UAB Industrius authorized capital is LTL 40 000 and 100 percent of its ordinary registered shares are owned by UAB Intractus. The company owns one complex of premises.

On 19 October 2011 UAB Intractus acquired 100 percent ordinary registered shares in UAB Gélžės projektai from AB DNB bankas. UAB Gélžės projektai is a limited liability company (company code 301135524). UAB Gélžės projektai authorized capital at the end of the reporting date was LTL 24.9 million. The company develops one project.

At the reporting date UAB Intractus had two subsidiaries. Real estate assets on the groups consolidated balance sheet was LTL 198 million, including real estate like land plots, buildings and premises.

RISK MANAGEMENT AND RATINGS

The aim of risk management in AB DNB Bankas group is assuring an acceptable return on equity pursuing the conservative policy of risk management. Risk-related activity of the Bank and the Group has been strictly restricted by applying the system of limits. Limitations are set and supervision thereof is executed on a centralized basis at the Group level. The key principle of the risk management is to segregate the function of all-type risk management from risk assuming, i.e. from front-office units.

The Bank assesses and manages credit, liquidity, market (interest rate, foreign exchange rate, equity price), operational and other financial risks it is exposed to in its activities. Credit risk is the dominant in the Bank’s risk structure. Detailed information about financial risks assessment and management is provided in section Financial Risk Management of the AB DNB Bankas 2011 consolidated financial statement. The risk management principles have not changed significantly during the accounting period. The risk management processes were further improved with the aim to implement practice applied by the parent bank DNB Bank ASA and in order to use the more advanced methods for calculation of capital requirement for credit risk in the future.

As a result of pursuing the appropriate risk management policy over the reporting period the Bank was compliant with all prudential requirements set by the Bank of Lithuania.

With Norway’s DNB Bank ASA becoming the sole shareholder of the Bank it has been decided that AB DNB Bankas shall use the ratings as assigned to the parent bank. No separate credit ratings are set for AB DNB Bankas starting 21 March 2011. Full rating’s history of DNB Bank ASA and the latest reports are available on the Bank’s website www.dnb.lt in the section About the bank – financial reports – ratings.

STRATEGY AND PLANS

The strategy and plans of AB DNB Bankas remained unchanged form the ones presented in the 2011 annual report. AB DNB Bankas’ strategy based on common platform for the group’s banks operating in the Baltic countries and named “Building the future” puts prime focus on a customer centric business model and long term value creation to customers, employees, shareholders and the society rather than product development or market share growth alone. For its customers AB DNB Bankas aims to be present and attentive, offer competitive prices, attractive products and be responsive and clear. This is aimed at to achieve a balanced growth of the customer portfolios and a higher penetration of all banking products and services.

The Bank targets to further improve the quality of its loan portfolios, achieve better operational efficiency and continuously develop the competences of its employees. One of the key outstanding success factors remains the full scale implementation and migration of all existing applications to the new IT platform in the course of 2012. The bank also aims to capitalize on its affiliation to the DNB group by utilizing common product solutions and competences within the integrated organizational set-up.

Additionally AB DNB Bankas aims to contribute to maturing the Lithuanian financial market with clear stance on banking and economic issues, considering responsible banking and business ethics and promoting fundamentals of banking. To the Lithuanian society the bank aims to be perceived as transparent, socially responsible, educating people in financial and banking issues as well as supporting children and youth programmes and the Lithuania’s men national basketball team.

INVESTMENTS

The Issuer made no relevant long-term investments into tangible and non-tangible assets in the first six months of 2012.
The General Meeting of Shareholders may also make decisions on other issues unless they are attached to the competence of other bodies of the Issuer to decide. The General Meeting of Shareholders shall not delegate the issues attached to its competence for other bodies of the Issuer to decide.

The Supervisory Council of the Issuer shall be a collegial supervisory body supervising the operation of the Issuer. The Chairman of the Supervisory Council shall be in charge of the Supervisory Council. The General Meeting shall elect 5 Members of the Supervisory Council. At such election, every shareholder shall have the number of votes equal to the number of the votes granted by his/her shares multiplied by the number of the Supervisory Council Members to be elected. These votes shall be cast, at the shareholders’ sole discretion, for one or for several candidates. The candidates who receive the greatest number of votes shall be elected. Should the number of the candidates who have received an equal number of votes be greater than the number of the vacancies on the Supervisory Council, a repeat voting shall be held, and in such voting each shareholder shall vote only for one of the candidates who have received the equal number of votes. The Supervisory Council shall be elected for the period of 4 years.

The Supervisory Council:

- elects the Management Board Members and removes them from the office, makes proposals to the Management Board with regard to the candidate Chairman of the Management Board. Establishment of the salaries and other terms and conditions of the respective employment contracts of the Management Board Members holding other offices in the Issuer, the President and the Executive Vice Presidents shall be subject to obtaining of the prior consent of the Supervisory Council. If operation of the Issuer generates losses, the Supervisory Council shall consider whether the Management Board Members are suitable to hold the office;
- supervises the activity of the Management Board and the President;
- approves the Regulations of the Supervisory Council;
- approves the business plans of the Issuer;
- ensures the existence of the effective internal control system in the Issuer;
- makes the proposals and comments to the General Meeting on the Issuer’s business strategy, the Issuer’s annual financial statements, the draft profit (loss) distribution and the report on the performance of the Issuer as well as on the performance of the Management Board and the President;
- approves the lending policy and establishes the procedure for the lending which is subject to the approval of the Supervisory Council;
- makes the proposal for the Management Board and the President to revoke their decisions which contradict laws and other legal acts, the Bylaws of the Issuer or the decisions of the General Meeting of Shareholders;
- establishes the transactions and the decisions which are subject to obtaining of the consent of the Supervisory Council prior to the conclusion or implementation thereof by the management bodies of the Issuer;
- takes the decisions on the issues within the competence of the Supervisory Council under the procedures, the approval whereof are delegated to the Supervisory Council under laws, the Bylaws of the Issuer and the decisions of the General Meeting of Shareholders;
- discusses or resolves other issues which under laws, the Bylaws of the Issuer and the decisions of the General Meeting of
Shareholders shall be discussed and resolved by the Supervisory Council.

The Management Board of the Issuer is a collegial management body consisting of 7 Members. The Management Board shall be elected by the Supervisory Council for 4 years. Where individual Members of the Management Board are elected, they shall be elected for the period remaining until the expiry of the term of office of the current Management Board. A Member of the Management Board may resign from his/her office prior to the expiry of the term of office subject to a written notice thereof to the Issuer at least 14 days in advance.

The Management Board shall discuss and approve:

- the management structure of the Issuer and the job positions;
- the positions to be filled in by the way of competition;
- the regulations of the branches, representative offices and other individual outlets of the Issuer;
- the lending procedure of the Issuer, in accordance with the lending policy approved by the Supervisory Council;
- the Issuer’s procedure for issuing of guarantees and sureties and assuming of other obligations;
- the procedure for writing off of loans and other debt obligations;
- the Regulations of the Credit and the Risk Management Committees.

The Management Board shall elect (appoint) and remove the President and the Executive Vice Presidents. The Management Board shall establish the salary of the President and other terms and conditions of his employment contract, approve his job description, apply incentives to or impose penalties on him. The Management Board shall determine what information shall be deemed to be a commercial secret of the Bank.

The Management Board shall adopt:

- the decisions for the Issuer to become a founder, a member of other legal persons;
- the decisions to establish branches, representative offices and other individual outlets of the Issuer and to terminate their operation;
- the decisions on the investment, transfer, lease of the fixed assets at the book value above 1/20 of the authorised capital of the Issuer (per each type of transaction);
- the decisions on the pledge and mortgage of the fixed assets at the book value above 1/20 of the authorised capital of the Issuer (in the aggregate amount);
- the decisions on the issuing of guarantees or sureties for the fulfillment of the obligations of other persons in the amount above 1/20 of the authorised capital of the Issuer;
- the decisions on the acquisition of the fixed assets for the price above 1/20 of the authorised capital of the Issuer;
- the decisions on the issuing of non-convertible bonds;
- the Regulations of the Management Board;
- the decisions on other issues which shall be discussed or resolved by the Management Board under laws and the Bylaws of the Issuer.

The Management Board shall establish:

- the terms and conditions of the share issue of the Issuer;
- the procedure for the issuing of bonds of the Issuer. Where the General Meeting of Shareholders takes the decision on the issuing of the convertible bonds, the Management Board shall have the right to establish additional terms and conditions of their issuing and to approve the bond subscription agreements to be signed by the President or the persons duly authorized thereby;
- the procedure for the recruitment of employees by the Issuer and the events when recruitment of employees by the Issuer shall be subject to the consent of the Management Board.

The Management Board shall implement the decisions taken by the General Meeting of Shareholders and the Supervisory Council. The Management Board shall analyse and assess the information submitted by the President on the following issues:

- the implementation of the business strategy of the Issuer;
- the organisation of the business of the Issuer;
- the financial state of the Issuer;
- the results of the business activities, the income and expenditure estimates, the stocktaking data and other accounting data of the changes in the assets.

The Management Board shall analyse and assess the draft annual financial statements of the Issuer and the draft profit (loss) distribution, and shall submit them to the Supervisory Council and the General Meeting of Shareholders. The Management Board shall establish the methodology for the calculation of the depreciation of the tangible assets and the amortization of the intangible assets to be applied in the Bank.

The President shall be a single person management body of the Issuer. The President shall act as follows:

- organise the daily operation of the Issuer;
- hire and dismiss the employees of the Bank, conclude and terminate the employment contracts with them, apply incentives to and impose penalties on them;
- establish the rates applied in the calculation of the depreciation of the assets in the Bank;
• represent the Bank in the relations with other persons, the court and the arbitrage without a special power of attorney;
• issue and revoke the powers of attorney and powers of procuration of the Bank;
• issue orders;
• perform any other actions necessary to perform his functions, to implement the decisions of the bodies of the Bank and to ensure of the operation of the Bank.

The President shall be responsible:

• for the organization of the operation and the realization of the objectives of the Issuer;
• for the drawing up of the annual financial statements;
• for the drawing up of the contract with the audit company;
• for the submission of the information and documents to the General Meeting of Shareholders, the Supervisory Council and the Management Board in the events stipulated in laws or upon their request;
• for the submission of the documents and particulars of the Issuer to the administrator of the register of legal persons;
• for the submission of the documents to the Securities Commission and the Central Securities Depository of Lithuania;
• for the publishing of the information stipulated in laws and other legal acts in the daily stipulated in the Bylaws if the Issuer;
• for the submission of the information to the shareholders;
• for the performance of other duties stipulated in laws and legal acts, the Bylaws of the Issuer and the job description of the President.

The President shall act on behalf of the Issuer and shall have the right to conclude transactions at his own discretion save for the exceptions stipulated herein or in the decisions of the bodies of the Issuer.

SUPERVISORY COUNCIL AND MANAGEMENT BOARD

Supervisory Council

According to the Bylaws the Supervisory Council of AB DNB Bankas consists of five members. The term of office of the existing Supervisory Council expires on 18 March 2014.

In the first six months of 2012 the following changes took place in the Bank’s Supervisory Council:

• On 30 March Jekaterina Titarenko, Chief Financial Officer of the Baltic Division of DNB Bank ASA, resigned from the position of the member and the vice-chairperson of the Supervisory Council.
• On 12 June Olaf Tronsgaard, the head of staff of DNB Bank ASA Baltic Division was elected to the Supervisory Council.

Five meetings of the Supervisory Council were held during the reporting period.

Information about position, office term, education, professional qualification and management competence of the members of the Supervisory Council:

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Information on start and end of holding the office</th>
<th>Education</th>
<th>Information about management competence and experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Terje Tumes</td>
<td>Chairman of the Supervisory Council</td>
<td>01 03 2011 to 18 03 2014</td>
<td>Trondheim School of Economics; Diploma in economics and administration; the Norwegian School of Marketing Diploma in Marketing; Norwegian School of Economics and Business administration, MBA</td>
<td>Den norske Bank ASA, DnB NOR Bank ASA, various positions (1997-2010); DnB NOR Bank ASA, Head of Baltic and Poland Division (since 2010)</td>
</tr>
<tr>
<td>Tony Samuelsen</td>
<td>Member of the Supervisory Council</td>
<td>18 03 2010 to 18 03 2014</td>
<td>Norwegian School of Economics and Business Administration, diploma in economics and business administration</td>
<td>DnB NOR, New York, CEO. (1995-1998); DnB NOR, London, CEO (2000-2005); DnB NORD A/S, Chief financial officer (2006-2008); DnB NOR vice-president (since 2008)</td>
</tr>
<tr>
<td>Margrethe Melbye Gronn</td>
<td>Member of the Supervisory Council</td>
<td>18 03 2010 to 18 03 2014</td>
<td>University of Oslo, diploma in philosophy; Norwegian School of Management, master in business administration.</td>
<td>DnB NOR, vice-president and senior vice-president (2001-2010); Bank DnB NORD group, chief operating officer (since 2010).</td>
</tr>
</tbody>
</table>
Management Board

According to the Bylaws the Management Board of AB DNB Bankas consists of seven members.

As of 30 June 2012 the Management Board of AB DNB Bankas consisted of six members, all of them appointed until the end of the term of office of the Bank’s Supervisory Council that expires on 18 March 2014.

In the first six months of 2012 the following changes took place in the Bank’s Supervisory Council:

- As of 1 February 2012 Anne Birgitte Prestholdt was elected as a member of the Management Board and executive vice-president of AB DNB Bankas responsible for risk management, special assets and loan restructuring.

Information about position, office term, education, professional qualification and management competence of the members of the Management Board:

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Information on start and end of holding the office</th>
<th>Education</th>
<th>Information about management competence and experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bjørnar Lund</td>
<td>Chairman of the Management Board, president</td>
<td>Beginning: 06 05 2011 End: 18 03 2014</td>
<td>Norwegian School of management, economist</td>
<td>DnB NOR Bank ASA, various positions (1987 – 2011)</td>
</tr>
</tbody>
</table>
The members of the Supervisory Council and the Management Board have no shares of the Issuer.

The members of the Supervisory council, the Management Board and the administrative bodies are not connected by any family relationship between any of them.

The members of the Supervisory council, the Management Board and the administrative bodies of the Bank have not been convicted for any crimes of forgery. They have not been publicly officially incriminated or imposed any sanctions by any regulatory authority over the period of past five years. They have not been disqualified by a court from holding office as the member of the bank's administrative, management or supervisory body acting in the management or conduct of the affairs of any Issuer.

The members of the Supervisory Council, the Management Board and the administrative bodies of the Bank have no interests of conflict between any duties to the Issuer and their private interests and/or other duties. The Issuer has not entered into any deal with the above mentioned persons outside his/her principal activities.

Additional information about the Chairman of the Management Board-and and the Bank’s president and Chief Financier:

**Bjørnar Lund** (Chairman of the Management Board and the president of the Bank): holds diploma in economics from BI Norwegian School of Management. He has been working in the Bank since 2011. Previous work record:

Bjørnar Lund has been working in Norway's DnB NOR Bank ASA since 1987. He has extensive experience working in various managerial positions in corporate and retail banking in Norway. In addition, he has international experience working abroad as the head of the Nordic Desk of DnB NOR Bank ASA in Singapore.

**Jurgita Šaučiūnienė** (Chief Accountant, Manager of the Accounting Department): Master’s degree in business management from Vilnius University. Start of holding the office as Manager of the Accounting Department at the Bank in 2004. Previous work record:

- Auditor Assistant, audit company TÜB “J. Kabašinskas ir partneriai” (1997 - 1998);
- Member of KUB, J. Kabašinskos KUB “JKP konsultacijos” (1998 - 1999);
- Agency NORD/LB bank / NORD/LB Vilniaus branch – Account, Chief Accountant (1999-2003);
- Head of the Accounting Policy and Accountability Unit, AB bankas NORD/LB Lietuva (2003 - 2004).

Jurgita Šaučiūnienė has no shares of the Issuer.
AB DNB Bankas
INTERIM CONSOLIDATED REPORT, SIX MONTHS 2012

INFORMATION ON THE ACTIVITIES OF THE COMMITTEES OF THE ISSUER

In the reporting period Internal audit, Risk management, Credit and Remuneration committees were operating in AB DNB Bankas.

Internal audit committee

AB DNB Bankas Internal audit committee is established by the Supervisory Council of the Bank.

It supervises the functioning of the internal control system and risk management of the Bank, ensures the efficiency of internal audit functions, approves the annual audit plan for the Internal audit department and supervises the audit process. With regard to the auditing procedure and accounting policy, the Audit committee observes the integrity of financial information, reviews the conclusions and recommendations of the external auditor, monitors their independence and impartiality, determines the risk areas of the Bank’s operations to be audited by the Internal audit department and by the external auditor, supervises compliance of the Bank’s performance with the laws and regulations, the strategy and operating policy of the Bank.

Internal audit committee consists of three members:

| Chairman | Tony Samuelsen. Employer - DNB Bank ASA. |
| Members  | Margrethe Melbye Gronn. Employer - DNB Bank ASA. |
|          | Leif Rene Hansen – the independent member. |

Members of Internal audit committee had no shareholdings in AB DNB Bankas.

In the first six months of 2012 three meetings of the Internal Audit Committee were held.

Risk Management Committee

Risk management committee (hereinafter referred to as the RMC) is a non-structural unit of the Bank established by the resolution of the Management Board of the Bank. The chairman, the vice-chairman and the members of the RMC are appointed by the Management Board of the Bank. RMC reports to the Management Board of the Bank. RMC is responsible for ensuring effective formation of optimal capital structure, liquidity and market risk management and control, Optimization of the Bank’s asset and liability structure with regards to acceptable risk and return.

Competence areas of RMC:

- capital management of the Bank, 
- market risk management, 
- liquidity risk management, 
- Internal fund pricing.

Risk management committee consists of seven members:

| Chairwoman | Anne Birgitte Prestholdt. Executive Vice president of the Bank. |
| Vice-chairman | Ramūnas Abazorius, Executive Vice-president of the Bank. Šarūnas Nedžinskas, Executive Vice-president of the Bank. |
| Members | Andrius Načajus, Manager of the Markets Division; Dalius Darulis, Manager of the Corporate Banking Department, Mantas Gikys, Manager of the Treasury Unit; Michail Leontjev, Manager of the Market Risk Unit of the Financial Risk Department; |

Members of the Risk management committee have no shareholdings in AB DNB Bankas.

Credit committee

The regulations of the Credit committee of AB DNB Bankas and its composition is approved by the Management Board of the Bank. Its functions are as follows:

1. to analyse the Credit application (including applications for Special assets) and to make decisions within the limits of its competence,
2. while analysing the Credit applications regarding special assets, to analyse the causes of problems and to submit proposals to the management Board of the Bank for their elimination,
3. to inform the Chairman of the Management Board immediately about the serious breaches of internal credit granting procedures found in the structural units of the Bank and the cases of abuse.

Credit committee consisted of five members:

**Chairwoman**
Anne Birgitte Prestholdt, Executive Vice president of the Bank.

**Members**
Šarūnas Nedzinskas, Executive Vice-president of the Bank.
Dalius Darulis, Manager of the Corporate banking department,
Vaidotas Alekısıus Manager of the Special assets department;
Rokas Bancevičius, acting head of Economic research division

Members of the Credit committee had no shareholdings in **AB DNB Bankas**.

One meeting of the Credit Committee was held in the first six months of the year.

Information on activities of the Remuneration committee is provided in the Article 20 of this Interim consolidated report.

**EMPLOYEES**

As of 30 June 2012, **AB DNB Bankas** Group employed 1,394 staff, and their average monthly salary was LTL 4,030. The average monthly salary to the main staff groups was as follows: LTL 7,260 to the administration (members of the Management Board excluded), LTL 3,260 to the specialists, LTL 2,755 to the clerical staff and workers.

### Changes in the number of employees and salaries

<table>
<thead>
<tr>
<th></th>
<th>31/12/2010</th>
<th>31/12/2011</th>
<th>30/06/2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of staff in the Bank*</td>
<td>1,276</td>
<td>1,325</td>
<td>1,364</td>
</tr>
<tr>
<td>Number of staff in the Group*</td>
<td>1,300</td>
<td>1,353</td>
<td>1,394</td>
</tr>
<tr>
<td>Average monthly salary in the Group in LTL</td>
<td>3,895</td>
<td>3,995</td>
<td>4,030</td>
</tr>
</tbody>
</table>

* excluding employees on maternity leave

The Group’s staff by groups of positions as of 30 June 2012

<table>
<thead>
<tr>
<th></th>
<th>Number of employees</th>
<th>Higher</th>
<th>Specialized secondary (further)</th>
<th>Secondary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration</td>
<td>265</td>
<td>250</td>
<td>12</td>
<td>3</td>
</tr>
<tr>
<td>Specialists</td>
<td>1,115</td>
<td>791</td>
<td>174</td>
<td>150</td>
</tr>
<tr>
<td>Clerical staff and workers</td>
<td>14</td>
<td>7</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,394</strong></td>
<td><strong>1,048</strong></td>
<td><strong>191</strong></td>
<td><strong>155</strong></td>
</tr>
</tbody>
</table>

**INFORMATION ON EXECUTIVE REMUNERATION POLICY**

The employment agreements and remuneration terms of the Bank’s executives holding the positions of the president and executive vice-presidents at the Bank are approved by the Supervisory Council of **AB DNB Bankas**.

On 10 April 2012, the Bank’s Supervisory Council approved the new Remuneration Policy of the Bank. By the same resolution the Bank’s Supervisory Council also affirmed the provisions and composition of the Bank’s Remuneration Committee.

The Bank’s Remuneration committee:

- assesses, in a competent and independent manner, the variable remuneration policy and application thereof in order to manage the risk assumed by the Bank, capital, and liquidity;
• assesses and submits proposals on components of the remuneration package of the Bank's employees;
• supervises variable remuneration of managerial employees responsible for risk management and compliance control;
• prepares drafts of decisions regarding variable remuneration to be adopted, after approval of Management Board of the Bank, by the Supervisory Council of the Bank with regard to long-term goals of the Bank, shareholders, and investors.

The Bank’s Remuneration committee consists of five members:

<table>
<thead>
<tr>
<th>Chairwoman</th>
<th>Sigutė Dindaitė-Kairienė, manager of Human Resources department</th>
</tr>
</thead>
<tbody>
<tr>
<td>Members</td>
<td>Dalius Darulis, manager of the Corporate banking department</td>
</tr>
<tr>
<td></td>
<td>Vytautas Jūras, manager of the Financial risk department</td>
</tr>
<tr>
<td></td>
<td>Lijana Žmoginaitė, manager of the Sales management department</td>
</tr>
<tr>
<td></td>
<td>Vytautas Naruševičius, manager of the Controlling department</td>
</tr>
</tbody>
</table>

Members of the Remuneration committee have no share holdings in AB DNB Bankas.

The remuneration principles in the Bank are related with the employee appraisal results. The annual business goals are set for DNB group, the Bank and the employees at the beginning of each year. A uniform process is applied for appraising the working culture and operating results.

The Remuneration Policy sets forth that the variable remuneration depends on fulfillment of the balanced operating ratios. The Variable remuneration by the decision of the Management Board of the Bank or of the Group is paid only when the Bank is in a sustainable financial standing and the set performance tasks of the business unit and/or employees are fulfilled. Variable remuneration must contribute to the long-term perspective and be based on the set financial and non-financial ratios. Variable remuneration is paid to the employees after the end of the financial year and is not guaranteed to each employee.

Payment of 50 percent of the variable remuneration to executive managers (the Bank's president, executive vice presidents) and to the other employees who can assume a considerable risk on behalf of the Group or of the Bank and can have material impact on taking decisions is deferred to be made in the form of DNB Bank ASA shares or in other financial instruments. Deferred incentive amounts shall be subject to a 3 year period.

The report on the implementation of the Bank’s remuneration policy 2011 is available on the Bank’s website www.dnb.lt in the section About the bank - Financial reports and ratings.

The following amounts were allocated to the Bank’s Board Members holding the positions of the Bank’s president and executive vice-presidents, and to the chief financier within the period from 1 January 2012 to 30 June 2012:

<table>
<thead>
<tr>
<th>Fixed salary</th>
<th>Gross salary, LTL</th>
<th>Variable salary</th>
<th>Other payment*</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Paid in cash</td>
<td>Paid in DNB Bank ASA shares</td>
<td>Deferred</td>
</tr>
<tr>
<td>Total</td>
<td>980 374</td>
<td>152 690</td>
<td>49 998</td>
<td>100 002</td>
</tr>
<tr>
<td>Average amount, per person</td>
<td>140 053</td>
<td>21 812</td>
<td>7 143</td>
<td>14 286</td>
</tr>
</tbody>
</table>

*car allowance, apartment rent, relocation, settlement pay

Variable salary was paid for the performance results of 2011.

No tantiems were paid to the Members of the Supervisory Council of the Bank in 2012.

The Bank has no special commitments for employees regarding severance payment except the listed below:

a) The Employment Contract of two members of the Management Board who also act as executive vice-presidents of the Bank provides that the Bank shall pay to the employee a severance pay amounting to his/her three average monthly salaries, unless a higher severance pay amount is established by law, when the Employment Contract terminates or is cancelled on one of the following grounds: (a) on the Employers’ will, (b) on the Employer’s initiative, when the Employee is at fault, (c) when the Employee refuses to be transferred together with the Bank (its unit) to another location, (d) when the Employee refuses to work after the introduction of changes to the employment conditions, (e) when the medical commission or the commission for the establishment of disability concludes that the Employee is unable to work under the Employment Contract.

b) The Employment Contract of two members of the Management Board who also act as executive vice-presidents of the Bank provides that the Bank shall pay to the employee a severance pay amounting to his/her six average monthly salaries, unless a higher severance pay amount is established by law, when the Employment Contract terminates or...
is cancelled on one of the following grounds: (a) on the Employers’ will, (b) on the Employer’s initiative, when the Employee is not at fault, (c) when the Employee refuses to be transferred together with the Bank (its unit) to another location, (d) when the Employee refuses to work after the introduction of changes to the employment conditions, (e) when the medical commission or the commission for the establishment of disability concludes that the Employee is unable to work under the Employment Contract.

c) The Employment Contract of one advisor to the president of the Bank provides that the Bank shall pay to the employee a severance pay amounting to his/her nine average monthly salaries, unless a higher severance pay amount is established by law, when the Employment Contract terminates or is cancelled on one of the following grounds: (a) on the Employers’ will, (b) on the Employer’s initiative, when the Employee is not at fault, (c) when the Employee refuses to be transferred together with the Bank (its unit) to another location, (d) when the Employee refuses to work after the introduction of changes to the employment conditions, (e) when the medical commission or the commission for the establishment of disability concludes that the Employee is unable to work under the Employment Contract.

INFORMATION ON HARMFUL TRANSACTIONS CARRIED OUT ON BEHALF OF THE ISSUER DURING THE REPORTING PERIOD

During the reporting period AB DNB Bankas and Group were not engaged into harmful transactions that would be contradictory to the goals of the company, were carried out opposite to usual market terms or could harm the interests of the Bank’s shareholder or other groups of interested persons.

PROCEDURE FOR AMENDING THE BYLAWS

Following the effective Bylaws of the Issuer (the recent wording of the Bylaws registered with the Register of Legal Entities on 5 April 2012), and the Law on Joint Stock Companies, the Bylaws of the Issuer may be amended by decision of the General Meeting of Shareholders taken by at least 2/3 of the votes of all the shareholders participating in the General Meeting of Shareholders, save for the exceptions established by law.

INFORMATION ON LEGAL OR ARBITRAL PROCEEDINGS

During the period from 1 January 2012 to 30 June 2012 the number of litigation (arbitration) proceedings, where Bank is a participant, have not increased significantly. The legal cases are related to the financial services provided by the Bank, i.e. execution of the obligations assumed by the clients to the Bank are disputed.

As at the end of the reporting period the Bank was a defendant in 13 civil cases in which there were 48 claimants, the total disputed amount being approximately LTL 30.4 million. The dispute is related to equity linked bond issued by the Bank, which were acquired by the clients/claimants from the funds borrowed from the Bank. Due to unfavorable market terms the bonds did not record sufficient returns while the obligation of the customers to pay interest on the granted loans remained. The clients state the relevant risks and circumstances were not properly disclosed, i.e. the Bank provided investment services not in compliance with legal requirements. The Bank consistently takes the position that the information was properly disclosed and the investment services were rendered to the client in accordance with the legal requirements. At the moment of preparation of the report there was no final court decision that would have come into effect.

During the reporting quarter sanctions were imposed on the Bank. On 30 April 2009 the Securities Commission of the RoL (hereinafter – SC) decided to impose a LTL 15 000 (EUR 4 344) fine upon the Bank as it identified some deficiencies in provision of investment services to 4 customers. The Bank appealed against aforementioned decision to the court. On 14 April 2011 the Supreme Administrative Court of Lithuania passed a mandatory and unappeasable decision that the decision of the SC and accordingly the sanction were ungrounded. On 19 December 2011 the case was reopened; the court announced its decision on 16 April 2012, this decision changed the previous decision of the court, i.e. the decision of SC was recognized as partially grounded, the fine was reduced to LTL 5 000 (EUR 1 448).

AB DNB Bankas
president

Bjørnar Lund
## ANNEX I

### Main characteristics of debt securities issued for public trading

As of 30 June 2012 the following debt securities issues were made by the Issuer for public trading:

<table>
<thead>
<tr>
<th>Name of securities (ISIN code)</th>
<th>Number of securities</th>
<th>Nominal value per unit</th>
<th>Issue price per unit</th>
<th>Aggregate nominal value</th>
<th>Interest (gain) amount, percent</th>
<th>Maturity</th>
<th>Redemption price, terms and procedure</th>
<th>Coupons paid in 2011 (LTL)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed rate note issue No. 5/2015 (LT0000405052)</td>
<td>150 000</td>
<td>100 (LTL)</td>
<td>99.35 (LTL)</td>
<td>15 000 000 (LTL)</td>
<td>5.00</td>
<td>2015-05-07</td>
<td>Par</td>
<td>150 000</td>
</tr>
<tr>
<td>Fixed rate note issue No. 5/2013 (LT0000431033)</td>
<td>96 134</td>
<td>100 (LTL)</td>
<td>99.95-100.00 (LTL)</td>
<td>9 613 400 (LTL)</td>
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#### Security and commodity index linked notes

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<th>Nominal value per unit</th>
<th>Issue price per unit</th>
<th>Aggregate nominal value</th>
<th>Interest (gain) amount, percent</th>
<th>Maturity</th>
<th>Redemption price, terms and procedure</th>
<th>Coupons paid in 2011 (LTL)</th>
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