AB DNB Bankas

RISK AND CAPITAL MANAGEMENT, DISCLOSURES ACCORDING TO PILLAR 3 FOR THE YEAR ENDED 31 DECEMBER 2016

CONTENTS

INTRODUCTION

This unaudited document is the Pillar 3 disclosure made in accordance with the Regulation (EU) No 575/2013. The Annual Report of AB DNB Bankas contains an extensive amount of relevant information about the risk and its management as well as the capital of the Bank. Therefore this document provides only additional information to AB DNB Bankas Consolidated Annual Report 2016 and must be read in conjunction with it. Only information considered to be material, not proprietary and not confidential is provided here.

This disclosure provides a detailed breakdown of AB DNB Bankas' Financial Group own funds, internal capital figures, main features of capital instruments and describes the institution's overall risk profile in relation to its business strategy.

AB DNB Bankas' Group (hereinafter referred to as "the Group") consists of AB DNB Bankas (hereinafter referred to as "the Bank") and its subsidiaries: UAB DNB Investicijų Valdymas, UAB DNB Būstas, UAB Industrius and UAB Intractus with its subsidiary UAB Gėlužės projektai. AB DNB Bankas' Financial Group (hereinafter referred to as "the Financial Group") consists of AB DNB Bankas, UAB DNB Investicijų Valdymas, UAB Industrius, and UAB Intractus with its subsidiary UAB Gėlužės projektai.

AB DNB Lizingas was merged with AB DNB Bankas in October 2015, and the Bank took over the rights and obligations of AB DNB Lizingas. The subsidiaries of the Bank are fully consolidated from the date on which control is transferred to the Bank and de-consolidated from the date on which control ceases.

On 25 August 2016 DNB and Nordea announced an agreement to combine their operations in Estonia, Latvia and Lithuania to create a leading main bank in the Baltics with strong Nordic roots. The new bank will have scale, a stronger geographic presence and a broader product offering, making it well prepared to meet the future. The transaction is conditional upon regulatory approvals and conditions, and is expected to close around Q2 2017. The banks will operate independently until all necessary approvals have been received.

DNB Bank ASA in Norway is a sole shareholder of AB DNB Bankas holding 100 per cent direct ownership of the Bank's shares and voting rights. The Group has strong backing from the shareholder, which was proved during the most difficult years of the recent economic crisis.

The regulatory capital requirement of the Group is calculated using Basel III Standardised Approach for all risks – credit risk, credit value adjustment risk, market risk and operational risk. Currently, the minimum capital requirement of 8.00 per cent is applied that is supplemented with the Pillar 2 requirement and Pillar 2 guidance. As of the end of 2016, the capital conservation buffer and institution specific countercyclical capital buffer have to be preserved for the bank. In addition, at the end of 2016 other systemically important institutions capital buffer requirement came to effect. The Group takes into consideration the upcoming capitalisation requirements when setting the required capital ratio in its Capitalisation Guidelines and adjusts the capital recovery trigger described in Recovery Plan accordingly.

CHIEF RISK OFFICER'S COMMENT

The Group is well positioned to meet the increasing regulatory requirements towards the capitalisation and is able to comply with all established capital buffers' requirements. In addition, the Group's capital level is adequate to absorb large additional potential losses stemming from risks to which it is exposed or may be exposed in the future. The positive results of the stress testing show the Group's solid capitalisation and resistance to adverse developments of the economy. The Group will be able to withstand standard and possible case scenarios for all three years with managing to maintain the total capital ratio above the preliminary determined recovery indicator for total capital ratio for Recovery Plan and the required capital level set in the Capitalisation Guidelines. Aforementioned ratios would be breached only in the extremely severe worst case scenario.

The capitalisation level enables to exploit growth opportunities in the market, implement the strategic initiatives and strive for the challenging goals set in the business strategy and financial plans. Economic profitability is the key driver in the allocation of capital, therefore only a growth creating economic value is considered. This will contribute to ensuring adequate capital levels in the long run and sustainable profitability of the Group.

Several years in a row the credit portfolio quality has been improving and improved significantly during 2016. This has been achieved through consistent efforts of the entire organisation.

The actual capital adequacy ratio for the Financial Group (17.88 per cent) exceeds the minimum capital ratio that is required by supervisory institutions being able to absorb all assessed material risks and leaving a significant buffer to cover additional losses and develop operations.

KEY METRICS

thousand EUR	2016	2015
Common Equity Tier 1 (CET1) capital	426,054	424,651
Tier 1 capital	426,054	424,651
Tier 2 capital	77	6,624
Total capital	426,131	431,275
Risk-weighted assets	2,382,843	2,379,507
Own funds requirement	190,627	190,361
Capital surplus	235,504	240,914
CET1 ratio, per cent	17.88	17.85
Tier 1 capital ratio, per cent	17.88	17.85
Total capital ratio, per cent	17.88	18.12
Exposure measure for leverage ratio calculation	4,215,024	4,003,778
Leverage ratio, per cent	10.11	10.77

The risk organisation of the Group is part of the international DNB Group's risk organisation. The Group is strongly linked to the international DNB Group in terms of the best practices, competence sharing and active communication. Major ongoing projects in the risk area are implemented in close cooperation with colleagues in the other Baltic countries as well as the international DNB Group.

As the geopolitical situation is becoming tighter it requires more attention and analysis. The Group is analysing the economic environment and a possible impact of unfavourable developments on the loan portfolio and other activities. Customers which might be most severely affected by the geopolitical tension are monitored more closely and reported to the Group's Management. Besides that, the Group takes care of being ready even for extremely adverse circumstances through application of more severe assumptions in stress testing.

Overall, taking into account the achieved improvements in the risk management, measurement, risk control areas and solid capitalisation, the Group is well prepared to meet the challenges the future may pose.

LEGAL STRUCTURE

Organisational management structure, recruitment and diversity policy regarding selection of members of the Management Board, committees' structure and functions, etc. are disclosed in *AB DNB Bankas Consolidated Annual Report 2016*.

RISK MANAGEMENT AND CONTROL

Credit risk mitigation techniques

AB DNB Bankas focuses on financing sound projects and properties with a stable and healthy cash flow ensuring adequate debt servicing capacity. Loans/credit facilities should generally not be granted to customers that do not have a proven debt-servicing capacity, even if they can provide satisfactory collateral. Collateral is only regarded as a risk mitigate, not a substitute for repayment capacity.

When evaluating forecasted future debt-servicing capacity, realistic well founded assumptions must be applied. The main sources of the cash flows included in such assessments are cash flows from borrower's operations and/or collateral realisation that is used to reduce the credit risk. Collateral can be in the form of physical assets such as residential real estate, commercial property, land or in the form of guarantees, cash deposits or credit insurance As a main rule sensitivity/risk case analyses should be done for intermediate and large corporates segments on the main risk drivers. Particular attention should be paid to historical performance through the cycle.

Loans to customers should normally be secured, except for products like credit card lines and similar facilities, which by their nature are granted without collateral. In the event that any portion is unsecured, justification must be provided explaining why the risk of unsecured exposure is acceptable to the bank. As large a proportion of the collateral as possible should thus be linked to real estate property rather than operating assets.

In addition to valuation process, the collateral's true ability to mitigate the bank's risk should always be verified including clear rights over the collateral and the bank's ability to liquidate or repossess the collateral in the event that the borrower defaults (even if the guarantor is not in default). As a main rule, tangible assets should be insured to protect the bank's security interests.

Mortgaged assets should generally meet stipulated requirements with respect to objective valuation, market purchase price, estate agent's valuation and internal appraised value. Mortgage loans to customers in the retail segment should normally be secured by the first priority pledge in the property which is being financed.

Credit risk mitigation is an integral part of credit risk management process in the bank. Defined requirements for new customers, prudent evaluation of debt servicing capacity and collateral provided as security are the main credit risk mitigation measures in the bank. However, there are other risk mitigation techniques such as tools and processes, including but not limited to different risk classification models, use of covenants, credit approval authorities, credit decision making rules and continuous credit risk monitoring.

Quantitative information about collaterals of loans is disclosed in *AB DNB Bankas Consolidated Annual Report 2016*, Financial Risk Management.

Capitalisation Guidelines

Capital adequacy is perceived as defined in the Capitalisation Guidelines of the Group which are reviewed on an annual basis as part of Internal Capital Adequacy Assessment Process (hereinafter referred to as "ICAAP") following development of regulatory requirements.

Capitalisation Guidelines are prepared in close cooperation between the Group and international DNB Group. Moreover, they comply with international DNB Group Capitalisation Guidelines.

According to the Capitalisation Guidelines, the capital should be adequate to ensure effective and optimal use relative to the scope and risk profile of operations and should enable to:

- comply with minimum capital adequacy and regulatory buffer requirements in a way that is consistent with the Groups' risk profile and risk tolerance;
- exploit growth opportunities in the market;
- achieve a competitive return on equity.

The key element to ensure adequate capitalisation is the implementation of CRD IV / CRR capitalisation requirements in the local legislation. The Capitalisation Guidelines are reviewed annually as part of the ICAAP. Changes in the regulatory area and the additional internal capital needs for Pillar 2 potential losses under ICAAP are taken into account.

In 2016, the supervisory authorities established new structure of capital requirements:

- Overall capital requirement (OCR) - the sum of the total SREP capital requirement (TSCR), capital buffer requirements and macro-prudential requirements, when expressed as own funds requirements.
- Total SREP capital requirement (TSCR) - the sum of own funds requirements and additional own funds requirements in accordance with the criteria specified in the Guidelines on common procedures and methodologies for the supervisory review and evaluation process (SREP) issued by EBA.

The required capital ratio set in the Capitalisation Guidelines includes several layers: minimum Pillar 1 capital requirements, Pillar 2 add-on, combined buffer requirements and Pillar 2 capital guidance.

The combined capital buffers include:

- conservation buffer with 2.5 per cent,
- capital buffer for other systemically important institutions (O-SII) with 2 per cent,
- the countercyclical buffer with 0 per cent for Lithuania,

In addition to the Capitalisation Guidelines and other risk management and control policies provided in *AB DNB Bankas Consolidated Annual Report 2016*, the Group has developed a Risk Appetite Framework and the Recovery Plan.

Risk Appetite Framework

The risk appetite concept has emerged as an industry best practice enabling organisations to include risk as a holistic part of the planning and strategy processes and thus react more swiftly to changing environment. The Risk Appetite Framework is based on existing risk reporting and processes in the international DNB Group and locally. The risk appetite statements aim to control local risks in the Group and are developed in coordination with the strategy and financial planning processes, while at the same time fit into the broader Risk Appetite Framework set by the international DNB Group.

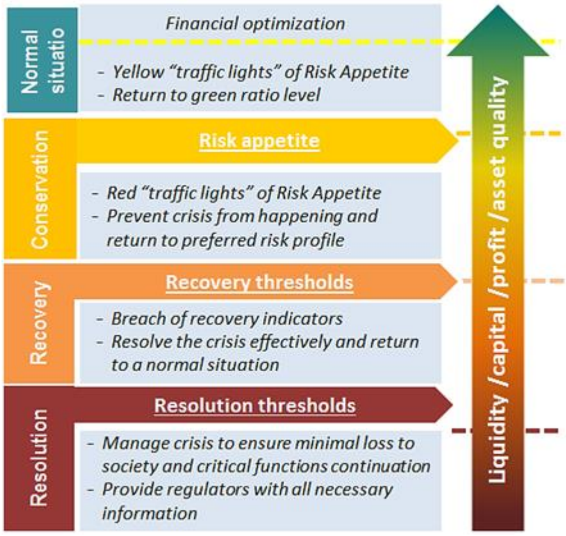
To support the framework a set of governance principles and operational procedures and responsibilities are defined. These are vital to ensure that risk appetite contributes to risk being managed and integrated with other key steering processes in the organisation. It is still maintaining the required independence to function as a reference point for risk consequences of the organisation's strategic and financial planning.

Ownership of risk appetite statements rests with the Supervisory Council of the Group and all its changes to the framework and governance principles are to be approved by the Supervisory Council. The Risk Appetite Framework is to be reviewed at least annually in a process initiated by Group Risk Management and led by the local Chief Risk Officer. A set of nine risk appetite statements has been chosen to express the main risks in the Group. Boundaries on each statement limit the amount of risk which the organisation is willing to accept. Risk appetite reporting is integrated with existing quarterly risk reporting in the Group and is represented in the form of a "traffic light".

Recovery Plan

For severe financial stress scenarios, the Recovery Plan was developed in 2015 and it would facilitate the restoration of the Financial Group's financial position without the need for any government support, while maintaining performance of critical and systemically important functions. The plan has been reviewed and approved as the supplementary document to the international DNB Group Recovery Plan in order to add up recovery planning with more comprehensive description of activities in Lithuanian, Latvian and Estonian subsidiaries in 2016. The plan was drawn up in close cooperation with international DNB Group Risk Management and using several main principles aiming to be in line with the ethical standards and regulatory rules: preserving the critical banking functions, protecting depositors, taking actions in order to maintain the stability of the financial system, maintaining and enhancing public and market confidence in the stability of the financial system. The responsibility for preparing and approving the international DNB Group Recovery Plan rests with the Executive Vice President. The Chief Risk Officer has overall responsibility for the annual review and for keeping the Recovery Plan and its principles updated.

The Recovery Plan and its recovery indicators supplement the other risk management frameworks currently used by the Financial Group such as the Risk Appetite Framework and the new resolution regime, and create multi-layer protective barriers for the Financial Group. A recovery situation may most likely evolve over some time. Initially, the risk appetite warning signals, i.e. "red lights", will flash and the "first round" measures will be taken to improve the situation. The next phase will be the conservation phase, when the "second round" measures will be activated. If these attempts to improve the situation also fail and any recovery trigger is breached, the Financial Group will enter the recovery phase. The measures will now be more severe.



The Financial Group has defined ten indicators with corresponding recovery indicator levels within the five of six categories prescribed by EBA's Guidelines on Recovery Plan Indicators: capitalisation, liquidity/funding, profitability, asset quality as well as macroeconomic reactions. The recovery indicators are monitored as part of the quarterly risk reporting. Any material changes in the recovery indicator values that could put the Financial Group at the risk of entering a conservation or recovery phase should be reported to senior management as soon as possible, without regard to the regular reporting.

For more information on management of credit, market, liquidity and operational risks, their assessment and mitigation, etc. are disclosed in *AB DNB Bankas Consolidated Annual Report 2016*, Financial Risk Management.

CAPITAL ADEQUACY

Primary capital and capital requirements

CAPITAL RECONCILIATION

thousand EUR	2016	2015
Ordinary shares	190,205	190,205
Share premium	81,942	81,942
Retained earnings	86,141	66,907
Reserves	115,028	122,386
Total equity	473,316	461,440
Deductions		
Net profit (loss) for the year	(22,483)	(19,159)
Intangible assets	(4,699)	(5,463)
Defered tax assets	(4,807)	(5,017)
Unrealised gains on fixed assets and available for sale financial assets	(77)	(6,480)
Unrealised gains on long-term assets	(241)	(144)
Value adjustments due to the requirements for prudent valuation	(411)	(526)
Other deductions	(14,544)	-
Common equity Tier 1 capital	426,054	424,651
Tier 1 capital	426,054	424,651
Tier 2 capital	77	6,624
Total eligible primary capital	426,131	431,275

CALCULATION OF COUNTERCYCLICAL CAPITAL BUFFER

Country	Share of relevent exposures	Countercyclical buffer rate
Lithuania*	100.00 per cent	0.00 per cent
Institution specific countercyclical buffer (ISCCB)	-	0.00 per cent
Risk-weighted assets, thousand EUR	2,382,843	
ISCCB capital requirement	**-**	

* Includes EUR 35.149 million of foreign general credit exposures and, EUR 2.197 million of foreign trading book exposures because institution does not exceed thresholds set in Regulation No 1152/2014.

SPECIFICATION OF RISK-WEIGHTED ASSETS AND CAPITAL REQUIREMENTS

thousand EUR	Risk-weighted assets	Own funds requirements
Credit risk	**2,137,561**	**171,005**
Central governments or central banks	-	-
Regional governments or local authorities	-	-

Public sector entities	6,713	537
Institutions	180,533	14,443
Corporates	877,180	70,174
of which:SME	439,585	35,167
Retail	353,322	28,266
of which:SME	210,152	16,812
Secured by mortgages on immovable property	414,933	33,195
of which:SME	2,701	216
Exposures in default	170,728	13,658
of which:SME	85,987	6,879
Irems associated with particulary high risk	61,976	4,958
of which:SME	39,567	3,165
Equity	3,516	281
Other items	68,660	5,493
Market risk	**46,091**	**3,687**
Traded debt instruments	46,055	3,684
Equity	36	3
Foreign Exchange	-	-
Commodities	-	-
Operational risk	**199,128**	**15,930**
Credit value adjustment	**63**	**5**
Total amount	**2,382,843**	**190,627**

Portfolio profile

BREAKDOWN OF EXPOSURES BY RESIDUAL MATURITY

thousand EUR	< 3 months	3-6 months	6-12 months	1-3 years	3-5 years	> 5 years	Total
Central governments or central banks	41,006	-	-	-	-	-	**41,006**
Regional governments or local authorities	490	1,750	5,913	37,206	70,178	79,073	**194,610**
Public sector entities	5,450	30,108	3,523	28,263	6,655	3,273	**77,273**
Institutions	596,243	4,035	2,854	14,403	157,756	2,851	**778,142**
Corporates	172,182	139,616	144,110	286,508	250,854	110,745	**1,104,016**
of which: SME	75,191	59,827	58,372	107,162	164,413	51,103	**516,067**
Retail	75,484	49,249	75,038	144,386	159,197	155,262	**658,617**
of which: SME	63,264	43,133	61,431	100,561	109,033	54,341	**431,762**
Secured by mortgages on immovable property	2,696	1,941	2,618	6,326	14,735	1,161,795	**1,190,111**
of which: SME	2,127	1,121	1,492	1,530	2,623	1,683	**10,575**
Exposures in default	6,738	4,508	44,777	18,057	19,220	54,195	**147,494**
of which: SME	6,599	3,607	23,783	5,911	4,975	27,603	**72,478**
Items associated with particularly high risk	2,982	1,644	32,371	1,714	2,592	14	**41,317**
of which: SME	2,183	-	20,582	1,346	2,268	-	**26,378**
Equity exposures	891	-	-	-	2,624	-	**3,516**
Other items	-	-	-	-	161,233	-	**161,233**
Total	**904,163**	**232,852**	**311,202**	**536,864**	**845,045**	**1,567,209**	**4,397,335**

BREAKDOWN OF EXPOSURES BY GEOGRAPHICAL AREAS

thousand EUR	Lithuania	Norway	Latvia	Denmark	Estonia	Russia	The UK	The US	Others	Total
Central governments or central banks	41,006	-	-	-	-	-	-	-	-	**41,006**
Regional governments or local authorities	194,610	-	-	-	-	-	-	-	-	**194,610**
Public sector entities	77,273	-	-	-	-	-	-	-	-	**77,273**
Institutions	15,855	748,652	2,061	6,308	173	-	1,421	217	3,453	**778,142**
Corporates	1,061,307	1,135	31,239	100	2,935	66	270	-	6,963	**1,104,016**
of which: SME	482,055	-	31,101	-	2,910	-	-	-	-	**516,067**
Retail	656,874	37	102	0	817	93	169	6	518	**658,617**
of which: SME	430,943	-	-	-	817	-	-	-	3	**431,762**
Secured by mortgages on immovable property	1,184,812	476	601	46	-	235	1,407	122	2,412	**1,190,111**

of which: SME	10,575	-	-	-	-	-	-	-	-	**10,575**
Exposures in default	143,585	-	-	-	-	3,443	48	0	417	**147,494**
of which: SME	69,036	-	-	-	-	3,443	-	-	-	**72,478**
Items associated with particularly high risk	41,317	-	-	-	-	-	-	-	-	**41,317**
of which: SME	26,378	-	-	-	-	-	-	-	-	**26,378**
Equity exposures	891	-	-	-	-	-	-	2,624	-	**3,516**
Other items	160,110	33	391	-	327	-	236	121	15	**161,233**
Total exposures	**3,577,641**	**750,334**	**34,394**	**6,455**	**4,253**	**3,838**	**3,551**	**3,090**	**13,779**	**4,397,335**

BREAKDOWN OF EXPOSURES BY INDUSTRY

thousand EUR	Agriculture, forestry, fishing	Construction	Utilities	Financial intermediation	Manufacturing	Public sector	Real estate activities	Logistics, communications	Whole sale and retail	Other sectors	Private individuals	Total
Central governments or central banks	-	-	-	41,006	-	-	-	-	-	-	-	**41,006**
Regional governments or local authorities	-	-	-	-	-	194,610	-	-	-	-	-	**194,610**
Public sector entities	88	139	2,047	0	27	63,394	3,841	974	5	6,757	-	**77,273**
Institutions	-	-	-	763,457	-	-	11,929	-	-	-	2,756	**778,142**
Corporates	41,230	118,225	77,394	13,384	248,940	16	269,056	16,554	217,341	85,234	16,641	**1,104,016**
of which: SME	23,933	28,832	17,151	13,354	97,508	-	212,944	11,762	74,002	32,181	4,399	**516,067**
Retail	159,278	19,832	2,236	2,527	64,521	-	15,634	39,382	88,913	39,088	227,206	**658,617**
of which: SME	159,278	19,832	2,236	2,320	64,521	-	15,634	39,382	88,913	39,088	559	**431,762**
Secured by mortgages on immovable property	2,064	-	-	174	1,032	-	-	1,520	3,509	2,356	1,179,456	**1,190,111**
of which: SME	2,064	-	-	174	1,032	-	-	1,511	3,509	2,285	-	**10,575**
Exposures in default	9,851	5,684	18	38	14,191	-	51,815	1,574	8,524	8,282	47,517	**147,494**
of which: SME	7,113	5,684	18	38	5,594	-	37,667	1,113	7,907	7,344	0	**72,478**
Items associated with particularly high risk	-	3,088	-	-	-	-	24,091	-	-	-	14,139	**41,317**
of which: SME	-	3,088	-	-	-	-	23,291	-	-	-	-	**26,378**
Equity exposures	-	-	-	2,624	-	-	-	-	-	-	891	**3,516**
Other items	-	-	-	-	-	-	-	-	-	161,233	-	**161,233**
Total	**212,511**	**146,967**	**81,696**	**823,211**	**328,711**	**258,021**	**376,366**	**60,004**	**318,291**	**302,950**	**1,488,607**	**4,397,335**

BREAKDOWN OF IMPAIRED AND PAST DUE CREDIT EXPOSURES BY GEOGRAPHICAL AREAS

thousand EUR	Neither past-due nor impaired	Past due but not impaired	Impaired	Past due or impaired	Value adjustments and provisions	Total
Lithuania	2,585,849	240,564	147,914	388,478	(96,353)	**2,877,973**
Estonia	14,907	24	-	24	(10)	**14,921**
Luxembourg	184	-	8,294	8,294	(4,850)	**3,627**
France	2,986	210	44	255	(4)	**3,237**
Russia	442	2,511	-	2,511	(3)	**2,950**
Others	6,133	4,404	177	4,581	(84)	**10,630**
Total	**2,610,501**	**247,713**	**156,429**	**404,142**	**(101,304)**	**2,913,339**

Definitions for accounting purposes of “past due” and ”impaired”, additional information regarding impaired and past due exposures, including reconciliation of changes in credit risk adjustments for impaired exposures during 2016 are disclosed in *AB DNB Bankas Consolidated Annual Report 2016*, Financial Risk Management.

Leverage ratio

According to the Group’s business model, it is highly unlikely that the leverage ratio but not the capital adequacy ratios will be the first to indicate negative developments in the capitalisation. The capital adequacy ratios are much more sensitive indicators in this context, as the Group’s business activities towards taking on off-balance exposures with low capital usage but high impact on leverage (e.g, derivatives) are limited.

This was proven by the stress-testing performed during ICAAP process. Leverage ratios under the different stress scenarios for 2017-2019 were estimated adjusting the denominator of the ratio while, but keeping the nominator stable. The leverage ratio level remained well above the leverage ratio levels set in the Recovery Plan and in the Capitalisation Guidelines even in the third year of the worst case scenario.

Changes in total capital as well as changes in exposure measure for the calculation of leverage ratio had a major impact on the leverage ratio during 2016. Recognision of net profit as part of retained earnings contributed mostly to the rise of total capital while Regulation Tier 1 capital is reduced with the current financial year amounts recognised provisions. Whereas increase in leverage ratio exposures was mostly affected by changes in the portfolio composition, namely, increase in exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns, exposures to institutions as well as growth in exposures secured by mortgages of residential properties. This increase was partially counterweighted by decrease in exposures treated as sovereigns as well as decline in exposures to corporates and exposures in default. Overall changes in both the nominator and the denominator resulted in a slight decrease of the leverage ratio from 10.77 per cent to 10.11 per cent.

CAPITAL MANAGEMENT AND ICAAP

In accordance with the capital adequacy regulations, the Group has implemented a process for assessing the risk profile and internal capital adequacy for the Bank and for the Financial Group. ICAAP is aligned with the uniform guidelines of the international DNB Group.

The purpose of ICAAP is to assure that the Bank and the Financial Group are appropriately capitalised with respect to all material risks that arise from current and future operations. Moreover, the internal capital requirement under Pillar 2 is calculated as a sum of the regulatory capital requirement and additional capital needs for material risks that were not or were not fully captured by the regulatory capital requirement are estimated during ICAAP.

Self-assessment and stress testing are integral parts of entire ICAAP process and are closely intertwined. The major sources of risk concerning the Group are assessed during self-assessment, their materiality and capital requirements are considered. Additional capital needs for material risks, identified during the internal risks self-assessment process with the involvement of different structural units in order to capture all material risks, are assessed in ICAAP. The following risks were evaluated:

- credit risk, including name concentration risk, economic sector concentration risk and residual risk;
- interest rate risk arising from the Banking Book;
- foreign exchange risk;
- operational risk;
- business risk;
- reputational risk.

Moreover, stress testing results are also integrated into ICAAP in order to ensure adequate capitalisation and resilience to adverse developments for the Bank and for the Financial Group. For the solvency stress testing maximum potential loss, capital adequacy ratios as well as leverage ratios were assessed under three different scenarios – standard scenario, possible scenario and worst case scenario. Reverse stress testing was performed to enable assessment of severity and plausibility of the earlier mentioned three solvency stress testing scenarios.

Both self-assessment and stress testing processes is being led by the Risk Analysis Department. Other relevant structural units including both business lines and risk management and control area are involved in identifying material risks through the process for risks self-assessment, development of methodologies and defining assumptions as well as estimation of the stress testing outcomes under the different stress testing scenarios. The key responsibility for separate parts of both self-assessment and stress testing rests with the following structural units: Risk Analysis Department, Operational Risk Department, Markets and Treasury Support and Control Department and Controlling Department.

Self-assessment
Identification of major risks
Assessment of materiality and need of additional capital

ICAAP
Review of Risk Appetite Framework
Review of the Capitalisation Guidelines
Internal Liquidity Adequacy Assessment Process
Stress testing (incl. reverse stress testing)

Feedback
Intenational DNB Group
The Management Board
The Supervisory Council
The Joint Supervisory Team

The ICAAP results in a written report which presents the results of the assessment of adequacy of the capitalisation level and discloses the risk profile with respect to all material risks as well as the main principles of their management and measurement in the Bank and the Financial Group.

The Risk Analysis Department initiates and coordinates the ICAAP in the Group. It works in cooperation with other structural units and sets the internal capital assessment rules and eventually prepares the ICAAP Report. Although the Risk Analysis Department has an overall overview on setting of the internal capital assessment rules, selection of risk measurement methods for each individual material risk not covered by the regulatory capital requirement and risk measurement itself is split between different structural units responsible for risk control.

A number of other structural units (including the Economic Research Department, Treasury Department, Controlling Department, Credit Management Department, Marketing and Communication Department, Loan Recovery and Assets Management Department, Compliance Department, Accounting Department, Sales Management Department) are involved in the identification of risks, in discussing their likelihood and the scope of potential consequences and in proposing the methods for risk measurement. Moreover, they strongly support ICAAP in the areas under their responsibility, such as macroeconomic issues, strategic issues, capital planning, financial planning and credit risk management.

Eventually, the Internal Audit Department assesses the ICAAP process and its results annually and concludes if the process for establishing capital levels, quantification of risks in the Group is adequate and if the Group is well capitalised according to its risk profile. The audit examined the process for establishing minimum capital levels, reviewed the stress-testing process and assessment of stress-testing scenarios, assumptions and results, ICAAP compliance with the internal (including the international DNB Group) and external requirements. Moreover, the audit reviewed identification and analysis of the material risks, assessment whether all material risks have been taken into consideration during the assessment process, capitalisation level with regard to the risk situation and concluded that the Bank is well capitalised, its risk parameters are reasonable.

Overall, the Group is well positioned to meet the increasing regulatory requirements towards the capitalisation. Moreover, the Group's capital level is adequate to absorb large additional potential losses stemming from risks to which it is exposed or may be exposed in the future.

INFORMATION ABOUT REMUNERATION SCHEME

Remuneration policy with improved quantitative information is disclosed in *AB DNB Bankas Consolidated Annual Report 2016*, AB DNB Bankas' Group Consolidated 2016 Annual Report.

ANNEX I – CAPITAL INSTRUMENT'S MAIN FEATURES

1	Issuer	AB DNB Bankas
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement	LT0000100174
3	Governing law(s) of the instrument	Lithuania
	Regulatory treatment	
4	Transitional CRR rules	Common Equity Tier 1
5	Post-transitional CRR rules	Common Equity Tier 1
6	Eligible at solo/(sub-)consolidated/solo & (sub-)consolidated	Solo and (Sub-) Consolidated
7	Instrument type (types to be specified by each jurisdiction)	Ordinary share
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	EUR 378 million
9	Nominal amount of instrument	EUR 33.31
9a	Issue price	Various
9b	Redemption price	N/A
10	Accounting classification	Shareholders' equity
11	Original date of issuance	2001
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates, and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	Coupons / dividends	
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary
21	Existence of step up or other incentive to redeem	N/A
22	Noncumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down features	No
31	If write-down, write-down trigger (s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Tier 1
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A

(1) 'N/A' inserted if the question is not applicable

ANNEX II – TRANSITIONAL OWN FUNDS DISCLOSURE

	Common Equity Tier 1 capital: instruments and reserves	(A)	(B)	(C)
	(A) Amount at Disclosure Date, thousand EUR (B) Regulation (EU) No 575/2013 Article Reference (C) Amount Subject to pre-Regulation (EU) No 575/2013 Treatment or Prescribed Residual Amount of Regulation (EU) No 575/2013			
1	Capital instruments and the related share premium accounts	272,147	26 (1), 27, 28, 29, EBA list 26 (3)	
	of which: Ordinary shares	272,147	EBA list 26 (3)	
2	Retained earnings	63,658	26 (1) (c)	
3	Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	105,693	26 (1)	
3a	Funds for general banking risk	9,094	26 (1) (f)	
4	Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1		486 (2)	
	Public sector capital injections grandfathered until 1 January 2018		483 (2)	
5	Minority Interests (amount allowed in consolidated CET1)		84, 479, 480	
5a	Independently reviewed interim profits net of any foreseeable charge or dividend		26 (2)	
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	450,592		
	Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	(411)	34, 105	
8	Intangible assets (net of related tax liability) (negative amount)	(4,699)	36 (1) (b), 37, 472 (4)	
9	Empty Set in the EU			
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	(4,807)	36 (1) (c), 38, 472 (5)	
11	Fair value reserves related to gains or losses on cash flow hedges		33 (a)	
12	Negative amounts resulting from the calculation of expected loss amounts		36 (1) (d), 40, 159, 472 (6)	
13	Any increase in equity that results from securitised assets (negative amount)		32 (1)	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing		33 (b)	
15	Defined-benefit pension fund assets (negative amount)		36 (1) (e) , 41, 472 (7)	
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)		36 (1) (f), 42, 472 (8)	
17	Holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		36 (1) (g), 44, 472 (9)	
18	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)		36 (1) (h), 43, 45, 46, 49 (2) (3), 79, 472 (10)	
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		36 (1) (i), 43, 45, 47, 48 (1) (b), 49 (1) to (3), 79, 470, 472 (11)	
20	Empty Set in the EU			
20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative		36 (1) (k)	
20b	of which: qualifying holdings outside the financial sector (negative amount)		36 (1) (k) (i), 89 to 91	
20c	of which: securitisation positions (negative amount)		36 (1) (k) (ii) 243 (1) (b) 244 (1) (b)	
20d	of which: free deliveries (negative amount)		36 (1) (k) (iii), 379 (3)	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in 38 (3) are met) (negative amount)		36 (1) (c), 38, 48 (1) (a), 470, 472 (5)	
22	Amount exceeding the 15% threshold (negative amount)		48 (1)	
23	of which: direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities		36 (1) (i), 48 (1) (b), 470, 472 (11)	
24	Empty Set in the EU			
25	of which: deferred tax assets arising from temporary differences		36 (1) (c), 38, 48 (1) (a), 470, 472 (5)	
25a	Losses for the current financial year (negative amount)		36 (1) (a), 472 (3)	
25b	Foreseeable tax charges relating to CET1 items (negative amount)	(14,544)	36 (1) (l)	
26	Regulatory adjustments applied to Common Equity Tier 1 in respect of amounts subject to pre-CRR treatment	(77)		
26a	Regulatory adjustments relating to unrealised gains and losses pursuant to Articles 467 and 468			
26b	Amount to be deducted from or added to Common Equity Tier 1 capital with regard to additional filters and deductions required pre CRR	(77)	481	
27	Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)		36 (1) (j)	

28	**Total regulatory adjustments to Common equity Tier 1 (CET1)**	(24,538)	
29	**Common Equity Tier 1 (CET1) capital**	426,054	
Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts		51, 52
31	of which: classified as equity under applicable accounting standards		
32	of which: classified as liabilities under applicable accounting standards		
33	Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1		486 (3)
	Public sector capital injections grandfathered until 1 January 2018		483 (3)
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties		85, 86, 480
35	of which: instruments issued by subsidiaries subject to phase out		486 (3)
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**		
Additional Tier 1 (AT1) capital: regulatory adjustments			
37	Direct and indirect holdings by an institution of own AT1 Instruments (negative amount)		52 (1) (b), 56 (a), 57, 475 (2)
38	Holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		56 (b), 58, 475 (3)
39	Direct and indirect holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)		56 (c), 59, 60, 79, 475 (4)
40	Direct and indirect holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above the 10% threshold net of eligible short positions) (negative amount)		56 (d), 59, 79, 475 (4)
41	Regulatory adjustments applied to additional tier 1 in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)		
41a	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013		472, 472(3)(a), 472 (4), 472 (6), 472 (8) (a), 472 (9), 472 (10) (a), 472 (11) (a)
41b	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Tier 2 capital during the transitional period pursuant to article 475 of Regulation (EU) No 575/2013		477, 477 (3), 477 (4) (a)
41c	Amount to be deducted from or added to Additional Tier 1 capital with regard to additional filters and deductions required pre- CRR		467, 468, 481
42	Qualifying T2 deductions that exceed the T2 capital of the institution (negative amount)		56 (e)
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**		
44	**Additional Tier 1 (AT1) capital**		
45	**Tier 1 capital (T1 = CET1 + AT1)**	426,054	
Tier 2 (T2) capital: instruments and provisions			
46	Capital instruments and the related share premium accounts		62, 63
47	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2		486 (4)
	Public sector capital injections grandfathered until 1 January 2018		483 (4)
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties		87, 88, 480
49	of which: instruments issued by subsidiaries subject to phase out		486 (4)
50	Credit risk adjustments		62 (c) & (d)
51	**Tier 2 (T2) capital before regulatory adjustments**		
Tier 2 (T2) capital: regulatory adjustments			
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)		63 (b) (i), 66 (a), 67, 477 (2)
53	Holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		66 (b), 68, 477 (3)
54	Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		66 (c), 69, 70, 79, 477 (4)
54a	Of which new holdings not subject to transitional arrangements		
54b	Of which holdings existing before 1 January 2013 and subject to transitional arrangements		
55	Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)		66 (d), 69, 79, 477 (4)
56	Regulatory adjustments applied to tier 2 in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)	77	
56a	Residual amounts deducted from Tier 2capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013		472, 472(3)(a), 472 (4), 472 (6), 472 (8) (a), 472 (9), 472 (10) (a), 472 (11) (a)

56b	Residual amounts deducted from Tier 2 capital with regard to deduction from Additional Tier 1 capital during the transitional period pursuant to article 475 of Regulation (EU) No 575/2013		475, 475 (2) (a), 475 (3), 475 (4) (a)
	Of which items to be detailed line by line, e.g. reciprocal cross holdings in at1 instruments, direct holdings of non significant investments in the capital of other financial sector entities, etc		
56c	Amount to be deducted from or added to Tier 2 capital with regard to additional filters and deductions required pre CRR	77	467, 468, 481
	which: …possible filter for unrealised losses		467
	Of which: …possible filter for unrealised gains		468
	Of which: …	77	481
57	**Total regulatory adjustments to Tier 2 (T2) capital**	77	
58	**Tier 2 (T2) capital**	77	
59	**Total capital (TC = T1 + T2)**	426,131	
59a	Risk weighted assets in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013(i.e. CRR residual amounts)		
	Of which: …items not deducted from CET1 (Regulation (EU) No 575/2013residual amounts) (items to be detailed line by line, e.g. Deferred tax assets that rely on future profitability net of related tax liablity, indirect holdings of own CET1, etc)		472, 472 (5), 472 (8) (b), 472 (10) (b), 472 (11) (b)
	Of which: …items not deducted from AT1 items (Regulation (EU) No 575/2013residual amounts) (items to be detailed line by line, e.g. Reciprocal cross holdings in T2 instruments, direct holdings of non-significant investments in the capital of other financial sector entities, etc)		475, 475 (2) (b), 475 (2) (c), 475 (4) (b)
	Items not deducted from T2 items (Regulation (EU) No 575/2013residual amounts) (items to be detailed line by line, e.g. Indirect holdings of own t2 instruments, indirect holdings of non significant investments in the capital of other financial sector entities, indirect holdings of significant investments in the capital of other financial sector entities etc)		477, 477 (2) (b), 477 (2) (c), 477 (4) (b)
60	**Total risk weighted assets**	2,382,843	
Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage of risk exposure amount)	17.88	92 (2) (a), 465
62	Tier 1 (as a percentage of risk exposure amount)	17.88	92 (2) (b), 465
63	Total capital (as a percentage of risk exposure amount)	17.88	92 (2) (c)
64	Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus the systemically important institution buffer (G-SII or O-SII buffer), expressed as a percentage of risk exposure amount)	9.00	CRD 128, 129, 130
65	of which: capital conservation buffer requirement	2.50	
66	of which: countercyclical buffer requirement	0.00	
67	of which: systemic risk buffer requirement		
67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	2.00	CRD 131
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	9.88	CRD 128
69	[non relevant in EU regulation]		
70	[non relevant in EU regulation]		
71	[non relevant in EU regulation]		
Amounts below the thresholds for deduction (before risk weighting)			
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)		36 (1) (h), 45, 46, 472 (10) 56 (c), 59, 60, 475 (4) 66 (c), 69, 70, 477 (4)
73	Direct and indirect holdings by the institution of the CET 1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)		36 (1) (i), 45, 48, 470, 472 (11)
74	Empty Set in the EU		
75	Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met)		36 (1) (c), 38, 48, 470, 472 (5)
Applicable caps on the inclusion of provisions in Tier 2			
76	Credit risk adjustments included in T2 in respect of exposures subject to standardized approach (prior to the application of the cap)		62
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	2,382,843	62
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)		62
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach		62
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2013 and 1 Jan 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements		484 (3), 486 (2) & (5)
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)		484 (3), 486 (2) & (5)
82	Current cap on AT1 instruments subject to phase out arrangements		484 (4), 486 (3) & (5)
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)		484 (4), 486 (3) & (5)
84	Current cap on T2 instruments subject to phase out arrangements		484 (5), 486 (4) & (5)
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)		484 (5), 486 (4) & (5)

ANNEX III – LEVERAGE RATIO

CRR LEVERAGE RATIO

Reference date	31 December, 2016
Entity name	AB DNB bankas
Level of application	Financial Group

SUMMARY RECONCILIATION OF ACCOUNTING ASSETS AND LEVERAGE RATIO EXPOSURES

thousand EUR		**Applicable Amount**
1	Total assets as per published financial statements	3,989,347
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	
3	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio total exposure measure in accordance with Article 429(13) of Regulation (EU) No 575/2013)	
4	Adjustments for derivative financial instruments	10,080
5	Adjustment for securities financing transactions (SFTs)	
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	225,103
EU-6a	(Adjustment for intragroup exposures excluded from the leverage ratio total exposure measure in accordance with Article 429(7) of Regulation (EU) No 575/2013)	
EU-6b	(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with Article 429(14) of Regulation (EU) No 575/2013)	
7	Other adjustments	(9,506)
8	**Leverage ratio total exposure measure**	4,215,024

LEVERAGE RATIO COMMON DISCLOSURE

thousand EUR		**CRR leverage ratio exposures**
On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	3,834,038
2	(Asset amounts deducted in determining Tier 1 capital)	(9,506)
3	**Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)**	3,824,532
Derivative exposures		
4	Replacement cost associated with *all* derivatives transactions (i.e. net of eligible cash variation margin)	13,607
5	Add-on amounts for PFE associated with *all* derivatives transactions (mark-to-market method)	10,080
EU-5a	Exposure determined under Original Exposure Method	
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	
8	(Exempted CCP leg of client-cleared trade exposures)	
9	Adjusted effective notional amount of written credit derivatives	
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	
11	**Total derivatives exposures (sum of lines 4 to 10)**	23,687
SFT exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	141,702
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	
14	Counterparty credit risk exposure for SFT assets	
EU-14a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429b(4) and 222 of Regulation (EU) No 575/2013	
15	Agent transaction exposures	
EU-15a	(Exempted CCP leg of client-cleared SFT exposure)	
16	**Total securities financing transaction exposures (sum of lines 12 to 15a)**	141,702
Other off-balance sheet exposures		
17	Off-balance sheet exposures at gross notional amount	511,280
18	(Adjustments for conversion to credit equivalent amounts)	(286,177)
19	**Other off-balance sheet exposures (sum of lines 17 and 18)**	225,103
Exempted exposures in accordance with Article 429(7) and (14) of Regulation (EU) No 575/2013 (on and off balance sheet)		

EU-19a	(Intragroup exposures (solo basis) exempted in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on and off balance sheet))	
EU-19b	(Exposures exempted in accordance with Article 429 (14) of Regulation (EU) No 575/2013 (on and off balance sheet))	
Capital and total exposure mesure		
20	**Tier 1 capital**	426,131
21	**Leverage ratio total exposure measure (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)**	4,215,024
Leverage ratio		
22	**Leverage ratio, per cent**	10.11
Choice on transitional arrangements and amount of derecognised fiduciary items		
EU-23	Choice on transitional arrangements for the definition of the capital measure	Fully phased in
EU-24	Amount of derecognised fiduciary items in accordance with Article 429(11) of Regulation (EU) No 575/2013	

SPLIT-UP OF ON BALANCE SHEET EXPOSURES (EXCLUDING DERIVATIVES, SFTS AND EXEMPTED EXPOSURES)

thousand EUR		CRR leverage ratio exposures
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	3,834,038
EU-2	Trading book exposures	103,866
EU-3	Banking book exposures, of which:	3,730,173
EU-4	Covered bonds	
EU-5	Exposures treated as sovereigns	258,266
EU-6	Exposures to regional governments, MDB, international organisations and PSE **not** treated as sovereigns	49,285
EU-7	Institutions	614,433
EU-8	Secured by mortgages of immovable properties	1,186,713
EU-9	Retail exposures	522,971
EU-10	Corporate	736,604
EU-11	Exposures in default	146,328
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	215,573

ANNEX IV – CALCULATION OF THE COUNTERCYCLICAL CAPITAL BUFFER

thousand EUR	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)
Breakdown by country:												
Lithuania*	1,950,316	-	2,197	-	-	-	156,025	176	-	156,201	100.00	0.00
Total	**1,950,316**	**-**	**2,197**	**-**	**-**	**-**	**156,025**	**176**	**-**	**156,201**	**100.00**	**0.00**

(A) General credit exposures: Exposure value for SA
(B) General credit exposures: Exposure value IRB
(C) Trading book exposure: Sum of long and short position of trading book
(D) Trading book exposure: Value of trading book exposure for internal models
(E) Securitisation exposure: Exposure value for SA
(F) Securitisation exposure: Exposure value for IRB
(G) Own funds requirements: Of which: General credit exposures
(H) Own funds requirements: Of which: Trading book exposures
(I) Own funds requirements: Of which: Securitisation exposures
(J) Own funds requirements: Total
(K) Own funds requirement weights, per cent
(L) Countercyclical capital buffer rate, per cent

* General credit exposures value includes EUR 35.149 million of foreign exposures, trading book exposure value includes EUR 2.197 million of foreign exposures.

Total risk exposure amount, thousand EUR	2,382,843
Institution specific countercyclical buffer rate, per cent	0.00
Institution specific countercyclical buffer requirement	-