

AB DNB NORD BANKAS  
(WITH THE HEAD OFFICE REGISTERED IN VILNIUS, HEREINAFTER REFERRED TO AS THE  
“BANK” OR “ISSUER”)

500 000 000 LITAS  
MEDIUM-TERM NOTE PROGRAMME

BASE PROSPECTUS

THIS BASE PROSPECTUS WAS DRAWN UP IN ACCORDANCE WITH THE RULES OF PREPARATION, AND APPROVAL OF THE SECURITIES PROSPECTUS AND INFORMATION PUBLICATION APPROVED BY THE RESOLUTION NO. 1K-21 OF THE SECURITIES COMMISSION OF THE REPUBLIC OF LITHUANIA OF 15 JULY 2005, AND REGULATION NO 809/2004 OF THE COMMISSION OF THE EUROPEAN COMMUNITIES OF 29 APRIL 2004 IMPLEMENTING DIRECTIVE 2003/71/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AS REGARDS INFORMATION CONTAINED IN PROSPECTUSES AS WELL AS THE FORMAT, INCORPORATION BY REFERENCE AND PUBLICATION OF SUCH PROSPECTUSES AND DISSEMINATION OF ADVERTISEMENTS.

THIS BASE PROSPECTUS WAS PREPARED FOLLOWING THE PROCEDURE LAID DOWN IN ANNEX V TO REGULATION NO 809/2004 OF THE COMMISSION OF THE EUROPEAN COMMUNITIES

THIS BASE PROSPECTUS CONTAINS INFORMATION ABOUT THE CHARACTERISTICS OF NON-EQUITY SECURITIES OFFERED ON THE BASIS OF THE OFFERING PROGRAMME, THEIR DISTRIBUTION TERMS AS WELL AS INVESTOR RIGHTS AND DUTIES RELATED TO SUCH SECURITIES. INFORMATION ABOUT THE ISSUER IS PRESENTED IN A SEPARATE REGISTRATION DOCUMENT, WHICH TOGETHER WITH OTHER RELATED DOCUMENTS, IS INCORPORATED BY A REFERENCE HEREIN. THE LIST OF THE DOCUMENTS INCORPORATED BY REFERENCE INTO THIS BASE PROSPECTUS IS PRESENTED ON THE FOLLOWING PAGE.

TERMS OF AN OFFER THAT ARE NOT KNOWN AT THE MOMENT OF REGISTRATION OF THIS BASE PROSPECTUS ARE PRESENTED IN A SEPARATE DOCUMENT (HEREINAFTER REFERRED TO AS **THE FINAL TERMS**). THE FINAL TERMS ARE SET FOLLOWING A PROCEDURE DESCRIBED IN SECTION II OF THE INTRODUCTION HEREOF. INFORMATION ABOUT THE FINAL TERMS, WILL BE PUBLISHED IN ACCORDANCE WITH SECTION 9 HEREOF. FINAL TERMS ARE NOT SUBJECT TO APPROVAL BY A SECURITIES COMMISSION.

**A DECISION TO INVEST IN THE SECURITIES OFFERED BY THE ISSUER SHOULD BE BASED ON CONSIDERATION OF THE PROSPECTUS, INCLUDING THE FINAL TERMS AND THE DOCUMENTS INCORPORATED BY REFERENCE THEREIN AS A WHOLE BY THE INVESTOR.**

INVESTMENTS INTO SECURITIES CARRY CERTAIN RISKS, THEREFORE, SECURITIES OFFERED BY THE ISSUER SHOULD ONLY BE ACQUIRED BY THE INVESTORS WHO HAVE SUFFICIENT FINANCIAL KNOWLEDGE AND EXPERTISE TO MAKE A PROPER ASSESSMENT OF THE RISKS RELATED TO THE SECURITIES AND THE ISSUER'S ACTIVITIES.

THE MAIN RISK FACTORS RELATED TO THE ISSUER, SUCH AS THE CREDIT CONDITION OF ITS CLIENTS, CHANGES IN MARKET VARIABLES, THE LIQUIDITY OF FINANCIAL RESOURCES AND OPERATING FACTORS ARE LISTED IN SECTION 3 OF THE REGISTRATION DOCUMENT. THE MAIN RISK FACTORS RELATED TO THE SECURITIES OFFERED OR PLANNED TO BE OFFERED, SUCH AS THE MARKET LIQUIDITY, THE LEVEL OF INTEREST RATES, ETC., ARE LISTED IN SECTION IV.2 OF THIS BASE PROSPECTUS.

NO INFORMATION CONTAINED IN THIS BASE PROSPECTUS HAS BEEN AUDITED, UNLESS INDICATED OTHERWISE.

DECEMBER 2006, VILNIUS

## INFORMATION PRESENTATION BY REFERENCE

The Issuer's Registration Document approved by the Securities Commission of the Republic of Lithuania on 26 October 2006 (hereinafter referred to as the Registration Document) is incorporated by reference into the Base Prospectus and forms an integral part of this Base Prospectus.

The Issuer's information given in this Base Prospectus and Registration Document may be updated in annexes to the Prospectus according to Articles 20-22 of the Commission's Directive 1K-21, and Article 16 of the Directive 2003/71/EC of the European Parliament and Council.

This Base Prospectus, Registration Document, documents incorporated by reference into the Registration Document and the Final Terms are accessible, and copies of them are available free of charge at the Bank's Investment Banking Department, Corporate Finance Division, J. Basanavičiaus g. 26, Vilnius, from 8:00 till 16:30 on business days (till 15:00 on Fridays) and the Bank website, [www.dnb nord.lt](http://www.dnb nord.lt). Phone enquiries: +370 5 239 3516, +370 5 239 3772.

The respective documents are accessible, and their free copies are also available at the Distributor's office and website. The Distributor contact details shall be given in the Final Terms of each issue.

## GENERAL DEFINITIONS USED IN THIS BASE PROSPECTUS

**Issuer** - AB DnB NORD bankas

**Bank** – used with the same meaning as the Issuer

**Programme** – a plan approved by the Management Board resolution of 14 December 2006, on the basis of which notes of the established type are issued in a repeated manner during a 12 month period; Terms of each tranche, offered on the basis of the Programme are laid down in the Base Prospectus and Final Terms.

**Prospectus** means a collection of documents intended for investors and general public containing all relevant information concerning the Issuer and the securities to be offered to the public or admitted to trading in a regulated market. The Prospectus consists of the following documents: this document (i.e. Base Prospectus), Registration Document, Final Terms and all the documents incorporated by reference into these documents.

**Base Prospectus** means this document, which forms an integral part of the Prospectus and contains terms and conditions of the securities to be offered under the Programme as well as the subscription terms. Information about the Issuer is presented in the Base Prospectus via reference to the Registration Document.

**Registration Document** is an integral part of the Prospectus containing information about the Issuer.

**Final Terms** - an integral part of the Prospectus containing information on the terms and conditions that were not known at the moment of approval of the Base Prospectus.

**Note Subscription Agreement** means an Agreement signed by and between the investor and the Issuer, under which an investor subscribes for the notes issued by the Issuer, and undertakes relevant payment obligations.

**Professional Investors** mean investors who are considered as professional according to the definition used in Article 2 of the Securities Market Law of the Republic of Lithuania.

**Trustee** – a licensed financial broker protecting note owners' interests in relations with the Issuer

**Calculating Agent** means a licensed financial broker calculating the amounts payable to note holders (interest, redemption price, etc.).

**Paying Agent** means a licensed financial broker carrying out payments to note owners following the instructions given by a Calculating Agent.

**Distributor** means a licensed financial broker appointed by the Issuer to distribute securities issued on the basis of this Programme. If several Distributors are appointed, "Distributor" is used in reference to the Global Coordinator appointed by the Issuer.

**Subscription Coordinator** means a person appointed by the Issuer who ensures that the number of notes subscribed by an investor does not exceed the balance of the notes available for subscription, when such control can not be performed by online accounting system.

**Business Day** – i) a business day of an organized market, which executes regular trades in securities, commodities or fund units on the basis of which value of Index Linked Notes is determined, also markets which execute trades in relevant derivative instruments and/or ii) a business day of a non-organized market, on which the Issuer may offer securities, commodities or funds units for sale or redemption and/or iii) a business day of financial institutions, on which the Issuer may carry out payments to a note owner, carry out currency exchange operations, establish interest rates and carry out other financial operations related with note servicing.

**Effective Date** means a day no later than 5 Business Days from the placement period, from which the note term starts. Unless specified otherwise in the applicable Final Terms, the initial index value (in reference to Index Linked Notes) is observed and/or the first interest period starts on the Effective Date.

**Issue Price** means the initial offer price at the end of the placement period. End of placement period shall be considered a specific date indicated in the Final Terms of a tranche, which may not coincide with the last day of the offer, if all the notes were placed before the end of set placement period.

**Technical Annex** of the Index Linked Notes forms an integral part of the Base Prospectus and describes Coupon amount and Redemption Price calculation provisions.

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## I. SUMMARY

This summary should be considered as an introduction to the Prospectus, consisting of the Base Prospectus, all documents incorporated by reference into it and the Final Terms. Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor.

Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches to those persons who have tabled the summary including any translation thereof, and applied for its notification, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus.

Issuer	AB DnB NORD bankas J. Basanavičiaus 26, Vilnius, Lithuania. Phone: +370 5 239 34 44, +370 5 239 3 516.
Principal Activities	The Issuer is engaged in the commercial banking activities
Guarantor	Notes issued on the basis of this Programme shall be unsecured
Programme Description	Programme of medium-term (from 6 months to 10 years) unsubordinated, unsecured and non-convertible principal protected notes. The Programme covers fixed rate notes, floating rate notes, zero coupon notes, dual-currency notes, index linked notes and any combinations hereof.  Notes held to maturity shall be redeemed at not less than principal value.  Programme is valid for 1 year from the day of approval of this Base Prospectus by the Lithuanian Securities Commission.
Risk Factors	Main risk factors concerning the securities offered or planned to be offered on the basis of the Programme are specified in Section iv.2 of this Base Prospectus and include the following: i) market risk, ii) market disruption risk, iii) interest rate risk, iv) Issuer's credit risk, v) counterparty and settlement risk, vi) taxation and legal risk, vii) currency risk, viii) liquidity risk, ix) listing risk.
Programme Size	500.000.000 Litass (maximum aggregate par value of the securities issued on the basis of this programme may not exceed 500.000.000 Litass, or the equivalent amount in other currencies)
Trustee	The note holders might be assigned a trustee, specified in the Final Terms. If the trustee is replaced after the completion of the placement, the investors shall be notified thereof following the procedure established in Section 9 of the Base Prospectus.
Calculating and Paying Agents	AB DnB NORD bankas The Issuer may appoint an external calculating and paying agent giving a notice on that in the Final Terms. If the agent is replaced after the completion of the placement, the investors shall be notified thereof following the procedure established in Section 9 of the Base Prospectus.
Distributor (-s)	AB DnB NORD bankas The Issuer may provide for other or additional distributor(-s) in the Final Terms.
Method of Distribution	Public placement
Placement	Republic of Lithuania and/or any other country specified in the Final Terms.

Placement Period	To be established in the Final Terms of each tranche.
Subscription	The notes will be subscribed by signing a Note Subscription Agreement. Addresses of the places of subscription and the subscription period shall be specified in the Final Terms of each tranche.
Allocation	Notes shall be allocated on a time priority, based on the time of signing of the Note Subscription Agreement.
Payment	Full payment for the subscribed notes shall follow the signing of the Note Subscription Agreement and shall be due by 16:00 on the date of the Subscription and will be based on the price effective on the Subscription date as specified in the Final Terms.
Par	Par value of the securities of each tranche shall be defined in the Final Terms.
Issue Price	Notes shall be issued at par, more or less than par. Price of the securities of a specific tranche shall be defined in the Final Terms of the tranche.
Subscription Fee	Unless otherwise stipulated in the Final Terms, the notes will be distributed free of the subscription fee.
Denomination	Securities shall be denominated in Litas, Lats, Euro or any other currency. Issue currency shall be defined in the Final Terms of each tranche. In Dual Currency Note tranches, notes may be redeemed and/or coupons may be paid in the other than the issue currency.
Fixed Rate Notes	Notes, the owners of which are paid fixed rate of interest. Interest rate shall be established according to the conditions of the financial and capital markets as well as informal investor polls.
Floating Rate Notes	The note holders shall be paid floating rate of interest, which depends on the prevailing interbank interest rates in European and other markets, and a fixed margin.
Zero Coupon Notes	Notes offered below par and redeemed at par. No coupon shall be paid for this type of notes.
Index Linked Notes	The notes, the value at redemption and/or coupons of which depend on the change in the value of an Underlying Index and Participation, where the Underlying <u>Index</u> refers to any security or commodity index, or any basket thereof; a price of any security, commodity, fund unit or any basket thereof, to which payments to the note holders are linked. The <u>Participation</u> refers to the degree of the investor's participation in the change of the Underlying Index.
a) Index Linked Coupon Notes	Notes, which coupons payable to the note holders depend on the Index change and the Participation.
b) Index Linked Redemption Notes	Notes which redemption amount depends on the Index change and the Participation.
Dual Currency Notes	Any type of notes that pay coupons in other than the issue currency and/or are redeemed in the currency other than the issue currency.
Coupon Payment Dates	All payments of coupons shall be paid on the Coupon Payment Dates. Specific Coupon Payment Dates shall be established in the Final Terms.
Day Count Convention	In case of Zero Coupon Notes: Act/360 (actual number of days in a month and 360 days in year). In case of Fixed and Floating Rate Notes: Act/Act (actual

	number of days in a month and year). Different day count conventions may be stipulated in the Final Terms.
Redemption	All notes held to maturity shall be redeemed by a single payment at par ( <i>with the exception of the Index Linked Redemption Notes</i> ). Index Linked Redemption Notes shall be redeemed for par value plus a premium, but in any case no less than a par.
Early Redemption	<p>Early redemption at the option of the Issuer only apply to Index Linked Notes, when if certain events specified in the Final Terms occur on certain event days specified in the Final Terms, the Issuer has the right to redeem the notes without a prior notice the investors.</p> <p>The Final Terms of each tranche shall specify if the note holders have the option of early redemption. In case of such option, the Final Terms shall specify the dates when the early redemption can be exercised.</p>
Listing	The Issuer may apply to Vilnius and/or other stock exchanges for the listing of a specific tranche. Decision to apply for listing will be made taking into consideration the market demand, the size of the offer, and the listing-related costs. The Final Terms of the tranche shall specify the exchanges for which the application is to be made.
Rating	Securities offered under this Programme shall not be subject to rating.
Withholding taxes	<p>10% on interest income for foreign corporates.</p> <p>No withholding taxes for private individuals or Lithuanian corporates.</p>
Use of Proceeds	Proceeds received from the securities offered under this Programme shall be used in the main activities of the Issuer.
Publication of the Prospectus and Latest Information	<p>This Prospectus, and the latest annual and interim financial statements are available on the Issuer's website <a href="http://www.dnbnord.lt">www.dnbnord.lt</a>. In addition free copies are available from the Issuer's Investment Banking Department, Corporate Finance Unit, J. Basanavičiaus g. 26, Vilnius, Lithuania. Telephone enquiries: +370 5 239-3516, +370 5 239-3772.</p> <p>The documents are also accessible and their free copies are available at the Distributor offices and websites. The Distributor contact details shall be specified in the Final Terms of each tranche.</p>
Publication of the Final Terms	Reference to where Final Terms are available will be published on the Issuer's website <a href="http://www.dnbnord.lt">www.dnbnord.lt</a> , the Distributor websites and mass media of a country, in which the notes are offered. The Distributor contact details and website addresses shall be stated in the Final Terms of each tranche. Choice of mass media is specified in Section 9 of the Base Prospectus.

## BRIEF INFORMATION ABOUT THE ISSUER

Issuer	<p>AB DnB NORD bankas  J. Basanavičiaus 26, Vilnius, Lithuania.  Company code : 112029270  Phone: +370 5 239 34 44; Fax: +370 5 213 90 57  www.dnbnord.lt</p>
Authorized capital*	<p>Issuer's authorized capital is 311.735.790 Litas and is divided into 2.710.746 ordinary registered shares at 115 Litas par value each.</p>
Principal activities	<p>The Issuer is a credit institution incorporated in the Republic of Lithuania, holding a licence to be and is engaged in acceptance of deposits and other repayable funds from unprofessional market players and lending, and authorised to provide other financial services, and assuming the risks and liabilities related thereto.</p>
Issuer's position in the market	<p>The main activities of the Issuer are carried out in the Republic of Lithuania, where it competes with 9 banks, 2 branches of foreign banks, 3 representative offices of foreign banks and 65 credit unions. The Issuer has no direct competitors outside Lithuania.</p> <p>According to the data published by the Bank of Lithuania, on 31 March 2006 the Issuer was the third largest bank in Lithuania by the assets (12% market share), individual and corporate deposits (10.8%), loans issued to corporates and individuals (15.2%).</p>
Credit rating (by Fitch)**	<p>A (long-term); F1 (short-term).</p>
Main risk factors related to the Issuer's activities	<p>The main risk related with the Issuer's activities is the credit risk, i.e. risk to incur losses due to the default of financial obligations by the clients to the Bank. The results of testing under the most unfavourable conditions show that the probable losses incurred by the Bank due to credit risk would account for approximately 75% of all probable losses.</p> <p>Other risks related to the Issuer's activities include the market risk (i.e. a possibility to incur losses due to unfavourable changes in the market variables, e.g. market interest rates), the liquidity risk (i.e. the risk of failure by the Bank to meet financial liabilities in due time and the risk to incur losses due to a sudden decrease in financial resources and the increased cost of new funding intended to cover such decrease), the operating risk (i.e. the risk to incur direct or indirect losses as the result of insufficient or ineffective internal processes, systems, technologies, personnel's actions, external factors), and the note redemption risk (i.e. the risk that the Issuer will not be able to fulfil obligations under its debt securities issued). A more thorough description of the risk factors is given in Section 3 of the Registration Document.</p>



The Issuer's activities are supervised by the Bank of Lithuania. The Bank of Lithuania has established prudential requirements which must be complied with by each bank registered in the Republic of Lithuania. The Issuer is in compliance with all the prudential requirements.

Bank and Group<sup>1</sup> compliance with prudential requirements in 2004, 2005 and 1<sup>st</sup> half of 2006

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

<sup>1</sup>The Group consists of the Issuer and its affiliate companies – UAB DNB NORD Lizingas (leasing) and UAB DNB NORD Investicijų Valdymas (asset management)

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

Management\*\*\*

Supervisory Council	Management Board	Administration
<b>Sven Herlyn</b>	<b>Werner Heinz Schilli</b>	<b>Werner Heinz Schilli</b>
Aasmund Skaar	Dr Vygintas Bubnys	Dr Vygintas Bubnys
Dr Juergen Allerkamp	Gundars Andžans	Dr Jekaterina Titarenko
Peter-Juergen Schmidt	Dr Jekaterina Titarenko	Alditas Saulius
Viktoras Valentukevičius	Alditas Saulius	Sigitas Žutautas
Antanas Juozas Zabulis	Sigitas Žutautas	
Torstein Hagen		

Chairmen of the Supervisory Council and the Management Board, as well as the Head of Administration – President are printed in bold.

Organisational structure and shareholders\*\*\*\*

Shareholders controlling over 5% of the Issuer's authorised capital:  
- Bank DnB NORD A/S (Denmark) – 93.13%.  
- Skandinaviska Enskilda Banken (hereinafter referred to as SEB), for the benefit of East Capital Asset Management - 6.48%.

49% of the major shareholder– Bank DnB NORD A/S –is controlled by the German bank Norddeutsche Landesbank Girozentrale (NORD/LB), and 51% - by the Norwegian bank DnB NOR Bank ASA. Beside investments in Lithuania, Bank DnB NORD A/S carries out operations in Latvia, Estonia, Poland, Finland, Denmark.

The Issuer, in its turn, controls 100% of shares of UAB DnB NORD Investicijų Valdymas engaged in asset management, and UAB DnB NORD Lizingas engaged in financial leasing activities.

*Information presented in this part of the Summary includes the following changes, which took place after the Registration document was submitted, therefore does not fully correspond to the information presented in the Registration document.*

\* - On 20 October 2006, the increase in the Bank's authorized capital by 28.339.450 Litass (246.430 shares) was registered with the Register of Legal Entities of the Republic of Lithuania

\*\* - On 21 December 2006, Fitch Ratings upgraded the Bank's Long-term Issuer Default Rating from A- to A and Short-term Rating from F2 to F1. The upgrade in the Long-term Issuer Default rating implies an even higher overhaul liquidity and a lower credit risk position of the Bank. F1, in its turn, is the highest Short-term Rating, which implies particularly high short-term liquidity of the Bank.

\*\*\* - On 29 December 2006, two new members were elected to the Management Board – Dr Jekaterina Titarenko, who replaced Rudolf Karges, and Sigita Žutautas

\*\*\*\* - On 20 October 2006, after the registration of the increase in the Bank's authorized capital, the share of Bank DnB NORD A/S in the Issuer's authorised capital increased to 93.13% and that of the East Capital Asset Management - to 6.48%.

## SUMMARY OF FINANCIAL CONDITION

Financial statements are prepared according to the International Financial Reporting Standards. The financial statements for 2004 and 2005 were audited in accordance with the International Auditing Standards. The financial statements for the first half-years of 2005 and 2006 were not audited.

The Group consists of the Issuer and its 100%-controlled affiliate companies – UAB DNB NORD Lizingas and UAB DnB NORD Investicijų Valdymas. Financial statements of the Group are consolidated by the full consolidation method.

### The Bank Balance Sheet Summary, thousand LTL

	30.06.2006	30.06.2005	31.12.2005	31.12.2004
<b>Assets</b>	<b>6.378.779</b>	<b>4.136.043</b>	<b>5.128.841</b>	<b>3.614.823</b>
Cash and balances with central banks	329.801	274.564	339.604	224.099
Due from other banks and financial institutions	688.760	456.399	456.570	447.068
Loans	4.841.669	2.934.889	3.749.607	2.475.800
Treasury bills and other securities	398.869	346.530	463.911	338.696
Investments in subsidiaries	6.200	6.200	6.200	6.200
Property, equipment and intangible assets	92.325	99.774	92.274	104.363
Other assets	21.137	17.687	20.675	18.597
<b>Liabilities</b>	<b>6.017.621</b>	<b>3.901.779</b>	<b>4.800.357</b>	<b>3.402.754</b>
Due to other banks and financial institutions	2.280.181	1.010.783	1.583.203	908.755
Due to customers	2.922.382	2.249.286	2.624.625	1.967.361
Debt securities in issue	612.979	444.999	440.814	396.752
Other liabilities	46.827	97.060	52.057	39.024
Subordinated loans	155.252	99.651	99.658	90.862
<b>Shareholders' equity</b>	<b>361.158</b>	<b>234.264</b>	<b>328.484</b>	<b>212.069</b>

### The Bank Income Statement Summary, thousand LTL

	1st half of 2006	1st half of 2005	2005	2004
Interest Income	122.398	79.059	166.377	122.027
Net Interest Income	70.267	50.411	102.198	79.252
Net fee and commission income	20.003	16.716	41.037	33.193
<b>Net interest, fee and commission income</b>	<b>90.270</b>	<b>67.127</b>	<b>143.235</b>	<b>112.445</b>
Net gain on operations with securities and financial instruments	4.732	(1.020)	1.313	1.177
Net foreign exchange gain	6.540	4.972	6.399	7.072
Special provisions	254	(697)	(4.011)	10.714
Other income	2.858	5.404	8.595	4.870
<b>Operating income</b>	<b>104.654</b>	<b>75.786</b>	<b>155.531</b>	<b>136.278</b>
Labour costs	(26.380)	(23.042)	(47.669)	(50.701)
Other operating costs	(24.238)	(22.720)	(46.419)	(46.472)
Loss on sale of discontinuing operations	-	-	-	(1.127)
Other expenses	(10.559)	(9.196)	(20.260)	(17.437)
<b>Profit before tax</b>	<b>43.477</b>	<b>20.828</b>	<b>41.183</b>	<b>20.541</b>
Income tax	(5.273)	-	1.857	-
<b>Net profit</b>	<b>38.204</b>	<b>20.828</b>	<b>43.040</b>	<b>20.541</b>

### The Bank Cash Flow Statement Summary, thousand LTL

	1st half of 2006	1st half of 2005	2005	2004
Cash flow from operating activities	66.061	32.570	74.436	46.410
Change in operating assets	(1.247.370)	(266.409)	(1.169.212)	(1.019.411)
Change in liabilities	970.090	374.353	1.341.300	810.838
<b>Net cash flow from operating activities</b>	<b>(211.219)</b>	<b>140.514</b>	<b>246.524</b>	<b>(162.163)</b>
<b>Net cash flow from investing activities</b>	<b>55.092</b>	<b>(99.161)</b>	<b>(110.167)</b>	<b>(74.979)</b>
<b>Net cash flow from financing activities</b>	<b>217.263</b>	<b>121.696</b>	<b>112.751</b>	<b>238.499</b>
<b>Change in cash and cash equivalents</b>	<b>61.136</b>	<b>163.049</b>	<b>249.108</b>	<b>1.357</b>
Cash and cash equivalent at the beginning of the period	489.584	240.476	240.476	239.119
<b>Cash and cash equivalent at the end of the period</b>	<b>550.720</b>	<b>403.525</b>	<b>489.584</b>	<b>240.476</b>

### The Group Balance Sheet Summary, thousand LTL

	30.06.2006	30.06.2005	31.12.2005	31.12.2004
<b>Assets</b>	<b>6.577.719</b>	<b>4.304.132</b>	<b>5.257.135</b>	<b>3.779.451</b>
Cash and balances with central banks	329.801	274.566	339.610	224.100
Due from other banks and financial institutions	400.478	366.729	234.862	386.392
Loans	4.841.669	2.934.931	3.749.607	2.475.965
Treasury bills and other securities	423.191	246.180	317.998	215.858
Investments in subsidiaries	402.671	347.490	464.918	339.867
Property, equipment and intangible assets	106.413	108.224	102.024	112.480
Other assets	73.496	26.012	48.116	24.789
<b>Liabilities</b>	<b>6.216.152</b>	<b>4.067.889</b>	<b>4.926.281</b>	<b>3.566.178</b>
Due to other banks and financial institutions	2.450.996	1.170.315	1.684.074	1.066.618
Due to customers	2.922.382	2.249.286	2.624.625	1.967.361
Debt securities in issue	612.979	444.898	440.814	396.579
Other liabilities	74.543	103.739	77.110	44.758
Subordinated loans	155.252	99.651	99.658	90.862
<b>Shareholders' equity</b>	<b>361.567</b>	<b>236.243</b>	<b>330.854</b>	<b>213.273</b>

### The Group Income Statement Summary, thousand LTL

	1st half of 2006	1st half of 2005	2005	2004
Interest Income	127.344	83.606	175.007	127.591
Net Interest Income	73.117	52.602	106.489	82.854
Net fee and commission income	21.606	17.642	43.194	33.481
<b>Net interest, fee and commission income</b>	<b>94.723</b>	<b>70.244</b>	<b>149.683</b>	<b>116.335</b>
Net gain on operations with securities and financial instruments	2.740	(1.019)	1.315	1.187
Net foreign exchange gain	6.546	5.016	6.443	7.153
Special provisions	(729)	(560)	(3.583)	10.322
Other income	2.877	5.625	9.062	5.853
<b>Operating income</b>	<b>106.157</b>	<b>79.306</b>	<b>162.920</b>	<b>140.850</b>
Labour costs	(27.492)	(23.851)	(49.685)	(52.572)
Other operating costs	(25.917)	(23.800)	(49.081)	(48.195)
Loss on sale of discontinuing operations	-	-	-	(1.127)
Other expenses	(11.037)	(9.948)	(21.617)	(18.527)
<b>Profit before tax</b>	<b>41.711</b>	<b>21.707</b>	<b>42.537</b>	<b>20.429</b>
Income tax	(5.439)	(138)	1.671	(63)
<b>Net profit</b>	<b>36.272</b>	<b>21.569</b>	<b>44.208</b>	<b>20.366</b>
<b>Net profit per share, LTL</b>			<b>20.25</b>	<b>9.99</b>

### The Group Cash Flow Statement Summary, thousand LTL

	1st half of 2006	1st half of 2005	2005	2004
Cash flow from operating activities	66.351	36.223	76.512	48.682
Change in operating assets	(1.311.767)	(268.635)	(1.130.614)	(1.138.542)
Change in liabilities	1.042.124	377.403	1.303.447	927.693
<b>Net cash flow from operating activities</b>	<b>(203.292)</b>	<b>144.991</b>	<b>249.345</b>	<b>(162.167)</b>
<b>Net cash flow from investing activities</b>	<b>47.159</b>	<b>(103.711)</b>	<b>(113.158)</b>	<b>(74.811)</b>
<b>Net cash flow from financing activities</b>	<b>217.263</b>	<b>121.770</b>	<b>112.926</b>	<b>238.331</b>
<b>Change in cash and cash equivalents</b>	<b>61.130</b>	<b>163.050</b>	<b>249.113</b>	<b>1.353</b>
Cash and cash equivalent at the beginning of the period	489.590	240.477	240.477	239.124
<b>Cash and cash equivalent at the end of the period</b>	<b>550.720</b>	<b>403.527</b>	<b>489.590</b>	<b>240.477</b>

## II. PROCEDURE FOR THE ESTABLISHMENT OF THE FINAL TERMS

Final Terms shall be established at the Issuer's initiative, taking into consideration its financial needs and the conditions in the capital markets. If the Issuer appoints external distributors, the Final Terms shall be established in the agreement between the Issuer and the Distributor.

Set out below is the form of Final Terms.

### AB DnB NORD BANKAS

[AGGREGATE NOMINAL AMOUNT OF TRANCHE] [TITLE OF NOTES]  
ISSUED ON THE BASIS OF A 500,000,000 LITAS MEDIUM TERM NOTE PROGRAMME

### FINAL TERMS

The present document, together with the Base Prospectus of a 500,000,000 Litas Medium Term Note Programme, registered at the Securities Commission of the Republic of Lithuania on [registration date] (hereinafter referred to as the Base Prospectus) and other documents incorporated by reference hereto, constitutes a Prospectus drawn up in accordance with the Rules of Preparation and Approval of Securities Prospectus and Information Publication approved by Resolution No. 1K-21 of the Securities Commission of the Republic of Lithuania of 15 July 2005, and Regulation No. 809/2204 of the Commission of the European Communities of 28 April 2004 implementing Directive 2003/71/EC of the European Parliament and Council regarding information contained in prospectuses as well as the format, incorporation by reference, publication of such prospectuses and dissemination of advertisements.

These Final Terms must be read in conjunction with the Base Prospectus, which is available on the Issuer's website [www.dnbnord.lt](http://www.dnbnord.lt) or Issuer's Investment Banking Department, Corporate Finance Division, J. Basanavičiaus g. 26, Vilnius, phone (8-5) 239-3516, (8-5) 239-3772 [and [Distributor's name] website [ ] or [Distributor's office, working hours, contact telephones] *(if the Issuer is a sole Distributor, delete this part)*].

Terms used in this document shall have the same meaning as in the Base Prospectus.

- |  |  |
|--|--|
| 1. Issuer  | AB DnB NORD bankas   |
| 2. Tranche Title and Serial Number                         | [ ]<br><i>(if the issue is planned to be assimilated with any other tranche, please indicate the title and number of such tranche)</i>   |
| 3. Issue Currency  | [ ]  |
| 4. Par Value   | [ ]  |
| 5. Number of Notes Offered                                 | [up to], [ ]   |
| 6. Issue Price   | [ ] <i>(if the price of the notes depends on the placement day, indicate "daily subscription prices are indicated in the Annex [ ]")</i> |
| 6.1. [Discount Rate Applicable During the Placement Period | [ ] % <i>(if not applicable, delete paragraph 6.1)</i>   |
| 7. Subscription Fee  | [ ]  |
| 8. Effective Date  | [ ]  |
| 9. Redemption Date   | [ ]  |
| 10. Interest Basis   | [Fixed Rate Notes]<br>[Floating Rate Notes]<br>[Zero Coupon Notes]<br>[Index Linked Notes]   |
| 11. Redemption   | [Par value]<br>[Par value + Participation in the Growth of Underlying Index]   |

<b>12. [Provisions Related to Index Linked Redemption]</b>	<i>(if not applicable, delete paragraph 12)]</i>
12.1. Underlying Index	[Name of the index, title and brief description of a company publishing the index; in case of a basket of indices – basket evaluation formula; reference to historical and latest information on the index value].
12.2. Redemption Price	[indicate price calculation formula]
12.3. Early Redemption at the Option of Issuer	[Applicable/Not applicable] <i>(if not applicable, delete paragraphs 12.3.1, 2)</i>
12.3.1. [Early Redemption Price]	[indicate early redemption price formula and conditions of such redemption (e.g. <i>If on the Early Redemption Date, the Underlying Index value is [ ]% higher than the index value on the Initial Observation Date</i> )
12.3.2. Early Redemption Dates	[indicate specific dates]]
12.4. Participation	[ ] %
12.5. Initial Observation Date (-s)	[ ]
12.6. Interim Observation Date (-s)	[ ]
12.7. Calculation of the Final Value of the Underlying Index	[ ]]
<b>13. [Fixed Coupon Provisions]</b>	<i>(if not applicable, delete paragraph 13)]</i>
13.1. Rate of Interest	[ ] %
13.2. Coupon Payment Dates	[indicate specific dates]
13.3. Day Count Convention	[Act/360, Act/Act or other method]]
<b>14. [Floating Coupon Provisions]</b>	<i>(if not applicable, delete paragraph 14)]</i>
14.1. Rate of Interest	[Reference interest rate] + [margin]
14.2. Coupon Payment Dates	[indicate specific dates]
14.3. Determination of Reference Interest Rate	[indicate specific dates and time]
14.4. Day Count Convention	[Act/360, Act/Act or other method]]
<b>15. [Zero Coupon Provisions]</b>	<i>(if not applicable, delete paragraph 15)]</i>
15.1. Rate of Interest	[ ]% annual interest
15.2. Day Count Convention	[Act/360, Act/Act or other method]]
<b>16. [Index Linked Coupon Provisions]</b>	<i>(if not applicable, delete paragraph 16)]</i>
16.1. Underlying Index	[Name of the index, title and brief description of a company publishing the index; in case of a basket of indices – basket evaluation formula; reference to historical and latest information on the index value].
16.2. Coupon	[indicate coupon calculation formula]
16.3. Early Redemption at the Option of the Issuer	[Applicable/Not applicable] <i>(if not applicable, delete paragraphs 16.3.1, 2)</i>
16.3.1. [Coupon on Early Redemption]	[please indicate formula for calculating Coupon on Early Redemption and conditions of such redemption (e.g. <i>If on an Early Redemption Determination Date, the Underlying Index value is [ ]% higher than on the Initial Observation Date</i> )
16.3.2. Early Redemption Determination Dates	[indicate specific dates]]
16.4. Participation	[ ]
16.5. Coupon Payment Dates	[indicate specific dates]
16.6. Initial Observation Date (-s)	[ ]
16.7. Interim Observation Date (-s)	[ ]
16.8. Calculation of the Final Value of the Index	[ ]]

17. <b>[Dual-Currency Provisions]</b>	<i>(if not applicable, delete paragraph 17)</i>
17.1. [Redemption Currency]	<i>(if not applicable, delete paragraph 17.1)</i>
17.1.1. Conversion	[exchange rate] and/or [method of determination of the exchange rate]]
17.2. [Coupon Currency]	[ ] <i>(if identical to the issue currency, delete paragraph 17.2)]</i>
17.2.1. Conversion	[exchange rate] and/or [method of determination of the exchange rate]]]
<b>General Provisions</b>	
18. [Early Redemption at the Option of Noteholders]	[Applicable/Not applicable] <i>(if not applicable, delete paragraphs 18.1-3)</i>
18.1. Early Redemption Dates	[ ]
18.2. Dates for Determination of Redemption Value	[ ]
18.3. Redemption Value	[indicate calculation formula] <i>(indicate termination fees or a calculation method hereof)</i>
19. Placement	[Republic of Lithuania and/or other countries]
20. Minimum Number of Notes Offered to an Investor	[ ]
21. Maximum Number of Notes Offered to an Investor	[ ]
22. Placement Period	From [ ] until [ ] (inclusive)
23. Subscription	[addresses, business hours, phone]
24. Distributor (s)	[Company name, address, phone, distribution costs born by the Issuer] <i>(if several Distributors are appointed, specify the Global Coordinator)</i>
25. Trustee	[Company name, address, phone]
26. Listing	[Name of the exchange to be applied for securities listing/Unlisted]
27. Calculating Agent	[Company name, address, phone]
28. Paying Agent	[Company name, address, phone]
29. Depository Agent	[Company name, address, phone]
30. Taxation	<i>(For each placement jurisdiction indicate relevant capital gains and income taxes; specify which taxes are withheld at the source of income.)</i>

The Issuer bears responsibility for the accuracy of information provided in these Final Terms.

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Name, surname, title and signature of the Issuer's authorized representative

[Date]

### III. TECHNICAL CONDITIONS OF INDEX LINKED NOTES

i) Index Linked Notes means notes whose Redemption price and/or Coupons depend on the change of the Underlying Index and the Participation.

- A. Index Linked Coupon Notes means notes, which coupons payable to the note holders depend on the Underlying Index change and the Participation.
- B. Index Linked Redemption Notes means notes which redemption price depends on the Underlying Index change and the Participation.

ii) Underlying Index is the:

- A. securities index or consumer price index, or a basket hereof, or
- B. security price or commodity price, or fund unit price or a basket hereof

to which one or more notes issued on the basis of this Programme may be linked. Every tranche of Index Linked Notes may be linked to a different Underlying Index.

iii) Participation means share of the gain in the Underlying Index payable to the investor.

vi) Security or commodity price index means index reflecting the general price levels of securities traded on an exchange or a general price levels of a group of securities or commodities. The index may be calculated and published by the exchange operators, independent agencies or the Issuer.

v) Security or commodity price means the price established in a securities or commodities exchange by mutual agreement of a buyer and a seller.

vi) Fund unit price means the net asset value of the fund per unit, which is calculated and published on a regular basis by the fund managing company.

vii) Initial Observation Date means the Effective Date of the Notes, which may be no later than 5 Business Days from the closing of the placement period.

viii) Interim Observation Date means the day when the interim values of the Underlying Index are observed.

ix) Calculation of the Redemption price and the Coupons of Index Linked Notes:

A. Coupon amount calculation for Index Linked Coupon Notes:

$$R = N * p$$

$$p = \max (\alpha * \Delta I, \beta)$$

$$\Delta I = \frac{I_g - I_0}{I_0}$$

Where:

R – Coupon amount

N – Par

p – Coupon rate (in %)

$\alpha$  – Participation

$\beta$  – Guaranteed coupon, not less than 0%

$\Delta I$  – Change in the Underlying Index

$I_0$  – Value of the Underlying Index on the Initial Observation Date

$I_g$  – Final Value of the Underlying Index

The Final Terms of each tranche may specify a different procedure for the calculation of index linked coupons.



B. Redemption price calculation for Index Linked Redemption Notes:

$$K = N + P$$

$$P = \max(\alpha * N * \Delta I, \beta)$$

$$\Delta I = \frac{I_g - I_0}{I_0}$$

Where:

K – Redemption price

N – Par

P – Premium

$\alpha$  – Participation

$\beta$  – Guaranteed premium, not less than 0%

$\Delta I$  – Change in the Underlying Index

$I_0$  – Value of the Underlying Index on the Initial Observation Date

$I_g$  – Final Value of the Underlying Index

The Final Terms of each tranche may specify a different procedure for Redemption price calculation on Index Linked Redemption Notes.

C. Observation of the Underlying Index values

The initial value of the Underlying index is observed on the Effective Date of the Tranche. The Final Terms may stipulate several Initial Observation Dates, in such an event, unless otherwise established in the Final Terms, the initial value of the Underlying Index is equal to the arithmetical mean of the Underlying Index values observed on those days.

The Final Value of the Underlying index is equal to the arithmetical mean of values observed on the Interim Observation Dates, unless specified otherwise in the applicable Final Terms. Interim Observation Dates are set in the Final Terms.

If the Underlying Index value is published several times per day or in real time, the closing price of individual securities, commodities or fund units, or the last published price of a fund unit shall be considered as the value of the day of the Underlying Index.

In respect of early redemption, the last observation date shall be considered a) in case of redemption at the option of the Issuer– the Early Redemption Date; b) in case of redemption at the option of the noteholders – 5th Business Day before the Early Redemption Date.

D. Other Underlying Index observation provisions:

If a day of observation of the Underlying Index value falls not on a Business Day, the Underlying Index value shall be observed on the next Business Day.

If on the day of the Underlying Index observation or before it, events beyond the Issuer's control take place which could not be foreseen by the Issuer at the moment of the note issue, the Issuer has the right to postpone the observation days or change the Underlying Index and/or the Underlying Index calculation methods. In this Base Prospectus such events are defined as “Market Disruption”.

The Issuer may postpone the Underlying Index value observation in case of such Market Disruption, provided that such events occur and are present half an hour before the observation of the Underlying Index value:

- i) general suspension of or limitation imposed on trading by the relevant exchange or unregulated market, in which the Underlying Index values are published, or on the basis of which the Underlying Index value is calculated;
- ii) suspension of or limitation imposed on trading in futures, swaps and options related to the Underlying Index by the relevant exchanges;
- iii) Suspension of the calculation of the Underlying Index by the decision of the sponsor agency.

In case of these Market Disruptions, the Underlying Index observation day shall be moved to the next Business Day. If as a result of a Market Disruption, the Underlying Index observation day is postponed for 8 subsequent Business Days, and the Market Disruption still exists, then the 8th Business Day shall be the day of Underlying Index observation, provided that the Issuer establishes the Underlying Index value in a reasonable manner, considering the conditions in the market.

The Issuer may change the Underlying Index and/or the Underlying Index calculation method if any of the below-mentioned Market Disruptions take place: (in the context of this section, if the Underlying Index is based on security or commodity price index, or a basket hereof, the Underlying Index shall be called "the Index". If the Underlying Index is based on a security, commodity, fund unit price or a basket hereof, the Underlying Index is called "the Unit").

- i) On the day of Index value observation or before it, an agency establishing the Index gives a notice that a material change of the formula or Index calculation method will be made, or that the Index will be changed in any other material mode;
- ii) The Index is annulled and no successor Index exists; or any Index components are changed/annulled, as laid down in point iii;
- iii) A Unit is annulled, removed from the listing, is under bankruptcy, becomes a subject of acquisition, merger, division, nationalization, or its evaluation units, currency and offering procedure are changed.

If any of the above-mentioned events has a material effect on the calculation of payments due to the investor, the Index shall be established by the formula and calculating method that were in effect before the Market Disruption came into existence. If a previous application of the Underlying Index is not possible due to the conditions established in points iii and ii, the Issuer shall replace the Unit or Index component with a Unit or Index component of an adequate value for a note holder. Adequacy of replacement shall be evaluated by the experts of the Issuer's Corporate Finance Division and Capital Market Division. If an external Calculating agent is appointed by the Issuer, all the actions and evaluations stipulated herein shall be carried out by the Calculating agent.

A notice about the procedure of the change of the Underlying Index due to Market Disruption shall be given in accordance with the Presentation of Notices procedure laid down in Section 9 of the Base Prospectus.

#### IV. PROGRAMME DESCRIPTION

Medium Term Note (6 months to 10 years) Programme for issuing one or several tranches of fixed rate notes, floating rate notes, zero coupon notes, dual-currency notes, index linked notes and any combinations hereof.

No notes will be subordinated, guaranteed or convertible.

Notes can be issued in any currency set in the Final Terms. When dual currency notes are issued, redemption and coupon payment currencies may differ from the issue currency.

All the notes are principal protected.

Notes issued on the basis of this Programme may be redeemed before the established redemption term at the option of the note owners and/or Issuer.

Notes issued on the basis of this Programme shall be offered in the Republic of Lithuania and/or any other countries following the procedure established in the Base Prospectus of the Programme.

Notes, if stipulated so in the Final Terms, may be traded in regulated markets. Notes issued on the basis of this Programme shall not have ratings assigned.

Other conditions of the notes are, or shall be laid down in the Base Prospectus of the Programme and in a separate document called the Final Terms.

This Programme shall be valid for a period of 12 months from the day of its approval by the Securities Commission of the Republic of Lithuania. During the validity term of the Programme, aggregate par value of notes outstanding issued on the basis of the Programme may not exceed 500,000,000 Litass or the equivalent amount in any other currency calculated according to the official exchange rate published by the Bank of Lithuania on the day of issue.

## 1. RESPONSIBLE PERSONS

Persons in charge of the information presented in this Base Prospectus are as follows:

- Alditas Saulius – Acting President, AB DnB NORD bankas
- Jurgita Šaučiūnienė – Chief Financial Officer, AB DnB NORD bankas
- Andrius Načajus – Head of the Investment Banking, AB DnB NORD bankas

The undersigned persons certify that to the best of their knowledge, the information contained in the Base Prospectus is in accordance with the facts and contains no omission likely to affect its import.

Acting President	<hr/>	Alditas Saulius
	(signature)	
Chief Financial Officer	<hr/>	Jurgita Šaučiūnienė
	(signature)	
Head of Investment Banking	<hr/>	Andrius Načajus
	(signature)	

The Base Prospectus was signed on January 5, 2007, Vilnius.

## 2. RISKS RELATED TO THE ISSUER AND SECURITIES ISSUED

The main risk factors related to the Issuer, such as the credit condition of its clients, changes in market variables, the liquidity of financial resources and operating factors are listed in Section 3 of the Registration Document, which is incorporated into this Base Prospectus by reference.

The main risks related with the notes issued or planned to be issued are described below. Investors should note that it is not an exhaustive list of all possible risks.

**Market risk:** Redemption price and/or coupons of the Index Linked Notes offered under the Programme are linked to certain indices or prices. During the validity term of the notes, values of indices and prices may undergo substantial fluctuations, and an investor assumes the risk of not receiving a premium and/or coupons due to the unfavorable fluctuations, i.e. the investor may receive only par value at redemption, or even to lose a part of its investment in case the notes were acquired at a higher price than par value and/or a Subscription fee was paid for the notes.

When the Final Terms specify an Early Redemption option, the noteholders bear a risk that the yield on the early redemption could be lower than that if the notes were held to maturity.

Non-professional Investors are recommended to seek the assistance of public circulation agents or other specialists in this field for evaluation of these types of notes.

**Risk related to Market Disruption:** In case one or several Market Disruptions defined in section iii, “Technical Conditions of Index Linked Notes” occur; the Issuer may change the Underlying Index observation dates, the Underlying Indices, or their calculation methods. Irrespective of the Issuer’s efforts to ensure the same yield of the notes that existed before the Market Disruption, the changes may cause a loss of any or all interest and/or the premium.

**Interest rate risk:** Fixed Rate Note, Floating Rate Note and Zero Coupon Note holders bear a risk of market interest rate fluctuations, which may cause rise or fall of the note price. When interest rates rise in the market, the market price of debt securities decreases, and vice versa. Interest rate risk is not relevant for the owners of Fixed Rate Notes who hold the notes until the redemption.

**Issuer’s credit risk:** investors acquiring notes offered under this Programme assume a risk that deterioration of the Issuer’s financial state and/or a decrease in the Issuer’s credit rating may result in decreased demand for the Issuer’s debt securities, and thus the price of the notes. At present, the Issuer has been assigned a long-term credit rating of A and short-term credit rating of F1 by the international rating agency Fitch. Risks related to the Issuer’s activities are described in more detail in Section 3 of the Registration Document.

**Transaction party and payment risk:** investors acquiring notes issued on the basis of this Programme bear a risk that the Bank may default on payments to the investors on the established terms and conditions, i.e. default on its financial obligations.

**Taxation and legislation risk:** Any changes in the legal acts concerning debt securities or any changes in taxation policy of relevant jurisdiction may affect the attractiveness of the notes offered under this Programme for all or individual groups of investors. Such changes may reduce liquidity and/or price of the debt securities offered under this Programme.

**Currency risk:** investors bear risk that negative change of currency exchange rate may reduce earnings yield of the securities and in some cases (when notes are of dual currency) investors may lose a part of their redemption amount and/or interest.

**Liquidity risk:** investors acquiring notes assume liquidity risk, i.e. investors may incur losses when selling notes on a short notice, or during certain period may not be able to liquidate their positions.

**Listing risk:** pursuant to the Final Terms, the Issuer may apply for listing of some tranches for trading on a regulated market. Investors acquiring the Issuer’s securities in the primary market bear the risk that the Issuer’s application may be rejected due to technical or other reasons. Such

rejection may cause a significant reduction in the liquidity of the securities. Furthermore, in such an event some groups of investors (e.g. pension funds) could be forced to sell the securities acquired in the primary market due to restrictions established in regulations, causing a further decrease in the securities price.

### 3. KEY INFORMATION

#### 3.1. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE OFFER

To the best of the Issuer's knowledge, no legal entities or private individuals have conflict of interests in respect with the securities issued on the basis of this Programme.

#### 3.2. REASONS FOR THE OFFER AND USE OF PROCEEDS

Proceeds from the securities issued on the basis of this Programme shall be used in the main activities of the Issuer, i.e. to finance the Issuer's loan portfolio. The Issuer's loan portfolio may be financed in three main ways: deposits, interbank loans and notes issued. Selection of financing source depends on the prevailing conditions in the deposit, interbank loan and capital markets. The note coupon payments and redemption will mainly be financed through (i) interest from loans issued to the clients and the repayment of such loans (in most cases, payment of interest by the clients under loan agreements and loan repayment are ensured by collateral, warranties and/or guarantees); (ii) new issues or additional borrowing in the interbank market; and/or (iii) by attracting additional deposits.

Total distribution costs of the notes, including fees to Distributors, are not expected to exceed 1% of the nominal value.

## 4. TERMS AND CONDITIONS THE NOTES

### 4.1. TYPES OF SECURITIES

The Programme covers fixed rate notes, floating rate notes, zero coupon notes, dual-currency notes, index linked notes and any combinations hereof.

All securities issued are medium term unsubordinated, unguaranteed and non convertible.

All notes held until maturity are principal protected (in terms of Issue Currency).

Prior to the Effective Date of each tranche, an application for ISIN code shall be made to Lithuanian Central Depository or the relevant institution of another country, where the placement takes place. No application shall be made in respect of the tranches that will be assimilated.

### 4.2. LEGISLATION UNDER WHICH SECURITIES HAVE BEEN CREATED

Securities offered under this Programme are issued in accordance with the Joint Stock Company Law and the Securities Market Law of the Republic of Lithuania, Directive 2003/71/EC of the European Parliament and Council, and other regulations.

Relations between the Issuer and investors concerning the securities planned to be offered shall be construed and carried out in accordance with the laws of the Republic of Lithuania. Any disputes arising on and related with the securities issued on the basis of this Programme shall be settled in the courts of the Republic of Lithuania according to the registered address of the Issuer pursuant to the legal acts of the Republic of Lithuania.

### 4.3. ACCOUNTING FOR THE SECURITIES

All the notes issued on the basis of this Programme shall be registered and nonmaterial.

Notes shall be accounted in the investor's personal securities account opened with a licensed financial broker selected by the investor.

### 4.4. DENOMINATION

Securities offered under this Programme may be denominated in Litas, Lats, Euro or any other currency as defined in the Final Terms of each tranche.

Payments to the note holders (coupons, redemption, etc.) in the case of dual currency notes may be made in a currency other than the Issue Currency. In such an event, payment currency and currency exchange rate, or a procedure of currency exchange rate establishment shall be specified in the Final Terms of a specific issue.

### 4.5. SECURITY CLASSES

Fixed coupon notes issued on the basis of this Programme may be divided into Fixed Rate Notes and Zero Coupon Notes.

Index Linked Notes may be divided into Index Linked Coupon Notes and Index Linked Redemption Notes.

Other notes issued on the basis of this Programme shall not be divided into classes.

#### 4.6. RIGHTS ATTACHED TO THE SECURITIES

Debt securities issued on the basis of this Programme shall have equal rights to their holders, which have been established by the Joint Stock Company Law of the Republic of Lithuania, other legal acts of the Republic of Lithuania and Issuer's Articles of Association.

After issuing the notes, the Issuer becomes a debtor of the noteholder and undertakes obligations to the note owner.

Rights of the note holders:

- (i) on the maturity to receive a redemption from the Issuer, which is equal to the par value (in the Issue Currency terms); in the case of Index Linked Redemption Notes - on the maturity to receive an amount of money from the Issuer, which is determined by the change of the Underlying Index, to which the notes are linked, but in any case not lower than the par (in the Issue Currency terms);
- (ii) during the note validity term, to receive interest paid on the Coupon Payment Days (if applicable);
- (iii) to sell or otherwise transfer all or any of the notes;
- (iv) if the note owner is a private individual, to bequeath all or any of the notes to one or several persons.

Noteholders having over 1/2 of the entire issue will have the following rights:

- (v) to dismiss the Trustee representing their interests (the Trustee and its relation with the investors are described in more detail in Section 4.10) and request the Issuer to appoint a Trustee proposed by them;
- (vi) to instruct the Trustee representing their interests that a breach committed by the Issuer is immaterial and therefore no actions should be taken to defend their interests (this provision shall not apply to breaches committed by the Issuer related to redemption of the notes and coupon payments).

Holders of the notes issued on the basis of this Programme will have a right to claim the redemption of notes following the procedure established in Section 4.8.

Under certain circumstances, and following the procedure established in Section 4.8, the Issuer has the right to redeem the notes issued on the basis of this Programme before the established term.

#### PROCEDURE FOR EXERCISE OF THE RIGHTS ATTACHED TO THE SECURITIES

If the Bank delays the redemption of notes or defaults on payments of coupons, and upon a written claim by an investor following the procedure established in this Section, the Bank shall pay to the investor delinquency charges of 0.01% on the outstanding amount for each day of delay, starting from the day of receipt of the claim until full settlement with the investor.

Claims on redemption payments may be lodged within 3 years of the Redemption Date of the notes. Claims on coupon payments may be lodged within 5 years of the relevant Coupon Payment Dates.

All the claims must be made in writing. Investor claims may be submitted directly to the Issuer, or through the Trustee representing the investor interests in relation with the Issuer.

Claims made by the investor shall be satisfied by the Issuer directly to the investor. If the Issuer is not able to fulfil its obligations according to the investor claim directly to the investor, when possible the Issuer must transfer amounts payable to the investor (coupons, redemption, etc.) to the Trustee representing investor interests in relations with the Issuer. The Issuer shall be considered as having fulfilled its obligations to the investor from the moment when the Trustee representing investor interests in relations with the Issuer has accepted everything handed over by the Issuer for the benefit of the investor.



#### 4.7. COUPONS

##### i) Fixed Rate Notes

The Issuer shall pay a fixed rate of interest for every Fixed Rate Note issued on the basis of this Programme, the amount of which shall be calculated as a certain percentage of the par value. A specific Rate of Interest shall be established in the Final Terms of each tranche.

Coupons shall be paid on the Coupon Payment Dates indicated in the Final Terms. If the Coupon Payment Date is not a Business Day, the coupon shall be paid on the next Business Day, unless the next Business Day is in the next month, in such an event the interest shall be paid on the previous Business Day.

Interest for each period shall start accumulating on the Coupon Payment Date of the last period, in case of the first period - on the Effective Date, and shall accrue until the Coupon Payment Date of that period.

Unless otherwise established in the Final Terms, interest shall be calculated on the Act/Act Day Count Convention (using the actual number of days in a month and in a year) rounded to the nearest one cent or the smallest unit of any other currency.

##### ii) Floating Rate Notes and Index Linked Coupon Notes

Interest payable to a note owner shall be calculated as a certain percentage of the par value.

A. The Amount payable to a Floating Rate Note owner on the Coupon Payment Date shall be determined according to a Reference Interest Rate for relevant term and currency on London (LIBOR), European (EURIBOR) or other interbank markets. A fixed margin shall be added to the Reference Interest Rate. The margin shall be determined taking into consideration the borrowing costs in capital markets and informal polls of investors. The Reference Interest Rate, unless otherwise established in the Final Terms, shall be set 3 Business Days before the Coupon Payment Date. A specific Reference Interest Rate, the fixed margin, the days of Determination of Reference Interest Rate and the Coupon Payment Dates shall be established in the Final Terms.

Floating Rate Notes shall be subject to identical conditions regarding Coupon Payment Dates, interest accumulation, Day Count Convention and rounding as those established for the Fixed Rate Notes.

B. Amount of interest payable on Index Linked Coupon Notes on the Coupon Payment Dates shall be a function of the Underlying Index growth (change) and the Participation.

A Coupon Payment Date, unless otherwise established in the Final Terms, shall be the 5th Business Day from the Interim Observation Date of the Underlying Index. Specific Coupon Payment Dates shall be defined in the Final Terms of each tranche.

Interest calculation formula and conditions concerning Index Linked Coupon Notes are laid down in the "Technical Conditions of Index Linked Notes" section of this Base Prospectus. Final Terms of a specific tranche may provide for other formulas for calculation of interest.

The Underlying Index values set on the observation days shall be published on the Issuer's website, [www.dnbnord.lt](http://www.dnbnord.lt) and the relevant Distributor's website. The Distributor's data and website address shall be given in the Final Terms of each issue.

##### iii) Zero Coupon Notes

Zero Coupon Notes shall pay no coupons; investors shall receive capital gain on the difference between below par Issue Price and the redemption at par.

##### iv) Dual Currency Notes

Interest payable on Dual Currency Notes shall depend on the type of notes and will be calculated according to the procedure established in parts (i) and (ii) of Section 4.7, and converted into the

currency established in the Final Terms by the currency exchange rate and procedure established in the Final Terms.

#### Calculating and paying agents

The Calculating and Paying agent of all notes issued on the basis of this Programme shall be the Issuer (AB DnB NORD bankas). If the Issuer decides to appoint an external calculating and paying agents, a notice concerning this shall be given in the Final Terms of a specific issue by indicating the name, address and contact details of the appointed agent.

#### 4.8. REDEMPTION

##### i) Redemption at maturity

Notes held until Redemption Date, specified in the applicable Final Terms, (except Index Linked Redemption Notes) shall be redeemed at par (in terms of the Issue Currency). Notes shall be redeemed by a single instalment paid on the Redemption Date.

Index Linked Redemption Notes shall be redeemed for par plus a premium, but in any case no less than the principal (in terms of the Issue Currency). The premium shall depend on the par value, the change in the Underlying Index and the Participation.

The redemption amount calculation formula is given in Section (iii) “Technical Conditions of Index Linked Notes” of this Base Prospectus. The Final Terms of a specific tranche may provide for other formulas for calculation of the redemption amount.

In the case of Dual Currency Notes, depending on the type of notes, the redemption amount shall be equal to the par value or par value plus a premium converted into a currency established in the Final Terms according to the currency exchange rate and the and the conversion method established in the Final Terms.

##### ii) Early redemption

*A. Early redemption at the option of noteholders:* The Final Terms of each tranche will indicate whether the noteholders are entitled an option of early redemption. If such option is provided, a notice of early redemption shall be effective only after the noteholder transfers all the relevant notes to the Issuer. Notes shall be redeemed on the Early Redemption Dates as specified in the applicable Final Terms.

To transfer the notes to the Issuer before their stated maturity, the noteholder must deliver at the specified offices of the Issuer or the Distributor, where the notes have been distributed, a signed Cancellation Form provided by the Issuer at least 20 calendar days before the Early Redemption Date. Before accepting such form, a Distributor may request provision of documents required when signing the Note Subscription Agreement as provided for in Section 5 of the Base Prospectus, and refuse to accept the form if the requested documents are not presented.

After the Early Redemption Date, and upon settlement of accounts with the investors, the Note Subscription Agreement shall be cancelled on the basis of the Cancellation Form submitted by the noteholder. Early Redemption Price shall be calculated by the procedure established in Point ii.C of this Section.

*B. Redemption at the option of the Issuer:* The right to redeem notes before stated maturity at the option of the Issuer shall only apply to certain Index Linked Notes. If the Issuer is specified in the Final Terms as having such option, the specific conditions and observation days of such conditions (Early Redemption Dates) shall be specified in the Final Terms. If a specified event or one of the events takes place on the Early Redemption Date, the Issuer shall, within 5 Business Days from such day, redeem the whole tranche for the price calculated by the procedure established in Point ii.C of this Section without giving an advance notice to the noteholders.

The Underlying Index value on the Early Redemption Dates as well as notices about early redemption shall be published on the Issuer's website, [www.dnb nord.lt](http://www.dnb nord.lt) and the Distributor's website as indicated in the applicable Final Terms of each tranche. Depending on the number of investors and other conditions, the Issuer may, at its own discretion, give such notices to the investors directly.

#### C. Early Redemption Price

1) The Early Redemption Price of *Fixed Rate Notes and Floating Rate Notes* consists of the par value and interest accrued during the period from the last Coupon Payment Date (from the Effective Date, if no coupons have been paid) until the Early Redemption Date. Interest shall be determined in a manner specified in Section 4.7 hereof.

2) *Zero Coupon Notes* shall be redeemed below par value. The Early Redemption Price shall be calculated as Issue Price plus interest accrued from the Effective Date until the Early Redemption Date. Unless specified otherwise by the applicable Final Terms, the interest shall be calculated by the Act/360 Day Count Convention. No interest shall accrue on the Early Redemption Date.

3) The Early Redemption Price of *Index Linked Coupon Notes* shall consist of the par value and a coupon, which depends on the growth of the Underlying Index and the Participation.

Unless specified otherwise in applicable the Final Terms, the Early Redemption Price shall be determined in a manner specified in the "Technical Conditions of the Index Linked Notes" section hereof.

4) In respect of *Index Linked Redemption Notes*, the Early Redemption Price shall consist of the par value and a premium, which depends on the growth of the Underlying Index and the Participation.

Unless specified otherwise in applicable the Final Terms, a Early Redemption Price shall be determined in a manner specified in the "Technical Conditions of the Index Linked Notes" section hereof.

5) In respect of *Dual Currency Notes*, the Early Redemption Price depends on the type of notes and is determined in the manner established in Sections 1 - 4 and converted into the currency specified in the Final Terms according to the currency exchange rate and/or exchange rate calculation procedure established in the Final Terms. The Redemption Currency and Conversion rate or the conversion rate determination method in respect of the Early Redemption shall be identical to those of the Redemption at stated maturity.

6) In respect of notes with combined features, relevant conditions laid down in Paragraphs 1 – 5 shall apply.

7) *Agreement cancellation fees*: Agreement cancellation fees may be applicable if the notes are redeemed before the stated maturity. The cancellation fees shall be deducted from payments to the noteholders. Specific fee amounts and/or their calculation procedure shall be established in the Final Terms of each tranche.

#### iii) Other redemption conditions

If the Redemption Date is not a Business Day, notes shall be redeemed on the next Business Day, unless the next Business Day is in the next month. In such an event, notes shall be redeemed on the previous Business Day.

Payments to the investors shall be made through the custodian specified in the Note Subscription Agreement. Changes in the Investor's accounts must be promptly communicated to its custodian, or the payment amounts shall be kept in the Issuer's bank and transferred upon the first request of the investor.

All notes redeemed before the stated term at the option of the Issuer may be cancelled.

The Issuer has the right to buy and sell its notes at market price in a secondary market and cancel the acquired notes at its own discretion.

#### 4.9. DETERMINATION OF THE YIELD

Holders of notes offered under this Programme shall receive a yield on their investment, which depends on the Par Value, Issue Price, Subscription Fees, note term, Redemption Price and any coupons. If the notes are redeemed before the stated term, the realized yield will also depend on the securities market conditions.

Coupon amounts and the Redemption Price calculation methods are described in Sections 4.7, 4.8, and the “Technical Conditions of Index Linked Notes” section of this Base Prospectus, and shall be specified in the applicable Final Terms of each tranche.

#### 4.10. REPRESENTATION OF THE NOTEHOLDERS

The Final Terms of each tranche may specify a trustee, its address and the contact details, appointed to represent the noteholders of the tranche (hereinafter – the Trustee).

The Issuer may replace the Trustee by the procedure established in this Section. The Trustee indicated in the Final Terms shall only represent the interests of the noteholders of that particular tranche (hereinafter referred to as the Noteholders). If the Trustee is replaced after publication of the Final Terms, the investors shall be given notice of such replacement following the procedure established in Section 9 of the Base Prospectus.

Obligation of the Trustee in protecting the rights and legal interests of the Noteholders

A Trustee shall bear the following duties in respect to the Noteholders:

- (i) The Trustee must protect the rights of the Noteholders in an honest and diligent manner, and exert best efforts to ensure optimum compliance with the interests of the Noteholders;
- (ii) The Trustee must, without any delay, transfer to the Noteholders everything that it had received for their benefit from the Issuer in the course of protection of their rights and legal interests in relations with the Issuer;
- (iii) The Trustee must reimburse the Noteholders for any losses incurred by them as the result of an improper protection of their rights and legal interests;

The rights of the Trustee in protecting the rights and legal interests of the Noteholders

- (iv) The Trustee has the right to refuse to carry out any delegations of the Noteholders that are illegal, unenforceable, non-specific, contradictory to the principles of prudence and justice, or that would infringe or restrict the rights and legal interests of other Noteholders or third parties without any legal basis.
- (v) The Trustee has the right to request all relevant information from the Noteholders about any infringement upon the Noteholders' rights and legal interests. If the Noteholder fails to provide information required for the establishment of the infringement or refuses to provide it, it shall be considered that the rights and legal interests of the Noteholder have not been infringed upon.
- (vi) The Trustee has the right to initiate legal action for protection of the Noteholder rights.
- (vii) Third parties may secure or guarantee fulfilment of the Issuer's obligations arising in respect to the notes issued directly to the Noteholders or through the Trustee. The Trustee shall, without any delay, transfer to the Noteholders everything it has

received for their benefit from third parties guaranteeing or securing fulfilment of the Issuer's liabilities for the Noteholders arising from the issue of the Notes.

#### Elimination of infringements upon the Noteholder rights and legal interests

- (viii) Upon the receipt from the Trustee a notice about infringement of the Noteholder rights and legal interests, and upon satisfaction of the validity of the claim by the Issuer, the Issuer shall eliminate the infringements without any delay. In order to eliminate infringements upon the rights and legal interests of the Noteholders, the Issuer shall carry out appropriate actions for the direct benefit of the Noteholders.
- (ix) If the Issuer is not able to eliminate infringements upon the Noteholder rights and legal interests directly for the Noteholders, everything that must be handed over to the Noteholders (coupons, redemption amount, etc.), when possible, shall be handed over by the Issuer to the Trustee. From the moment of acceptance by the Trustee of everything handed over by the Issuer for the benefit of the Noteholders, it shall be considered that the Issuer fulfilled its obligations to the Noteholders.
- (x) At least half of the Noteholders of a tranche have the right to instruct the Trustee that an infringement upon the Noteholders rights and legal interests committed by the Issuer is immaterial and therefore there is no need to carry out certain actions for protection of their interests (this clause shall not apply to the breaches of the Issuer that are related with the note redemption and coupon payments).

#### Validity term and termination of Agreement with the Trustee

- (xi) The Agreement with the Trustee shall come into effect from the moment of registration of the Prospectus with the Securities Commission of the Republic of Lithuania or the appropriate market authority of another country, and shall be valid until fulfilment of all the obligations borne by the Bank to the note owners.
- (xii) The Agreement may be cancelled in the following cases:
  - (a) If the owners of the notes of at least half of a tranche under the Programme request cancellation of the Agreement with the Trustee and the conclusion of a new agreement on protection of their rights and legal interests, then the agreement with the Trustee shall be cancelled only in respect to that tranche, where at least half of the owners have requested its cancellation;
  - (b) If the Trustee loses the financial broker licence;
  - (c) At the Issuer's initiative, upon at least 15 (fifteen) calendar days notice to the Trustee.

The Agreement signed by and between the Issuer and the Trustee shall be made public and will be accessible at the Bank's Investment Banking Department, Corporate Finance Division, J. Basanavičius g. 26, Vilnius, from 8:00 till 16:30 (until 15:00 on Fridays) on Business Days. Phone enquiries +370 5 239 3516, +370 5 239 3772.

Agreement with the Trustee shall also be accessible to the public at the Distributor's office specified in the Final Terms of each tranche.

#### 4.11. AUTHORIZATION

On the basis of this Programme, securities are issued by the resolution of 14 December 2006 of the Issuer's Board acting in accordance with the Issuer's Articles of Association:

TITLE OF THE RESOLUTION: On the approval of a 500,000,000 Litass Medium Term Note Programme

RESOLVED:

Approve the Medium Term Note Program (the MTN Program) for LTL 500,000,000 or other currency equivalent under which the Bank over the following 12 months can issue medium-term (from 6 month to 10 years) unsubordinated, non-guaranteed and unconvertible fixed notes, floating rate, zero coupon, double currency, index linked notes or any combination hereof.

Obligate the Manager of the Investment Banking Department to establish the method of calculation of the coupon and redemption payment and other terms and conditions, except for final terms of each issue under the MTN Program, and to prepare a prospectus.

Obligate the Manager of the Investment Banking Department to prepare and authorize him to sign on behalf of the Bank a contract with a trustee whereby the trustee would be obligated to protect the interests of the holders of the notes issued under the MNT Program in relation with the Bank, while the Bank would pay for the trustee services.

Authorize Executive Vice President Vyngintas Bubnys or other substituting him Executive Vice President, to decide, based on the guidelines approved by ALCO, on separate note issues under the MTN Program and designate him to set the final terms, including denomination, annual coupon rates and fixed maturity dates, of all notes issued under the MTN Program.

#### 4.12. ISSUE DATE

The issue date of a tranche shall be considered the Effective Date, specified in the Final Terms.

#### 4.13. RESTRICTIONS ON SECURITIES TRANSFER

No restrictions.

#### 4.14. TAXES

*This document contains a summary of a tax system in force in the Republic of Lithuania on the date of registration of the Prospectus (January 11, 2007). The information should NOT be considered as an advice on the tax issues. The Issuer disclaims any responsibility on the accuracy, correctness and timeliness of the information. Investors acquiring the Notes should make their own evaluation of the tax system, relevant to their jurisdiction and legal status.*

##### TAXATION OF INTEREST

Income received from the notes by the Lithuanian legal entities is taxed in accordance with Corporate Income Tax Law of the Republic of Lithuania.

Income received from the notes by foreign legal entities is subject to a withholding income tax of 10%. This tax shall be withheld, declared and paid to the budget of the Republic of Lithuania by the Issuer.

Pursuant to the Individual Income Tax Law of the Republic of Lithuania, interest received from the notes by permanent and non-permanent residents of Lithuania is free of income taxes provided that the stated maturity of the notes is more than 366 days.

Interest received from the notes by permanent and non-permanent residents of Lithuania that are redeemed prior to the 366 day term is subject to a 15% income tax.

##### TAXATION OF CAPITAL GAIN

Capital gain by the Lithuanian legal entities is taxed by the procedure established in the Corporate Income Tax Law of the Republic of Lithuania.

Pursuant to the Individual Income Tax Law of the Republic of Lithuania, capital gain received by Lithuanian residents is subject to a 15% tax, if the notes are sold (i.e. their ownership is transferred) less than 366 days from their acquisition day. Capital gain from notes that are sold by a permanent resident of Lithuania after 366 days from their acquisition is not subject to taxation.

Income received by non-permanent residents of Lithuania, and foreign legal entities from capital gain, is not subject to the Individual Income Tax Law of the Republic of Lithuania and Corporate Income Tax Law of the Republic of Lithuania.

#### TAX DECLARATION AND PAYMENT

With the exception of the withholding tax on interest received by foreign legal entities, an investor bears the liability to assess, declare and pay any taxes applicable to the investor.

## 5. TERMS AND CONDITIONS OF THE OFFER

### 5.1. PLACEMENT PROCEDURE

Placement of the notes shall start immediately after publication of the Final Terms in accordance with the Presentation of Notices procedure established in Section 9 hereof. The definitive placement dates of each tranche shall be specified in the applicable Final Terms.

The aggregate amount of the note issue shall be determined according to the Issuer's financing needs and capital market conditions, and shall be equal to the product of the Number of Notes Offered and the Par Value as indicated in the Final Terms. Instead of exact Number of Notes Offered, the applicable Final Terms may specify a maximum Number of Notes Offered, in such a case the Number of Notes Offered shall equal to the number of notes actually placed, subject to the specified maximum.

The Final Terms may stipulate a Minimum or a Maximum Number of Notes Offered to an Investor. No other restrictions shall apply to investors acquiring the notes offered on the basis of this Programme.

Notes shall be offered in the country(s) indicated in the Final Terms.

Notes shall be offered by the Issuer and Distributors appointed by the Issuer, as specified in the applicable Final Terms. Notes shall be distributed on the basis of the Note Subscription Agreement signed by and between the Issuer and the investor. When signing the Note Subscription Agreement, the Distributor may request an investor to produce the following documents indicated in the Notes Subscription Agreement: for private individuals – personal identification documents, for legal entities – company registration certificate, copy of the articles of association of the company, authorization and personal identification documents of the representative. If an investor refuses to present documents specified in the agreement or refuses to present them in a form acceptable to the Distributor, the latter has the right to refuse the subscription.

Investors willing to acquire notes issued shall sign Note Subscription Agreements during working hours in the Subscription sites specified in the Final Terms, specifying the number of notes they wish to acquire. Professional Investors may send signed Note Subscription Agreements by fax to the Distributor's fax number specified in Section 10 hereof.

The notes shall be allocated in accordance with the Allocation procedure established in Section 5.2 hereof.

Payment for the allocated notes shall be made by the investors according to the Payment Terms established in Section 5.3 hereof.

Neither shareholders of the Issuer nor other persons shall have pre-emptive right to subscribe to newly issued notes.

Placement of the notes may be terminated before the stated term if all the notes issued are distributed prior to the expiration of the placement term.

Information about the beginning and end of note placement period and other events related to the placement shall be announced in accordance with the Presentation of Notices procedure established in Section 9 hereof.

### 5.2. ALLOCATION

Notes shall be allocated on time priority based to the time of signing of the Note Subscription Agreement. If the number of remaining notes available is smaller than the quantity of securities that an investor wants to acquire, a Note Subscription Agreement for the notes available shall be signed with the investor upon its consent.



A Note Subscription Agreement shall be signed by persons authorized by the Issuer for and on behalf of the Issuer. Note Subscription Agreements shall be recorded on-line, ensuring that the quantity of notes subscribed does not exceed the balance of the Issuer's notes available.

If the Issuer does not record Note Subscription Agreements on-line, to prevent over-allotment a Subscription Coordinator shall be appointed by the Issuer. In such an event, the Distributor employees authorized to sign the Note Subscription Agreement will have to obtain a clearance from the Subscription Coordinator prior to signing of the agreement.

The Subscription Coordinator shall ensure the allotment of notes in accordance with terms and condition of the Prospectus by recording the time of signing of each Note Subscription Agreement in the subscription journal. Only one Subscription Coordinator may be appointed at a time.

### 5.3. PAYMENT TERMS

Full payment for the subscribed notes shall follow the signing of the Note Subscription Agreement and is due 16:00 on a day, at the price of which notes have been subscribed. The investors must accumulate the aggregate amount due indicated in the Note Subscription Agreement in the investor's account indicated in the agreement, and provide possibility for the Distributor to charge such an amount off.

The subscription price of the notes is specified in Section 5.5 hereof.

A Note Subscription Agreement in respect of the notes for which payment is overdue shall expire without a notice to the investor and the notes shall be considered as not placed.

Payment for the notes is due in the Issue Currency as specified in the applicable Final Terms.

Overpayments or payments under expired Note Subscription Agreements, or late payments made by investors shall be returned to the investors within 5 Business Days by transferring the overpayment amount after deduction of transfer charges to an account indicated by the investor.

### 5.4. CUSTODY

An investor may specify in a Note Subscription Agreement that the notes be held for custody in a investor's personal securities account opened with a licensed financial broker specified by the investor. If left unspecified, the acquired notes shall be held for custody at the Bank.

### 5.5. SUBSCRIPTION PRICE

The Issue Price specified in the applicable Final Terms is the price of the notes on the last day of the placement period. This price shall be fixed by the Issuer's decision, taking into consideration informal investor polls and other information concerning the capital market. If additional distributors are involved in distribution, the price shall be set by an agreement between the Issuer and the Distributor.

During the placement period, notes shall be subscribed at the price, which will depend on the payment due date. The price of each subscription day shall be determined by discounting the Issue Price, specified in the Final Terms, at Discount Rate Applicable During the Placement Period as specified in the Final Terms using the following formula:

$$P = E \times \left(1 - \frac{i}{100} \times \frac{t}{360}\right)$$

Where:

P – subscription price

E – the Issue Price, specified in the Final Terms

i – the Discount Rate Applicable During the Placement Period, specified in the Final Terms

t – number of days left till the end of the placement period

The definitive subscription prices of every day of the placement period shall be indicated in the Final Terms or in the annexes thereof.

When subscribing the notes during the initial offering, the Issuer shall not charge the investor any intermediation (i.e. account opening, securities brokerage, and other) fees. Notwithstanding the above, the Final Terms may provide for a Subscription Fee payable by an investor to the Issuer (or the Distributor) together with the payment for the notes.

## 5.6. OFFERING AGENTS

### 5.6.1 DISTRIBUTORS

Unless specified otherwise in the applicable Final Terms, notes issued on the basis of this Programme shall be distributed by the Issuer. The Issuer at his own discretion may appoint one or more distributors by giving notice of it in the Final Terms of the tranche. If a tranche is distributed by several distributors, the Issuer or one of the distributors shall be appointed as a Global Coordinator for the tranche. In such event the Global Coordinator and its contact details shall be indicated in the Final Terms of the tranche.

The agreement signed by and between the Issuer and Distributor(s) may provide for the right of the distributors to appoint additional distributors at their own discretion. Investors shall be notified in the Final Terms about such clause.

### 5.6.2 PAYING AND DEPOSITORY AGENTS

Unless specified otherwise in the applicable Final Terms, functions of the Paying and Depository Agents shall be carried out by the Issuer. The Issuer has the right to appoint external Paying Agents and Depository Agents by specifying their names and addresses in the Final Terms of the tranche.

### 5.6.3 UNDERWRITERS

The Issuer has not entered and does not plan to enter into agreement regarding the underwriting of tranches issued under this Programme. All tranches shall be placed on a best efforts basis, i.e. the Distributor (-s) shall not provide firm commitments to place a certain number of the notes.

## 6. ADMISSION TO TRADING AND DEALING ARRANGEMENTS

The Final Terms of the notes offered under this Programme shall stipulate whether the securities offered are or will be object of on application for admission to trading, with a view to their distribution in a regulated market. Unless specified otherwise in the applicable Final Terms an application shall be made for trading on:

Vilnius Stock Exchange, Bond List

Investors should note that an application to the stock exchange does not mean automatic admission to trading. Decision on the admission to trading is made only after conclusion of the placement, therefore investors subscribing the notes bear the risk that the securities will not be listed, and therefore will become less attractive (or entirely unattractive) for certain categories of investors (e.g. pension funds or insurance companies).

An investor has no right to request the Issuer to redeem the subscribed notes due to the refusal by the stock exchange to approve the Issuer's application for admission to trading on the exchange lists.

At present, to the knowledge of the Issuer, the following debt securities of the Issuer have been admitted to trading on the regulated markets or their equivalent markets:

Name of the security	3-year fixed rate notes	3-year floating rate bearer notes	3-year fixed rate notes
Name of the exchange	Vilnius Stock Exchange	Luxembourg Stock Exchange	Vilnius Stock Exchange
ISIN code	LT0000403388	XS0195692339	LT0000403065
Aggregate par value	25,000,000 Litass	50,000,000 Euro	50,000,000 Litass
Redemption date	26.09.2009	19.07.2007	17.03.2008

The Issuer shall exert its own efforts to ensure secondary market liquidity of its listed securities. The Issuer has no agreements with licensed financial brokers to act as intermediaries in secondary trading.

The Issuer's Investment Banking Department, Capital Market Division, shall quote secondary market prices of its securities issued under this Programme and engage in trading in the securities on the secondary market.

## 7. ADDITIONAL INFORMATION

No advisers have been used in the course of drafting this Programme.

Information contained in this Base Prospectus was not reviewed and checked by auditors, with the exception of some financial information about the Issuer, which is presented in a separate Registration Document. The Registration Document is based on the Auditor's report which is incorporated into the Registration Document by a reference.

No representations by a person acting with expert's rights have been made in this Base Prospectus.

No third party information have been used in this Base Prospectus, save for the information in the Registration Document specified in Section 13 of the respective document.

Securities issued on the basis of this Programme shall not be subject to rating, but the Issuer is assigned the following credit ratings by the international rating agency, Fitch: A (long-term) and F1 (short-term). Information about any changes in credit ratings shall be given in the Issuer's annual and semi-annual reports.

## 8. INFORMATION ABOUT THE ISSUER

Information about the Issuer, its activities, financial state and other aspects that may have a material effect on the Issuer's securities is presented in the Registration Document, which is incorporated into this Base Prospectus by a reference.

## 9. PRESENTATION OF NOTICES

Information about:

- publication of the Final Terms
- early redemption
- end of the placement period
- replacement of the Trustee
- change of the Underlying Index
- coupon payments
- other material events concerning the securities issued on the basis of this Programme

shall be announced on the Issuer's website, [www.dnb nord.lt](http://www.dnb nord.lt), Distributor's website, and mass media of any country where the notes are being offered. In respect of placement within Lithuania, the mass media company shall be the news agency BNS (website address: [www.bns.lt](http://www.bns.lt)), in Latvia - one of the national newspapers "Diena", "Neatkariga", "Rigas Balss", or "Dienas bizness". Information about the Distributor and its contact details shall be given in the Final Terms of each tranche.

If a decision is made to offer the notes in other countries, this section of the Base Prospectus shall be supplemented with the names of mass media companies of the respective countries. Information shall be supplemented following the procedure established in Articles 20-22 of Resolution No. 1K-21 and Article 16 of the Directive 2003/71/EC of the European Parliament and Council.

Depending on the number of investors and other conditions, the Issuer may choose to relay certain information relating to the tranche directly to the investors.

## 10. ADDRESSES

### ISSUER:

AB DnB NORD bankas  
J. Basanavičiaus 26, Vilnius  
Phone: +370 5 239 35 16, +370 5 239 37 72  
Fax: +370 5 239 37 83.

Unless specified otherwise in the applicable Final Terms, the Issuer has appointed the following agents:

### DISTRIBUTOR:

AB DnB NORD bankas  
Investment Banking Department  
J. Basanavičiaus 26, Vilnius  
Phone: +370 5 239 35 16, +370 5 239 37 72  
Fax: +370 5 239 37 83.

### TRUSTEE:

If applicable, to be specified in the Final Terms

### CALCULATING AGENT:

AB DnB NORD bankas  
Investment Banking Department  
J. Basanavičiaus 26, Vilnius  
Phone: +370 5 239 35 16, +370 5 239 37 72  
Fax: +370 5 239 37 83.

### PAYING AGENT:

AB DnB NORD bankas  
Settlement Department  
J. Basanavičiaus 26, Vilnius  
Phone: +370 5 239 35 64  
Fax: +370 5 239 37 83.

### DEPOSITORY AGENT:

AB DnB NORD bankas  
Settlement Department  
J. Basanavičiaus 26, Vilnius  
Phone: +370 5 239 37 71  
Fax: +370 5 239 37 83.