



Supervision Service of the Bank of Lithuania

25 02 2013

### Interim confirmation of responsible persons

This confirmation of responsible persons regarding interim condensed consolidated financial information of AB DNB Bankas as of 31 December 2012 is provided following Law of Republic of Lithuania on securities, dated 18 January 2007 and Lithuanian Securities Commission resolution No. 1K-3 on rules of disclosure and submission of periodic and additional information, dated 23 February 2007.

We, responsible persons, confirm that to the best of our knowledge, provided interim condensed consolidated financial information is prepared in accordance with International Financial Reporting standards, gives a true and fair view of the assets, liabilities, financial position, profit and cash flows of the Bank and consolidated subsidiaries.

President

Bjornar Lund

Chief Accountant

Jurgita Šaučiūnienė

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— AB DNB bankas

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Banko kodas 40100

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Banko (įmonės) kodas 112029270  
Duomenys kaupiami ir saugomi  
Juridinių asmenų registre



**AB DNB Bankas**  
**Interim Condensed Financial Information**

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(in accordance with IFRS, unaudited)

IV quarter  
2012

**AB DNB BANKAS**  
**INTERIM CONDENSED FINANCIAL INFORMATION**  
**AS AT 31 DECEMBER 2012**

(All amounts are in LTL thousand, if not otherwise stated)

**THE GROUP AND BANK INCOME (EXPENSE) STATEMENT**

Notes	Group		Bank		Group		Bank	
	2012 4th quarter	2011 4th quarter	2012 4th quarter	2011 4th quarter	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Interest income	82,989	103,224	81,541	102,266	365,007	404,193	357,107	398,420
Interest expense	(25,093)	(41,875)	(25,092)	(41,875)	(123,413)	(172,788)	(123,413)	(172,791)
<b>Net interest income</b>	<b>57,896</b>	<b>61,349</b>	<b>56,449</b>	<b>60,391</b>	<b>241,594</b>	<b>231,405</b>	<b>233,694</b>	<b>225,629</b>
Fee and commission income	26,694	24,434	27,315	24,704	102,741	89,307	104,284	91,441
Fee and commission expense	(6,376)	(5,333)	(6,302)	(5,278)	(21,709)	(19,483)	(21,354)	(19,085)
<b>Net interest, fee and commission income</b>	<b>78,214</b>	<b>80,450</b>	<b>77,462</b>	<b>79,817</b>	<b>322,626</b>	<b>301,229</b>	<b>316,624</b>	<b>297,985</b>
Net gain (loss) on operations with securities and derivative financial instruments	736	3,942	590	5,009	12,207	(753)	14,583	2,109
Net foreign exchange result	8,162	1,474	8,261	1,294	25,669	21,904	25,757	21,727
Impairment losses and provisions	(6,880)	(35,295)	(1,115)	(30,169)	(43,115)	(82,778)	(36,309)	(75,179)
Other income	3,725	9,618	2,794	8,126	18,248	18,504	14,593	11,889
Personnel expenses	(30,844)	(26,883)	(29,859)	(26,156)	(108,620)	(93,964)	(105,677)	(91,445)
Depreciation and amortisation	(3,093)	(3,239)	(3,073)	(3,168)	(12,125)	(13,958)	(11,980)	(13,491)
Administrative and other operating expenses	(44,388)	(18,169)	(42,607)	(17,016)	(134,371)	(74,894)	(129,163)	(71,577)
<b>Profit (loss) before income tax</b>	<b>5,632</b>	<b>11,898</b>	<b>12,453</b>	<b>17,737</b>	<b>80,519</b>	<b>75,290</b>	<b>88,428</b>	<b>82,018</b>
Income tax	254	(679)	-	(1,046)	(95)	(1,028)	-	(1,067)
<b>Net profit (loss) for the period</b>	<b>5,886</b>	<b>11,219</b>	<b>12,453</b>	<b>16,691</b>	<b>80,424</b>	<b>74,262</b>	<b>88,428</b>	<b>80,951</b>
<b>Profit (loss) attributable to:</b>								
Equity holders of the parent	5,886	11,219	12,453	16,691	80,424	74,262	88,428	80,951
<b>Earnings per share</b> (in LTL per share)	2							
Basic	1.03	1.96			14.08	13.01		
Diluted	1.03	1.96			14.08	13.01		

The accounting policies and notes on pages 8 to 18 are an integral part of this financial information.

**AB DNB BANKAS**  
**INTERIM CONDENSED FINANCIAL INFORMATION**  
**AS AT 31 DECEMBER 2012**

(All amounts are in LTL thousand, if not otherwise stated)

**THE GROUP AND BANK STATEMENT OF COMPREHENSIVE INCOME (EXPENSE)**

	<u>Group</u>		<u>Bank</u>		<u>Group</u>		<u>Bank</u>	
	<u>2012 4th quarter</u>	<u>2011 4th quarter</u>	<u>2012 4th quarter</u>	<u>2011 4th quarter</u>	<u>31 December 2012</u>	<u>31 December 2011</u>	<u>31 December 2012</u>	<u>31 December 2011</u>
<b>Profit (loss) for the period</b>	<b>5,886</b>	<b>11,219</b>	<b>12,453</b>	<b>16,691</b>	<b>80,424</b>	<b>74,262</b>	<b>88,428</b>	<b>80,951</b>
Other comprehensive income (expenses), net of tax available - for - sale assets revaluation	-	(108)	-	(10)	115	2,654	-	2,819
Total other comprehensive income, net of tax	-	(108)	-	(10)	115	2,654	-	2,819
<b>Total comprehensive income(expenses) for the period, net of tax</b>	<b>5,886</b>	<b>11,111</b>	<b>12,453</b>	<b>16,681</b>	<b>80,539</b>	<b>76,916</b>	<b>88,428</b>	<b>83,770</b>
Total comprehensive income attributable to:								
Equity holders of the parent	5,886	11,111	12,453	16,681	80,539	76,916	88,428	83,770

The accounting policies and notes on pages 8 to 18 are an integral part of this financial information.

**AB DNB BANKAS**  
**INTERIM CONDENSED FINANCIAL INFORMATION**  
**AS AT 31 DECEMBER 2012**

(All amounts are in LTL thousand, if not otherwise stated)

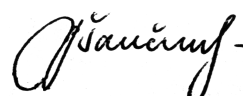
**THE GROUP AND BANK CONDENSED STATEMENT OF FINANCIAL POSITION**

	Notes	Group		Bank	
		31 December 2012	31 December 2011	31 December 2012	31 December 2011
<b>ASSETS</b>					
Cash and balances with central banks		535,163	763,428	535,163	763,428
Due from banks		1,017,603	836,215	1,017,603	836,215
Financial assets held for trading		50,848	32,189	50,848	32,189
Financial assets designated at fair value through profit or loss	3	626,978	388,287	619,743	388,287
Derivative financial instruments		16,643	11,533	16,643	11,533
Financial assets – available for sale		952	6,049	952	915
Loans and advances to customers	4	8,560,769	8,524,185	8,967,084	8,882,706
Finance lease receivables		295,793	295,823	-	-
Investments in subsidiaries		-	-	201,225	155,671
Investment property	5	227,047	138,899	-	-
Property, plant and equipment		89,827	91,018	89,466	90,616
Intangible assets		8,987	6,265	8,958	6,231
Deferred income tax asset		29,755	29,839	29,804	29,804
Other assets		50,494	63,793	32,780	45,209
Non-current assets and disposal groups held for sale		14,722	871	10,404	2
<b>Total assets</b>		<b>11,525,581</b>	<b>11,188,394</b>	<b>11,580,673</b>	<b>11,242,806</b>
<b>LIABILITIES AND EQUITY</b>					
Due to banks	6	4,099,366	4,506,051	4,099,366	4,506,051
Derivative financial instruments		26,222	31,463	26,222	31,463
Due to customers	7	5,884,500	5,146,575	5,886,161	5,149,173
Debt securities in issue	8	70,558	114,954	70,558	114,954
Subordinated loans	9	-	38,544	-	38,544
Provisions		5,883	1,168	58,246	57,736
Other liabilities		51,955	43,081	43,140	36,333
<b>Total liabilities</b>		<b>10,138,484</b>	<b>9,881,836</b>	<b>10,183,693</b>	<b>9,934,254</b>
<b>Equity attributable to equity holders of parent</b>					
Ordinary shares	10	656,665	656,665	656,665	656,665
Share premium		282,929	282,929	282,929	282,929
Retained earnings		82,009	1,777	92,092	3,856
Reserves		365,494	365,187	365,294	365,102
<b>Total equity</b>		<b>1,387,097</b>	<b>1,306,558</b>	<b>1,396,980</b>	<b>1,308,552</b>
<b>Total liabilities and equity</b>		<b>11,525,581</b>	<b>11,188,394</b>	<b>11,580,673</b>	<b>11,242,806</b>

This condensed financial information was signed on 25 February 2013:



B. Lund  
President



J. Šaučiūnienė  
Chief Accountant

The accounting policies and notes on pages 8 to 18 are an integral part of this financial information.

**AB DNB BANKAS**  
**INTERIM CONDENSED FINANCIAL INFORMATION**  
**AS AT 31 DECEMBER 2012**

(All amounts are in LTL thousand, if not otherwise stated)

**GROUP STATEMENT OF CHANGES IN EQUITY**

	Attributable to equity holders of the parent						Total
	Issued shares	Share premium	Financial assets revaluation reserve	Mandatory reserve	Other reserves	Retained earnings	
<b>Balance at 31 December 2010</b>	<b>656,665</b>	<b>282,929</b>	<b>(2,769)</b>	<b>200</b>	<b>173,474</b>	<b>(245,127)</b>	<b>865,372</b>
Total comprehensive income	-	-	2,654	-	-	74,262	76,916
Depreciation transfer for land and buildings	-	-	-	-	(2)	2	-
Increase of reserve capital (by additional contributions of shareholders)	-	-	-	-	364,270	-	364,270
Transfer of reserves	-	-	-	-	(172,640)	172,640	-
<b>Balance at 31 December 2011</b>	<b>656,665</b>	<b>282,929</b>	<b>(115)</b>	<b>200</b>	<b>365,102</b>	<b>1,777</b>	<b>1,306,558</b>
Total comprehensive income	-	-	115	-	-	80,424	80,539
Depreciation transfer for land and buildings	-	-	-	-	(1)	1	-
Transfer to mandatory reserve	-	-	-	193	-	(193)	-
<b>Balance at 31 December 2012</b>	<b>656,665</b>	<b>282,929</b>	<b>-</b>	<b>393</b>	<b>365,101</b>	<b>82,009</b>	<b>1,387,097</b>

**BANK STATEMENT OF CHANGES IN EQUITY**

	Attributable to equity holders of the parent						Total
	Issued shares	Share premium	Financial assets revaluation reserve	Mandatory reserve	Other reserves	Retained earnings	
<b>Balance at 31 December 2010</b>	<b>656,665</b>	<b>282,929</b>	<b>(2,819)</b>	<b>-</b>	<b>173,474</b>	<b>(249,737)</b>	<b>860,512</b>
Total comprehensive income	-	-	2,819	-	-	80,951	83,770
Depreciation transfer for land and buildings	-	-	-	-	(2)	2	-
Increase of reserve capital (by additional contributions of shareholders)	-	-	-	-	364,270	-	364,270
Transfer of reserves	-	-	-	-	(172,640)	172,640	-
<b>Balance at 31 December 2011</b>	<b>656,665</b>	<b>282,929</b>	<b>-</b>	<b>-</b>	<b>365,102</b>	<b>3,856</b>	<b>1,308,552</b>
Total comprehensive income	-	-	-	-	-	88,428	88,428
Depreciation transfer for land and buildings	-	-	-	-	(1)	1	-
Transfer to mandatory reserve	-	-	-	193	-	(193)	-
<b>Balance at 31 December 2012</b>	<b>656,665</b>	<b>282,929</b>	<b>-</b>	<b>193</b>	<b>365,101</b>	<b>92,092</b>	<b>1,396,980</b>

The accounting policies and notes on pages 8 to 18 are an integral part of this financial information.

**AB DNB BANKAS**  
**INTERIM CONDENSED FINANCIAL INFORMATION**  
**AS AT 31 DECEMBER 2012**

(All amounts are in LTL thousand, if not otherwise stated)

**GROUP AND BANK STATEMENT OF CASH FLOWS**

	Notes	Period ended			
		Group		Bank	
		2012	2011	2012	2011
<b>Operating activities</b>					
Interest receipt		337,881	376,619	329,833	370,321
Interest payments		(130,388)	(171,191)	(131,188)	(171,574)
Collected previously written-off loans		5,232	4,027	5,232	4,027
Net receipt from FX trading and operations in securities		13,702	(618)	13,433	429
Fee and commission receipt		102,741	89,307	104,284	91,441
Fee and commission payments		(21,709)	(19,483)	(21,354)	(19,085)
Salaries and related payments		(107,096)	(89,572)	(104,381)	(87,216)
Other payments		(116,123)	(56,388)	(114,570)	(59,731)
<b>Net cash flow from operating activities before changes in operating assets and liabilities</b>		<b>84,240</b>	<b>132,701</b>	<b>81,289</b>	<b>128,612</b>
(Increase) decrease in operating assets					
(Increase) decrease in loans to credit and financial institutions		(104,956)	(464,147)	(101,073)	(208,574)
(Increase) decrease in loans granted		(44,630)	105,787	(96,958)	71,252
(Purchase) of trading securities		(2,835,724)	(2,321,607)	(2,835,724)	(2,321,607)
Proceeds from trading securities		2,817,055	2,318,857	2,817,055	2,318,857
(Increase) decrease in other assets		(91,916)	(5,296)	(40,332)	27,484
<b>Change in operating assets</b>		<b>(260,171)</b>	<b>(366,406)</b>	<b>(257,032)</b>	<b>(112,588)</b>
Increase (decrease) in liabilities:					
(Decrease) in liabilities to credit and financial institutions		(466,254)	(785,864)	(467,864)	(784,918)
Increase (decrease) in deposits		806,483	787,962	807,133	788,079
Increase (decrease) in other liabilities		2,982	2,833	1,758	(67,368)
<b>Change in operating liabilities</b>		<b>343,211</b>	<b>4,931</b>	<b>341,027</b>	<b>(64,207)</b>
<b>Income tax paid</b>		<b>-</b>	<b>(150)</b>	<b>-</b>	<b>(1)</b>
<b>Net cash flows from operating activities</b>		<b>167,280</b>	<b>(228,924)</b>	<b>165,284</b>	<b>(48,184)</b>
<b>Investing activities</b>					
Acquisition of property, plant, equipment and intangible assets		(13,629)	(7,756)	(13,566)	(7,738)
Disposal of property, plant, equipment and intangible assets		290	799	-	32
Purchase of securities		(612,461)	(484,989)	(608,225)	(482,959)
Proceeds from securities		396,436	869,270	392,037	867,075
Dividends received		15	12	2,660	1,827
Interest received		9,472	16,488	9,301	16,276
Investment in subsidiaries		-	-	-	(190,275)
Disposal of subsidiaries shares		-	-	-	8,669
<b>Net cash flows from investing activities</b>		<b>(219,877)</b>	<b>393,824</b>	<b>(217,793)</b>	<b>212,907</b>
<b>Financing activities</b>					
Own debt securities redemption		(45,202)	(62,823)	(45,202)	(62,823)
Own debt securities issued		-	38,605	-	38,605
Increase in reserve capital		-	364,270	-	364,270
Interest paid		(3,084)	(5,831)	(3,084)	(5,831)
Repaid subordinated loans		(37,981)	(364,270)	(37,981)	(364,270)
<b>Net cash flow from financing activities</b>		<b>(86,267)</b>	<b>(30,049)</b>	<b>(86,267)</b>	<b>(30,049)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(138,864)</b>	<b>134,851</b>	<b>(138,776)</b>	<b>134,674</b>
Net foreign exchange difference on cash and cash equivalents		(9,945)	(8,751)	(10,033)	(8,574)
Cash and cash equivalents at 1 January		819,384	693,284	819,384	693,284
<b>Cash and cash equivalents at 31 December</b>	12	<b>670,575</b>	<b>819,384</b>	<b>670,575</b>	<b>819,384</b>

The accounting policies and notes on pages 8 to 18 are an integral part of this financial information.

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**AB DNB BANKAS**  
**INTERIM CONDENSED FINANCIAL INFORMATION**  
**AS AT 31 DECEMBER 2012**

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(All amounts are in LTL thousand, if not otherwise stated)

## **GENERAL BACKGROUND**

The name of AB DNB Bankas was registered on November 11, 2011. The Bank as a joint stock company was registered on September 13, 1993. The Bank possesses a license issued by the Bank of Lithuania, which entitles to provide financial services established in the Law of the Republic of Lithuania on Banks and the Law of the Republic of Lithuania on Financial Institutions.

The Bank accepts deposits, issues loans, makes money transfers and documentary settlements, exchanges currencies for its clients, issues and processes debit and credit cards, is engaged in trade finance and is investing and trading in securities as well as provides other financial services established in the Law of the Republic of Lithuania on Banks and on Financial Institutions.

As at 31 December 2012 the Bank owned the following subsidiaries:

- AB DNB Lizingas (leasing activities),
- UAB DNB Investicijų Valdymas (investment asset management activities),
- UAB DNB Būstas (real estate brokerage),
- UAB Intractus (real estate management, development and sale). UAB Intractus owned (0,21 of skares) company UAB Industrius (Company was registered on Legal Entities, State enterprise Centre of Register on 15 February 2011) and subsidiary UAB Gelužės projektai (acquired from Bank on 19 October 2011);
- UAB Industrius (real estate management, development and sale); Company capital increase was registered in Legal Entities, State enterprise Centre of Register on 21 December 2012.

As at 31 December 2012 the Bank owned 100% of the share capital of AB DNB Lizingas, UAB DNB Investicijų Valdymas, UAB Intractus, 99,79% UAB Industrius and 75.47% of the share capital of UAB DNB Būstas. AB DNB Lizingas owned 24.53% of the share capital of UAB DNB Būstas. UAB DNB Intractus owned 100% of the share capital of UAB Gelužės projektai and 0.21% UAB Industrius. As at 31 December 2012 AB DNB Bankas Group (hereinafter referred to as "the Group") in Lithuania consisted of AB DNB Bankas and its subsidiaries UAB Investicijų Valdymas, UAB DNB Lizingas, UAB DNB Būstas, UAB Intractus, UAB Industrius, UAB Gelužės projektai.

This financial information combines the consolidated financial statements for the Group and stand-alone financial statements of the parent Bank. Such format of reporting was adopted to ensure consistency of presentation with the format prescribed by the Bank of Lithuania and applied for statutory reporting.

Amounts shown in this financial information are presented in the local currency, Litas (LTL). Since 2 February 2002 the exchange rate of the Litas was pegged to Euro at a rate of 3.4528 LTL = 1 EUR.

## **Basis of preparation**

The Bank and the Group condensed interim financial information was prepared in accordance with IAS 34. The interim consolidated financial statements do not contain all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 31 December 2011.

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2011, except for the adoption of the following amended standard:

### **IFRS 7 Financial Instruments: Disclosures (Amended) – Transfers of Financial Assets**

The amendment is effective for annual periods beginning on or after 1 July 2011. The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognised assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets. The amendment has only disclosure effects. This amendment did not have any impact on the accounting policies, financial position or performance of the Group.

### **IAS 12 Income Taxes (Amended) – Recovery of Underlying Assets**

The amendment is effective for annual periods beginning on or after 1 January 2012. The amendment clarified the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 always be measured on a sale basis of the asset. This change did not have impact on the financial position of the Group nor financial reports.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

## **Use of estimates in the preparation of condensed interim financial information**

The preparation of financial information in conformity with International Financial Reporting Standards require the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current event and actions, actual results ultimately may differ from those estimates.



**AB DNB BANKAS**  
**INTERIM CONDENSED FINANCIAL INFORMATION**  
**AS AT 31 DECEMBER 2012**

(All amounts are in LTL thousand, if not otherwise stated)

**SEGMENT INFORMATION**

**Segment information**

The Group is organised into these main business segments based on products, services and legal organisation: banking, leasing, investment management, real estate brokerage and real estate management, development and sale. Transactions between the business segments are on normal commercial terms and conditions, transfer prices between operating segments are on arm's length basis. Funds are ordinary reallocated between segments, resulting in funding cost transfers disclosed in operating income. No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Group's total revenue in 2012 or 2011.

**Year ended 31 December 2012**

	Banking	Leasing	Investment management	Real estate brokerage	Real estate management, development and sale	Eliminations	Group
Third party	348,145	16,656	206	-	-	-	365,007
Inter-segment	8,962	26	1	-	-	(8,989)	-
<b>Total interest income</b>	<b>357,107</b>	<b>16,682</b>	<b>207</b>	<b>-</b>	<b>-</b>	<b>(8,989)</b>	<b>365,007</b>
Third party	(123,410)	-	(3)	-	-	-	(123,413)
Inter-segment	(3)	(5,901)	-	(4)	(3,057)	8,965	-
<b>Total interest expense</b>	<b>(123,413)</b>	<b>(5,901)</b>	<b>(3)</b>	<b>(4)</b>	<b>(3,057)</b>	<b>8,965</b>	<b>(123,413)</b>
Third party	224,735	16,656	203	-	-	-	241,594
Inter-segment	8,959	(5,875)	1	(4)	(3,057)	(24)	-
<b>Net interest income</b>	<b>233,694</b>	<b>10,781</b>	<b>204</b>	<b>(4)</b>	<b>(3,057)</b>	<b>(24)</b>	<b>241,594</b>
Third party	115,595	(92)	5,571	564	-	(2,645)	118,993
Inter-segment	7,675	(4,162)	(2,017)	211	(2)	(1,705)	-
<b>Net income from the other main operations</b>	<b>123,270</b>	<b>(4,254)</b>	<b>3,554</b>	<b>775</b>	<b>(2)</b>	<b>(4,350)</b>	<b>118,993</b>
Third party	(220,198)	258	(1,269)	(523)	(3,096)	-	(224,828)
Inter-segment	(49)	(1,458)	(124)	(25)	(73)	1,729	-
<b>Total administrative and other operating expenses/ income</b>	<b>(220,247)</b>	<b>(1,200)</b>	<b>(1,393)</b>	<b>(548)</b>	<b>(3,169)</b>	<b>1,729</b>	<b>(224,828)</b>
Depreciation and amortisation	(11,980)	(107)	(13)	(20)	(5)	-	(12,125)
Impairment losses and provisions	(40,514)	(2,564)	-	(37)	-	-	(43,115)
<b>Profit (loss) before tax</b>	<b>84,223</b>	<b>2,656</b>	<b>2,352</b>	<b>166</b>	<b>(6,233)</b>	<b>(2,645)</b>	<b>80,519</b>
Income tax	-	-	-	(18)	-	-	(18)
Change of deferred tax	-	-	(77)	-	-	-	(77)
<b>Net profit (loss)</b>	<b>84,223</b>	<b>2,656</b>	<b>2,275</b>	<b>148</b>	<b>(6,233)</b>	<b>(2,645)</b>	<b>80,424</b>
Capital expenditure	13,566	-	2	29	32	-	13,629
Shareholders' equity	1,396,980	71,967	7,385	1,391	110,937	(201,563)	1,387,097
<b>Total assets</b>	<b>11,580,673</b>	<b>364,821</b>	<b>7,844</b>	<b>2,047</b>	<b>232,966</b>	<b>(662,770)</b>	<b>11,525,581</b>
<b>Total liabilities</b>	<b>10,183,693</b>	<b>292,854</b>	<b>459</b>	<b>656</b>	<b>122,029</b>	<b>(461,207)</b>	<b>10,138,484</b>

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**SEGMENT INFORMATION (continued)**

Year ended 31 December 2011

	Banking	Leasing	Invest- ment manage- ment	Real estate brokerage	Real estate management, development and sale	Eliminations	Group
Third party	384,705	19,291	197	-	-	-	404,193
Inter-segment	13,715	27	5	-	-	(13,747)	-
<b>Total interest income</b>	<b>398,420</b>	<b>19,318</b>	<b>202</b>	<b>-</b>	<b>-</b>	<b>(13,747)</b>	<b>404,193</b>
Third party	(172,785)	-	(3)	-	-	-	(172,788)
Inter-segment	(6)	(12,352)	-	(3)	(1,360)	13,721	-
<b>Total interest expense</b>	<b>(172,791)</b>	<b>(12,352)</b>	<b>(3)</b>	<b>(3)</b>	<b>(1,360)</b>	<b>13,721</b>	<b>(172,788)</b>
Third party	211,920	19,291	194	-	-	-	231,405
Inter-segment	13,709	(12,325)	5	(3)	(1,360)	(26)	-
<b>Net interest income</b>	<b>225,629</b>	<b>6,966</b>	<b>199</b>	<b>(3)</b>	<b>(1,360)</b>	<b>(26)</b>	<b>231,405</b>
Third party	88,368	6,861	4,923	499	-	(9,326)	91,325
Inter-segment	7,824	(3,928)	(979)	146	(1)	(3,062)	-
<b>Net income from the other main operations</b>	<b>96,192</b>	<b>2,933</b>	<b>3,944</b>	<b>645</b>	<b>(1)</b>	<b>(12,388)</b>	<b>91,325</b>
Third party	(151,048)	4,059	(1,104)	(612)	(1,999)	-	(150,704)
Inter-segment	(85)	(2,838)	(105)	(29)	(31)	3,088	-
<b>Total administrative and other operating expenses/ income</b>	<b>(151,133)</b>	<b>1,221</b>	<b>(1,209)</b>	<b>(641)</b>	<b>(2,030)</b>	<b>3,088</b>	<b>(150,704)</b>
Depreciation and amortisation	(13,491)	(411)	(28)	(26)	(2)	-	(13,958)
Impairment losses and provisions	(84,542)	217	-	-	1,547	-	(82,778)
<b>Profit (loss) before tax</b>	<b>72,655</b>	<b>10,926</b>	<b>2,906</b>	<b>(25)</b>	<b>(1,846)</b>	<b>(9,326)</b>	<b>75,290</b>
Income tax	(1,067)	-	-	-	-	-	(1,067)
Change of deferred tax	-	-	39	-	-	-	39
<b>Net profit (loss)</b>	<b>71,588</b>	<b>10,926</b>	<b>2,945</b>	<b>(25)</b>	<b>(1,846)</b>	<b>(9,326)</b>	<b>74,262</b>
Capital expenditure	7,738	-	-	13	5	-	7,756
Shareholders' equity	1,308,552	73,516	7,640	1,243	71,616	(156,009)	1,306,558
<b>Total assets</b>	<b>11,242,806</b>	<b>370,916</b>	<b>7,999</b>	<b>1,628</b>	<b>139,453</b>	<b>(574,408)</b>	<b>11,188,394</b>
<b>Total liabilities</b>	<b>9,934,254</b>	<b>297,400</b>	<b>359</b>	<b>385</b>	<b>67,837</b>	<b>(418,399)</b>	<b>9,881,836</b>

The Group operates in one geographical segment – Lithuania.

The main capital expenditures used by the Group to acquire assets that are expected to be used during more than one period (property, plant, equipment and intangible assets) belong to geographical segment "Lithuania".

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**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**

**NOTE 1 IMPAIRMENT LOSSES AND PROVISIONS**

	<u>Group</u>		<u>Bank</u>		<u>Group</u>		<u>Bank</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>
	<u>4th quarter</u>	<u>4th quarter</u>	<u>4th quarter</u>	<u>4th quarter</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Impairment losses on loans:								
Increase (decrease) of impairment losses, net	(6,011)	29,647	(6,011)	29,647	40,506	86,358	40,506	86,358
Recovered previously written off loans	(1,271)	(1,130)	(1,271)	(1,130)	(5,232)	(4,027)	(5,232)	(4,027)
Total impairment losses on loans	(7,282)	28,517	(7,282)	28,517	35,274	82,331	35,274	82,331
Impairment losses on finance lease receivables	3,133	5,575	-	-	(5,106)	(1,587)	-	-
Impairment losses for other assets	6,711	900	1,509	1,700	9,215	1,519	1,508	1,696
Expenses for provisions on: guarantees and other contingent liabilities	118	303	2,688	(48)	(468)	515	(4,673)	(8,848)
other provisions	4,200	-	4,200	-	4,200	-	4,200	-
<b>Total</b>	<b>6,880</b>	<b>35,295</b>	<b>1,115</b>	<b>30,169</b>	<b>43,115</b>	<b>82,778</b>	<b>36,309</b>	<b>75,179</b>

**NOTE 2 EARNINGS PER SHARE**

Earnings per share were calculated by dividing the Group's net profit for the period by the weighted average number of ordinary registered shares in issue during the period.

**Group Earnings per share**

	<u>2012</u>	<u>2011</u>	<u>31 December</u>	<u>31 December</u>
	<u>4th quarter</u>	<u>4th quarter</u>	<u>2012</u>	<u>2011</u>
Net profit	5,886	11,219	80,424	74,262
Weighted average number of registered issued shares (units)	5,710,134	5,710,134	5,710,134	5,710,134
Earnings per share (LTL per share)	<b>1.03</b>	<b>1.96</b>	<b>14.08</b>	<b>13.01</b>

As at 31 December 2012 and as at 31 December 2011 diluted earnings per share ratios are the same as basic earnings per share.

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**NOTE 3 FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS**

**Group**

	31 December 2012			31 December 2011		
	Fair value measurement based on:			Fair value measurement based on:		
	quoted prices	valuation techniques based on observable market data	valuation techniques not based on observable market data	quoted prices	valuation techniques based on observable market data	valuation techniques not based on observable market data
Government bonds of the Republic of Lithuania	626,334	-	-	388,287	-	-
Units of funds	644	-	-	-	-	-
<b>Total</b>	<b>626,978</b>	<b>-</b>	<b>-</b>	<b>388,287</b>	<b>-</b>	<b>-</b>

**Bank**

	31 December 2012			31 December 2011		
	Fair value measurement based on:			Fair value measurement based on:		
	quoted prices	valuation techniques based on observable market data	valuation techniques not based on observable market data	quoted prices	valuation techniques based on observable market data	valuation techniques not based on observable market data
Government bonds of the Republic of Lithuania	619,743	-	-	388,287	-	-
<b>Total</b>	<b>619,743</b>	<b>-</b>	<b>-</b>	<b>388,287</b>	<b>-</b>	<b>-</b>

**NOTE 4 LOANS AND ADVANCES TO CUSTOMERS**

	Group		Bank	
	31 12 2012	31 12 2011	31 12 2012	31 12 2011
Loans and advances to financial institutions	2,738	45	290,704	292,545
Loans to business customers	5,086,825	5,117,781	5,205,174	5,183,802
Loans to individuals (retail)	4,169,648	4,208,671	4,169,648	4,208,671
<b>Total gross loans granted</b>	<b>9,259,211</b>	<b>9,326,497</b>	<b>9,665,526</b>	<b>9,685,018</b>
Total allowance for impairment:	698,442	802,312	698,442	802,312
to business customers	434,847	531,578	434,847	531,578
to individuals	263,595	270,734	263,595	270,734
<b>Total net loans and advances to customers</b>	<b>8,560,769</b>	<b>8,524,185</b>	<b>8,967,084</b>	<b>8,882,706</b>

Considering deteriorated financial strength and likely recovery the Bank had accounted for material impairment losses on an individual client loans (assigned to the banking business segment of the Group). Gross loans amounted to LTL 21,961 thousand, accrued interests – LTL 320 thousand on 31 December 2012, impairment losses for them amounted to LTL 16,573 thousand year-to-date, of which for accrued interests – LTL 320 thousand. Fair value was determined using discounting cash flow method as it is described in the accounting policy.

Material recovery on an individual item (assigned to the banking business segment of the Group) amounted to LTL 14,233 thousand year-to-date.

**NOTE 5 INVESTMENT PROPERTY**

	Group	Bank
<b>Book value as at 1 January 2012</b>	<b>138,899</b>	<b>-</b>
Acquisitions	83,770	-
Acquisitions, capitalised investments	8,563	-
Disposals	(4,185)	-
<b>Book value as at 31 December 2012</b>	<b>227,047</b>	<b>-</b>

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**NOTE 6 DUE TO BANKS**

	<b>Group</b>		<b>Bank</b>	
	<b>31 12 2012</b>	<b>31 12 2011</b>	<b>31 12 2012</b>	<b>31 12 2011</b>
<b>Funds of banks:</b>				
Demand deposits	43,165	16,902	43,165	16,902
Term deposits	113,599	556,432	113,599	556,432
Loans	3,942,602	3,932,717	3,942,602	3,932,717
<b>Total</b>	<b>4,099,366</b>	<b>4,506,051</b>	<b>4,099,366</b>	<b>4,506,051</b>

**NOTE 7 DUE TO CUSTOMERS**

	<b>Group</b>		<b>Bank</b>	
	<b>31 12 2012</b>	<b>31 12 2011</b>	<b>31 12 2012</b>	<b>31 12 2011</b>
<b>Demand deposits:</b>				
Business customers (financial and corporate)	2,334,718	1,860,881	2,336,379	1,863,479
Individuals	1,509,579	1,197,120	1,509,579	1,197,120
<b>Total demand deposits</b>	<b>3,844,297</b>	<b>3,058,001</b>	<b>3,845,958</b>	<b>3,060,599</b>
<b>Term deposits</b>				
Business customers (financial and corporate)	625,798	580,963	625,798	580,963
Individuals	1,403,270	1,477,275	1,403,270	1,477,275
<b>Total term deposits</b>	<b>2,029,068</b>	<b>2,058,238</b>	<b>2,029,068</b>	<b>2,058,238</b>
Term loan	11,135	30,336	11,135	30,336
<b>Total</b>	<b>5,884,500</b>	<b>5,146,575</b>	<b>5,886,161</b>	<b>5,149,173</b>

As at 31 December 2012 Group deposits of LTL 26,643 thousand (2011: LTL 30,362 thousand) and Bank deposits LTL 26,666 thousand (2011: LTL 30,362 thousand) held as collateral for irrevocable commitments under import letter of credit, guarantees and loans were included in customer accounts

**NOTE 8 DEBT SECURITIES IN ISSUE**

The Bank and the Group debt securities in issue were as follows:

	<b>Currency</b>	<b>Interest rate</b>	<b>Maturity</b>	<b>Carrying value</b>	
				<b>31 12 2012</b>	<b>31 12 2011</b>
<b>Index linked bonds</b>					
LTL	-		2013 – 2014	11,991	13,411
EUR	-		2013 – 2014	4,283	17,347
Embedded derivatives				523	491
Deferred profit from index linked bonds				173	519
<b>Total</b>				<b>16,970</b>	<b>31,768</b>
<b>Other bonds</b>					
LTL	0 p.a.		2012	-	29,811
LTL	3.50 p.a.		2013	32,873	32,877
LTL	4.10 p.a.		2013	9,536	9,786
LTL	4.18 p.a.		2014	1,038	1,038
LTL	5.00 p.a.		2015	10,141	9,674
<b>Total</b>				<b>53,588</b>	<b>83,186</b>
<b>Total debt securities in issue</b>				<b>70,558</b>	<b>114,954</b>

**NOTE 9 SUBORDINATED LOANS**

	<b>Group</b>		<b>Bank</b>	
	<b>31 12 2012</b>	<b>31 12 2011</b>	<b>31 12 2012</b>	<b>31 12 2011</b>
<b>Loan provider:</b>				
European Bank for Reconstruction and Development (EBRD)	-	38,544	-	38,544
<b>Total</b>	<b>-</b>	<b>38,544</b>	<b>-</b>	<b>38,544</b>

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**NOTE 10 SHARE CAPITAL**

Share premium amounted to LTL 282,929 thousand as at 31 December 2012 (as at 31 December 2011 – LTL 282,929 thousand).

Information about shareholder of the Bank is listed in the table below:

	30 09 2012			31 12 2011		
	Number of shares	Nominal value, LTL thousand	%	Number of shares	Nominal value, LTL thousand	%
DNB Bank ASA	5,710,134	656,665	100	5,710,134	656,665	100
<b>Total</b>	<b>5,710,134</b>	<b>656,665</b>	<b>100</b>	<b>5,710,134</b>	<b>656,665</b>	<b>100</b>

**NOTE 11 CONTINGENT LIABILITIES AND COMMITMENTS**

**Guarantees, letters of credit, commitments to grant loans and other commitments:**

	Group		Bank	
	31 12 2012	31 12 2011	31 12 2012	31 12 2011
Guarantees	341,134	260,046	567,183	510,382
Letters of credit	4,605	3,206	4,605	3,206
Commitments to grant loans	839,548	802,389	1,247,502	1,202,190
Commitments to grant finance leases	8,501	2,292	-	-
Capital commitments and other commitments to acquire assets	8,342	4,319	2,069	3,757
Other commitments	11,793	11,792	11,793	11,846
<b>Total</b>	<b>1,213,923</b>	<b>1,084,044</b>	<b>1,833,152</b>	<b>1,731,381</b>

**Operating lease commitments – where the Group (the Bank) is the lessee**

The future aggregate minimum lease payments under non-cancellable operating lease agreements are as follows:

	Group		Bank	
	31 12 2012	31 12 2011	31 12 2012	31 12 2011
Not later than 1 year	898	1,162	898	1,216
Later than 1 year and not later than 5 years	-	871	-	871
Later than 5 years	-	-	-	-
<b>Total</b>	<b>898</b>	<b>2,033</b>	<b>898</b>	<b>2,087</b>

**Amounts receivable under operating lease – where the Group is the lessor**

The future minimum lease payments receivable under non-cancellable operating lease agreements can be specified as follows:

	Group		Bank	
	30 09 2012	31 12 2011	30 09 2012	31 12 2011
Not later than 1 year	10	35	-	-
Later than 1 year and not later than 5 years	-	4	-	-
<b>Total</b>	<b>10</b>	<b>39</b>	<b>-</b>	<b>-</b>

**NOTE 12 CASH AND CASH EQUIVALENTS**

	Group		Bank	
	31 12 2012	31 12 2011	31 12 2012	31 12 2011
Cash	297,919	322,421	297,919	322,421
Correspondent accounts with other banks	135,432	45,991	135,432	45,991
Overnight deposits	-	10,000	-	10,000
Required reserves in national currency in Central Bank	237,224	310,842	237,224	310,842
Correspondent account with central bank	-	130,130	-	130,130
<b>Total</b>	<b>670,575</b>	<b>819,384</b>	<b>670,575</b>	<b>819,384</b>

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**NOTE 13 RELATED PARTY TRANSACTIONS**

In the normal course of business, the Bank enters into banking transactions with large shareholders, members of the Council and the Board as well as subsidiaries.

The following balances were outstanding with the parent Bank:

	<b>31 12 2012</b>	<b>31 12 2011</b>
<b>Assets</b>		
Correspondent bank accounts	130,489	17,246
Overnight deposits	-	10,000
Term deposits	832,438	756,452
Derivative financial instruments	6,614	5,676
Other assets	1,445	-
<b>Liabilities</b>		
Correspondent bank accounts	167	2,042
Overnight deposits	46	4,834
Term deposits	107,161	416,420
Demand deposits	-	171
Derivative financial instruments	10,502	8,838
Loans	1,105,587	2,108,292
Payable	3,869	883
Other liabilities	1,583	126
<b>Income</b>	<b>31 12 2012</b>	<b>31 12 2011</b>
Interest	3,882	5,627
Fee and commission	24	442
Net gain (loss) from foreign exchange	443	(222)
Net gain (loss) from operations with financial instruments	(7,104)	1,512
<b>Expenses</b>		
Interest	37,798	54,280
Fee and commission	202	69
Others	5,597	(3,892)

The following balances were outstanding with DNB Group companies:

	<b>31 12 2012</b>	<b>31 12 2011</b>
<b>Assets</b>		
Correspondent bank accounts	4,622	1,378
Term deposits	6,774	10,685
Receivable	956	6,659
Other assets	1,600	-
<b>Liabilities</b>		
Correspondent bank accounts	5,094	2,843
Term deposits	6,439	-
Demand deposits	101	-
Derivative financial instruments	-	44
Loans	2,590,004	1,797,862
Payable	-	559
<b>Income</b>	<b>31 12 2012</b>	<b>31 12 2011</b>
Interest	294	3,774
Fee and commission	1,550	152
Net gain (loss) from foreign exchange	(20)	125
Net gain (loss) from operations with financial instruments	(31)	(5,436)
Other	8,074	6,832
<b>Expenses</b>		
Interest	23,143	56,565
Fee and commission	1,490	312
Other	33,655	1,486

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**NOTE 13 RELATED PARTY TRANSACTIONS (continued)**

The following balances were outstanding on the Bank balance sheet with subsidiaries:

<b>Assets</b>	<b>31 12 2012</b>	<b>31 12 2011</b>
Loans	406,315	358,521
Equity securities	201,225	155,671
Other assets	686	574
<b>Liabilities</b>		
Demand deposits	1,661	2,598
Other liabilities	663	574

The main income/expenses from transactions with subsidiaries are as follows:

<b>Income</b>	<b>31 12 2012</b>	<b>31 12 2011</b>
Interest	8,962	13,715
Fee and commission	7,816	7,952
Dividends	2,645	1,067
Other	-	1,069
	77	88
<b>Expenses</b>		
Interest		
Fee and commission	3	6
Other	141	128
Impairment	126	173