

# AS DNB banka public report for the 1st quarter 2017

The report is prepared according to the Latvian FSA requirements  
about quarterly reporting of financial institutions

Name: AS DNB banka

Address: Skanstes iela 12, Rīga, LV-1013

Registration No.: 40003024725

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# Income statement

Position	3 months 2017 Group unaudited EUR `000	3 months 2017 Bank unaudited EUR `000	3 months 2016 Group unaudited EUR `000	3 months 2016 Bank unaudited EUR `000
Interest income	11 248	10 116	11 043	9 976
Interest expenses	(1 605)	(1 463)	(1 184)	(1 015)
Dividend income	9	2 053	3	1 821
Fees and commissions income	4 663	4 264	4 661	4 156
Fees and commissions expenses	(1 319)	(1 251)	(1 345)	(1 268)
Net realised profit/(loss) from the financial assets and financial liabilities valued at amortised cost	-	-	-	-
Net realised profit/(loss) from the financial assets available for sale	-	-	-	-
Net profit/(loss) from the financial assets and financial liabilities held for trading	(203)	(203)	59	59
Net profit/(loss) from the financial assets and financial liabilities classified at fair value through profit and loss	25	25	-	-
Fair value changes in hedge accounting	-	-	-	-
Foreign currency trade and revaluation profit/(loss)	541	540	444	447
Profit/(loss) from derecognition of assets, equipment and devices, investment property and intangible assets	155	(47)	211	51
Other operating income	565	852	1 066	1 203
Other operating expenses	(250)	(225)	(663)	(480)
Administrative expenses	(8 117)	(7 611)	(8 280)	(7 699)
Depreciation	(770)	(559)	(848)	(636)
Provisions	-	-	-	-
Net allowances for impairment losses	760	832	1 556	1 692
<b>Profit/(loss) before income tax</b>	<b>5 702</b>	<b>7 323</b>	<b>6 723</b>	<b>8 307</b>
Corporate income tax	(55)	-	(109)	-
<b>Net profit/(loss) for the year</b>	<b>5 647</b>	<b>7 323</b>	<b>6 614</b>	<b>8 307</b>

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# Balance Sheet

Position	31.03.2017 Group unaudited EUR `ooo	31.03.2017 Bank unaudited EUR `ooo	31.12.2016 Group audited* EUR `ooo	31.12.2016 Bank audited* EUR `ooo
Cash and claims on demand on central banks	68 247	68 247	63 662	63 662
Claims on demand on credit institutions	39 449	38 850	30 093	29 494
Financial assets held for trading	39 610	39 610	51 899	51 899
Financial assets at fair value through profit and loss	65 970	65 970	84 766	84 766
Financial assets available-for-sale	2 543	2 543	2 483	2 483
Loans and debtors	1 937 250	1 848 842	1 927 175	1 843 056
Held-to-maturity investments	-	-	-	-
Fair value changes for the portion of portfolio hedged against interest rate risk	-	-	-	-
Accrued income and next period expenses	3 472	2 997	3 619	2 453
Fixed assets	27 902	3 932	28 415	4 245
Investment property	42 431	4 120	36 854	4 750
Intangible assets	1 908	1 555	2 085	1 732
Investments in the share capital of related and associated companies	-	9 102	-	9 102
Foreclosed assets	-	-	-	-
Tax assets	9 018	8 701	8 976	8 701
Other assets	7 884	6 320	19 220	8 022
<b>Total assets</b>	<b>2 245 684</b>	<b>2 100 789</b>	<b>2 259 247</b>	<b>2 114 365</b>
Liabilities to central bank	60 500	60 500	60 500	60 500
Liabilities on demand to credit institutions	2 167	2 167	2 225	2 225
Financial liabilities held for trading	37 658	37 658	43 729	43 729
Financial liabilities at fair value through profit and loss	-	-	-	-
Financial liabilities at amortised cost	1 820 979	1 677 143	1 838 547	1 695 432
Financial liabilities arisen from transfer of financial assets	-	-	-	-
Fair value changes for the portion of portfolio hedged against interest rate risk	-	-	-	-
Accrued expenses and next period income	4 988	4 851	5 084	4 898
Provisions	454	6 645	454	7 671
Tax liabilities	31	-	71	-
Other liabilities	10 684	5 913	6 165	1 425
<b>Total liabilities</b>	<b>1 937 461</b>	<b>1 794 877</b>	<b>1 956 775</b>	<b>1 815 880</b>
Capital and reserves	308 223	305 912	302 472	298 485
<b>Total capital and reserves and liabilities</b>	<b>2 245 684</b>	<b>2 100 789</b>	<b>2 259 247</b>	<b>2 114 365</b>
<b>Off-balance sheet items</b>				
Contingent liabilities	39 632	84 632	50 390	95 391
Due to customers	147 043	180 727	142 349	177 912

\* Audit of the financial statement for the year ended 31 December 2016 was performed by Ernst & Young Baltic SIA.

# Capital base and minimum capital requirement summary

No	Position	31.03.2017 Group EUR `ooo	31.03.2017 Bank EUR `ooo
<b>1.</b>	<b>Own funds (1.1.+1.2.)</b>	<b>293 132</b>	<b>289 698</b>
<b>1.1.</b>	<b>Tier 1 capital (1.1.1.+1.1.2.)</b>	<b>293 132</b>	<b>289 698</b>
1.1.1.	Common equity tier 1 capital	293 132	289 698
1.1.2.	Additional tier 1 capital	-	-
<b>1.2.</b>	<b>Tier 2 capital</b>	<b>-</b>	<b>-</b>
<b>2.</b>	<b>Total risk exposure amount (2.1.+2.2.+2.3.+2.4.+2.5.+2.6.+2.7.)</b>	<b>1 424 296</b>	<b>1 372 058</b>
2.1.	Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	1 288 406	1 244 956
2.2.	Settlement/delivery risk exposure amount	-	-
2.3.	Total risk exposure amount for position, foreign exchange and commodities risks	-	-
2.4.	Total risk exposure amount for operational risk	122 013	113 225
2.5.	Total risk exposure amount or credit valuation adjustment	13 877	13 877
2.6.	Total risk exposure amount related to large exposures in the trading book	-	-
2.7.	Other risk exposure amounts	-	-
<b>3.</b>	<b>Capital ratios and capital levels</b>		
3.1.	CET 1 Capital ratio (1.1.1./2.*100)	20,58%	21,11%
3.2.	Surplus(+)/Deficit(-) of CET 1 capital (1.1.1.-2.*4.5%)	229 039	227 955
3.3.	Tier 1 Capital ratio (1.1./2.*100)	20,58%	21,11%
3.4.	Surplus(+)/Deficit(-) of Tier 1 capital (1.1.-2.*6%)	207 674	207 375
3.5.	<b>Total capital ratio (1./2.*100)</b>	<b>20,58%</b>	<b>21,11%</b>
3.6.	Surplus(+)/ Deficit(-) of total capital (1.-2.*8%)	179 188	179 933
<b>4.</b>	<b>Combined buffer requirement</b>	<b>2,5</b>	<b>2,5</b>
4.1.	Capital conservation buffer (%)	2,5	2,5
4.2.	Institution-specific countercyclical capital buffer (%)	-	-
4.3.	Systemic risk buffer (%)	-	-
4.4.	G-SII buffer (%)	-	-
4.5.	O-SII buffer (%)	-	-
<b>5.</b>	<b>Capital adequacy ratios, including adjustments</b>		
5.1.	Impairment or asset value adjustments for capital adequacy ratio purposes	-	-
5.2.	Common equity Tier 1 Capital ratio including line 5.1. adjustments	20,58%	21,11%
5.3.	Tier 1 Capital ratio including line 5.1. adjustments	20,58%	21,11%
5.4.	Total capital ratio including line 5.1. adjustments	20,58%	21,11%

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# The Bank's Performance Ratios

Position	3 months 2017 Group	3 months 2017 Bank	3 months 2016 Group	3 months 2016 Bank
Return on equity (ROE) (%)	7,38%	9,68%	9,17%	11,76%
Return on assets (ROA) (%)	0,97%	1,33%	1,06%	1,44%

## Liquidity ratio

No	Position	31.03.2017 Bank EUR ` 000
<b>1.</b>	<b>Liquid assets</b>	
1.1.	Cash	22 213
1.2.	Deposits with central banks	46 034
1.3.	Deposits with solvent credit institutions	380 860
1.4.	Liquid securities	65 762
1.5.	Total (1.1.+1.2.+1.3.+1.4.)	514 869
<b>2.</b>	<b>Current liabilities (with remaining maturity up to 30 days)</b>	
2.1.	Deposits from credit institutions	9 377
2.2.	Deposits	1 050 695
2.3.	Issued debt securities	-
2.4.	Cash in transit	8 872
2.5.	Other current liabilities	7 497
2.6.	Off-balance liabilities	167 933
2.7.	Total (2.1.+2.2.+2.3.+2.4.+2.5.+2.6.)	1 244 374
<b>3.</b>	<b>Liquidity ratio (1.5./2.7.) (%)</b>	<b>41,38</b>
<b>4.</b>	<b>Minimum liquidity ratio</b>	<b>30%</b>

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# Composition of the Consolidated group

## 31 March 2017

No	Name of the company	Registration number	Country of domicile, registration address	Company type*	Portion of a holding in share capital (%)	Portion of voting rights in the company (%)	Motivation for inclusion in the group**
1	SIA DNB lizings	40003659898	LV, Riga, Skanstes street 12	LIZ	100	100	MS
2	IPAS DNB Asset Management	40003699053	LV, Riga, Skanstes street 12	IPS	100	100	MS
3	SIA Skanstes 12	40003975842	LV, Riga, Skanstes street 12	PLS	100	100	MS
4	SIA Salvus	40103223713	LV, Riga, Skanstes street 12	PLS	100	100	MS
5	SIA Salvus 2	50103254931	LV, Riga, Skanstes street 12	PLS	100	100	MS
6	SIA Salvus 3	40103261113	LV, Riga, Skanstes street 12	PLS	100	100	MS
7	SIA Salvus 4	40103588074	LV, Riga, Skanstes street 12	PLS	100	100	MS
8	SIA Salvus 5	40103673347	LV, Riga, Skanstes street 12	PLS	100	100	MS
9	SIA Salvus 6	40103826344	LV, Riga, Skanstes street 12	PLS	100	100	MS

\* IPS – investment management company, LIZ – leasing company, PLS – supporting company.

\*\* MS - subsidiary company.

# Shareholders and participation in paid-in share capital

## 31 March 2017

Shareholder	Paid-in share capital EUR'ooo	% of total paid-in share capital	Number of shares
DNB Bank ASA	191 178	100%	191 178 337

# Management of DNB banka

## 31 March 2017

### The Supervisory Council

Name	Position
Atle Knai	Chairman of the Supervisory Council
Ivars Kapitovics	Member of the Supervisory Council
Bjornar Lund	Member of the Supervisory Council
Eline Skramstad	Member of the Supervisory Council
Olaf Tronsgaard	Member of the Supervisory Council

### The Management Board

Name	Position
Janis Teteris	Chairman of the Management Board, president
Lauris Macijevskis	Member of the Management Board, vice-president
Dace Kaulina	Member of the Management Board, vice-president
Intars Sloka	Member of the Management Board, vice-president
Anita Berzina	Member of the Management Board, vice-president
Hannu Saksala	Member of the Management Board, vice-president

## Dividends

In March 2017 the sole shareholder of AS DNB banka – DNB Bank ASA – resolved to pay out the entire profit of AS DNB banka for the year ended 31 December 2016, being EUR 30 173 556.38, as dividends.

## Risk analysis

Information on risk analysis can be found in AS DNB banka financial report for the year ended 31 December 2016 from page 27 to 32 and since the publication of the report it has not been significantly changed:

[https://www.dnb.lv/sites/default/files/docs/finansu\\_parskati/annual\\_report\\_2016\\_eng\\_v8.pdf](https://www.dnb.lv/sites/default/files/docs/finansu_parskati/annual_report_2016_eng_v8.pdf)

## Bank's organisational structure and branches

Information on organisation structure of AS DNB banka can be found in the Bank's Internet home page chapter "DNB Organizational structure":

[https://www.dnb.lv/sites/default/files/docs/struktura\\_dnb\\_v3bez\\_enasenv2\\_copy.pdf](https://www.dnb.lv/sites/default/files/docs/struktura_dnb_v3bez_enasenv2_copy.pdf)

Information on list of branches of AS DNB banka can be found in the Bank's Internet home page chapter "Contact information":

<https://www.dnb.lv/en/contact-information>

## Vision, Mission, Strategy

Information on Vision, Mission and Strategy of AS DNB Banka can be found in the Bank's Internet home page chapter "Our vision and values":

<https://www.dnb.lv/en/our-vision-and-values>

## Ratings

AS DNB banka does not have separate ratings. Information on DNB bank ASA ratings can be found on web site:

<https://www.dnb.no/en/about-us/investor-relations/ratings.html>



# Financial assets designated at fair value through profit or loss\*

Financial assets designated at fair value through profit or loss	31.03.2017 Group EUR'000	31.03.2017 Bank EUR'000	31.12.2016 Group EUR'000	31.12.2016 Bank EUR'000
<b>Debt securities</b>				
Latvian government securities	46 406	46 406	50 211	50 211
France's financial institutions bonds	19 564	19 564	34 555	34 555
<b>Total</b>	<b>65 970</b>	<b>65 970</b>	<b>84 766</b>	<b>84 766</b>

Moody's equivalent grades		31.03.2017		31.12.2016	
		EUR'000	%	EUR'000	%
Risk rating class 1	<b>Aaa</b>	-	0%	-	0%
Risk rating class 2	<b>Aa1-A3</b>	65 970**	100%	84 766**	100%
Risk rating class 3	<b>Baa1-Baa2</b>	-	0%	-	0%
Risk rating class 4	<b>Baa3</b>	-	0%	-	0%
Not rated		-	0%	-	0%
<b>Total</b>		<b>65 970</b>	<b>100%</b>	<b>84 766</b>	<b>100%</b>

\* Positions specified by country of the issuer if the carrying amount of the issuer securities exceeds 10 percent of the Bank's own funds

\*\* Latvian government securities are classified according to the credit rating of Latvia, OECD financial institutions securities are classified according to the rating of guaranteed securities

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