



# **AS DNB banka public report for the 3<sup>rd</sup> quarter 2016**

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

## Income statement

Position	9 months 2016 Group unaudited EUR`000	9 months 2016 Bank unaudited EUR`000	9 months 2015 Group unaudited EUR`000	9 months 2015 Bank unaudited EUR`000
Interest income	33 789	29 905	35 853	32 916
Interest expenses	(3 436)	(2 947)	(5 610)	(4 958)
Dividend income	3	1 821	20	270
Fees and commissions income	13 847	12 237	12 864	11 484
Fees and commissions expenses	(4 426)	(4 178)	(4 287)	(4 119)
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	11 623	11 623	-	-
Net profit/(loss) from the financial assets and financial liabilities held for trading	(473)	(473)	(343)	(343)
Net profit/(loss) from the financial assets and financial liabilities classified at fair value through profit and loss	309	309	(761)	(761)
Fair value changes in hedge accounting	-	-	-	-
Foreign currency trade and revaluation profit/(loss)	1 480	1 487	1 707	1 698
Profit/(loss) from derecognition of assets, equipment and devices, investment property and intangible assets	682	29	166	39
Other operating income	2 707	3 586	4 272	4 751
Other operating expenses	(1 780)	(1 675)	(672)	(587)
Administrative expenses	(24 492)	(22 885)	(26 028)	(24 126)
Depreciation	(2 498)	(1 860)	(3 077)	(2 431)
Provisions	-	-	-	-
Net allowances for impairment losses	2 229	2 599	(360)	(196)
Profit/(loss) before income tax	<b>29 564</b>	<b>29 578</b>	<b>13 744</b>	<b>13 637</b>
Corporate income tax	(602)	-	(366)	-
<b>Net profit/(loss) for the year</b>	<b>28 962</b>	<b>29 578</b>	<b>13 378</b>	<b>13 637</b>

## Balance Sheet

Position	30.09.2016 Group unaudited EUR' 000	30.09.2016 Bank unaudited EUR' 000	31.12.2015 Group audited* EUR' 000	31.12.2015 Bank audited* EUR' 000
Cash and claims on demand on central banks	49 291	49 291	38 160	38 160
Claims on demand on credit institutions	31 224	30 611	60 237	59 906
Financial assets held for trading	33 648	33 647	46 199	46 199
Financial assets at fair value through profit and loss	83 457	83 457	77 540	77 540
Financial assets available-for-sale	252	252	10 752	10 752
Loans and debtors	1 966 092	1 878 523	1 996 044	1 925 446
Held-to-maturity investments	-	-	-	-
Fair value changes for the portion of portfolio hedged against interest rate risk	-	-	-	-
Accrued income and next period expenses	2 855	2 502	3 444	2 292
Fixed assets	28 927	4 572	30 107	5 281
Investment property	37 255	4 779	48 395	6 615
Intangible assets	2 016	1 660	2 377	2 005
Investments in the share capital of related and associated companies	-	11 142	-	11 142
Foreclosed assets	-	-	-	-
Tax assets	8 814	8 701	8 984	8 701
Other assets	10 269	7 220	10 733	7 560
<b>Total assets</b>	<b>2 254 100</b>	<b>2 116 357</b>	<b>2 332 972</b>	<b>2 201 599</b>
Liabilities to central bank	60 500	60 500	60 596	60 596
Liabilities on demand to credit institutions	2 835	2 835	3 174	3 174
Financial liabilities held for trading	30 125	30 125	44 346	44 346
Financial liabilities at fair value through profit and loss	-	-	-	-
Financial liabilities at amortised cost	1 850 980	1 707 507	1 930 846	1 787 936
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	4 664	4 495	5 586	5 396
Provisions	516	12 338	1 456	18 494
Tax liabilities	322	-	116	-
Other liabilities	6 199	690	7 355	2 868
<b>Total liabilities</b>	<b>1 956 141</b>	<b>1 818 490</b>	<b>2 053 475</b>	<b>1 922 810</b>
Capital and reserves	297 959	297 867	279 497	278 789
<b>Total capital and reserves and liabilities</b>	<b>2 254 100</b>	<b>2 116 357</b>	<b>2 332 972</b>	<b>2 201 599</b>
<b>Off-balance sheet items</b>				
Contingent liabilities	39 193	84 193	41 509	86 509
Due to customers	132 552	182 398	156 011	187 166

\*Audit of the financial statement for the year ended 31 December 2015 was performed by Ernst & Young Baltic SIA.

## Capital base and minimum capital requirement summary

No	Position	30.09.2016 Group EUR '000	30.09.2016 Bank EUR '000
<b>1.</b>	<b>Own funds (1.1.+1.2.)</b>	<b>252 575</b>	<b>256 341</b>
<b>1.1.</b>	<b>Tier 1 capital (1.1.1.+1.1.2.)</b>	<b>252 575</b>	<b>256 341</b>
1.1.1.	Common equity tier 1 capital	252 575	256 341
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>1 471 442</b>	<b>1 423 963</b>
2.1.	Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	1 336 986	1 295 880
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	120 927	114 554
2.5.	Total risk exposure amount or credit valuation adjustment	13 529	13 529
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)	17.17%	18.00%
3.2.	Surplus(+)/Deficit(-) of CET 1 capital (1.1.1.-2.*4.5%)	186 360	192 263
3.3.	Tier 1 Capital ratio (1.1./2.*100)	17.17%	18.00%
3.4.	Surplus(+)/Deficit(-) of Tier 1 capital (1.1.-2.*6%)	164 288	170 903
3.5.	<b>Total capital ratio (1./2.*100)</b>	<b>17.17%</b>	<b>18.00%</b>
3.6.	Surplus(+)/ Deficit(-) of total capital (1.-2.*8%)	134 860	142 424
<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	17.17%	18.00%
5.3.	Tier 1 Capital ratio including line 5.1. adjustments	17.17%	18.00%
5.4.	Total capital ratio including line 5.1. adjustments	17.17%	18.00%

## The Bank's Performance Ratios

Position	9 months 2016 Group	9 months 2016 Bank	9 months 2015 Group	9 months 2015 Bank
Return on equity (ROE) (%)	13.33%	13.61%	6.81%	6.89%
Return on assets (ROA) (%)	1.61%	1.75%	0.70%	0.76%

## Liquidity ratio

No	Position	30.09.2016 Bank EUR '000
<b>1.</b>	<b>Liquid assets</b>	
1.1.	Cash	22 278
1.2.	Deposits with central banks	27 013
1.3.	Deposits with solvent credit institutions	345 611
1.4.	Liquid securities	80 718
1.5.	Total (1.1.+1.2.+1.3.+1.4.)	475 620
<b>2.</b>	<b>Current liabilities (with remaining maturity up to 30 days)</b>	
2.1.	Deposits from credit institutions	26 296
2.2.	Deposits	1 032 025
2.3.	Issued debt securities	-
2.4.	Cash in transit	6 890
2.5.	Other current liabilities	1 484
2.6.	Off-balance liabilities	166 024
2.7.	Total (2.1.+2.2.+2.3.+2.4.+2.5.+2.6.)	1 232 719
<b>3.</b>	<b>Liquidity ratio (1.5./2.7.) (%)</b>	<b>38.58</b>
<b>4.</b>	<b>Minimum liquidity ratio</b>	<b>30%</b>

## Composition of the Consolidated group

30 September 2016

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 Iizings	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

30 September 2016

Shareholder	Paid-in share capital EUR'000	% of total paid-in share capital	Number of shares
DNB Bank ASA	191 178	100%	191 178 337

## Management of DNB banka

30 September 2016

### The Supervisory Council

Name	Position
Mats Wermelin	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
Atle Knai	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
Janis Teteris	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

## Risk analysis

Information on risk analysis can be found in AS DNB banka financial report for the year ended 31 December 2015 from page 23 to 28 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\\_2015.pdf](https://www.dnb.lv/sites/default/files/docs/finansu_parskati/annual_report_2015.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	30.09.2016 Group EUR'000	30.09.2016 Bank EUR'000	31.12.2015 Group EUR'000	31.12.2015 Bank EUR'000
<b>Debt securities</b>				
Latvian government securities	46 597	46 597	43 067	43 067
France's financial institutions bonds	34 553	34 553	34 473	34 473
<b>Total</b>	<b>81 150</b>	<b>81 150</b>	<b>77 540</b>	<b>77 540</b>

Moody's equivalent grades		30.09.2016		31.12.2015	
		EUR'000	%	EUR'000	%
Risk rating class 1	<b>Aaa</b>	-	0%	-	0%
Risk rating class 2	<b>Aa1-A3</b>	81 150**	100%	77 540**	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>81 150</b>	<b>100%</b>	<b>77 540</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