



AS DNB banka public report for the 2nd 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	6 months 2016 Group unaudited EUR`000	6 months 2016 Bank unaudited EUR`000	6 months 2015 Group unaudited EUR`000	6 months 2015 Bank unaudited EUR`000
Interest income	21 873	19 926	24 417	22 435
Interest expenses	(2 318)	(1 989)	(3 517)	(3 084)
Dividend income	3	1 821	12	262
Fees and commissions income	9 169	8 101	8 598	7 713
Fees and commissions expenses	(2 859)	(2 693)	(2 843)	(2 731)
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	11 634	11 634	-	-
Net profit/(loss) from the financial assets and financial liabilities held for trading	(193)	(193)	(260)	(260)
Net profit/(loss) from the financial assets and financial liabilities classified at fair value through profit and loss	32	32	(555)	(555)
Fair value changes in hedge accounting	-	-	-	-
Foreign currency trade and revaluation profit/(loss)	1 012	1 018	1 175	1 164
Profit/(loss) from derecognition of assets, equipment and devices, investment property and intangible assets	311	3	438	45
Other operating income	2 281	2 414	1 781	2 015
Other operating expenses	(1 439)	(1 010)	(425)	(356)
Administrative expenses	(16 552)	(15 486)	(17 719)	(16 449)
Depreciation	(1 676)	(1 253)	(2 103)	(1 671)
Provisions	-	-	-	-
Net allowances for impairment losses	1 714	1 999	(662)	(479)
Profit/(loss) before income tax	22 992	24 324	8 337	8 049
Corporate income tax	(210)	-	(240)	-
Net profit/(loss) for the year	22 782	24 324	8 097	8 049

Balance Sheet

Position	30.06.2016 Group unaudited EUR`000	30.06.2016 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	41 154	41 154	38 160	38 160
Claims on demand on credit institutions	27 622	27 060	60 237	59 906
Financial assets held for trading	42 039	42 039	46 199	46 199
Financial assets at fair value through profit and loss	86 128	86 128	77 540	77 540
Financial assets available-for-sale	252	252	10 752	10 752
Loans and debtors	1 934 439	1 856 232	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	2 844	2 404	3 444	2 292
Fixed assets	29 302	4 807	30 107	5 281
Investment property	43 886	5 346	48 395	6 615
Intangible assets	2 093	1 733	2 377	2 005
Investments in the share capital of related and associated companies	-	11 142	-	11 142
Foreclosed assets	-	-	-	-
Tax assets	8 821	8 701	8 984	8 701
Other assets	10 648	8 103	10 733	7 560
Total assets	2 229 228	2 095 101	2 332 972	2 201 599
Liabilities to central bank	60 500	60 500	60 596	60 596
Liabilities on demand to credit institutions	4 830	4 830	3 174	3 174
Financial liabilities held for trading	38 611	38 611	44 346	44 346
Financial liabilities at fair value through profit and loss	-	-	-	-
Financial liabilities at amortised cost	1 818 574	1 674 762	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	5 309	5 155	5 586	5 396
Provisions	1 486	16 525	1 456	18 494
Tax liabilities	31	-	116	-
Other liabilities	8 108	2 106	7 355	2 868
Total liabilities	1 937 449	1 802 489	2 053 475	1 922 810
Capital and reserves	291 779	292 612	279 497	278 789
Total capital and reserves and liabilities	2 229 228	2 095 101	2 332 972	2 201 599
Off-balance sheet items				
Contingent liabilities	40 737	85 737	41 509	86 509
Due to customers	147 595	193 774	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	30.06.2016 Group EUR '000	30.06.2016 Bank EUR '000
1.	Own funds (1.1.+1.2.)	251 844	256 064
1.1.	Tier 1 capital (1.1.1.+1.1.2.)	251 844	256 064
1.1.1.	Common equity tier 1 capital	251 844	256 064
1.1.2.	Additional tier 1 capital	-	-
1.2.	Tier 2 capital	-	-
2.	Total risk exposure amount (2.1.+2.2.+2.3.+2.4.+2.5.+2.6.+2.7.)	1 489 322	1 446 346
2.1.	Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	1 350 212	1 313 609
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	18 183	18 183
2.6.	Total risk exposure amount related to large exposures in the trading book	-	-
2.7.	Other risk exposure amounts	-	-
3.	Capital ratios and capital levels		
3.1.	CET 1 Capital ratio (1.1.1./2.*100)	16.91%	17.70%
3.2.	Surplus(+)/Deficit(-) of CET 1 capital (1.1.1.-2.*4.5%)	184 825	190 978
3.3.	Tier 1 Capital ratio (1.1./2.*100)	16.91%	17.70%
3.4.	Surplus(+)/Deficit(-) of Tier 1 capital (1.1.-2.*6%)	162 485	169 283
3.5.	Total capital ratio (1./2.*100)	16.91%	17.70%
3.6.	Surplus(+)/ Deficit(-) of total capital (1.-2.*8%)	132 698	140 356
4.	Combined buffer requirement	2.5	2.5
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 (%)	-	-
5.	Capital adequacy ratios, including adjustments		
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	16.91%	17.70%
5.3.	Tier 1 Capital ratio including line 5.1. adjustments	16.91%	17.70%
5.4.	Total capital ratio including line 5.1. adjustments	16.91%	17.70%

The Bank's Performance Ratios

Position	6 months 2016 Group	6 months 2016 Bank	6 months 2015 Group	6 months 2015 Bank
Return on equity (ROE) (%)	15.92%	16.98%	6.24%	6.15%
Return on assets (ROA) (%)	1.88%	2.13%	0.64%	0.67%

Liquidity ratio

No	Position	30.06.2016 Bank EUR' 000
1.	Liquid assets	
1.1.	Cash	21 053
1.2.	Deposits with central banks	20 101
1.3.	Deposits with solvent credit institutions	338 070
1.4.	Liquid securities	83 498
1.5.	Total (1.1.+1.2.+1.3.+1.4.)	462 722
2.	Current liabilities (with remaining maturity up to 30 days)	
2.1.	Deposits from credit institutions	74 057
2.2.	Deposits	1 000 524
2.3.	Issued debt securities	-
2.4.	Cash in transit	8 432
2.5.	Other current liabilities	8 032
2.6.	Off-balance liabilities	178 662
2.7.	Total (2.1.+2.2.+2.3.+2.4.+2.5.+2.6.)	1 269 707
3.	Liquidity ratio (1.5./2.7.) (%)	36.44
4.	Minimum liquidity ratio	30%

Composition of the Consolidated group

30 June 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 June 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 June 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

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

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	30.06.2016 Group EUR'000	30.06.2016 Bank EUR'000	31.12.2015 Group EUR'000	31.12.2015 Bank EUR'000
Debt securities				
Latvian government securities	49 455	49 455	43 067	43 067
France's financial institutions' bonds	34 518	34 518	34 473	34 473
Total	83 973	83 973	77 540	77 540

Moody's equivalent grades	30.06.2016		31.12.2015	
	EUR'000	%	EUR'000	%
Risk rating class 1 Aaa	-	0%	-	0%
Risk rating class 2 Aa1-A3	83 973**	100%	77 540**	100%
Risk rating class 3 Baa1-Baa2	-	0%	-	0%
Risk rating class 4 Baa3	-	0%	-	0%
Not rated	-	0%	-	0%
Total	83 973	100%	77 540	100%

* 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