

# AS DNB banka public report for the 2<sup>nd</sup> 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	6 months 2017 Group unaudited EUR `000	6 months 2017 Bank unaudited EUR `000	6 months 2016 Group unaudited * EUR `000	6 months 2016 Bank unaudited * EUR `000
Interest income	22 708	20 372	21 873	19 926
Interest expenses	(3 165)	(2 883)	(2 318)	(1 989)
Dividend income	18	2 062	3	1 821
Fees and commissions income	9 649	8 752	9 169	8 101
Fees and commissions expenses	(2 930)	(2 749)	(2 859)	(2 693)
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	(292)	(292)	(193)	(193)
Net profit/(loss) from the financial assets and financial liabilities classified at fair value through profit and loss	106	106	32	32
Fair value changes in hedge accounting	-	-	-	-
Foreign currency trade and revaluation profit/(loss)	1 115	1 107	1 012	1 018
Profit/(loss) from derecognition of assets, equipment and devices, investment property and intangible assets	224	(13)	311	3
Other operating income	1 577	1 844	2 281	2 414
Other operating expenses	(646)	(590)	(1 439)	(1 010)
Administrative expenses	(16 271)	(15 262)	(16 552)	(15 486)
Depreciation	(1 504)	(1 081)	(1 676)	(1 253)
Provisions	-	-	-	-
Net allowances for impairment losses	2 146	2 367	1 714	1 999
<b>Profit/(loss) before income tax</b>	<b>12 735</b>	<b>13 740</b>	<b>22 992</b>	<b>24 324</b>
Corporate income tax	(529)	(400)	(210)	-
<b>Net profit/(loss) for the year</b>	<b>12 206</b>	<b>13 340</b>	<b>22 782</b>	<b>24 324</b>

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# Balance Sheet

Position	30.06.2017 Group unaudited EUR `ooo	30.06.2017 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	63 520	63 520	63 662	63 662
Claims on demand on credit institutions	27 210	26 621	30 093	29 494
Financial assets held for trading	28 171	28 171	51 899	51 899
Financial assets at fair value through profit and loss	81 109	81 109	84 766	84 766
Financial assets available-for-sale	2 492	2 492	2 483	2 483
Loans and debtors	1 904 720	1 809 631	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	2 840	2 432	3 619	2 453
Fixed assets	27 459	3 700	28 415	4 245
Investment property	35 953	3 233	36 854	4 750
Intangible assets	1 751	1 398	2 085	1 732
Investments in the share capital of related and associated companies	-	8 817	-	9 102
Foreclosed assets	-	-	-	-
Tax assets	9 028	8 700	8 976	8 701
Other assets	7 383	5 997	19 220	8 022
<b>Total assets</b>	<b>2 191 636</b>	<b>2 045 821</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	2 141	2 141	2 225	2 225
Financial liabilities held for trading	34 000	34 000	43 729	43 729
Financial liabilities at fair value through profit and loss	-	-	-	-
Financial liabilities at amortised cost	1 798 886	1 655 342	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	4 051	3 901	5 084	4 898
Provisions	533	6 476	454	7 671
Tax liabilities	431	400	71	-
Other liabilities	6 395	1 215	6 165	1 425
<b>Total liabilities</b>	<b>1 906 937</b>	<b>1 763 975</b>	<b>1 956 775</b>	<b>1 815 880</b>
Capital and reserves	284 699	281 846	302 472	298 485
<b>Total capital and reserves and liabilities</b>	<b>2 191 636</b>	<b>2 045 821</b>	<b>2 259 247</b>	<b>2 114 365</b>
<b>Off-balance sheet items</b>				
Contingent liabilities	34 647	79 647	50 390	95 391
Due to customers	160 299	168 299	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	30.06.2017 Group EUR `ooo	30.06.2017 Bank EUR `ooo
<b>1.</b>	<b>Own funds (1.1.+1.2.)</b>	<b>263 496</b>	<b>260 031</b>
<b>1.1.</b>	<b>Tier 1 capital (1.1.1.+1.1.2.)</b>	<b>263 496</b>	<b>260 031</b>
1.1.1.	Common equity tier 1 capital	263 496	260 031
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>1 363 219</b>	<b>1 302 447</b>
2.1.	Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	1 230 047	1 178 063
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	11 159	11 159
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)	19,33%	19,96%
3.2.	Surplus(+)/Deficit(-) of CET 1 capital (1.1.1.-2.*4.5%)	202 151	201 421
3.3.	Tier 1 Capital ratio (1.1./2.*100)	19,33%	19,96%
3.4.	Surplus(+)/Deficit(-) of Tier 1 capital (1.1.-2.*6%)	181 703	181 884
3.5.	<b>Total capital ratio (1./2.*100)</b>	<b>19,33%</b>	<b>19,96%</b>
3.6.	Surplus(+)/ Deficit(-) of total capital (1.-2.*8%)	154 438	155 835
<b>4.</b>	<b>Combined buffer requirement</b>	<b>3,26</b>	<b>3,26</b>
4.1.	Capital conservation buffer (%)	2,50	2,50
4.2.	Institution-specific countercyclical capital buffer (%)	-	-
4.3.	Systemic risk buffer (%)	0,01	0,01
4.4.	G-SII buffer (%)	-	-
4.5.	O-SII buffer (%)	0,75	0,75
<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	19,33%	19,96%
5.3.	Tier 1 Capital ratio including line 5.1. adjustments	19,33%	19,96%
5.4.	Total capital ratio including line 5.1. adjustments	19,33%	19,96%

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# The Bank's Performance Ratios

Position	6 months 2017 Group	6 months 2017 Bank	6 months 2016 Group	6 months 2016 Bank
Return on equity (ROE) (%)	8,30%	9,17%	15,92%	16,98%
Return on assets (ROA) (%)	1,05%	1,22%	1,88%	2,13%

## Liquidity ratio

No	Position	30.06.2017 Bank EUR ` 000
<b>1.</b>	<b>Liquid assets</b>	
1.1.	Cash	23 095
1.2.	Deposits with central banks	40 425
1.3.	Deposits with solvent credit institutions	384 621
1.4.	Liquid securities	80 860
1.5.	Total (1.1.+1.2.+1.3.+1.4.)	529 001
<b>2.</b>	<b>Current liabilities (with remaining maturity up to 30 days)</b>	
2.1.	Deposits from credit institutions	13 534
2.2.	Deposits	1 046 351
2.3.	Issued debt securities	-
2.4.	Cash in transit	8 548
2.5.	Other current liabilities	8 832
2.6.	Off-balance liabilities	152 163
2.7.	Total (2.1.+2.2.+2.3.+2.4.+2.5.+2.6.)	1 229 428
<b>3.</b>	<b>Liquidity ratio (1.5./2.7.) (%)</b>	<b>43,03</b>
<b>4.</b>	<b>Minimum liquidity ratio</b>	<b>30%</b>

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# Composition of the Consolidated group

## 30 June 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	AS DNB banka	40003024725	LV, Riga, Skanstes street 12	BNK	-	-	MT
2	SIA DNB lizings	40003659898	LV, Riga, Skanstes street 12	LIZ	100	100	MS
3	IPAS DNB Asset Management	40003699053	LV, Riga, Skanstes street 12	IPS	100	100	MS
4	SIA Skanstes 12	40003975842	LV, Riga, Skanstes street 12	PLS	100	100	MS
5	SIA Salvus	40103223713	LV, Riga, Skanstes street 12	PLS	100	100	MS
6	SIA Salvus 2	50103254931	LV, Riga, Skanstes street 12	PLS	100	100	MS
7	SIA Salvus 3	40103261113	LV, Riga, Skanstes street 12	PLS	100	100	MS
8	SIA Salvus 4	40103588074	LV, Riga, Skanstes street 12	PLS	100	100	MS
9	SIA Salvus 6	40103826344	LV, Riga, Skanstes street 12	PLS	100	100	MS
10	SIA Barona 24/26	40203076306	LV, Riga, Skanstes street 12	PLS	100	100	MMS

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

\*\* MT - parent company, MS - subsidiary company, MMS - subsidiary of the subsidiary company

During the reporting period changes have been made in the composition of the consolidated group. The shares of SIA Salvus 5 were sold and the company SIA Barona 24/26 was founded.

# Shareholders and participation in paid-in share capital

## 30 June 2017

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 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

## 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/gada\\_parskats\\_2016\\_lat\\_v7.pdf](https://www.dnb.lv/sites/default/files/docs/finansu_parskati/gada_parskats_2016_lat_v7.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/general/priv/struktura\\_dnb\\_en\\_0707-01.png](https://www.dnb.lv/sites/default/files/docs/general/priv/struktura_dnb_en_0707-01.png)

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	30.06.2017 Group EUR'000	30.06.2017 Bank EUR'000	31.12.2016 Group EUR'000	31.12.2016 Bank EUR'000
<b>Debt securities</b>				
Latvian government securities	46 364	46 364	50 211	50 211
France's financial institutions bonds	34 744	34 744	34 555	34 555
<b>Total</b>	<b>81 108</b>	<b>81 108</b>	<b>84 766</b>	<b>84 766</b>

Moody's equivalent grades		30.06.2017		31.12.2016	
		EUR'000	%	EUR'000	%
Risk rating class 1	<b>Aaa</b>	-	0%	-	0%
Risk rating class 2	<b>Aa1-A3</b>	81 108**	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>81 108</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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