

AS DNB banka public report for the 3rd 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

Income statement

Position	9 months 2017 Group unaudited EUR `ooo	9 months 2017 Bank unaudited EUR `ooo	9 months 2016 Group unaudited* EUR `ooo	9 months 2016 Bank unaudited* EUR `ooo
Interest income	34 243	30 668	33 789	29 905
Interest expenses	(4 680)	(4 253)	(3 436)	(2 947)
Dividend income	26	2 070	3	1 821
Fees and commissions income	14 061	12 635	13 847	12 237
Fees and commissions expenses	(4 506)	(4 241)	(4 426)	(4 178)
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	(469)	(469)	(473)	(473)
Net profit/(loss) from the financial assets and financial liabilities classified at fair value through profit and loss	23	23	309	309
Fair value changes in hedge accounting	-	-	-	-
Foreign currency trade and revaluation profit/(loss)	1 668	1 655	1 480	1 487
Profit/(loss) from derecognition of assets, equipment and devices, investment property and intangible assets	92	(47)	682	29
Other operating income	2 683	2 727	2 707	3 586
Other operating expenses	(1 031)	(938)	(1 780)	(1 675)
Administrative expenses	(25 082)	(23 728)	(24 492)	(22 885)
Depreciation	(2 292)	(1 658)	(2 498)	(1 860)
Provisions	-	-	-	-
Net allowances for impairment losses	4 768	4 848	2 229	2 599
Profit/(loss) before income tax	19 504	19 292	29 564	29 578
Corporate income tax	(456)	(255)	(602)	-
Net profit/(loss) for the year	19 048	19 037	28 962	29 578

Balance Sheet

Position	30.09.17 Group unaudited EUR `ooo	30.09.17 Bank unaudited EUR `ooo	31.12.16 Group audited* EUR `ooo	31.12.16 Bank audited* EUR `ooo
Cash and claims on demand on central banks	325 404	325 404	63 662	63 662
Claims on demand on credit institutions	258 516	257 720	30 093	29 494
Financial assets held for trading	19 599	19 599	51 899	51 899
Financial assets at fair value through profit and loss	80 891	80 891	84 766	84 766
Financial assets available-for-sale	2 556	2 556	2 483	2 483
Loans and debtors	1 564 015	1 454 927	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	2 776	2 446	3 619	2 453
Fixed assets	26 982	3 429	28 415	4 245
Investment property	20 671	2 772	36 854	4 750
Intangible assets	1 810	1 457	2 085	1 732
Investments in the share capital of related and associated companies	-	8 817	-	9 102
Foreclosed assets	-	-	-	-
Tax assets	9 365	9 209	8 976	8 701
Other assets	63 937	62 999	19 220	8 022
Total assets	2 376 522	2 232 226	2 259 247	2 114 365
Liabilities to central bank	60 500	60 500	60 500	60 500
Liabilities on demand to credit institutions	1 612	1 612	2 225	2 225
Financial liabilities held for trading	21 638	21 638	43 729	43 729
Financial liabilities at fair value through profit and loss	-	-	-	-
Financial liabilities at amortised cost	1 749 839	1 608 045	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	3 926	3 762	5 084	4 898
Provisions	228	6 447	454	7 671
Tax liabilities	794	763	71	-
Other liabilities	5 737	1 210	6 165	1 425
Total liabilities	1 844 274	1 703 977	1 956 775	1 815 880
Capital and reserves	532 248	528 249	302 472	298 485
Total capital and reserves and liabilities	2 376 522	2 232 226	2 259 247	2 114 365
Off-balance sheet items				
Contingent liabilities	36 624	81 623	50 390	95 391
Due to customers	157 461	317 224	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	30.09.17 Group EUR `000	30.09.17 Bank EUR `000
1.	Own funds (1.1.+1.2.)	505 667	502 155
1.1.	Tier 1 capital (1.1.1.+1.1.2.)	505 667	502 155
1.1.1.	Common equity tier 1 capital	505 667	502 155
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.)	1 328 082	1 351 001
2.1.	Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	1 198 977	1 230 684
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	7 092	7 092
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)	38,07%	37,17%
3.2.	Surplus(+)/Deficit(-) of CET 1 capital (1.1.1.-2.*4,5%)	445 903	441 360
3.3.	Tier 1 Capital ratio (1.1./2.*100)	38,07%	37,17%
3.4.	Surplus(+)/Deficit(-) of Tier 1 capital (1.1.-2.*6%)	425 982	421 095
3.5.	Total capital ratio (1./2.*100)	38,07%	37,17%
3.6.	Surplus(+)/ Deficit(-) of total capital (1.-2.*8%)	399 420	394 075
4.	Combined buffer requirement	3,3	3,3
4.1.	Capital conservation buffer (%)	2,5	2,5
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
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	38,07%	37,17%
5.3.	Tier 1 Capital ratio including line 5.1. adjustments	38,07%	37,17%
5.4.	Total capital ratio including line 5.1. adjustments	38,07%	37,17%

The Bank's Performance Ratios

Position	9 months 2017 Group	9 months 2017 Bank	9 months 2016 Group	9 months 2016 Bank
Return on equity (ROE) (%)	7,96%	8,04%	13,33%	13,61%
Return on assets (ROA) (%)	1,10%	1,17%	1,61%	1,75%

Liquidity ratio

No	Position	30.09.17 Bank EUR `ooo
1. Liquid assets		
1.1.	Cash	23 134
1.2.	Deposits with central banks	302 269
1.3.	Deposits with solvent credit institutions	257 721
1.4.	Liquid securities	80 689
1.5.	Total (1.1.+1.2.+1.3.+1.4.)	663 813
2. Current liabilities (with remaining maturity up to 30 days)		
2.1.	Deposits from credit institutions	70 744
2.2.	Deposits	1 010 076
2.3.	Issued debt securities	-
2.4.	Cash in transit	20 041
2.5.	Other current liabilities	4 168
2.6.	Off-balance liabilities	309 659
2.7.	Total (2.1.+2.2.+2.3.+2.4.+2.5.+2.6.)	1 414 688
3.	Liquidity ratio (1.5./2.7.) (%)	46,92
4.	Minimum liquidity ratio	30%

Composition of the Consolidated group

30 September 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

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

** MT - parent company, MS - subsidiary company

During the reporting period changes have been made in the composition of the consolidated group. SIA Barona 24/26 was sold.

Shareholders and participation in paid-in share capital

30 September 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 September 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

On 25 August 2016 DNB and Nordea entered into an agreement to combine their operations in Estonia, Latvia and Lithuania in order to create a leading independent main financial services provider in the Baltics.

The completion was conditional upon receiving regulatory approvals. After receiving all approvals from the respective regulatory bodies, the transaction was closed on 1 October 2017.

As a part of the transaction:

- AS DNB banka was renamed Luminor Bank AS;
- Luminor Group AB, the majority of the shares of which is owned by DNB and Nordea, became the sole shareholder of Luminor Bank AS;
- Nordea Bank AB (publ) has transferred to Luminor Bank AS the assets and liabilities of Latvia branch of Nordea Bank AB (publ) as well as the shares of certain Latvian companies owned by Nordea (including, among others, Luminor Pensions Latvia IPAS, Luminor Latvijas atklātais pensiju fonds AS and Luminor Līzings SIA).

In addition, it should be noted that, in relation to the above, as from 1 October 2017, composition of the Supervisory Council and the Management Board of Luminor Bank AS is as follows:

the Supervisory Council of Luminor Bank AS:

- Erkki Raasuke, Chairman;
- Mari Mõis;
- Marilyn Pikaro;
- Hannu Kalevi Saksala;
- Karl Christian Wallentin;

the Management Board of Luminor Bank AS:

- Kerli Gabrilovica, Chairperson;
- Ivita Asare;
- Jānis Buks;
- Jānis Teteris;
- Kristaps Zakulis (the date of commencement of the term of office – 3 October 2017).

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

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

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>

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	30.09.17 Group EUR'000	30.09.17 Bank EUR'000	31.12.16 Group EUR'000	31.12.16 Bank EUR'000
Debt securities				
Latvian government securities	46 235	46 235	50 211	50 211
France's financial institutions bonds	34 656	34 656	34 555	34 555
Total	80 891	80 891	84 766	84 766

Moody's equivalent grades		30.09.17		31.12.16	
		EUR'000	%	EUR'000	%
Risk rating class 1	Aaa	-	0%	-	0%
Risk rating class 2	Aa1-A3	80 891**	100%	84 766**	100%
Risk rating class 3	Baa1-Baa2	-	0%	-	0%
Risk rating class 4	Baa3	-	0%	-	0%
Not rated		-	0%	-	0%
Total		80 891	100%	84 766	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