

DNB Invest Denmark A/S

Arne Jacobsens Allé 15

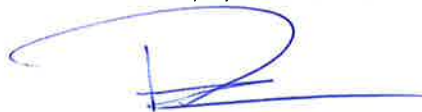
2300 Copenhagen S

CVR No. 28691947

Annual Report 2018

14th financial year

The annual report was presented and
adopted at the annual general meeting of
the Company on 7 March 2019



Peter Bisgaard Svanberg
Chairman

DNB Invest Denmark A/S

Contents

| | |
|---|----|
| Statement by the Board of Directors and the Executive Board | 3 |
| Independent Auditor's Report | 4 |
| Company information | 6 |
| Management's Review | 7 |
| Accounting Policies | 9 |
| Income Statement | 12 |
| Balance Sheet | 13 |
| Notes | 15 |

DNB Invest Denmark A/S

Statement by the Board of Directors and the Executive Board

The Board of Directors and Executive Board have today discussed and approved the annual report of DNB Invest Denmark A/S for the financial year 1 January - 31 December 2018.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the financial statements give a true and fair view of the Company's financial position at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018.

Further, in our opinion, the Management's review gives a fair view of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

We recommend that the annual report be adopted at the annual general meeting.

Copenhagen, 1 March 2019

Executive Board



Peter Bisgaard Svanberg

Board of Directors



Bjørn Berg
Chairman



Margrethe Melbye



Harald Johannessen
Vice Chairman



Fredrik Bertil Åberg



Jo Teslo

Independent Auditor's Report

To the shareholders of DNB Invest Denmark A/S

Opinion

We have audited the financial statements of DNB Invest Denmark A/S for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, notes and accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2018, and of the results of the Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The auditor's responsibility for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

Independent Auditor's Report

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on Management's Review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 1 March 2019

ERNST & YOUNG

Godkendt Revisionspartnerselskab

CVR-no. 30700228

Rasmus Berntsen

State Authorised Public Accountant

MNE no.: 35461

DNB Invest Denmark A/S

Company information

| | |
|-------------------------------|---|
| Company | DNB Invest Denmark A/S Arne Jacobsens Allé 15 2300 Copenhagen S |
| CVR No. | 28691947 |
| Established | 27 April 2005 |
| Registered office | Copenhagen |
| Financial year | 1 January - 31 December 2018 |
| Board of Directors | Bjørn Berg, Chairman Harald Johannessen, Vice Chairman Jo Teslo Margrethe Melbye Fredrik Bertil Åberg |
| Executive Board | Peter Bisgaard Svanberg, CEO |
| Ownership | The Company is wholly-owned by DNB Bank ASA, Dronning Eufemias Gate 30, P.O. Box 1600 Sentrum, 0021 Oslo, Norway |
| Auditors | ERNST & YOUNG Godkendt Revisionspartnerselskab Osvold Helmuths Vej 4 c/o Postboks 250 2000 Frederiksberg CVR-no.: 30700228 |
| Annual general meeting | The annual general meeting is held on the 7 March 2019. |

Management's Review

Financial highlights

| DKKmn | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|-----------|------------|------------|-----------|-----------|
| Key figures | | | | | |
| Net investment result | 56 | 74 | 21 | 59 | 14 |
| Profit before net financials | 54 | 76 | 397 | 33 | 4 |
| Profit for the year after after tax of continued activities | 42 | 22 | 360 | 59 | 14 |
| Profit/loss for the year after tax of discontinued operations | 0 | -82 | 13 | 33 | 4 |
| Profit/loss for the year | 42 | -60 | 373 | 92 | 18 |
| Total assets | | | | | |
| | 9.327 | 9.108 | 9.560 | 9.304 | 9.207 |
| Equity | | | | | |
| | 8.835 | 8.792 | 8.916 | 8.625 | 8.533 |
| Financial ratios | | | | | |
| Solvency ratio | 94,7 | 96,5 | 94,1 | 92,7 | 92,7 |
| Return on equity | 0,5 | 0,2 | 4,1 | 1,1 | 0,2 |
| Average number of full-time employees | | | | | |
| | 1 | 1 | 1 | 2 | 3 |

Comparative figures 2014-2017 are adjusted due to changes in the Company's activities.

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Ratios". For terms and definitions, please see the accounting policies.

Management's Review

Principal activities of the Company

The Company is an investment company investing in financial assets.

Development in activities of the Company

The income statement for 2018 shows a profit for the year after tax of DKK 42,439 thousand. The balance sheet at 31 December 2018 shows equity of DKK 8,834,961 thousand.

During the year, the Company has increased the investment portfolio significantly.

The 2018 result is in line with expectations for the year.

Risk profile and risk management

The Company is subject to risks customary within the investment business. The Company's investment policy is based on firm and conservative investment principles, aligned with the risk policies and risk framework of the DNB Group.

The foreign exchange risk for the Company is mostly related to cash inflows from investments denominated in foreign currencies. Investments in currencies other than DKK (and, on selective basis, EUR) are hedged.

The Company's interest rate risk relates to the Company's investment portfolio. Investments (other than investments denominated in DKK or, on selective basis, EUR) are hedged to CIBOR. Consequently, the Company has interest rate risks related to the development of CIBOR.

The Company's investment portfolio is inherently subject to counterparty risk. However, counterparties are sound and robust borrowers and all lending arrangements are subject to thorough credit assessments upon establishment as well as ongoing monitoring and credit assessment.

The Company has entered into cash collateral arrangements as ongoing credit support for hedging arrangements for the purpose of mitigating default risk on the Company's hedge counterparty and the Company therefore incurs liquidity risk. However, the Company has policies for handling liquidity risk and has taken appropriate measures to mitigate liquidity risk, including establishment of substantial credit lines.

Events after the balance sheet date

No significant events have occurred subsequent to the balance sheet date, which impact the financial statements for 2018.

Outlook

The Company plans continuing to pursue relevant investment opportunities.

The Company expects a pre-tax result for 2019 higher than 2018, mainly depending, however, on gain/losses on the Company's hedging portfolio during the year and interest rate levels.

Accounting Policies

Accounting policies

The annual report of DNB Invest Denmark A/S for 2018 has been prepared in accordance with the provisions applying to reporting class C medium enterprises under the Danish Financial Statements act.

The annual report is reported in DKK thousands.

The Company's principal activity is investments in financial assets. In accordance with Danish Financial Statements Act, the presentation of the Company's income statement and balance sheet has been adjusted hereto. Comparative figures have consequently been adjusted.

The changes have no effect on profit/loss for the year, total assets or equity.

The accounting policies applied remain unchanged from last year.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in receivables from and debt to related parties, respectively.

The calculation of fair value of these derivatives is based on observable inputs such as forward interest rates etc. (Level 2 in the fair value hierarchy)

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with changes in the fair value of the hedged asset or liability.

Income statement

Net investment result

Net investment result comprise interest income and costs, gains and losses on derivative financial instruments and foreign currency translation adjustments from the Company's principal activities.

Other operating income

Other operating income comprise items of a secondary nature to the principal activity of the Company.

Administration expenses

Administration expenses comprise expenses for the administrative staff, Management, offices as well as office expenses and similar expenses.

Other financial income

Other financial income comprise interest income and foreign currency translation adjustments on items of a secondary nature to the principal activity of the Company, eg. interests from tax authorities.

Accounting Policies

Tax on profit/loss for the year

Tax for the year comprises current tax for the year and changes in deferred tax, including impairment charges on capitalised tax losses carried forward. The tax expense relating to the profit/loss for the year is recognised in the income statement.

The Company is covered by the Danish rules on compulsory joint taxation of the Danish legal entities of the DNB Group. On payment of joint taxation contributions, the current Danish corporation tax is allocated between the jointly taxed companies in the proportion to their taxable income.

Profit/loss for the year after tax related to discontinued operations

Profit/loss for the year after tax related to discontinued operations comprise activities related to TODO, which was distributed to the Company's shareholder in December 2017.

Profit/loss for the year after tax related to TODO is disclosed on a separate line in Income Statement. Revenue comprise IT services provided. Depreciation and impairment losses comprise depreciation and impairment losses of discontinued operations for the year.

Balance sheet

Receivables

Receivables are recognized in the balance sheet and measured at amortised cost. Provisions are made for anticipated losses at net realisable value.

Cash and cash equivalents from group related parties are presented as receivables from related parties.

Prepayments

Prepayments, recognized as current assets, comprise costs incurred concerning subsequent financial years.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where different tax rules can be applied to determine the tax base, deferred tax is measured based on Management's planned use of the asset or settlement of the liability, respectively

Deferred tax assets, including the tax value of tax loss carry forward, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. The change in deferred tax as a result of changes in tax rates is recognised in the income statement.

Accounting Policies

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at the net proceeds received. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

Fair value

The fair value measurement is based on the principal market. If no principal market exists, the measurement is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability less transaction and/or transport costs.

All assets and liabilities which are measured at fair value, or whose fair value is disclosed, are classified based on the fair value hierarchy, see below:

Level 1: Value in an active market for similar assets/liabilities

Level 2: Value based on recognised valuation methods on the basis of observable market information

Level 3: Value based on recognised valuation methods and reasonable estimates (non-observable market information)

Consolidated financial statements and cash flow statement

In accordance with section 112(1) of the Danish Financial Statements Act, consolidated financial statements have been omitted as the Company in the consolidated financial statements of DNB Bank ASA, Dronning Eufemias Gate 30, P.O. Box 1600 Sentrum, 0021 Oslo, Norway.

In accordance with section 86(4) of the Danish Financial Statements Act, cash flow statement has been omitted as the Company's cash flows are comprised in the cash flow statement in the consolidated financial statements of DNB Bank ASA, Dronning Eufemias Gate 30, P.O. Box 1600 Sentrum, 0021 Oslo, Norway.

Financial ratios

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Ratios". The financial ratios stated in the survey of financial highlights have been calculated as follows:

Solvency ratio $(\text{Equity at year end} \times 100) / \text{Total equity and liabilities at year end}$

Return on equity (ROE) $(\text{Profit from ordinary activities after tax} \times 100) / \text{Average equity}$

DNB Invest Denmark A/S

Income Statement

| | Note | 2018 DKK'000 | 2017 DKK'000 |
|--|-------------|-------------------------|-------------------------|
| Investment income | 1 | 158.444 | 156.952 |
| Investment loss | 2 | -102.420 | -83.850 |
| Net investment result | | 56.024 | 73.102 |
| Other operating income | | 0 | 5.163 |
| Administrative expenses | 3 | -1.615 | -3.974 |
| Profit before net financials | | 54.409 | 74.291 |
| Other financial income | | 0 | 349 |
| Profit before tax | | 54.409 | 74.640 |
| Tax for the year | 4 | -11.970 | -52.522 |
| Profit for the year of continued operations | | 42.439 | 22.118 |
| Loss for the year of discontinued operations | 5 | 0 | -81.955 |
| Profit/loss for the year | | 42.439 | -59.837 |
| Proposed distribution of results | 6 | | |

DNB Invest Denmark A/S

Balance Sheet as of 31 December

| | Note | 2018 DKK'000 | 2017 DKK'000 |
|----------------------------------|------|------------------|------------------|
| Assets | | | |
| Loans to related parties | 7 | 8.075.310 | 4.502.858 |
| Deferred tax assets | 8 | 328.387 | 336.291 |
| Total non-current assets | | 8.403.697 | 4.839.149 |
| Receivables from related parties | 9 | 923.495 | 4.269.008 |
| Other receivables | | 89 | 108 |
| Total current assets | | 923.584 | 4.269.116 |
| Total assets | | 9.327.281 | 9.108.265 |

DNB Invest Denmark A/S

Balance Sheet as of 31 December

| | Note | 2018 DKK'000 | 2017 DKK'000 |
|----------------------------------|------|------------------|------------------|
| Liabilities and equity | | | |
| Contributed capital | | 877.579 | 877.579 |
| Retained earnings | | 7.957.382 | 7.914.943 |
| Total equity | 10 | <u>8.834.961</u> | <u>8.792.522</u> |
| Trade payables | | 0 | 77 |
| Debt to related parties | 11 | 491.092 | 315.500 |
| Tax payables | | 1.066 | 0 |
| Other payables | | 162 | 166 |
| Total current liabilities | | <u>492.320</u> | <u>315.743</u> |
| Total liabilities | | <u>492.320</u> | <u>315.743</u> |
| Liabilities and equity | | <u>9.327.281</u> | <u>9.108.265</u> |
| Contingent liabilities | 12 | | |
| Related parties - shareholders | 13 | | |

Notes

| | 2018 | 2017 |
|---|----------------|----------------|
| | DKK'000 | DKK'000 |
| 1. Investment income | | |
| Interest, related parties | 154.875 | 148.858 |
| Market value changes, cross currency swaps, related parties | 0 | 6.788 |
| Other financial income | 3.569 | 1.306 |
| | <u>158.444</u> | <u>156.952</u> |

| | | |
|---|----------------|---------------|
| 2. Investment loss | | |
| Interest, related parties | 90.828 | 82.607 |
| Market value changes, cross currency swaps, related parties | 7.736 | 0 |
| Other financial expenses | 3.856 | 1.243 |
| | <u>102.420</u> | <u>83.850</u> |

3. Administrative expenses

Staff costs has been included in administrative expenses, and can be specified as follows:

| | | |
|--------------------|------------|------------|
| Wages and salaries | <u>211</u> | <u>240</u> |
| | <u>211</u> | <u>240</u> |

| | | |
|-----------------------------|---|---|
| Average number of employees | 1 | 1 |
|-----------------------------|---|---|

In accordance with §98a of the Danish Financial Statements Act, the Company must provide information of remuneration to the management of the Company. No remuneration has been paid to the management or the Board of Directors throughout the year.

4. Tax for the year

| | | |
|--|---------------|---------------|
| Deferred tax adjustments prior year | 0 | 71.995 |
| Adjustment regarding prior year | 11.970 | -16.351 |
| Adjustment regarding non-booked tax asset prior year | 0 | -3.122 |
| | <u>11.970</u> | <u>52.522</u> |

Notes

5. Profit/loss for the year after tax of discontinued operations

In December 2017, the company distributed "TODO" to the shareholders and all activities related hereto is disclosed as discontinued operations.

Profit/loss for the year after tax related to TODO is disclosed on a separate line in Income Statement.

Profit from discontinued operations is specified in main items below:

| | 2018 | 2017 |
|---|----------------|----------------|
| | DKK'000 | DKK'000 |
| Revenue | 0 | 43.110 |
| Depreciations on intangible assets | 0 | -29.442 |
| Impairment losses on tangible and intangible assets | 0 | -118.739 |
| Tax | 0 | 23.116 |
| | <u>0</u> | <u>-81.955</u> |

Furthermore no assets/liabilities are related to discontinued operations.

6. Proposed distribution of results

| | | |
|-------------------|----------------------|-----------------------|
| Retained earnings | <u>42.439</u> | <u>-59.837</u> |
| | <u>42.439</u> | <u>-59.837</u> |

7. Loans to related parties

Loans to related parties amounts to a total of TDKK 8.075.310 and encompass different debt instruments with different maturity and call options for borrowers.

The interest rate risk and exchange rate risk is, until the call dates, covered by financial derivatives.

8. Deferred tax assets

Deferred tax assets at 31 December 2018 amounted to TDKK 328.387

Based on the Company's budget and financial capacity, Management expects that future taxable income will be available to utilize the deferred tax asset.

9. Receivables from related parties

| | | |
|--|-----------------------|-------------------------|
| Liquidity | 516.031 | 3.974.844 |
| Fair value adjustments and accrued interests financial derivatives | <u>407.464</u> | <u>294.164</u> |
| | <u>923.495</u> | <u>4.269.008</u> |

Notes

10. Statement of changes in equity

| | Share capital | Retained earnings | Total |
|-------------------------|----------------------|--------------------------|------------------|
| Equity 1 January 2018 | 877.579 | 7.914.943 | 8.792.522 |
| Profit for the year | | 42.439 | 42.439 |
| Equity 31 December 2018 | 877.579 | 7.957.382 | 8.834.961 |

The share capital comprises 877.578.841 shares of nominally DKK 1.0.

The share capital has developed as follows:

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|-------------------|----------------|----------------|-------------------|-------------------|-------------------|
| Share capital DKK | 877.579 | 877.579 | 12.765.228 | 12.765.228 | 12.765.228 |
| | 877.579 | 877.579 | 12.765.228 | 12.765.228 | 12.765.228 |

| | 2018 | 2017 |
|---|----------------|----------------|
| | DKK'000 | DKK'000 |
| 11. Debt to related parties | | |
| Debt to related parties | 42 | 0 |
| Collateral for financial derivatives transactions | 491.050 | 315.500 |
| | 491.092 | 315.500 |

12. Contingent liabilities

The Company is jointly taxed with the Danish entities of the DNB Group. As a jointly taxed company the Company has joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties. Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends, interest and royalties may entail that the Company's liability will increase.

13. Related parties - shareholders

The following shareholders are registered in the Company's register of shareholders, who owns 100% of the share capital:

DNB Bank ASA
www.dnb.no
 Dronning Eufemias Gate 30, P.O. Box 1600 Sentrum, 0021 Oslo, Norway

The financial statements of DNB Bank ASA are available at the Company's address or on the Company's website www.dnb.no.