

DNB Invest Denmark A/S

Arne Jacobsens Allé 15

2300 Copenhagen S

CVR No. 28691947

Annual Report 2017

13th financial year

The annual report was presented and
adopted at the annual general meeting of
the Company on 24 April 2018

Peter Bisgaard Svanberg
Chairman

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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 2017.

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 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017.

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, 24 April 2018

Executive Board

Peter Bisgaard Svanberg

Board of Directors

Bjørn Berg
Chairman

Peter Bisgaard Svanberg

Jo Teslo

Harald Johannessen

Olaf Tronsgaard

Margrethe Melbye

Fredrik Bertil Åberg

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 2017, 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 2017, and of the results of the Company's operations for the financial year 1 January - 31 December 2017 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, 24 April 2018

ERNST & YOUNG

Godkendt Revisionspartnerselskab

CVR-no. 30700228

Henrik Barner Christiansen

State Authorised Public Accountant

MNE no.: mne10778

Company details

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 2017
Board of Directors	Bjørn Berg, Chairman Peter Bisgaard Svanberg Jo Teslo Harald Johannessen Olaf Tronsgaard 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 24 April 2018.

Management's review

Financial highlights

DKKm	2017	2016	2015	2014	2013
Key figures					
Revenue	0	0	53	106	160
Operating profit	1	-5	-28	5	-317
Income from group enterprises	0	386	0	0	0
Profit from financial income and expenses	73	21	59	14	50
Profit/loss for the year after tax of discontinued operations	-82	13	-	-	-
Profit for the year after tax of continued activities	22	360	-	-	-
Profit/loss for the year	-60	373	92	18	-293
Total assets	9.108	9.560	9.304	9.207	9.282
Equity	8.792	8.916	8.625	8.533	8.515
Financial ratios					
Solvency ratio	96,5	94,1	92,7	92,7	91,7
Return on equity	0,2	4,1	1,1	0,2	-3,4
Average number of full-time employees	1	1	2	3	5

Comparative figures for 2016 are adjusted due to the discontinued operations.

For 2013 the comparative key figures have been adjusted to reflect the merger between the company and DNB Baltic IT A/S in 2014.

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015". 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.

Historically - including during 2017 - DNB Invest Denmark A/S has delivered core bank systems to group related banking units through the so-called "TODO" IT-programme.

Development in activities of the Company

In December 2017, the company decided to dis-continue all activities related to the provision of IT services and thereby maintain focus solely on investment activities. Consequently, the company distributed "TODO" to its sole shareholder, DNB Bank ASA, whereby no IT assets remain in the company and the former activity is consequently disclosed as discontinued operations in the Income statement and in the Balance sheet and specified in the notes.

In connection with the distribution of "TODO", the company executed significant capital reductions. The capital reductions were made for the purposes of distributing "TODO", covering historic losses and transferring to freely distributable reserves.

The income statement for 2017 shows a profit of continued operations after tax of DKK 22,118 thousand and a loss of discontinued operations after tax of DKK 81,955 thousand. The balance sheet at 31 December 2017 shows equity of DKK 8,792,522 thousand.

The 2017 result is below expectations for the year which, however, is partly due to certain write-downs on "TODO" and partly due to the settlement of a book audit with SKAT.

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.

Lending arrangements are entered into with counterparts with high credit worthiness.

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.

Events after the balance sheet date

No significant events have occurred subsequent to the balance sheet date, which impact the financial statements for 2017.

Outlook

The Company plans continuing to pursue relevant investment opportunities.

The Company expects a pre-tax result for 2018 in the level of MDKK 50, mainly depending, however, on interest rate level development, the level of new investments and gain/losses on the Company's hedging portfolio during the year.

Accounting policies

Accounting policies

The annual report of DNB Invest Denmark A/S for 2017 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 accounting policies applied remain unchanged from last year.

Comparative figures for 2017 and 2016 are adjusted due to the discontinued operations.

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 other receivables and other payables, 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.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets and liabilities are recognised in other receivables or other payables and in equity. If the hedged forecast transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects profit or loss.

For derivative financial instruments that do not qualify for hedge accounting, changes in the fair value are recognised in the income statement on a regular basis.

Income statement

Other operating income

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

Other external costs

Other external costs comprise rental costs, sales costs and other office expenses.

Staff costs

Staff costs comprise costs for wages and salaries, pension contributions, social security and other staff costs.

Accounting policies

Income from group enterprises

The item includes profit from sale of subsidiaries and is recognized as the amount of the sales price and the book value of the subsidiary at the time of the sale.

Financial income and expenses

Financial income and expenses comprise interest income and expenses, realised and unrealised capital gains and losses. The financial items are recognised in the income statement with the amounts regarding the reporting period.

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 Companys 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.

Financial liabilities also include the capitalised residual obligation on finance leases.

Other liabilities are measured at net realisable value.

Assets related to discontinued operations

Assets related to discontinued operations comprise the intangible asset, TODO. Intangible assets are measured at cost less accumulated depreciations and impairment losses. Intangible assets are depreciated on a straight line basis over the period the assets are expected to generate future economic benefits with flow to the company. The depreciation period are 12-26 years.

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 Financial Ratios 2015". 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) $(\text{Profit from ordinary activities after tax} \times 100) / \text{Average equity}$

Income statement

	Note	2017 DKK'000	2016 DKK'000
Other operating income		5.163	0
Other external expenses		-3.734	-3.333
Gross profit		1.429	-3.333
Staff costs	1	-240	-1.928
Profit from ordinary operating activities		1.189	-5.261
Income from group enterprises		0	386.221
Financial income	2	157.301	154.840
Financial expenses	3	-83.850	-133.860
Profit from ordinary activities before tax		74.640	401.940
Tax for the year	4	-52.522	-42.340
Profit for the year after tax of continued operations		22.118	359.600
Profit/loss for the year after tax of discontinued operations	5	-81.955	13.571
Profit/loss for the year		-59.837	373.171
Proposed distribution of results	6		

Balance sheet as of 31 December

	Note	2017 DKK'000	2016 DKK'000
Assets			
Loans to related parties	7	4.502.858	4.854.969
Deferred tax assets	8	336.291	385.165
Total non-current assets		4.839.149	5.240.134
Receivables from related parties	9	4.269.008	3.702.976
Other receivables		95	432
Prepayments		13	13
Total current assets		4.269.116	3.703.421
Assets related to discontinued operations	10	0	616.789
Total assets		9.108.265	9.560.344

Balance sheet as of 31 December

	Note	2017 DKK'000	2016 DKK'000
Liabilities and equity			
Contributed capital		877.579	12.765.228
Retained earnings		7.914.943	-3.766.757
Total equity	11	8.792.522	8.998.471
Trade payables		77	807
Debt to related parties	12	315.500	544.578
Tax payables		0	16.351
Other payables		166	137
Total current liabilities		315.743	561.873
Total liabilities		315.743	561.873
Liabilities related to discontinued operations		0	0
Liabilities and equity		9.108.265	9.560.344
Contingent liabilities	13		
Related parties - shareholders	14		

Notes

	2017 DKK'000	2016 DKK'000
1. Staff costs		
Wages and salaries	240	1.651
Pensions	0	166
Social security contributions	0	111
	<u>240</u>	<u>1.928</u>

Average number of employees	1	1
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2. Financial income

Other financial income	1.368	605
Interest, related parties	149.145	154.235
Market value changes, cross currency swaps, related parties	6.788	0
	<u>157.301</u>	<u>154.840</u>

3. Financial expenses

Other financial expenses from group enterprises	82.607	89.680
Other financial expenses	1.243	1.063
Market value changes, cross currency swaps, related parties	0	43.117
	<u>83.850</u>	<u>133.860</u>

4. Tax for the year

Deferred tax adjustments prior year	71.995	26.007
Adjustment regarding prior year	-16.351	16.351
Adjustment regarding non-booked tax asset prior year	-3.122	-18
	<u>52.522</u>	<u>42.340</u>

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:

Revenue	43.110	49.125
Depreciations on intangible assets	-29.442	-31.726
Impairment losses on tangible and intangible assets	-118.739	0
Tax	23.116	-3.828
	<u>-81.955</u>	<u>13.571</u>

6. Proposed distribution of results

Proposed dividend	0	0
Retained earnings	-59.837	373.171
	<u>-59.837</u>	<u>373.171</u>

Notes

7. Loans to related parties

Financing to related parties consists of subordinated loans, and can be specified as follows:

	Currency	Amount '000	DKK'000, including accrued interest	Interest rate	Maturity
Subordinated loan 1	NOK	2.500.000	1.893.022	NIBOR+ margin	Call date 21 September 2025
Subordinated loan 2	NOK	3.000.000	2.271.625	NIBOR+ margin	Call date 21 September 2020
Subordinated loan 3	NOK	250.000	189.302	NIBOR+ margin	Call date 6 September 2021
Subordinated loan 4	EUR	20.000	148.909	EURIBOR+ margin	Call date 20 December 2021
			<u>4.502.858</u>		

The loans may be prepaid earlier subject to consent of the relevant Financial Supervisory Authority.

Interests can be deferred if the related borrower does not comply with the Solvency Capital Requirements when the interests fall due.

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 2017 amounted to MDKK 336.

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

	2017 DKK'000	2016 DKK'000
9. Receivables from related parties		
Liquidity	3.974.844	3.640.959
Collateral for financial derivatives transactions	0	61.800
Other receivables	0	217
Fair value adjustments and accrued interests financial derivatives	294.164	0
	<u>4.269.008</u>	<u>3.702.976</u>

Notes

	2017 DKK'000	2016 DKK'000
10. Assets related to discontinued operations		
Cost at 1 January 2017	1.501.087	1.501.087
Disposal during the year	-1.501.087	0
Cost at 31 December 2017	0	1.501.087
Depreciation and amortisation at 1 January 2017	-884.298	-853.838
Depreciation for the year	-29.442	-30.460
Impairment losses	-118.739	0
Reversal of impairment losses and amortisation of disposed assets	1.032.479	0
Depreciation and amortisation at 31 December 2017	0	-884.298
Carrying amount at 31 December 2017	0	616.789

11. Statement of changes in equity

	Share capital	Retained earnings	Total
Equity, beginning balance	12.765.228	-3.766.755	8.998.473
Capital reduction to cover historic losses	-3.844.254	3.844.254	0
Capital reduction to transfer to freely distributable reserves	-7.898.209	7.898.209	0
Capital reduction to cover a distribution in kind of assets	-145.186	0	-145.186
Expenses related to capital reduction	0	-928	-928
Proposed distribution of results	0	-59.837	-59.837
	877.579	7.914.943	8.792.522

The share capital comprises 877.578.841 shares of nominally DKK 1.0.

The changes in share capital from 2013 to 2014 are related to change in the recognition currency from EUR to DKK.

The share capital has developed as follows:

	2017	2016	2015	2014	2013 (EUR)
Share capital DKK	877.579	12.765.228	12.765.228	12.765.228	1.715.595
	877.579	12.765.228	12.765.228	12.765.228	1.715.595

Notes

	2017	2016
	DKK'000	DKK'000
12. Debt to related parties		
Fair value adjustments and accrued interests financial derivatives	0	64.578
Debt to related parties	0	480.000
Collateral for financial derivatives transactions	315.500	0
	315.500	544.578

13. 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.

14. 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.