

Operating Results of Commercial Banks in Latvia: Summary of 4th quarter 2017

Equity growth in the 4th quarter

Total capital of the Latvian banking sector reached EUR 3.2 billion as of December 31, 2017. Total equity has increased during the year 2017; the increase was EUR +0.2 billion or +6%, comparing to December 31, 2016.

Total portfolio of issued loans is stable since 2014

The portfolio of issued loans by Latvian banking sector was EUR 14.4 billion as of December 31, 2017. Loan portfolio for retail customers was EUR 5.5 billion, for corporate customers – EUR 8.8 billion of December 31, 2017. Value of total loans outstanding decreased by EUR -0.7 billion, or -5%, which was mainly driven by the drop in the value of loans for corporate customers. All in all, the value of the total portfolio has been relatively constant since 2014; it has been fluctuating around EUR 14.4-15.0 billion EUR.

Net profit of Latvian banking sector in 2017 – twice smaller comparing to 2016.

Total profit of commercial banks in Latvia during 2017 was EUR 236 million. It was by EUR -218 million or -48% lower compared to the results of the year 2016. Profit for the year 2017 is comparable to the year 2013, when it reached the level of EUR 246 million as of December 31, 2013. From the sixteen banks that submitted their Profit and Loss reports, nine of them finished the year 2017 with profits, while the remaining seven recorded losses.

Total assets of commercial banks have been decreasing since 2016

Total assets of Latvian commercial banks were EUR 28.4 billion as of December 31, 2017. The value of assets has declined by EUR -3.5 billion or -11% since the beginning of 2016. During only 2017, assets' value dropped by -1.1 billion EUR, or -4%.

Luminor Bank

Since October 1, 2017, Nordea Bank AB Latvia branch and DNB Bank have merged their operations in the Baltic States. The newly-established Luminor Bank has become the second largest bank in Latvia by assets (4.9 billion EUR, 17% market share), equity (526 million EUR) and deposits value (2.9 billion EUR, 15% market share), as well as the first largest bank by the issued loans value (3.5 billion EUR, 25% market share)