

Luminor Bank AS public unaudited report for the full year 2017

The report is prepared according to the
Latvian FSA requirements about quarterly
reporting of financial institutions

Name: Luminor Bank AS
Address: Skanstes iela 12, Rīga, LV-1013
Registration No.: 40003024725



Income statement

Position	12 months 2017 Group unaudited EUR`000	12 months 2017 Bank unaudited EUR`000	12 months 2016 Group audited* EUR`000	12 months 2016 Bank audited* EUR`000
Interest income	62 464	55 718	45 807	40 975
Interest expenses	(8 944)	(8 505)	(5 895)	(5 255)
Dividend income	26	2 070	20	1 838
Fees and commissions income	23 558	19 772	19 636	16 559
Fees and commissions expenses	(6 827)	(6 436)	(5 951)	(5 599)
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	(1 398)	(1 398)	(444)	(444)
Net profit/(loss) from the financial assets and financial liabilities classified at fair value through profit and loss	55	55	(29)	(29)
Fair value changes in hedge accounting	-	-	-	-
Foreign currency trade and revaluation profit/(loss)	3 219	3 206	2 087	2 104
Profit/(loss) from derecognition of assets, equipment and devices, investment property and intangible assets	129	(25)	539	(176)
Other operating income	6 359	5 553	2 086	4 531
Other operating expenses	(15 394)	(3 516)	(1 172)	(1 034)
Administrative expenses	(41 593)	(40 512)	(32 530)	(30 402)
Depreciation	(3 132)	(2 283)	(3 322)	(2 470)
Provisions	(148)	(148)	-	-
Net allowances for impairment losses	(4 942)	(13 742)	1 402	(2 047)
Profit/(loss) before income tax	13 432	9 809	33 857	30 174
Corporate income tax	(11 410)	(10 398)	(404)	-
Net profit/(loss) for the year	2 022	(589)	33 453	30 174

*Audit of the financial statement for the year ended 31 December 2016 was performed by Ernst & Young Baltic SIA.

Balance Sheet

Position	31.12.2017 Group unaudited EUR'000	31.12.2017 Bank unaudited EUR'000	31.12.2016 Group audited* EUR'000	31.12.2016 Bank audited* EUR'000
Cash and claims on demand on central banks	1 059 044	1 059 044	63 662	63 662
Claims on demand on credit institutions	34 634	33 865	30 093	29 494
Financial assets held for trading	17 223	17 223	51 899	51 899
Financial assets at fair value through profit and loss	76 308	76 308	84 766	84 766
Financial assets available-for-sale	5 534	2 707	2 483	2 483
Loans and debtors	3 443 271	3 455 321	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	3 726	2 145	3 619	2 453
Fixed assets	27 583	4 174	28 415	4 245
Investment property	34 136	1 021	36 854	4 750
Intangible assets	1 681	1 297	2 085	1 732
Investments in the share capital of related and associated companies	-	63 034	-	9 102
Foreclosed assets	2 656	519	-	-
Tax assets	90	-	8 976	8 701
Other assets	33 054	28 805	19 220	8 022
Total assets	4 738 940	4 745 463	2 259 247	2 114 365
Liabilities to central bank	60 500	60 500	60 500	60 500
Liabilities on demand to credit institutions	5 576	5 576	2 225	2 225
Financial liabilities held for trading	21 269	21 269	43 729	43 729
Financial liabilities at fair value through profit and loss	-	-	-	-
Financial liabilities at amortised cost	4 108 051	4 126 470	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	11 777	11 312	5 084	4 898
Provisions	261	228	454	7 671
Tax liabilities	1 283	1 233	71	-
Other liabilities	5 634	2 513	6 165	1 425
Total liabilities	4 214 351	4 229 101	1 956 775	1 815 880
Capital and reserves	524 589	516 362	302 472	298 485
Total capital and reserves and liabilities	4 738 940	4 745 463	2 259 247	2 114 365
Off-balance sheet items				
Contingent liabilities	198 785	198 785	50 390	95 391
Due to customers	532 284	569 842	142 349	177 912

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Capital base and minimum capital requirement summary

No	Position	31.12.2017 Group unaudited EUR`000	31.12.2017 Bank unaudited EUR`000
1.	Own funds (1.1.+1.2.)	516 460	511 238
1.1.	Tier 1 capital (1.1.1+1.1.2.)	516 460	511 238
1.1.1.	Common equity tier 1 capital	516 460	511 238
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.)	2 830 134	2 946 315
2.1.	Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	2 600 495	2 739 023
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	221 895	199 548
2.5.	Total risk exposure amount or credit valuation adjustment	7 744	7 744
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)	18,25%	17,35%
3.2.	Surplus(+)/Deficit(-) of CET 1 capital (1.1.1.-2.*4.5%)	389 104	378 654
3.3.	Tier 1 Capital ratio (1.1./2.*100)	18,25%	17,35%
3.4.	Surplus(+)/Deficit(-) of Tier 1 capital (1.1.-2.*6%)	346 652	334 459
3.5.	Total capital ratio (1./2.*100)	18,25%	17,35%
3.6.	Surplus(+)/ Deficit(-) of total capital (1.-2.*8%)	290 049	275 533
4.	Combined buffer requirement	3,5	3,5
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 (%)	1,00	1,00
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	18,25%	17,35%
5.3.	Tier 1 Capital ratio including line 5.1. adjustments	18,25%	17,35%
5.4.	Total capital ratio including line 5.1. adjustments	18,25%	17,35%

The Bank's Performance Ratios

ratios for 2017 calculated based on unaudited numbers

Position	12 months 2017 Group	12 months 2017 Bank	12 months 2016 Group	12 months 2016 Bank
Return on equity (ROE) (%)	0,54%	-0,16%	11,43%	10,32%
Return on assets (ROA) (%)	0,07%	-0,02%	1,40%	1,34%

Liquidity ratio

No	Position	31.12.2017 Bank EUR'000
1.	Liquid assets	
1.1.	Cash	36 796
1.2.	Deposits with central banks	1 022 326
1.3.	Deposits with solvent credit institutions	33 864
1.4.	Liquid securities	69 312
1.5.	Total (1.1.+1.2.+1.3.+1.4.)	1 162 298
2.	Current liabilities (with remaining maturity up to 30 days)	
2.1.	Deposits from credit institutions	18 124
2.2.	Deposits	2 524 088
2.3.	Issued debt securities	-
2.4.	Cash in transit	17 745
2.5.	Other current liabilities	10 597
2.6.	Off-balance liabilities	272 684
2.7.	Total (2.1.+2.2.+2.3.+2.4.+2.5.+2.6.)	2 843 238
3.	Liquidity ratio (1.5./2.7.) (%)	40,88
4.	Minimum liquidity ratio	30%

Composition of the Consolidated group

31 December 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	Luminor Bank AS	40003024725	LV, Riga, Skanstes street 12	BNK	-	-	MT
2	Luminor Līzings Latvija SIA	40003659898	LV, Riga, Skanstes street 12	LIZ	100	100	MS
3	Luminor Asset Management IPAS	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	Luminor Līzings SIA	40003348054	LV, Riga, Vienības gatve 109	LIZ	100	100	MS
11	Luminor Latvijas atklātais pensiju fonds AS	40103331798	LV, Riga, Kr. Valdemāra iela 62	PFO	100	100	MS
12	Luminor Pensions Latvia IPAS	40103170952	LV, Riga, Kr. Valdemāra iela 62	IPS	100	100	MS
13	SIA "Promano Lat"	40103235197	LV, Riga, Kr. Valdemāra iela 62	PLS	100	100	MS
14	SIA "BALTĪK ĪPAŠUMS"	40003892818	LV, Riga, Kr. Valdemāra iela 62	PLS	100	100	MMS
15	Luminor Finance SIA	40103424424	LV, Riga, Kr. Valdemāra iela 62	PLS	100	100	MS
16	SIA "Trioleta"	40103565264	LV, Riga, Kr. Valdemāra iela 62	PLS	100	100	MS
17	SIA "Realm"	50103278681	LV, Riga, Kr. Valdemāra iela 62	PLS	100	100	MS

* BNK - bank, IPS - investment management company, PFO - pension funds, LIZ - leasing company, PLS - supporting company.

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

Shareholders and participation in paid-in share capital

31 December 2017

Shareholder	Paid-in share capital EUR'000	% of total paid-in share capital	Number of shares
Luminor Group AB	191 178	100%	191 178 337

Management of Luminor Bank AS

31 December 2017

The Supervisory Council

Name	Position
Erkki Raasuke	Chairman of the Supervisory Council
Mari Mõis	Member of the Supervisory Council
Marilin Pikaro	Member of the Supervisory Council
Hannu Kalevi Saksala	Member of the Supervisory Council
Karl Christian Wallentin	Member of the Supervisory Council

The Management Board

Name	Position
Kerli Gabrilovica	Chairman of the Management Board, president
Ivita Asare	Member of the Management Board, vice-president
Jānis Buks	Member of the Management Board, vice-president
Jānis Teteris	Member of the Management Board, vice-president
Kristaps Zakulis	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).

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 branches

Information on list of branches of Luminor Bank AS can be found in the Bank's Internet home page chapter "Contacts": <https://www.luminor.lv/en/contacts>

Ratings

Luminor Bank AS does not have separate ratings. Information on DNB Bank ASA un Nordea Bank AB (publ) ratings can be found on web site: <https://www.luminor.lv/en/management-governance>

Financial assets designated at fair value through profit or loss*

Financial assets designated at fair value through profit or loss	31.12.2017 Group unaudited EUR'000	31.12.2017 Bank unaudited EUR'000	31.12.2016 Group audited EUR'000	31.12.2016 Bank audited EUR'000
Debt securities				
Latvian government securities	46 111	46 111	50 211	50 211
France's financial institutions bonds	30 197	30 197	34 555	34 555
Total	76 308	76 308	84 766	84 766

Moody's equivalent grades		31.12.2017		31.12.2016	
		EUR'000	%	EUR'000	%
Risk rating class 1	Aaa	-	0%	-	0%
Risk rating class 2	Aa1-A3	76 308**	100%	84 766**	100%
Risk rating class 3	Baa1-Baa2	-	0%	-	0%
Risk rating class 4	Baa3	-	0%	-	0%
Not rated		-	0%	-	0%
Total		76 308	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