

Citadele: Introduction of the Euro had no significant impact on income; Citadele Bank completed 1Q with a profit of EUR 5.7 million

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Citadele Bank completed the first quarter of this year with a profit of EUR 5.7 million after provisions and taxes; this is an increase of EUR 1.2 million in comparison to the same period last year. The profit of the Citadele Group was EUR 5.9 million, which is higher than anticipated. As the loan portfolio of the Citadele Group continued increasing, it exceeded the amount of one billion euros.

"Up to now the effect of the introduction of the euro has been smaller than we expected. Even though the bank had to continue investing funds in the provision of the transition process from lats to euros, and income from exchange transactions decreased, we continued improving Citadele's business activity results and reached a new three month record for our bank," comments Guntis Beļavskis, Chairman of the Board of Directors of Citadele Bank.

"During the first three months of this year Citadele actively worked on advantages for its clients and expanded its cooperation with traders. The bank exercised active corporate lending and granted loans to retail clients as well. Likewise, the fact that residents prefer paying by payment cards especially in Latvia this year has also influenced the bank's positive results. It looks like the introduction of the euro has facilitated a change in residents' habits. Besides, residents and companies tend to use loan funds more frequently in Latvia and Lithuania: this fact is evidenced by a 34% increase in Citadele's underwritten loan amount," says Mr. Beļavskis.

Citadele is still among the rare banks which is capable of increasing its loan portfolio regardless of the general trend for the loan portfolio to decrease in the entire banking sector in Latvia. The loan portfolio of the Citadele Group increased by EUR 16.5 million, reaching EUR 1.07 billion this quarter, whereas the bank's loan portfolio grew by EUR 13.3 million and reached a total of EUR 938 million as a result.

The amount of granted mortgage loans increased by 15% during 1Q in comparison to the same period last year. Funds granted in leasing transactions increased by an even more significant 45%; this figure was mainly driven by corporate leasing transactions concluded for the purpose of purchasing new machinery and equipment.

Citadele Bank's operating income increased by almost EUR 2 million during 1Q, in comparison to the same period last year, thus reaching EUR 21.1 million. The operating income of the Citadele Group, in turn, increased by EUR 0.7 million reaching EUR 26.5 million.

The amount of deposits placed at Citadele Bank increased during 1Q, and exceeded EUR 1.86 billion as a result. Similarly, in the Citadele Group, which includes also banks in Lithuania and Switzerland as well as subsidiaries in Latvia, Lithuania and Estonia, the amount of funds deposited by clients increased to EUR 2.28 billion.

This quarter was also successful in terms of attracting new clients: Citadele acquired over 7,000 new clients in the Baltic states during the course of the first three months.

"We are very pleased about the large amount of clients who decided to entrust their second tier pension plan funds to Citadele. Long-term profitability indices of our pension plans are beginning to justify themselves," explains Mr. Beļavskis.

The Citadele Group's total assets were EUR 2.6 billion (the bank's – EUR 2.1 billion) as of 31 March 2014.

Capital adequacy ratio of the Citadele Group was 10.1% (the bank's – 11.5%), and the bank's liquidity ratio was 56.4% as of 31 March 2014.

The global finance magazine "Euromoney" recognized Citadele Bank as the best local bank in Latvia for the second year in a row. The bank also received an award for its offered range of products.

About Citadele Bank

Citadele is a local Latvian bank that offers banking, financial and asset management services. The core market of Citadele Group is the Baltic states: Latvia, Lithuania and Estonia. Citadele Bank is the only collaboration partner of American Express in Latvia and Lithuania who is entitled to issue American Express credit cards. The bank is recognized as the best-governed state-owned enterprise in the Baltic states according to a study conducted by the Baltic Institute of Corporate Governance. Citadele's vision is to become the most valuable local financial group in the Baltic states. 75% minus one Citadele Bank's shares are possessed by the State Joint Stock Company Privatization agency on behalf of the Latvian State and the owner of 25% plus one share is the European Bank for Reconstruction and Development (EBRD).