

A photograph of a woman with long dark hair, wearing a brown fringed shawl, holding a large bouquet of purple flowers. The background is a clear blue sky. The text 'Luminor Interim Report 1Q 2024' is overlaid in the upper right quadrant.

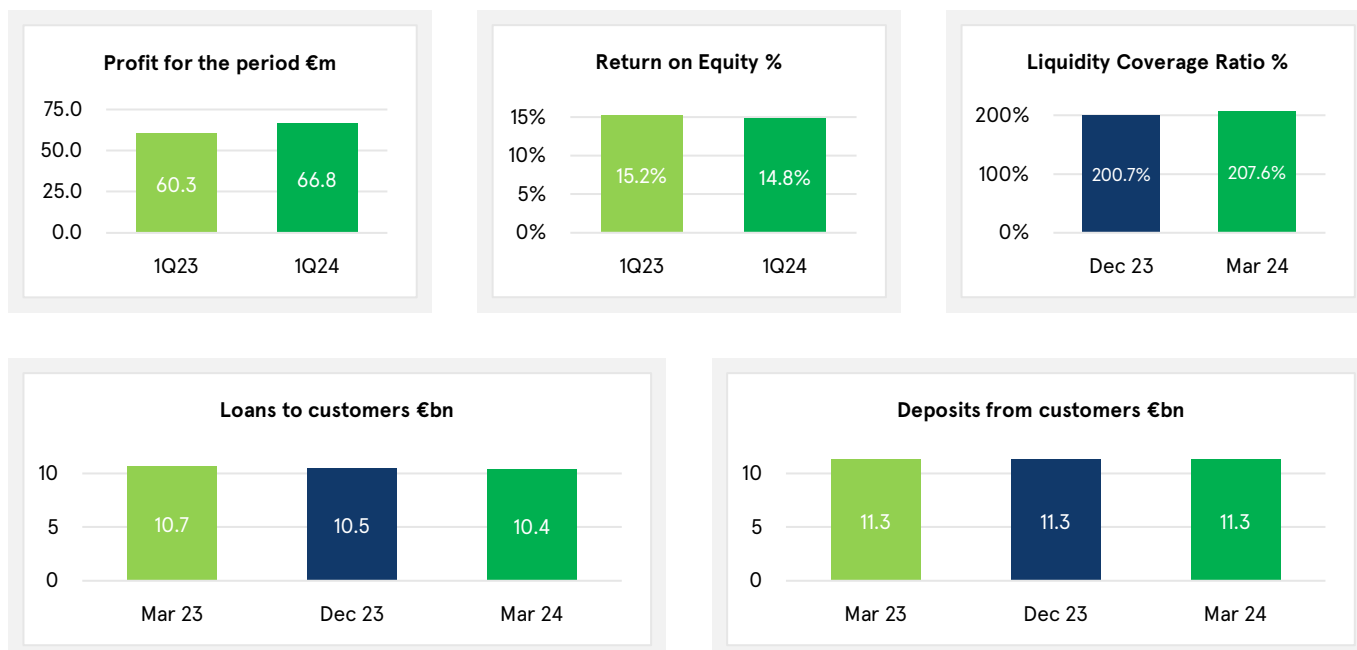
Luminor
Interim Report
1Q 2024

AT A GLANCE

THE QUARTER IN BRIEF

- Strong growth in income - up 8.4% - as compared to first quarter 2023
- Profit for the period up 10.8% despite imposition of temporary bank taxes in Latvia and Lithuania
- Good growth in term deposits from customers - up 8.5% - over the quarter
- Liquidity and capital ratios remain at a very high level with an LCR of 207.6% and CET1 of 25.4%
- Wojciech Sass appointed Chief Executive Officer
- In April, Moody's upgraded Luminor's rating to A3

PERFORMANCE IN BRIEF



OUR STRATEGIC PRIORITIES

1. Build the Bank around our customers;
2. Be the preferred full-service bank for retail customers by delivering human-centric solutions;
3. Be the favoured bank for growing Baltic companies;
4. Raise efficiency;
5. Elevate the resilience and capability of our IT platform;
6. Be a team who execute as owners and take responsibility;
7. Be committed to sustainable growth and implementation of ESG targets;
8. Reinforced by a strong risk culture and strong risk and compliance management.

ABOUT US

Luminor is the leading independent bank in the Baltics and the third-largest provider of financial services in our region. We serve the financial needs of individuals, families, and companies. We are here to improve the financial health of our customers and our home countries, and to support their growth. Further information about us can be found at www.luminor.ee.

CHIEF EXECUTIVE'S STATEMENT

I am delighted to lead Luminor. The bank is in a strong place and will prosper as we grow with our customers – individuals and families, companies and institutions resident in the Baltic countries. Our position is strong because of the character of our employees and their achievements under my predecessor, Peter Bosek. My role is to lead my colleagues as we write the next chapter of Luminor's story. Initially, I am focused on three areas; to improve our value proposition for our customers, to streamline our IT for the benefit of our customers – and so be more efficient – and to be compliant with regulatory requirements.

In the first quarter we increased revenues and improved our profitability, while asset quality remained good. Our home markets – Estonia, Latvia, and Lithuania – saw limited growth as economic activity remained sluggish in key EU export markets. Among other things this led to a slight reduction over the quarter in Loans to customers while term Deposits increased strongly.

We made progress in Retail Banking as we improved our product offering and continued to build our business around our customers. We maintained our lending volumes and grew term deposits once again. In Corporate Banking we continued to support the development of Baltic capital markets and the green transition, leading a new issue in the renewable energy sector. We also implemented our agreement with the European Investment Bank to facilitate additional lending for Baltic SMEs and support the green transition of the economies. We will launch our updated customer offering in the period ahead.

We generated an increased profit for the period of 66.8 million EUR, 10.8% higher than the first quarter last year. We increased total operating income by 8.4% as we grew net interest income, raised operating expenses by 4.4% as we improved our IT systems and processes, and recorded a reversal of 4.0 million EUR in credit loss allowances as we reduced exposure to one non-performing customer, while bank taxes and resolution fees increased by 10.3 million EUR to 11.6 million EUR after the imposition of temporary bank taxes in Latvia and Lithuania. We improved our net interest margin to 3.64%, reduced our cost to income ratio to 47.5% and generated an annualised Return on Equity of 14.8%. Our credit quality remains robust. Stage 2 loans reduced over the quarter by 4.7% as utilisation of available credit lines fell and exposures migrated between stages. At quarter end the gross amount of Stage 3 loans was 213.1 million EUR, or 160.0 million EUR after credit loss allowances, against which we held collateral of 197.8 million EUR.

Our liquidity and capital positions are strong. Over the quarter we increased our Liquidity Coverage ratio by 6.9%-points to 207.6%, and at quarter end our Common Equity, Tier 1 and Total Capital Ratios, including net profit for the period, were 25.4%. All our capital is composed of equity. We continue to review our capital levels and structure to align with our plans and outlook, and improve the efficiency of our capital resources. In April we paid a dividend of 194.5 million EUR. Taking this dividend payment into account our pro forma capital ratios at quarter end would have been 22.6%.

Andreas Treichl stepped down and Sandy Kinney Pritchard was elected to the Supervisory Council. Sandy joined the Risk committee and was also appointed Chair of the Audit committee in succession to Bjørn Erik Naess, who stepped down with my grateful thanks for all that he has done for Luminor in that role over many years.

On 30 April, Moody's Ratings upgraded their long-term senior unsecured rating of Luminor Bank to A3 from Baa1, and their long-term deposit rating to A2 from A3. Following this, Moody's changed its rating outlook to stable. The credit agency explained the primary drivers for their upgrade were; 'the bank's improved asset quality metrics while maintaining very strong core capitalisation and having successfully managed refinancing hurdles in recent years.'

The outlook for the Baltic region is positive. We look forward with confidence, despite the economic environment, because of our belief in our home markets and our value proposition; we are here to improve the financial health of our customers and our home countries, and to support their growth. In so doing, we will maintain our strong financial standing, exercise prudent risk management, and fulfil our wider obligations. I look forward to sharing my priorities and goals, and our progress.

Since I joined in March, I have been engaged by our customers, impressed by my colleagues, and inspired by the opportunities we have.

We have work to do to ensure we prosper with our customers but start from a strong base.

Wojciech Sass

CONTENTS

At a glance	2
Chief Executive’s Statement.....	3
Management Report.....	5
Financial Review	5
Customer segments.....	9
Supplementary information	11
Statement of the Management Board.....	13
Interim Financial Statements.....	14
Consolidated Statement of Profit or Loss	14
Consolidated Statement of Financial Position	15
Consolidated Statement of Changes in Equity.....	16
Consolidated Statement of Cash Flows.....	17
Notes to the Interim Financial Statements.....	18
1. Material accounting policies	18
2. General risk management policies	20
3. Net interest and similar income.....	21
4. Net fee and commission income	22
5. Net gain (-loss) from financial instruments at fair value.....	24
6. Other operating expense – net	24
7. Other administration expenses.....	24
8. Bank taxes and resolution fee	24
9. Debt securities.....	25
10. Loans to customers	26
11. Other assets	32
12. Deposits from customers.....	33
13. Debt securities issued.....	33
14. Other liabilities.....	34
15. Contingent liabilities.....	34
16. Derivatives	35
17. Fair value of financial instruments.....	36
18. Customer segments.....	38
19. Related parties.....	40
20. Country information	41
21. Subsequent events.....	41
Additional Information	42
Glossary and abbreviations.....	42
Information about Luminor Bank.....	43
Financial Calendar 2024	43

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and Estonian law. In this report ‘Luminor’, ‘Luminor Bank’, ‘we’, ‘us’ and ‘our’ refer to Luminor Bank AS together with its subsidiaries. The abbreviations ‘€m’ and ‘€bn’ represent millions and billions (thousands of millions) of euro, respectively.

MANAGEMENT REPORT

Financial Review

Summary income statement

€m	1Q		FY
	2023	2024	2023
Net interest and similar income	121.8	137.3	542.0
Net fee and commission income	20.9	20.2	84.6
Net other operating income	7.7	5.6	23.2
Total operating income	150.4	163.1	649.8
Total administration expenses	-74.2	-77.5	-339.9
Profit before credit losses, bank taxes, and tax	76.2	85.6	309.9
Expected credit losses	-3.9	4.0	-33.1
Bank taxes and resolution fee	-1.3	-11.6	-33.7
Profit before tax	71.0	78.0	243.1
Income tax expense	-10.7	-11.2	-48.4
Profit for the period	60.3	66.8	194.7
Cost/ income ratio, %	49.3	47.5	52.3

We generated an increased profit of 66.8 million EUR in the quarter, 10.8% higher than the first quarter last year. We increased Total operating income of 12.7 million EUR and lifted Total administration expenses by 3.3 million EUR increase. We recorded a reversal of expected credit losses as compared to a charge last year but incurred notably higher bank taxes and resolution fees after changes in legislation in Latvia and Lithuania.

Total operating income was 163.1 million EUR, an increase of 8.4%, as compared to the prior year first quarter. Net interest income increased by 15.5 million EUR, or 12.7%, to 137.3 million EUR, and we generated a net interest margin of 3.64%, as compared to 3.35%, as reference interest rates remained at 2023 levels. Interest income increased by 59.2 million EUR while interest expense grew by 43.7 million EUR as the cost of funding, mainly deposits, increased. Net fee and commission income was virtually unchanged at 20.2 million with growth in fees from Insurance, Investments, and Trade Finance while fees from Deposit products and cash management, amongst others, fell.

Total administration expenses were 77.5 million EUR, an increase of 4.4% as compared to the same period last year. The increase is a consequence of the investments we are making in staff and improving our IT and processes, while consultancy costs were lower.

We recorded a reversal of 4.0 million EUR in expected credit losses this quarter as compared to a charge of 3.9 million EUR this quarter time last year. The reversal was driven principally as we decreased provisions for contingent liabilities for a larger non-performing Corporate exposure, as we reduced significantly our exposure in the quarter, offset in part a small number of new defaults and ratings changes in exposures to businesses and individuals. See also 'Asset quality' section, below.

Expenses, €m	1Q23	1Q24
Salaries	-31.5	-36.5
IT-related	-24.0	-26.5
Consultancy	-10.5	-6.5
Other	-6.1	-5.5
Salaries & other	-72.1	-75.0
Depreciation etc	-2.1	-2.5
Total	-74.2	-77.5

Bank duties and resolution fees increased by 10.3 million EUR to 11.6 million EUR following the introduction of temporary taxes in Latvia and Lithuania, offset in part by lower resolution fees. The Latvian tax will remain in force through 2024 and we estimate the total cost to us will be 27.7 million EUR. The Lithuanian tax was introduced in the second quarter of 2023 and will remain in force for two-years from that date.

Income tax expense increased by 0.5 million EUR as we recorded higher profits. In the first quarter we generated an annualised return on equity of 14.8% (1Q23: 15.2%).

Summary balance sheet €m	31 Mar 2023	31 Dec 2023	31 Mar 2024
Cash and balances with central banks	2,924.0	3,069.1	3,216.5
Debt securities	1,337.6	1,491.8	1,570.3
Loans to customers	10,707.1	10,502.6	10,374.5
Other	520.3	429.7	444.8
Total assets	15,489.0	15,493.2	15,606.1
Deposits from customers	11,308.4	11,287.2	11,307.0
Debt securities issued	2,125.6	1,898.7	1,924.6
Other	411.4	529.2	529.6
Equity	1,643.6	1,778.1	1,844.9
Total liabilities and equity	15,489.0	15,493.2	15,606.1
Liquidity Coverage ratio, %	173.6	200.7	207.6
Net Stable Funding ratio, %	135.5	147.1	146.0

In the first quarter we grew our balance sheet to 15.6 billion EUR as we increased Deposits from customers by 0.2%, while balances of Loans to customers reduced by 1.2%, as customers responded to the prevailing, low growth economic environment and higher reference interest rates. Loans to customers account for two-thirds of total assets.

Loans to customers decreased by 128.1 million EUR. While loans to individuals decreased marginally, with mortgage lending virtually unchanged, loans to companies decreased by a 102.2 million EUR, with reductions seen across most sectors. Cash and balances with central banks and Debt securities both increased by 5% to total over 4.8 billion EUR. Our liquidity portfolio consists, in the main, of high-quality government and covered bonds which can be pledged with the European Central Bank to allow us to obtain additional liquidity.

Deposits from customers increased by 19.8 million EUR in the quarter with growth in balances from the Public-sector offset in part by a fall in deposits from individuals and businesses. We grew term deposits by 8.5% and at 31 March they accounted for more than a quarter of Deposits from customers. Debt securities issued increased by 25.9 million as we issued our inaugural SEK-denominated bond. The security, a 500 million SEK, three-year, senior bond, boosted our MREL-eligible obligations and diversified our funding base. Shareholder's equity increased by 66.8 million EUR as we retained the profit for the period.

At quarter end our own funds and MREL-eligible instruments totalled 34.24% of Total Risk Exposure Amount (TREA) and 14.88% of our Leverage Ratio Exposure (LRE). In November, the Single Resolution Board confirmed our targets at 23.96% of TREA plus combined buffer requirement, up from 22.42% previously, and 5.91% of LRE.

The Liquidity Coverage ratio increased by 6.9%-points to 207.6%, driven by the reduction in Loans to customers and the proceeds of our new Swedish krone bond issue, mentioned above. The ratio is substantially higher than the regulatory minimum of 100%. The Net Stable Funding ratio at quarter end was 146.0%, a decrease of 1.1%-points over the quarter. Available stable funding decreased in the quarter, as 800 million EUR of Debt securities issued have less than one year to the call or maturity date, offset in part by a decrease in required stable funding, driven mainly by a reduction in the balance of Loans to customers.

On 30 April, Moody's Ratings upgraded their long-term senior unsecured rating of Luminor Bank to A3 from Baa1, and their long-term deposit rating to A2 from A3. Following this, Moody's changed its rating outlook to stable. The credit agency explained the primary drivers for their upgrade were; 'the bank's improved asset quality metrics while maintaining very strong core capitalisation and having successfully managed refinancing hurdles in recent years.'

Our balance sheet is very strong, with good credit quality, and robust capital and liquidity ratios

We are ready and able to support our customers now and in the future.

Palle Nordahl
Chief Financial Officer

Capital resources and uses €m	31 Mar 2023	31 Dec 2023	31 Mar 2024
Reported basis			
Shareholder's equity	1,643.6	1,778.1	1,844.9
Regulatory adjustments	-93.5	-79.4	-77.0
Prudential filters	-0.5	-0.4	-0.3
Common Equity Tier 1	1,549.6	1,698.3	1,767.6
Credit risk exposure amounts	6,581.0	6,145.1	6,057.0
Operational risk exposure amounts	675.2	880.2	880.2
Other risk exposure amounts	31.4	31.9	30.8
Risk exposure amounts	7,287.6	7,057.2	6,968.0
Leverage ratio exposure amounts	16,048.6	15,916.1	16,040.2
Common Equity Tier 1 ratio, %	21.3	24.1	25.4
Leverage ratio, %	9.7	10.7	11.0
Regulatory basis			
Common Equity Tier 1	1,427.0	1,441.3	1,443.7
Common Equity Tier 1 ratio, %	19.6	20.4	20.7
Leverage ratio, %	8.9	9.0	9.0

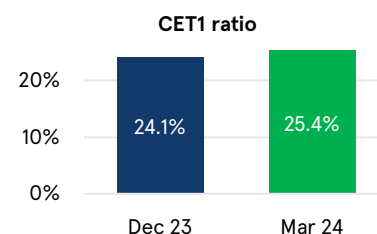
At the end of the first quarter, our own funds totalled 1,767.6 million EUR, composed entirely of Common Equity Tier 1 (CET1) capital. Our CET1, Tier 1, and Total capital ratios increased in the quarter to 25.4%. Capital increased with the addition to Shareholder's equity of first quarter net profits, which we retained in full. Risk Exposure Amounts (REA), which we measure on a standardised basis, decreased due to lower credit risk exposure amounts as Loans to customers fell.

Our capital ratios remain well above our minimum capital requirements set by our regulators which require us to have a CET1 ratio exceeding 11.51%, a Tier 1 ratio above 13.48% and a Total Capital ratio greater than 16.10%. These include a Pillar 2 additional own funds requirement of 2.5% effective from January 2024.

We will be subject to a countercyclical buffer of 0.5% of our risk exposures in Latvia from December 2024 and additional countercyclical buffer of 0.5% in Latvia from June 2025. We estimate the combined effect of these new buffers will add 27 basis points to our minimum CET1, Tier 1 and Total capital requirements, taking them ultimately to 11.77%, 13.74%, and 16.37% respectively. Our capital targets, internal limits and Total Capital target are set at the regulatory requirement (excluding P2G) plus a Management Buffer (150-300 bps). We continue to assess the value of Tier 2 capital to improve the efficiency of our capital resources.

Our leverage ratio increased to 11.0% during the quarter, driven by the increase in capital resources mentioned above, offset in part by an increase in Leverage amounts, as our total balance sheet increased. The minimum leverage ratio is 3.0%.

In April we paid a dividend of 194.5 million EUR to Luminor Holding, our parent company. Taking this dividend payment into account, our pro forma capital ratios at quarter end would have been 22.6% and our leverage ratio, 9.8%. This includes profit of 129.3 million EUR not yet included in regulatory capital. Luminor Holding, in turn paid 194.0 million EUR to its shareholders.



Capital resources measured on a regulatory basis includes retained profits verified by our auditors, subject to the application of a deduction for foreseeable dividends. Our capital ratios, measured on a regulatory basis, increased slightly in the quarter, to 20.7%, as risk exposure amounts decreased. The dividend we paid in April had no effect on our capital ratios as measured on a regulatory basis.

Asset quality €m	31 Mar 2023	31 Dec 2023	31 Mar 2024
Stage 1	9,142.7	8,895.9	8,823.4
Stage 2	1,541.4	1,526.6	1,454.5
Stage 3	124.7	202.2	213.1
Gross carrying amount	10,808.8	10,624.7	10,491.0
Credit loss allowances	-101.7	-122.1	-116.5
Total	10,707.1	10,502.6	10,374.5
Non-performing loans ratio, %	1.2	1.9	2.0

POCI loans are recorded in Stages 2 and 3

At quarter end, Loans to customers totalled 10.4 billion EUR, of which 84.1% were classified as Stage 1. During the quarter, Stage 2 loans decreased by 72.1 million or 4.7% while Stage 3 loans increased by 10.9 million EUR, primarily as a consequence of the re-classification of one corporate customer.

Our exposure to the CRE sector totaled 1.5 billion EUR at quarter end. Our portfolio is well-diversified, with over one third of the portfolio to the retail sector and another third to offices. Exposure to the logistics sector accounts for a further fifth of the portfolio, with a number of other sectors accounting for the remainder. We have limited exposure to development risks, with some 10% of the CRE portfolio in the development stage. The portfolio has an average loan-to-value ratio around 50%, with 70% of our CRE exposures having a loan to value ratio below 60%. Payments of principal and/or interest is overdue by more than 5-days for 3.5% of CRE exposures (compared to 3.4% at the end of the prior quarter). One exposure is responsible principally for around 95% of overdue CRE exposures.

The quality of our loan portfolio remains solid, with diversified exposure by customer type and by sector

Diego Biondo
Chief Risk Officer

We have no direct exposure to companies domiciled in Russia, Belarus or Ukraine. Our exposure to residents of these countries, mostly residential mortgages, is 1 million EUR.

The gross amount of Stage 2 exposures decreased by 72.1 million EUR. Outflows were driven primarily by migrations between stages and repayments mostly driven by lower utilisation of available credit lines. Inflows were seen across different economic sectors.

The gross amount of Stage 3 loans increased marginally over the quarter to 213.1 million EUR or 2.0% of gross lending at quarter end. The inflow of non-performing loans, most of which were to companies, was around 1.4 times higher than the outflow. Outflow was also dominated by exposure to companies, with around 80% of the outflow driven by repayments. Total Stage 3 loans (i.e., gross carrying amount less credit loss allowances of 53.1 million EUR) were 160.0 million EUR against which we held collateral of 197.8 million EUR.

Stage 3 Loans, €m	31 Mar 24
Gross carrying amount	213.1
Credit loss allowances	-53.1
Total	160.0
Collateral fair value	197.8

Details of the reversal of Expected credit losses for the quarter of 3.9 million EUR can be found in the analysis of our Statement of Profit or Loss section, above.

Customer segments

Retail Banking €m	1Q		FY
	2023	2024	2023
Net interest and similar income	60.3	72.7	280.4
Net fee and commission income	13.5	13.5	54.7
Net other operating income	1.4	1.3	6.0
Total operating income	75.2	87.5	341.1
Total administration expenses	-45.8	-49.5	-205.2
Profit before credit losses and tax	29.4	38.0	135.9
Expected credit losses	-0.5	-0.5	-12.5
Profit before tax	28.9	37.5	123.4
Cost/ income ratio, %	60.9	56.6	60.2
Customer balances €m	31 Mar 2023	31 Dec 2023	31 Mar 2024
Loans to customers	5,682.6	5,700.1	5,697.8
Deposits from customers	5,761.8	5,916.7	5,811.4

Lending volumes remained unchanged over the quarter as market demand remained subdued, though we saw signs of recovery towards the end of quarter. We continued to actively originate new mortgages, which accounted for over 85% of our Loans to customers at quarter end.

Customer interest in saving remains strong, and our total deposit portfolio increased by 1% over the past 12 months. Moreover, demand from customers for term deposits has doubled from what it was at the end of the first quarter of last year and grew once again this quarter.

Our active customer numbers have been showing a positive trend over the past 12 months and we continue to improve our customer journey.

In the payment card area we have enhanced our value proposition; Luminor Black card users now enjoy a wider range of benefits including excess coverage for car rental and more comprehensive travel insurance. Demand for the Luminor Black remains high, with growth of more than 20% over the same period of last year.

Our focus remains on growth. We increased the balances of term deposits once again in the quarter

Kerli Vares
Head of Retail Banking

Corporate Banking €m	1Q		FY
	2023	2024	2023
Net interest and similar income	59.8	59.8	247.7
Net fee and commission income	7.5	6.6	30.6
Net other operating income	3.3	2.1	15.6
Total operating income	70.6	68.5	293.9
Total administration expenses	-26.8	-27.0	-125.2
Profit before credit losses and tax	43.8	41.5	168.7
Expected credit losses	-4.4	3.7	-21.2
Profit before tax	39.4	45.2	147.5
Cost/ income ratio, %	38.0	39.4	42.6
Customer balances €m	31 Mar	31 Dec	31 Mar
	2023	2023	2024
Loans to customers	5,022.8	4,799.2	4,671.7
Deposits from customers	5,475.7	5,286.2	5,434.7

Customers continued to be cautious given the prevailing macroeconomic environment. Demand for new credit therefore remained subdued, exacerbated by seasonal reduction in demand for working capital facilities. Our portfolio of Loans to customers is well diversified by sector and type.

Renewable energy continued to display healthy growth with good demand for investment, notably in energy storage assets. There was also quite considerable demand for financing in the commercial real estate sector, though it was driven more by refinancing than by new developments.

Following the signing of an agreement at year end with the European Investment Bank to facilitate additional lending for Baltic SMEs and support the green transition of the economies, we developed our customer offering. We will launch this in the period ahead.

We acted as Sole Lead Manager and Bookrunner for a tap issue of 12.6 million EUR by a company in the renewable energy sector under the issuer's 100 million EUR unsecured fixed rate note programme. We continued to provide leadership in ESG-related matters for our customers. We hosted an ESG seminar on the decarbonisation transition that focused on what transition planning is, including how and where companies should start on it, and discussed trends in decarbonisation.

We also held the first in a series of ESG climate seminars on transition planning for corporate customers – Transition planning: what it is and how to get started – and contributed to 'Northern Roots', a forum dedicated to solutions for regenerative agriculture and to support the emergence of new generation of agriculture in the Baltic and Nordic regions.

We continued to support the development of the Baltic capital markets, and the green transition, lead managing in the first quarter a new issue in the renewable energy sector

Jonas Urbonas
Head of Corporate Banking

Supplementary information

ECONOMIC ENVIRONMENT

Data and Luminor economists' forecasts (a)	Public Debt	Economic growth		Inflation		Unemployment		Wage	
	/GDP	(GDP) (b)		(CPI) (b)		rate		growth (b)	
%	23Q3	23Q4	24f (c)	Mar 24	24f (c)	23Q4	24f (c)	23Q4	24f (c)
Estonia	18.2	-2.5	-1.0	3.9	3.0	6.3	7.0	9.5	7.0
Latvia	41.4	-0.2	1.2	0.9	-0.2	6.8	6.3	11.7	7.8
Lithuania	37.4	0.1	2.0	0.0	-0.2	7.4	7.2	11.1	8.6

a. Data as at 15 April 2024, forecasts as at March 2024; b. Annual change; c. Average for the year

Euro area economic sentiment improved, albeit unevenly, in the beginning of 2024, with a stronger outlook in the service sector and in Southern Europe, but relatively weaker in manufacturing and Northern Europe, putting pressure on the export-oriented Baltic states, which saw negative to no-growth. In addition to the region-wide impacts of loss of purchasing power, tightening monetary policy, and geopolitical tensions, growth in Estonia was impacted by the slowing Swedish economy.

Unemployment rates continue to be low across the region. Wage growth was strong and will remain strong, restoring somewhat individuals purchasing power that was lost during the period of high inflation. The rates of inflation are now lower than in the euro area, driven falling energy prices, the rates are lower than in the euro area. The end of energy support measures (April 2023), an increase in the rate of value added tax (January 2024) and other administrative changes has contributed to a higher rate of inflation in Estonia as compared to Latvia and Lithuania.

Real estate price indices were virtually unchanged in Latvia over the year to the fourth quarter but saw good single-digit growth in Estonia and Lithuania, where the market is strongest. The outlook for the real estate market is stable with the slowing effects of high monetary policy interest rates being offset by improving purchasing power. Government indebtedness remains very low, with debt-to-GDP ratios below 40% in Latvia and Lithuania, and 20% in Estonia. Governments have run budget deficits to support the economy, but this has not led to increasing debt-to-GDP ratios as nominal GDP has been increasing.

The economic outlook for 2024 remains cautiously optimistic. Estonian GDP level is expected to remain below that of 2023 while the economies of Latvia and Lithuania are expected to see modest growth.

BUSINESS DEVELOPMENTS

We continued to improve our services so we can serve our customers better, and saw improved customer ratings as a consequence. We invested in the organisation, focusing on our IT-infrastructure, and we strengthened our security and regulatory compliance processes and systems. We will continue to invest in these areas in the coming quarters. In addition we focused on ensuring compliance with the Digital Operational Resilience Act (DORA), building on the actions we took last year.

Andreas Treichl stepped down from the Supervisory Council effective 5 March and Alexandra (Sandy) Brigid Kinney Pritchard was elected to the Council effective 1 April. Sandy was a senior partner with PricewaterhouseCoopers and KPMG and has over 40 years of experience in retail banking and capital markets, audit, risk and regulation, and corporate governance. Sandy was appointed Chair of the Council's Audit committee and joined the Risk committee. In other changes of committee membership, Betsy Nelson joined the Audit committee, Qasim Abbas joined the Nomination and Risk committees, while Mathias Favetto left the Risk committee and joined the Remuneration committee.

Wojciech Sass was appointed as Chief Executive Officer and Chair of the Management Board effective 18 March. Wojciech has widespread experience in the financial services industry and deep operational knowledge of retail and business banking, and IT systems and processes. He joined us from Aion Bank, a digital bank operating from Belgium, which he co-founded and where he served as Chief Executive Officer. Previously, Wojciech was Chief Executive Officer of Nationale Nederlanden Poland, Vice President of the Management Board of BNP Paribas Bank Polska, and Head of BCG Poland.

Peter Bosek, Wojciech's predecessor, resigned as Chief Executive Officer and Chair of the Management Board, effective 17 March. Peter will re-join Erste, the Austrian bank, as Chief Executive, in the summer.

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE

We enhanced our Procedure for Analysis of Impact of Climate and Environmental Risks on Luminor Business Environment (C&E RBE), updated our Procedure for Risk Taxonomy Review and Risk Materiality Assessment to integrate C&E (C&E RMA) risk materiality assessment, and completed our second iteration of analysis of C&E RBE and the first iteration of C&E RMA, the outcomes of which informs our strategy, risk appetite, and product development.

We updated our ESG Risk Assessment Procedure, and now require our largest existing and new corporate customers that operate in 'high risk' sectors to submit transition plans. We also introduced a requirement for our largest corporate customers to align their activities to Science Based Targets requirements. To deepen our knowledge, we introduced an Environmental Risk Questionnaire for customers which includes Climate change, Resource use, Waste & Pollution, Production and other data, as well as mitigation actions and environmental impact reduction targets.

We updated our Product Management Procedure to help employees understand more readily ESG-related concepts, and help product owners integrate sustainability considerations into product manufacturing and distribution processes and establish compliant product labelling. We continued the development of Sustainable Lending Procedure and, in our Discretionary Portfolio Management business, improved our ESG-related investment decision making process and continued to review ESG risk exposures.

We continued to raise awareness of the risk of fraud focusing, this quarter, on psychological techniques used by fraudsters, fraud in social media, and how AI helps fraudsters, and supported financial literacy in schools. In Estonia, for the third year, we cooperated with the Good Deed Foundation and NULA, an incubator that focuses on solving societal problems. In Latvia, in support of education, we organised with Riga Business School 'Puzzle Day', a competition for high-schooler students, while in Lithuania we sponsored 'Future Heroes', a project to champion the potential of 14-17-year-old female students.

PREVENTING FINANCIAL CRIME

We do not tolerate financial crime, and we are committed to behaving ethically and building a strong risk culture. We market our products and services only at residents of the Baltic countries, and at individuals and companies with a strong connection to these countries. We improved our processes to align them with our low risk appetite and our conservative approach to business. We continued to invest in our anti-money laundering capabilities and sanctions compliance, and in our anti-fraud framework and technology, and we planned improvements to our anti-financial crime technologies for 2024.

We are committed to the protection of human rights, and to countering the financing of terrorism and the proliferation of weapons of mass destruction. Accordingly, we apply sanctions imposed by the United Nations, the European Union and the authorities of Estonia, Latvia and Lithuania, together with sanctions imposed by the United States' Treasury Department's Office of Foreign Asset Control (OFAC), HM Treasury in the United Kingdom, and the governments of Norway and Sweden. We report possible sanctions breaches and violations to the regulatory authorities.

We enhanced our risk culture and carried out various awareness-raising activities. We continued to prioritise and enhance our fraud risk management measures. Our approach encompasses continuous technological enhancement, risk mitigation work, and internal training for staff to address fraudulent activities comprehensively. To bolster our capabilities we continued to implement a new, pan-Baltic, anti-fraud solution for non-card payments. We also improved our existing solutions and analytical capabilities, and made continued efforts to raise awareness among our customers about fraud prevention.

EVENTS AFTER PERIOD END

On 22 April we paid a dividend of €194.5 million to Luminor Holding, our parent company. Luminor Holding, in turn, paid €194.0 million to its shareholders and retained €0.5 million EUR to fund its operations. Taking this dividend payment into account, our pro forma capital ratios on 31 March 2024 would have been 22.6%. The dividend payment had no effect on our capital ratios as measured on a regulatory basis.

On 30 April, Moody's Ratings upgraded their long-term senior unsecured rating of Luminor Bank to A3 from Baa1, and their long-term deposit rating to A2 from A3. Following this, Moody's changed its rating outlook to stable. The credit agency explained the primary drivers for their upgrade were; 'the bank's improved asset quality metrics while maintaining very strong core capitalisation and having successfully managed refinancing hurdles in recent years.'

Statement of the Management Board

The interim report of Luminor Bank AS for the first quarter of 2024 consists of the Management Report and the Condensed Consolidated Interim Financial Statements.

The data and additional information presented in the interim report is true and complete. The Condensed Consolidated Interim Financial Statements have been prepared according to the principles of the International Accounting Standard IAS 34 Interim Financial Reporting as adopted by the European Union and the requirements established by the Credit Institutions Act of the Republic of Estonia for the disclosure of information.

Luminor Bank AS and its subsidiaries are going concerns.



Wojciech Sass

Chief Executive Officer and
Chairman of the Management Board

Tallinn, 30 April 2024

INTERIM FINANCIAL STATEMENTS

Consolidated Statement of Profit or Loss

€m	Notes	1Q		FY
		2023	2024	2023
Interest income calculated using the effective interest method	3	131.1	178.0	627.6
Other similar income	3	18.8	31.1	112.6
Interest and similar expense	3	-28.1	-71.8	-198.2
Net interest and similar income		121.8	137.3	542.0
Fee and commission income	4	27.7	27.4	114.8
Fee and commission expense	4	-6.8	-7.2	-30.2
Net fee and commission income		20.9	20.2	84.6
Net gain (-loss) from financial instruments at fair value	5	-0.9	11.4	16.1
Net gain (-loss) from foreign currency operations		9.1	-2.8	18.6
Other operating expense - net	6	-1.0	-3.4	-13.1
Share of profit from associates		0.5	0.4	1.6
Net other operating income		7.7	5.6	23.2
Total operating income		150.4	163.1	649.8
Personnel expenses		-31.5	-36.5	-131.3
Other administration expenses	7	-40.6	-38.5	-188.6
Depreciation, amortisation, and impairment		-2.4	-2.7	-16.8
Gain or (-loss) on derecognition of non-financial assets, net		0.3	0.2	-3.2
Total administration expenses		-74.2	-77.5	-339.9
Profit before credit losses, bank taxes, and tax		76.2	85.6	309.9
Expected credit losses	10	-3.9	4.0	-33.1
Bank taxes and resolution fee	8	-1.3	-11.6	-33.7
Profit before tax		71.0	78.0	243.1
Income tax expense		-10.7	-11.2	-48.4
Profit for the period		60.3	66.8	194.7
Total comprehensive income		60.3	66.8	194.7

Consolidated Statement of Financial Position

€m	Notes	31 Mar 2023	31 Dec 2023	31 Mar 2024
Assets				
Cash and balances with central banks		2,924.0	3,069.1	3,216.5
Balances with banks		69.6	47.5	58.6
Debt securities	9	1,337.6	1,491.8	1,570.3
Loans to customers	10	10,707.1	10,502.6	10,374.5
Derivatives	16	120.8	92.2	70.8
Equity instruments		2.6	2.9	3.0
Investments in associates		6.2	5.5	5.9
Intangible assets		63.7	56.0	58.6
Tangible assets		28.4	27.0	26.8
Current tax assets		0.0	0.7	1.5
Deferred tax assets		13.5	10.0	8.7
Other assets	11	215.5	187.9	210.9
Total		15,489.0	15,493.2	15,606.1
Liabilities				
Loans and deposits from credit institutions		47.8	224.3	196.7
Deposits from customers	12	11,308.4	11,287.2	11,307.0
Fair value of changes of hedge items in portfolio hedges of interest rate		0.5	6.9	2.1
Debt securities issued	13	2,125.6	1,898.7	1,924.6
Derivatives	16	178.2	73.7	64.9
Tax liabilities		18.1	35.9	35.2
Deferred tax liabilities		1.3	1.1	1.2
Lease liabilities		28.3	24.8	24.8
Other liabilities	14	112.9	134.5	184.2
Provisions		24.3	28.0	20.5
Total		13,845.4	13,715.1	13,761.2
Shareholder's equity				
Share capital		34.9	34.9	34.9
Share premium		1,412.2	1,412.2	1,412.2
Retained earnings		193.0	327.5	394.3
Other reserves		3.5	3.5	3.5
Total		1,643.6	1,778.1	1,844.9
Total liabilities and shareholder's equity		15,489.0	15,493.2	15,606.1

Consolidated Statement of Changes in Equity

€m	Share capital	Share premium	Retained earnings	Other reserves	Total equity
Balance as at 31 December 2022	34.9	1,412.2	132.7	3.6	1,583.4
Profit for the period	-	-	60.3	-	60.3
Total comprehensive income	-	-	60.3	-	60.3
Dividends	-	-	-	-	-
Other	-	-	-	-0.1	-0.1
Balance as at 31 March 2023	34.9	1,412.2	193.0	3.5	1,643.6
Balance as at 31 December 2023	34.9	1,412.2	327.5	3.5	1,778.1
Profit for the period	-	-	66.8	-	66.8
Total comprehensive income	-	-	66.8	-	66.8
Dividends	-	-	-	-	-
Other	-	-	-	-	-
Balance as at 31 March 2024	34.9	1,412.2	394.3	3.5	1,844.9
Balance as at 31 December 2022	34.9	1,412.2	132.7	3.6	1,583.4
Profit for the period	-	-	194.7	-	194.7
Total comprehensive income	-	-	194.7	-	194.7
Dividends	-	-	-	-	-
Other	-	-	0.1	-0.1	0.0
Balance as at 31 December 2023	34.9	1,412.2	327.5	3.5	1,778.1

On 22 April 2024 we paid a dividend of €194.5 million. Taking this dividend payment into account, at 31 March 2024 our pro forma Total equity would have been 1,583.6 million EUR.

Consolidated Statement of Cash Flows

€m	Notes	1Q		FY
		2023	2024	2023
Profit before tax		71.0	82.5	273.2
Adjustment for non-cash items:				
Credit loss allowance	10	0.2	-4.0	33.1
Depreciation, amortisation, and impairment		2.4	2.7	16.8
Derecognition of non-financial assets		-0.5	0.0	3.2
Other non-cash items		0.0	0.4	-1.6
Interest and similar income	3	-149.9	-209.1	-740.2
Interest and similar expenses	3	28.1	71.8	198.2
Change in operating assets/liabilities:				
Increase (-) / decrease (+) of lending to customers		167.4	125.5	363.3
Increase (-) / decrease (+) of debt securities		-43.4	-76.3	-200.5
Increase (-) / decrease (+) of other assets		-10.9	-13.2	84.0
Increase (+) / decrease (-) of deposits from customers		368.2	15.9	310.4
Increase (+) / decrease (-) of other liabilities		-12.6	3.9	139.2
Interest received		141.7	220.4	687.7
Interest paid		-15.0	-83.1	-137.7
Income tax paid		-2.2	-15.8	-49.7
Cash flow used in operating activities		544.5	121.6	979.4
Payment for acquisition of subsidiary, net of cash acquired		0.0	0.0	-0.3
Acquisition of tangible and intangible assets		-0.1	-4.0	-8.5
Proceeds from disposal of tangible and intangible assets		0.0	0.0	0.1
Dividend received		0.0	0.0	1.8
Cash flows used in investing activities		-0.1	-4.0	-6.9
Debt securities issued	13	299.3	43.4	598.5
Debt securities redeemed or matured		0.0	-1.1	-600.0
Payments of principal on leases		-1.2	-1.4	-5.5
Dividends paid		0.0	0.0	0.0
Cash flows from / (used in) financing activities		298.1	40.9	-7.0
Net increase or decrease in cash and cash equivalents		842.5	158.5	965.5
Cash and cash equivalents at the beginning of the period		2,151.0	3,116.6	2,151.0
Effects of currency translation on cash and cash equivalents		0.1	0.0	0.1
Net increase or decrease in cash and cash equivalents		842.5	158.5	965.5
Cash and cash equivalents at the end of the period		2,993.6	3,275.1	3,116.6
Cash and cash equivalents				
Cash on hand		109.6	114.0	105.4
Non-restricted current account with central bank		2,814.4	3,102.5	2,963.7
Due from other credit institutions within three months		69.6	58.6	47.5
Total		2,993.6	3,275.1	3,116.6

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. Material accounting policies

BASIS OF PRESENTATION

The condensed consolidated interim financial statements of Luminor Bank AS were prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union. The condensed consolidated interim financial statements do not contain all the information and disclosures required in the annual financial statements and should be read in conjunction with Luminor Bank AS annual financial statements for the year ended 31 December 2023 (the Annual Report). The financial information in this interim report is presented to a material extent in the same format as in the Annual Report.

The accounting policies adopted in the preparation of these condensed consolidated interim financial statements are consistent with those followed in the preparation of the Annual Report, except for the adoption of new standards effective as of 1 January 2024. Several amendments and interpretations are effective for the first time in 2024, but do not have a material impact on the interim condensed consolidated financial statements of Luminor. Luminor has not early adopted any standard, interpretation, or amendment that has been issued but is not yet effective.

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

Luminor makes estimates and applies assumptions that affect the amounts recognised in the consolidated financial statements and the carrying amounts of assets and liabilities. Estimates and judgements are evaluated continuously and are based on management's experience and expectations of future events. Consistent with the Annual Report, the significant estimates are the impairment of financial instruments, as well as the determination of the fair value.

Impairment of financial instruments

The methods and the key assumptions related to the calculation of the impairment of financial instruments are consistent with those applied by Luminor for the year ended 31 December 2023. For more detailed information on the impairment policies, please, refer to the Annual Report, Note 2, 'General Risk Management Policies'.

Fair value determination

The methods and the key assumptions related to the calculation of the fair value are consistent with those applied by Luminor for the year ended 31 December 2023. For detailed information on the valuation techniques and inputs, please, refer to the Annual Report.

CHANGE IN PRESENTATION

In the Statement of Profit or Loss, previously, resolution fees were included in 'Other operating expense – net' and the Lithuanian bank tax in 'Total income tax'. From 2024 these items are presented in a new row 'Bank taxes and resolution fee'. See also Note 8. The effect of these amendments for comparable periods was:

Consolidated Statement of Profit or Loss €m	1Q23			2023		
	As reported previously	Change	As restated	As reported previously	Change	As restated
Other operating expense – net	-2.0	+1.0	-1.0	-16.7	+3.6	-13.1
Gain on derecognition of non-financial assets, net	-	+0.3	0.3	-	-	-
Bank taxes and resolution fee	-	-1.3	-1.3	-	-33.7	-33.7
Total income tax	-	-	-	-78.5	+30.1	-48.4

In the Statement of Financial Position, based on IAS 1 requirements, from 2024 restricted balances with central and other banks are presented in 'Other assets', and according to IAS 12, Deferred tax liabilities are presented separately. See also Note 11. The effect of these amendments for comparable dates was:

Consolidated Statement of Financial position €m	31 March 2023			31 December 2023		
	As reported previously	Change	As restated	As reported previously	Change	As restated
Assets						
Cash and balances with central banks	3,040.7	-116.7	2,924.0	3,184.9	-115.8	3,069.1
Balances with banks	114.9	-45.3	69.6	56.2	-8.7	47.5
Deferred tax assets	12.2	+1.3	13.5	8.9	+1.1	10.0
Other assets	53.5	+162.0	215.5	63.4	+124.5	187.9
Total	15,487.7	+1.3	15,489.0	15,492.1	+1.1	15,493.2
Liabilities						
Deferred tax liabilities	-	+1.3	1.3	-	+1.1	1.1
Total	13,844.1	+1.3	13,845.4	13,714.0	+1.1	13,715.1

2. General risk management policies

CREDIT RISK

Impairment policies

Luminor recognises credit losses in accordance with the requirements of IFRS 9, applying a forward-looking ECL approach, as per the Annual Report. The impairment calculation approach was unchanged in the first quarter of 2024.

Three-year projections of macroeconomic variables and probability weights are prepared for each Baltic country. These were most recently prepared in the fourth quarter of 2023 to reflect, mainly, possible consequences of prevailing geopolitics, high and persistent inflation, and increased interest rates. The projections of macroeconomic variables and probability weights were reviewed in the first quarter of 2024 resulting in no change. The prevailing probability weights for the three scenarios are 20% for the optimistic scenario, 50% for the baseline, and 30% for the pessimistic scenario. The parameters used for macroeconomic modelling were:

Economic data, %	2023a	Scenarios								
		Optimistic			Baseline			Pessimistic		
		24f	25f	26f	24f	25f	26f	24f	25f	26f
Real GDP (a)										
Estonia	-3.0	4.2	7.6	5.6	0.0	4.0	2.2	-4.0	1.8	4.0
Latvia	-0.3	6.0	6.9	6.4	1.8	3.4	3.0	-3.5	-0.4	1.8
Lithuania	-0.3	5.3	5.0	4.6	1.9	2.3	2.0	-3.5	1.4	4.3
Unemployment rate										
Estonia	6.4	7.0	6.2	5.8	8.0	7.0	6.5	10.5	10.3	8.9
Latvia	6.5	6.0	5.4	5.6	7.2	6.4	6.5	10.5	11.1	10.6
Lithuania	6.9	5.5	5.2	5.6	6.8	6.2	6.5	10.0	10.8	9.9
Residential Real Estate price (a)										
Estonia	5.9	8.2	8.8	8.7	1.7	3.4	3.5	-25.0	-2.4	9.6
Latvia	3.8	12.0	10.4	8.8	4.0	4.0	3.0	-20.0	-6.7	3.5
Lithuania	9.8	8.7	7.7	5.8	4.0	3.8	2.1	-25.0	-5.7	7.4

a. Annual change

MARKET AND LIQUIDITY RISK

The most significant market risks for Luminor are interest rate risk and credit spread risk. Luminor has low risk appetite for market risk and does not engage in equity trading. Customer related foreign exchange flow is managed through daily hedging activities, and all derivative deals with customers are fully hedged. The recently changing interest rate and market environment did not significantly alter the bank's overall market risk profile.

Luminor's liquidity position has remained strong in the first quarter of 2024, with an LCR ratio of 207.6% at quarter end. The limits for regulatory ratios, LCR and NSFR, are set well above the minimum requirements. Luminor maintains a substantial liquidity buffer and operates well above regulatory requirements. There were no regulatory and internal limit breaches for liquidity risk during the quarter.

3. Net interest and similar income

€m	1Q		FY
	2023	2024	2023
Loans to customers at amortised cost	115.5	146.7	534.6
Balances with central banks	15.0	31.1	91.9
Balances with banks	0.6	0.2	1.1
Interest income calculated using effective interest method	131.1	178.0	627.6
Finance leases	18.5	24.2	89.8
Other	0.3	6.9	22.8
Other similar income	18.8	31.1	112.6
Interest and similar income	149.9	209.1	740.2
Loans and deposits from credit institutions	-1.6	-1.9	-1.5
Deposits from customers	-11.2	-43.7	-101.8
Debt securities issued	-10.3	-14.0	-55.5
Gain (-loss) on hedging activities	-4.9	-12.0	-38.8
Other	-0.1	-0.2	-0.6
Interest expense	-28.1	-71.8	-198.2
Total	121.8	137.3	542.0

4. Net fee and commission income

€m	2023			2024		
	Income	Expense	Total	Income	Expense	Total
First quarter						
Cards	10.5	-5.0	5.5	10.3	-5.3	5.0
Credit products	1.7	-0.6	1.1	1.4	-0.5	0.9
Daily banking plans	5.0	0.0	5.0	5.0	0.0	5.0
Deposit products and cash management	3.8	-0.6	3.2	3.1	-0.8	2.3
Insurance	0.9	0.0	0.9	1.0	0.0	1.0
Investments	1.0	-0.4	0.6	1.1	-0.4	0.7
Pensions	2.1	-0.2	1.9	2.5	-0.2	2.3
Trade finance	2.5	0.0	2.5	2.7	0.0	2.7
Other	0.2	0.0	0.2	0.3	0.0	0.3
Total	27.7	-6.8	20.9	27.4	-7.2	20.2
Full year						
Cards	43.5	-22.4	21.1			
Credit products	6.7	-2.1	4.6			
Daily banking plans	19.4	0.0	19.4			
Deposit products and cash management	14.3	-3.1	11.2			
Insurance	3.8	0.0	3.8			
Investments	5.7	-1.7	4.0			
Pensions	8.9	-0.8	8.1			
Trade finance	11.4	0.0	11.4			
Other	1.1	-0.1	1.0			
Total	114.8	-30.2	84.6			

Fee and commission income by revenue recognition
€m

	2023			2024		
	Over time	Point in time	Total	Over time	Point in time	Total
First quarter						
Cards	2.7	7.8	10.5	0.6	9.7	10.3
Credit products	0.4	1.3	1.7	0.3	1.1	1.4
Daily banking plans	5.0	0.0	5.0	5.0	0.0	5.0
Deposit products and cash management	1.1	2.7	3.8	0.8	2.3	3.1
Insurance	0.0	0.9	0.9	0.0	1.0	1.0
Investments	0.5	0.5	1.0	0.7	0.4	1.1
Pensions	2.1	0.0	2.1	2.5	0.0	2.5
Trade finance	2.4	0.1	2.5	2.6	0.1	2.7
Other	0.0	0.2	0.2	0.0	0.3	0.3
Total	14.2	13.5	27.7	12.5	14.9	27.4
Full year						
Cards	8.3	35.2	43.5			
Credit products	1.6	5.1	6.7			
Daily banking plans	19.4	0.0	19.4			
Deposit products and cash management	3.7	10.6	14.3			
Insurance	0.0	3.8	3.8			
Investments	2.9	2.8	5.7			
Pensions	8.9	0.0	8.9			
Trade finance	10.8	0.6	11.4			
Other	0.1	1.0	1.1			
Total	55.7	59.1	114.8			

5. Net gain (–loss) from financial instruments at fair value

€m	1Q		FY
	2023	2024	2023
Derivatives	-3.8	7.8	2.1
Financial instruments held for trading	1.3	1.5	6.1
Financial instruments at FVTPL	0.3	0.5	1.1
Debt securities designated at FVTPL	1.3	1.6	6.8
Total	-0.9	11.4	16.1

6. Other operating expense – net

€m	1Q		FY
	2023	2024	2023
Other income	1.2	0.1	1.0
Other operating income	1.2	0.1	1.0
Contributions to deposit guarantee schemes	-2.2	-3.5	-14.1
Other operating expense	-2.2	-3.5	-14.1
Total	-1.0	-3.4	-13.1

7. Other administration expenses

€m	1Q		FY
	2023	2024	2023
Information Technology-related	-24.0	-26.5	-98.9
Consulting and professional services	-10.5	-6.5	-54.6
Advertising and marketing	-1.0	-1.1	-8.6
Real estate	-0.9	-0.9	-3.3
Taxes and duties	0.6	-1.4	-1.3
Other	-4.8	-2.1	-21.9
Total	-40.6	-38.5	-188.6

8. Bank taxes and resolution fee

€m	1Q		FY
	2023	2024	2023
Latvian bank tax	-	-6.9	-
Lithuanian bank tax	-	-4.5	-30.1
Resolution fee	-1.3	-0.2	-3.6
Total	-1.3	-11.6	-33.7

9. Debt securities

€m	Govern- ments	Credit institutions	Financial institutions	Corporates	Total
31 March 2023					
Amortised cost	941.5	66.0	4.7	107.3	1,119.5
FVTPL (designated)	179.2	22.1	0.0	0.0	201.3
FVTPL (mandatorily)	9.6	0.0	3.9	0.6	14.1
FVTOCI	2.7	0.0	0.0	0.0	2.7
Total	1,133.0	88.1	8.6	107.9	1,337.6
31 December 2023					
Amortised cost	1,074.4	109.6	7.1	104.2	1,295.3
FVTPL (designated)	152.7	22.7	0.0	0.0	175.4
FVTPL (mandatorily)	13.7	0.0	4.7	0.0	18.4
FVTOCI	2.7	0.0	0.0	0.0	2.7
Total	1,243.5	132.3	11.8	104.2	1,491.8
31 March 2024					
Amortised cost	1,135.1	129.4	7.1	105.4	1,377.0
FVTPL (designated)	154.2	22.9	0.0	0.0	177.1
FVTPL (mandatorily)	8.6	0.0	4.8	0.0	13.4
FVTOCI	2.8	0.0	0.0	0.0	2.8
Total	1,300.7	152.3	11.9	105.4	1,570.3

10. Loans to customers

€m	31 Mar 2023	31 Dec 2023	31 Mar 2024
Individuals	5,952.7	5,941.5	5,915.6
Businesses	4,342.9	4,181.3	4,095.5
Financial institutions	222.9	190.9	189.0
Public sector	188.6	188.9	174.4
Total	10,707.1	10,502.6	10,374.5
of which loans pledged as security for covered bonds	1,925.0	1,050.0	1,050.0
By country of registration			
Estonia, Latvia, and Lithuania	10,539.1	10,353.7	10,229.2
Rest of the European Union	138.5	123.0	119.6
Other	29.5	25.9	25.7
Total	10,707.1	10,502.6	10,374.5

Loans to customers by stage and borrower type

€m	Gross carrying amount				Credit loss allowances				Total
	Stage 1	2	3	Total	Stage 1	2	3	Total	
31 March 2023									
Mortgages	4,866.0	233.4	35.8	5,135.2	-10.3	-11.5	-8.7	-30.5	5,104.7
Leasing	420.0	39.6	1.6	461.2	-1.9	-1.4	-0.3	-3.6	457.6
Consumer loans, cards	112.1	10.3	0.7	123.1	-0.6	-0.8	-0.2	-1.6	121.5
Other	206.5	57.1	11.3	274.9	-1.4	-1.7	-2.9	-6.0	268.9
Individuals	5,604.6	340.4	49.4	5,994.4	-14.2	-15.4	-12.1	-41.7	5,952.7
Loans	2,130.5	948.8	63.5	3,142.8	-7.6	-15.5	-21.1	-44.2	3,098.6
Leasing	833.0	161.4	6.8	1,001.2	-4.0	-3.1	-2.9	-10.0	991.2
Factoring	195.0	57.5	4.8	257.3	-0.4	-0.2	-3.6	-4.2	253.1
Businesses	3,158.5	1,167.7	75.1	4,401.3	-12.0	-18.8	-27.6	-58.4	4,342.9
Financial institutions	190.9	33.3	0.1	224.3	-0.2	-1.2	0.0	-1.4	222.9
Public sector	188.7	0.0	0.1	188.8	-0.1	0.0	-0.1	-0.2	188.6
Total	9,142.7	1,541.4	124.7	10,808.8	-26.5	-35.4	-39.8	-101.7	10,707.1
31 December 2023									
Mortgages	4,903.0	197.4	63.8	5,164.2	-11.6	-15.0	-14.3	-40.9	5,123.3
Leasing	406.8	28.1	3.3	438.2	-1.8	-1.3	-0.7	-3.8	434.4
Consumer loans, cards	116.9	11.2	0.8	128.9	-0.8	-0.8	-0.3	-1.9	127.0
Other	205.0	48.7	8.7	262.4	-1.2	-1.5	-2.9	-5.6	256.8
Individuals	5,631.7	285.4	76.6	5,993.7	-15.4	-18.6	-18.2	-52.2	5,941.5
Loans	1,900.0	1,041.7	98.7	3,040.4	-5.6	-18.9	-28.0	-52.5	2,987.9
Leasing	861.4	120.0	25.2	1,006.6	-3.1	-3.3	-8.4	-14.8	991.8
Factoring	174.1	27.3	1.5	202.9	-0.3	-0.2	-0.8	-1.3	201.6
Businesses	2,935.5	1,189.0	125.4	4,249.9	-9.0	-22.4	-37.2	-68.6	4,181.3
Financial institutions	139.7	52.2	0.1	192.0	-0.1	-1.0	0.0	-1.1	190.9
Public sector	189.0	0.0	0.1	189.1	-0.1	0.0	-0.1	-0.2	188.9
Total	8,895.9	1,526.6	202.2	10,624.7	-24.6	-42.0	-55.5	-122.1	10,502.6
31 March 2024									
Mortgages	4,889.8	192.4	67.9	5,150.1	-11.7	-14.3	-14.8	-40.8	5,109.3
Leasing	392.8	27.6	5.0	425.4	-1.7	-1.3	-1.3	-4.3	421.1
Consumer loans, cards	119.0	10.6	0.8	130.4	-0.8	-0.9	-0.3	-2.0	128.4
Other	205.1	48.3	9.1	262.5	-1.2	-1.2	-3.3	-5.7	256.8
Individuals	5,606.7	278.9	82.8	5,968.4	-15.4	-17.7	-19.7	-52.8	5,915.6
Loans	1,912.4	961.2	99.3	2,972.9	-5.1	-17.0	-23.5	-45.6	2,927.3
Leasing	814.8	134.3	28.8	977.9	-3.0	-3.7	-9.0	-15.7	962.2
Factoring	177.0	28.1	2.0	207.1	-0.2	-0.1	-0.8	-1.1	206.0
Businesses	2,904.2	1,123.6	130.1	4,157.9	-8.3	-20.8	-33.3	-62.4	4,095.5
Financial institutions	138.0	52.0	0.1	190.1	-0.1	-1.0	0.0	-1.1	189.0
Public sector	174.5	0.0	0.1	174.6	-0.1	0.0	-0.1	-0.2	174.4
Total	8,823.4	1,454.5	213.1	10,491.0	-23.9	-39.5	-53.1	-116.5	10,374.5

Loans to businesses by stage and sector

€m	Gross carrying amount				Credit loss allowances				Total
	Stage 1	2	3	Total	Stage 1	2	3	Total	
31 March 2023									
Real estate activities	1,010.6	293.1	8.5	1,312.2	-3.4	-4.1	-0.5	-8.0	1,304.2
Wholesale and retail	472.0	170.1	18.6	660.7	-1.3	-1.2	-6.1	-8.6	652.1
Manufacturing	385.4	208.4	15.4	609.2	-0.9	-2.9	-6.3	-10.1	599.1
Transport and storage	208.9	97.3	0.5	306.7	-1.1	-1.2	-0.2	-2.5	304.2
Agriculture, forestry, and fishing	284.9	49.7	7.4	342.0	-1.1	-0.8	-2.6	-4.5	337.5
Construction	191.8	48.9	11.5	252.2	-1.0	-1.3	-7.1	-9.4	242.8
Administrative & support services	198.8	69.4	1.6	269.8	-1.1	-1.2	-0.6	-2.9	266.9
Professional, scientific, technical	119.3	49.1	0.5	168.9	-0.8	-1.0	-0.5	-2.3	166.6
Electricity, gas, steam, & aircon	57.4	36.1	1.1	94.6	-0.4	-0.2	-0.9	-1.5	93.1
Other	229.4	145.6	10.0	385.0	-0.9	-4.9	-2.8	-8.6	376.4
Total	3,158.5	1,167.7	75.1	4,401.3	-12.0	-18.8	-27.6	-58.4	4,342.9
31 December 2023									
Real estate activities	963.2	316.5	7.9	1,287.6	-2.9	-5.5	-0.9	-9.3	1,278.3
Wholesale and retail	312.2	320.2	3.5	635.9	-0.9	-1.5	-2.2	-4.6	631.3
Manufacturing	328.9	173.0	16.7	518.6	-0.7	-3.3	-10.8	-14.8	503.8
Transport and storage	212.9	37.1	14.9	264.9	-0.8	-0.5	-4.2	-5.5	259.4
Agriculture, forestry, and fishing	292.2	58.5	16.9	367.6	-0.7	-1.4	-6.6	-8.7	358.9
Construction	157.9	84.0	11.5	253.4	-0.6	-2.8	-8.1	-11.5	241.9
Administrative & support services	240.5	57.5	1.9	299.9	-1.0	-1.3	-0.7	-3.0	296.9
Professional, scientific, technical	70.3	56.7	0.6	127.6	-0.5	-2.4	-0.3	-3.2	124.4
Electricity, gas, steam, & aircon	173.4	13.9	1.0	188.3	-0.3	-0.1	-0.7	-1.1	187.2
Other	184.0	71.6	50.5	306.1	-0.6	-3.6	-2.7	-6.9	299.2
Total	2,935.5	1,189.0	125.4	4,249.9	-9.0	-22.4	-37.2	-68.6	4,181.3
31 March 2024									
Real estate activities	940.1	333.7	4.7	1,278.5	-2.7	-5.1	-0.3	-8.1	1,270.4
Wholesale and retail	334.2	237.5	11.0	582.7	-0.9	-1.4	-6.5	-8.8	573.9
Manufacturing	324.2	190.0	22.5	536.7	-0.6	-2.8	-12.1	-15.5	521.2
Transport and storage	212.0	31.0	15.2	258.2	-0.8	-0.3	-4.5	-5.6	252.6
Agriculture, forestry, and fishing	276.1	57.9	18.7	352.7	-0.6	-1.6	-4.0	-6.2	346.5
Construction	161.0	79.5	3.5	244.0	-0.5	-2.9	-1.5	-4.9	239.1
Administrative & support services	214.9	72.4	3.4	290.7	-0.9	-1.6	-1.6	-4.1	286.6
Professional, scientific, technical	69.3	55.3	0.5	125.1	-0.4	-2.2	-0.2	-2.8	122.3
Electricity, gas, steam, & aircon	169.3	13.4	0.1	182.8	-0.2	-0.1	-0.1	-0.4	182.4
Other	203.1	52.9	50.5	306.5	-0.7	-2.8	-2.5	-6.0	300.5
Total	2,904.2	1,123.6	130.1	4,157.9	-8.3	-20.8	-33.3	-62.4	4,095.5

Loans to customers by stage and risk category

€m	Stage 1	2	3	Total
31 March 2023				
Low risk	6,762.9	269.8	0.0	7,032.7
Moderate risk	2,254.1	894.0	0.0	3,148.1
High risk	124.2	377.6	0.0	501.8
Default	1.5	0.0	124.7	126.2
Gross carrying amount	9,142.7	1,541.4	124.7	10,808.8
of which POCI	0.0	7.9	4.2	12.1
31 December 2023				
Low risk	6,064.7	240.6	0.0	6,305.3
Moderate risk	2,738.3	755.9	0.0	3,494.2
High risk	92.9	530.1	0.0	623.0
Default	0.0	0.0	202.2	202.2
Gross carrying amount	8,895.9	1,526.6	202.2	10,624.7
of which POCI	0.0	6.7	1.3	8.0
31 March 2024				
Low risk	6,005.4	193.0	0.0	6,198.4
Moderate risk	2,722.7	727.6	0.0	3,450.3
High risk	95.3	533.9	0.0	629.2
Default	0.0	0.0	213.1	213.1
Gross carrying amount	8,823.4	1,454.5	213.1	10,491.0
of which POCI	0.0	6.5	1.5	8.0

Credit loss allowances

€m	1Q		FY
	2023	2024	2023
Credit loss allowances	-0.2	-0.5	-23.5
Provisions (Credit loss allowances on Contingent liabilities)	-3.7	4.5	-9.6
Total	-3.9	4.0	-33.1

Movement by Stage in Loans to customers and credit loss allowances
First quarter
2023
2024

€m	Stage 1	2	3	Total	Stage 1	2	3	Total
Gross carrying amount								
Opening balance	9,205.0	1,637.7	133.4	10,976.1	8,895.9	1,526.6	202.2	10,624.7
Transfers to Stage 1	165.1	-164.7	-0.4	0.0	159.2	-158.7	-0.5	0.0
Transfers to Stage 2	-255.9	269.7	-13.8	0.0	-185.2	188.7	-3.5	0.0
Transfers to Stage 3	-3.9	-11.8	15.7	0.0	-13.7	-31.1	44.8	0.0
Originated or purchased	530.0	0.0	0.0	530.0	339.7	0.0	0.0	339.7
Derecognised and repaid	-497.6	-189.5	-8.8	-695.9	-372.5	-71.0	-23.7	-467.2
Movement	-62.3	-96.3	-7.3	-165.9	-72.5	-72.1	17.1	-127.5
Write-offs	0.0	0.0	-1.4	-1.4	0.0	0.0	-6.2	-6.2
Closing balance	9,142.7	1,541.4	124.7	10,808.8	8,823.4	1,454.5	213.1	10,491.0
of which POCI	0.0	7.9	4.2	12.1	0.0	6.5	1.5	8.0
Credit loss allowances								
Opening balance	-27.1	-31.0	-43.3	-101.4	-24.6	-42.0	-55.5	-122.1
Transfers to Stage 1	-0.6	0.6	0.0	0.0	-2.7	2.6	0.1	0.0
Transfers to Stage 2	7.0	-7.6	0.6	0.0	1.1	-1.8	0.7	0.0
Transfers to Stage 3	1.4	2.4	-3.8	0.0	3.0	1.9	-4.9	0.0
Originated or purchased	-3.3	0.0	0.0	-3.3	-4.2	0.0	0.0	-4.2
Derecognised and repaid	0.8	1.5	1.5	3.8	0.3	0.7	0.8	1.8
Change in ECL assumptions, Stages & other	-4.7	-1.3	3.8	-2.2	3.2	-0.9	-0.5	1.8
Movement	0.6	-4.4	2.1	-1.7	0.7	2.5	-3.8	-0.6
Write-offs	0.0	0.0	1.4	1.4	0.0	0.0	6.2	6.2
Closing balance	-26.5	-35.4	-39.8	-101.7	-23.9	-39.5	-53.1	-116.5
of which POCI	0.0	-0.2	-0.2	-0.4	0.0	-0.1	-0.2	-0.3

Movement by Stage in Loans to customers and credit loss allowances (continued)

Full year €m	2023			
	Stage 1	2	3	Total
Gross carrying amount				
Opening balance	9,205.0	1,637.7	133.4	10,976.1
Transfers to Stage 1	368.3	-367.9	-0.4	0.0
Transfers to Stage 2	-853.6	886.9	-33.3	0.0
Transfers to Stage 3	-52.8	-97.0	149.8	0.0
Originated or purchased	2,007.1	0.0	0.0	2,007.1
Derecognised and repaid	-1,778.1	-533.1	-44.5	-2,355.7
Movement	-309.1	-111.1	71.6	-348.6
Write-offs	0.0	0.0	-2.8	-2.8
Closing balance	8,895.9	1,526.6	202.2	10,624.7
of which POCI	0.0	6.7	1.3	8.0
Credit loss allowances				
Opening balance	-27.1	-31.0	-43.3	-101.4
Transfers to Stage 1	-6.4	6.3	0.1	0.0
Transfers to Stage 2	5.6	-12.1	6.5	0.0
Transfers to Stage 3	4.5	3.2	-7.7	0.0
Originated or purchased	-13.4	0.0	0.0	-13.4
Derecognised and repaid	2.5	5.0	5.5	13.0
Change in ECL assumptions, Stages & other	9.7	-13.4	-19.4	-23.1
Movement	2.5	-11.0	-15.0	-23.5
Write-offs	0.0	0.0	2.8	2.8
Closing balance	-24.6	-42.0	-55.5	-122.1
of which POCI	0.0	-0.1	-0.2	-0.3

11. Other assets

€m	31 Mar 2023	31 Dec 2023	31 Mar 2024
Payments in transit	22.9	31.5	46.3
Restricted cash – mandatory reserve in CB	116.7	115.8	117.9
Term balances with banks	45.3	8.7	4.2
Financial assets	184.9	156.0	168.4
Advance payments	17.0	10.8	20.1
Accrued income	3.3	5.0	5.7
Value Added Tax recoverable and other taxes	4.0	6.8	7.4
Accounts receivables	3.2	4.1	3.6
Other	3.1	5.2	5.7
Non-financial assets	30.6	31.9	42.5
Total	215.5	187.9	210.9

12. Deposits from customers

€m	31 Mar 2023	31 Dec 2023	31 Mar 2024
Individuals	4,599.1	4,742.7	4,686.3
Businesses	4,409.0	4,205.7	4,049.6
Financial institutions	274.4	249.6	189.8
Public sector	2,025.9	2,089.2	2,381.3
Total	11,308.4	11,287.2	11,307.0
of which Demand deposits	9,531.6	8,493.4	8,275.2
Term deposits	1,776.8	2,793.8	3,031.8
By country of registration			
Estonia, Latvia, and Lithuania	11,109.2	11,131.1	11,155.7
Rest of the European Union	151.2	76.8	67.6
Other	48.0	79.3	83.7
Total	11,308.4	11,287.2	11,307.0

13. Debt securities issued

€m	First call date	Maturity date	Further information	31 Mar 2023	31 Dec 2023	31 Mar 2024
€500m, 0.01%	-	Mar 2025		461.4	475.3	477.7
€500m, 1.688%	-	Jun 2027		472.4	486.5	483.6
Covered bonds				933.8	961.8	961.3
€300m, 5%	Aug 2023	Aug 2024	Redeemed Aug 2023	305.9	-	-
€300m, 0.792%	Dec 2023	Dec 2024	Redeemed Dec 2023	289.7	-	-
€300m, 7.25%	Jan 2025	Jan 2026	Issued Jan 2023	299.0	319.9	301.8
€300m, 0.539%	Sep 2025	Sep 2026		297.2	300.5	298.9
SEK500m, FRN	Mar 2026	Mar 2027	Issued Mar 24. Pays 3mSTIBOR+2.25%	-	-	43.3
€300m, 7.75%	Jun 2026	Jun 2027	Issued Jun 2023	-	316.5	319.3
Senior bonds				1,191.8	936.9	963.3
Total				2,125.6	1,898.7	1,924.6

14. Other liabilities

€m	31 Mar 2023	31 Dec 2023	31 Mar 2024
Payments in transit	35.5	64.3	111.4
Other	2.7	2.4	0.4
Financial liabilities	38.2	66.7	111.8
Accrued liabilities	51.7	49.1	46.4
Received prepayments	3.0	2.1	2.1
Value Added Tax	11.9	2.6	3.9
Other tax liabilities	3.7	3.7	4.5
Other	4.4	10.3	15.5
Non-financial liabilities	74.7	67.8	72.4
Total	112.9	134.5	184.2

15. Contingent liabilities

€m	31 Mar 2023	31 Dec 2023	31 Mar 2024
Undrawn loan commitments	1,540.5	1,081.1	1,088.2
Performance guarantees	281.9	320.9	298.4
Financial guarantees	3.7	4.2	3.7
Other	558.4	649.6	618.1
Total	2,384.5	2,055.8	2,008.4

16. Derivatives

€m	31 Mar 2023	31 Dec 2023	31 Mar 2024
Assets			
Interest rate-related	50.9	78.7	58.2
Currency-related	10.2	9.2	8.3
Commodity-related	59.7	4.3	4.3
Total	120.8	92.2	70.8
Liabilities			
Interest rate-related	102.7	56.2	53.7
Currency-related	17.0	13.5	7.2
Commodity-related	58.5	4.0	4.0
Total	178.2	73.7	64.9
Notional amounts			
Interest rate-related	3,393.3	3,861.2	3,949.5
Currency-related	1,168.8	1,012.1	1,118.6
Commodity-related	201.2	67.6	54.9
Total	4,763.3	4,940.9	5,123.0
Fair value hedges: By hedged item and hedging instruments (interest rate swaps)			
Deposits from Customers			
Assets	0.6	18.1	18.1
Liabilities	-	-	-
Notional amount	500.0	875.0	875.0
Debt securities issued			
Assets	6.4	32.0	11.9
Liabilities	76.4	40.5	38.2
Notional amount	2,200.0	1,900.0	1,900.0

Hedge accounting

Luminor applies hedge accounting to fair value hedges of Debt securities issued and, from January 2023, part of Deposits from customers. To assess the hedge effectiveness of Debt securities issued, Luminor uses the hypothetical derivative method and compares the changes in the fair value of the hedging instrument against the changes in the fair value of the hedged item attributable to the hedged risk. Ineffectiveness was clearly immaterial as at 31 March and December 2023 and 31 March 2024.

The carrying amount of the derivatives used to hedge Deposits from customers are included in line item 'Derivatives' in the Statement of Financial Position, on either the Assets or Liabilities side depending on the fair value of the instruments. The portfolio hedging effect is recognised as 'Fair value of changes of hedge item in hedges of interest rate' in the Statement of Financial Position, on the Liabilities side corresponding to the change in fair value of designated customer deposits discounted at market interest rates.

17. Fair value of financial instruments

€m	IFRS 9 measurement	Fair value				Carrying amount
		Level 1	Level 2	Level 3	Total	
31 March 2023						
Cash and balances with central banks	AC	109.6	2,814.4	0.0	2,924.0	2,924.0
Balances with banks	AC	0.0	69.6	0.0	69.6	69.6
Debt securities	AC	1,010.0	9.2	0.0	1,019.2	1,119.5
Debt securities	FVTPLD	201.3	0.0	0.0	201.3	201.3
Debt securities	FVTPLM	10.2	0.0	3.9	14.1	14.1
Debt securities	FVTOCI	0.0	2.7	0.0	2.7	2.7
Loans to customers	AC	0.0	0.0	10,907.1	10,907.1	10,707.1
Derivatives	FVTPLM	0.0	117.9	2.9	120.8	120.8
Equity instruments	FVTPLM	0.0	2.1	0.0	2.1	2.1
Equity instruments	FVTOCI	0.0	0.0	0.5	0.5	0.5
Other	AC	0.0	184.9	0.0	184.9	184.9
Total assets		1,331.1	3,200.8	10,914.4	15,446.3	15,346.6
Loans and deposits from credit institutions	AC	0.0	47.8	0.0	47.8	47.8
Deposits from customers	AC	0.0	9,531.6	1,776.8	11,308.4	11,308.4
Debt securities issued	AC	0.0	2,274.0	0.0	2,274.0	2,125.6
Derivatives	FVTPLM	0.0	178.2	0.0	178.2	178.2
Other	AC	0.0	38.2	0.0	38.2	38.2
Total liabilities		0.0	12,069.8	1,776.8	13,846.6	13,698.2
31 December 2023						
Cash and balances with central banks	AC	105.4	2,963.7	0.0	3,069.1	3,069.1
Balances with banks	AC	0.0	47.5	0.0	47.5	47.5
Debt securities	AC	1,212.8	9.7	11.3	1,233.8	1,295.3
Debt securities	FVTPLD	175.4	0.0	0.0	175.4	175.4
Debt securities	FVTPLM	13.4	0.5	4.5	18.4	18.4
Debt securities	FVTOCI	0.0	2.7	0.0	2.7	2.7
Loans to customers	AC	0.0	0.0	10,692.4	10,692.4	10,502.6
Derivatives	FVTPLM	0.0	90.5	1.7	92.2	92.2
Equity instruments	FVTPLM	0.0	2.4	0.0	2.4	2.4
Equity instruments	FVTOCI	0.0	0.0	0.5	0.5	0.5
Other	AC	0.0	156.0	0.0	156.0	156.0
Total assets		1,507.0	3,273.0	10,710.4	15,490.4	15,362.1
Loans and deposits from credit institutions	AC	0.0	224.3	0.0	224.3	224.3
Deposits from customers	AC	0.0	8,493.4	2,788.3	11,281.7	11,287.2
Debt securities issued	AC	0.0	1,856.6	0.0	1,856.6	1,898.7
Derivatives	FVTPLM	0.0	73.7	0.0	73.7	73.7
Other	AC	0.0	66.7	0.0	66.7	66.7
Total liabilities		0.0	10,714.7	2,788.3	13,503.0	13,550.6

€m	IFRS 9 measurement	Fair value				Carrying amount
		Level 1	Level 2	Level 3	Total	
31 March 2024						
Cash and balances with central banks	AC	114.0	3,102.5	0.0	3,216.5	3,216.5
Balances with banks	AC	0.0	58.6	0.0	58.6	58.6
Debt securities	AC	1,294.5	9.7	11.3	1,315.5	1,377.0
Debt securities	FVTPLD	177.1	0.0	0.0	177.1	177.1
Debt securities	FVTPLM	8.5	0.0	4.9	13.4	13.4
Debt securities	FVTOCI	0.0	2.8	0.0	2.8	2.8
Loans to customers	AC	0.0	0.0	10,608.6	10,608.6	10,374.5
Derivatives	FVTPLM	0.0	69.1	1.7	70.8	70.8
Equity instruments	FVTPLM	0.0	2.5	0.0	2.5	2.5
Equity instruments	FVTOCI	0.0	0.0	0.5	0.5	0.5
Other	AC	0.0	168.4	0.0	168.4	168.4
Total assets		1,594.1	3,413.6	10,627.0	15,634.7	15,462.1
Loans and deposits from credit institutions	AC	0.0	196.7	0.0	196.7	196.7
Deposits from customers	AC	0.0	8,275.2	3,035.6	11,310.8	11,307.0
Debt securities issued	AC	0.0	1,911.8	0.0	1,911.8	1,924.6
Derivatives	FVTPLM	0.0	64.9	0.0	64.9	64.9
Other	AC	0.0	111.8	0.0	111.8	111.8
Total liabilities		0.0	10,560.4	3,035.6	13,596.0	13,605.0

Change in debt securities in Level 3

€m	1Q		FY
	2023	2024	2023
Opening balance	3.5	15.8	3.5
Additions or disposals	0.0	0.0	0.0
Transferred to Level 3	0.0	0.0	11.1
Unrealised gains for assets held at the end of the reporting period	0.4	0.4	1.2
Closing balance	3.9	16.2	15.8

18. Customer segments

€m	2023				2024			
	Retail	Corporate	Other	Total	Retail	Corporate	Other	Total
First quarter								
Net interest and similar income	60.3	59.8	1.7	121.8	72.7	59.8	4.8	137.3
Net fee and commission income	13.5	7.5	-0.1	20.9	13.5	6.6	0.1	20.2
Net other operating income	1.4	3.3	3.0	7.7	1.3	2.1	2.2	5.6
Total operating income	75.2	70.6	4.6	150.4	87.5	68.5	7.1	163.1
Total administration expenses	-45.8	-26.8	-1.6	-74.2	-49.5	-27.0	-1.0	-77.5
Profit before credit losses and taxes	29.4	43.8	3.0	76.2	38.0	41.5	6.1	85.6
Expected credit losses	-0.5	-4.4	1.0	-3.9	-0.5	3.7	0.8	4.0
Bank taxes and resolution fee	0.0	0.0	-1.3	-1.3	0.0	0.0	-11.6	-11.6
Profit (-loss) before tax	28.9	39.4	2.7	71.0	37.5	45.2	-4.7	78.0
Full year								
Net interest and similar income	280.4	247.7	13.9	542.0				
Net fee and commission income	54.7	30.6	-0.7	84.6				
Net other operating income	6.0	15.6	1.6	23.2				
Total operating income	341.1	293.9	14.8	649.8				
Total administration expenses	-205.2	-125.2	-9.5	-339.9				
Profit before credit losses and taxes	135.9	168.7	5.3	309.9				
Expected credit losses	-12.5	-21.2	0.6	-33.1				
Bank taxes and resolution fee	0.0	0.0	-33.7	-33.7				
Profit (-loss) before tax	123.4	147.5	-27.8	243.1				

Customer balances

€m	31 Mar 2023	31 Dec 2023	31 Mar 2024
Loans to customers			
Retail	5,682.6	5,700.1	5,697.8
Corporate	5,022.8	4,799.2	4,671.7
Other	1.7	3.3	5.0
Total	10,707.1	10,502.6	10,374.5
Deposits from customers			
Retail	5,761.8	5,916.7	5,811.4
Corporate	5,475.7	5,286.2	5,434.7
Other	70.9	84.3	60.9
Total	11,308.4	11,287.2	11,307.0

Fee and commission income
€m

	2023				2024			
	Retail	Corporate	Other	Total	Retail	Corporate	Other	Total
First quarter								
Cards	7.5	3.0	0.0	10.5	3.6	1.4	0.0	5.0
Credit products	0.1	1.6	0.0	1.7	0.1	0.8	0.0	0.9
Daily banking plans	4.9	0.1	0.0	5.0	4.8	0.2	0.0	5.0
Deposit products and cash management	2.0	1.8	0.0	3.8	1.2	1.1	0.0	2.3
Insurance	0.7	0.2	0.0	0.9	0.8	0.2	0.0	1.0
Investments	0.5	0.4	0.1	1.0	0.5	0.2	0.0	0.7
Pensions	2.1	0.0	0.0	2.1	2.3	0.0	0.0	2.3
Trade finance	0.0	2.5	0.0	2.5	0.0	2.6	0.1	2.7
Other	0.1	0.1	0.0	0.2	0.2	0.1	0.0	0.3
Total	17.9	9.7	0.1	27.7	13.5	6.6	0.1	20.2
Full year								
Cards	31.2	12.3	0.0	43.5				
Credit products	0.5	6.1	0.1	6.7				
Daily banking plans	18.9	0.5	0.0	19.4				
Deposit products and cash management	7.4	6.7	0.2	14.3				
Insurance	3.1	0.7	0.0	3.8				
Investments	2.7	2.3	0.7	5.7				
Pensions	8.9	0.0	0.0	8.9				
Trade finance	0.1	10.9	0.4	11.4				
Other	0.4	0.6	0.1	1.1				
Total	73.2	40.1	1.5	114.8				

19. Related parties

€m	1Q		FY
	2023	2024	2023
Entities with significant influence (DNB Bank)			
Net interest and similar income	0.1	-0.2	-0.1
Net fee and commission income	0.0	0.0	-0.1
Net other financial income	-4.1	3.8	-7.4
Other administration expenses	-0.6	0.0	-0.7
Other income and expenses	-0.1	0.2	-0.1
Total	-4.7	3.8	-8.4
Key management personnel			
Personnel expenses	-0.5	-0.8	-1.6

€m	31 Mar	31 Dec	31 Mar
	2023	2023	2024
Entities with significant influence			
Assets			
Balances with banks	6.6	1.2	2.1
Derivatives	25.9	17.5	18.9
Other	0.0	0.0	0.0
Total	32.5	18.7	21.0
Liabilities			
Loans and deposits from credit institutions	4.4	18.9	22.9
Derivatives	25.2	1.6	0.1
Total	29.6	20.5	23.0
Key management personnel			
Loans to customers	0.1	0.1	0.1
Deposits from customers	0.7	0.7	0.3
Associates (ALD Automotive – 3 entities)			
Loans to customers	12.0	11.9	10.3
Deposits from customers	0.3	0.7	1.0
Other liabilities	0.0	0.0	0.1

20. Country information

Interest and fee income by country where generated

€m	1Q		FY
	2023	2024	2023
Interest and similar income			
Estonia	34.3	46.6	168.8
Latvia	41.6	59.7	209.2
Lithuania	74.0	102.8	362.2
Total	149.9	209.1	740.2
Fee and commission income			
Estonia	4.7	4.3	18.2
Latvia	8.2	8.1	34.1
Lithuania	14.8	15.0	62.5
Total	27.7	27.4	114.8

Customer balances €m	31 Mar 2023	31 Dec 2023	31 Mar 2024
Loans to customers			
Estonia	2,432.1	2,391.1	2,353.2
Latvia	2,945.3	2,863.2	2,842.6
Lithuania	5,329.7	5,248.3	5,178.7
Total	10,707.1	10,502.6	10,374.5
Deposits from customers			
Estonia	1,270.3	1,237.0	1,179.8
Latvia	3,075.2	3,043.8	3,053.1
Lithuania	6,962.9	7,006.4	7,074.1
Total	11,308.4	11,287.2	11,307.0

21. Subsequent events

On 22 April we paid a dividend of €194.5 million to Luminor Holding, our parent company. Luminor Holding, in turn, paid €194.0 million to its shareholders and retained €0.5 million EUR to fund its operations. Taking this dividend payment into account, at 31 March 2024 our pro forma Total equity would have been 1,583.6 million EUR and capital ratios 22.6%. The dividend payment had no effect on our capital ratios as measured on a regulatory basis.

On 30 April, Moody's Ratings (Moody's) upgraded their long-term senior unsecured rating of Luminor Bank to A3 from Baa1, and their long-term deposit rating to A2 from A3. Following this, Moody's changed its rating outlook to stable. The credit agency explained the primary drivers for their upgrade were; 'the bank's improved asset quality metrics while maintaining very strong core capitalisation and having successfully managed refinancing hurdles in recent years.'

ADDITIONAL INFORMATION

Glossary and abbreviations

AC

Amortised cost

Common Equity Tier 1 ratio

Shareholders' equity subject to regulatory adjustments as a percentage of total risk exposure amounts

Companies

Businesses, Financial institutions, and Public sector customers

Cost/income ratio

Total administration expenses as a percentage of total operating income

FVTOCI

Fair Value Through Other Comprehensive Income

FVTPLD

Designated at Fair Value through Profit or Loss

FVTPLM

Measured mandatorily at Fair Value through Profit or Loss

Leverage ratio

Tier 1 capital as a percentage of total assets and off-balance sheet items subject to regulatory adjustments

LCR - Liquidity coverage ratio

High-quality liquid assets as a percentage of the estimated net liquidity outflow over the next 30 calendar days

NIM - Net interest margin

Net interest and similar income as a percentage of average interest earning assets - the average of opening and closing balances of Cash and balances with central banks, Cash balances with banks, Debt securities, and Loans to customers

NSFR - Net stable funding ratio

Available stable funding as a percentage of required stable funding over a one-year horizon

Non-performing loans ratio

Gross carrying amount for Stage 3 loans as a percentage of gross carrying amount of total loans

Return on Equity

Profit for the period (annualised) as a percentage of average shareholders' equity for that period. The average shareholder's equity is calculated using the opening and closing balances for the period

POCI loans

Loans which were credit impaired when purchased or originated

Information about Luminor Bank

Country of registration

Republic of Estonia

Commercial register code

11315936

Main activity

Credit institution

Telephone

+372 628 3300

E-mail

info@luminor.ee

SWIFT/BIC

RIKOOE22

Balance sheet date

31 March 2024

Reporting period

1 January to 31 March 2024

Reporting currency

euro (millions)

Contacts**For media:**

Ivi Heldna

ivi.heldna@luminorgroup.com

+372 5231 192

For investors:

Nick Turnor

nick.turnor@luminorgroup.com

+372 5306 7820

Financial Calendar 2024

Date of publication

8 August 2024

31 October 2024

30 January 2025

20 February 2025

Report

Interim report 2Q 2024

Interim report 3Q 2024

Interim report 4Q 2024

Annual report 2024

Cover photo: Still image from our campaign with which we launched our 'Phone Point of Sale' product. This product, introduced in September 2023, enables merchants to collect payments simply via an Android smartphone application, rather than large and inconvenient point of sale terminals.

A photograph of a person's arm and shoulder in a dark jacket, set against a clear blue sky. The person is positioned on the right side of the frame, with their arm bent at the elbow. The background is a vast, clear blue sky with some faint, wispy clouds near the horizon. The overall mood is bright and open.

Luminor

Luminor Bank AS
Liivalaia 45
10145 Tallinn
Estonia
www.luminor.ee