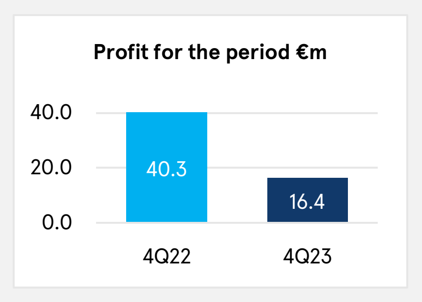
Luminor
Interim Report
4Q 2023

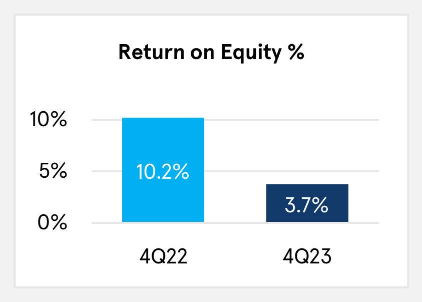
AT A GLANCE

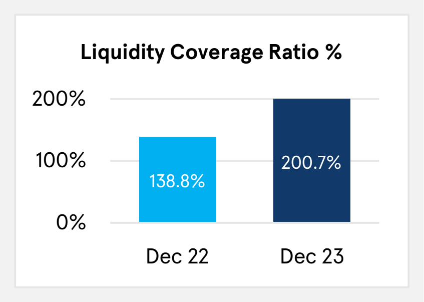
THE QUARTER IN BRIEF

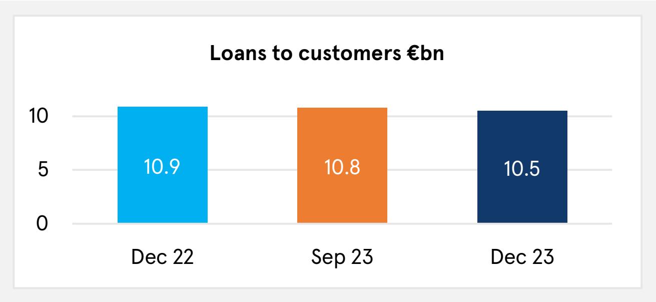
- Strong growth in income (up 33%) re-invested partially in IT and process improvement
- Pre-tax profit up 10% but new taxes introduced in Latvia and Lithuania lowered profit for the period
- Deposits from customers grew 2.2%, which included a 15.4% increase in term deposits
- Liquidity and capital ratios remain at a very high level (LCR 200.7% and CET1 24.1%)

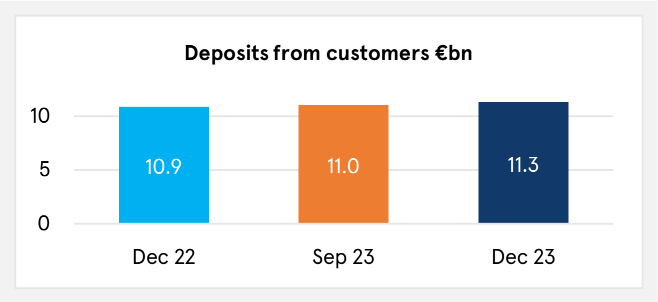
PERFORMANCE IN BRIEF











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. Become 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

The fourth quarter saw a reduction in loans and an increase in deposits as customers responded to the prevailing low growth economic environment and higher reference interest rates. We focused on supporting our customers – individuals and companies resident in the Baltic countries – as we worked to realise our ambition of being the independent Baltic banking champion.

We made progress in Retail Banking as we improved our product offering, focused on growing our current account and deposit volumes, and continued to build our business around our customers. In Corporate Banking we once again supported the development of Baltic capital markets, leading transactions for customers from a number of sectors. We signed an agreement with the European Investment Bank to facilitate additional lending for Baltic SMEs and support the green transition of the economies. Sustainalytics recognised our progress when they awarded us for the second time, the lowest ESG risk rating of any of the largest banks in the Baltic region.

> In the fourth quarter we grew further our strong liquidity and capital positions.
>
> We increased our income, and invested for the future, while maintaining our efficiency
>
> Peter Bosek
> Chief Executive

We generated an increased pre-tax profit of 51.7 million EUR in the quarter, 10.7% higher than the fourth quarter last year, though profit for the period of 16.4 million EUR was 59.3% lower, following the introduction of higher taxes in Latvia and Lithuania. Compared to the fourth quarter of 2022, this quarter we increased Total operating income by a third as we grew net interest income – as interest rates increased after years of extraordinary low rates and limited profitability – increased operating expenses by 37% as we invested in our IT systems and our processes, which we will continue in the coming quarters, and recorded an 11 million EUR increase in credit loss allowances. Tax expenses increased 360% driven principally by a change in the basis of tax in Latvia and the introduction in Lithuania of a temporary bank tax.

We generated an annualised pre-tax return on equity of 11.7%, or 3.7% as measured on a post-tax basis. Our liquidity and capital positions are strong. Over the quarter we increased our Liquidity Coverage ratio by 24.5 percentage points to 200.7%, and at quarter end our Common Equity, Tier 1 and Total Capital Ratios, including net profit for the period, were 24.1%. 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.

Our credit quality remains robust. Stage 2 loans reduced over the quarter by 13.6% after we reviewed in depth our exposure to customers in the Commercial Real Estate sector. At the conclusion of our reassessment, we returned some 160 million EUR of exposures to Stage 1. However, Stage 3 loans increased by 64.2 million EUR, principally as we reclassified the risk of one customer, and consequently accounted for 1.9% of gross lending at quarter end. We have no direct exposure to companies domiciled in Russia, Belarus or Ukraine. Our exposure to residents of these countries, mostly residential mortgages, fell further over the quarter and is now less than 1 million EUR.

Elly Hardwick stepped down from the Supervisory Council, and the committees on which she served, while subsequently Qasim Abbas was appointed to the Council. Qasim is a Senior Managing Director at Blackstone and is also a member of the Supervisory Council of NIBC Bank in the Netherlands. In December, Ossi Leikola joined as Deputy Chief Executive and was appointed to the Management Board. He will work with me on a broad range of strategic initiatives, lead cross-divisional transformation and management of external third-party relationships, and will drive operational excellence.

I will resign effective 30 June 2024 to re-join Erste, the Austrian bank, as Chief Executive. The Council have commenced a process to appoint my successor. In the interim I am committed to Luminor; I will work as before with the Council and lead the Board, progress our strategy, and ensure a seamless handover to the next Chief Executive.

Meanwhile, the long-term outlook for the Baltic region is strong. We look forward with confidence, despite the prevailing economic environment, because of our belief in our home markets and our clear strategy; 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 our continued progress.

CONTENTS

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	4Q		Jan-Dec	
€m	2022	2023	2022	2023
Net interest and similar income	98.4	142.9	300.8	542.0
Net fee and commission income	20.7	20.8	80.3	84.6
Net other operating income	5.2	2.2	10.7	19.6
Total operating income	**124.3**	**165.9**	**391.8**	**646.2**
Total administration expenses	-68.5	-94.0	-233.3	-339.9
Profit before allowances and tax	**55.8**	**71.9**	**158.5**	**306.3**
Credit loss allowances	-9.2	-20.2	-16.1	-33.1
Profit before tax	**46.6**	**51.7**	**142.4**	**273.2**
Tax expense	-6.3	-35.3	-17.7	-78.5
Profit for the period	**40.3**	**16.4**	**124.7**	**194.7**
Cost/ income ratio, %	55.1	56.7	59.5	52.6

We generated an increased pre-tax profit of 51.7 million EUR in the quarter, 10.7% higher than the fourth quarter last year, However, profit for the period of 16.4 million EUR was 59.3% lower, following the introduction of higher taxes in Latvia and Lithuania. An increase in Total operating income of 41.6 million EUR was offset in part by a 25.5 million EUR increase in Total administration expenses and we recorded an 11 million EUR increase in credit loss allowances.

Total operating income was 165.9 million EUR, an increase of 33.5%, as compared to the prior year fourth quarter. Net interest income increased by 44.5 million EUR to 142.9 million EUR, and we generated a net interest margin of 3.75%, as compared to 2.71%, as reference interest rates normalised after years of extraordinary low policy rates. Interest income increased by 95.0 million EUR while interest expense grew by 50.5 million EUR as the cost of funding, mainly deposits, increased. Net fee and commission income was virtually unchanged at 20.8 million with growth in fees from Cards, Daily banking plans, Investments, and Trade finance, while fees from Deposit products and cash management fell.

Expenses, €m	4Q22	4Q23
Salaries	-29.5	-35.9
IT-related	-20.2	-21.7
Consultancy	-6.6	-11.6
Other	-9.8	-12.5
Salaries & other	**-66.1**	**-81.7**
Depreciation etc	-2.4	-12.3
Total	**-68.5**	**-94.0**

Total administration expenses were 94.0 million EUR, an increase of 37.2% as compared to the same period last year. The increase is a consequence of the significant investments we are making in our IT systems and our processes and so improve our customers' experience. Most of the increase is therefore related to IT expenses and consultancy costs. We have also invested more into staff. In addition, we wrote down 6.2 million EUR of goodwill, associated with the purchase of Maksekeskus, and realised a loss of 3.5 million EUR on derecognition of capitalised software costs as part of our IT improvements. Excluding the cost of the write-down and derecognition expense, our cost-to-income ratio would have improved to 50.1%.

We recorded net credit loss allowances of 20.2 million EUR this quarter as compared to 9.2 million EUR this time last year. The net allowances charge in the fourth quarter of 2022 benefitted from a €4.4 million EUR credit as we released in full a management overlay related to potential losses caused by the effect of COVID-19. The higher allowances this year reflect, in particular, an increase in a few Stage 3 exposures and our cautious assessment of risks related to private individuals.

Tax expense was more than five times larger than compared to last year. In the quarter, Latvia enacted mandatory prepayment of corporate income tax. The cost of this change, which covered our 2023 profits, and which we booked in the quarter, was 15.8 million EUR. An additional 9.3 million EUR was attributable to the temporary bank tax in Lithuania. In the fourth quarter we generated an annualised pre-tax return on equity of 11.7%, or 3.7% as measured on a post-tax basis.

Summary balance sheet €m	**31 Dec 2022**	**30 Sep 2023**	**31 Dec 2023**
Cash and central bank balances	2,178.1	2,709.7	3,184.9
Debt securities	1,289.8	1,458.5	1,491.8
Loans to customers	10,874.7	10,772.5	10,502.6
Other	414.1	313.4	312.8
Total assets	**14,756.7**	**15,254.1**	**15,492.1**
Deposits from customers	10,947.9	11,043.4	11,287.2
Debt securities issued	1,813.9	2,054.3	1,898.7
Other	411.5	394.7	528.1
Equity	1,583.4	1,761.7	1,778.1
Total liabilities and equity	**14,756.7**	**15,254.1**	**15,492.1**
Liquidity Coverage ratio, %	138.8	176.2	200.7
Net Stable Funding ratio, %	130.5	138.3	147.1

In the fourth quarter we increased Deposits from customers by 2.2%, while balances of Loans to customers reduced by 2.5%, as customers responded to the prevailing, low growth economic environment and higher reference interest rates.

Loans to customers decreased by 269.9 million EUR. While loans to individuals decreased only marginally, with mortgage lending virtually unchanged, loans to companies decreased by a net 215.3 million EUR, with reductions seen across most sectors. Debt securities increased to nearly 1.5 billion EUR, a growth of 2.3%, as we continued to build our liquidity portfolio - which 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.

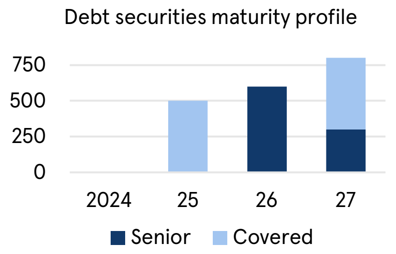
Deposits from customers increased by 243.8 million EUR in the quarter, with growth in balances from both individuals and companies. Deposits from individuals grew by 213.2 million EUR while deposits from companies increased by 30.6 million EUR. We grew term deposits by 15.4% and at 31 December they accounted for a quarter of all deposits. Debt securities issued decreased by 155.6 million as we exercised our right to call a senior preferred issue concurrent with its loss of MREL-eligibility. Equity increased by 16.4 million EUR as we retained the profit for the period.

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

At quarter end our own funds and MREL-eligible instruments totalled 33.18% of Total Risk Exposure Amount (TREA) and 14.70% of our Leverage Ratio Exposure (LRE). In November, the Single Resolution Board confirmed our targets at 23.96% of TREA plus combined buffer requirement and 5.91% of LRE.



The Liquidity Coverage ratio increased by 24.5 percentage points to 200.7%, driven by the increase in Deposits from customers and funding received as part of our agreement with the European Investment Bank (EIB). The ratio is substantially higher than the regulatory minimum of 100%.

The Net Stable Funding ratio at quarter end was 147.1%, an increase of 8.8 percentage points over the quarter. Available stable funding increased, driven by the increase in retail deposits and the 115 million EUR of funding received from the EIB mentioned above. Required stable funding decreased, driven mainly by a reduction in the balance of Loans to customers.

Capital resources and uses €m	31 Dec 2022	30 Sep 2023	31 Dec 2023
Reported basis			
Shareholder's equity	1,583.4	1,761.7	1,778.1
Regulatory adjustments	-94.8	-94.1	-79.4
Prudential filters	-0.6	-0.4	-0.4
Common Equity Tier 1	**1,488.0**	**1,667.2**	**1,698.3**
Credit risk exposure amounts	6,944.3	6,260.9	6,145.1
Operational risk exposure amounts	675.2	675.2	880.2
Other risk exposure amounts	43.0	31.2	31.9
Risk exposure amounts	**7,662.5**	**6,967.3**	**7,057.2**
Common Equity Tier 1 ratio, %	19.4	23.9	24.1
Leverage ratio, %	9.6	10.6	10.7
Regulatory basis			
Common Equity Tier 1	1,407.7	1,426.6	1,441.3
Common Equity Tier 1 ratio, %	18.4	20.5	20.4
Leverage ratio, %	9.1	9.1	9.0

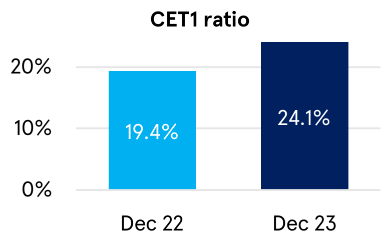
At the end of the fourth quarter, our own funds totalled 1,698.3 million EUR, composed entirely of Common Equity Tier 1 (CET1) capital. Our CET1, Tier 1, and Total capital ratios increased in the quarter to 24.1%. Capital increased with the addition to Shareholder's equity of fourth quarter net profits, which we retained. Risk Exposure Amounts (REA), which we measure on a standardised basis, increased due to higher operational risk exposure amounts driven by increased average gross income.

Our capital ratios remain well above our minimum capital requirements set by our regulators which require us to have a CET1 ratio exceeding 11.33%, a Tier 1 ratio above 13.25% and a Total Capital ratio greater than 15.80%. These include a Pillar 2 additional own funds requirement of 2.2%. We are subject to an increased Pillar 2 requirement of 2.5% from January 2024 which will increase our CET1, Tier 1 and Total capital requirements by 17, 23 and 30 basis points respectively.

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 26 basis points to our minimum CET1, Tier 1 and Total capital requirements, taking them ultimately to 11.77%, 13.73%, and 16.36% 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 10.7% 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%.



Capital resources measured on a regulatory basis includes retained profits verified by our auditors, subject to the application of a deduction for foreseeable dividends. Retained profits for 2023 have, so far, been excluded from regulatory capital. Our capital ratios, measured on a regulatory basis, decreased slightly in the quarter to 20.4% as risk exposure amounts increased.

In November, Moody's Investor Service published an updated credit opinion on Luminor, which affirmed their positive outlook on our A3 rating for bank deposits and Baa1 rating for senior unsecured debt. Moody's highlighted our strong capitalisation, successful unwinding of legacy nonperforming loans, and improving profitability as our credit strengths, while noting our digital services as a competitive challenge.

Asset quality €m	**31 Dec 2022**	**30 Sep 2023**	**31 Dec 2023**
Stage 1	9,205.0	8,977.4	8,895.9
Stage 2	1,637.7	1,766.8	1,526.6
Stage 3	133.4	138.0	202.2
Gross carrying amount	**10,976.1**	**10,882.2**	**10,624.7**
Credit loss allowances	-101.4	-109.7	-122.1
Total	**10,874.7**	**10,772.5**	**10,502.6**
Non-performing loans ratio, %	1.2	1.3	1.9

POCI loans are recorded in Stages 2 and 3

During the quarter total Loans to customers reduced by 269.9 million EUR, or 2.5%, as customers responded to the prevailing economic environment. Stage 2 loans reduced over the quarter after we completed an in-depth review of our exposure to commercial real estate (CRE). Stage 3 loans increased by 64.2 million EUR as a consequence of the re-classification of one corporate customer.

We have no direct exposure to companies domiciled in Russia, Belarus or Ukraine. Our exposure to residents of these countries, mostly residential mortgages, fell further over the quarter and is now less than 1 million EUR.

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

Diego Biondo
Chief Risk Officer

We reassessed our risks related to exposures in the CRE sector this quarter. Our initial assessment, conducted in the second quarter of 2023, led us to move some 200 million EUR of loans to the sector from Stage 1 to Stage 2, based on a precautionary collective significant increase in credit risk trigger. Our in-depth review, conducted this quarter on an individual basis, led us to return some 160 million EUR of loans of this sub-portfolio to Stage 1 from Stage 2.

Our exposure to the CRE sector totalled 1.5 billion EUR at quarter end. Our portfolio is well-diversified, with about 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 3.4% of CRE exposures. One exposure is responsible principally for the increase in overdues as compared to the prior quarter end.

Total Stage 2 exposures decreased by a net 240.2 million EUR. Outflows were driven primarily by positive migrations between stages (notably to the CRE sector, mentioned above) and exposure decreases. Inflows were seen across different economic sectors.

Total Stage 3 loans increased by 64.2 million EUR to 202.2 million EUR, or 1.9% of gross lending, at the end of the quarter. The inflow of non-performing loans, most of which were to companies, was around 4 times higher than the outflow. Outflow was also dominated by exposure to companies, with around 80% of the outflow driven by repayments and the remainder by cures. Details of the Credit loss allowance for the quarter of 20.2 million EUR can be found in the discussion of our income statement, above.

Stage 3 Loans, €m	**31 Dec 23**
Gross carrying amount	202.2
Credit loss allowances	-55.5
Total	**146.7**
Collateral fair value	186.8

Customer segments

Retail Banking	4Q		Jan-Dec	
€m	2022	2023	2022	2023
Net interest and similar income	45.0	75.5	134.2	280.4
Net fee and commission income	13.7	14.3	53.0	54.7
Net other operating income	1.6	1.5	7.1	6.0
Total operating income	**60.3**	**91.3**	**194.3**	**341.1**
Total administration expenses	−41.9	−54.1	−146.1	−205.2
Profit before allowances and tax	**18.4**	**37.2**	**48.2**	**135.9**
Credit loss allowances	−5.5	−6.8	1.2	−12.5
Profit before tax	**12.9**	**30.4**	**49.4**	**123.4**
Cost/ income ratio, %	69.5	59.3	75.2	60.2

Customer balances €m	31 Dec 2022	30 Sep 2023	31 Dec 2023
Loans to customers	5,667.1	5,783.8	5,700.1
Deposits from customers	6,066.2	5,660.2	5,916.7

Loans to customers fell marginally, or 1.4%, over the quarter while Deposits from customers grew 4.5%, as customers responded to the prevailing economic environment and higher reference interest rates. We focused on growing our current account and deposit volumes.

The balance of residential mortgages was virtually unchanged, and the quality of the portfolio remains robust. While the balance of other loans to individuals, including leasing and unsecured loans, fell their credit quality improved marginally. New sales volumes for mortgage lending were lower as compared to the same quarter of last year, as customers adjusted their appetite to borrow given higher interest rates.

We continue to build our business around our customers, and their needs, combining digital journeys with personal consultations. We extended remote photo onboarding for new customers to Lithuania. We are seeing the first results, with more customers preferring the remote process.

Our focus remains on growth in current account and deposit volumes. The balances of term deposits grew once again in the quarter

Kerli Vares
Head of Retail Banking

Moreover, more customers continue to make active use of our payment cards and digital wallets, with e-wallet usage at close to 35%. We also simplified our package offering for private customers across the Baltics by having a focused value proposition for flagship products such as our ‘Luminor Black’ card.

Corporate Banking	4Q		Jan-Dec	
€m	2022	2023	2022	2023
Net interest and similar income	56.1	62.1	177.8	247.7
Net fee and commission income	6.8	6.6	26.3	30.6
Net other operating income	3.4	3.8	16.9	15.6
Total operating income	**66.3**	**72.5**	**221.0**	**293.9**
Total administration expenses	-23.0	-32.6	-81.0	-125.2
Profit before allowances and tax	**43.3**	**39.9**	**140.0**	**168.7**
Credit loss allowances	-2.9	-12.7	-16.7	-21.2
Profit before tax	**40.4**	**27.2**	**123.3**	**147.5**
Cost/ income ratio, %	34.7	45.0	36.7	42.6

Customer balances €m	31 Dec 2022	30 Sep 2023	31 Dec 2023
Loans to customers	5,205.9	4,986.9	4,799.2
Deposits from customers	4,788.2	5,313.9	5,286.2

Demand for new credit was subdued in the quarter because of the prevailing macroeconomic environment. However, we saw positive signs given lower inflation and energy prices and increasing expectations of stable reference rates. Loans to customers fell 3.8% over the quarter, and Deposits from customers were 0.5% lower.

Customers remained cautious, as they have been through the year, and refrained from significant investments while use of working capital facilities reduced as consumer demand remained subdued and the price of some materials and goods were lower than in the same quarter of last year.

Renewable energy was the one segment to display healthy growth and strong demand for investment, with energy storage evident as the new trend in the quarter. We developed our renewable energy financing for small and medium-sized enterprises to finance equipment such as solar panels and solar parks, and we also financed the construction work of companies incorporating energy-efficient materials.

We continued to support the development of the Baltic capital markets as we lead managed new issues for customers from a number of sectors

Jonas Urbonas
Head of Corporate Banking

We once again supported the development of Baltic capital markets, arranging debt securities transactions for a number of Baltic corporate issuers from a range of sectors. We were the Sole Lead Manager and Bookrunner in a 50-million EUR transaction for a customer in the financial services sector under the issuer's Euro Medium Term Note Programme, we arranged a second placement this year, of 10 million EUR for a pan-Baltic company operating in waste management sector, and acted as Joint Lead Manager and Bookrunner for a renewable energy sector company's tap issue under their funding programme.

We continue to focus on supporting Baltic SMEs, and we signed an agreement with the European Investment Bank (EIB) that will facilitate additional lending. The 115 million EUR loan from EIB is intended to stimulate growth in the Baltic region, with a focus on supporting the green transition of the economy. The financing will be used for investment that will contribute to reducing total greenhouse gas emissions and help the Baltic countries meet the climate targets. Blending the EIB loan with our resources will pave the way for over 330 million EUR in new financing on favourable conditions.

We hosted further ESG seminars for our customers, including climate risk and how it will impact the retail industry, focusing on adopting circular business models, and discussing the role of the circular economy in climate targets, including the direction in which policies are moving. We also addressed strategies for the circular business model and provided practical tips on where to start the circular journey.

Supplementary information

ECONOMIC ENVIRONMENT

Data and Luminor economists' forecasts (a)	Public Debt /GDP	Economic growth (GDP) (b)		Inflation (CPI) (b)		Unemployment rate		Wage growth (b)	
%	23Q2	23Q3	24f (c)	Dec 23	24f (c)	23Q3	24f (c)	23Q3	24f (c)
Estonia	18.5	-4.0	0.0	4.2	1.0	7.3	8.0	10.6	8.0
Latvia	39.5	0.0	1.8	0.6	-0.3	6.5	7.2	11.8	7.6
Lithuania	38.1	0.1	1.9	1.2	-0.5	6.2	6.8	12.8	8.0

a. Data as at 12 January 2024, forecasts as at September 2023; b. Annual change; c. Average for the year

Weak euro-area growth combined with higher interest rates, perceived geopolitical risks, and falling demand from the Nordic real estate sector, reduced or minimised growth in the Baltic countries. Gross domestic product in Estonia fell, where strength in services was offset by weakness in manufacturing, while the Latvian economy trended sideways, and Lithuania grew marginally. Consumer price inflation was lower than the previous year, though inflation in Estonia was higher than in Latvia and Lithuania.

Employment levels remain high and close to historic peak levels. The increase in the Estonian unemployment rate was caused primarily by the progressive inclusion in unemployment statistics of refugees from the war in Ukraine. Wage growth has been strong, with double-digit increases across the region in the third quarter of 2023 as compared to the year before, restoring partially household purchasing power which fell in the prior two years.

The economic outlook for 2024 is cautiously positive. Estonian GDP is expected to grow from the middle of the year, while the outlook for the Latvian and Lithuanian economies is more positive. Growth rates will remain below trend and GDP levels below potential. However, government indebtedness remains low, with public debt in Estonia less than 20% of GDP, and less than 40% in Latvia and Lithuania, and therefore governments are well paced to support economic growth if needed.

BUSINESS DEVELOPMENTS

We continued to improve our services to better serve our customers, and saw improved customer ratings. We grew balances of term deposits, and raised the rates of interest we paid, in line with our purpose to improve the financial health of our customers. We invested in the organisation, focusing on our IT-infrastructure, and strengthened security and regulatory compliance processes and systems. We will continue to invest in these areas in the coming quarters.

We signed an agreement with the European Investment Bank (EIB) to facilitate additional lending to smaller Baltic businesses. Blending the loan from the EIB with our resources will enable over 300 million EUR in new financing, with more favourable conditions, for SME and mid-cap enterprises.

Elanor Rose 'Elly' Hardwick stepped down from the Supervisory Council and its audit and nomination committees in October, and in December, Syed Qasim Abbas was appointed to the Council. Qasim is a Senior Managing Director in the Tactical Opportunities group at Blackstone. He leads Blackstone's European investment strategy, with a particular focus on financial services, and is a member of the Tactical Opportunities Investment Committee.

In October, Peter Bosek, Chief Executive and Chairman of the Management Board, announced he will resign effective 30 June 2024 to become Chief Executive Officer of Erste Group Bank AG. The Council have commenced a process to identify Peter's successor. In December, Ossi Leikola joined as the Board as Deputy Chief Executive, to strengthen our leadership team. Ossi will lead cross-divisional transformation and management of external third-party relationships, and will drive operational excellence across the bank.

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE

Morningstar Sustainanalytics awarded us for the second time the lowest ESG risk rating of any of the largest banks in the Baltic region. Our rating ranks us in the top decile of over 1,000 banks globally. The Sustainanalytics assessment highlights our efforts to reduce CO_2 emissions and move to environmental sustainability. Our marketing policy, work to inform customers of our products, and regular training for employees on data protection and cyber security were also highlighted. Sustainanalytics also noted our sustainability reporting, supervision of ESG issues, and strong data protection policy and management structure, anti-bribery and anti-corruption policy, and the fulfilment of anti-money laundering obligations.

During the quarter we updated our Sustainability Policy, specifically updating: our 'Exclusion list' to exclude entities involved in coal, oil, and shale oil based energy production without a commitment to Net Zero by 2050 and a transition plan; our ESG Due Diligence Standard with a revised impact assessment grid to consider impact scale, scope and irreversibility, and; our Risk Appetite Statement, to control exposure to high physical and transition risk sectors in our corporate credit portfolio. We also updated our ESG Risk Assessment Procedure to require transition plans from our largest corporate customers in "high risk" sectors and to align their activities to Science Based Targets, and completed our ESG Risk Rating scoring model applied to these customers.

We initiated the update of our Product Management Procedure and introduced rigorous definitions in order to create clarity for all our business areas. This procedure guides product owners when integrating sustainability considerations into product manufacturing and distribution processes and for establishing product labelling. We piloted Taxonomy tools in our retail mortgage, and corporate lending, businesses, and developed further our sustainable lending procedure.

In Estonia we continued our anti-fraud and money wisdom campaign, and contributed to the Christmas gift project organised by Tallinna Suurperede Klubi, in Latvia, once again we supported our school program "Dzīvei gatavs" (Life ready) on pensions and investments, as well as fraud prevention to strengthen financial literacy among young people, while in Lithuania, we continued our anti-fraud campaign and sponsored for a second time the 'Creative Shock' contest for students.

PREVENTING FINANCIAL CRIME

We do not tolerate financial crime and are committed behaving ethically, and building a strong risk culture. We operate only in the Baltic countries and target our products and services at residents of the Baltic countries, and at individuals and companies with a strong connection to those countries. We improved our processes to align them with our low risk appetite and our conservative business approach. We invested through the quarter in our anti-money laundering capabilities and sanctions compliance, and anti-fraud framework and technology, while planning for IT-upgrades in 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 in the quarter. Our commitment to protecting our customers and preserving the integrity of the financial system remains at the heart of our actions. To bolster our capabilities we implemented further a new, pan-Baltic, anti-fraud solution for non-card payments. We also improved existing solutions and analytical capabilities, and made continued efforts into raising public awareness about fraud prevention.

EVENTS AFTER PERIOD END

In addition to the changes in corporate income tax mentioned in the 'Financial Review' section, above, effective 1 January 2024 the Government of Latvia enacted a temporary tax on credit providers as an amendment to the Latvian 'Consumer Rights Protection Law'. This new tax is levied on credit providers at a rate of 2% per annum of their total mortgage loan portfolio as at 31 October 2023. The Government of Latvia has stated it will use the proceeds of the tax to fund payments to eligible mortgage borrowers in the amount of 30% of the applicable interest rate of their mortgage loans. The tax, which is payable at a rate of 0.5% per quarter, with the first payment to be made in April 2024, will remain in force through 2024.

Statement of the Management Board

The interim report of Luminor Bank AS for the fourth quarter of 2023 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.

Peter Bosek
Chief Executive Officer and
Chairman of the Management Board
Tallinn, 30 January 2024

INTERIM FINANCIAL STATEMENTS

Condensed consolidated Statement of Profit or Loss and Other Comprehensive Income

€m	Notes	4Q		Jan-Dec	
		2022	2023	2022	2023
Interest income calculated using the effective interest method	3	90.1	163.0	270.6	627.6
Other similar income	3	24.1	46.2	57.4	112.6
Interest and similar expense	3	-15.8	-66.3	-27.2	-198.2
Net interest and similar income		**98.4**	**142.9**	**300.8**	**542.0**
Fee and commission income	4	28.5	29.1	110.3	114.8
Fee and commission expense	4	-7.8	-8.3	-30.0	-30.2
Net fee and commission income		**20.7**	**20.8**	**80.3**	**84.6**
Net gain (-loss) from financial instruments at fair value	5	-15.5	-3.7	17.7	16.1
Net gain from foreign currency operations		24.2	11.9	6.7	18.6
Other operating expense - net	6	-3.8	-6.5	-15.3	-16.7
Share of profit from associates		0.3	0.5	1.6	1.6
Net other operating income		**5.2**	**2.2**	**10.7**	**19.6**
Total operating income		**124.3**	**165.9**	**391.8**	**646.2**
Salaries and other personnel expenses		-29.5	-35.9	-110.6	-131.3
Other administration expenses	7	-36.6	-45.8	-112.7	-188.6
Depreciation and amortisation		-2.4	-8.8	-10.0	-16.8
Loss on derecognition of non-financial assets, net		0.0	-3.5	0.0	-3.2
Total administration expenses		**-68.5**	**-94.0**	**-233.3**	**-339.9**
Profit before credit loss allowances and tax		**55.8**	**71.9**	**158.5**	**306.3**
Credit loss allowances	9	-9.2	-20.2	-16.1	-33.1
Profit before tax		**46.6**	**51.7**	**142.4**	**273.2**
Latvian corporate income tax for 2023		0.0	-15.8	0.0	-15.8
Lithuanian bank tax		0.0	-9.3	0.0	-30.1
Tax expense		-6.3	-10.2	-17.7	-32.6
Profit for the period		**40.3**	**16.4**	**124.7**	**194.7**
Total comprehensive income		**40.3**	**16.4**	**124.7**	**194.7**

Condensed consolidated Statement of Financial Position

€m	Notes	31 Dec 2022	30 Sep 2023	31 Dec 2023
Assets				
Cash and balances with central banks		2,178.1	2,709.7	3,184.9
Due from other credit institutions		123.4	68.0	56.2
Debt securities	8	1,289.8	1,458.5	1,491.8
Loans to customers	9	10,874.7	10,772.5	10,502.6
Derivatives	13	121.6	78.3	92.2
Equity instruments		2.5	2.8	2.9
Investments in associates		5.7	6.8	5.5
Intangible assets		62.8	63.0	56.0
Tangible assets		30.2	27.0	27.0
Current tax assets		0.0	0.8	0.7
Deferred tax assets		12.5	9.5	8.9
Other assets		55.4	57.2	63.4
Total		**14,756.7**	**15,254.1**	**15,492.1**
Liabilities				
Loans and deposits from credit institutions		36.6	88.6	224.3
Deposits from customers	10	10,947.9	11,043.4	11,287.2
Fair value of changes of hedge items in portfolio hedges of interest rate		0.0	−5.4	6.9
Debt securities issued	11	1,813.9	2,054.3	1,898.7
Derivatives	13	194.1	120.0	73.7
Tax liabilities		10.0	20.0	35.9
Lease liabilities		30.0	26.0	24.8
Other liabilities	12	118.8	127.1	134.5
Provisions		22.0	18.4	28.0
Total		**13,173.3**	**13,492.4**	**13,714.0**
Shareholder's equity				
Share capital		34.9	34.9	34.9
Share premium		1,412.2	1,412.2	1,412.2
Retained earnings		132.7	311.1	327.5
Other reserves		3.6	3.5	3.5
Total		**1,583.4**	**1,761.7**	**1,778.1**
Total liabilities and shareholder's equity		**14,756.7**	**15,254.1**	**15,492.1**

Condensed consolidated Statement of Changes in Equity

€m	Share capital	Share premium	Retained earnings	Other reserves	Total
Balance as at 31 December 2021	**34.9**	**1,412.2**	**97.9**	**3.8**	**1,548.8**
Profit for the period	–	–	124.7	–	**124.7**
Total comprehensive income	**–**	**–**	**124.7**	**–**	**124.7**
Dividends	–	–	–90.0	–	**–90.0**
Other	–	–	0.1	–0.2	**–0.1**
Balance as at 31 December 2022	**34.9**	**1,412.2**	**132.7**	**3.6**	**1,583.4**
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**

Condensed consolidated Statement of Cash Flows

€m	Notes	Jan-Dec	
		2022	2023
Profit before tax		142.4	273.2
Adjustment for non-cash items:			
Credit loss allowance	9	16.1	23.9
Depreciation and amortisation		10.0	16.8
Other non-cash items		-1.5	-1.6
Interest and similar income	3	-328.0	-740.2
Interest and similar expenses	3	27.2	198.2
Change in operating assets/liabilities:			
Increase (-) / decrease (+) of lending to customers		-924.6	355.7
Increase (-) / decrease (+) of debt securities		-676.2	-166.1
Increase (-) / decrease (+) of other assets		-90.1	654.1
Increase (+) / decrease (-) of deposits from customers		593.1	498.1
Increase (+) / decrease (-) of other liabilities		74.8	-627.7
Interest received		309.8	687.6
Interest paid		-17.6	-137.7
Income tax paid		-9.4	-49.7
Cash flow used in operating activities		**-874.0**	**984.6**
Payment for acquisition of subsidiary, net of cash acquired		-48.1	0.0
Acquisition of tangible and intangible assets		-6.1	-8.9
Proceeds from disposal of tangible and intangible assets		0.1	4.0
Dividend received		2.3	1.8
Cash flows used in investing activities		**-51.8**	**-3.1**
Debt securities issued	11	796.9	598.5
Debt securities matured		-71.8	0.0
Debt securities repurchased		0.0	-609.0
Payments of principal on leases		-5.6	-5.5
Dividends paid		-90.0	0.0
Cash flows from / (used in) financing activities		**629.5**	**-16.0**
Net increase or decrease in cash and cash equivalents		**-296.3**	**965.5**
Cash and cash equivalents at the beginning of the period		2,447.2	2,151.0
Effects of currency translation on cash and cash equivalents		0.1	0.1
Net increase or decrease in cash and cash equivalents		-296.3	965.5
Cash and cash equivalents at the end of the period		**2,151.0**	**3,116.6**
Cash and cash equivalents			
Cash on hand		127.4	105.4
Non-restricted current account with central bank		1,938.1	2,963.7
Due from other credit institutions within three months		85.5	47.5
Total		**2,151.0**	**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 2022 (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 2023. Several amendments and interpretations are effective for the first time in 2023, 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 2022, except as noted further, as per the Annual Report.

The applied Expected Credit Loss (the ECL) model was enhanced during the second quarter of 2023 to reflect the effect of the increase of interest rates leading to increasing level of risk most notably in commercial real estate segment. New temporary collective Significant Increase in Credit Risk (SICR) indicator for commercial real estate exposures vulnerable to increasing interest rates was incorporated into the ECL model. Consequently, an additional collective impairment was established at the end of the quarter. Implementation of the new SICR indicator had an impact on staging of credit exposures by increasing the amount of exposures classified within Stage 2, as well as by increasing the total amount of impairment due to reclassification of exposures from Stage 1 to Stage 2. Thus, currently exposures of customers that meet the new temporary collective SICR indicator are treated at least as Stage 2 exposures.

Collective SICR indicators that were incorporated into the ECL model in the first quarter of 2022 to reflect the effects of the Russian invasion of Ukraine (geopolitical risk, inflationary risk including sustained energy price increase, customers with energy intensive operations) were reconsidered during the fourth quarter of 2023. The application of the aforementioned collective SICR indicators was discontinued as we considered the effects of the invasion had materialised through other regular collective SICR indicators. This discontinuation reduced exposures classified as Stage 2 and lowered allowances by an immaterial amount.

A management overlay, to adjust the standard ECL model output for potential credit losses related to COVID-19, was introduced in the fourth quarter of 2020, and at 31 December 2021 totalled 12 million EUR. The overlay was released completely in the fourth quarter of 2022 as concerns about the impact of COVID-19 on credit quality receded.

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 2022. For detailed information on the valuation techniques and inputs, please, refer to the Annual Report.

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 2023

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 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 we used for macroeconomic modelling were:

Economic data, %	**2022**	**Scenarios**											
	actual	**Optimistic**				**Baseline**				**Pessimistic**			
		23f	**24f**	**25f**	**26f**	**23f**	**24f**	**25f**	**26f**	**23f**	**24f**	**25f**	**26f**
Real GDP (a)													
Estonia	-1.3	-0.6	4.2	7.6	5.6	-2.0	0.0	4.0	2.2	-2.0	-4.0	1.8	4.0
Latvia	2.8	1.9	6.0	6.9	6.4	0.6	1.8	3.4	3.0	0.6	-3.5	-0.4	1.8
Lithuania	1.9	0.8	5.3	5.0	4.6	-0.5	1.9	2.3	2.0	-0.5	-3.5	1.4	4.3
Unemployment rate													
Estonia	5.6	6.1	7.0	6.2	5.8	7.0	8.0	7.0	6.5	7.0	10.5	10.3	8.9
Latvia	6.9	5.8	6.0	5.4	5.6	6.6	7.2	6.4	6.5	6.6	10.5	11.1	10.6
Lithuania	6.0	6.1	5.5	5.2	5.6	7.0	6.8	6.2	6.5	7.0	10.0	10.8	9.9
Residential Real Estate price (a)													
Estonia	22.2	2.0	8.2	8.8	8.7	0.0	1.7	3.4	3.5	0.0	-25.0	-2.4	9.6
Latvia	13.8	3.7	12.0	10.4	8.8	1.3	4.0	4.0	3.0	1.3	-20.0	-6.7	3.5
Lithuania	19.0	4.2	8.7	7.7	5.8	3.0	4.0	3.8	2.1	3.0	-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 fourth quarter, with an LCR ratio of 200.7% 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 limit breaches for liquidity risk during the quarter.

3. Net interest and similar income

€m	4Q		Jan–Dec	
	2022	2023	2022	2023
Loans to customers at amortised cost	89.7	135.2	264.5	534.6
Deposits with other banks	0.4	27.8	0.9	93.0
Negative interest on financial liabilities	0.0	0.0	5.2	0.0
Interest income calculated using effective interest method	**90.1**	**163.0**	**270.6**	**627.6**
Finance leases	15.7	36.9	47.4	89.8
Other	8.4	9.3	10.0	22.8
Other similar income	**24.1**	**46.2**	**57.4**	**112.6**
Interest and similar income	**114.2**	**209.2**	**328.0**	**740.2**
Loans and deposits from credit institutions	−2.7	−1.4	−7.4	−5.9
Deposits from customers	−4.2	−38.7	−4.7	−101.8
Debt securities issued	−6.9	−13.6	−15.5	−40.0
Gain (−loss) on hedging activities	−1.8	−12.1	1.1	1.2
Net interest paid or received on derivatives in hedges of liabilities	0.0	−0.4	0.0	−51.1
Other	−0.2	−0.1	−0.7	−0.6
Interest expense	**−15.8**	**−66.3**	**−27.2**	**−198.2**
Total	**98.4**	**142.9**	**300.8**	**542.0**

4. Net fee and commission income

€m	2022			2023		
	Income	Expense	Total	Income	Expense	Total
Fourth quarter						
Cards	9.9	-5.5	**4.4**	10.9	-6.0	**4.9**
Credit products	1.7	-0.6	**1.1**	1.8	-0.8	**1.0**
Daily banking plans	4.6	0.0	**4.6**	4.9	0.0	**4.9**
Deposit products and cash management	4.1	-0.7	**3.4**	3.3	-0.8	**2.5**
Insurance	1.0	0.0	**1.0**	1.0	0.0	**1.0**
Investments	1.2	-0.4	**0.8**	1.7	-0.5	**1.2**
Pensions	2.1	-0.2	**1.9**	2.3	-0.2	**2.1**
Trade finance	2.5	0.0	**2.5**	3.0	0.0	**3.0**
Other	1.4	-0.4	**1.0**	0.2	0.0	**0.2**
Total	**28.5**	**-7.8**	**20.7**	**29.1**	**-8.3**	**20.8**
January-December						
Cards	38.6	-21.5	**17.1**	43.5	-22.4	**21.1**
Credit products	7.3	-2.5	**4.8**	6.6	-2.1	**4.5**
Daily banking plans	17.6	0.0	**17.6**	19.4	0.0	**19.4**
Deposit products and cash management	16.5	-2.9	**13.6**	14.3	-3.1	**11.2**
Insurance	3.5	-0.1	**3.4**	3.8	0.0	**3.8**
Investments	5.0	-1.3	**3.7**	5.6	-1.7	**3.9**
Pensions	8.9	-0.8	**8.1**	9.0	-0.8	**8.2**
Trade finance	9.8	0.0	**9.8**	11.4	0.0	**11.4**
Other	3.1	-0.9	**2.2**	1.2	-0.1	**1.1**
Total	**110.3**	**-30.0**	**80.3**	**114.8**	**-30.2**	**84.6**

Fee and commission income by revenue recognition

€m	2022			2023		
	Over time	Point in time	Total	Over time	Point in time	Total
Fourth quarter						
Cards	2.9	7.0	**9.9**	0.6	10.3	**10.9**
Credit products	0.3	1.4	**1.7**	0.5	1.3	**1.8**
Daily banking plans	4.6	0.0	**4.6**	4.9	0.0	**4.9**
Deposit products and cash management	1.2	2.9	**4.1**	0.8	2.5	**3.3**
Insurance	0.0	1.0	**1.0**	0.0	1.0	**1.0**
Investments	0.6	0.6	**1.2**	0.8	0.9	**1.7**
Pensions	2.1	0.0	**2.1**	2.3	0.0	**2.3**
Trade finance	2.4	0.1	**2.5**	2.8	0.2	**3.0**
Other	0.0	1.4	**1.4**	0.0	0.2	**0.2**
Total	**14.1**	**14.4**	**28.5**	**12.7**	**16.4**	**29.1**
January-December						
Cards	10.9	27.7	**38.6**	8.3	35.2	**43.5**
Credit products	1.2	6.1	**7.3**	1.5	5.1	**6.6**
Daily banking plans	17.6	0.0	**17.6**	19.4	0.0	**19.4**
Deposit products and cash management	4.1	12.4	**16.5**	3.7	10.6	**14.3**
Insurance	0.0	3.5	**3.5**	0.0	3.8	**3.8**
Investments	2.1	2.9	**5.0**	2.8	2.8	**5.6**
Pensions	8.9	0.0	**8.9**	9.0	0.0	**9.0**
Trade finance	9.0	0.8	**9.8**	10.8	0.6	**11.4**
Other	0.1	3.0	**3.1**	0.1	1.1	**1.2**
Total	**53.9**	**56.4**	**110.3**	**55.6**	**59.2**	**114.8**

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

€m	4Q		Jan-Dec	
	2022	2023	2022	2023
Net gain (-loss) from derivatives	-17.5	-9.7	30.5	2.1
Net gain on financial assets and liabilities held for trading	1.8	1.8	7.7	6.1
Net gain (-loss) on financial assets and liabilities at FVTPL	0.5	0.6	-0.1	1.1
Net loss on debt securities designated at FVTPL	-0.3	3.6	-20.4	6.8
Total	**-15.5**	**-3.7**	**17.7**	**16.1**

6. Other operating expense - net

€m	4Q		Jan-Dec	
	2022	2023	2022	2023
Other income	0.0	0.2	0.6	1.0
Other operating income	**0.0**	**0.2**	**0.6**	**1.0**
Contributions to resolution funds and deposit guarantee schemes	-3.8	-6.7	-15.9	-17.7
Other operating expense	**-3.8**	**-6.7**	**-15.9**	**-17.7**
Total	**-3.8**	**-6.5**	**-15.3**	**-16.7**

7. Other administration expenses

€m	4Q		Jan-Dec	
	2022	2023	2022	2023
Information Technology-related	-20.2	-21.7	-71.3	-98.9
Consulting and professional services	-6.6	-11.6	-12.7	-54.6
Advertising and marketing	-2.7	-3.9	-7.6	-8.6
Real estate	-1.2	-0.8	-3.7	-3.3
Taxes and duties	0.8	3.7	-2.6	-1.3
Other	-6.7	-11.5	-14.8	-21.9
Total	**-36.6**	**-45.8**	**-112.7**	**-188.6**

8. Debt securities

€m	Govern-ments	Credit institutions	Financial institutions	Corporates	Total
31 December 2022					
Amortised cost	881.9	60.7	0.0	108.0	**1,050.6**
FVTPL (designated)	178.0	22.0	0.0	0.0	**200.0**
FYTPL (mandatorily)	25.4	0.0	4.7	6.4	**36.5**
FVTOCI	2.7	0.0	0.0	0.0	**2.7**
Total	**1,088.0**	**82.7**	**4.7**	**114.4**	**1,289.8**
30 September 2023					
Amortised cost	1,062.1	94.7	2.3	102.8	**1,261.9**
FVTPL (designated)	160.2	22.4	0.0	0.0	**182.6**
FYTPL (mandatorily)	7.0	0.0	4.2	0.1	**11.3**
FVTOCI	2.7	0.0	0.0	0.0	**2.7**
Total	**1,232.0**	**117.1**	**6.5**	**102.9**	**1,458.5**
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**
FYTPL (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**

9. Loans to customers

€m	31 Dec 2022	30 Sep 2023	31 Dec 2023
Individuals	5,951.9	5,996.1	5,941.5
Businesses	4,498.0	4,391.1	4,181.3
Financial institutions	222.2	187.9	190.9
Public sector	202.6	197.4	188.9
Total	**10,874.7**	**10,772.5**	**10,502.6**
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	10,685.3	10,616.3	10,353.7
Rest of the European Union	158.9	129.3	123.0
Other	30.5	26.9	25.9
Total	**10,874.7**	**10,772.5**	**10,502.6**

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 December 2022									
Mortgages	4,842.6	232.7	33.2	**5,108.5**	-10.4	-10.6	-8.0	**-29.0**	**5,079.5**
Leasing	445.1	33.2	1.5	**479.8**	-1.9	-1.1	-0.3	**-3.3**	**476.5**
Consumer loans, cards	110.8	9.6	0.6	**121.0**	-0.5	-0.7	-0.2	**-1.4**	**119.6**
Other	213.9	57.2	11.4	**282.5**	-1.4	-1.6	-3.2	**-6.2**	**276.3**
Individuals	**5,612.4**	**332.7**	**46.7**	**5,991.8**	**-14.2**	**-14.0**	**-11.7**	**-39.9**	**5,951.9**
Loans	2,184.5	1,023.8	72.7	**3,281.0**	-8.3	-13.7	-24.4	**-46.4**	**3,234.6**
Leasing	816.2	188.4	9.1	**1,013.7**	-3.6	-2.9	-3.7	**-10.2**	**1,003.5**
Factoring	224.3	35.0	4.7	**264.0**	-0.4	-0.2	-3.5	**-4.1**	**259.9**
Businesses	**3,225.0**	**1,247.2**	**86.5**	**4,558.7**	**-12.3**	**-16.8**	**-31.6**	**-60.7**	**4,498.0**
Financial institutions	164.9	57.8	0.1	**222.8**	-0.4	-0.2	0.0	**-0.6**	**222.2**
Public sector	202.7	0.0	0.1	**202.8**	-0.2	0.0	0.0	**-0.2**	**202.6**
Total	**9,205.0**	**1,637.7**	**133.4**	**10,976.1**	**-27.1**	**-31.0**	**-43.3**	**-101.4**	**10,874.7**
30 September 2023									
Mortgages	4,915.8	208.5	54.4	**5,178.7**	-9.8	-13.8	-12.6	**-36.2**	**5,142.5**
Leasing	427.5	27.4	2.9	**457.8**	-2.0	-1.2	-0.7	**-3.9**	**453.9**
Consumer loans, cards	120.5	8.7	0.9	**130.1**	-0.5	-0.7	-0.3	**-1.5**	**128.6**
Other	212.8	52.5	12.0	**277.3**	-1.2	-1.5	-3.5	**-6.2**	**271.1**
Individuals	**5,676.6**	**297.1**	**70.2**	**6,043.9**	**-13.5**	**-17.2**	**-17.1**	**-47.8**	**5,996.1**
Loans	1,884.0	1,247.0	48.4	**3,179.4**	-7.1	-18.6	-22.0	**-47.7**	**3,131.7**
Leasing	883.5	144.6	17.7	**1,045.8**	-4.1	-3.1	-4.4	**-11.6**	**1,034.2**
Factoring	183.5	41.4	1.6	**226.5**	-0.4	-0.1	-0.8	**-1.3**	**225.2**
Businesses	**2,951.0**	**1,433.0**	**67.7**	**4,451.7**	**-11.6**	**-21.8**	**-27.2**	**-60.6**	**4,391.1**
Financial institutions	152.3	36.7	0.0	**189.0**	-0.1	-1.0	0.0	**-1.1**	**187.9**
Public sector	197.5	0.0	0.1	**197.6**	-0.1	0.0	-0.1	**-0.2**	**197.4**
Total	**8,977.4**	**1,766.8**	**138.0**	**10,882.2**	**-25.3**	**-40.0**	**-44.4**	**-109.7**	**10,772.5**
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**

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 December 2022									
Real estate activities	1,011.3	331.8	13.6	**1,356.7**	-3.8	-4.7	-1.0	**-9.5**	**1,347.2**
Wholesale and retail	512.5	174.5	20.8	**707.8**	-1.6	-1.3	-5.9	**-8.8**	**699.0**
Manufacturing	410.4	226.0	15.9	**652.3**	-0.9	-2.9	-6.7	**-10.5**	**641.8**
Transport and storage	212.4	108.9	0.8	**322.1**	-1.0	-1.3	-0.3	**-2.6**	**319.5**
Agriculture, forestry, and fishing	285.7	58.7	4.7	**349.1**	-1.0	-0.9	-2.0	**-3.9**	**345.2**
Construction	189.1	43.7	13.0	**245.8**	-1.1	-1.1	-8.4	**-10.6**	**235.2**
Administrative & support services	191.9	61.7	5.1	**258.7**	-1.0	-0.7	-2.5	**-4.2**	**254.5**
Professional, scientific, technical	117.3	56.0	0.5	**173.8**	-0.8	-1.1	-0.4	**-2.3**	**171.5**
Electricity, gas, steam, & aircon	79.9	36.4	1.7	**118.0**	-0.2	-0.3	-1.6	**-2.1**	**115.9**
Other	214.5	149.5	10.4	**374.4**	-0.9	-2.5	-2.8	**-6.2**	**368.2**
Total	**3,225.0**	**1,247.2**	**86.5**	**4,558.7**	**-12.3**	**-16.8**	**-31.6**	**-60.7**	**4,498.0**
30 September 2023									
Real estate activities	795.2	448.7	8.5	**1,252.4**	-2.9	-6.4	-1.1	**-10.4**	**1,242.0**
Wholesale and retail	391.9	320.5	4.3	**716.7**	-1.3	-1.7	-2.5	**-5.5**	**711.2**
Manufacturing	376.8	176.2	17.1	**570.1**	-1.2	-3.2	-7.7	**-12.1**	**558.0**
Transport and storage	207.7	67.0	12.0	**286.7**	-1.1	-1.1	-3.0	**-5.2**	**281.5**
Agriculture, forestry, and fishing	334.8	37.6	7.5	**379.9**	-1.1	-0.8	-2.5	**-4.4**	**375.5**
Construction	148.1	104.3	14.0	**266.4**	-0.8	-3.4	-7.8	**-12.0**	**254.4**
Administrative & support services	225.4	74.8	1.5	**301.7**	-1.2	-1.5	-0.5	**-3.2**	**298.5**
Professional, scientific, technical	102.7	43.4	0.5	**146.6**	-0.7	-0.9	-0.4	**-2.0**	**144.6**
Electricity, gas, steam, & aircon	163.4	13.1	1.0	**177.5**	-0.4	-0.1	-1.0	**-1.5**	**176.0**
Other	205.0	147.4	1.3	**353.7**	-0.9	-2.7	-0.7	**-4.3**	**349.4**
Total	**2,951.0**	**1,433.0**	**67.7**	**4,451.7**	**-11.6**	**-21.8**	**-27.2**	**-60.6**	**4,391.1**
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**

Loans to customers by stage and risk category

€m	Stage 1	2	3	Total
31 December 2022				
Low risk	6,900.3	379.2	0.0	**7,279.5**
Moderate risk	2,196.7	890.4	0.2	**3,087.3**
High risk	108.0	368.1	0.0	**476.1**
Default	0.0	0.0	133.2	**133.2**
Gross carrying amount	**9,205.0**	**1,637.7**	**133.4**	**10,976.1**
of which POCI	0.0	13.8	3.0	**16.8**
30 September 2023				
Low risk	6,151.7	261.9	0.0	**6,413.6**
Moderate risk	2,714.8	1,045.5	0.0	**3,760.3**
High risk	110.9	459.4	0.0	**570.3**
Default	0.0	0.0	138.0	**138.0**
Gross carrying amount	**8,977.4**	**1,766.8**	**138.0**	**10,882.2**
of which POCI	0.0	7.2	2.6	**9.8**
31 December 2023				
Low risk	6,064.8	240.5	0.0	**6,305.3**
Moderate risk	2,738.2	755.9	0.0	**3,494.1**
High risk	92.9	530.2	0.0	**623.1**
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**

Credit loss allowances

€m	4Q		Jan-Dec	
	2022	**2023**	**2022**	**2023**
Credit loss allowances	-2.7	-14.7	-9.4	-23.9
Provisions (Credit loss allowances on Contingent liabilities)	-6.5	-5.5	-6.7	-9.2
Total	**-9.2**	**-20.2**	**-16.1**	**-33.1**

Movement by Stage in Loans to customers and credit loss allowances

€m	2022				2023			
	Stage 1	2	3	Total	Stage 1	2	3	Total
Gross carrying amount								
Opening balance	**8,452.0**	**1,411.0**	**185.6**	**10,048.6**	**9,205.0**	**1,637.7**	**133.4**	**10,976.1**
Transfers to Stage 1	476.3	-475.0	-1.3	**0.0**	368.3	-367.9	-0.4	**0.0**
Transfers to Stage 2	-1,075.7	1,114.9	-39.2	**0.0**	-853.6	886.9	-33.3	**0.0**
Transfers to Stage 3	-83.8	-31.5	115.3	**0.0**	-52.8	-97.0	149.8	**0.0**
Originated or purchased	2,938.7	0.0	0.0	**2,938.7**	2,007.1	0.0	0.0	**2,007.1**
Derecognised and repaid	-1,502.5	-381.7	-117.1	**-2,001.3**	-1,778.1	-533.1	-44.1	**-2,355.3**
Movement	**753.0**	**226.7**	**-42.3**	**937.4**	**-309.1**	**-111.1**	**72.0**	**-348.2**
Write-offs	0.0	0.0	-9.9	**-9.9**	0.0	0.0	-3.2	**-3.2**
Closing balance	**9,205.0**	**1,637.7**	**133.4**	**10,976.1**	**8,895.9**	**1,526.6**	**202.2**	**10,624.7**
of which POCI	0.0	13.8	3.0	**16.8**	0.0	6.7	1.3	**8.0**
Credit loss allowances								
Opening balance	**-16.3**	**-29.0**	**-56.6**	**-101.9**	**-27.1**	**-31.0**	**-43.3**	**-101.4**
Transfers to Stage 1	-10.8	10.5	0.3	**0.0**	-6.4	6.3	0.1	**0.0**
Transfers to Stage 2	4.7	-9.4	4.7	**0.0**	5.6	-12.1	6.5	**0.0**
Transfers to Stage 3	5.7	1.7	-7.4	**0.0**	4.5	3.2	-7.7	**0.0**
Originated or purchased	-16.4	0.0	0.0	**-16.4**	-13.4	0.0	0.0	**-13.4**
Derecognised and repaid	1.1	3.8	3.1	**8.0**	2.5	5.0	5.5	**13.0**
Change in ECL assumptions, Stages & other	4.9	-20.5	2.7	**-12.9**	9.7	-13.4	-19.8	**-23.5**
Management overlay	0.0	11.9	0.0	**11.9**	0.0	0.0	0.0	**0.0**
Movement	**-10.8**	**-2.0**	**3.4**	**-9.4**	**2.5**	**-11.0**	**-15.4**	**-23.9**
Write-offs	0.0	0.0	9.9	**9.9**	0.0	0.0	3.2	**3.2**
Closing balance	**-27.1**	**-31.0**	**-43.3**	**-101.4**	**-24.6**	**-42.0**	**-55.5**	**-122.1**
of which POCI	0.0	-0.1	-0.4	**-0.5**	0.0	-0.1	-0.2	**-0.3**

10. Deposits from customers

€m		31 Dec 2022	30 Sep 2023	31 Dec 2023
Individuals		4,791.6	4,529.5	4,742.7
Businesses		3,937.3	4,083.3	4,205.7
Financial institutions		271.7	214.8	249.6
Public sector		1,947.3	2,215.8	2,089.2
Total		**10,947.9**	**11,043.4**	**11,287.2**
of which	Demand deposits	9,614.0	8,622.4	8,493.4
	Term deposits	1,333.9	2,421.0	2,793.8
By country of registration				
Estonia, Latvia, and Lithuania		10,736.6	10,874.2	11,131.1
Rest of the European Union		165.4	80.1	76.8
Other		45.9	89.1	79.3
Total		**10,947.9**	**11,043.4**	**11,287.2**

11. Debt securities issued

€m	First call date	Maturity date	Further information	31 Dec 2022	30 Sep 2023	31 Dec 2023
€500m, 0.01%	–	Mar 2025		459.3	466.6	475.3
€500m, 1.688%	–	Jun 2027		467.3	464.6	486.5
Covered bonds				**926.6**	**931.2**	**961.8**
€300m, 5%	Aug 2023	Aug 2024	Redeemed Aug 2023	300.4	–	–
€300m, 0.792%	Dec 2023	Dec 2024	Redeemed Dec 2023	290.0	214.6	–
€300m, 7.25%	Jan 2025	Jan 2026	Issued Jan 2023	–	311.4	319.9
€300m, 0.539%	Sep 2025	Sep 2026		296.9	294.2	300.5
€300m, 7.75%	Jun 2026	Jun 2027	Issued Jun 2023	–	302.9	316.5
Senior bonds				**887.3**	**1,123.1**	**936.9**
Total				**1,813.9**	**2,054.3**	**1,898.7**

12. Other liabilities

€m	31 Dec 2022	30 Sep 2023	31 Dec 2023
Payments in transit	43.2	48.5	64.3
Other	4.3	1.5	2.4
Financial liabilities	**47.5**	**50.0**	**66.7**
Accrued liabilities	53.9	58.9	49.1
Received prepayments	3.2	2.1	2.1
Value Added Tax	2.9	3.6	2.6
Other tax liabilities	2.0	2.8	3.7
Other	9.3	9.7	10.3
Non-financial liabilities	**71.3**	**77.1**	**67.8**
Total	**118.8**	**127.1**	**134.5**

13. Derivatives

€m	31 Dec 2022	30 Sep 2023	31 Dec 2023
Fair value			
Interest rate-related	48.8	50.6	78.7
Currency-related	11.9	18.1	9.2
Commodity-related	60.9	9.6	4.3
Total assets	**121.6**	**78.3**	**92.2**
Interest rate-related	114.1	101.8	56.2
Currency-related	20.3	9.0	13.5
Commodity-related	59.7	9.2	4.0
Total liabilities	**194.1**	**120.0**	**73.7**
Notional amounts			
Interest rate-related	2,820.3	3,004.4	2,986.2
Currency-related	1,202.2	1,054.7	1,012.1
Commodity-related	230.6	77.0	67.6
Total	**4,253.1**	**4,136.1**	**4,065.9**
Hedging instruments (interest rate swaps)			
Deposits from Customers, notional amount	0.0	875.0	875.0
Carrying amount	0.0	-5.4	6.9
Debt securities issued, notional amount	1,900.0	1,900.0	1,900.0
Carrying amount	-84.4	-67.2	-8.6

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 December 2022, and 30 September and 31 December 2023.

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.

14. Contingent liabilities

€m	31 Dec 2022	30 Sep 2023	31 Dec 2023
Undrawn loan commitments	1,528.4	1,233.0	1,081.1
Performance guarantees	256.1	341.7	320.9
Financial guarantees	114.9	151.7	167.5
Other	381.2	439.1	486.3
Total	**2,280.6**	**2,165.5**	**2,055.8**

15. Fair value of financial instruments

€m	IFRS 9 measurement	Fair value				Carrying amount
		Level 1	Level 2	Level 3	Total	
31 December 2022						
Cash and balances with central banks	AC	127.4	2,050.7	0.0	**2,178.1**	2,178.1
Due from other credit institutions	AC	0.0	123.4	0.0	**123.4**	123.4
Debt securities	AC	943.4	9.7	0.0	**953.1**	1,050.6
Debt securities	FVTPLD	200.0	0.0	0.0	**200.0**	200.0
Debt securities	FVTPLM	32.0	1.0	3.5	**36.5**	36.5
Debt securities	FVTOCI	0.0	2.7	0.0	**2.7**	2.7
Loans to customers	AC	0.0	0.0	11,149.4	**11,149.4**	10,874.7
Derivatives	FVTPLM	0.0	118.5	3.1	**121.6**	121.6
Equity instruments	FVTPLM	0.0	2.0	0.0	**2.0**	2.0
Equity instruments	FVTOCI	0.0	0.0	0.5	**0.5**	0.5
Other	AC	0.0	25.5	0.0	**25.5**	25.5
Total assets		**1,302.8**	**2,333.5**	**11,156.5**	**14,792.8**	**14,615.6**
Loans and deposits from credit institutions	AC	0.0	36.6	0.0	**36.6**	36.6
Deposits from customers	AC	0.0	9,614.0	1,333.9	**10,947.9**	10,947.9
Debt securities issued	AC	0.0	1,772.5	0.0	**1,772.5**	1,813.9
Derivatives	FVTPLM	0.0	194.1	0.0	**194.1**	194.1
Other	AC	0.0	47.5	0.0	**47.5**	47.5
Total liabilities		**0.0**	**11,664.7**	**1,333.9**	**12,998.6**	**13,040.0**
30 September 2023						
Cash and balances with central banks	AC	124.8	2,584.9	0.0	**2,709.7**	2,709.7
Due from other credit institutions	AC	0.0	68.0	0.0	**68.0**	68.0
Debt securities	AC	1,139.2	9.4	11.1	**1,159.7**	1,261.9
Debt securities	FVTPLD	182.6	0.0	0.0	**182.6**	182.6
Debt securities	FVTPLM	7.1	0.1	4.1	**11.3**	11.3
Debt securities	FVTOCI	0.0	2.7	0.0	**2.7**	2.7
Loans to customers	AC	0.0	0.0	10,995.8	**10,995.8**	10,772.5
Derivatives	FVTPLM	0.0	75.6	2.7	**78.3**	78.3
Equity instruments	FVTPLM	0.0	2.3	0.0	**2.3**	2.3
Equity instruments	FVTOCI	0.0	0.0	0.5	**0.5**	0.5
Other	AC	0.0	27.3	0.0	**27.3**	27.3
Total assets		**1,453.7**	**2,770.3**	**11,014.2**	**15,238.2**	**15,117.1**
Loans and deposits from credit institutions	AC	0.0	88.6	0.0	**88.6**	88.6
Deposits from customers	AC	0.0	8,617.0	2,421.0	**11,038.0**	11,043.4
Debt securities issued	AC	0.0	2,029.2	0.0	**2,029.2**	2,054.3
Derivatives	FVTPLM	0.0	120.0	0.0	**120.0**	120.0
Other	AC	0.0	50.0	0.0	**50.0**	50.0
Total liabilities		**0.0**	**10,904.8**	**2,421.0**	**13,325.8**	**13,356.3**

€m	IFRS 9 measurement	Fair value				Carrying amount
		Level 1	Level 2	Level 3	Total	
31 December 2023						
Cash and balances with central banks	AC	105.4	3,079.5	0.0	**3,184.9**	3,184.9
Due from other credit institutions	AC	0.0	56.2	0.0	**56.2**	56.2
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	31.5	0.0	**31.5**	31.5
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	2,793.8	**11,287.2**	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**	**2,793.8**	**13,508.5**	**13,550.6**

Change in debt securities in Level 3

€m	Jan-Dec	
	2022	2023
Opening balance	6.9	3.5
Additions or disposals	-4.0	0.0
Transferred to Level 3	0.0	11.1
Unrealised gains for assets held at the end of the reporting period	0.6	1.2
Closing balance	**3.5**	**15.8**

16. Customer segments

€m	2022				2023			
	Retail	Corporate	Other	Total	Retail	Corporate	Other	Total
Fourth quarter								
Net interest and similar income	45.0	56.1	-2.7	**98.4**	75.5	62.1	5.3	**142.9**
Net fee and commission income	13.7	6.8	0.2	**20.7**	14.3	6.6	-0.1	**20.8**
Net financial income	1.6	2.9	4.2	**8.7**	1.5	3.3	3.4	**8.2**
Other income	0.0	0.5	-4.0	**-3.5**	0.0	0.5	-6.5	**-6.0**
Total operating income	**60.3**	**66.3**	**-2.3**	**124.3**	**91.3**	**72.5**	**2.1**	**165.9**
Administration expenses	-41.9	-23.0	-3.6	**-68.5**	-54.1	-32.6	-3.8	**-90.5**
Loss on derecognition of non-financial assets, net	0.0	0.0	0.0	**0.0**	0.0	0.0	-3.5	**-3.5**
Credit loss allowances	-5.5	-2.9	-0.8	**-9.2**	-6.8	-12.7	-0.7	**-20.2**
Profit (-loss) before tax	**12.9**	**40.4**	**-6.7**	**46.6**	**30.4**	**27.2**	**-5.9**	**51.7**
January-December								
Net interest and similar income	134.2	177.8	-11.2	**300.8**	280.4	247.7	13.9	**542.0**
Net fee and commission income	53.0	26.3	1.0	**80.3**	54.7	30.6	-0.7	**84.6**
Net financial income	6.9	14.8	2.7	**24.4**	5.9	13.9	14.9	**34.7**
Other income	0.2	2.1	-16.0	**-13.7**	0.1	1.7	-16.9	**-15.1**
Total operating income	**194.3**	**221.0**	**-23.5**	**391.8**	**341.1**	**293.9**	**11.2**	**646.2**
Other administration expenses	-146.1	-81.0	-6.2	**-233.3**	-205.2	-125.2	-6.3	**-336.7**
Loss on derecognition of non-financial assets, net	0.0	0.0	0.0	**0.0**	0.0	0.0	-3.2	**-3.2**
Credit loss allowances	1.2	-16.7	-0.6	**-16.1**	-12.5	-21.2	0.6	**-33.1**
Profit (-loss) before tax	**49.4**	**123.3**	**-30.3**	**142.4**	**123.4**	**147.5**	**2.3**	**273.2**

Customer balances

€m	31 Dec 2022	30 Sep 2023	31 Dec 2023
Loans to customers			
Retail	5,667.1	5,783.8	5,700.1
Corporate	5,205.9	4,986.9	4,799.2
Other	1.7	1.8	3.3
Total	**10,874.7**	**10,772.5**	**10,502.6**
Deposits from customers			
Retail	6,066.2	5,660.2	5,916.7
Corporate	4,788.2	5,313.9	5,286.2
Other	93.5	69.3	84.3
Total	**10,947.9**	**11,043.4**	**11,287.2**

Fee and commission income

€m	2022				2023			
	Retail	Corporate	Other	Total	Retail	Corporate	Other	Total
Fourth quarter								
Cards	8.6	1.7	−0.4	**9.9**	7.8	3.1	0.0	**10.9**
Credit products	0.1	1.6	0.0	**1.7**	0.1	1.6	0.1	**1.8**
Daily banking plans	4.5	0.1	0.0	**4.6**	4.8	0.1	0.0	**4.9**
Deposit products and cash management	2.3	1.8	0.0	**4.1**	1.7	1.6	0.0	**3.3**
Insurance	0.9	0.1	0.0	**1.0**	0.8	0.2	0.0	**1.0**
Investments	0.5	0.5	0.2	**1.2**	0.8	0.7	0.2	**1.7**
Pensions	2.1	0.0	0.0	**2.1**	2.3	0.0	0.0	**2.3**
Trade finance	0.1	2.4	0.0	**2.5**	0.0	2.9	0.1	**3.0**
Other	0.1	0.1	1.2	**1.4**	0.1	0.1	0.0	**0.2**
Total	**19.2**	**8.3**	**1.0**	**28.5**	**18.4**	**10.3**	**0.4**	**29.1**
January–December								
Cards	32.8	6.1	−0.3	**38.6**	31.2	12.3	0.0	**43.5**
Credit products	0.4	6.9	0.0	**7.3**	0.5	6.1	0.1	**6.7**
Daily banking plans	17.1	0.4	0.1	**17.6**	18.9	0.5	0.0	**19.4**
Deposit products and cash management	8.8	7.5	0.2	**16.5**	7.4	6.7	0.2	**14.3**
Insurance	3.0	0.5	0.0	**3.5**	3.1	0.7	0.0	**3.8**
Investments	2.1	1.6	1.3	**5.0**	2.7	2.3	0.7	**5.7**
Pensions	8.7	0.2	0.0	**8.9**	8.9	0.0	0.0	**8.9**
Trade finance	0.1	9.6	0.1	**9.8**	0.1	10.9	0.4	**11.4**
Other	0.4	0.4	2.3	**3.1**	0.4	0.6	0.1	**1.1**
Total	**73.4**	**33.2**	**3.7**	**110.3**	**73.2**	**40.1**	**1.5**	**114.8**

17. Related parties

ENTITIES WITH SIGNIFICANT INFLUENCE

DNB and Nordea were treated as entities with significant influence. Nordea, however, sold their remaining shareholding in Luminor Holding on 1 September 2022 and are no longer treated as a related party. The income statement and balance sheet entries, shown below, include Nordea up to the date of the share sale.

€m	4Q		Jan-Dec	
	2022	2023	2022	2023
Interest income calculated using the effective interest method	0.0	0.0	0.1	0.1
Interest and similar expense	-8.2	-0.1	-50.4	-0.2
Fee and commission income	0.0	0.0	-0.2	-0.1
Net other financial income	31.5	-7.7	73.5	-7.4
Other administration expenses	0.0	0.0	0.0	-0.7
Other income and expenses	0.0	0.0	-0.1	-0.1
Total	**23.3**	**-7.8**	**22.9**	**-8.4**

€m	31 Dec 2022	30 Sep 2023	31 Dec 2023
Due from other credit institutions	2.2	2.1	1.3
Derivatives	28.3	27.8	17.5
Other	1.4	0.0	0.0
Total assets	**31.9**	**29.9**	**18.8**
Loans and deposits from credit institutions	4.0	28.0	18.9
Derivatives	30.8	3.1	1.6
Total liabilities	**34.8**	**31.1**	**20.5**

KEY MANAGEMENT PERSONNEL

€m	4Q		Jan-Dec	
	2022	2023	2022	2023
Fixed and variable remuneration	-0.3	-0.2	-1.6	-1.6

€m	31 Dec 2022	30 Sep 2023	31 Dec 2023
Loans to customers	0.1	0.1	0.1
Deposits from customers	1.5	1.0	0.7

ASSOCIATES

ALD Automotive (3 entities) €m	31 Dec 2022	30 Sep 2023	31 Dec 2023
Loans to customers	13.5	9.6	11.9
Deposits from customers	0.3	1.0	0.7

18. Country information

Interest and fee income by country where generated

€m	4Q		Jan-Dec	
	2022	**2023**	**2022**	**2023**
Interest and similar income				
Estonia	26.9	45.9	75.2	168.8
Latvia	32.9	59.2	98.8	209.2
Lithuania	54.4	104.1	154.0	362.2
Total	**114.2**	**209.2**	**328.0**	**740.2**
Fee and commission income				
Estonia	4.6	4.6	16.8	18.2
Latvia	8.3	8.6	32.5	34.1
Lithuania	15.6	15.9	61.0	62.5
Total	**28.5**	**29.1**	**110.3**	**114.8**

Customer balances **€m**	**31 Dec 2022**	**30 Sep 2023**	**31 Dec 2023**
Loans to customers			
Estonia	2,459.4	2,451.3	2,391.0
Latvia	2,970.6	2,967.5	2,862.9
Lithuania	5,444.7	5,353.7	5,248.7
Total	**10,874.7**	**10,772.5**	**10,502.6**
Deposits from customers			
Estonia	1,409.7	1,191.5	1,237.0
Latvia	3,051.7	2,954.4	3,043.8
Lithuania	6,486.5	6,897.5	7,006.4
Total	**10,947.9**	**11,043.4**	**11,287.2**

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	Commercial register code	Main activity
Republic of Estonia	11315936	Credit institution
Telephone	**E-mail**	**SWIFT/BIC**
+372 628 3300	info@luminor.ee	RIKOEE22
Balance sheet date	**Reporting period**	**Reporting currency**
31 December 2023	1 January to 31 December 2023	euro

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Financial Calendar 2024

Date of publication	Report
1 February 2024	Interim report 4Q 2023
22 February 2024	Annual report 2023
2 May 2024	Interim report 1Q 2024
8 August 2024	Interim report 2Q 2024
31 October 2024	Interim report 3Q 2024
30 January 2025	Interim report 4Q 2024
20 February 2025	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.

Luminor

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