Luminor Bank Annual Report 2024

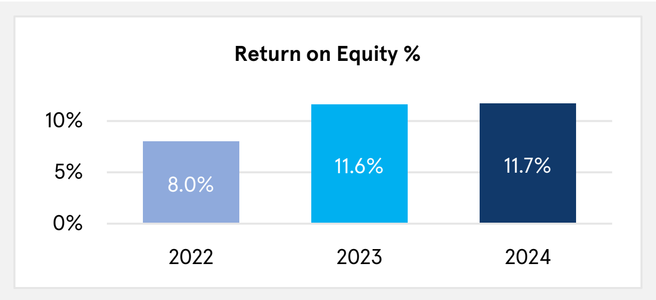
INTRODUCTION

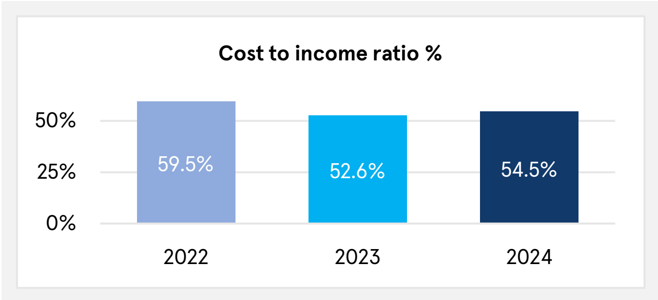
At a glance

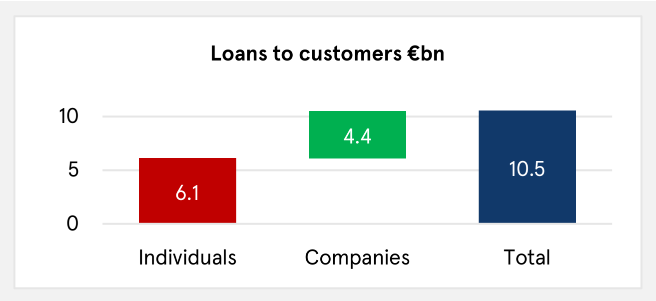
OUR YEAR IN BRIEF

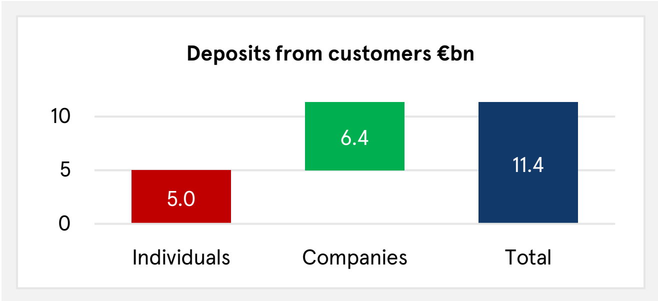
- We recorded profit for the period of 202.2 million EUR (2023: 194.7 million EUR)
- We generated a Return on Equity of 11.7% (2023: 11.6%)
- Credit quality improved, with Stage 3 loans reducing to 1.8% of gross lending
- Liquidity and capital ratios remained strong with an LCR of 205.1%, MREL of 35.7%, and CET1 of 20.2%
- Our senior unsecured rating was upgraded to A2, and covered bond rating to Aaa, by Moody's

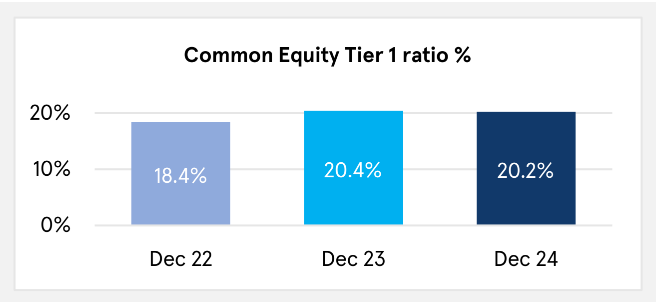
PERFORMANCE IN BRIEF

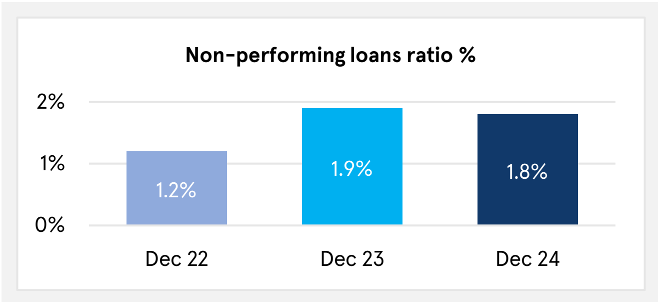












ABOUT US

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

In 2024 our home markets of Estonia, Latvia, and Lithuania grew modestly as economic activity in export markets remained subdued. Despite this, through the considerable efforts of our employees, over the year we increased lending and grew our customer deposits. Profit for the period increased 7.5 million EUR as compared to 2023 as a reduction in Total operating income was more than offset by lower Expected credit losses. We maintained good cost discipline and improved the quality of our loan book.

We are focused on three areas: first, to improve our value proposition for our customers; second, to streamline our IT for the benefit of our customers, and so be more efficient; and third, to be compliant with changing regulatory requirements. In Retail Banking, enhancements we made to our customer offering and marketing campaigns led to growth in customer lending and deposits, and better customer satisfaction scores. In Corporate Banking we saw improved customer sentiment and demand for new credit gained momentum in the latter part of the year. We prioritised support for Baltic SMEs and launched tailored loan and lease offerings under our agreement with the European Investment Bank.

We increased our lending, grew deposits, and improved the quality of our loan book.

We will continue to work to become more efficient and grow our lending in line with customer demand.

Wojciech Sass
Chief Executive

We generated a profit for the period of 202.2 million EUR as compared to 194.7 million EUR in 2023. Total operating income decreased by 21.0 million EUR due mainly to a decrease in Net interest income, as an increase in Interest and other similar income was more than offset by an increase in interest expense, while Total operating expenses were broadly unchanged. Expected credit losses reduced by 34.6 million EUR, Bank taxes and resolution fee were similar to last year, and Income tax expense increased 5.1 million. We recorded a net interest margin of 3.33% and a cost to income ratio of 54.5%, and generated a return on equity of 11.7% (3.59%, 52.6%, 11.6% respectively in 2023). We propose to pay in March 2025 a dividend of €101.1 million EUR for the year 2024.

Loans to customers increased by 32.6 million EUR to 10.5 billion EUR. An increase of 170.6 million EUR in lending to individuals, driven principally by growth in mortgage lending, was complemented by growth in loans to the public sector, while loans to businesses decreased. The quality of Loans to customers improved. Stage 2 loans reduced by 599.4 million EUR driven in the main by improvements to our credit loss model. Stage 3 loans reduced by 14.9 million EUR to 1.8% of gross loans, driven by repayments and cures. At year end the amount of Stage 3 loans was 187.3 million EUR, or 135.1 million EUR after credit loss allowances, against which we held collateral of 161.2 million EUR.

Our liquidity and capital positions are strong. Over the year we increased our Liquidity Coverage ratio by 4.4%-points to 205.1%, and MREL by 2.5%-points to 35.7%. At year end our Common Equity Tier 1, and Tier 1 capital ratios were 20.2%, a decrease of 0.2%-points, as Risk Exposure Amounts increased as average gross income and Loans to customers grew. Our Total Capital ratio increased to 22.9% after we issued our inaugural Tier 2 capital security, a 200 million EUR, 11-year subordinated bond. On announcement of the issue, Moody's upgraded our long-term senior unsecured rating to A2 from A3.

During the year, Andreas Treichl, Qasim Abbas, and Iain Plunkett stepped down from the Supervisory Council and were replaced by Sandy Kinney Pritchard, Tanvi Davda, and Mark Ashton-Rigby. Following these changes, we amended the composition of the Council's committees. Johannes Proksch was appointed as Chief Financial Officer and Enkelejd Zotaj as Chief Information Officer and, together with Jonas Urbonas, Head of Corporate Banking, were appointed to the Management Board. Kerli Vares, Head of Retail Banking and manager of the Latvian branch, left us at year end with my thanks for her contributions to Luminor and best wishes for the future. We established a dedicated Operations division to group all of our operations functions under the leadership of Ossi Leikola, who was appointed, as well, as manager of the Latvian branch.

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 our progress.

We are Luminor

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.

Since re-dependence in the early 1990's, the Baltic countries have transformed from planned economies to robust democracies. All three countries are members of NATO, the European Union, and the Schengen Area, and have adopted the euro. GDP per head has more than doubled since 2000, yet is just 50% of the EU average. Governments have pursued conservative fiscal policies and have Government debt to GDP ratios of below 40%, less than half the EU average. Principal export markets are the other EU member countries, the United States, and the United Kingdom.

The total population of the three countries, at just over 6 million, is similar to other Nordic countries such as Denmark, Finland or Norway. Like their neighbours, the Baltic countries score highly for openness and freedom. In Transparency International's 2023 Corruption Perceptions Index, all the Baltic countries were ranked in the top quartile of 180 countries globally, with an average score of 65.7, higher than South Korea or Spain and well ahead of CEE countries.

The Baltic banking market is competitive but profitable. We compete against two Swedish banks which operate across the region, together with smaller scale, local banks in each country. Lending balances in the region have grown in recent years, but low private indebtedness, including low mortgage penetration, gives room for further credit growth.

We were created in 2017 when DNB and Nordea joined their Baltic operations, to serve the financial needs of these dynamic economies. We manage our business by customer segment – Retail Banking and Corporate Banking – on a pan-Baltic basis from our headquarters in Estonia and branches in Latvia and Lithuania. Our subsidiaries provide leasing, manage pension funds and offer e-commerce payments. Retail Banking provides banking services to individuals and micro-businesses, and is responsible for our pension companies. Corporate Banking provides banking services to legal entities and is responsible for our leasing and e-commerce payments companies. We operate only in the Baltic countries and target our services at residents of the Baltic countries, or individuals and companies with a strong connection to the Baltic countries.

We are owned, via Luminor Holding, by a consortium led by private equity funds managed by Blackstone (80.05%) and DNB Bank (19.95%). We are regulated by the European Central Bank (the ECB), have a well-developed governance structure and aspire to the highest standards of conduct. Our non-executive Supervisory Council oversees the executive Management Board. The Supervisory Council members are appointed either from amongst the nominees of the shareholders of Luminor Holding, or are independent. The executive Management Board members are a blend of local and international executives.

We organise our control framework across three lines. The first line, our two banking divisions and three support divisions – Finance, Operations, and Technology – are responsible for managing their risks according to our policies, procedures and controls. The second line is a control function comprised of our Compliance and Risk divisions which are independent of, and monitor the activities of, the first line. Internal Audit serves as the third line which assesses the effectiveness of the first two lines. We do not tolerate financial crime. To prevent, detect, and report any potential financial crime, we have a low-risk appetite, have built our compliance culture, and enhanced our risk management capabilities. We work closely with governments and supervisors and use this work to augment our systems and processes, to raise our effectiveness.

We are well placed to grow with our customers. We have a simple and straightforward business model; we are a retail and corporate bank, and our business is balanced, by customer type, by sources and uses of funds, and by country. We are easy to understand: Loans to customers' account for two-thirds of our assets, we are funded primarily with Deposits from customers, and well capitalised. We support the development of Baltic capital markets, and are committed to carbon neutrality by 2050. More details about our ESG priorities and progress are disclosed in the Sustainability Statement.

To realise our ambition we have eight strategic priorities. To build Luminor around our customers; be the preferred full-service bank for retail customers; and be the favoured bank for growing Baltic companies. To raise efficiency; elevate the resilience and capability of our IT platform; and be a team who execute as owners and take responsibility. And be committed to sustainable growth; reinforced by a strong risk culture and strong risk and compliance management.

CONTENTS

This annual report has been prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union, and Estonian law. The Management Report includes our inaugural Sustainability Statement prepared in accordance with CSRD. 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; '–' indicates a zero balance, '0.0' shows a balance that rounds to zero; words with a capitalised first letter refer to a line item in the Financial Statements, and the ratios we use to measure our performance and position are defined in the Glossary. The corporate governance report is prepared in accordance with the requirements of the Estonian Accounting Act, the European Banking Authority's Guidelines on internal governance, and with consideration to Global Reporting Initiative Standards.

MANAGEMENT REPORT

Financial review

Summary income statement, €m	2023	2024
Net interest and similar income	531.5	507.7
Net fee and commission income	84.6	89.6
Net other operating income	37.5	35.3
Total operating income	**653.6**	**632.6**
Total operating expenses	–343.9	–345.0
Profit before credit losses, bank taxes, and tax	**309.7**	**287.6**
Expected credit losses	–33.1	1.5
Bank taxes and resolution fee	–33.5	–33.4
Profit before tax	**243.1**	**255.7**
Income tax expense	–48.4	–53.5
Profit for the period	**194.7**	**202.2**
Cost/ income ratio, %	52.6	54.5

We generated a profit of 202.2 million EUR in 2024 as compared to 194.7 million EUR last year. Total operating income decreased by 21.0 million EUR, due mainly to a decrease in Net interest income, while Total operating expenses were broadly unchanged. Expected credit losses reduced by 34.6 million EUR, Bank taxes and resolution fee were similar, and Income tax expense increased 5.1 million, which resulted in a 7.5 million EUR, or 3.9%, increase in Profit for the period. We generated a return on equity of 11.7% compared to 11.6% last year.

Total operating income of 632.6 million EUR decreased 3.2% as compared to the prior year. Net interest income decreased by 23.8 million EUR, or 4.5%, to 507.7 million EUR as an increase in interest and other similar income of 61.8 million EUR was more than offset by an increase in interest expense of 85.6 million EUR. We generated a net interest margin of 3.33%, as compared to 3.59% in 2023. Net fee and commission income increased by 5.0 million EUR, or 5.9%, to 89.6 million EUR as growth in fees from Pensions, Cards, and Daily banking offset falls in Investments, Deposits, and Credit products. Net other operating income decreased by 2.2 million EUR to 35.3 million EUR.

Total operating expenses of 345.0 million EUR were broadly unchanged compared to the prior year. Personnel expenses increased by 16.1 million EUR, or 12.3%, to 147.4 million, as we invested in our employees, while Other administration expenses reduced by 17.6 million EUR, or 9.1%, to 175.0 million EUR as we lowered Consultancy and professional services expense by two-thirds though increased IT-related expense by 15.6%, as we improved our systems and processes. Depreciation, amortisation, and impairment expense increased by 3.7 million EUR to 20.5 million EUR as we wrote down 11.1 million EUR of goodwill associated with the purchase of Maksekeskus.

Expenses, €m	2023	2024
Personnel	–131.3	–147.4
Consultancy	–54.6	–15.9
IT-related	–98.9	–114.3
Other	–59.1	–67.4
Total	**–343.9**	**–345.0**

We recorded a reversal of 1.5 million EUR of Expected credit losses as compared to a 33.1 million EUR charge last year. Expected credit losses in 2023 reflected, in particular, an increase in a small number of on and off-balance sheet, Stage 3, exposures and additional provisions for private individuals as we improved our process for identification of unlikeness to pay based on external data. This year loan provisions were impacted by few larger new defaults which were largely offset by cures and recoveries of historically reclassified Stage 3 exposures. See ‘Asset Quality’, below, for further details.

Bank taxes and resolution fee of 33.4 million EUR were similar to last year with a decrease of 24.5 million EUR in the temporary bank tax payable in Lithuania offset by the introduction of temporary tax for 2024 in Latvia for which we incurred an expense of 27.7 million EUR. Income tax expense increased by 10.5% to 53.5 million EUR as profit for the period increased.

Summary balance sheet €m	31 Dec 2023	31 Dec 2024
Cash and balances with central banks	3,069.1	3,106.3
Debt securities	1,491.8	1670.2
Loans to customers	10,502.8	10,535.4
Other assets	429.5	411.8
Total assets	**15,493.2**	**15,723.7**
Deposits from customers	11,277.5	11,352.7
Debt securities issued	1,898.7	2,238.0
Other liabilities	538.9	446.6
Equity	1,778.1	1,686.4
Total liabilities and equity	**15,493.2**	**15,723.7**
Liquidity Coverage ratio, %	200.7	205.1
Net Stable Funding ratio, %	147.1	143.6

In 2024 we increased Loans to customers by 32.6 million EUR and grew Deposits from customers by 75.2 million EUR. The total balance sheet increased by 230.5 million EUR to 15.7 billion EUR, as increased lending was complemented by an increase of 37.2 million EUR in Cash and balances with central banks and 178.4 million EUR increase in Debt securities. Loans to customers accounted for two-thirds of total assets at year end, funded wholly by deposits.

Our balance sheet is strong, with robust capital and liquidity ratios. We are ready and able to support our customers.

Johannes Proksch
Chief Financial Officer

Loans to customers increased by 0.3% to over 10.5 billion EUR. An increase of 170.6 million EUR in lending to individuals, driven principally by growth in mortgage loans, was complemented by growth in loans to public sector of 19.1 million EUR. Loans to businesses decreased by 157.9 million EUR driven in the main by a reduction in lending to the Wholesale, Real Estate, and Transport sectors, offset in part by increased lending to the utility sector. Cash and balances with central banks increased by 1.2% and Debt securities increased by 12.0% as we managed our excess resources. 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 0.7% to 11.4 billion EUR as we managed our liabilities and adjusted our deposit rates selectively. A reduction in balances from businesses was more than offset by increases from individuals and the public sector. Term deposits increased by 142.9 million EUR, and at period end accounted for just over a quarter of Deposits from customers. Debt securities issued increased by 339.3 million EUR as we sold our inaugural non-euro denominated bond, a 500 million SEK senior preferred note, and inaugural capital security, a 200 million EUR subordinated note. In addition, we sold a 300 million EUR senior note concurrent with the repurchase, in the amount of 214.1 million EUR, of an existing security. Shareholder's equity decreased by 91.7 million EUR as Profit for the period of 202.2 million EUR was more than offset by payment of a 294.5 million EUR dividend for 2023.

At the end of 2024 our own funds and MREL-eligible instruments totalled 35.70% of Total Risk Exposure Amount (TREA) and 16.05% of our Leverage Ratio Exposure (LRE). With effect from 1 January 2025 our MREL targets were confirmed at 23.77% of TREA plus combined buffer requirement, down from 23.96% previously, and 5.91% of LRE. Our Liquidity Coverage ratio (LCR) increased by 4.4 percentage points during the year to 205.1% as compared to a minimum regulatory requirement of 100%. The increase was driven in the main by the increase in Deposits from customers and Debt securities issued. Our Net Stable Funding ratio at the end of 2024 was 143.6%, a decrease of 3.5 percentage points over the year, as compared to a minimum regulatory requirement of 100%. Available stable funding decreased, driven by a 500 million EUR covered bond due March 2025 now having less than 6 months to maturity. Required stable funding decreased, driven mainly by a changes in off-Balance sheet items.

Capital resources and uses €m	31 Dec 2023	31 Dec 2024
Shareholder's equity	1,778.1	1,686.4
Profit excluded	-194.7	-45.2
Foreseeable dividends	-62.4	-101.1
Common Equity Tier 1, before regulatory adjustments	**1,521.0**	**1,540.1**
Regulatory adjustments	-79.4	-62.0
Prudential filters	-0.3	-0.3
Common Equity Tier 1	**1,441.3**	**1,477.8**
Subordinated debt	-	199.1
Total capital	**1,441.3**	**1,676.9**
Credit risk exposure amounts	6,145.1	6,231.9
Operational risk exposure amounts	880.2	1,068.5
Other risk exposure amounts	31.9	31.9
Risk exposure amounts	**7,057.2**	**7,332.3**
Common Equity Tier 1 ratio, %	20.4	20.2
Total capital ratio, %	20.4	22.9
Leverage ratio exposure amounts	15,916.1	16,303.3
Leverage ratio, %	9.1	9.1

We are strongly capitalised, with own funds at year end of nearly 1.7 billion EUR, which is composed of Common Equity Tier 1 (CET1) and Tier 2 capital. Our CET1 capital ratio decreased over the year by 0.2 percentage points to 20.2%. CET1 capital increased by 36.5 million EUR, or 2.5%, as lower shareholder's equity was more than offset by lower regulatory deductions and adjustments. Risk Exposure Amounts, which we measure on a standardised basis, increased by 275.1 million EUR, or 3.9%, driven by increased operational risk exposure amounts, as our average gross income increased, and by higher credit risk exposure amounts as Loans to customers increased. Our Total capital ratio increased by 2.5%-points to 22.9% after we issued our inaugural Tier 2 capital security, a 200 million EUR, 11-year subordinated note, callable after 6-years. The security, rated Baa3 by Moody's, extends our liability structure and increases the efficiency of our capital resources.

Our capital ratios remain well above our minimum capital requirements set by our regulators, which require us to have a CET1 ratio exceeding 11.64%, a Tier 1 ratio above 13.61% and a Total Capital ratio greater than 16.24%. Since the start of 2024 these minimum requirements include a Pillar 2 additional own funds requirement of 2.5%. We will be subject to an additional countercyclical buffer of 0.5% of our risk exposures in Latvia from June 2025. We estimate the effect of this new buffer will add 13 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 expectation (including Pillar 2 Guidance of 1.5%) plus a Management Buffer.

Our leverage ratio for the period remained at 9.1% as the increase in Leverage amounts, as our total balance sheet size increased was offset by the increase in CET1 capital. The minimum requirement for leverage ratio is 3.0%.

Moody's Ratings upgraded their long-term senior unsecured rating of Luminor Bank twice in 2024. In the first half the rating was upgraded from Baa1 to A3 and the rating outlook changed 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.' Moody's also upgraded their rating of covered bonds we issue to Aaa from Aa1. On announcement of the subordinated note Moody's upgraded their long-term senior unsecured rating from A3 to A2. Explaining its upgrade, the credit agency noted that the increased volume of loss-absorbing securities provided by the issue of subordinated debt would materially lower the loss severity to our senior unsecured debtholders in a resolution scenario.

Asset quality of Loans to customers €m	31 Dec 2023	31 Dec 2024
Stage 1	8,896.1	9,526.5
Stage 2	1,526.6	927.2
Stage 3	202.2	187.3
Gross carrying amount (a)	**10,624.9**	**10,641.0**
Credit loss allowances	−122.1	−105.6
Total	**10,502.8**	**10,535.4**
Non-performing loans ratio, %	1.9	1.8

a. Stages 2 and 3 include POCI loans

At year end Loans to customers totalled 10.5 billion EUR, an increase of 0.3% compared to the end of 2023. The Gross carrying amount of loans was 10.6 billion EUR, of which 89.5% were classified as Stage 1. The quality of our loan portfolio – both to individuals and companies – is good and improved over the year. During 2024 the Gross carrying amount of Stage 2 and 3 loans decreased by 0.6 billion EUR.

Our exposure to the Commercial Real Estate sector totalled 1.5 billion EUR at year end, around 4% less than at the end of previous year. Our CRE portfolio is well-diversified by sub-sector, with around 40% of the portfolio to the retail sector and around 30% to offices, with a number of other sectors accounting for the remainder. We have limited exposure to development risks, with only around 10% of the portfolio in the development stage. The portfolio has an average loan-to-value ratio around 48%.

We have no direct exposure to companies domiciled in Russia, Belarus or Ukraine. Our exposure to residents of these countries, mostly residential mortgages all of which are secured on Baltic properties, is 1 million EUR.

> The quality of our loan portfolio - both to individuals and companies – is good and improved in 2024.
>
> Diego Biondo
> Chief Risk Officer

The gross amount of Stage 2 loans decreased by 599.4 million EUR or 5.7 percentage points to 8.7% of gross lending at year end. Over a half of the reduction was driven by two changes we made in the year to our IFRS9 models. First, we enhanced the methodology we use to assess Significant Increase in Credit Risk. Second, we completed a triennial review of our macro-economic model, including more data fields, better quality data and greater alignment across our home markets. Repayments and portfolio quality improvements accounted for a further near-third of the reduction, and reclassification to Stage 3 accounted for the remainder.

The gross amount of Stage 3 loans decreased by 14.9 million EUR to 187.3 million EUR or 1.8% of gross lending at year end. The outflow of non-performing loans was 1.2 times higher than the inflow. Three quarters of the inflows were driven by companies, over a third of which was to one customer. Exposure to companies was the predominant source of outflows, of which repayments accounted for a little over half, while cures contributed most of the remainder. The Gross carrying amount of Stage 3 loans net of credit loss allowances of 52.2 million EUR was 135.1 million EUR against which we held collateral of 161.2million EUR.

Stage 3 Loans, €m	31 Dec 24
Gross carrying amount	187.3
Credit loss allowances	−52.2
Total	**135.1**
Collateral fair value	161.2

Details of the reversal of Expected credit losses for the year of 1.5 million EUR can be found in the analysis of our income statement section, above.

Customer segments

Retail Banking, €m	2023	2024
Net interest and similar income	281.8	274.4
Net fee and commission income	54.7	63.2
Net other operating income	5.7	5.6
Total operating income	**342.2**	**343.2**
Total operating expenses	-205.2	-216.4
Profit before credit losses and tax	**137.0**	**126.8**
Expected credit losses	-12.5	13.9
Profit before tax	**124.5**	**140.7**
Cost/ income ratio, %	60.0	63.1

Customer balances €m	31 Dec 2023	31 Dec 2024
Loans to customers	5,700.2	5,900.1
Deposits from customers	5,915.5	6,119.2

After a slow start, with customers concerned about lower economic growth and higher reference interest rates, new lending volumes started to pick up at the end of the first quarter and demand lifted through the year. Our renewed customer offering and marketing campaigns helped loans to customers increase by 3.5% over the year, with new sales volumes for mortgage loans growing by 36% from the previous year.

Growth in mortgage lending was supported by improving our customer offering and making our processes more efficient, adjusting our screening process and raising our closing rates. We also boosted new mortgage sales by promoting our new offer for mortgages for energy-efficient housing, which we launched across the region.

Deposits from customers increased by 3.4% during the 12 months of 2024, and customer interest in saving remained strong despite the European Central Bank cutting interest rates and Euribor falling as a result. Our active customer numbers rose throughout the year and our new customer numbers were 10% higher than a year ago.

We grew mortgage lending once again as we improved our customer offering.

Wojciech Sass
Chief Executive

We continued to improve our customer experience and enhanced our product offering. We extended instant payments, introduced initially for private customers in Lithuania, to Estonia and Latvia, in 2024. We introduced an instant PIN code receipt feature for cards for customers in all three countries. We also enhanced our family offering by streamlining the onboarding process with Smart ID in Latvia and Lithuania. Customers can now open a payment card for a child fully remotely, and receive the card in a couple of days. During our onboarding campaign we opened cards for more than 1,300 children.

We enhanced our value proposition for payment cards. Our customers are increasingly prioritising simplicity and flexibility, which is visible in customer interest for our flagship 'Luminor Black' Visa card. Luminor Black card users now enjoy a wider range of benefits including excess coverage for car rental and more comprehensive travel insurance. New card sales were 14% higher than they were in the previous year.

Our pension funds have invested 13.5 million EUR in the Raft Capital Baltic Equity fund, promoting the growth and development of SMEs and mid-cap companies in the Baltic region. We continued to develop our offering to serve better our customers, who value personalised solutions and an engaging customer experience, and we saw a significant increase in customer satisfaction.

Corporate Banking, €m	2023	2024
Net interest and similar income	255.2	224.7
Net fee and commission income	30.6	26.1
Net other operating income	13.0	9.9
Total operating income	**298.8**	**260.7**
Total operating expenses	-125.2	-110.5
Profit before credit losses and tax	**173.6**	**150.2**
Expected credit losses	-21.2	-13.3
Profit before tax	**152.4**	**136.9**
Cost/ income ratio, %	41.9	42.4

Customer balances €m	31 Dec 2023	31 Dec 2024
Loans to customers	4,799.3	4,632.2
Deposits from customers	5,282.2	5,196.9

The prevailing macroeconomic environment throughout much of the year was marked by consistent caution from customers. However, customer sentiment improved toward the end of the year with demand for new credit gaining momentum. Our deposit base remained strong.

Our loan portfolio remains well diversified across sectors and types, and there is a strong pipeline of potential lending deals. Loan quality continues to be good, reflecting our prudent approach to risk management.

Customer confidence was further bolstered by a decline in the base interest rate, which had a particularly positive impact on the SME segment, leading to renewed discussions about future investments. A survey of Baltic SMEs run by Luminor in cooperation with Norstat showed that 30% of respondents expect their business to expand within the next two years. Over one-third of those businesses expect to require financing, and traditional bank loans were identified as the preferred option.

> We prioritised support for Baltic SMEs and launched tailored loan and lease offerings.
>
> Jonas Urbonas
> Head of Corporate Banking

There was robust growth in renewable energy throughout the year, with strong demand for investment. There was also a large amount of financing activity in the commercial real estate sector, though this was largely driven by refinancing rather than new developments. The transport sector continued its recovery and stabilisation meanwhile.

We prioritised support for Baltic SMEs and launched tailored loan and lease offerings under our agreement with the European Investment Bank. This initiative aims to facilitate lending for SMEs and support the green transition of the Baltic economies. Targeted promotional campaigns helped increase the number of deals signed under the programme.

The year 2024 was slower for us as an arranger in the Baltic debt capital markets, but our support for the development of the Baltic capital markets saw us lead-manage six bond transactions, including tap issues, that raised some 342 million EUR for our customers in finance, renewable energy and real estate investment.

We continued to demonstrate leadership in ESG matters, fostering the sustainable development of the Baltic economies. We hosted an ESG seminar focused on decarbonisation transition planning as part of these efforts, offering guidance on initiating and navigating the process. We also contributed to the Northern Roots forum, which explored solutions for regenerative agriculture and supported the emergence of next-generation farming practices in the Baltic and Nordic regions.

Our continued focus on enhancing our customer experience by prioritising speed, flexibility and predictability resulted in our customer satisfaction score increasing.

Supplementary information

ECONOMIC ENVIRONMENT

Macroeconomic data	Public Debt /GDP	Economic growth (GDP) (a)		Inflation (CPI) (a)		Unemployment rate		Wage growth (a)	
%	24Q3	2023	24Q4	2023	2024	2023	24Q4	2023	24Q4
Estonia	24.0	-3.0	1.1	9.1	3.5	6.4	7.4	11.1	8.3
Latvia	47.7	1.7	-0.4	9.1	1.3	6.5	6.9	11.9	8.3
Lithuania	38.4	0.3	3.8	8.7	0.7	6.9	6.5	12.2	10.7

a. Year-on-year change

The economy of the European Union strengthened through 2024, especially in the second half of the year, but the situation remained uneven across countries and sectors, and growth prospects for the 2025 weakened. The German economy has contracted since the third quarter of 2023 while, conversely, Spain has been the powerhouse for growth. Nordic countries, were doing better. The Swedish economy grew in 2024, and Finnish annual GDP growth turned positive in the third quarter of 2024.

Construction sectors, that were doing relatively poorly, started to stabilise. However, the perception of geopolitical risks continued through the year. Money market interest rates remained high, but optimistic signs appeared as the interest rates started to fall in the last months of the year. Falling interest rates will be affecting Baltic economies directly as almost all household mortgages and business loans are related to short-term money market interest rates.

Economic growth numbers varied substantially across the Baltic states in 2024. Lithuania recorded 3.8% growth and Estonia 1.1% growth in the year to the fourth quarter of 2024. On the contrary Latvian economy fell by 0.4%. The Estonian economy started to grow from the second quarter of 2024. Estonia has suffered more from relatively weak Nordic real estate and construction markets than the two other Baltic states, and Lithuania gained more from close relationships with Poland in 2023 and 2024. Lithuania has had a dynamic economy and adjusted well to the changing conditions. Latvian statistics have been subject to adjustment making comparisons harder.

Inflation stabilised in all Baltic states compared to the previous year. Estonian inflation was higher because of increase in the value added tax from 20% to 22% and various other administrative measures leading to price level increases. The Lithuanian inflation rate of 0.7% and Latvian rate of 1.3% demonstrate how the above euro-area average inflation in 2022 and 2023 was followed by lower than the euro area average inflation rate in 2024. Unemployment rates remained under control with the Estonian unemployment statistics reflecting the inclusion of Ukrainian war immigrants. Employment levels remain high in 2024.

Wages continued to increase. Nominal wage growth continued in all Baltic states with Lithuanian wage rates still growing in double digits during the year up to the fourth quarter of 2024 while Estonian and Latvian wage growth stood at 8.3%. In all Baltic states real wages grew in 2024 improving the purchasing power of households. Latvian and Lithuanian purchasing power now exceeds the previous peak level of 2021 as wage growth has exceeded inflation for some time.

Real estate price indexes increased, but less than wages. This is leading to an increase in the purchasing power of real estate. Together with decreasing money market interest rates, it helps to alleviate the pressures of the last years.

Governments in all Baltic states are offering support to the economy. With the debt-to-GDP ratios relatively low compared to many other countries, there is ample room to support the economy whenever necessary. Deficits had very limited effects on the debt-to-GDP ratios as nominal GDP has been growing fast. Only recently Estonian and Latvian debt ratios have started to increase as the prices have stabilised, but economic growth not yet returned. The outlook for all the Baltic countries remains optimistic as interest rates continue increasing and the European economy gains confidence.

BUSINESS DEVELOPMENTS

We invested in the organisation in 2024, focusing on our IT-infrastructure, and strengthened our security and regulatory compliance processes and systems, while continuing to improve our customer experience. We continued to focus on compliance with the Digital Operational Resilience Act (DORA). We further enhanced our governance and ICT risk management practices, incident management and reporting, digital operational resilience testing, and ICT third-party risk management, in line with the DORA requirements.

Our work to raise our customers' experience, by improving our products and services, resulted in improved customer ratings. Our customer satisfaction scores more than doubled over the year, while the number of customer complaints dropped. Independent surveys show our service quality has grown faster than the overall performance of the banking sector for three years in a row, and our service quality scores for 2024 are above the average level for the market in all three markets.

In Estonia the rate of corporate income tax (CIT) will rise to 22% in 2025, from 20%, and the advance CIT rate for credit institutions will rise to 18%, from 14%. Estonia is also raising the rate of VAT by 2%-points to 24% by July 2025, and imposing a supplemental 2% CIT on corporate profits in 2025, 2026, and 2027. This tax increase will last until the end of 2028.

Latvia enacted a second temporary bank tax. The tax is to be levied for three years starting in 2025 at a rate of 60% on the net interest income that exceeds the average annual net interest income for the financial years 2018-2022 by more than 50%. The amount of taxable income may be reduced if a certain rate of credit growth is attained. Lithuania extended until 15 June 2026 a temporary tax introduced in 2023 on the selected income of banks earned within its jurisdiction. The tax is levied at a rate of 60% on the net interest income generated in each of the years 2023, 2024, and 2025 from loans that were issued to customers before 31 December 2022, if it exceeds the average net interest income of the preceding four financial years by more than 50%.

We made changes to the membership of our Supervisory Council and its committees. Andreas Treichl and Iain Plunkett stepped down from the Council and were replaced by Alexandra (Sandy) Brigid Kinney Pritchard and Mark Ashton-Rigby as independent members. Syed Qasim Abbas stepped down from the Council and was replaced by Tanvi Davda as one of two representatives of Blackstone. 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. Mark has over 30 years of experience in technology and operations in financial services, including most recently at Barclays PLC. Tanvi is a highly respected financial services executive and has more than 30 years of international experience.

Wojciech Sass was appointed as Chief Executive Officer and Chair of the Management Board in March. Wojciech has considerable 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. He was previously Chief Executive Officer of Nationale Nederlanden Poland, Vice President of the Management Board of BNP Paribas Bank Polska, and Head of BCG Poland.

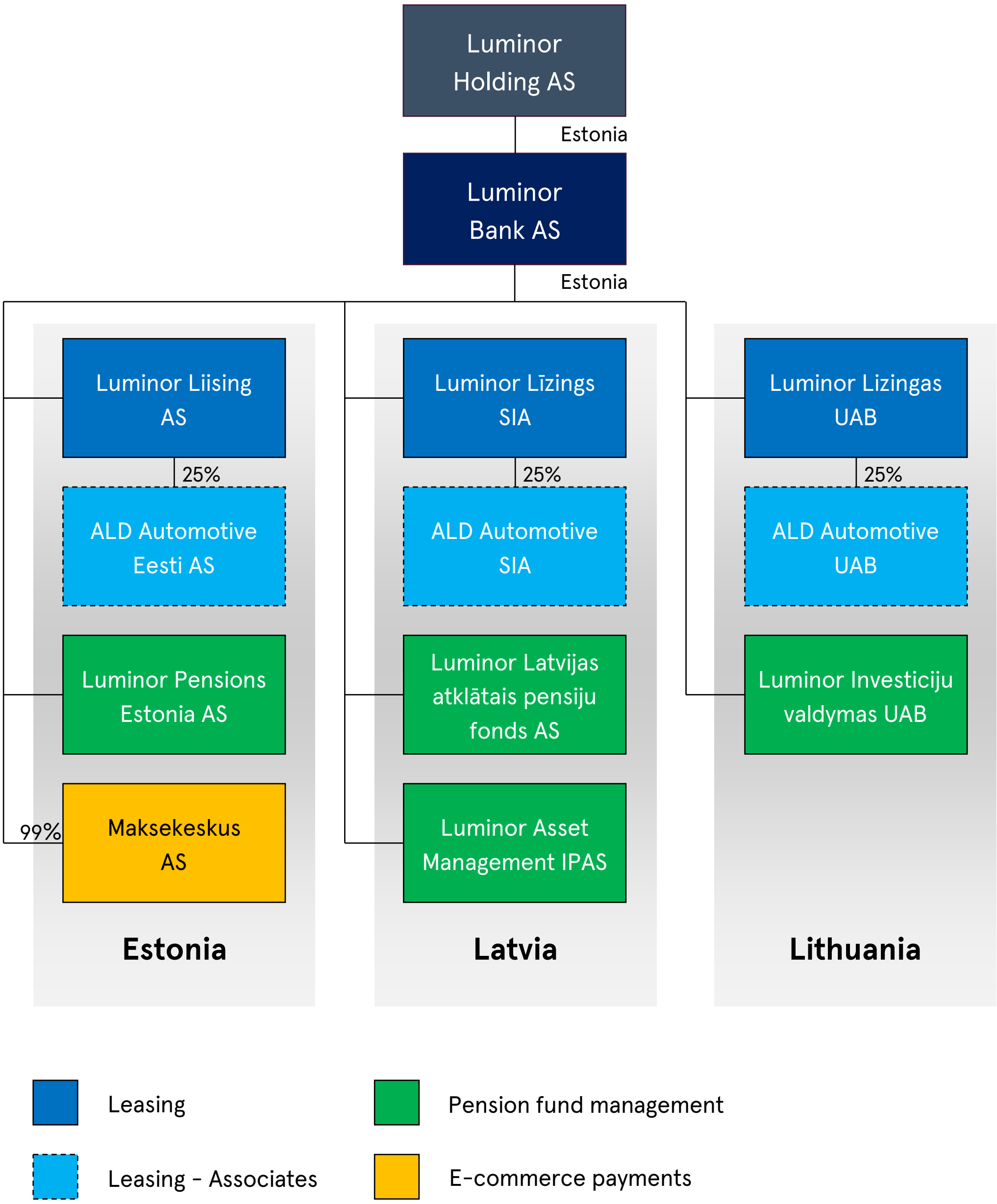
Johannes Proksch was appointed as Chief Financial Officer and as a member of the Management Board in July. Johannes is an accomplished executive with 25 years of experience in the financial services sector. He is Deputy Chairman of the Supervisory Board of Addiko Bank, where he served previously as Group Transformation Officer and Chief Financial Officer. Enkelejd Zotaj was appointed as Chief Information Officer and a member of the Management Board in October. Enkelejd has over two decades of experience in technology and financial services, predominantly with Raiffeisen Bank, and leads the technology division.

In December, Kerli Vares, Head of Retail Banking and manager of the Latvian branch, resigned. Wojciech Sass assumed responsibility for the retail banking division and Ossi Leikola, was appointed as manager of the Latvian branch. Jonas Urbonas, Head of Corporate Banking, was appointed to the Board at year end. Jonas has three decades of experience in financial services in the Baltic region and he has worked for Luminor since it was founded in 2017, having joined one of its predecessor banks in 2010. He was appointed Head of Corporate Banking and manager of Luminor's Lithuanian branch in August 2023.

We established a dedicated Operations division to group all of our operations functions under the leadership of Ossi Leikola, Deputy Chief Executive, and so raise service quality for customers, drive operational excellence, and improve efficiency, while allowing the Technology and Retail Banking divisions to sharpen their focus on their core responsibilities of IT and cyber security, and banking services for individuals and small businesses, respectively.

ORGANISATION STRUCTURE

We operate principally through Luminor Bank AS, registered and headquartered in Estonia, with branches in Latvia and Lithuania. Through subsidiaries we provide leasing, manage pension funds, and offer e-commerce payments. We own 100% of all subsidiaries unless shown otherwise. In addition to the entities shown we own, as well, 19.8% of Kredītinformācijas Birojs based in Latvia. In Note 12, 'Investments in associates and subsidiaries', below, we list subsidiaries being liquidated. We have omitted such subsidiaries from the structure chart below.



PREVENTING FINANCIAL CRIME

We do not tolerate financial crime, and we are committed to maintaining our strong conduct, ethics and risk culture. We market our products and services only to residents of the Baltic countries, and to individuals and companies with a strong connection to these countries.

Our commitment to protecting our customers and preserving the integrity of the financial system remains at the heart of our actions. We work closely with regulatory and supervisory authorities and use this work to enhance our systems and processes. We follow all laws and regulations, and guidelines, recommendations and standards.

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 that are imposed by the United Nations, the European Union and the governments 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 breaches and violations of sanctions to the regulatory authorities.

We continued to build and strengthen our compliance organisation in 2024 to address successfully the challenges presented by the changing environment and to protect our customers and the bank. We updated our compliance policy and improved our processes to align them with our low level of risk appetite and our conservative approach to business while also making them more efficient. As a result of our efforts, the number of regulatory complaints from customers concerning our compliance function fell.

We continued to enhance our anti-money laundering (AML) capabilities, sanctions compliance, and anti-fraud framework through iterative deliveries, including a major version upgrade of our AML technology. We strengthened our measures for managing fraud risk through continuous technological improvement, risk mitigation, and training for our staff so they can better address fraudulent activities. Further improvements to our anti-financial crime technologies are planned for 2025, focusing on efficiency and effectiveness.

We took proactive steps to make our customers more aware about fraud. We ran communication initiatives throughout the year and targeted campaigns to empower customers and the wider public with the knowledge and skills they need to recognise potentially fraudulent activities. This work included sending out information materials and various media activities that were designed to give practical insights into common fraud schemes and the best practices for making secure financial transactions.

As a result of these concerted efforts, we protected our customers effectively from fraud in non-card-related payments, demonstrating our commitment to maintaining their trust and confidence in a rapidly evolving financial landscape. Furthermore, our actions ensured that the funds of customers were safeguarded despite an increase in attempted phishing, purchase fraud, and investment fraud.

We also continued to enhance our risk culture and carried out various awareness-raising activities over the year. We organised 79 training sessions on compliance during the year, and ran a number of internal communication and engagement projects to promote discussion and common understanding around different aspects of risk culture.

We continued to brief our employees on the evolving threats that our customers face and that we face ourselves, with monthly updates to address new and developing trends in financial crime, and newsletters to raise overall awareness about external fraud and to familiarise employees with the most common types of fraud and emerging trends.

We remain dedicated to staying at the forefront of technological advances and to refining our risk management measures for fraud risk to adapt to emerging threats and ensure the continued security of our customers' financial assets.

Corporate Governance report

We have a two-tier governance structure where supervisory (non-executive) functions are carried out by the Supervisory Council (the 'Council') and management (executive) functions are carried out by the Management Board (the 'Board'). The Council oversees the activities of the Board in managing Luminor. Members of the Council cannot be at the same time members of the Board. We refer to the Council and Board collectively as 'Management Bodies'.

We are governed by Estonian Law and follow applicable legal regulations of the European Union and guidelines provided by the European Banking Authority on internal governance. Aligned with these legal requirements and guidelines we have adopted internal regulations to ensure robust governance. These include the implementation of the 'three lines' model, comprehensive risk management process, defined internal values, conflict of interest management principles, compliance frameworks, regular internal control mechanisms and remuneration policies. Our Governance Policy, our principal internal governance document, defines and guides these practices. We updated our Governance Policy in December 2024.

The General Meeting of Shareholders (General Meeting) is a statutory body through which our shareholders exercise their rights. We have one class of registered common shares. Each share grants one vote at the General Meeting. The General Meeting takes decisions that fall within its competence under commercial law, such as decisions on amending the articles of association, increasing and reducing share capital, electing, and removing members of the Council, approving the annual report, distributing profit, and electing a statutory auditor. In addition, the General Meeting is responsible for approving significant changes to our strategy, material changes to our key policies, and financial plans which anticipate an increase in capital, and engaging in other significant activities. The General Meeting is entitled to decide on any other matter related to our activities at the request of the Council or the Board. No General Meetings were convened in 2024, instead 10 decisions were made per capsulam.

Shareholders who hold at least 10% of the votes in Luminor Holding, our parent company, can appoint their pro rata proportion of members to our Council. A sufficiently high number of independent members are elected to the Council to help ensure that the interests of all internal and external stakeholders are considered, and that independent judgement is exercised where there is an actual or potential conflict of interest. DNB, as the minority shareholder, has the right to request a review of our compliance with the Compliance Policy or ESG standards and other similar corporate social responsibility policies and standards, which may be conducted by an external person or by the relevant requesting party.

Conduct

We aspire to the highest standards of ethical and professional conduct. Every employee is expected to know and follow our values, ethical standards, and the principles of compliance and risk management. Each employee must abide by our code of conduct and identify, prevent, and report bribery and corruption. We have developed corporate values – curiosity, collaboration, and focus – and expected behaviours to reinforce the principles of compliance and risk management.

We promote an ethical culture and make every effort to identify, prevent, and manage conflicts of interest to ensure all stakeholders are treated fairly and shareholder's interests are protected. Principles for management of conflict of interest are established by the Council which oversees its implementation and effectiveness. We hold mandatory training on conflict of interest management to ensure that all employees have adequate knowledge of our policy and other relevant internal rules and principles and that all activities within their responsibility are carried out in accordance with the rules. Any conflicts of interest are considered when selecting new members to the Management Bodies and key function holders.

Following the gifts and events reporting procedure, our employees do not accept or offer gifts regardless of their value, nor participate in events if doing so can be considered inappropriate, may be ethically questionable, or may affect the receiver or giver in performing their duties. Our internal regulation provides specific examples to support employees in making decisions on the appropriateness of gifts and events and handling such situations.

We manage information on a "need-to-know" basis, i.e., information is accessible only to employees who have a justified need for such information to carry out their duties. To manage information flow, we have also established physical separation and restricted access to information, or other specific arrangements, around and within certain business activities where confidential customer information is handled.

Diversity and Inclusion

We value and respect each employee for their differences. We are committed to building and maintaining a workforce comprising individuals from diverse backgrounds, young people, persons with disabilities, and employees representing a variety of cultures. Employees are supported and encouraged to develop their full potential and utilise their unique talents.

We recognize the importance of diverse composition of the Management Bodies. In 2024 we reached our goal that 40% of the Council members will be female. The chairs of the Management Bodies review progress on gender diversity goals as key performance indicators in their annual assessments. If targets are not met, the chairs document the reasons, measures to be taken, and timeframe for measures to rectify the situation.

We do not tolerate any form of intimidation, bullying, scapegoating, or harassment in the workplace. We take measures to protect employees from discrimination and have a process in place to discipline those who are in breach. We encourage employees who feel they have been subject to discrimination to raise their concerns through the raise your concern process so that corrective measures are applied.

Dividend policy

We are committed to return excess capital to shareholders while maintaining a strong capital position to support our business activities, stability and allow for profitable growth. We manage the Total Capital Ratio on a Luminor Group level at a Capital Target of the regulatory requirement (excluding P2G) plus a Management Buffer of 150-300bps. Capital distribution will be made by way of dividends or capital repatriations. Dividends are to be paid with a guideline of around 50% of the annual profit. All excess capital above the Capital Target level is considered for distribution, meaning that the actual dividend pay-out ratio can be higher or lower than 50%. A pay-out ratio higher than 50% will be considered if actual capital is above the Capital Target, and the stress testing outcome supports a higher pay-out ratio. A pay-out ratio lower than 50% will be considered, e.g., if we assess there are strong growth opportunities, if there are unforeseen changes in the regulatory framework for the capital calculations, or if the macro environment or portfolio credit quality deteriorates significantly beyond what is reflected in the Management Buffer. The actual pay-out ratio needs to be supported also by the outcome of the stress testing. Additional return of excess capital resources will be considered in the form of extraordinary dividends/capital reductions when the CET1 capital can be replaced by issuing Tier 2 and AT1 capital instruments.

Key function holders

The Key function holders are the Chief Financial Officer, Chief Compliance Officer, Chief Risk Officer, and Head of Internal Audit, who each represent a function with significant influence over Luminor. The first three are members of the Board, therefore the Head of Internal Audit is the only Key Function Holder.

Selection Criteria to the management bodies

Only people who have the necessary professional experience and possess the appropriate character may be members of our Management Bodies. We do not discriminate based on any protected characteristics. To encourage independent opinions and critical thinking, and allow a variety of views and experiences, we seek diversity by age, gender, geographical provenance, and background. The principles of selecting members for Management Bodies, including assessing suitability and diversity, are set out in our internal regulations. Appointments to Management Bodies are approved by the ECB.

We have established processes and regulations to address sudden or unexpected absences or departures of the chair or members of the Board, and key function holders. By doing so we aim to ensure the transfer of knowledge, preservation of organizational memory, and to support managerial and business continuity during periods of temporary or permanent leadership changes.

The members of the Council are appointed amongst the nominees of Luminor Holding shareholders as provided in the shareholders' agreement, with each shareholder having the right to remove and replace a member appointed by it. The Council and the Nomination Committee members, and the CEO, can identify the need to appoint a new Board member, and the Nomination Committee provides guidance, selection criteria and service conditions for the respective position and performs the suitability assessment.

SUPERVISORY COUNCIL




	Nils Melngailis	**Mark Ashton-Rigby**	**Maria Elena Cappello**	**Tanvi Prafulchandra Davda**
Position	Chair	Member	Member	Member
Committees	Nomination (Chair) Remuneration	Risk	Remuneration (Chair) Nomination	Audit Remuneration
Joined	January 2019	December 2024	July 2020	November 2024
Nationality	American Latvian	British	Italian	British
Education	BA Political Science Boston College, Newton, MA	MA Mathematics, University of Oxford	BSc Engineering, University of Pavia	MSc Finance, London Business School
Other positions	Chairman, Supervisory Board, PrivatBank Vice-Chairman, Supervisory Council PQH SA Director, Printful Inc.	Director, Sentiance NV	Director, BPER Banca Director, Fibonacci Holding Senior Advisor, Igneo Ltd	Director, Ashrah Advisory Limited Director, Paragon Banking Group PLC Member, Cheltenham Ladies College Council
Background	Director, Qualco Holdco Ltd Operating Executive, Centerbridge Partners Co-head FIG, Alvarez & Marsal	Group COO, Barclays Group CIO, Barclays CIO, Corporate & Investment Bank, JPMorgan Chase	Director, Bank Monte dei Paschi di Siena Director, Telecom Italia Director, Saipem Director, Prysmian CEO, Nokia Italia	Co-founder and CEO, Saranac Partners Member of the Board, OfQual Director, Student Loans Company
Location	Riga, Latvia	London, UK	Milan, Italy	London, UK
Status	Independent	Independent	Independent	Blackstone appointee
Attendance	7/7	1/1	6/7	2/2

The Council is our supervisory body which approves strategies, general principles of our activities, sets and monitors risk tolerance and risk appetite, and supervises our activities, as well as those of the Board. General rules for convening meetings and organisation of the work of the Council are set forth in our internal regulations, Commercial Code, Credit Institutions Act and Articles of Association. Regular meetings of the Council ensure oversight over the Board along with additional meetings when required. Decisions are passed by simple majority participating in the meeting. Decisions submitted to the Council shall be discussed before by respective committee of the Council. The Council is required to meet at least quarterly. In 2024, the

				
Ottar Ertzeid	**Mathias Patrick Laurent Favetto**	**Bjørn Erik Naess**	**Elizabeth Jane (Betsy) Nelson**	**Alexandra (Sandy) Brigid Kinney Pritchard**
Member	Member	Member	Member	Member
Audit Remuneration Risk	Nomination Risk	Audit Nomination	Risk (Chair) Audit	Audit (Chair) Risk
January 2022	August 2020	January 2019	December 2020	April 2024
Norwegian	French	Norwegian	American British	Irish
MA General Business, Norwegian Business School, Oslo	MSc Management, HEC, Paris	MSc Economics, Norwegian School of Economics, Bergen	MBA, Thunderbird School of Global Management, Phoenix, AZ	BCom, University College, Dublin
Director, DNB Livsforsikring AS Chair, Entra ASA Vice chair, Argentum Fondsinvesteringer AS Director, Telenor ASA	Member, Supervisory Councils, NIBC Holdings and NIBC Bank	Chairman, Argentum Fondsinvesteringer AS Director, Hafslund AS,	Member, Supervisory Board, Oschadbank	Director, AIB Group plc Chair, Charles Stanley & Co Ltd, Raymond James Wealth Management Ltd, Raymond James Investment Services Ltd
CFO, DNB Bank ASA Head, DNB Markets Director, Oslo Bors Director, Bankenes Sikringsfond	Merchant Banking, Goldman Sachs	CFO, DNB AS CFO, Aker Kvaerner CFO, Carlsberg CFO, Orkla	VP Risk and Compliance and CRO, EBRD Head of Credit Risk, FSA Head of Corporate Banking, JPMorgan Chase EMEA	Chair, L&C Mortgages, Director, TSB Banking Group plc Director, MBNA Ltd Partner, PwC Partner, KPMG
Oslo, Norway	London, UK	Oslo, Norway	London, UK	London, UK
DNB appointee	Blackstone appointee	DNB appointee	Independent	Independent
5/7	7/7	6/7	7/7	5/5

Council held 7 meetings and adopted 44 decisions in circulation. The members elect from among themselves a chair, who is responsible for the effective functioning of the Council, coordinates its work and contributes to the flow of information within the Council and the Board. The chair promotes open and critical discussions, ensures dissenting views are expressed and discussed, and the Council makes informed, sound decisions. The Council consists of 5 to 15 members elected by the General Meeting, whose term of office is five years. As at 31 December 2024, the Council had 9 members.

MANAGEMENT BOARD

				
	Wojciech Sass	**Ossi Leikola**	**Diego Biondo**	**Mari Mõis**
Position	Chair	Member	Member	Member
Title	Chief Executive Officer	Deputy Chief Executive Officer	Chief Risk Officer	Chief Compliance Officer
Committees	Credit Conduct	Financial institution risk Data governance	Non-financial Risk (Chair) Credit Model Risk (Deputy chair) Asset & Liability Data governance	Non-financial Risk (Deputy chair) Conduct (Chair)
Appointed	March 2024	December 2023	October 2023	September 2022 (reappointed)
Nationality	Polish	Finnish	Italian	Estonian
Education	MSc, Operations Management, University of Cracow	MSc Technology Aalto University, Espoo	BA Business Administration University of Turin	BA Law University of Tartu
Background	Co-founder and CEO, Aion Bank CEO, Nationale Nederland Poland Vice President, BNP Paribas Bank Polska	Head of Operations, Nordea Head of Poland and the Baltic countries, Nordea Managing Director, Metos BV	Head of Risk Governance, BPER Chief Risk Officer, Gruppo Banca Carige EVP Risk, Unicredit Bank CRO, Bank Pekao	Chief Legal Officer, Luminor Bank AS Chief Financial Officer, DNB Bank AS General Counsel, DNB Bank AS
Location	Tallinn, Estonia	Tallinn, Estonia	Tallinn, Estonia	Tallinn, Estonia
Attendance	41/44	50/53	51/53	47/53

The Board is our executive body which directs, manages, represents, and ensures effective and prudent management. It directs day-to-day activities pursuant to the strategies and general principles of activities approved by the Council. The Board reviews proposals and explanations presented to it, takes sound decisions, and reports appropriately to the Council.

General rules for organisation of the work of the Board, including rules for the convening meetings, voting procedures, and decision making process, responsibilities and number of Board members, are set forth in our internal regulations, Commercial Code, Credit Institutions Act and Articles of Association. Decisions are passed by a simple majority of members participating at the meeting. In case of equality of the votes, the Chair or, in their absence, the Deputy chair of the Board, has a casting vote.

In attendance

	Johannes Proksch	**Jonas Urbonas**	**Enkelejd Zotaj**	**Skaiste Kanapiene**
Position	Member	Member	Member	Attendee
Title	Chief Financial Officer	Head of Corporate Banking	Chief Information Officer	Head of Legal
Committees	Asset & Liability (Chair) Data governance (Chair) Pricing (Deputy chair)	Credit (Chair) Pricing	Change Advisory Board (Chair)	Non-financial Risk
Appointed	July 2024	December 2024	October 2024	Appointed Head of Legal October 2022
Nationality	Austrian	Lithuanian	Albanian	Lithuanian
Education	MBA, University of Economics and Business Administration, Vienna	MSc Finance, Vilnius University	MBA, Economics, University of Tirana	MA Law, Vilnius University MA Business administration, VMU
Background	CTO & CFO Addiko Bank AG, Group CFO & Deputy CEO, HETA Resolution AG CFO and advisor to financial start-ups	Head of Corporate Banking, Luminor Lithuania Head of Corporate banking Nordea Lithuania branch Head of business customers, SEB Vilnius	CIO and CTO, Raiffeisen Bank Ukraine Executive Director of IT, Raiffeisen Bank Croatia Executive Director of IT, Raiffeisen Bank Albania	Lawyer, Stock Exchange of Lithuania Lawyer, SEB Vilnius Head of Legal, Lithuania, Nordea Bank
Location	Tallinn, Estonia	Vilnius, Lithuania	Tallinn, Estonia	Vilnius, Lithuania
Attendance	25/25	-/-	11/11	48/53

Members of the Board are elected and removed by the Council The Council appoints a Chair from the members of the Board. The Chair, or any two Board members, legally represent the Bank. Areas of responsibility are divided between the members to suit their skills, expertise, and responsibilities. Board members are assessed before their appointment in accordance with legislation and internal regulations. Information and documentation on the proposed candidate, as specified in the Credit Institutions' Act is submitted to the ECB at least 10 days before deciding on his/her appointment.

In 2024 the Board held 53 meetings and adopted 39 decisions in circulation. The Board consists of 3-10 members whose term of office is 5 years. As at 31 December 2024 the Board had 7 members.

Council committees

The Council has established four committees to assist it in exercising its tasks. Regulations for the Committees of the Supervisory Council of the Bank ensure the allocation of duties and tasks between and within the committees. Each committee has at least three members, members must have knowledge, skills, and expertise relevant to the committee's work, a documented mandate, and must meet quarterly.

As at 31 December 2024, the Council committees were:

Committee	Audit	Nomination	Remuneration	Risk
Chair	Sandy Kinney Pritchard	Nils Melngailis	Maria Elena Cappello	Betsy Nelson
Members	Tanvi Davda Ottar Ertzeid Bjørn Erik Naess Betsy Nelson	Maria Elena Cappello Mathias Favetto Bjørn Erik Naess	Tanvi Davda Ottar Ertzeid Nils Melngailis	Mark Ashton-Rigby Ottar Ertzeid Mathias Favetto Sandy Kinney Pritchard
Role	To oversee the establishment of accounting policies, review and monitor the financial reporting process; monitor the statutory audit of the annual financial statements and assurance of the annual and consolidated sustainability reporting; support an effective internal audit process; and, review and approve non-audit services performed by an audit firm carrying out the statutory audit.	To contribute to the selection and assessment of the Board members; monitor diversity of Board decision making process; recommend mandate for the Board members; assess suitability of the Council members before appointment; assess suitability of Key Function Holders; can recommend candidates to the Supervisory Councils of subsidiaries; and, monitor the effectiveness of the policies outlining succession planning principles and review their design and implementation.	To work as a preparatory committee for the Council on remuneration issues; assess the mechanisms used to ensure the remuneration system takes into account risk, capital, liquidity, and earnings of the bank; assess the achievement of performance targets; test how remuneration policies react to events; oversee the design of remuneration packages; advise on the identification of material risk takers; recommend the amount of severance payments above limits; and, approve proposals for variable remuneration pool collectively for all employees and individually for members of Management Boards and the Heads of Compliance, Risk, and Internal Audit.	To ensure sound risk management is applied consistently; oversee risk culture; support formation of an optimal capital and liquidity structure; oversee alignment of customer products with the business model and risk strategy; analyse if the principles of remuneration consider prevailing risk profile; oversee investigations of non-compliance with laws and regulations; oversee the Compliance and the Risk divisions; and, collaborate with internal control functions.
Meetings held in 2024	7	6	8	12
Decisions made in 2024 by circulation	7	8	6	8

Board committees

The Board has 10 committees. The Credit committee is required by law while the other committees have been established to assist the Board in its work. During 2024 the Conduct and Pricing committees were established, and effective 1 January 2025 the Financial Institutions Risk committee was dissolved.

Each committee has its own regulations, describing composition of the committee, its mandate, and responsibilities of the committee's members. Committees' members are appointed by the Board from employees who are subject-specific experts. Committees meet as frequently as provided in their regulations. As at 31 December 2024, excluding the Financial Institutions Risk committee, the Board committees were:

Committee	Asset and Liability	Change Advisory Board	Conduct	Credit	Customer Risk
Chair	Chief Financial Officer	Chief Information Officer	Chief Compliance Officer	Head of Corporate Banking	Head of local Corporates Department
Role	Support the CFO and Board in activities related to asset liability management, i.e. balance sheet development, liquidity and funding management, interest rate risk, foreign exchange risk, ESG Risk, treasury, dividend distribution arrangements as well as efficient capital planning, management and allocation.	Support the Board in governance of IT change management in order to ensure that IT changes are evaluated, authorised, tested, deployed, documented, and reviewed in a controlled manner. Committee takes go / no-go decisions for the IT change implementation and deployment to the production environment.	The Committee is responsible for supporting Management Board in management of Conduct issues related to possible breaches of Code of Conduct, Raising Your Concern Procedure, personal transactions, disclosure of inside information, conflict of interest, bribery and corruption or internal fraud cases.	Issue recommendations related to credit policies and processes, approve acceptable risk criteria and financing requirements. Take all necessary credit decisions in respect to individual customers (including, approval of assumptions of loan loss provisions of non-performing exposures) and financial institutions.	Oversight of AML/CFT and sanctions compliance related customer risk. Decide cases that are conditional limitations based on our risk appetite, discuss and decide controversial customer cases and cases which can affect the risk appetite thresholds.

Committee	Data Governance	Investment Products Governance	Model Risk	Non-Financial Risk	Pricing
Chair	Chief Financial Officer	Manager of Investment Products & Growth Unit	Head of Model Risk Management	Chief Risk Officer	Head of Retail Banking
Role	Support the Board in defining and executing a data and information strategy. Provide oversight, challenge, and advice on data and information management decisions, guidance on emerging and developing data management risks and relevant recommendations to the Board.	Supporting the Board in the governance of investment products and/or services manufactured and (or) distributed by us to ensure compliance with the internal regulations and laws and regulations governing investment products and/or services.	Challenge and approve new risk models, model changes and extensions, non-material model changes, extensions and model re-approvals. Review, challenge and endorse model risk related specific technical topics, and approving the mitigation actions for identified model risks.	To challenge and/ or recommend for approval non-financial risk treatment decisions, oversee non-financial risk scenario planning, monitor the implementation of operation risk management framework, review proposed risk treatment actions for incidents, support 3rd party risk management.	The committee supports the Management Board in activities associated with pricing of for all Retail and Corporate/SME lending products and deposit products, including current account and profitability.

INTERNAL CONTROL FRAMEWORK IN CONNECTION WITH THE PREPARATION OF THE ANNUAL REPORT

We aim to ensure that our financial reporting is in accordance with generally accepted accounting principles, applicable laws, and regulations, and our financial statements provide a true and fair view of the financial position. The Board has responsibility to set, approve and monitor processes and controls intended to ensure the integrity of the accounting, financial and non-financial reporting systems, and preparation of these financial statements pursuant to the relevant law.

The Board has delegated to the Finance Division the responsibility for financial reporting and establishment of the arrangements and internal control aimed at ensuring the integrity of the accounting and financial reporting systems, including financial and operational controls and compliance with the law and relevant standards. Financial reporting is subject to an internal control framework that entails adequate, clear, transparent, and effective routines for reporting, monitoring, and follow-up processes.

Our internal control framework aims to ensure: effective and efficient operations; prudent conduct of business; sound change management; adequate identification, measurement, and treatment of risk; compliance with laws, regulations, supervisory requirements and our internal policies and procedures, processes, rules and decisions; sound administrative and accounting procedures; and, reliability of financial and non-financial information internally and externally.

We have a 'three-line' internal control framework. The first line, which consists of our business divisions, and support divisions and departments, own their risks and are responsible for ongoing managing of risks according to our policies, procedures, and controls. To mitigate process and reporting risk we have segregated duties, and applied IT general controls, entity and process-level controls, and preventive and detective controls.

The second line is an independent control function authorised and responsible to monitor and control that the first line adheres to our risk appetite and risk management framework and all applicable rules and regulations. The second line, which consists of Compliance and Risk divisions, are responsible for internal second line control over financial reporting in their respective areas. Our internal controls ensure that financial reporting is true and fair and that external financial statements are prepared in accordance with generally accepted accounting principles, applicable laws and regulations.

The third line consists of Internal Audit division, which is an independent internal audit function. It conducts risk based and general audits and reviews that the internal governance arrangements, processes, and mechanisms are sound and effective, implemented and consistently applied. The Internal Audit division evaluates independently whether operations and related controls, risk management and governance processes and structures are functioning, adequate and effective to enhance our ability to reach our business objectives. All activities, including financial reporting process fall within the scope of Internal Audit, which provides independent, objective assurance that financial reporting is adequate and in compliance with applicable internal and external regulatory requirements. Internal Audit provides the Council, the Audit Committee and the Board with a written report regarding their activities and evaluation on governance, risk management and internal control processes.

The Council's Audit Committee oversees our accounting and financial reporting. It oversees the establishment of accounting policies, including tax accounting, as well as the budgeting process, reviews and monitors the financial reporting process, reviews our consolidated financial reports and considers whether they are complete, consistent with information known to the Audit Committee's members, and reflect appropriate accounting policies and principles, as well as provides the Council with recommendations aimed at ensuring reliability and objectivity of consolidated financial reports, integrity of the financial reporting process and make recommendations to the Council for the approval of consolidated financial reports.

Furthermore, the Committee is responsible for monitoring the effectiveness of the statutory audit of these financial statements, and assurance of the sustainability statement, to ensure the statements are prepared according to applicable laws, regulations, and standards, including reviewing and monitoring the independence and objectivity of the statutory auditors.

Management of branches

We operate through branches in Latvia and Lithuania. The branches enter into agreements and undertake obligations on our behalf, acquire other rights and assume other duties, consistent with the law and their mandate. The branch managers are appointed by the Council and are accountable for the activities of their branch.

Management of subsidiaries
All subsidiaries are separate legal entities. Notwithstanding this, subsidiaries follow our values, code of conduct, and policies. Individuals with relevant knowledge, skills and experience, and with consideration of collective suitability, are appointed to the supervisory councils and members of the management boards are full time employees of the Bank or subsidiary. Subsidiaries' chief executive officers and management boards are responsible for the implementation of the decisions taken by the Management Bodies. The supervisory councils (or management boards) follow legal and regulatory provisions when reporting to the Board.

Certain subsidiaries are under the supervision of relevant Estonian, Latvian and Lithuanian financial supervision authorities. Governing bodies of the subsidiaries shall ensure that the subsidiary is not in a breach of applicable legal or regulatory provisions or mandatory prudential rules. The proportionality principle shall always be considered when applying regulatory requirements, which includes, but is not limited to the size of the subsidiary as well as the size of its customer base, nature and complexity of business and products, and gravity of risk. Dividend payments are governed by internal regulations.

Auditors
We have been audited by AS PricewaterhouseCoopers (PwC) since 2018. Ago Vilu is the lead partner for the audit.

CONSOLIDATED SUSTAINABILITY STATEMENT

INTRODUCTION

Our priorities

Be committed to sustainable growth and implementation of ESG targets.

Be recognised as a positive contributor to Baltic societies.

Become climate neutral by 2050 and gradually build up capabilities to decarbonise our business.

Our progress and targets

Medium and short-term climate risk related targets established and integrated into our strategy, performance management systems and customer service processes.

Policies updated and climate related risk limits established.

Transition plan established to reduce our operational and financed emissions.

#	Target	Measure	2024
1	Committed to Paris Agreement alignment, tCO_2e (own operating emissions) (a)	Net "0" by 2050	2,571
2	tCO_2e operational emissions per FTE vs. 2021 (a)	-50% by 2025 vs 2021 (1.44)	1.0
3	Share of new lending volume in high climate risk sectors to clients that have transition plans in place, % (b)	90% by 2025	81
4	Mortgage portfolio with EPC rating A or better, % of total mortgage exposure	30% by 2027	28.9
5	New lending to corporate high energy efficiency real estate and renewable energy related projects (accumulated for 2021-2027), €m (c)	€228m by 2027, €700m by 2030	182.0
6	Volume of green or sustainability-linked Covered bonds and Corporate Senior bonds in our bond portfolio, %	50% by 2030	3.2%
7	Renewable energy consumption and/or production target, %	100% of electricity by end 2025	70.8%
8	Improve customer satisfaction and increase retail transactional NPS score	+40 in 2024	+55
9	Improve employee satisfaction and increase employee eNPS	50-55 in 2024	+47
10	Female Council members, %	40% by 2026	44%
11	Maintain low ESG Risk Rating by Sustainalytics	Low risk, bi-annual as of 2023	-

a. The targets were established in 2021 and do not contain emissions based on updated inventory categories and excluding category 15. We foresee to restate these targets in the upcoming years.

b. In scope are only customer groups with exposures above 5 million EUR and excluding off balance items. We do not have clear standards for transition plans and therefore, we considered that customers fulfilled their requirement for transition plans submission if they had prepared a sustainability statement disclosing the existence of plans, appropriate activities and KPIs. In case customers have not prepared a sustainability statement, but have submitted information indicating activities helping to transition to more sustainable practices we treated them as compliant to the requirement to have transition plans. Going forward we plan to provide customers with a transition plan template which would meet our general requirements for transition planning documentation.

c. The loans reported cover development of the renewable energy projects and real estate construction, acquisition and renovation projects that comply with the technical screening criteria for the primary energy demand of buildings under the Climate Delegated Act or are granted one of the following or higher international certificates: LEED (Gold), BREEAM (Very Good), EDGE (Standard), Passive House (Standard), DGNB (Silver) or other equivalent sector-specific or local certificate.

Contents – Sustainability Statement

GENERAL INFORMATION

Sustainability is a core part of our strategy, with Environmental, Social and Governance (ESG) strategy defined as a key strategic initiative. We set clear objectives, review our progress annually, and establish milestone plans with defined deliverables and accountabilities, ensuring that sustainability measures are fully integrated into our financial planning. This sustainability statement is based on the double materiality assessment of potentially material ESG matters, and the resulting definition of the related impacts, risks and opportunities of the material topics. The sustainability statement provides disclosures about our provisions related to due diligence and our Sustainability Policy and our ESG Due Diligence Standard, which are our main sustainability related policies, and both extend to our customers, vendors and suppliers. Our sustainability statement is built on four pillars that are aligned with the ESRS guidelines, and these are General, Environmental, Social, and Governance information. Further, we have included a section 'Notes to the sustainability statement' that provides detailed information about the policies and data methodologies referenced in this sustainability statement. Our material impacts, risks and opportunities (IROs) and their interactions with our strategy and business model are disclosed in the sections of the report dedicated to them.

Scope of reporting and restatements

This sustainability statement has been prepared in accordance with the requirements of the Corporate Sustainability Reporting Directive (CSRD) as transposed into Estonian law (section 31, subsection 4 of the Accounting Act), and we have followed the European Sustainability Reporting Standards (ESRS) for our sustainability statement and its disclosures. Additionally, we have provided reporting in accordance with Article 8 of EU Regulation 2020/852. We have discontinued disclosing information required only by the Global Reporting Initiative (GRI) in the current report and do not provide metrics for the previous year An exception to this is a few selected metrics from GRI or Climate Guide for Non-Financial Reporting Directive which we consider using to support us in implementing our strategy and which are considered as entity specific disclosures not derived from ESRS. A complete list of requirements has been included in the ‘CSRD content index’, ‘Datapoints that derive from other EU legislation’ and ‘Datapoints from other legislation or sustainability standards’ of this report.

This sustainability statement has been prepared on a consolidated basis and covers all subsidiaries of Luminor Bank AS. The scope of the consolidation is the same as for the Luminor Bank AS financial statements. The sustainability statement is built on double materiality assessment and resulting disclosures on identified impacts, risks and opportunities that also cover Luminor vendors and suppliers from upstream in the value chain and its clients from downstream. Our business model and value chain is described in more detail in the section 'Business model resilience' in ‘Governance information’. We have not used the option of omitting any specific piece of information corresponding to intellectual property, know-how or the results of innovation, nor have we used the exemption from disclosing impending developments or matters that are under negotiation. No exemption has been applied, except for sensitive matters which are indicated in the Content index. We have not used any external body other than the assurance provider to evaluate the metrics in the Sustainability Statement.

The terms Luminor or Luminor Bank refer to the core banking entity itself, excluding any of its subsidiaries. This includes the main operations and services provided by the bank directly. Luminor Group refers to Luminor Bank and all its subsidiaries, regardless of their nature or location. This Sustainability Statement is subject to limited assurance in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised) performed by AS PricewaterhouseCoopers.

Sources of estimation and outcome uncertainty

Many of the climate-related quantitative disclosures for our portfolio that are covered in this sustainability statement are compiled on a best effort basis and are to some extent based on proxy methodologies. These include the reported Scope 1, Scope 2 and Scope 3 emissions and EPC reports. As an example the Scope 3 financed emissions are calculated based on the industry average emission factors for financed emissions provided by the Partnership for Carbon Accounting Financials (PCAF), and the related carbon emissions accounting standards that we apply have been used. Such assumptions, the basis of preparation and the data quality of the metrics for them are indicated in the sections of the report where these metrics are reported and in 'Methodologies' in the section 'Climate change'. The quality levels for the PCAF data have been indicated where applicable. The main sources of estimation and the outcome uncertainty for the metrics disclosed, such as financed emissions or portfolio structure based on energy efficiency, are provided in the section 'Environmental information' and in the section

'Notes to the sustainability statement' under the respective tables that are affected by the quality and availability of the data reported by customers or spend categories.

The primary source of measurement uncertainty arises from the application of industry average emission factors to calculate the emissions of individual entities, without accounting for the particularities of the companies concerned. Furthermore, we have developed a proxy methodology for estimating Energy Performance Certificate (EPC) labels for buildings. This methodology incorporates assumptions based on the year of construction, area and type of the building, and is utilised only in the absence of actual data. We plan to collect more actual data on emissions and buildings energy efficiency through customer engagement, and so the numbers presented in this report may change as more reported data becomes available.

Double Materiality Assessment and Sustainability Reporting Processes

Our annual Double Materiality Assessment (DMA) is fundamental for our annual disclosures and informs decision-making by the Council and the Board. This process makes it easier to identify the actions that we need to take to address the concerns of users of the sustainability statement and our stakeholders. The assessment also makes us better prepared for the future impacts that global trends or regulatory changes might have, helps in risk mitigation, and lets us identify new ways to create value. Moreover, it extends beyond our own operations to encompass impacts throughout our value chains, including those of our products, services, and business relationships.

We finalised our fourth annual DMA in 2024, engaging both internal and external stakeholders so that we could incorporate a diverse range of perspectives on materiality. The process is further described in section 'Identifying material matters and IROs'. Viewpoints were solicited internally from the Council, the Board, and employees through surveys or focused group discussions. Input from external stakeholders was gathered from interviews, surveys, analysis of our business environment scan and the results of climate and environmental risk related materiality assessments, analysis of relevant publications, and data collation from various sources such as peer data, regulations, standards, voluntary frameworks and publications by professional service providers. We have used short, medium and long term horizons in the sustainability statement for the disclosure of our impacts, risks and opportunities. The time horizons differ from time horizons set by ESRS, due to regulatory requirements (ECB climate risk assessment timelines) and due to the cash flow and business cycle time horizons typical for the financial sector: up to 3 years for the short horizon, aligned with our financial planning, 4-10 years for the medium, and beyond 10 years until 2050 for the long term horizon.

Change to the process from the previous reporting period

We updated our methodology for the DMA in 2024 in order to ensure compliance with the ESRS requirements. There were two steps in the 2024 assessment. First we conducted a gap analysis of the 2023 DMA, for which we reviewed the earlier DMA process, our internal risk assessments, and sector-specific standards, and looked at market trends, regulations, and peer benchmarking to help us identify areas for improvement and ensure we are aligned with evolving regulations such as the European Sustainability Reporting Standards (ESRS). Second, we conducted the 2024 DMA, for which we mapped out the potential impacts, risk and opportunities from various internal and external sources, building on the 2023 DMA results, and engaged with key stakeholders to validate the IROs identified and assess their materiality from both financial and impact perspectives, using the established materiality thresholds and methodologies according to the Double materiality assessment procedure.

The IRO assessment was signed off by the material topic or IRO owners. In a change from last year, we performed the DMA analysis manually without using external data aggregation software solutions from Datamaran to assess the impact or scrape the internet for relevant public documents and media articles. We have engaged a professional services firm to support us in the assessment and in developing the methodology. Instead of automatic assessment of news articles supported by data, we ran interviews with the journalists to understand the opinions of society more widely. To understand which topics are most relevant for regulators, we held focus group discussions with employees who are responsible for regulatory analysis and implementation from the perspectives of legal, compliance and risk functions, instead of using the Datamaran analysis that established materiality using keyword relevance algorithms. We administered a survey to selected vendors to understand their point of view with regards to potentially material impacts, risks and opportunities for us. The process is further described in the section 'Identifying material matters and IROs'.

While the overall DMA process was consistent across the different sustainability dimensions, there were some differences in the specific methodologies used for assessing impacts, risks, and opportunities. For both environmental and social impacts, we assessed the severity, scope, and reversibility of the actual and potential impacts, using the assessment matrix based on our ESG Due Diligence standard and provided in scope of DMA Procedure. This allowed us to prioritize the most material impacts, regardless of whether they were positive or negative. The process and the thresholds are further described in section 'Identifying material matters and IROs'.

Refreshing the DMA for 2024 reaffirmed the materiality of climate change while also highlighting biodiversity and ecosystems, and the circular economy, as key environmental topics. It has also underscored the importance of social topics related to our workforce, and our consumers and end users. Additionally, governance, business conduct and regulatory compliance, and of the entity-specific governance topics of cybersecurity and business model resilience, remain central areas that our stakeholders consider material for us across the value chain. The table below outlines the material Sustainability Matters alongside the locations of their disclosures.

List of Material Sustainability Matters (topics and subtopics) and the reference to the ESRS standard based on which the related disclosures are specified and the location of the related IROs.

Material topics and ESRS standard based on which the related disclosures are specified	Subtopics	Where to read more
A. Climate change (E1)	Climate change adaptation Climate change mitigation Energy	Environmental information, Climate change and air pollution
B. Biodiversity and ecosystems (E4)	Direct impact drivers of biodiversity loss Impacts and dependencies on ecosystem services	Environmental information, Climate change and air pollution
C. Resource use and the circular economy (E5)	Resources inflows, including resource use Waste	Environmental information, Climate change and air pollution.
D. Own workforce (S1)	Working conditions Equal treatment and opportunities for all	Social information, Own Workforce
E. Consumers and end users (S4)	Information-related impacts for consumers and/or end-users Personal safety of consumers and/or end users Social inclusion of consumers and/or end users	Social information, Customers and end users
F. Business conduct (G1)	Corporate culture Protection of whistle-blowers Corruption and bribery	Governance information, Business conduct
G. & H. Entity-specific governance	Business model resilience Cybersecurity	Governance information, Business model resilience, Cybersecurity

The content index, which includes the page numbers for material disclosures in the sustainability statement, is located in Section 'CSRD content index'. Additionally, a table detailing the datapoints derived from other EU legislation and their location within the sustainability statement is provided in Section 'Datapoints from other legislation or sustainability standards'.

Identifying material matters and IROs

We conducted a comprehensive double materiality assessment annually to identify the most material sustainability impacts, risks and opportunities (IROs) across our operations and value chain. This process involves several key steps. First, we analyze our value chain, including upstream and downstream activities, to understand any changes with the previous period and to map out relevant sustainability topics and potential IROs. This was followed by the review of the previous year documentation to identify shortcomings and areas for improvement; desktop research to identify new trends and emerging topics that are relevant for our business activities, focusing on changes in both impact materiality through effects on society and the environment, and financial materiality through effects on our financial performance; comparison of the results with sector standards like SASB, GRESB Real Estate Assessment and ESRS to ensure comprehensive coverage of material topics as required by EFRAG 1; and documentation of the IROs identified in an Excel sheet that became the basis for the assessment.

The next step was to refresh the DMA 2024, which involved a peer review and a top-down view of sector-specific standards, together with a comprehensive review of our risk assessments. To understand our downstream value chain financial impacts, the outcome of the credit portfolio-related climate and environmental risk assessment was used. This identified risks such as the agriculture sector's dependencies on natural services like soil condition, exposure to transition related legislation for both climate and biodiversity and the energy sector's exposure to climate transition risks.

We then engaged a wide range of internal and external stakeholders, including employees, customers, suppliers, and investors, through surveys and focus groups to gather their perspectives on material Sustainability Matters. Sustainability matters refer to environmental, social and human rights, and governance factors, including sustainability factors defined in Article 2, point (24), of Regulation (EU) 2019/2088 of the European Parliament and of the Council. Nature was considered a "silent stakeholder", and its views were incorporated through relevant publications. Upstream value chain engagement was conducted through a supplier survey, but the moderate response rate means the results may not be fully representative. We will implement measures to increase the response rate in the upcoming DMAs. The detailed methodologies, data sources, and rationale for the materiality assessments are documented in the Double Materiality Assessment procedure files, allowing us to demonstrate how we determined the material information to be disclosed. See also chapter "Change to the process from the previous reporting period" for a more detailed description of changes in the process compared to prior year.

DMA integrates various perspectives and takes account of our existing risk management framework such as building on the risk policy, risk taxonomy and the non-financial risk grid for the risk assessment as well as outcome of climate and environment (C&E) impact and materiality assessments as described below. Furthermore, we have indirectly integrated the outcomes of due diligence into the DMA by engaging the same subject matter experts for the Double Materiality Assessment and for various due diligence assessments, which are described further in the section 'Due Diligence processes'.

In 2024 we updated our Procedure for Risk Taxonomy Review and Risk Materiality Assessment (RMA) that regulates the C&E RMA, and we developed a new internal regulation, the Procedure for Analysis of Impact of Climate and Environmental Risks on the Business Environment (C&E RBE), so that we can assess both qualitatively and quantitatively the risks and opportunities of the climate and environmental impacts that are caused through our customer portfolios. We then performed the assessments related to this, and the results of these assessments were used as an input in the DMA process for identifying IROs and risk assessment. In addition to the climate and environmental IROs, we also conducted a comprehensive assessment of social and governance-related IROs as part of the 2024 DMA process.

This assessment covered areas such as impacts, risks, and opportunities related to our own workforce (e.g., employee health and safety, diversity and inclusion, talent attraction and retention), as well as those affecting our customers and end-users (e.g., product responsibility, data privacy and security, financial inclusion). Additionally, it covers governance topics such as business conduct and regulatory compliance, including entity-specific governance topics like cybersecurity and business model resilience, which were identified as material by our stakeholders through the value chain. The methodology for assessing these social and governance-related IROs was consistent with the approach used for the climate and environmental IROs. This involved mapping the value chain, engaging with internal and external stakeholders, and evaluating the materiality of the identified IROs based on both the financial and impact perspectives, using established thresholds and assessment frameworks.

Refreshing the DMA in 2024 resulted in 66 impacts, risks and opportunities being defined, including 17 financial opportunities. The identified IROs were then assessed for their impact materiality considering the scale, scope, and irremediability of the positive or negative impacts on people and the environment. Then the financial materiality was assessed evaluating the potential impact severity and probability on our financial position, performance, and access to capital. Subject matter experts from relevant departments provided input and assessment of the IROs throughout this process. The impact materiality was evaluated following our impact assessment methodology, as described in the ESG Due Diligence Standard.

The likelihood of impact was assessed for all material matters in the short, medium and long term using our non-financial risk grid from Risk policy. This determines how likely it is that financial effects will occur and what their potential magnitude may be, assessing them on a scale from 0 to 5. The impact materiality assessment looks at how severe the actual negative impacts on people and the planet may be, and how likely they are. The severity of impact is found from the scale and scope of negative impacts and how irremediable they are, and the scale and scope of positive impacts, and these are also assessed on scales from 0 to 5. Assessments are done to measure the probability of any positive or negative impact that may occur in any of the short, medium or long term, and the severity of any such impact. All impacts assessed as being above the threshold of 3.25 on average for scope, scale, probability, and being irremediable were deemed to be material.

For financial materiality assessment of risk and opportunities on us, including those related to climate, environmental, social, and governance factors, we utilised non-financial risk grid to assess financial impact in accordance with the Risk Policy for all operational and compliance-related risks. All such risks, where the average of probability and severity on scales from 1 to 5 were above 3.5 were deemed to be material. The financial impact scales were adjusted in the assessment of all credit, market or solvency risks to reflect the materiality threshold of 10 million EUR for expected losses as defined in our Risk Policy, whereby probability was not considered for these risks.

In addition to identifying risks, we also assessed the potential opportunities arising from sustainability-related trends and developments. This included opportunities related to new products and services, access to capital, and reputational benefits, among others. The assessment of opportunities followed a similar approach to the impact and risk assessments, considering the magnitude and likelihood of the potential benefits. The results of the financial and impact materiality assessments were then consolidated and compared to previous year results to determine changes and the final list of material matters.

We documented the rationale behind the assessment of each IRO at the level of probability and magnitude of impact over the different time horizons. Impact, risk and opportunity were defined and assessed in the identification process for IROs in each material sub-topic or sub-sub-topic, and the interrelated material impacts and risks were connected in the final aggregation step through a manual matching process. The aggregated results were validated and approved by the Board and Council.

The DMA process serves as a risk identification step in our risk management framework, while at the same time the list of material risks defined in the Risk Policy and the outcome of the internal risk materiality assessments are used as inputs for the process.

We followed the four-eyes principle in assessing the financial risks, impacts and opportunities, and engaged subject matter experts who are also responsible for the day-to-day management of the topics considered and for the related annual sustainability statement disclosures, to ensure we had a thorough understanding of the underlying matters, and could also consider the outcome of the DMA in their daily operations relating to product development, risk management, portfolio management, policy development and other tasks.

Risk management and internal controls over sustainability reporting

We established our Sustainability Reporting Standard in 2024 to set out the general principles, guidelines, responsibilities, and measures to be followed in the sustainability statement and disclosures in our annual reports. To ensure the timely preparation of disclosures and the availability of the data, the requirements for annual reporting are defined in the third quarter of the reporting year. The main requirements are aggregated by the Sustainability Department, which also aligns and coordinates the timelines for preparing disclosures to meet the requirements.

The Sustainability Department involves the business owners in preparing both the IRO assessment and the annual sustainability disclosures. The business owners assign subject matter experts for each function or process, and they then define the requirements for specific inputs, and review the requirements for validity, verification and disclosure purposes with an eye to data availability and strategic considerations. When the content is being developed, the business owners review the information about sustainability and make a formal sign off. Once the qualitative and quantitative disclosures have been validated and approved, the heads of the Sustainability Department and also Investor Relations and Sustainable Finance confirm that all the sign-offs have been completed and sign off the statement themselves before the disclosures are attested by the CFO and CRO. The Sustainability Department also uses a mapping list to run a control to ensure that all the requirements have been met, and establishes a final content index at the end of the process.

For risk assessment in scope of DMA, we used thresholds as described in the section 'Identifying material matters and IROs'. The Qualitative disclosures relating to sustainability face the risk of omissions, misstatements, and over or underestimates. All risks above the materiality threshold are deemed material and no further prioritisation is done among the material risks. To mitigate the risks identified for both qualitative and quantitative disclosures, we apply several controls, such as the principle of 'at least four eyes'. The qualitative data gathered by our staff is validated by the business owner of the disclosure to ensure that it is fair, clear, not misleading, comprehensive, and accurate, and that it is presented in accordance with the applicable internal and external regulations. For quantitative disclosures on climate and environmental data, we follow our Data Quality Management procedure and principles and the ESG Data Management Procedure.

The primary source for data collection is our data warehouses, and if in-house data are not available, we aim to collect primary data directly from customers or from external data sources that provide real data. The data collected is then reported in aggregated form. For data that is not available, data proxy methodologies based on international standards such as PCAF are used, or alternatives are developed in-house. For all other type of data that is not prepared by our BI Data department, the respective subject matter experts prepares the data based on various sources that could include annual data collection from surveys, financial performance reports, training participation tracking sheets, any other type of recording. Validation is then performed by the business owner of the disclosure. The Data methodologies and limitations are provided for all reported data in the respective sections. The quantitative Climate and Environmental data are collected and monitored regularly throughout their life-cycle following the Data Quality Management Procedure. More information can be found in the section 'Our policies, procedures and standards'.

Once the data has been aggregated for specific reporting purposes, the content is validated by the data owners or service owners. This validation generally means that the quality of the outputs produced is checked against the initially prepared business requirements documentation, which define which data, units, sources are needed for the data development. The four eyes principle is followed when the data are validated, as the data validator must then be someone other than the data provider. The work of validation can include checking that the data coverage and count are as required; comparing the statistics with those from previous cycles if applicable; checking that the associated metadata are present and in line with expectations; investigating inconsistencies in the statistics; performing sample testing; and validating the statistics against expectations and domain intelligence. Such tests are performed by business analysts or data stewards as part of their usual validation tasks. The validator must document the acceptance of the output results in the place designated by the Sustainability Department.

To mitigate the risks of a lack of validation and the ensuring audit trail, in 2024 we invested in Workiva, a reporting platform. During the year, we discussed the preparation process timeline, resources and risks for this Sustainability Statement, and the procurement process for the tooling at meetings of the Board, the Audit Committee and the Council.

Governance overview

SUPERVISORY COUNCIL

The general responsibilities of the Supervisory Council (Council) are described in the Governance Report. The Council sets strategy, which covers sustainability, and oversees our performance.

Composition and diversity

As at 31 December 2024, the Council had nine members, four of them women, of six different nationalities and aged from 36 to 70. Five of the nine members were classified as independent, and the others were appointed by a consortium of private equity funds led by Blackstone and DNB Bank, our two ultimate shareholders. We do not have employees' and workers' representatives on the Council, nor do we have any other models of employees' and workers' representation in the Council (such as advisory committees including employees or employee ownership of shares). We do not track whether our Council members belong to underrepresented social groups.

Skills and expertise

Every Council member is assessed before they are appointed for their knowledge in multiple domains including governance and regulatory frameworks, sector-specific issues, strategic planning, resolution and recovery, risk management, managerial proficiency, technological acumen, and understanding of ESG considerations.

All our Council members hold at least a bachelor's degree, and have the knowledge, skills and experience that are needed for their supervisory role. They all bring extensive senior-level experience from the financial sector, having held prominent positions in banks or investment firms, and they all possess a knowledge of the industry. Their accumulated experience strengthens our risk management practices and qualifies them to oversee our activities.

All Council members understand the sustainability standards and how we can keep our development sustainable. It has been assessed that the Council members have sufficient knowledge of ESG based on the collective suitability assessment. The level of the collective potency/suitability in respective areas is considered as sufficient, if at least one member has assessed his/her knowledge with Good – 'can explain it', indicating the person having sufficient knowledge and experience to apply concepts to less complex issues. We recognise that it is vital that members keep their knowledge up to date, and so we have planned further ESG training for 2025. Council members follow the guidelines on suitability assessments of the European Securities and Markets Authority (ESMA) and the European Banking Authority (EBA) and attend training continuously to maintain regulatory compliance and stay abreast of the business and its risks. Training initiatives are coordinated through collective training plans, individual development plans, and induction programmes. The Council approves its own training plan each year.

All newly appointed members of the Council receive individual induction plans that help them integrate effectively into their appointed role and the organisation. All Council members must follow the development steps outlined in their individual induction plans and the collective Council training plans, and they are expected to be proactive in seeking further opportunities beyond those plans. Leadership expertise on both the Council and the Board must be aligned with the material risks identified through the double materiality assessment. This report later explains how the expertise of our governing bodies makes them better able to manage and respond to emerging sustainability risks and opportunities that could impact our stakeholders or our operations (see the sections on the responsibilities of the Council, the Council committees and the Board).

Access to experts

The Council can access experts for advice or training in areas like sustainability without any restrictions, and may request internal information from units within the organisation.

Responsibilities

The Council approves the mandates of the members of the Board, the organisational structure, the Risk Policy, and the Risk Appetite Framework, as this integrates responsibility for ESG risk drivers into those areas. It oversees the implementation of ESG risk management strategies and due diligence processes.

Further, the Council oversees ESG integration, reporting and risk management, approves the Sustainability Strategy and Policy proposed by the Board and monitors their implementation. The Sustainability Strategy is an integral part of our Strategy for 2024–2026 and is supported with underlying business strategies and action plans, where relevant, owned by the Management Board. The Council sets sustainability-related targets under the Sustainability strategy that are then translated into yearly objectives for the Board and the entire organisation, and transposed to our internal governance and processes. The Council oversees the double materiality assessment and approves its outcomes. This determines the reporting standards and sustainability statement that are part of our sustainability disclosures. Lastly, the Council approves the Annual Report, which includes sustainability disclosures.

The Council monitors the environmental, social, governance, and economic risks, actual and potential impacts, and opportunities of our operations. It is vigilant in guarding against adverse impacts and emerging scenarios that may affect us. This monitoring covers the regular, quarterly reporting cycles and the ad hoc risk and sustainability assessments, giving comprehensive oversight of our work. See the section ' Summary of reporting lines, management and oversight over Sustainability Matters by administrative, management and supervisory bodies' on how the dedicated controls and procedures are integrated with other internal functions in relation to IROs.

The Council oversees its committees to ensure that the ESG reporting is thorough, accurate and uniform and that material risks are considered. The Board communicates with the Council through its committees, making them effective reporting mechanisms within the governance structure. The Council is responsible for steering the execution of the bank's strategy, which considers material impacts, risks and opportunities (IROs) and risk appetite. The Council receives regular reports through its committees, which are detailed in the sections on the 'Roles' and 'Specific committee roles related to ESG'. The Committees report on their functions giving the Council a comprehensive view of the bank's risk landscape and the progress of its strategy. Financial reporting also covers sustainability risks and provides the risk disclosure that is strictly in line with EU regulations. The IROs are further integrated through strategic collaboration with business units, which aligns risk management with operational activities and decision-making processes. The People and Culture, Risk Division and Sustainability Department of the bank runs training for staff to foster a risk-aware culture, while continuous feedback mechanisms across all functions keep risk controls effective and aligned with evolving regulatory requirements and business needs (see the section 'Summary of IRO oversight').

Council committees

The Council has four mandatory committees for Audit, Nomination, Remuneration, and Risk. These committees advise the Council and help it develop and apply a robust internal governance framework. The Committees provide advice through a gradual decision-making process in which proposals brought before the Council are first examined thoroughly by the committee or committees responsible, which then return their recommendations to the Council. Council committees report directly to the Council. The responsibilities of each committee are delineated and outlined in the Regulations for the Committees of the Council of the Bank, which guide their contributions to the Council's governance processes.

Committees consist of at least three Council members, who must all have the expertise needed for the work of the committee.

Required competencies

The competencies required of members of the Risk Committee, Audit Committee, Nomination Committee, and Remuneration Committee by the Joint ESMA and EBA Guidelines on the assessment of the suitability of members of the management body (EBA/GL/2021/06) and the EBA guidelines on internal governance EBA/GL/2021/05 are:

Audit Committee (see also 'Specific committee roles related to ESG'):

- Understanding of accounting principles and their application, financial reporting standards, and auditing practices;
- Knowledge of internal control frameworks and risk management processes;
- Familiarity with regulatory requirements governing financial reporting, sustainability reporting and auditing;
- Expertise in evaluating financial statements and assessing audit findings;
- Ability to oversee the work of internal and external auditors;
- Understanding of corporate governance principles and ethical standards;
- Analytical skills that can identify financial risks and remedy deficiencies;
- Strong communication and questioning skills.

Nomination Committee:

- Knowledge of corporate governance principles and best practices;
- Understanding of the composition of the Board, diversity, and succession planning;
- Familiarity with regulatory requirements for appointments to the Board;
- Ability to assess the skills, experience, and independence of the candidates for the Board;
- Knowledge of our strategic objectives and business needs;
- Awareness of industry trends and emerging issues;
- Strong interpersonal and consensus-building skills;
- Integrity and independence in decision-making.

Remuneration Committee:

- Understanding of the principles, practices, and regulatory requirements for compensation;
- Knowledge of incentive structures, performance metrics, and risk alignment;
- Familiarity with trends and benchmarks in executive compensation;
- Ability to design and evaluate compensation policies and programmes;
- Awareness of governance issues related to executive pay and disclosure requirements;
- Understanding of our business strategy and performance goals;
- Strong analytical skills that can assess how effective and fair compensation arrangements are;
- Communication skills for engaging with stakeholders and explaining remuneration decisions.

Risk Committee:

- Understanding of risk management principles, methodologies, and practices;
- Familiarity with the regulatory requirements and guidelines for risk management;
- Expertise in financial analysis and risk assessment;
- Knowledge of our business model, products, and services;
- Understanding of market, credit, liquidity, operational, and other types of risk;
- Ability to interpret and evaluate risk metrics and indicators;
- Awareness of emerging risks and industry trends;
- Strong communication and interpersonal skills.

Having these competencies means that committee members have the expertise and qualifications needed to fulfil their roles effectively and contribute to the overall governance and oversight of the bank, including effective management of IROs and sustainability.

Specific committee roles related to ESG
The responsibilities of Council committees are described in the Regulations for the Committees of the Council of the Bank and the specific responsibilities for ESG are set out below.

The Audit Committee monitors the statutory audit of the annual and consolidated financial statements and assurance of the annual and consolidated sustainability reporting. It also monitors how effective the statutory audit is and so ensures that our auditors are independent and objective, and it oversees the annual and consolidated sustainability reporting. It monitors the process of sustainability reporting and how the bank identifies that information is reported in accordance with the sustainability reporting standards, and it makes recommendations for ways to protect the integrity of the process. The Committee informs the Council of the outcome of the statutory audit and the assurance of sustainability reporting, and explains how the statutory audit and the assurance of sustainability reporting contributed to the integrity of financial reporting and sustainability reporting respectively and what the role of the Committee was in that process.

The Nomination Committee identifies suitable candidates for positions on the Board and informs the Council about them. It assesses the qualifications and attributes of the candidates, and evaluates the overall structure of the Board, and it reviews the performance, knowledge, skills, and experience of individual members and the Board as a whole. It also evaluates governance arrangements, promotes diversity within the governing bodies, and recommends policies for equality, non-discrimination, and diversity. The Nomination Committee also assesses and reassesses the individual and collective suitability of the Council members assesses the structure, size, composition, and performance of the Council.

The Remuneration Committee is responsible for keeping our remuneration system aligned with our risk management practices. It also oversees the integration of ESG risk considerations into remuneration policies so that sustainability principles are embedded into the bank's reward framework.

The Risk Committee oversees our approach to ESG as it reviews our Sustainability strategy and recommends it to the Council, monitors that ESG risk drivers are integrated effectively within the risk management framework, recommends the level of risk we can take on, and ensures that ESG factors are duly considered in risk processes such as stress testing. The committee issues regular risk reports on ongoing ESG risk and oversees the progress made towards ESG risk objectives.

MANAGEMENT BOARD

The general role of the Management Board (Board) is described in the Governance Report.

Composition and diversity

As at 31 December 2024, the Board had seven members, one of them a woman, of seven different nationalities and aged from 42 to 57. All Board members hold at least a Bachelor's degree from a recognised university and have different educational and professional backgrounds (e.g. law, finance, business administration, computer science), which implies that the Board is diverse in skills, including essential soft skills, and have professional experience in different fields.

Skills and expertise

Board members must have the qualifications and experience that are required in their roles, and the knowledge and skills needed to make informed decisions. Skills and knowledge essential for all members of the Board include: the ability to develop and articulate a clear strategic vision for the organisation, aligning it with the bank's objectives and values; skill at identifying, assessing, and managing risks across different areas of the business, and making sure that regulatory requirements and internal policies are complied with; a comprehensive understanding of financial concepts, including budgeting, financial reporting, and capital management, that can drive sustainable growth and profitability; knowledge of the laws, regulations, and industry standards that apply to us, with the focus on ensuring compliance and on mitigating regulatory risks; familiarity with the principles and best practices of corporate governance, including oversight mechanisms and decision-making processes; strong leadership skills that can inspire and motivate teams, foster a culture of accountability and collaboration, and drive organisational change; effective communication skills for conveying complex ideas clearly and concisely, both internally and externally, and fostering transparency and trust; a commitment to ethical conduct and integrity, and to acting with honesty, fairness and respect in all interactions and decision-making processes; the ability to build and maintain relationships with various stakeholders, including shareholders, regulators, employees, and customers, in order to achieve mutual objectives; the capacity to innovate and adapt to changing market conditions and technological advances, driving continuous improvement and giving us a competitive advantage.

It is also vital that members of the Board have skills and knowledge in risk management, ESG, and technology. They must understand the Sustainability Matters that are relevant to the banking industry, be familiar with ESG reporting standards and regulations, and be able to assess and manage ESG risks. Board members who have such a diverse skill set can help make governance and decision-making effective. The Board makes sure that its members have been trained in how ESG risk drivers could impact the business model, and particularly on their transmission channels and the prudential and strategic impacts they could have on the group. Board members are trained in line with the guidelines from ESMA and the EBA on suitability assessments so that they can maintain regulatory compliance and stay abreast of the business and its risks. These training sessions cover a wide range of topics, from ESG considerations to governance and risk management. Training initiatives are coordinated through collective training plans, individual development plans, and induction programmes. The training plan for the Board is approved each year by the Council.

All newly appointed members of the Board are given an individual induction plan to help them integrate effectively into their role and the organisation. The Board members are expected to familiarise themselves with our strategy, culture, and risk management. A training course on climate-related risk and environmental risk was run for senior management in the fourth quarter of 2024.

The individual and collective suitability of each Board member is observed continuously to make sure they remain fit and proper for their task. Each Board member has a distinct area of expertise, and is accountable for specific domains. Board members other than the CEO act as heads of divisions and take ownership of the risks delineated in the Risk Policy for their areas. The CEO does not usually lead any division directly, but in 2025 will assume temporary responsibility for leading the Retail division until a new Head of Retail Banking is appointed. This approach to responsibility for risk creates a comprehensive oversight structure where each Board member brings their specialised knowledge to managing the risks within their purview.

Access to experts

The Board can access experts for advice, including advice about ESG.

Responsibilities

The Board follows the Sustainability Policy by integrating responsibility for ESG risk drivers into our organisational structure, including the governance structures, regulations, and processes.

The Board identifies, assesses and monitors the impacts, risks and opportunities from ESG factors for our activities and sees that double materiality assessment is run to identify any Sustainability Matters that could materially affect our business and any areas that may be materially affected by our suppliers, vendors or clients. The Board proposes the outcomes of the double materiality assessment for approval of Council and oversees the ESG due diligence assessment for both short-, medium- and long-term effects. The Board also proposes the Sustainability Strategy and Policy to the Council, which must approve it, and then implement it. The Board oversees the reporting of Sustainability Matters and implements ESG requirements and reports results to the Council each quarter through the Council committees.

Specific Board committee roles related to ESG

The Board has established several Board committees - a groups of employees appointed to perform a specific function: Change Advisory Board Committee, Non-Financial Risk Committee, Customer Risk Committee, Credit Committee, Pricing Committee, Conduct Committee, Model Risk Committee, Investment Products Governance Committee, Asset and Liability Committee and Data Governance Committee. These Board committees support the Board in their specific areas, enhance governance and improve decision-making. Board committees report to the Board and each committee's chair keeps the Board informed about the committee's operations through regular reports. Delegating responsibilities to the committees does not absolve the Board of its collective duties and responsibilities.

A list of all the Board committees and their main roles is disclosed in the Governance Report. Several Board committees have key ESG roles:

The Asset and Liability Committee (ALCO) assesses sustainability risk in asset and liability management, treasury operations, dividend distributions, and capital planning and allocation. It defines principles and approaches for work in these areas and makes sure the regulations are followed. ALCO ensures that the established principles and approaches are applied effectively in asset and liability management, and capital planning and allocation. It translates overarching arrangements into specific rules and internal regulations.

The Credit Committee considers ESG risk drivers in decisions about customer credit while adhering to established risk-based approaches. The Credit Committee gives us a sound and uniform credit culture and so plays a vital role in promoting responsible lending practices and sustainable business conduct within the group.

The Investment Products Governance Committee reviews and approves the main principles (including integration of environmental, social and governance (ESG) arrangements, related statements and disclosures), asset allocations for model portfolios and model portfolios for provision of the discretionary portfolio management service and the related issues (ESG Due Diligence of the particular financial instrument and/or its manufacturer or distributor, risk monitoring, investment decisions, etc.).

The Non-Financial Risk Committee supports the Board in managing non-financial risks to safeguard the stability and reputation of the bank. It provides oversight and advice, challenges decisions about risk treatment, and offers guidance on emerging risks. The Conduct Committee is responsible for supporting the Board in managing potential employee misconduct related to possible breaches of the Code of Conduct, personal transactions, disclosure of inside information, conflicts of interest, bribery and corruption, or internal fraud cases.

Gender distribution and number of members in administrative, management and supervisory bodies.

	Female	Male	Total
Number of executive members, **#**	1	6	**7**
Number of non-executive members, **#**	4	5	**9**
Council and Board gender diversity ratio, % (a ratio of female to male members)	-	-	**46**
Independent members of the supervisory bodies, %	33	22	**55**

Chief Financial Officer and Chief Risk Officer

Individual responsibilities for IRO

The Chief Financial Officer (CFO) heads the Finance Division and is a Board member. The CFO is responsible for setting, maintaining, and regularly updating our ESG framework. This includes integrating the ESG risk drivers (i.e., environmental, social or governance matters that through counterparties, invested assets, value chain and other channels may adversely impact financial performance, solvency or liquidity of an enterprise) into our governance structures and ensuring that we comply with EU and national legislation on disclosure of ESG information. The CFO is additionally responsible for preparing quantitative or qualitative sustainability disclosures and annual corporate sustainability reports as required by EU and national legislation.

The Group Sustainability Department (GSD), which is part of the Finance Division, develops and proposes ESG targets for various divisions. They assist in implementing the sustainability framework by incorporating strategic ESG goals into policies, running training sessions to communicate the strategy, and providing guidance on Sustainability Matters to regulation owners.

The GSD reviews the Sustainability strategy annually and suggests updates that would promote ESG principles. They present their recommendations to the Board and play a consultative role in the decision-making processes for credit for significant financing deals, working with the corporate banking and credit functions to see that financing activities are aligned with the sustainability goals and ESG risk principles.

The GSD has overall responsibility for sustainability monitoring and reporting, which includes producing the annual corporate sustainability statement. They also propose revisions or improvements to the overarching Sustainability Policy for the Council to approve so that the ESG approach and performance of the bank can constantly improve.

The Chief Risk Officer (CRO) is responsible for the implementation of our risk management framework, which includes overseeing the Risk Policy, the Risk Appetite Statement, and other internal regulations on risk. The framework identifies, assesses and manages ESG risk factors among others.

Integrating the ESG Risk Drivers into our Risk Appetite Statement lets us address them more effectively. The CRO monitors continuously risks and reports on them to the Board and the Council through the Council Risk Committee. This means that decision-makers are well informed about how our risk profile fits with our risk appetite, strategy, business plans, and remuneration schemes.

The CRO also has the authority to raise concerns and escalate issues directly to the Council if needed, particularly developments that will significantly affect or may affect our risk profile. The CFO works with the CRO to develop an appropriate risk appetite that suits our strategy and our capacity to take risks. Moreover, the CFO oversees the thorough testing of our strategy and financial plans against the level of risk appetite, and incorporates input from the Risk Division in the financial planning process.

The CFO and CRO report to the Board on risk-related matters including key risk indicators (KRIs) and update the Council through the committees. The Council actively monitors ESG risks through quarterly risk reports and ESG reports and gets updates on specific matters. To facilitate more frequent monitoring and follow-up, the limits set by the Board are monitored each month where relevant in accordance with the guidelines in the Instruction for Preparation of Credit Risk Reports.

Controls and procedures applied to manage impacts, risks, and opportunities

We have established following controls and procedures to effectively manage impacts, risks, and opportunities: Identification and assessment: we have a procedure in place, regulating roles and process of executing the annual double materiality assessment and procedure for identification of climate-related and environmental risks, assessment of their impacts and addressing them; Oversight: Council oversees the identification, assessment, and management IROs and approves outcomes of double materiality assessment. Board is responsible for approval of the outcome of C&E RBE; and, Integration into strategy and internal processes: Board discusses the outcomes of double materiality assessment and C&E RBE outcome. The Management Board discussion of C&E RBE outcome should address the implication of the outcome of C&E RBE analysis on the business model and our strategy. Considering that ESG risks are treated as risk drivers that can impact all other material risk types and sub-types meaning they are embedded within and managed through established risk management processes for overarching risk categories (such as credit risk).

Summary of reporting lines, management and oversight over Sustainability Matters

We have defined our governance model, roles and accountabilities for ESG risks and are integrating them into our existing policies. Our governance structure helps us take strategic decisions to manage the risks we face including climate-related and environmental risks, to set goals, and to monitor progress towards these goals.

How we integrate ESG-considerations into our governance

Supervisory Council Approves and monitors the sustainability strategy and policy	Audit Committee	Serves as an independent body to oversee and ensure complete, accurate and consistent reporting and consideration of material risks
	Nomination Committee	Assesses the Board's structure, performance, knowledge, skills and experience collectively and individually
	Remuneration Committee	Oversees the ESG risk integration into remuneration policies
	Risk Committee	Oversees, challenges and monitors ESG risk appetite and advises the Council on it; monitors the ongoing ESG risk in quarterly risk reports
Management Board Proposes and implements the sustainability strategy and policy. Takes strategic decisions on Environmental & Social factors. Proposes risk appetite for portfolios sensitive to climate risk	Investment Products Governance Committee	Supports Board in the governance of investment products and/or services manufactured and (or) distributed by us
	Conduct Risk Committee	Supports the Board in in activities associated with assets and liability management
	Credit and Customer Risk Committees	Considers ESG risk drivers in customer assessments and credit decisions
	Non-Financial Risk Committee	Supports Board in management of non-financial Risks
Divisions and departments The Sustainability strategy including climate risk is defined in the roadmaps of each division and the functions that are responsible for its deployment	Retail Banking	Develops a dedicated offering of sustainable finance solutions and products for customers of our business segments. Divisions and departments apply the risk framework for their own activities and bear primary responsibility for assessing, managing and monitoring their risk levels in all risk categories, including ESG risks. This is the first line of internal control, and it proposes risk appetite limits.
	Corporate Banking	
	Finance, Operations, and Technology, and departments	
	Group sustainability	Drafts the Sustainability strategy and framework for all units to apply. Proposes updates to the framework, and promotes ESG.
Compliance Division	Monitors compliance risk status, oversees implementation of regulatory requirements, advises on internal governance and, by applying the risk-based approach, plans and conducts assurance activities	
Risk Division	Defines risk appetite in collaboration with other divisions and departments, and establishes risk management and monitoring systems. Facilitates the establishment of internal control frameworks	
Internal Audit Division	Follow a risk-based approach evaluates whether operations, related controls, risk management and governance processes are functioning, adequate and effective	

Our Board and Council are regularly informed about material impacts, risks, and opportunities through reports at least once a quarter, and additionally as needed if there are significant developments. The GSD provides reports on sustainability related strategic initiative implementation plan and KPIs covering the climate change related impacts, risks and opportunities, the Risk division provide reports on risk and resilience analysis, while People & Culture reports on the gender gap in the annual remuneration report. All reports are submitted to the Board, the Council committees concerned, and the Council.

Our first line, second line and third line are monitoring and reviewing the compliance of our actions with our policies and procedures. As due diligence is part of various processes, it may be checked when it is included in the respective internal control function's activities, and results will be reported to management bodies. Second line regularly reports activities' results to the Board. Third line informs the Board and reports to the Audit Committee and Council on its work and recommendation status.

When the Board, and the Council oversee strategy, decisions on major transactions, and the risk management process, they consider the impacts, risks, and opportunities presented in these reports together with the materials presented on the particular material topic for the Group. These reports and materials let the Council see the impact of strategy execution so that it can instruct the Board clearly and keep us aligned with our strategic goals.

All material IROs connected to the material matters, as listed in the section 'Change to the process from the previous reporting period' are reviewed and discussed in Risk Committee and approved in Supervisory Council annually in scope of the double materiality assessment outcome approval process.

We have incorporated ESG risks as a component of our Remuneration policy, in line with the ECB’s 2022 thematic review on best practices for managing climate-related and environmental risk. These ESG risks are integrated into the variable remuneration components, with KPIs that track whether targets for performance are met. At the start of the measurement period, the Council approves the performance criteria for members of the Board, Branch Managers, Key Function Holders, and Heads of Internal Control Functions, and the overall performance criteria like objectives and KPIs for the bank. These performance criteria are then cascaded down from the Management Board and senior leaders to their subordinates, with each level incorporating sustainability risks and our voluntary sustainability commitments into their performance criteria. These commitments encompass all areas of ESG, including climate and environmental concerns. The results of the performance assessments directly affect variable remuneration. Financial performance is monitored on a weekly basis by the Board, while achievement of KPIs is reviewed quarterly. A report on performance is subsequently submitted to the Council as part of the CEO’s quarterly update.

For our annual sustainability disclosures, the Board and Council evaluate and validate our material IROs, while a double materiality assessment is conducted by the GSD to review the thresholds for financial and impact materiality.

We conduct a Double Materiality Assessment every three years that is bolstered by a stakeholder survey. In the interim years we use the earlier assessment outcomes if there is substantial evidence that they still apply. The final list of material matters is endorsed by the Board and the Council and is confirmed at the reporting date.

Maintaining the earlier assessment is reasonable if the Board and the Council accept the proposal of the GSD that there have been no material changes in our organisational and operational structure, or in external factors that could affect new or existing IROs. Significant alterations like major mergers or acquisitions, entry into new sectors, operational overhauls, shifts in key suppliers or supply chain practices, global events like pandemics, or the emergence of impactful business relationships, are scrutinised for any possible implication for human rights or public reputation. The periodic review lets our sustainability disclosures respond to evolving circumstances.

We have a dedicated Double Materiality Assessment Procedure and Sustainability Reporting Standard to create a transparency in addressing ESG topics. This framework introduces four key processes that are crucial for annual disclosures and for our strategy. First, the Double Materiality Assessment evaluates various aspects of ESG within our operations. Climate change is a significant concern for us, and so a closer focus on Climate and Environmental Risk Assessment is vital so that we can grasp the full extent of the risks. Second, the Analysis of Climate and Environmental Risk Impact on Business Environment (C&E RBE) identifies critical areas, delineates specific impacts, and formulates strategic responses that are tailored to our operations. It is also a pivotal input for prioritising Climate Risk Stress Testing within the credit portfolio by focusing on the economic activities or risk drivers affected.

Third, the ESG Risk Drivers Impact Assessment is run during the Risk Policy review as part of the broader Risk Materiality Assessment (RMA) process to quantify the impact of ESG risk drivers on various risk types and sub-types within our Risk Taxonomy. This gives us a comprehensive understanding of how ESG considerations intersect with existing risk categories. Fourth, and finally, the Climate Risk Stress Testing assesses the risk exposures from climate factors. By stress testing our operations we can assess vulnerabilities, prioritise material risk drivers, and inform the strategic decision-making and risk limit-setting processes effectively.

Integrating these processes into our operations means we can address ESG risks, improve our disclosure practices, and fortify our resilience to evolving environmental and social challenges. This is supported by regular reporting as quarterly risk reports give the Board and the Council insights into sustainability risks and opportunities. The Board also receives a quarterly ESG update covering general ESG matters and progress on internal and strategic initiatives. Additional reporting to the Council and the Board is tailored to specific subjects, including the approval of policies, strategies, and targets, and material matters and approaches to annual reporting. These transparent and structured reporting mechanisms demonstrate our commitment to integrating sustainability into governance processes.

Integration of sustainability related performance in the incentive scheme

We updated our Remuneration Policy in 2024, and it now contains the statement that ESG targets will be part of the variable remuneration of employees. ESG risks, including C&E risks, were integrated into the variable remuneration components with KPIs and OKR (Objectives and Key Results) that track whether targets have been met. The policy is applied through the Variable Remuneration for Employees Procedure. Variable remuneration is not a guaranteed payment and depends on whether performance criteria or KPIs, are met, as well as taking into account impact of variable remuneration pay-out to capital and liquidity or overall economic situation .At the beginning of measurement period, the Council approves the performance criteria for the Members of the Board, Branch Managers, Key Function Holders, and Heads of Internal Control Functions, and sets the overall performance criteria like objectives and KPIs. Those performance criteria are then cascaded to Level 2 (L2) managers and onwards. Sustainability risk considerations and our voluntary sustainability commitment have to be included in performance criteria. The sustainability commitment covers all ESG areas including climate and environment related areas. Performance is measured on a scale from 1, meaning below target, to 5 for exceptional. The actual performance results are assessed by each employee's manager and then approved by that manager’s manager. The performance criteria and pools are developed by the Risk and Compliance Divisions, which can apply a risk-based approach and plan and execute ad-hoc advisory or assurance activities.

The annual targets are integrated into our performance management tool, which allows these targets to be systematically cascaded to our divisions, structural departments and units, after which individual KPIs are communicated to employees. This process is regulated by the Individual Performance Management Procedure.

We do not link variable remuneration to sustainability or climate-related considerations.

DUE DILIGENCE PROCESSES

We perform due diligence on our customers, suppliers and vendors, and on our investment activities so that we can identify and address any adverse or potentially adverse impacts that the ESG risks might have on us or on society and the environment. These processes are governed by the principles set in the Sustainability Policy, which follows the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises, and by more specific lower-level internal regulations as outlined below. We conduct risk-based due diligence, taking the severity, nature and likelihood of the impact from ESG risks into account, and focusing our effort where the consequences and probability of negative impacts are the highest.

We seek to identify adverse or potentially adverse impacts that our activities may have on human rights, or environmental, social and governance factors, and the likely effect of those impacts on us. We expect our counterparties to adopt our practices as far as possible to integrate ESG risk management better in the value chain, and to take responsibility for the impacts of their business conduct. The key areas of our ESG due diligence cover our customers and end users, suppliers and vendors, and investment activities, as outlined in the sections below.

Core elements of ESG due diligence and related paragraphs in the sustainability statement.

Location where core elements of due diligence are addressed in this report	Sections in the sustainability statement addressing the topic of ESG due diligence
Embedding due diligence in governance, strategy and business model	'General information': 'Change to the process from the previous reporting period'; 'Governance Structure' 'Council' - 'Responsibilities', 'Board'-'Responsibilities', 'Board'-'Specific Board committee roles related to ESG'; 'Due Diligence processes'; 'Environmental Information': 'Climate Change': 'At a glance'; 'Biodiversity and ecosystems' 'IROs', 'Policies'; 'Social Information': 'Own workforce' 'Policies', 'Actions'-'Human rights'; 'Customers and end users' 'Policies'; 'Governance Information': 'At a glance'; 'Business conduct' 'Targets and commitments'.
Engaging with affected stakeholders in all key steps of the due diligence	'General information': 'Explanation of negative materiality assessment for ESRS S2 Workers in the value chain'; Due Diligence processes'; 'Environmental Information': 'Biodiversity and ecosystems' 'Actions'; 'Social Information': 'Own workforce' 'Actions'-'Human rights'; 'Customers and end users' 'Policies'; 'Governance Information': 'Explanation of negative materiality assessment for ESRS S2 Workers in the value chain';
Identifying and assessing adverse impacts	'General information': 'Identifying material matters and IROs'; 'Due Diligence processes'; 'Environmental Information': 'Disclosures pursuant to Article 8 of EU Taxonomy Regulation'; 'Climate change' 'Reducing the climate impact of our investment activities';
Taking actions to address those adverse impacts	'General information': 'Due Diligence processes' 'Environmental Information': 'Climate change' section 'Reducing the climate impact of our investment activities'; 'Governance Information': 'At a glance ';
Tracking the effectiveness of these efforts and communicating	'General information': 'Summary of reporting lines, management and oversight over sustainability matters by administrative, management and supervisory bodies'

The section 'Summary of reporting lines, management and oversight over Sustainability Matters by administrative, management and supervisory bodies' provides further details about the monitoring of the effectiveness of our policies.

Customer and end-user due diligence

Customer and end-user due diligence is conducted under our ESG Due Diligence Standard at the start of a customer relationship, during transactions, and on an ongoing basis, mainly through the processes embedded in our risk management framework, using an approach that is proportionate to the ESG risks. Due diligence is performed on credit customers who are legal entities, following the ESG Risk Assessment Procedure, as part of our credit origination or monitoring processes. The complexity of the questions we ask depends on the risk level of the customer and the size of their loan exposure. We focus our due diligence on larger corporate clients operating in industries that are more exposed to ESG risks, as described in the section 'Customer ESG Risk Assessment'.

Our customer ESG risk assessment covers environmental impact risk assessment; the social risks assessment of the rights, well-being and interests of people and communities; and the governance risk assessment for transparency such as codes of conduct and principles, management principles, and information disclosures. Compliance with the Exclusion List, that is part of our Sustainability Policy, is checked within our credit approval process.

Under the Customer Due Diligence Procedure and other internal regulations, we run a Know Your Customer (KYC) background check for all our customers as soon as a potential customer engages us. We maintain this knowledge throughout the whole customer relationship, customising it for the types of customer and services provided. This involves us collecting information from the customers, state registers or indirect sources such as public information that is available on the internet or various accessible databases, and using direct methods such as surveys.

Our Enhanced Due Diligence Procedure has specific customer on-boarding and monitoring processes, including regular media screening, to prevent us being used for ESG related offences, especially those related to money laundering, financing of terrorism or proliferation, and sanctions evasion, but also to corruption, pollution and other Sustainability Matter. For a more detailed description of our customer due diligence for anti-money laundering and other governance risks, please see the section 'Anti-Financial Crime, Fraud And Sanctions'. If we identify significant impacts from ESG risk drivers, like AML, human rights, or climate and environment risk, in our due diligence process, we conduct a more detailed assessment after which we may decide to modify or cancel our engagement with a particular customer and so mitigate prominent ESG risks.

Supplier and vendor due diligence

ESG factors have been an integral part of our general due diligence approach for suppliers and vendors since 2022 under our ESG Due Diligence Standard. Until July 2024, we applied our ESG due diligence for significant suppliers and vendors, including outsourcing partners, under our Procurement Procedure. In 2024 we conducted 40 due diligence assessments using the ESG due diligence questionnaire, and the ESG risk was deemed to be high for 17 counterparties, so additional requirements were defined.

In July 2024, the Procurement Procedure and the related due diligence process was integrated into the Sourcing and Third Party Management Procedure, under the Third Party Risk Management Standard. Several types of due diligence questionnaires (including different level of assessments of ESG matters) have been developed to use according to the levels of criticality and importance of a supplier to us, defined by tiers. The questionnaires for suppliers and vendors in the top two Tiers, 1 and 2, have specific questions on ESG related business practices such as existence of an environmental programme, emission reduction targets and reporting, processes for ensuring that they do not harm biodiversity, etc. The due diligence is performed for all new suppliers before the start of a relationship and is then periodically reviewed at a frequency that depends on the Tier of the supplier. We performed 56 due diligence processes for Tier 1 or 2 counterparties in the second half of 2024 following the new procedure. We have achieved our ambition for 2024 of applying the updated ESG due diligence for 100% of our contracts with critical and important third parties. Relying on the collected results, in the coming year we will work with our Tier 1 and 2 suppliers to agree on their remediation actions to address the identified due diligence gaps within a defined timeframe.

We also require that all vendors or suppliers from outside the EU and EEA countries confirm that they adhere to our Code of Responsible Business Conduct for Third Parties (part of our Code of Conduct) or provide any similar their internal code with similar rules to that of our Code of Conduct in all material aspects. The Code of Conduct is derived from the EU/EEA law and outlines our principles on ethical and professional business conduct and fair social conditions.

Due diligence within of our investment management activity

Our Asset Management Subsidiaries that manage pension funds and our Discretionary Portfolio Management (DPM) service offered by the bank are committed to integrating consideration of ESG risks into our investment decision making processes. This will reduce the impact of long-term risks in our portfolios, helping us achieve our key objectives of protecting and growing our clients' savings in the long term, while at the same time minimising any damage we could cause to the environment and society. To do this we follow the Sustainable Investment Guidelines, the Discretionary Portfolio Management ESG Due Diligence Procedure, and the Sustainable Investments Due Diligence Procedure of Asset Management and Pensions Companies.

A specific ESG due diligence assessment is carried out to assess the ESG risks for all financial instruments before including them into our investment universe, and their characteristics are reassessed on an annual basis. Most of our portfolios are based on indirect investments, and so we do not have a direct impact on the entities we invest in. We consequently run the ESG due diligence assessment on a third party instrument's characteristics by considering its specific ESG matters, including the environmental or social characteristics promoted and the sustainability objectives. We evaluate how well such investments conform with our pensions funds' and DPM investment strategies and the mandates of a particular portfolio, and we require third party fund managers to be signatories to the United Nations Principles of Responsible Investment (PRI). If available and relevant, we may consider external ESG risk ratings for financial instruments in our risk assessment.

As part of our commitment to achieving net zero by 2050 and other ESG related targets, in 2024 our asset management subsidiaries and our DPM service have integrated the assessment of financial instruments' climate-related metrics, like greenhouse gas intensity, and metrics associated with human rights in their investment decision making processes and related internal regulations.

To avoid making a direct investment in securities that might cause Adverse or Potential Adverse Impacts (PAIs) on the environment and society, we follow the rules of our Exclusion List, which is defined in the Sustainability Policy. Our entity-level reports for specific sustainability related PAIs are publicly available and are updated annually for each of our asset management subsidiaries and our DPM portfolio in accordance with Regulation (EU) 2022/1288.

Since 2023, we have been using a dedicated questionnaire when on-boarding new individual clients for DPM services so we can assess their sustainability preferences as part of the suitability assessment process. We aim to deliver our portfolio management services to meet our clients' sustainability preferences, and to be transparent in our communication with clients if we cannot offer any appropriate products.

For more on our ESG-dedicated pension funds and our specific due diligence efforts to reduce the impact of our investments on the climate, see the dedicated section on them.

IRO IN THE STRATEGY PROCESS

Our management bodies are accountable for our strategy. The strategy is built on a sound understanding of our operating environment that considers our external environment, our competitive dynamics, regulatory developments, our positioning in the market, and the implications of macroeconomic expectations and the impact assessments of current and potential risk drivers including the material topics of own workforce, cyber security, customers and end users and climate change as identified in scope of the DMA process as described in the section 'Identification of IRO and sustainability reporting process'. The strategy was updated and approved by the Council in 2023 and addresses the material topics. The latest review of our strategy was run in the third quarter of 2024, after which the Financial Plan was updated and approved by the Council in December 2024.

In the scope of the DMA process, the owners of material topic and IROs are identified, who are accountable for management of the relevant business area related risks and opportunities, prioritisation of the development backlog, establishment of risk treatment strategies and action plans including policies, targets, risk metrics and actions. Our strategy development procedure is governed by the by the Business Model Risk Policy and Strategy Planning Procedure which establishes that the divisions are responsible for providing inputs necessary for and contributing to strategy development review and/or update as well as delivery of strategic priorities in their respective areas. In 2025, we aim to enhance the procedure to include the outcome of the DMA assessment as explicit input for strategy development process the enhance the consideration of all environmental, governance and social factors in our strategy.

Our progress against this strategy is monitored by our Board for both progress against the financial plan and execution of the strategy, and the Council is updated annually. The financial plan is set to reflect the strategy of the bank, and Key Performance Indicators (KPIs) are set to reflect both financial and strategic ambitions.

Our strategy process is interlinked with other key processes in the bank like the internal capital adequacy assessment process (ICAAP) and the internal liquidity adequacy assessment process (ILAAP), which incorporate the outcome of the double materiality assessment and climate and environment risk materiality assessment processes as part of the risk identification process. The risk factors identified, including climate and environmental risk drivers, are consequently considered throughout the entire process, including the initial strategy discussions, through the financial planning of business areas, and the Risk Appetite Statement (RAS) and limits reviews, as well as stress testing. In 2025, we aim to enhance the process to include the outcome of the DMA assessment as explicit input for strategy development process to enhance the consideration of all environmental, governance and social factors in our strategy.

Material impacts and how they interact with strategy

The material impacts resulting from the double materiality assessment in 2024 are described in the related material topic sections of the report, with a description of how the material negative and positive impacts affect, or are likely to affect, people or the environment, and of whether and how the material impacts originate from or are connected to our strategy and business model by having an actual or potential financially negative or positive impact on us. These sections also provide the expected time horizons for the material impacts and a description of the nature of the activities or business relationships and affected stakeholders through which we will experience the material impacts.

In 2024 we did not perform an assessment of financial effects from the material risks and opportunities on our financial position, financial performance or cash flows, or from the material risks and opportunities for which there is significant risk of material adjustment within the next annual reporting period on the carrying amount. Information about the resilience of our strategy and business model against material impacts and risks and its capacity to take advantage of material opportunities is provided in the section 'Business model resilience' of this report.

Biodiversity and the circular economy and their related impacts, risks and opportunities were identified as new material environmental topics in 2024. The impacts, risks and opportunities of air pollution and workers in the value chain were deemed not material, unlike in the previous year. Disclosures on the impacts, risks and opportunities of climate change, biodiversity and ecosystems, the circular economy, own workforce, consumers and end-users, and business conduct were specified in accordance with the paragraph Double Materiality Assessment and Sustainability Reporting Processes of the ESRS. The minimum disclosure requirements for disclosures on entity-specific governance topics and the related impacts, risks and opportunities defined in the ESRS 2 were used as a reference for the entity specific governance topics Business model resilience and Cybersecurity.

Stakeholder engagement

The Double Materiality Assessment process helps us determine material IROs for us and our value chain and areas of disclosures, and find gaps where additional policies, targets and actions are needed. Our stakeholder engagement reveals customer preferences with regards to sector or activity specific financial flows and identify potential need to adjust our financing strategy and or our exclusion list. The engagement also reveals current and potential future opportunities that need to be revisited and assessed in scope of the consecutive annual DMA processes or where plans need to be established and prioritized. Such engagement and strategy adjustment is expected to lead to increase customer loyalty. We started to develop the Procedure for Double Materiality Assessment in 2024 to replace the current ESG Risk Materiality Assessment and ESG Disclosure Standard to establish process specific granular instructions by that document and ensure that regulatory requirements are adhered to, particularly the CSRD.

To understand the perspectives of customers and how this impacts our portfolio, we also analyse the impact of C&E risks on our Business Environment, and run C&E Risk Impact Materiality on our main risk types as described in the section 'Environmental information' of this report. We also have the Customer Complaints, Feedback and Requests Handling Procedure and a Customer Satisfaction Survey that covers customer service, processes and product design.

Various approaches to stakeholder engagement were used for the 2024 Double Materiality Assessment, such as surveys of employees, investors, customers and creditors; vendors and suppliers' sampling; focus group discussions with our owners and regulatory, legal and risk experts, our sustainability experts; validation discussions with the Board and Council; and analysis of peer reports, voluntary frameworks and expert reports, In 2025, we plan to review the stakeholder engagement approach to increase the engagement, especially from the vendors and suppliers side. Engaging more vendors and suppliers will likely enhance the validity of these stakeholder´s opinions.

We also engaged with internal stakeholders on ESG topics by including questions on ESG in our employee Pulse survey, which was run in November 2024.

The Pulse survey assesses the well-being of our employees so we can address any emerging risks early. The survey enables adding comments about key aspects of wellbeing that can be taken into consideration to understand the employees interests better. In 2024, additional ESG questions were included to see how much of a positive impact our employees perceive that we are having on society so we can understand how well the sustainability initiatives and goals are understood by our employees and identify gaps that we should address through ESG training updates and communication. The topic is addressed further in the sections 'Own workforce'.

The Double Materiality Assessment is a risk identification step in our overall risk management framework, and it uses the existing materiality assessment results, such as the outcome of The Analysis of C&E Risk Impacts on our Business Environment (C&E RBE) and the Risk Taxonomy Review and Risk Materiality Assessment (C&E RMA) as an input. This process also defines areas where further assessment is needed. An example is that climate change is deemed a material topic for us. The Analysis of C&E Risk Impacts on our Business Environment and the Risk Taxonomy Review and Risk Materiality Assessment let us take the next step of determining which climate change risk drivers, such as flood risk or heat waves may be material for us and which portfolios they are relevant for. Once a risk is identified as material, it is stress-tested via ICAAP and ILAAP process to evaluate whether the taxonomy needs to be updated, and risk mitigation approach and measures defined such as developing new products or setting risk limits.

Our stakeholders, their expectations and how we engage with them directly or through internal subject matter experts.

Stakeholder	Expectations and interests	Engagement
Owners and investors	Economic contribution; Sustainable growth; Risk management, corporate governance, transparency; Reducing environmental impacts; Responsible supply chain; Responsibility towards employees	Direct contacts and meetings; Investor fairs, events, seminars; Annual general meeting; Financial reporting and conference calls, webcasts; External communication, website; Double Materiality Assessment survey and focus group discussion; Investment related publications
Employees and managers	Responsibility towards employees; Service quality and safety; Advocating responsible finance; Reducing environmental impacts	Internal communications; Training; Development discussions; Team practices and procedures; ESG employee survey; Double Materiality Assessment survey; Focus Group discussions within Group Sustainability Department, Sustainable Finance Roundtable, SC and MB
Customers	Cooperation and responsibility towards customers; Product quality and safety; Data privacy and security; Supporting local development; Responsible marketing and sourcing	Direct contacts and meetings; Digital channels; Customer training; Requests for quotations and contracts; Customer seminars; Events; Reporting; Double Materiality Assessment survey
Suppliers and Partners	Advocating responsible practices; Responsible marketing; Consumer and market understanding; Cooperation and partnership	Meetings and direct contacts; Reporting requests for quotations and contracts; Fairs and other events; Double Materiality Assessment survey
The natural environment/ Nature	Restoration of biodiversity; Impact avoidance or minimisation	Review of sector ESG impacts research; Standards: TNFD, Partnership for Biodiversity Accounting Financials (PBAF)
Creditors	Compliance with laws and regulations; Good governance; Transparency; Reducing environmental impacts; Establishing resilience towards climate change	Reporting; Direct contacts; Events and conferences; External communications; Double Materiality Assessment survey
Media	Service quality and safety; Advocating responsible consumption; Reducing environmental impacts; Transparency; Good corporate governance	External communications; Direct contacts; Events; Press releases; Social media; Company website; Interviews with large Baltic media companies in the Double Materiality Assessment
Society & NGOs	Advocating responsible practices and finance; Service quality and safety; Reducing environmental impacts; Responsible value chain	External communications; Reporting; Events; Direct contacts; Interviews with large Baltic media companies in the Double Materiality Assessment
Regulators	Compliance with laws and regulations; Reducing environmental impacts; Establishing resilience towards climate change; Responsible supply chain No human rights violations; Responsibility towards employees	Reporting; Direct contacts; Audits; External communications; Focus group discussion with our legal, risk and compliance experts in the Double Materiality Assessment; Regulatory publications
Peers	Setting market standards; Co-developing industry-specific and industry-wide initiatives like ESG data	Reporting; Direct contacts through local Banking Associations; External communications; Public reports; Professional service firm reports

We communicate with our stakeholders in three ways in addition to the regular Double Materiality Assessment and our investor relations work and the Annual General Meeting. These include running our own events and programmes on sustainability; taking part in forums, events and working groups; and collecting stakeholder opinions through surveys and speak-up discussions for our employees and feedback from our 'Raise your concern' channel. We engage with our customers through regular feedback surveys, and we respond to requests from analysts and investors on financial and ESG matters.

We keep pace with new regulations and best practices. We take part in consultations with authorities, associations and other organisations that influence sustainable development policymaking in the Baltic region and across Europe. These consultations inform our sustainability management and our environmental and social risk management and annual reporting.

ENVIRONMENTAL INFORMATION

Disclosures pursuant to Article 8 of EU Taxonomy Regulation

The EU Taxonomy Regulation is a cornerstone of the EU's Green Deal and its broader sustainability agenda. It establishes a classification system to define which economic activities can be considered environmentally sustainable (i.e. taxonomy aligned), aiming to guide investments toward projects and activities that significantly contribute to environmental sustainability. By providing a common language and clear criteria for assessing environmental sustainability, the EU Taxonomy Regulation seeks to drive the transition towards a low-carbon, resilient, and resource-efficient economy, in alignment with the EU's climate objectives, including its goal of achieving carbon neutrality by 2050.

We have undertaken a comprehensive analysis of its activities and investments to assess their compliance with the taxonomy's criteria within the scope of the Taxonomy reporting requirements. This analysis facilitates evaluation of the scope of our financing and investment activities that are contributing to the EU's environmental targets in the areas of climate change mitigation and adaptation, water marine resources, circular economy, pollution prevention and control and biodiversity protection, as well as understanding of the market conditions and trends.

Incorporating the EU Taxonomy into our business operations primarily focuses on adhering to its reporting requirements. Although achieving Paris alignment is one of our top priorities, we have not set specific Key Performance Indicators (KPIs) related to the EU Taxonomy's Green Asset Ratio (GAR) at this stage. This decision reflects the fact that the regulatory environment surrounding the EU Taxonomy is still evolving. As such, establishing robust, long-term KPIs tied to the GAR or similar metrics is challenging until there is greater clarity on the final scope, framework, and detailed interpretations of the EU Taxonomy's requirements as well as data availability. While engaging in as many fully aligned activities as possible is not yet a formal strategy for us, we are continually working to enhance our understanding of the EU Taxonomy.

We view the EU Taxonomy as a foundational framework that guides our efforts to align with the EU's broader climate and sustainability objectives. As such, our sustainable product framework development will be inspired by the principles outlined in the EU Taxonomy, which ensures that our products and services contribute positively to the environment and support the transition to a low-carbon, sustainable economy.

The EU Taxonomy Regulation is implemented gradually. Starting with reporting only taxonomy eligible exposures towards two environmental objectives (climate change mitigation and climate change adaptation), within the present Taxonomy report we are reporting our taxonomy eligible and taxonomy aligned assets in respect of all six environmental objectives. The Taxonomy reporting templates following the Disclosure Delegated Act applicable for credit institutions have been included in the Note 1 within the Notes to the Sustainability Statement. Taxonomy data for 2023 has not been subject to assurance.

It is important to note that the framework for Taxonomy reporting is still evolving, with ongoing adjustments to its scope, criteria, and technical guidance. The continued development of the Taxonomy's implementation is subject to clarification and updates from both the EU authorities and industry bodies, meaning that reporting requirements may evolve over time. Thus, our Taxonomy reporting will continue to be a dynamic and iterative process, with updates and refinements being incorporated as new requirements and guidance become available.

The EU Taxonomy reporting is also heavily affected by the data availability. Therefore, our reported exposures are subject to continuous change due to increased quality of data collected from customers and enhanced market practices for the CSRD related disclosures.

In this report, we outline the steps taken to assess our taxonomy alignment based on the current framework and interpretations, while acknowledging that future updates may refine the criteria or introduce new elements for consideration. We remain committed to transparency and continuous improvement in integrating sustainability into our operations and providing clear and accurate disclosures in line with the taxonomy criteria.

TAXONOMY REPORTING PRINCIPLES

Our EU Taxonomy report is prepared on the basis of the scope of the prudential consolidation determined in accordance with Regulation No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012. Further, our Taxonomy report follows the requirements and templates applicable for credit institutions established in the Disclosure Delegated Act.

Within the templates applicable to the credit institutions, we cover consolidated information on the Bank and its subsidiaries: activities of the leasing subsidiaries are consolidated and reported as lending activities to financial undertakings, non-financial undertakings and retail customers; activities of activities of Asset Management Subsidiaries are consolidated and reported as assets under management; concerning Maksekeskus AS, that operates in e-commerce payment industry, Bank's Taxonomy report shall represent its activities within KPIs on fees and commissions for services other than lending starting with 2026.

Given the coverage of the Bank's subsidiaries' activities within the Taxonomy report applicable to the credit institutions and considering similar risk and impact nature of subsidiaries and the Bank, separate Taxonomy reports for subsidiaries are not reported within this Consolidated Sustainability Statement. Weighted average of on taxonomy aligned activities of Luminor bank group is provided in the table below:

Key ratio per business segment

2024	Revenue €m	Proportion of total group (A)	KPI turnover based (B)	KPI CapEx based (C)	KPI turnover based weighted (A*B)	KPI CapEx based weighted (A*C)
Bank (including leasing)	901.7	97.8	3.6	3.6	3.5	3.5
Assets under management:	16.8	1.8	0.6	0.7	0.0	0.0
of which discretionary portfolio management (Luminor Bank activities)	1.3	0.1	0.0	0.0	0.0	0.0
of which Asset management subsidiaries	15.5	1.7	0.6	0.6	0.0	0.0
Maksekeskus	3.9	0.4	NA	NA	NA	NA
Total	**922.4**	**100.0**				
Average KPI					**3.5**	**3.5**

In our Taxonomy report, the on-balance sheet items are reported in gross carrying amount. Gross carrying amount is the amortised cost of a financial asset before adjusting for any loss allowance. Because of this, the total assets in the Taxonomy templates are 107 million EUR higher than the total assets reported in the balance sheet in Luminor Bank Annual Report. The 107 million EUR is comprised of loss allowances across several assets.

RESTATEMENTS

In line with EU Commission's guidance, restatements may be necessary when there are significant changes or updates to the methodology or data used in the initial reporting period. Due to our updated Taxonomy reporting methodology, improvements in data availability and accuracy, and evolving EU Commission guidance, in the present Taxonomy report we have restated figures for the year end 2023. We did not fulfil our obligation to report AUM figures in 2023 as we did not have information available. Therefore no restatements have been made in this report. The Taxonomy report for 2023 (T-1) is presented under Note 1 to the Sustainability Statement. We have carefully assessed any discrepancies or changes in our previous disclosures to ensure that our reporting aligns with the most up-to-date requirements, and we remain committed to transparency in communicating these restatements.

Main process changes that led to revision of reported figures for 2023 are extension of the list of companies subject to Taxonomy Regulation reporting requirements (CSRD companies), consideration of restated KPIs of CSRD companies, that were included in the reporting last year, changes in methodology for assessment of technical screening criteria for mortgage portfolio, changes in flow determination.

As a result, total environmentally sustainable assets reported in Luminor Sustainability Report 2023 decreased from 304.9 million EUR to 274.6 million EUR (based on turnover KPI of the counterparties) and from 307.0 million EUR to 279.7 million EUR (based on CapEx KPI of the counterparties), and green asset ratio (GAR) decreased from 2.7% (for both turnover and CapEx KPIs of the counterparties) to 2.4% (based on turnover KPI of the counterparties) and 2.5% (based on CapEx KPI of the counterparties). The decrease is mainly due to changes in taxonomy aligned mortgage portfolio (from 304.9 million EUR to 274.4 million EUR). Further, due to increase in the scope of CSRD companies as well as respective counterparties' restatements, taxonomy aligned exposures to CSRD companies increased from 0.0 to 0.2 million EUR (based on turnover KPI of the counterparties), and from 2.1 to 5.3 million EUR (based on CapEx KPI of the counterparties).

DETERMINATION OF TAXONOMY ELIGIBLE AND TAXONOMY ALIGNED EXPOSURES

Following requirements stemming from Disclosure Delegated Act, we disclose information on taxonomy eligibility and taxonomy alignment of the exposures (loans, advances, debt securities) to financial and non-financial CSRD companies (i.e. such companies that are subject to Taxonomy Regulation reporting requirements themselves), local governments, households (mortgage lending, renovation loans and vehicle leasing) and collaterals obtained by taking possession. Methodology for determining taxonomy eligibility and taxonomy alignment of the above indicated categories, as well as data limitations, are described below.

Exposure to CSRD companies

As a starting point, we have established the list of CSRD companies that we have exposures to. Based on publicly available and internal information, we identified large public interest companies and public interest companies being parent to a large group that have published their Taxonomy reports. Additionally, subsidiaries of entities subject to the Taxonomy Regulation are also included in our Taxonomy disclosures, provided the parent entity has disclosed its Taxonomy report on a consolidated level. This ensures that the sustainability performance of the entire corporate group, including its subsidiaries, is captured and reported consistently.

For the calculation of the amount of taxonomy eligible and aligned exposures to CSRD companies, we evaluated use of proceeds of exposures and considered the gross carrying amount of general-purpose loans, debt securities and equities of relevant accounting portfolios weighted by the respective counterparties' KPIs. [Noteworthy, we have not identified any taxonomy aligned exposures with known use of proceeds in our portfolio.

Main data constrains and limitations related to CSRD companies are absence of central external database for the list of CSRD companies which may result in omission in our reporting. Further, following Taxonomy reporting requirements, credit institutions should use the most recently available data and key performance indicators of their counterparties to calculate their own KPIs. However, in case the counterparties' EU Taxonomy reports for the year 2024 was not published before 1 March 2025, disclosure on taxonomy eligibility and taxonomy alignment of the respective exposures was based on the 2023 Taxonomy reports.

Retail exposures

Disclosure Delegated Act separates reporting of retail exposures in respect of retail exposures to residential real estate, loans granted for house renovation purpose and vehicle leasing. The retail exposures to residential real estate are considered as financing taxonomy eligible economic activities in case a household loan is collateralised by residential immovable property.

For the year 2024, we have reported as taxonomy aligned those mortgage loans that comply, based on our assessment and internally available data, with the substantial contribution criteria applicable for acquisition and ownership of buildings in respect of climate change mitigation objective and do no significant harm (DNSH) criteria to climate change adaptation objective established by the Climate Delegated Act. Minimum safeguards have not been evaluated for residential real estate exposures based on the requirements established in the Disclosure Delegated Act as well as interpretation provided in the Final Report on Minimum Safeguards by Platform on Sustainable Finance, dated October 2022. Further, we have not evaluated whether the mortgaged real estate fall under the category of buildings with a total floor area of 5,000 square meters or more, nor have we assessed the requirements related to this specific classification because of data limitations.

As provided in Climate Delegated Act, substantial contribution criteria to climate change mitigation objective for buildings built before 31 December 2020 is either having energy performance certificate (EPC) class A or higher or being within top 15% of the national or regional building stock expressed as operational primary energy demand (PED). Due to differences in regulatory requirements for energy efficiency in buildings, EPC labelling as well as data availability, approaches for assessment of taxonomy alignment of household mortgage loans differs across countries where we operate. For Lithuania and Latvia, exposures collateralised by buildings having EPC class A or higher as well as buildings falling under top 15% of the national building stock based on PED (studies on establishment of PED threshold for top 15% are publicly available on the websites of Latvian and Lithuanian banking associations) we identified as taxonomy aligned. For Estonia, we were not able to demonstrate top 15% alignment criteria due to the absence of available PED data for specific building in our systems, and only exposures collateralised by buildings having EPC class A were recognised as taxonomy aligned.

For buildings built after 31 December 2020, compliance with the substantial contribution criteria for climate change mitigation objective was assessed in relation to buildings' PED being at least 10% lower than national thresholds of nearly zero-energy buildings (NZEB). Taxonomy aligned exposures conforming with this criterion were identified for Lithuanian and Latvian mortgage portfolios. The alignment of Estonian mortgages could not be confirmed due to lack of PED data on individual building level in our systems.

For the purposes to verify compliance with DNSH to climate change adaptation objective, we have utilised the results of analysis of C&E risks on business environment (C&E RBE) for retail mortgage portfolio (further information about the C&E RBE process can be found in Chapter 'Climate change', sub-section of 'Analysis of impact of climate and environmental risks on our business environment'). C&E RBE process resulted in identification of physical acute climate and environmental risk drivers, such as flood, heat wave, drought, heavy precipitation, as well as chronic hazards, such as coastal erosion, that are material for residential real estate properties in the Baltics and determination of possible mitigation solutions. Evaluation of compliance of each mortgaged real estate was performed based on its location (using C&E risk maps provided by LVGMC (Center of Environment, Geology and Meteorology of Latvia), Lithuanian environmental protection agency, ThinkHazard!, etc.) and/or available mitigation measures (such as insurance).

With reference to the household renovation loans, we have adopted the conservative approach and only loans with the purpose of renovation, indicated in our lending products supporting systems, were considered as taxonomy eligible exposures. In case of any uncertainty in respect of lending purpose (that is data limitation for the purpose of Taxonomy reporting), loans were not reported as taxonomy eligible. The taxonomy alignment of renovation loans of retail customers could not be established due to absence of data required for screening substantial contribution criteria as well as DNSH criteria.

As for the vehicle leasing, for the taxonomy eligibility reporting purposes only those exposures that are generated after 1 January 2022 (the date of application of the disclosure requirements) are reported. Due to unavailable data for screening of the DNSH criteria, the taxonomy alignment of motor vehicle loans of retail customers was not determined.

Exposures to local governments

Our classification of local government entities is based on the European System of Accounts (ESA) definition, in line with established financial reporting standards.

The eligibility and alignment of loans granted to local governments is considered to the extent and proportion that the project funded finances taxonomy eligible/aligned economic activity relevant for the respective environmental objectives. The assessment is based on information provided by the counterparty on the project or activities to which the loan proceeds are applied, defined loan purpose within the loan agreement and information gathered from external sources.

Assets under management

Under asset under management exposures we consolidate exposures pertaining to discretionary portfolio management service provided by the Bank as well as pension funds management activities performed by Asset Management Subsidiaries. Taxonomy eligibility and alignment assessment was made only in respect of such investee companies that are CSRD companies and has published taxonomy reports, considering the use of proceeds of respective exposures.

OVERVIEW OF KPI DEVELOPMENT

The main KPI of the credit institution is Green Asset Ratio (GAR) reflecting the proportion of a credit institution's assets that finance and are invested in taxonomy aligned economic activities as a proportion of the total covered assets. Please see Note 1 for the Taxonomy reporting templates.

For the year-end 2024, Luminor's GAR increased to 3.6% (based on both turnover and CapEx KPI of the counterparties) compared to year-end 2023 KPIs - 2.4% (based on turnover KPI of the counterparties) and 2.5% (based on CapEx KPI of the counterparties).

The growth in Luminor GAR is mainly stemming from the increase of the portfolio of taxonomy aligned mortgage loans by 121.9 million EUR which is the result of the improvement in data availability on EPC and PED of mortgaged assets.

Further, the share of taxonomy aligned exposures to CSRD companies enlarged by 6.3 million EUR (based on turnover KPI) and by 4.5 million EUR (based on CapEx KPI) compared to 2023. For the present reporting period, as opposed to 2023, the KPIs for other financial undertakings were available and were included in our reporting, which formed major part of taxonomy aligned assets. We also observed slight decrease in total portion of taxonomy aligned exposures towards the non-financial companies based on CapEx KPI (by 1.6 million EUR) due to decrease of outstanding exposures to CSRD companies.

As to additional KPIs, the flow of new taxonomy aligned assets during the financial year increased from 53.4 million EUR (for 2023 based on both turnover and CapEX KPIs of the counterparties) to 65.4 million EUR for 2024 (based on turnover KPI of the counterparties) and to 65.5 million EUR (based on CapEx KPI of the counterparties). This resulted in higher GAR (flow) for 2024 - 2.6% (compared to 2.5% in 2023).

Same as for 2023, for the year-end 2024, we have not identified any financial guarantees supporting debt instruments of undertakings subject to the CSRD disclosure obligations.

We have for the first time reported KPI for asset under management. For the year-end 2024, we have established in total 13.4 million EUR taxonomy aligned assets in our asset undermanagement portfolio which resulted in 0.62% AuM KPI based on turnover KPI of the counterparties compared to total asset under management. As for taxonomy aligned assets under management based on CapEx KPI of the counterparties, such assets amount to 13.9 million EUR and results in 0.64% AuM KPI.

A. Climate change

Climate change is a critical environmental issue that our DMA in 2024 confirmed is a material topic for us. We will discuss climate change here and the impacts, risks and opportunities from it that our DMA has defined. This section also addresses how we manage the identified impacts, risks and opportunities through policies, commitments, targets and actions, including how we assess whether those actions are effective. We recognise that greenhouse gas emission is the main driver of climate change, and we are committed to countering it by becoming carbon neutral by 2050. As a consequence we have prioritised SDG 13.

Sustainable development goals (SDGs) related to climate change.

SDG 13: Our priorities	
13.1	To strengthen resilience and our capacity to adapt to hazards from the climate and natural disasters in all countries
13.2	To integrate climate change measures into national policies, strategies and planning
13.3	To improve education, raise awareness and increase our human and institutional capacity for mitigating climate change, adapting to it, reducing its impact, and giving early warning of the dangers

We have integrated environmental considerations into our strategy, which includes our commitment to net zero by 2050. We have set short, medium and long-term targets and risk appetite limits to help us realise our commitments, and we have integrated climate and environmental risk drivers into our risk management framework, and developed several tools and procedures. These include the ESG Due Diligence Standard, Sustainability Reporting Standard, and tools for calculating science-based pathways towards our targets, We are engaging with our customers and vendors to address our adverse impacts on the environment, and we are promoting responsible business conduct throughout our value chain. Our decarbonization targets are set to reduce the carbon intensity of financing, mitigate the impacts of climate change, and find ways to adapt to it. We are building the capacity and tools needed to assist customers in transitioning to the low-carbon economy.

We have updated our Product Management Procedure in 2024 by introducing internal definitions for sustainable and sustainability-linked products, thus, creating a base for further product development and comprehensive categorization. We aim to align our sustainable financing procedures and criteria, that are under development, with the EU taxonomy standards or other sustainable financing frameworks where we consider appropriate and following market practices and latest legal developments and interpretation. As to investment decision making, our principles consider sustainability risks and impacts as described in our Sustainable Investment Guidelines.

CLIMATE CHANGE MITIGATION AND ADAPTATION – TRANSITION PLAN

In 2024 we developed our transition plan for becoming net zero and meeting the Paris Agreement targets, and this plan was approved by our Board in February 2025. The transition plan outlines roadmaps and key levers for meeting the interim targets for our own operations and our mortgage and corporate lending portfolios. We will continue our engagement with SBTi in 2025 for validation of our targets. We plan to update the transition plan and review the transition roadmaps during the annual financial planning to align them with the Financial Plan. A statement of the Transition Plan has been published on our website.

We have calculated our financed emissions for the majority of on-balance-sheet asset classes, given the data was available. All the climate-related quantitative disclosures in this report have been compiled on a best endeavours basis and to an extent are based on proxies as described in chapter 'Climate change' section 'Targets' of this report. We plan to get more actual reported data in the coming years, and so the numbers presented in this report may change as more data become available.

We also expect our suppliers, vendors and corporate clients to have processes and frameworks in place so that they do not harm natural systems, and to create plans for reducing their carbon footprints. Our work to identify and reduce the impact of our upstream value chain is described in the section 'Due Diligence processes'.

IMPACTS, RISKS, AND OPPORTUNITIES

Climate change (E1)

Material topic/ IRO description	Expected time horizon	Affected stakeholders	Source or concentration of IRO
Climate change mitigation (GHG)			
Material impacts on the environment or on people			
(–) If conditions for loans are stricter, customers might struggle to secure financing, which could lead to financial difficulties, bankruptcies, and job losses	2028–2034	Customers	Credit portfolio, downstream value chain, the Baltics
(–) Banks financing high-emission projects may exacerbate climate change	2025–2027	Nature, Employees, Customers, Regulators, Local Communities	Own operations, credit and investment portfolio – downstream value chain, the Baltics
(+) Opportunity to increase revenue and reduce the climate risk profile of the bank and so also the cost of capital by financing customers in their transition to more energy efficient operations using renewables and energy efficiency measures	2028–2034	Nature, Society	Own operations, downstream value chain – credit and investment portfolio, the Baltics
(+) Financing projects for adapting to and mitigating climate change can help accelerate the transition to a low-carbon economy, reduce emissions, and promote sustainable practices. This shift opens up sustainable financial products enabling companies to tap into the growing demand for sustainable investments	2035–2050	Shareholders, Investors, Creditors	Own operations, downstream value chain – credit and investment portfolio, the Baltics
Material financial risks and opportunities			
(–) Financing fossil fuels or energy-intensive sectors can lead to reputational damage, a public backlash, and loss of trust from clients	2035–2050	Shareholders, Investors, Creditors	Own operations, downstream value chain – credit and investment portfolio, the Baltics
(+) Setting goals for reducing emissions, like climate neutrality, can enhance the reputation, attract environmentally conscious customers, and offer competitive advantages	2035–2050	Nature, Society	Own operations, downstream value chain – credit and investment portfolio, the Baltics
(+) Demand for green bonds and ESG-linked loans is growing, and investors are seeking sustainable options, presenting an opportunity for banks to offer such products	2025–2027	Shareholders	Own operations, upstream –investors in our bonds, downstream value chain – credit and investment portfolio, the Baltics
Adapting to climate change			
Material financial risks and opportunities			
(–) The assets and operations of clients are at risk from climate impacts like floods, reducing collateral value and causing higher default risk	2025–2027	Shareholders, Investors, Creditors	Credit portfolio, downstream value chain, The Baltics
(–) There is credit risk from clients affected by carbon taxes, regulations, and sectoral vulnerabilities to climate change	2025–2027	Shareholders	Own operations, downstream value chain – corporate credit portfolio, The Baltics
(+) Financing adaptation projects opens new markets and new opportunities for green financial products	2025–2027	Shareholders, Investors, Creditors	Credit portfolio, downstream value chain, The Baltics
(+) More hedge products can be offered to mitigate the impact of climate change felt in the increased fluctuations in interest and exchange rates	2035–2050	Shareholders, Investors, Creditors	Whole value chain, The Baltics

POLICIES

Our Sustainability Policy and the supporting internal regulations provide a framework for addressing climate change and environmental impacts. The Sustainability Policy sets our overarching target of meeting the goal in the Paris Agreement of net zero greenhouse gas emissions by 2050. This target is integrated into the policy objective of developing the capacity, processes and initiatives for decarbonising our own operations and supporting our customers in their transition to a low-carbon economy. A key element in the policy is the exclusion list, which prohibits financing for fossil fuel-based energy production unless the customer has a transition plan in place. This limits our exposure to sectors with high emissions and incentivises our customers to develop and apply decarbonisation strategies.

The Sustainability Policy outlines our principles for environmental responsibility, with commitments to minimise adverse impacts on natural systems, promote the protection of biodiversity, and ensure responsible management of waste and resources. These principles are implemented through, for instance, our ESG Due Diligence Standard, which requires environmental and social risks to be assessed and managed across the organisation's business relationships and activities. Our Product Management Procedure provides criteria for product classification based on their sustainability characteristics.

We have integrated climate and environmental risk drivers into our Risk Taxonomy and assessed their impact materiality on the existing risk types. The outcome of the materiality assessment is used for scenario analysis and establishment of, where relevant, C&E related physical and transitional risk limits, which are integrated into the Risk Appetite Statement.

Our section on 'Policies, Procedures and Standards' gives further details on the mentioned and other internal regulations that we use to identify, assess and mitigate our climate and environmental impacts including the applicability scope to subsidiaries and operations and approval bodies. They include the ESG Risk Assessment Procedure for credit risk management, the Third Party Risk Management Standard and the Sourcing and Third Party Management Procedure for vendors and suppliers, the Sustainable Investment Due Diligence Procedure for our Asset Management and Pensions Companies, the Discretionary Portfolio Management ESG Due Diligence Procedure, the Procedure for the Risk Taxonomy Review and Risk Materiality Assessment, the Procedure for Analysis of the Impact of Climate and Environmental Risks on the Business Environment, the Data Specification for ESG Data Proxies, ESG Data Management Procedure, Double Materiality Assessment Procedure, and the Sustainability Reporting Standard. Furthermore, our Strategy Planning Procedure integrates the outcome of the Analysis of the Impact of Climate and Environmental Risks on the Business Environment into our strategy process ensuring the integration of all impacts, risks and opportunities.

Together these regulations foster climate and environmental risk drivers’ integration into our core business processes, from product development to investment decisions, and they demonstrate our commitment to driving decarbonisation and minimising our environmental footprint, both within our own operations and across our value chain.

The Sustainability Policy and the supporting regulations have been developed with the interests of key stakeholders in mind, including investors, regulators, employees, customers, and the general public. Policy is developed by the policy owner creating or updating a proposal following internal and external frameworks and regulatory requirements. This proposal is then aligned with internal stakeholders to ensure alignment, with business areas for integration of customer perspectives, sales feasibility, and compliance for regulatory adherence.

TARGETS

We have set targets for adapting to and mitigating climate change by reducing GHG emissions. Our corporate strategy commits us to being carbon neutral by 2050, to becoming increasingly able to decarbonise our portfolio, and to reducing our Scope 1, Scope 2, and Scope 3 operating emissions per employee in 2025 to half their 2021 levels.

We continued in 2024 with the Science Based Targets initiative to validate the targets we had initially set for reducing our own emissions and the emissions intensity of our corporate lending portfolio. We aim to finalise this process in 2025. The targets for reducing our emissions from operations are derived from emission reduction pathways that could limit global warming to 1.5°C. The target of reducing emissions to net zero covers all three scopes of GHG emissions without residual emissions and is based on conclusive scientific environmental evidence. Achieving the target will mean that our impacts on climate change are in line, for instance, with the European Climate Law objectives, particularly the goal of climate neutrality by 2050 at the latest, and with a climate scenario of a temperature rise of 1.5°C with no or limited overshoot as defined by the IPCC.

T1. Levers for reducing emissions

We will mainly reduce operating emissions by gradually switching to renewable electricity in all our facilities by 2025 where possible. We aim to develop an actionable roadmap in 2025 for reducing our own Scope 3 emissions covering emission reduction for material Scope 3 emission categories. The targets will be reviewed in 2025 following the changes made to Scope 3 emission accounting. We further aim to neutralise residual GHG emissions from our own operations through carbon removal using voluntary contributions. We have chosen to make local Baltic wetland restoration our voluntary contribution for this, and have worked with the Foundation for Peatland Restoration and Conservation in Lithuania to finance professional restoration works in Lithuania and organize an employee hands-on wetland restoration activity in Latvia. This meant we provided a voluntary contribution to the neutralization of the residual GHG emissions from our own emissions.

We have set short-term decarbonisation targets as part of our corporate strategy and our targets for the key emission reduction levers including 228 million EUR of new corporate lending to development of renewable energy and real estate projects (see definition under the below table, note 6), during the period 2021 to 2027; extending the share of mortgage lending exposures to A or better EPC labelled housing in our portfolio to 30% by 2027; and increasing the share of lending exposures to A or better EPC labelled housing in our portfolio to 1,447 million EUR by 2027.

Our Transition Plan for our own operations and for the loan portfolio covers the short-term targets and the main levers for achieving the targets and we have aligned it with our Financial Plan by integrating into it the growth forecasts for new loans for highly energy efficient properties in the retail mortgage business area, and loans for renewable energy and existing risk limits in the corporate lending business area. Financial Plan is a document within our performance management framework summarizing financial projections for us for the next 3 years (including the next year’s Budget. The transition Plan was approved by our Management Board in February 2025. When we have more empirical evidence, we will be able to define additional levers for driving the decarbonisation of our credit portfolios.

T2. Locked-in GHG emissions

To understand the potential locked-in GHG emissions from key assets and products, we have established a forward looking analysis of carbon related assets that is reported to Management Board on a quarterly basis. Carbon related assets are determined based on the TCFD definition according to which carbon-related assets are assets related to energy, transportation, materials and buildings and agriculture, food and forest products sectors. The emissions reduction of the sectors is directly dependent on the companies’ transition plans and capabilities, and by that influences our own decarbonization targets achievement and drives the transition risk for us.

In scope of the analysis, we examine trends in financing for renewable energy projects and national governments participating in the Net-Zero Government Initiative (NZGI) as these reduce our exposure the transition risk. In 2025, we plan to take into consideration customers with transition plan in carbon related assets forward looking analysis as we anticipate that financing for companies with transition plans will continue to grow, driven by evolving regulatory frameworks and ambitious decarbonization targets across all Baltic countries. This growth is also influenced by heightened awareness of climate risks, shifts in market preferences, and the implementation of net-zero commitments by municipalities and state-owned companies in various sectors.

To mitigate risks, we maintain a risk appetite limit for our corporate credit portfolio, capping exposure to high physical and transition risk counterparties and preventing excessive lending to high-risk sectors, including carbon-related assets. We are not excluded from the EU Paris-aligned Benchmarks according to the exclusion criteria stated in Articles 12.1 (d) to (g) and 12.2 of Commission Delegated Regulation (EU) 2020/1818.

T3. Challenges of climate targets and strategy implementation

The main challenges to our strategy are the lack of evidence and empirical data about how different customers are impacted by emissions abatement options implementation, and the uncertainty about how fast markets will adopt new technologies and practices. Another challenge is how fast new energy efficient technologies and energy generation technology can be introduced and how far regulation will drive renovation to make real estate more energy efficient, and the decarbonisation of the electricity grid. We aim to support our customers both through product related and advisory related levers

To address the challenges, we will initiate the development of sector specific guidance for transition planning and establishment of dedicated sector-specific transition plan templates in 2025, using the insights gathered from the sectoral analysis made during C&E RBE (Analysis of the Impact of Climate & Environmental Risks on the Business Environment) and the sector-specific guidelines from the Industry ESG Risk Management Procedure. We will work in 2025 to make our staff and our customers more aware about sector-specific transition planning and we will focus on possibilities for transition-related products development and structuring in the corporate lending business area.

These measures may facilitate implementation of solutions by our customers that contribute to their regulatory compliance and by that also to climate mitigation and adaptation solutions, which include requirements for energy efficient renovation of buildings, national requirements for decarbonising energy production, industrial regulations, and the introduction of sustainable and regenerative practices in agriculture. As a result, our Scope 3 financed emissions may reduce, whereas the speed of these changes on the market is not clear. In 2024, we continued analysing our corporate and retail mortgage loan portfolio and improving the availability, quality and completeness of the data and of internal reporting. We have reviewed the Industry ESG Risk Management Procedure that contains elements of sector transition guidance, and we have initiated the development of sector-based fact sheets for our relationship managers.

We aim to align our activities with the EU Taxonomy by increasing our data handling and processing capacity so that we can classify more assets using the criteria set in EU Taxonomy delegated acts, and improve our reporting and automation capacity. We have dedicated staff resources for this purpose, and planned expenditures on systems development.

In scope of business environment scan, we have considered the environmental, societal, technology, market and policy developments in a diverse range of climate scenarios to understand the potential impacts on our portfolios and to determine the timeline of the impacts and potential risk mitigation approaches including decarbonization to reduce the transition risk. The related decarbonisation levers were analysed in scope of the Transition Plan development. The decarbonisation levers we have defined so far for our own operations and for reducing the emissions financed are widely referenced as the first steps towards limiting the rise in global air temperatures to 1.5°C. As we refine the decarbonisation roadmap, we will follow developments in national and EU policies, advances in technology, and changes in the market so that we can update the decarbonisation levers we have defined and keep them relevant.

Targets, Metrics and the Methodology

Targets and metrics for mitigating and adapting to climate change and metrics for measuring the progress towards our policy objectives of Net Zero by 2050 and gradually building up our ability to decarbonise our business.

	Notes	Base year	Target year	Target	2024
Own operations					
Emissions from own operations (Scope 1, 2, and 3), tCO_2e	a, b	2022	2030	-	2,571
Emissions from own operations emissions (Scope 1, 2, and 3), tCO2e per employee	a, b	2021	2025	-50% from 1.4 in 2021	1.0
Mortgage portfolio					
Scope 3 financed emissions – Mortgage lending, tCO_2e	b, c	2022	2035	N/A	234,003
Mortgage portfolio with EPC rating A or better, % of total mortgage exposure	b, d	N/A	2027	30%	28.9%
Corporate portfolio and carbon related assets					
Scope 3 financed emissions – Corporate lending, tCO_2e	b, c, e	2022	2035	N/A	2,422,370
Scope 3 financed emissions – Motor vehicle leasing, tCO_2e	b, c, e	2022	2035	N/A	74,469
New lending to corporate high energy efficiency real estate and renewable energy related projects (accumulated for 2021-2027), €m	f	N/A	2027	228	182.0
Carbon intensity of the corporate lending portfolio, tC02e/€m	b, c, g	2022	2035	-	705.5
Share of new lending volume in high climate risk sectors to clients that have transition plans in place, %	h	N/A	2025	90%	81.0
High risk environmental assets in the corporate lending portfolio, % of total portfolio	i	N/A	N/A	<23%	17.9
Financial resources allocated to achieve the targets					
Financial resources allocated to the action plan (OpEx), €m	j	2024	2025	1.55	0.61

a. The target considers our own operations and the upstream emissions from the value chain for the main spend categories, including commuting by employees and excludes category 15 emissions. The emission reduction target will be disclosed after it has been validated by the Science Based Targets initiative. The current GHG emission reduction targets are limited by the GHG emissions inventory within the organisation as described in section Reducing the climate impact of our operations. We expanded the scope of the GHG inventory for own emissions in 2024 by including the category of emissions from electronics and electrical devices in the emissions accounting inventory. We will use this to recalibrate our interim targets in 2025 and realign the base year and our ambitions for emission reductions. The GHG emission reduction targets are presented separately for Scope 1, Scope 2 and operational Scope 3 emissions, and for the target for financed Scope 3 GHG emissions found from the lending portfolio. All metrics are also presented separately in the section 'Notes to the sustainability statement' The current targets for reducing operational Scope 1, Scope 2 and Scope 3 GHG emissions do not include the additional Scope 3 operating GHG emission categories that were included in our emission inventory in 2024. Realigning the target in 2025 will resolve this inconsistency. We have set its baseline as 2021, when the Scope 1, Scope 2 and Scope 3 emissions were calculated for the first time. We worked towards our goals throughout 2024, and we will set 2030 as the interim target year for reducing our operational Scope 1, Scope 2 and Scope 3 emissions. We will recalibrate the targets after the interim target year, aligning them with the latest emissions data and developments in environmental conditions. The detailed list of key climate change mitigation actions taken and planned organized by decarbonization levers are provided in the report section of 'Climate Change Mitigation and Adaptation - Transition plan'.

b. We reported emissions for the first time in 2021 and set our main targets in 2021 or 2022. At that time, there was little maturity in terms of data collection, and the availability, completeness and accuracy of the data. We acknowledge that the baseline is not fully representative in our accounting for external factors or for variations in our own operations. The base year and base value of the targets have not been changed since they were set. The base year and base value will remain unchanged unless new targets are set or there are significant changes in the GHG emission inventory, data quality or accounting methodologies. To ensure comparability, we will choose a recent base year and base value that is not more than three years previous when setting new targets for reducing GHG emissions before reporting the new target for the first time.

c. Emissions are calculated using the PCAF Plan A standard. PCAF database updates and improvements in the real data share have affected the figures. More details are given in the sections 'Methodologies' and 'Glossary'.

d. Improvements in the real data share have affected the figures from what they were in the previous year. Real data were available for 37.0% of the portfolio in 2024. The EPC of the rest of the portfolio is assessed using a proxy methodology developed in-house. The share of real data is expected to increase in the coming year as the local Baltic registries are gradually improving the availability of data and the regulatory requirements are being met.

e. Motor vehicle leases cover both private individual lending and corporate lending. More details are given in the section 'Methodologies', in 'Scope 3 - financed emissions data methodologies and limitations'.

f. The loans reported cover development of the renewable energy projects and real estate construction, acquisition and renovation projects that comply with the technical screening criteria for the primary energy demand of buildings under the Climate Delegated Act or are granted one of the following or higher international certificates: LEED (Gold), BREEAM (Very Good), EDGE (Standard), Passive House (Standard), DGNB (Silver) or other equivalent sector-specific or local certificate.

g. The internal carbon Intensity country level and aggregate emission intensity reduction targets were set in 2024 for the corporate portfolio, and they were aligned with the medium-term targets for loans for energy efficient real estate and renewable energy projects and the risk appetite metrics. These targets are integrated in the Financial Plan. Current emissions have been estimated using the PCAF methodology, which assumes that sector intensities are at their average irrespective of the energy types used. The data will be made more accurate in the years ahead by the gradual transition from proxy-based data to actual portfolio data. The emission accounting methodologies are also expected to be improved to incorporate considerations of energy types and so improve accuracy and transparency in carbon intensity reporting. The target shall not be disclosed until it is not approved by Science Based Targets Initiative.

h. In scope are only customer groups with exposures above 5 MEUR and excluding off balance items. We do not have clear standards for transition plan and therefore, we considered that customers fulfilled their requirement for transition plan submission if they had prepared a sustainability statement disclosing the existence of plans, appropriate activities and KPIs. In case customers have not prepared a sustainability statement, but have submitted information indicating activities helping to transition to more sustainable practices we treated them as compliant to the requirement to have transition plan. Going forward we plan to provide customers with transition plan template which would meet our general requirements for transition planning documentation.

i. ‘Carbon-related assets’ are determined using the TCFD definition, which links carbon-related assets to the sectors of energy, transportation, materials and buildings, and agriculture, food and forestry.

j. The resources reported are in the Financial Plan following the 2025 update of strategic initiatives that was approved by the Supervisory Council. The resources include existing staff and operational cost in the sustainability department. The 2025 budget also includes allocation from central budget and budgeted costs in Technology budget from ESG Strategy initiative. The Opex covers all IROs and actions relating to building climate transition capabilities and data. Risks and the related risk assessments and limits related actions are mostly covered by the business-as-usual relevant unit cost and indicated respectively in the section 'Actions'. All other staff cost, that is involved with sustainability provisions implementation in the rest of the organization is excluded from the reporting.

ACTIONS

In 2024 we continued implementing our policies to reach our targets. Our action areas were:
A1. Identifying climate and environmental impact and materiality assessments;
A2. Enhancing the Risk Limits Framework;
A3. Integrating climate risk into credit assessments;
A4. Reducing the climate impact of our operations;
A5. Reducing the climate impact of our loan portfolio;
A6. Reducing the climate impact of our investment activities;
A7. Providing stewardship over climate and environmental risks and building capacity.

Targets for mitigating and adapting to climate change and metrics for measuring the progress towards our policy objectives of Net Zero by 2050 and gradually building up our ability to decarbonise our business in the section 'Targets' within the 'Climate change' chapter of this document outlines the CapEx and OpEx required for actions to be taken in the current reporting period or planned for the future.

The OpEx and CapEx include the costs of implementing the ESG strategy in 2025, staff costs for the Sustainability Department and the ESG data development team, and spending on stakeholder engagement work. The costs for neutralising operational emissions through voluntary contributions are budgeted within the Sustainability Department's OpEx. No additional CapEx or OpEx is needed for decarbonising operations as that is part of the standard operating processes and budget.

Resources were allocated in 2024 for staff costs, data procurement, reporting, regulatory implementation, professional services and climate risk data and C&E RBE assessments. Additional CapEx is planned for data development in systems in 2025. Our financing for corporate high energy efficiency real estate and renewable energy related projects, as noted in table Targets for mitigating and adapting to climate change and metrics for measuring the progress towards our policy objectives of Net Zero by 2050 and gradually building up our ability to decarbonise our business, is supported by our cooperation with EIB and EBRD.

Additionally, we foster transition to low-emission vehicles by providing leasing at beneficial pricing. We have not set a target for the Green Asset Ratio showing the assets used for financing or invested in economic activities within the taxonomy as a proportion of total covered assets, and therefore no specific OpEx or CapEx has been allocated for this purpose. The Management Board approved the updated milestone plan of the ESG Strategy for 2025 at the end of 2024, keeping it in line with the targets and the financial planning processes. Resources are reviewed annually as part of the financial planning process to make sure they are well allocated.

A1. Identifying climate and environmental impacts and materiality assessments

Lever: Scope 3 downstream financed emissions; Scope: Retail and Corporate lending, liquidity portfolio investment area, all risk domains like operational risk, credit risk, liquidity risk and market risk; annual.

We conduct regular climate and environmental risk assessments so that we can identify and manage physical and transition risks across our operations and portfolios. These assessments include stress testing for climate risk to inform our strategic decision-making. Our focus in 2024 was on having more quantitative data available on climate risk factors and on identifying and assessing climate and environmental risks, including acute physical risks, chronic changes, and transition risks. These risks have been evaluated across multiple business sectors, guiding us in developing effective mitigation and adaptation strategies to safeguard our assets, reputation, and business continuity. Further details are provided in the section 'Identifying climate and environmental impacts and materiality assessments'. The resources for the management and performance of C&E RBE process are included in the OpEx figures as provided in the Climate change targets section and are covered by the cost of the Sustainability Department. For the management and performance of C&E RMA, no dedicated resources are allocated as the resources are ensured through the Risk Division business as usual sub-departments. The resources for stress testing are included in the OpEx of 'Business model resilience' topic in the respective section. Data procurement cost is included in the OpEx figures as provided the 'Climate change' chapter under the section 'Targets'.

We continued to work in 2024 on building our understanding of and our ability to assess the climate risks that we face together with our customers so that we can take proactive measures to safeguard our assets and those of our customers, and our reputation and overall business continuity. We looked at various climate and environmental risk drivers and how they impact business environments, at technology, and at regulatory trends for our businesses and portfolios. The processes we use to identify and assess our climate-related impacts and risks are described below in the respective sections on: 'Analysis of the impact of climate and environmental risks on our business environment', 'Materiality assessment for the impact of drivers of Climate' and 'Environmental Risk on risk types'.

A vital part of assessing our impacts on climate change is to quantify our greenhouse gas (GHG) emissions across Scopes 1, 2 and 3 as disclosed in the sections 'Targets', 'Reducing the climate impact of our loan portfolio', 'Reducing the climate impact of our own operations', and 'Notes to the Sustainability Statement'. We have screened our activities to identify the actual sources of GHG emissions in our own operations, the upstream value chain for our main spend categories, and the downstream value chain for our loan portfolio. We have assessed the emissions of the downstream loan portfolio as material impacts on climate change. The GHG emissions data inform our understanding of our contribution to climate change and the associated transition risks that we face.

Climate-related hazards have been identified over the short, medium and long-term time horizons of up to 3 years, 4-10 years, and 11-26 years, and our business activities have been screened to see where our assets may be exposed to these hazards. All the processes use the same time horizon definitions as in the Procedure for Analysis of the Impact of Climate and Environmental Risks on our Business Environment (C&E RBE). The climate and environmental risks that we have assessed include acute physical risks, long-term chronic changes or chronic physical risks, and transition risks.

Acute physical risks, such as extreme weather events and the consequences of them, could damage the properties of our customers, or cause operational outages and loss of production, leading them to financial losses. Long-term changes in climate and environmental conditions such as a rise in the sea level could cause damage to property and both positive and negative fluctuations in the operational output of our customers. Transition risks may arise in the short to medium term from new regulations on emissions and resources or on energy efficiency; in the medium term from a shift in consumer preferences; and in the medium to long term from the technological changes needed to adjust to a low-carbon economy with resilient ecosystems, which may affect existing business models and hence the financial standing of our customers. Ultimately, these risks may cause us losses if they are not assessed and mitigated promptly, or we may miss out on opportunities for financing the transition. Businesses will need to adjust their operational strategies if they want to stay resilient. The C&E RBE assessment described below screened whether our assets and business activities may be exposed to such physical or transition events. The C&E RBE and the consecutive C&E RMA identified, assessed and quantified the extent to which assets and business activities may be exposed to, and are sensitive to, the physical risk drivers or transition events identified. The processes and outcomes are described below.

The 2024 C&E RBE and the C&E RMA did not consider climate-related scenario analysis, nor did they use data for different climate scenarios. The final C&E RBE assessment was based on a review of the regulations, the annual reports of peers, literature on the climate, external scientific assessment of the individual drivers of climate and environmental risk, and internal expertise. The severity of the impact of the drivers of physical risk and the frequency of change in them was assessed qualitatively over various time horizons following the regional climate projections of the Intergovernmental Panel on Climate Change (IPCC) and guidance from the IPCC Sixth Assessment Report together with the guidance notes on the IPCC Fifth Assessment Report. We assessed the transitional risks using publicly available data that was deemed reliable. The data in the C&E RBE process did not contain any reference to a climate scenario. For the C&E RBE process in 2025 we intend use climate data aligned with either of climate scenarios SSP1-2,6, SSP2-4,5 or SSP3-7,0. The Climate and Environmental Risk Assessment (CERA) within the C&E RBE identifies the critical areas, specific impacts, and tailored strategic responses for our operations. The CERA guides the prioritisation of Climate Risk Stress Testing in the credit portfolio, and it focuses on key economic activities or risk drivers. The C&E RMA and the risk quantification processes are informed by the outcomes of the C&E RBE, and the results of the C&E RMA and the stress testing have informed the development of the risk appetite metrics in the Risk Appetite Statement.

Our analysis of our carbon-related assets identified corporate lending assets and business activities that may need significant efforts to become compatible with the transition to a climate-neutral economy. These are disclosed in the section 'Targets'. In 2024 we analysed the Baltics as one homogenous region that faces a single set of principal physical risks like the risks of floods, droughts, storms and heavy precipitation. We also performed a deep-dive analysis to understand whether the most urgent physical risks need to be analysed at the country level. We concluded from this assessment that in 2025 we will need to analyse the physical climate and environmental risks at the country level. The transition risks are largely the same across the Baltics, with the exception of regulatory trends since the local environmental regulatory frameworks in Estonia, Latvia and Lithuania might differ a little. Our climate and environment related risk management processes are described further in our Pillar 3 report.

Analysis of the impact of climate and environmental risks on our business environment
In 2024 we established the Procedure for Analysis of Impact of C&E Risks on Business Environment (C&E RBE). This analysis has three parts; identification of climate and environmental risks, the business environment scan (BES), and the climate and environmental risk assessment (CERA).

Climate-related hazards have been identified over the short, medium and long-term time horizons of up to 3 years, 4-10 years, and 11-26 years, and our business activities have been screened to see where our assets may be exposed to these hazards. The climate and environmental risks that we have assessed include acute physical risks, long-term chronic changes or chronic physical risks, and transition risks.

The first part ensures identification of physical and transition risks that would be assessed in the second and third part of the assessment. Business environment scan provides understanding of transition risks and other risks arising from various aspects of the business environment we are operating in. The CERA evaluates the scale of the impact of climate and environmental risk drivers or changes over the short, medium and long terms on the natural and economic environment in the Baltic region, and making recommendations for possible risk mitigation measures by business areas and industry sectors. We assessed 34 individual physical and transitional climate and environment risk drivers that are relevant and potentially material for our business areas, portfolios and sectors.

The C&E RBE assessment focused on the lending area. Accounts, deposits and plans for private individuals, and placement products are not sensitive to climate and environmental risk drivers. C&E RBE is also considered relevant for Pensions, DPM, Treasury, and Markets because of the nature and scope of their activities and the regulations that govern associated activities. We assessed the impact of individual climate and environmental risk drivers on our corporate lending for all economic sectors, separating them into large corporate customers and small and medium customers, and we looked at the retail mortgage lending portfolio including private leasing in the three time periods. We segregated the assessments of portfolios into loans to large corporate customers, loans to SMEs, leases, and mortgages for private individuals, and it includes a comprehensive business environment scan. Our Board approved the enhanced Procedure for Analysis of impact of C&E Risks on Business Environment in the first quarter of 2024. The assessment in 2024 was run following this procedure.

We assessed physical climate and environmental risks at the regional level 3 of country region classification according to Nomenclature of territorial units statistics (NUTS3) within a medium time horizon. The results revealed varying levels of risk across the Baltic NUTS3 regions for certain C&E risks like coastal flooding, river flooding or water stress. Other C&E risks like heatwaves, wildfires and coastal erosion were found at the same time to be the same across the Baltic NUTS3 regions. More granular analysis of C&E risks will be performed as part of the C&E RBE in 2025, when the risks will be analysed at the level of each Baltic country separately.

The physical and transitional risk assessment for business areas revealed different risk drivers and impacts for different economic sectors. Short-term risks for customers in several sectors face both chronic and acute physical risks, mainly changing temperature, and flood, which may impact financial flows and collateral. In short-term customers in all sectors will face policy risks and litigation and reputation risks. This assessment highlights the need for sectors to be considered separately and transition plans to be developed for all economic sectors that can keep pace with evolving environmental regulations.

The physical risks for private customers identified as relevant over different time horizons cover drought, flood, heavy precipitation, heat waves, changing temperatures and other risks. Mitigation measures for private customers include insurance coverage and collateral assessments, so we must engage in proactive risk management together with our customers, make strategic adjustments, and adhere to evolving regulatory expectations for mitigation of climate and environmental risk. The results of the assessment have been presented in 'Notes to the sustainability statement'. The C&E RBE outcome was discussed by our board and integrated into our corporate strategy.

Materiality assessment for the impact of drivers of Climate and Environmental Risk on our Risk Types

We recognise Climate and Environmental (C&E) risks as risk drivers that can influence various risk types within our Risk Taxonomy. We maintain a Risk Taxonomy as a part of Risk policy which covers both sustainability related risks and all other risks. The Risk Taxonomy categorizes and defines Risk Types which enables us to assess, aggregate, and manage risks in a consistent way through a common risk language. Management of the C&E risk drivers is consequently integrated into our risk management framework. We run a materiality assessment of C&E risk drivers regularly, and at least once a year.

We ran a materiality assessment of designated C&E risk drivers in 2024 that covered all material risk types and sub-types at the most detailed level feasible given the data and modelling capabilities available at that moment. The scope included credit, market, liquidity, model, operational, compliance, and business model risks. The assessment analysed the transmission channels through which C&E risk drivers such as flood or drought risk or transition risk drivers such as regulatory change risk may materialise and evaluated the materiality across the short, medium, and long-term time horizons. The key parameters used to define materiality are the Financial Risk Materiality Threshold and the Non-Financial Risk Grid, which are defined in our Risk Policy. Operational, compliance and model risk were mainly evaluated using scenario analysis and expert judgment, with a focus on potential fines, significant incidents, and associated financial losses. The materiality of the outcomes was assessed using the Non-Financial Risk Grid.

Following the materiality assessment, we improved our data and modelling capabilities over the year to make further quantitative analysis and draw conclusions, which showed us how exposed our portfolio is to C&E risk drivers. The outcome of this assessment is described in the following paragraphs.

Credit Risk

The starting point for our assessment for credit risk was the CERA process, which laid the groundwork for evaluating C&E risks within the credit risk framework. The analysis covered the economic sectors of agriculture, forestry and fishing; manufacturing; electricity, gas, steam, and air conditioning supply; construction; and wholesale and retail trade. We also examined the impacts across our diverse portfolios, which include large corporations, small and medium-sized enterprises (SMEs), households with mortgages, and commercial real estate (CRE).

We used our risk quantification and stress testing models where possible to derive quantitative results, and these were then further reviewed and challenged by the risk experts. We used our credit portfolio data and the specific C&E risk data both collected internally and acquired from the external vendor. The outcomes were assessed against the defined materiality threshold, and the C&E impact was found to be material if the impact exceeded the threshold. The two main findings of our assessment are that C&E risk drivers impact collateral concentration and impairment risks, and credit default and sector concentration risks.

Across all time horizons, we identified that physical risks, particularly flood risks, are material risk drivers for both the CRE and household mortgage portfolios. Transitional risks are similarly material for the CRE portfolio across all time horizons. This is largely because of forthcoming amendments to the Directive of the European Parliament and of the Council on the energy performance of buildings (2021/0426 (COD)), which proposes that the least energy-efficient non-residential buildings will need to be renovated to reach at least EPC class F by 2027 and class E by 2030. Transitional risks for the portfolio of households with mortgages are assessed to become material in the medium term because of regulations requiring residential buildings to upgrade to at least EPC class F by 2030 and class E by 2033.

The sectoral impacts of physical and transitional credit default and sector concentration risks are materially significant in the short term, especially within agriculture for SMEs and manufacturing for large corporations. It is assumed that the same risks will persist in the medium and long terms, when there will also be a material impact on the SMEs in manufacturing and both SMEs and large corporations in energy. (Counterparty risk assessment and engagement is addressed in the section 'Due diligence processes'.)

Market and Liquidity Risks

The materiality of the impact of climate and environmental risk drivers for market and liquidity risks is measured by integrating the adjustments made to various deposit segments for ESG risks, including C&E risks, with the HQLA bond portfolio using the Survival Horizon analysis. Possible spillovers of credit and liquidity risks were assessed by looking at how liquidity would be impacted by NPLs increasing in our Credit Risk C&E stress test.

Our Survival Horizon, which incorporates both the combined scenario stress factors and the impacts from additional drivers of ESG risk including C&E risk, exceeds 12 months. Even in scenarios of heightened stress, our liquidity buffer remains robust and ample, indicating that the effect of these risk drivers on liquidity risk is not material. Drivers of ESG risk, including C&E risk, for market risk exert a direct influence on equity and fixed income products by intensifying liquidity constraints, which causes valuations to fall for products that are not aligned with environmental and social governance standards. It is crucial that these risks are evaluated as part of our credit risk evaluation before products are designed, specifically within the framework of the issuer limit approval process.

These effects are limited as we have no equity instruments in our trading book, and our liquidity portfolio has significant sovereign exposures. All positions in Financial Instruments were either with a Trading Intent or in order to hedge positions held with a Trading Intent. Trading Intent means any of the following: proprietary positions and positions arising from client servicing and market making; positions intended to be resold in short term; positions intended to benefit from actual or expected short-term price differences between buying and selling prices or from other price or interest rate variations. Consequently the impact of C&E risk drivers on market risk is not material.

Operational Risk

We assessed that the physical risk drivers for Operational Risks, notably heatwaves and storms, can have significant influence on our operational risk profile because of the disruptions witnessed over the past decade, including extreme heat warnings and the increasing incidence of storms in the Baltic region, and so they require further analysis. The focus of our assessment was predominantly the short term, where we are confident that we are well equipped with mitigation strategies, including effective Business Continuity Planning (BCP), to deal with any notable operational risk events. This proactive approach is expected to address any material impacts over the medium to long term as well. The materiality assessment did not find any substantial impacts on operational risks. The main possible effect is damage to critical IT infrastructure, which might in turn affect other sub-categories of operational risk. We deem such impacts not to be material, but we are continuing to increase the robustness of our risk management practices and business continuity plans.

Compliance Risk

We evaluated how the C&E risk drivers impact compliance risk and its sub-risks in the first quarter of 2024, and we found that policy and reputational risk are the primary factors that might materially affect regulatory compliance and conduct sub-risks during the short, medium and long terms. The regulatory environment for managing C&E risks is becoming increasingly complex, so we are continuing to revise our internal capabilities and make our internal governance arrangements more coherent with the applicable regulatory requirements, for instance, the ECB guide on climate-related and environmental risks.

Business Model Risk

Materiality outcomes for the business model risk were mainly driven by expert judgment based on the analysis in the Business Environment Scan. We concluded that C&E risk drivers can materially impact legal framework risk as transitional risks pose significant challenges to the banking sector, making it vital to adapt urgently to regulatory changes and increasing administrative requirements. We similarly assess that physical risk drivers can materially impact economic risk, as extreme weather conditions or natural disasters could disrupt the operations of critical Financial Market Infrastructure service providers. Even short-term disruptions can impact our ability to perform critical functions such as payments, clearing, and settlements, thereby increasing the risk of contagion within the financial sector. This impact is considered material because the FMI service providers are located in various countries outside our home markets and so any impact could occur unexpectedly.

Model Risk

Our assessment emphasises a crucial point for model risk, which is the limitations in our current risk modelling capabilities, particularly for accurately modelling and assessing transitional and physical risks. The risk is material in the short term, while the future impact will depend on the progress of our data and modelling capabilities.

A2. Enhancing the Risk Limits Framework

Lever: Scope 3 downstream financed emissions; Scope: Retail and Corporate lending.

We have developed new Risk Appetite Metrics and Limits and integrated them into the Risk Appetite Statement, along with the newly developed Management Board Limits, Division Limits and Department Limits, which cover risk areas materially impacted by physical and transitional risks. No dedicated resource have been allocated for these actions as the resources are ensured through the Risk Division business as usual activities as well as s the role of all first line employees as risk owners across the bank.

A3. Integrating climate risk into credit assessments

Lever: Scope 3 downstream financed emissions; Scope: Corporate lending, Mortgage lending, Actions cover annual review of processes, tools and data for 2024-2026).

We increased our data completeness for physical risk data and enhanced the capacity to assess the physical risk drivers. We improved our procedures for doing so, following industry guidance. Further details are provided in the sections 'Credit Risk and Customer ESG Risk Assessment'. No dedicated resources have been allocated for the action as the resources are ensured through the Credit Risk Department as business as usual and the sales organizations executing the related processes. Climate issues are integrated into our transactional and customer-level decision-making processes for credit customers that are legal entities through the ESG Risk Assessment Procedure and the Industry ESG Risk Management Procedure. We assess the ESG risks of legal entities, both SMEs and large corporate clients, as part of the overall credit assessment. The ESG risk assessment for corporate borrowers evaluates ESG risks and assesses possible impacts on the current and future operations of the customer.

Our ESG Risk Assessment Procedure defines the principles for assessing environmental, social and governance risks in loan origination and monitoring. The ESG risk levels are assessed using a transition risk heatmap, the industry ESG risk classification, and historical negative ESG events. We have classified industries into three categories by their environmental impact. This industry risk classification is in line with the risk categorisation list of the European Bank for Reconstruction and Development, and Standard & Poor's Global ESG ratings, adjusted for the location of our customers. The transition risk heatmap illustrates the transition risks for main industries and sub-sectors through the four risk factors of direct emissions costs, indirect emissions costs, low-carbon capital expenditures, and revenues. If a company's activity has a major impact on the environment, we perform a more detailed environmental risk assessment, and assess whether the customer has done enough to mitigate the impact or has a transition plan in place.

In addition, we have an exclusion list in our Sustainability Policy. We do not provide services to a customer if we have identified that it is engaged in certain environmentally harmful activities, or if the risk has been identified that it contributes to or is responsible for systematic violations of human rights or individual rights in wars or other conflicts, violations of basic human rights or corruption, or other particularly serious violations of basic ethical norms. We do not exclude those customers that generate electricity in coal-fired plants or that mine coal, or extract oil and oil shale, if they have committed to the target of net zero by 2050 and have a transition plan in place to get there.

We launched an ESG risk rating scoring model in 2024, which computes an ESG risk score for our largest corporate credit customers by assessing their environmental risks, including transition and physical risks. The assessment uses information provided by the customer on their carbon footprint, other environmental measures like waste, water use, and energy consumption, a physical risk assessment of the company's real estate assets, and the mitigation measures it has taken. The ESG risk score is then considered when credit decisions are made. Further iterations of the ESG risk scoring will include social and governance aspects.

To identify ESG risks associated with individual industries and to avoid deterioration of the creditworthiness of the customer, we have developed an Industry ESG Risk Management Procedure that is subordinate to the ESG Risk Assessment Procedure and gives sector-specific guidance for industries that have elevated ESG risks. We follow the environmental and social risk mapping classification of the European Bank for Reconstruction and Development, and the methodology of the Partnership for Carbon Accounting Financials for financed emissions, and identify seven sectors that may have elevated ESG risks. These sectors are construction; wholesale and retail; agriculture, forestry and fishing; manufacturing; electricity, gas, steam and air conditioning supply; transportation; and commercial real estate. A detailed ESG risk assessment of the physical risks and transition risks that can affect customers has been performed for these industries across different time horizons. This lets us identify industry-specific risks and propose mitigation measures for customers in these sectors, including potential risk mitigation actions that they themselves can take.

The main criteria considered in the climate risk assessment for mortgage lending to private individuals are the energy performance label of the property financed and the physical risks, with a primary focus on flooding risk, as this is the main physical risk in the Baltics. These risks are assessed at either the transaction level or the portfolio level.

A4. Reducing the climate impact of our operations

Lever: Own operational emissions Scope 1, Scope 2 and Scope 3 (excluding Category 15 - investments); 2024-2027).

We took steps to reduce the carbon footprint of our own operations, by increasing the use of renewable energy, transitioning to a hybrid vehicle fleet, and applying energy efficiency measures in its facilities. The resources are included in the Opex figures as provided in the 'Climate change' chapter section 'Targets' and are covered by the cost of the Sustainability Department.

Reducing emissions is the key focus for cutting our climate impact. We made progress in 2024 on our commitment to be carbon neutral by 2050 and towards our intermediate target of halving Scope 1, 2 and 3 operating emissions (excluding Category 15 - investments) per employee by 2025. Our total own emissions based on financial control boundaries in 2024 using market based approach for Scope 2 GHG emission calculations were 2,571 tCO_2e, and 4,078 tCO_2e using location based approach for Scope 2 GHG emission calculations. Comparing to market based approach emissions, we reduced our carbon emissions intensity per employee to 1.0 tCO_2e/FTE in 2024, but Scope 3 emission coverage has increased in 2024 (excluding Category 15 - investments). In 2024 we have updated our GHG emission accounting methodology, changing the used emission factors for Scope 2 emission accounting, while also introducing split between location and market based emission accounting. We increased the share of renewable energy in our total electricity consumption to 70.8%.

In 2023, we conducted a materiality assessment of our Scope 3 operating emissions categories 1 to 14 to include them in our reporting inventory. We identified IT equipment and employee hotel stays during business trips as material emissions to be included in our 2024 baseline. We evaluated 15 categories and 31 sub-categories, concluding that six categories were material for our Scope 3 emissions accounting. Non-material categories were excluded due to irrelevance to our business model (e.g., upstream/downstream transportation, franchises, end-of-life product treatment) or due to the limited use of products, limited significance on our operations or limited estimated significance on the total emission. Our Scope 3 inventory includes emissions from paper use (Category 1), IT equipment (Category 2), waste generated (Category 5), business travel (Category 6), and employee commuting (Category 7). Additionally, we are calculating our financed emissions as category 15 according to PCAF Plan A asset classes.

In 2024 we took further action to reduce our climate impact, and hybrid vehicles now make up the majority of our car fleet and we have additional light sensors and LED lights in our facilities. To cut the emissions from employees commuting, we started a procurement for a carpooling solution for our employees in 2024.

Energy consumption and mix, MWh	2024
Total fossil energy consumption, MWh	4,568
Share of fossil sources in total energy consumption, %	57
Consumption from nuclear sources, MWh	0
Share of consumption from nuclear sources in total energy consumption, %	0
Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.), MWh	0
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources, MWh	3,484
The consumption of self-generated non-fuel renewable energy, MWh	0
Total renewable energy consumption, MWh	3,484
Share of renewable sources in total energy consumption, %	43
Total, MWh	**8,053**

Data Methodologies and limitations: For the assessment of greenhouse gas (GHG) emissions, financial control was used. The energy consumption data reported are based on invoices we receive from the landlords of our rented facilities. Some of those invoices use square metres of floor space to approximate our share of total consumption. The data on our energy consumption are reported through the Schneider Electrics Resource Advisor platform, but the data was not validated by the Schneider Electrics advisors. Energy consumption is a key driver of our Scope 2 emissions, and it is an aggregate of the electricity and heating energy that we use in our facilities. Electricity consumption is reported to us in units of energy consumed in kWh or MWh. In some facilities in Riga heat energy consumption as units of energy consumed is not provided in the invoices, but rather monetary amount paid for heat energy based on the floor area of facility. In these cases we calculate the heat energy consumption from the monetary value invoiced and monthly heat energy tariff in Riga.

Market and location-based emissions by category

	Retrospective		Milestones and target years		
Emissions by categories, location- and market-based, tCO2eq	**Base year 2021**	**2024**	**2025**	**2030**	**Annual % Target / Base year**
Scope 1 GHG Emissions					
Gross Scope 1 GHG emissions (tCO2eq)	51	31	-	-	-
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	0	0	-	-	-
Scope 2 GHG Emissions					
Gross location-based Scope 2 GHG emissions (tCO2eq) (a)	-	2,519	-	-	-
Gross market-based Scope 2 GHG emissions (tCO2eq)	2,155	1,012	-	-	-
Scope 3 GHG emissions					
Total Gross indirect (Scope 3) GHG emissions (tCO2eq) (b)	1,054	3,037,451	-	-	-
Purchased goods and services		5	-	-	-
Capital goods (a)	-	182	-	-	-
Fuel and energy-related Activities (not included in Scope 1 or 2)	-	N/A	-	-	-
Upstream transportation and distribution	-	N/A	-	-	-
Waste generated in operations	24	48	-	-	-
Business traveling	87	700	-	-	-
Employee commuting	936	592	-	-	-
Upstream leased assets	-	-	-	-	-
Downstream transportation	-	-	-	-	-
Processing of sold products	-	-	-	-	-
Use of sold products	-	-	-	-	-
End-of-life treatment of sold products	-	-	-	-	-
Downstream leased asset	-	-	-	-	-
Franchises	-	-	-	-	-
Investments	-	3,035,923	-	-	-
Total GHG emissions					
Total GHG emissions (location-based) (tCO2eq) (a)	-	3,040,001	-	-	-
Total GHG emissions (market-based) (tCO2eq)		3,038,494	-	-	-
GHG emissions intensity, location-based (total GHG emissions per net revenue) (c)		4,806	-	-	-
GHG emissions intensity, market-based (total GHG emissions per net revenue) (c)		4,803	-	-	-

a. for these categories GHG emissions were calculated for the first time for reporting year 2024.
b. In our target setting, we differentiate between operational and financed emissions. Operational emissions exclude category 15 financed emissions. Financed emissions cover category 15 Investments as provided above. The operational emissions in 2024 were 1,528 tCO2eq.
c. To calculate GHG emission intensity per company revenue we have used the same Net revenue as provided in the financial statement. No deductions or adjustments are applied to the used net revenue amount. The revenue used for GHG intensity calculation can be found in the table below.

Revenue and GHG Calculation	2024
Net revenue	632.6
Net revenue used to calculate GHG intensity	632.6
Net revenue other than used to calculate GHG intensity	0

Data Methodologies and limitations related to own operations emissions by categories are provided in the 'Methodologies', sub-section 'Own operations emissions data methodologies and limitations'. The Net revenue is provided in consolidated financial statement section 'Consolidated statement of profit or loss'.

GHG removals

Our approach to GHG removals is described in the section 'Levers for reducing operating emissions'. In 2024, the voluntary contribution for restoring wetland in the Baltics reduces GHG emissions by 4,305 t CO2e over the next 30 years' period.

Data Methodologies and limitations related to GHG removals are provided in the Methodologies' in sub-section 'GHG removals data methodologies and limitations'.

Financed emissions by asset class and data quality scores

Financed emissions, thousands tCO2e	On balance assets, €m	Financed emissions, tCO2e			Carbon Intensity tCO2e/€m	Coverage, % of total assets in the asset class	PCAF quality score
		Scope 1 & 2	Scope 3	Total			
Mortgages	5,427	234,003	n/a	234,003	43.1	100%	3.1
Corporate lending (a)	3,434	552,469	1,869,901	2,422,370	705.5	100%	4.1
Motor vehicle loans	1,323	74,469	n/a	74,469	56.3	100%	4
Listed equity and corporate bonds	306	8,210	98,671	106,881	349.3	100%	2.4, 5
Sovereign debt (b)	1,404	n/a	n/a	198,200	141.2	100%	1
Total	**11,894**	**869,151**	**1,968,572**	**3,035,923**	**n/a**	**n/a**	**n/a**

a. From business loans, financial activities (NACE code K) are excluded. Accounting for on balance 268.2 million EUR
b. PCAF does not provide emission factors individually for Scope 1, 2, and 3 assets
On balance assets equals the principal amount that does not contain the impairments.

Data Methodologies and limitations related to financed emissions by asset classes are provided in the 'Methodologies', sub-section 'Scope 3 - financed emissions data methodologies and limitations'.

A5. Reducing the climate impact of our loan portfolio

Lever: Scope 3 downstream financed emissions; Scope: Mortgage and Corporate lending; 2024-2027, addressed in the 'Transition Plan' section).

Our climate impact is being reduced through the exclusion list, sector guidance, and updated key performance indicators, and by increasing financing for renewable energy projects and energy-efficient real estate, and building key capacity for supporting customers in their transition and for transparency in reporting. Further details are provided in the section 'Climate change mitigation and adaptation - Transition Plan' under the sub-section 'Reducing the climate impact of our loan portfolio'. The resources are included in the OpEx figures as provided in the 'Climate change' chapter section 'Targets' and are covered by the cost of the Sustainability Department.

We signed a 115 million EUR agreement with the European Investment Bank (EIB) in 2023 to facilitate additional lending to Baltic companies. At least 20% of this funding is aimed to fulfil lending criteria to improve access to finance in the Baltic region by financing projects that help meeting sustainability objectives, and it is available to small and medium-sized enterprises. This financing lets us advance our transition plan initiatives and issue loans contributing to sustainability objectives that are competitive against those of our peers. The EIB-supported financing has been available since April 2024 in all three countries.

We took additional steps to reduce the climate impact of our loan portfolio in 2024. We started working with the SBT Initiative to validate our targets for corporate lending products for 2035 that the board approved at the end of 2023, and the separate target for the energy sector. We added portfolio-based carbon intensity metrics to our quarterly internal ESG reporting and gave the board a quarterly review and discussed our performance. We reviewed our internal decarbonisation targets for 2025 and the ESG strategy plan for 2025 and made sure they were in line with the Financial Plan and our medium and long-term objectives for decarbonisation and lending for sustainability.

We assessed the exposure of our credit portfolio to environmental risks, both transitional and physical, and to social risks using the EBRD industry classification. This assessment found high-risk assets in our portfolio that are linked to high levels of energy and emission intensity, and classified 17.9% of our corporate loans as exposed to high inherent environmental risk. In 2024, 81% of new lending and extensions to clients in sectors with high levels of climate risk among customer groups with exposures (the sum of the amount drawn, accrued interest and off-balance-sheet exposure) above 5 MEUR excluding off-balance-sheet items, had transition plans in place.

Our financed emissions (calculated using the PCAF standard) for corporate lending, mortgages and motor vehicle loans were influenced by growth of the corporate lending portfolio, and by improvements in data availability and quality, especially updated emission factors and real data from customers and registries. We have implemented emissions accounting only for business loans and unlisted equities, motor vehicle loans, and mortgage loans asset classes. For other asset classes like corporate bonds or sovereign debt, we have not implemented the accounting methodology.

Financed emissions, tCO_2e	2024
Mortgages	234,003
Motor vehicle loans	74,469
Corporate lending	2,422,370
Total	**2,730,843**

The data methodologies and limitations are provided in the section 'Methodologies', subsection 'Scope 3 - financed emissions data methodologies and limitations'.

To limit our exposure to high-risk customers and assets, and to support the transition of the energy sector, we have updated the exclusion list of our Sustainability Policy to exclude power generation from coal, thermal coal mining, and extraction of oil and oil shale if the company concerned has not committed to net zero by 2050 or earlier and does not have a transition plan in place, or will not make that commitment and have a transition plan within a reasonable timeframe of no more than 12 months after the financing agreement is signed. We also set new risk appetite metrics for the mortgage portfolio for financing real estate with a low energy efficiency profile.

We continued to require our largest corporate customers operating in high-risk sectors to demonstrate their actions to reduce their environmental impact by requesting them to have transition plans and where appropriate to calculate their emissions and set targets for reducing their carbon emissions intensity as defined in our ESG Risk Assessment Procedure. We also updated our Industry ESG Risk Management Procedure, which gives industry-specific guidance on the main ESG risks and the key elements of transition planning and risk mitigation for customers active in these sectors. In 2024, 81% of our new lending to high risk industry customers demonstrated their transition risk mitigation capacity (More details in 'Climate change' section 'Targets', 'Metrics' and the 'Methodologies').

We will enhance our capabilities for transition planning to assist customers in adapting to a low-carbon economy through the initiation of tools development, target setting, customers and employees´ training, and initiative prioritization. Our internal expertise on emission abatement levers grew, and we are supporting a graduate research project focused on transition planning in agriculture. Additionally, we launched our first training course on writing transition plans for employees and customers in early 2024, involving an external expert to educate them about climate change's causes and impacts.

We continued to finance lower-carbon energy projects in 2024, and our new lending for energy-efficient real estate and development of renewable energy projects reached 182 million EUR for the period 2021-2024. Reported real estate projects may be construction, acquisition and renovations meeting the technical screening criteria for primary energy demand for new construction under the Climate Delegated Act or are granted one of the following or higher international certificates: LEED (Gold), BREEAM (Very Good), EDGE (Standard), Passive House (Standard), DGNB (Silver) or other equivalent sector-specific or local certificate.

We continued to collect data from the largest corporate customers with our extensive questionnaire about climate and environmental risk, which is part of our ESG risk rating process and asks about climate change, resource use, waste and pollution, and production, and gathers preliminary information about mitigation and targets for reducing environmental impacts. The questionnaire is designed to collect data from customers in a granular and quantitative manner. We also collected more and better data from registers showing customer addresses and the energy efficiency certificates of collateral.

In 2024, we completed the procurement for forward-looking, coordinate-based data on climate and environmental risk for numerous risk drivers which we integrated into our process for assessing the flood risk of real estate properties for mortgage lending. We will run further assessments of risk drivers in 2025.

We increased the share of mortgage lending exposures in our portfolio that are for housing with an EPC of A or better to 28.9% in 2024, and so we are approaching our target for 2027 of 30%. The EPC rating for mortgages has been determined by our internal methodology. We will continue taking additional action in 2025 to reach our emission reduction targets for residential real estate funding by financing new real estate projects classed A or higher, and by integrating environmental and sustainability goals into our lending strategy and decision making.

We improved the availability and collection of data on mortgage collaterals like their EPCs and primary energy demand. By the end of 2024, real EPC data had been collected from customers and local EPC registries for 37.0% of mortgage exposures. For retail lending, we identified and assessed the physical climate risks in our markets following the EU taxonomy classification, with flood, coastal erosion and heatwave risks found to be the most material for real estate, and we used climate change risk maps for each country to identify properties in areas that are at risk of acute damage from climate change.

A6. Reducing the climate impact of our investment activities

Lever: downstream financed emissions; Scope: Discretionary Portfolio Management (DPM) services, Pension funds.

Our commitment to reach net zero emissions in our business by 2050 includes reducing the climate footprint of our investment activities. Our Sustainable Investment Guidelines describe principles for the sustainability risk (including climate and environmental) integration into investment decisions associated with the DPM and pension funds managed by our Asset Management Subsidiaries. Further details are provided in the section 'Climate change mitigation and adaptation- Transition Plan' under the sub-section 'Reducing the climate impact of our investment activities' No dedicated resource allocated for these actions as the resources are ensured through the business-as-usual Pensions and Discretionary Portfolio Management units.

Our Discretionary Portfolio Management (DPM) business has defined climate change as one of priority issues in 2024. We are consequently required by our internal regulations to prioritise, everything else being equal, investments with better indicators on climate-related PAI, like lower carbon footprint or greenhouse gas emission intensity, when we manage the DPM portfolios. As a result, we have been making progress with multiple climate-related PAI indicators of the DPM portfolio, which are annually disclosed in the statement on principal adverse impacts of investment decisions on sustainability factors. Also when on-boarding new customers we assess their sustainability preferences, and this helps to increase the share of prospective investments with climate-related PAI considerations in our portfolios.

Integrating sustainability risk, including climate risk, is similarly important for our Asset Management Subsidiaries in providing competitive 2nd and 3rd pillar pension fund offerings to clients with the aim to protect clients' savings in the long term. The weight of instruments promoting environmental characteristics and of sustainable instruments in the aggregate assets of pension funds reached 33% by the end of 2024. To reduce the climate impact of our investment activities, we started prioritising instruments for pension fund portfolios in 2024 by their climate-related PAI, focusing on the greenhouse gas intensity PAI. Our approach to climate-related PAI will be reflected in the sustainability related disclosures of each Asset Management Subsidiary for 2024.

To cater to the preferences of environmentally conscious clients, we have been offering SFDR Article 8 pension funds promoting ESG characteristics in all the Baltic countries since 2021. These pension funds focus on investment funds investing in companies with high ESG ratings with the aim to narrow the investable universe down to market capitalisation coverage of 25% within each sector, taking the best-in-class approach, and aiming to significantly reducing investments in the fossil fuel sector and in companies involved in controversial activities.

In our markets area in 2024, we originated almost 343 million euros of new debt securities from local issuers, of which almost 19 million EUR, or 5.5%, was in green bonds as defined by the ICMA standard. In our treasury, 35.4 million EUR of our fixed income portfolios in nominal value were invested in ICMA green bond certified holdings at the end of the year, and 9 million EUR in ICMA sustainable bond certified holdings. We have established a target related to achieving volume of green or sustainability-linked covered bonds and corporate senior bonds of 50% by 2030. In 2024, the share was 3.2%.

A7. Providing stewardship over climate and environmental risks and building capacity
Lever: Own operations Scope 1, Scope 2, Scope 3 and Scope 3 downstream financed emissions; Scope: own employees, credit customers in the value chain; 2024-2027).

We engage with clients and employees to raise awareness and build the capacity for mitigating and adapting to climate change. This includes hosting seminars and providing transition planning support for clients. Further details are provided in the section 'Climate change mitigation and adaptation - Transition Plan' under the sub-section 'Climate and environmental risk stewardship'. The resources are included in the Opex figures as provided in the 'Climate change' chapter under the section 'Targets' and are covered by the cost of the Sustainability Department.

In 2024, we raised awareness among our customers and employees about climate change, and about identifying and managing environmental risks. We hosted two seminars to acquaint our customers with transition planning - what is transition planning, how to achieve decarbonization and what to learn from others, and with climate risks. We updated the ESG basic training module for our employees, a to improve their understanding of the interconnections between the various factors that contribute to climate change and introduced ClimateFresk workshops-based training by training our own internal facilitators and rolling out the training. Participants in the training exercise work together to create a visual map that illustrates these connections, fostering a deeper understanding of the climate crisis and encouraging proactive solutions. The workshop emphasises collective responsibility and the importance of informed action to combat climate change.

We gave keynote-speeches on climate and environmental risk and transition planning and participated at such events as the MoneyLIVE Nordic Banking conference about the net zero transition, Northern Roots about the role of finance in the transition to regenerative agriculture, the European Conference on Ecological Restoration about climate and biodiversity finance strategies and practices, and the Green Tiger Banking Panel about ESG and the banking sector.

To support our customers in building their resilience towards climate and environmental change, we will continue to host seminars on how various aspects of climate change may impact their businesses. This will help enhance people's understanding, enabling us to provide our services while ensuring they recognize the importance of these services for them.

We will investigate additional ways of guiding and supporting our customers towards climate risk resilient business models over various time frames and the disclosures required by advancing our transition planning and climate risk advisory tools, capabilities and services. We will also continue to work together with local governments and banking associations to create solutions for local climate data and future projections for them.

Further disclosures about our climate risk management practices and resilience analysis are included in the section 'Business model resilience' of this report and in our Pillar 3 report.

OTHER

Methodologies

Own operations emissions data methodologies and limitations

For Scope 1 emission calculation we have used Republic of Estonia Ministry of Climate developed GHG emission footprint calculator for organizations. For Scope 2 emission calculations in location-based calculations and market-based calculations, where no contractual instruments are in place, we have used Association of Issuing Bodies (AIB) emission factors for electricity and heat energy.

For various Scope 3 emissions - paper use (category 1), generated waste (category 5), business travel (category 6) related to employee transportation, where service provider data is not available, employee commute (category 7) - emission factors used for calculations are using emission factors provided in the GHG emission calculator for organization developed by the Republic of Estonia Ministry of Climate. Scope 3 financed emissions (Category 15) are calculated according to the PCAF methodology, including PCAF provided emission factor data base.

The primary data used for the Scope 1 emissions made up 100%, for Scope 2 it made 100% and for Scope 3 it made 60%, excluding Category 15. For emissions calculated for IT equipment (category 2) manufacturer emission reports were used, deducting the use phase emissions provided in the manufacturer emission report. In cases, where manufacturer emission reports are not available, spend-based emission estimations are applied.

For the waste amount estimations, we are using the waste weight per employee in Latvia, and extrapolating the waste amount on the total number of employees employed in Lithuania.

For employee commuting emission calculation assumptions were made for those employees that did not provide the responses for commuting questionnaire. For those employees we used the country-average emissions stemming from emission calculation based on the data from employee commuting questionnaire. Additionally, if the respondent has said, that during 2024 they were out of office for more than 6 weeks, it was assumed that the time spent out of office was 10 weeks.

We have renewable energy contracts with renewable energy certificates of origin as contractual instruments in place for purchased electricity. For heat energy we do not have any contractual instruments in place The contractual instruments cover 68% of electricity emissions and 60% of total energy related (Scope 2) emissions.

Scope 3 emissions are calculated for those Scope 3 emission categories deemed material during Scope 3 materiality assessment performed at the end of 2023. Some data, like emissions from flights during business travel, is obtained directly from the service provided. Most of the Scope 3 emissions are calculated using primary data, such as travelled distance, purchased amount (pieces) or weight. Where such data is not available, spend-based estimations are applied. For estimation of employee commuting, we are collecting information about our employee commuting habits with internal questionnaire, extrapolating the received answers to cover all employees.

To evaluate the performance and effectiveness of climate change related impact risks and opportunities in our own operations, we are using our carbon footprint in tCO_2e. The metric is calculated according to Instruction for Luminor Own Emission Data Collection. Previously in this section described assumptions apply to the metric. No additional external validation of the data is performed other than assurance provider. We assess the accuracy of own emission sustainability reporting data as reasonable based on the sources used for estimations. We are planning to improve data accuracy for the emissions accruing from purchased IT equipment.

GHG removals data methodologies and limitations

To remove emissions from our reported operational emissions, 35.5 hectares of wetlands were rewetted in Lithuania supported by a hands-on engagement in Latvia in 2024. The MoorFutures standard, which is designed for projects that rewet drained peatlands in the temperate climate zone, was used to calculate the reduction in emissions. The MoorFutures methodology has been adjusted for Baltic conditions by the Foundation for Peatland Restoration and Conservation, and it uses a forward-looking baseline scenario to estimate emissions reductions from peatland rewetting projects. Emissions in the project scenario are calculated from the expected changes in water levels and vegetation using the GEST approach or other approved quantification methods. A conservative approach is taken, so potential carbon sinks are excluded and a methane peak after rewetting is included. Data limitations include the challenge of accurately estimating nitrous oxide emissions and peat depletion rates over long time horizons, but this is addressed by excluding nitrous oxide and conservatively excluding areas where peat is projected to deplete within 100 years. The approach is designed overall to provide a robust but conservative quantification of the climate benefits from peatland restoration. Laboratory of Flora and Geobotany has performed an evaluation of the rewetted peatland conditions and the restoration measures.

Restoring natural peatland ecosystems offers additional benefits beyond just carbon removal, such as improving biodiversity and water regulation and teaching our employees about wetlands. The opportunity it provides for employee engagement through hands-on restoration projects can help raise awareness and foster a culture of sustainability within the bank.

The Foundation for Peatland Restoration and Conservation reports the emissions removed to us on an annual basis. There is no additional external validation.

Scope 3 – financed emissions data methodologies and limitations

We are using PCAF methodology for calculating financed emissions. Even though PCAF methodology has been developed and is being used by multiple industries, there are flaws that require brief workarounds such as missing emissions factors for various asset types. We have included all absolute financed emissions for all relevant asset classes or sectors covered in PCAF Plan A and justified any exclusions.

Motor vehicles financed emissions

Motor vehicle finance emissions included motor vehicles from both corporate and private customers and included collaterals that can be driven, flown or sailed and that have an engine. Excluded are collaterals that are considered as machinery but not considered as movable property. All vehicles GHG emissions data is based on PCAF emissions factors and average kilometres driven data. No actual data for GHG emissions has been used in this calculation. We have made the following assumptions for motor vehicle financed emissions: (1) PCAF database provides a set list of vehicle types, if a vehicle doesn't 100% match a type provided by PCAF, it is mapped to the closest possible type considering way of transportation and approximate engine size; (2) For kilometres driven an average kilometres driven information from national statistics is being used. For more specialized transport national statistics are not available, thus overall statistics are used, for example for forklifts.

Following proxies were used for motor vehicles financed emissions: Emission factor may come from multiple sources; PCAF-emission factors were provided for majority of motor vehicles based on their fuel type and/ or model and manufacturer; additional emission factors are estimated for Railway transport, airplanes and vessels, for which PCAF database doesn't provide an emission factor and that cannot be mapped to an already existing collateral type. Vehicle loans financed emissions of on-balance assets do not reconcile with financial reporting as financed emissions includes only drivable vehicles. In addition, on-balance assets have double entries caused by duplicate entries for vehicles in registries.

The resulting accuracy of sustainability reporting data for motor vehicles financed emissions can be assessed reasonable based on the type of data and sources used for the estimations (vehicle model and manufacturer, average distance travelled, country and vehicle type). In the future, we plan to use actual emissions based on the extracts from local vehicle registries and rely on the gradual improvement of the vehicle type data in the registries and national statistics.

Mortgage portfolio financed emissions

Mortgage portfolio EPC rating is based on mapping immovable collateral to PCAF database using collateral type mapping. If we were not able to map collateral to the database, the contract was excluded from the EPC reporting and considered under the "business loans" financed emissions calculation. In majority of cases this includes machinery and equipment mortgages. Mortgage portfolio financed emissions rating excludes collaterals that cannot be mapped to PCAF database. 89% of collaterals EPC rating has PCAF quality score 3 whereby the EPC with real or estimated rating is used to align emission factor. All others are quality score 4 or 5. Real EPC is used for 37% of collaterals.

We have made the following assumptions for mortgage financed emissions: collateral types available in banks systems do not match 100% with what the types available in PCAF database, thus collateral mapping is implemented; immovable properties that should not be emitting any GHG emissions, are excluded from the mapping (e.g. land plots, parking spaces, etc.).

We used the following proxies for mortgage financed emissions: All GHG emission factors are provided from PCAF data base; EPC ratings are being sourced from both external registries, when data is noted down as 'Real' EPC rating or is estimated based on collaterals year of construction or reconstruction and noted down as 'Estimated' EPC rating; if PCAF score 5 is calculated, and when the size in square meters of property is not available, we use collateral type dwelling and assume that 1 collateral is being financed.

Mortgage loans financed emissions on balance assets does not reconcile with financial reporting due principally to methodological differences relating to collateral allocations and typology. Several loans may be backed by several collaterals, of which some collaterals do not classify for emissions accounting such as land plots or non-heated buildings such as garages.

The resulting accuracy of sustainability reporting data for mortgage portfolio's financed emissions can be assessed sufficient based on the sources used for the emission factor estimations and collateral type information in banking systems. We improve the data accuracy by updating missing data elements to ensure required data availability for the existing portfolio in the banking systems in all three Baltic countries. I addition, the development of mandatory fields in the banking systems has been prioritized and is in progress aiming to ensure critical data collection for EPC calculation within the new lending.

Corporate lending financed emissions

Emissions calculations for corporate lending includes business loans of all corporate customers. Motor vehicles are excluded from corporate lending section, but are included in Motor vehicles asset class calculations.

Financed emissions calculations for business loans depend on collateral type. For business loans secured by commercial real-estate collateral financed emissions are calculated based on real or estimated EPC data, if it is not available, emissions are calculated as per PCAF standard describing quality scores 4 and 5, basing calculations on immovable property's floor area or dwelling year. Commercial real-estate collaterals are selected based on preselected collateral types that have been mapped to PCAF provided collateral type list, if commercial real-estate does not comply with the preselected collateral type list, financed emissions are calculated as per business loans requirements. For business loans financed emissions calculations depend on financial information availability, industry NACE codes and country of jurisdiction. 89% of deals are based on companies' financial data information, contributing to a high PCAF quality score. On business loans level PCAF is using Exiobase segregation that directly can be correlated to industry NACE codes. However, we have identified that for some of industry NACE codes the PCAF emission factors for Baltics were missing. As a result, emissions for a non-material part of corporate portfolio have not been calculated.

Corporate loans financed emissions on balance assets does not reconcile with financial reporting as financed emissions reporting excludes loans for financial institutions (NACE K), guarantees and cash cards (as methodology is not provided by PCAF), bonds and non-performing loans. Emissions include types of leasing other than vehicle leasing (which is accounted for under the vehicle financed emissions).

The resulting accuracy of sustainability reporting data for corporate portfolio's financed emissions can be assessed sufficient based on the sources used for the emission factors, collateral type information and companies financial data availability in banking systems. We plan to improve the data accuracy by working together with the local banking associations to increase the coverage of the primary energy demand and EPC data of buildings in local registries. Further, we are investigating options to collect more real data through a collaboration with a company who performs real time utilities related data collection from properties. The data quality is also expected to improve gradually as we plan to collect more data from companies' published CSRD reports and our ESG data collection questionnaires on real emissions.

Listed equity and corporate bonds

This asset class consists of two sub-classes: unlisted bonds and equity and listed bonds.

The unlisted bonds and equity asset class includes all on-balance sheet equity investments to businesses, nonprofits, and any other structure of organization that are not traded on a market and are for general corporate purposes. Calculations for financed emission were made according to PCAF Plan A standard data quality score 5 requirements. With limited data about emissions for scopes 1, 2 and 3, the emissions were calculated using our exposure and emission factors provided by the PCAF emission factor database. Since the database lacked data on emission factors for emissions divided by assets for a sector, we used PCAF method 3c to calculate financed emissions.

The listed bonds asset class includes all on-balance sheet listed corporate bonds that are traded on a market and are for general corporate purposes. Financed emissions for the absolute Scope 1 and Scope 2 and financed emissions of Scope 3 were calculated according to PCAF Plan A standard data quality score 1 or 4 requirements, depending on the data availability by the financed company. In either case some estimations were implemented. For data quality score 1 calculations, the GHG emissions data was available, but in some cases enterprise value and/or revenue had to estimated. The estimations were made using available data on market capitalization, equity and liabilities, income statements or other available financial data found in the consolidated annual financial report. For score 4 calculations, if data was unavailable, revenue was estimated by available income statements. Data for all calculations came from the financed companies latest consolidated annual report, either 2024 or if unavailable then from 2023. Emission factors used in calculating score 4 financed emissions came from PCAF emission factor database.

The resulting accuracy of sustainability reporting data can be assessed sufficient based on the sources used for the emission factors, and companies consolidated financial reports. Currently, we do not have any plans to improve the data quality.

Sovereign debt

This asset class includes sovereign bonds and sovereign loans of all maturities issued in domestic or foreign currencies. Financed emissions are calculated based on PCAF Plan A standard according to data quality Score 1 or Score 2 requirements. Source for GDP_PPP is https://data.worldbank.org/indicator/NY.GDP.MKTP.PP.CD and for the GHG emissions UN data from https://di.unfccc.int/ghg_profile_annex1 was used. PCAF does not provide emission factors individually for Scope 1, Scope2 and Scope 3 of the assets and therefore only aggregate total emissions have been disclosed.

The resulting accuracy of sustainability reporting data can be assessed sufficient based on the sources used for the emission factors. Currently, we do not have any plans to improve the data quality and look forward to the gradual improvement of the emission factors by the UN.

List of metrics where assumptions, approximations and judgements have been made in the measurement and their location in the sustainability statement.

Metric	Source of uncertainty in the value chain	What is assumed	Paragraph
Scope 1 emissions	Vehicle fuel type	Average emission factors for fuels used	Environmental information, Climate change, Climate change mitigation and adaptation – transition plan: Reducing the climate impact of our operations, and in Notes to the sustainability statement: Additional metrics
Scope 2 emissions	Energy and heating suppliers	Country average data for emission factors used in the location-based emission calculation approach	Environmental information, Climate change, Climate change mitigation and adaptation – transition plan: Reducing the climate impact of our operations, and in Notes to the sustainability statement: Additional metrics
Scope 3 emissions from own operations	Good and services suppliers, employees	Average emission factors for electric and electronic devices, paper, waste; employee average commuting distance, means of transport and related emissions; country average emission factors for hotel stays; GHG emission reports for IT equipment provided by the manufacturer (minus the use phase emissions to avoid double counting)	Environmental information, Climate change, Climate change mitigation and adaptation – transition plan: Reducing the climate impact of our operations, and in Notes to the sustainability statement: Additional metrics
Scope 3 financed emissions – leasing	Clients	GHG emissions are calculated using the PCAF methodology, with calculation of emissions based on five different data quality approaches	Environmental information, Climate change: Targets, Targets, Metrics and the Methodology, Financed emissions by asset class and data quality scores, Reducing the climate impact of our loan portfolio, and in Notes to the sustainability statement: Additional metrics
Scope 3 financed emissions – corporate lending	Clients	GHG emissions are calculated using the PCAF methodology, with calculation of emissions based on five different data quality approaches	Environmental information, Climate change: Targets, Targets, Metrics and the Methodology, Financed emissions by asset class and data quality scores, Reducing the climate impact of our loan portfolio, and in Notes to the sustainability statement: Additional metrics
Scope 3 financed emissions – mortgage lending	Clients	GHG emissions are calculated using the PCAF methodology, with calculation of emissions based on five different data quality approaches	Environmental information, Climate change: Targets, Targets, Metrics and the Methodology, Financed emissions by asset class and data quality scores, Reducing the climate impact of our loan portfolio, and in Notes to the sustainability statement: Additional metrics
EPC	Clients	GHG emissions are calculated using the PCAF methodology, with calculation of emissions based on five different data quality approaches	Consolidated sustainability statement: Our progress and targets Environmental information, Disclosures pursuant to Article 8 of Regulation (EU) 2020/852 (EU Taxonomy Regulation): Retail exposures Environmental information, Climate change: Targets, Targets, Metrics and the Methodology, Reducing the climate impact of our loan portfolio
Emissions intensity	Clients	GHG emissions are calculated according to PCAF methodology, calculating emissions based on five different data quality approaches	Environmental information, Climate change, Climate change mitigation and adaptation – transition plan: Reducing the climate impact of our operations, Market- and location-based operating emissions by category, Financed emissions by asset class and data quality scores, and in Notes to the sustainability statement: Additional metrics

B. Biodiversity and ecosystems

In recognition of the critical role biodiversity plays in sustaining ecosystems and supporting economic resilience, we have identified it as a material topic through our double materiality assessment. This chapter explores our commitment to understanding and mitigating the impacts of our operations on biodiversity, while also recognizing how biodiversity loss can pose significant risks to our business and stakeholders.

We operate exclusively in urban areas, and our facilities are located in cities to cater to customer needs. These locations are within developed urban spaces where they have minimal direct impact on biodiversity-sensitive areas. Using ENCORE and Key Biodiversity Areas mapping, online tools for assessing nature-related risks and opportunities, providing key biodiversity areas that are the most important places in the world for species and their habitats respectively, of our facilities gave low or very low materiality assessment ratings, meaning our own operations do not have material biodiversity impacts or do not affect areas that are sensitive for biodiversity. We have 23 office buildings and bank branches in the Baltics, as listed in the section 'Notes to the sustainability statement'. At the end of 2024, we did not have any branch, office, or operational facility in or adjacent to protected areas, ecologically sensitive zones, or regions shown to be critical for biodiversity by the data from Key Biodiversity Areas. Analysis of the ENCORE dependencies and impacts found that our facilities have no material negative impacts through land degradation, desertification or soil sealing, and our operations have no effect on threatened species.

Our risks and dependencies associated with biodiversity stem from our counterparties through financed activities or suppliers, who may potentially have sites and activities in or near biodiversity-sensitive areas, potentially harming natural habitats and protected species by causing habitat deterioration and species disturbance in protected areas. financed activities and the operations of our customers and suppliers may rely on natural resources and nature services such as water, soil or pollination. Our financed activities in the agriculture and forestry sector for example, may impact biodiversity through usage of fertilisers, insecticides and pesticides. Overview of our sector based loan exposures is provided in the section 'Additional metrics'. We have not yet performed biodiversity dependencies and footprint assessment, nor the resilience analysis for our financed activities.

IMPACTS, RISKS, AND OPPORTUNITIES

To understand our biodiversity-related impacts, risks, and opportunities better, we conducted a literature review and analysed industry best practices. We examined the framework of the Taskforce on Nature-related Financial Disclosures (TNFD) and the Encore tool developed by the Natural Capital Finance Alliance. We then built on this by using the Encore tool to analyse the biodiversity dependencies and impacts of our own operations. We also performed the Climate and Environmental Risk Assessment (CERA) that was done in the first quarter of 2024 as part of the Analysis of the Impact of C&E Risks on the Business Environment for environmental risks of our lending portfolios and main industry sectors of financing activities. The analysis covered risk analysis stemming from soil degradation, ocean acidification, soil fluctuation, subsidence and soil erosion in the short, medium and long terms, and we ran a preliminary screening through ENCORE of dependencies and impacts of the main sectors within the corporate credit portfolio. Subject matter experts and material topic owners then used this to define and assess the IROs as described in the section 'Double Materiality Assessment' and 'Sustainability Reporting Processes'. For the identification and assessment of biodiversity related material IROs, our involvement of stakeholders is described in the section 'Stakeholder engagement'.

Biodiversity and ecosystems (E4)

Material topic/ IRO description	Expected time horizon	Affected stakeholders	Source or concentration of IRO
Biodiversity and ecosystems (direct impact drivers of biodiversity loss)			
Material impacts on the environment or on people			
(–) Biodiversity degradation through financing sectors like forestry, agriculture, and fishery.	2028–2034	Nature, Society (specifically local communities)	Credit portfolio, downstream value chain, country specific
(–) Extensive paper use drives deforestation, leading to habitat loss and decline in biodiversity.	2035–2050	Nature, Society	Own operation, the Baltics
(–) Financing polluting industries (e.g., manufacturing, construction, real estate) contributes to biodiversity loss.	2028–2034	Nature, Society (specifically local communities)	Credit portfolio – downstream value chain, country specific, the Baltics
(–) Agricultural clients' pollution to land harming biodiversity (e.g., methane emissions, fertilizer runoff) increases costs and harms environment.	2028–2034	Nature, Society (specifically local communities)	Credit portfolio – downstream value chain, the Baltics
Material financial risks and opportunities			
(–) Regulatory demands on biodiversity can lead to fines, compliance costs, and increased credit risk for sectors linked to biodiversity loss.	2035–2050	Shareholders, Clients	Own operation, downstream value chain – corporate credit portfolio, the Baltics
Biodiversity and ecosystems (Risks, impacts and dependencies on ecosystem services)			
Material financial risks and opportunities			
(+) Financing eco-friendly initiatives like high energy efficiency buildings and biodiversity preservation helps reduce environmental harm, leading to improved air, water quality, and public health.	2028–2034	Shareholders, Investors, Creditors, Nature, Society	Retail and Corporate Credit portfolio – downstream value chain, the Baltics
(–) Biodiversity loss threatens bank portfolios, as companies reliant on biodiversity may struggle to repay loans, posing financial stability risks.	2028–2034	Shareholders	Own operation, Credit portfolio – downstream value chain, the Baltics

Our criteria for assessing IROs are described in the section 'IRO Assessment and Sustainability Reporting Processes'. The criteria did not include ecosystem services that have been disrupted or are likely to be. Transition and physical risks related to biodiversity and ecosystems have been identified in scope of the Analysis of the Impact of C&E Risks on the Business Environment and assessed in the CERA. We have not yet considered systemic risks to biodiversity and ecosystems in our evaluations. We have not held any consultations with affected communities on sustainability assessments of shared biological resources and ecosystems. Communities were not directly involved in the materiality assessment. Community perspectives were heard through interviews with local journalists in all three Baltic countries. We have not identified any need to take biodiversity mitigation measures in our own operations and sites.

To avoid and minimise negative impacts from our own operations, we have due diligence processes that consider impacts on biodiversity. We work with our counterparties to apply the findings of these processes to define mitigation measures. Our processes are described in the section 'Due Diligence processes'.

POLICIES

Our policies aim to avoid or reduce any negative impact that our own operations and suppliers could have on biodiversity in line with the IROs identified.

Our Sustainability Policy outlines our principles for environmental responsibility, including our commitments to minimise adverse impacts on natural systems, promote protection of biodiversity, and ensure responsible waste and resource management. These principles are operationalised through the ESG Due Diligence Standard, which requires environmental and social risks to be assessed and managed across our business relationships and own operations. We have incorporated elements of biodiversity consideration into our ESG due diligence processes and tools for our corporate credit customers, and suppliers and vendors. These processes are described further in the section 'Due Diligence processes'. Our Sustainability Policy and its biodiversity related provisions apply to the Group.

Our Due Diligence procedures and the Procedure for Analysis of the Impact of C&E Risk on the Business Environment detect and assess the material physical and transition risks in our value chain.

Our ESG Risk Assessment Procedure aims to alleviate our credit risk exposure to corporate customers with exposures higher than 5 million EUR in high risk industries by assessing the customers environmental risk mitigation capacity and where applicable, requiring the customers to have transition plans that address key transitional risks for their own industry that could include for example for agriculture sector the shift to sustainable land management practices and sustainable use of fertilizers to maintain or enhance conditions for biodiversity, and to reduce the risk of our corporate customers degrading ecosystem services. Our forestry customers do not usually meet the criteria for high risk customers. However, our Industry ESG Risk Management Procedure provides guidance, if needed for possible ESG risk mitigation that our customers in forestry can take through timely reforestation, especially after tree felling, in order to keep the net-zero deforestation rate; measures to ensure forest health and mitigate the spread of infectious diseases and pests; conservation of biological processes and maintenance of forest biodiversity, and protection of habitats; forest development, adaption to climate change and safeguarding the viability of forests; and a strategy to limit forest land being converted into cropland.

Our policies do not address the social consequences of impacts on biodiversity and ecosystems. We have not adopted any policies that specifically address water and marine resources. Our policies do not cover the traceability of products, components and raw materials along the value chain that have significant actual or potential impacts on biodiversity and ecosystems.

A further description of the policies is provided in section 'Our policies, procedure and standards' of the 'Notes to the sustainability statement'.

TARGETS

We plan to set quantified feasible targets once we have completed the impact quantification of our portfolio based on the relevant aspects EU Biodiversity Strategy for 2030, and once the data methodologies have been used to set the baseline for 2025.

Current policy effectiveness is tracked through regular review of underlying procedures by the first line and where relevant, the second line of defence. In 2025 we plan to review our internal governance to consider if our internal governance is effective with respect to the identified material IROs and targets.

We have completed our double materiality assessment at the end of 2024, and we will revise processes through which the effectiveness of policies and actions related to material IROs is tracked.

ACTIONS

In 2024 we enhanced our Due Diligence framework for sourcing and third parties and performed due diligence assessments on our significant suppliers, vendors and customers as described in the section 'Due diligence processes'. The due diligence tools used integrate biodiversity. We performed a business environment scan and the CERA assessment as part of the C&E RBE in the first quarter of 2024 for our lending portfolios, that improved our understanding of biodiversity-related transitional risks and let us see the impact on our lending portfolios of various nature-related risk drivers in the short, medium and long terms.

We completed the analysis of available methodologies and data for assessing the financial institutions biodiversity dependencies and impacts with regards to their customer portfolios such as the standard by The Partnership for Biodiversity Accounting Financials (PBAF). We are planning to implement PBAF Standard in 2025 for our corporate loan portfolio biodiversity dependencies and footprint assessment. This will lay a foundation for establishing the related resilience analysis in the consecutive year and analysing the methodology for other asset classes.

To raise awareness of environmental issues and encourage meaningful change, we promoted a wide array of environmental activities to our employees. We launched ClimateFresk training for our employees, as described in the section 'Climate and environmental risk stewardship', that helps them understand the interconnections between various factors that contribute to climate change, such as greenhouse gas emissions, the impact of human activities, and the effects on ecosystems and terrestrial and marine biodiversity.

Our employees helped restore a wetland area in in Kemeri National Park in Latvia, and we financed professional work to restore the hydrological conditions and maintain natural habitats in the Paąžuolynė peatland in Lithuania. This project will capture carbon to neutralise our operational emissions over the next 30 years and will teach our employees about the importance of the wetlands and peatlands for the environment and biodiversity. This is described further in the chapter 'Climate change' in the 'Targets' section. We will continue training our staff in 2025 and we plan to organise a hands-on wetland restoration project Estonia to offset our operational emissions and raise awareness. In addition, we supported and participated at such events as the Northern Roots about the role of finance in the transition to regenerative agriculture, and the European Conference on Ecological Restoration about climate and biodiversity finance strategies and practices.

The current and future financial and other resources allocated to the action plan related to the implementation of the PBAF standard and climate and environmental risk related stewardship activities (Capex and Opex) have been integrated into the ESG Strategy 2025 implementation plan and Sustainability department business as usual plans and are disclosed in the 'Climate change' chapter in the section 'Targets'.

Transition plan on biodiversity and ecosystems

Our present climate transition plan does not specifically cover biodiversity as we have not assessed our portfolio activities and the related dependencies and footprint yet. Once we have assessed our dependencies and footprint on biodiversity, further actions shall be defined such as performance of the resilience analysis to biodiversity and ecosystems-related physical, transition and systemic risks and opportunities.

Our current processes and framework for assessing the risks and impacts of selected environmental physical and transitional risk drivers include selected biodiversity risk drivers and their impact on our business portfolios and risk types. The related processes are described in the sections 'Analysis of the impact of climate and environmental risks on our business environment', 'Climate-related and environmental risk drivers materiality assessment on risk types', and 'Business model resilience'. We have defined follow up actions to ensure these risks are considered in our strategy and risk limits system.

C. Resource use and circular economy

Efficient resource use and the gradual transition to a circular economy are instrumental to our sustainability strategy and to achieving our decarbonisation objectives. The IROs associated with resource use and the principles of the circular economy were identified through our double materiality assessment and they are outlined in the table and described further in the section 'IRO assessment and sustainability reporting processes'.

We also considered the results of the business environment scan and of the Climate and Environmental Risk Assessment (CERA) from the first quarter of 2024 as inputs for the double materiality assessment, focusing on the transition risks and regulatory developments for waste management, and product responsibility requirements for different sectors of industry as provided by the external experts.

During the CERA process, our climate risk customer seminar materials about circular business models were considered as input. We have determined that resource inflows associated with our own operations are not material and therefore not disclosed in this report.

IMPACTS, RISKS, AND OPPORTUNITIES

Resource use and circular economy (E5)

Material topic/ IRO description	Expected time horizon	Affected stakeholders	Source or concentration of IRO
Resource inflows			
Material impacts on the environment or on people			
(–) Negative contribution to the efficient use of resources through financing of or investment in clients, industries and projects that have a high consumption of resources and or disregard the principles of the circular economy.	2028–2034	Customers, Nature, Society	Credit portfolio – downstream value chain, the Baltics
Material financial risks and opportunities			
(–) Risk of clients not transitioning due to high costs or missing ecosystems, leading to unmet emissions targets or regulatory fines.	2028–2034	Shareholders, Investors, Creditors	Credit portfolio – downstream value chain, the Baltics
(–) High initial investment for circular economy practices (e.g., recycling systems) strains SMEs’ cash flow, increasing loan default risks.	2035–2050	Shareholders, Investors, Creditors	Credit portfolio of SME – downstream value chain, the Baltics
(+) Opportunity to finance clients’ transition to circular business models creating new revenue for us.	2028–2034	Shareholders, Investors, Creditors	Credit portfolio – downstream value chain, The Baltics
Waste			
Material financial risks and opportunities			
(–) Clients not adopting circular practices face higher costs, leading to potential credit losses and reputational risks for the bank.	2028–2034	Shareholders, Investors, Creditors	Own operation, Corporate Credit portfolio – downstream value chain, the Baltics
(+) Financing circular economy initiatives can reduce client costs, enhance bank reputation, and improve financial stability.	2035–2050	Shareholders, Investors, Creditors	Own operation, Corporate Credit portfolio, the Baltics

POLICIES

Our Sustainability Policy emphasises for our own operations the transition away from using virgin resources by eliminating and minimising waste, prioritising the reuse and recycling of materials, and favouring products made from recycled or bio-based materials with lower environmental impact. We encourage suppliers, vendors and corporate clients to adopt waste management and carbon footprint reduction plans in line with internal regulations and where applicable to establish resilience towards climate and environmental risks. Our Industry ESG risk management procedure provides additional guidance for transition management of higher-risk corporate customers and establishes risk mitigation options for different sectors. Among others, options for transition risk mitigation in manufacturing sector include application of principles of the circular economy, and in construction sector - having a waste management plan. The options suggested for retail and wholesale customers include have a transition plan that covers circularity, reducing the waste generated, and improving the recycling rate by procuring and trading goods that have biodegradable or recyclable packaging and by having a system in place for recycling.

Our current processes do not address the waste hierarchy of prevention, preparing for reuse, recycling, and other recovery, disposal. Our policies do not prioritise strategies for avoiding or minimising waste over waste treatment strategies.

A further description of the policies is given in section 'Our policies, procedures and standards' of the 'Notes to the sustainability statement'.

TARGETS

New lending with transition plan	Notes	Base year	Target year	Target	2024
Share of new lending volume in high climate risk sectors to clients that have transition plans in place	a, b, c		2025	90%	81

a. Only customer groups with exposures above 5 MEUR, excluding off balance items, are covered. We did not yet have clear standards for the transition plan in 2024 and so we considered that customers had met the requirement to submit a transition plan if they had prepared a sustainability statement disclosing the existence of plans, appropriate activities and KPIs. Customers that had not prepared a sustainability statement but had submitted information about what they are doing to transition to more sustainable practices were treated as having met the requirement to have a transition plan. Going forward we plan to provide customers with a transition plan template that meets our general requirements for transition planning documentation.
b. Annual target. The target has been proposed by group sustainability department and consequently aligned and approved by corporate banking.
c. The target is not based on conclusive scientific evidence

The ESG Risk Assessment Procedure aims to alleviate our credit risk exposure to corporate customers in high risk industries by assessing the customers environmental risk mitigation capacity and where applicable, requiring the customers to have transition plans that address key transitional risks for their own industry that could include waste management and circular design. The target of Share of new lending volume in high climate risk sectors to clients that have transition plans in place is in line with this policy objective. Having a systematic approach to transition planning leads to outcomes that are better considered, and a well-argued cost-benefit analysis that can drive the transition to circular business models. This is then expected to help reverse the depletion of stock for renewable resources.

Our target is the same for climate change and the resources use and circular economy related material IROs management, which is 90% of new lending in high climate risk sectors in 2025 should go to corporate clients that have a transition plan in place. This is in line with our objective of decarbonising our loan portfolio and achieving net zero by 2050. Having a transition plan in place helps make our clients more resilient, reduces their emissions, and mitigates the transition risks they face from regulatory compliance and changes in customer preferences. Depending on the sector, one of the decarbonization levers of such plan should be the application of the principles of circularity including waste management where appropriate. The target that we established is measurable, time-bound and outcome-oriented. We are on track to achieve the established target. Our target of 'Share of new lending volume in high climate risk sectors to clients that have transition plans in place' is voluntary. We have not established a target for waste management.

ACTIONS

We recognize that resource usage and the transition to circular economy principles are pivotal for our customers to decarbonize their businesses and build resilience against climate and environmental transition risks. Given the variety of levers available, each differing in cost and implementation difficulty, it is essential for our customers to understand fundamental carbon abatement options and prioritize them based on their operational capabilities and the impact on operating and capital expenditures. Consequently, it is crucial for customers to develop comprehensive transition plans that encompass prioritized initiatives, including the transition to circular economy principles. Our role as a financial institution is to support our customers in establishing these plans and to provide tools and advice within our capabilities to assess emissions abatement levels effectively. We stand ready to finance the transition.

Therefore, we focused building our knowledge, tooling and team for transition advisory in 2024. This work is described in the section 'Reducing the climate impact of our loan portfolio'. We also continued to apply the requirements of the ESG Risk Assessment Procedure and following the guidance provided by Industry ESG Risk Management Procedure where possible, and continued to require our customers to demonstrate their transition planning. This will remain our focus in 2025. In 2025, we are also developing a transition planning template of key requirements that can be shared with customers.

To enhance the employee knowledge, we collaborated with partners to organise World Cleanup Day events in the third quarter of 2024 for our staff. The main emphasis was on the Baltic Sea and how to make it cleaner. We improved awareness among our employees by publishing intranet articles about sustainable fashion that uses recycling and upcycling, and sustainable plastics.

Our progress in ensuring that new lending in high climate risk sectors goes to corporate clients that have a transition plan in place is reported in the sections 'Targets', 'Metrics' and the 'Methodology' and 'Reducing the climate impact of our loan portfolio'. Our work is covered by the ESG Strategy 2025 implementation budget for capability building, and the related CapEx and Opex for 2024 and 2025 are disclosed under 'Climate change' in the section 'Targets'.

OTHER

Resource outflows

Waste by type and disposal method, 2024, kg	**Non-hazardous**	**Hazardous**	**Total**
Directed to disposal, by			
Incineration	14,637	31	**14,668**
Landfill	30,937	103	**31,040**
Other	–	–	**–**
Total	**45,574**	**134**	**45,708**
Diverted from disposal, due to			
Preparation for reuse	–	–	**–**
Recycling	46,828	1,587	**48,415**
Other recovery operations	–	–	**–**
Total	**46,828**	**1,587**	**48,415**
Total	**92,402**	**1,721**	**94,123**
Non recycled waste/ total waste, %			49

SOCIAL INFORMATION

Our commitment to sustainability extends to our own workforce and to people within our value chain. This chapter describes the material topics of our 'Own workforce' and 'Customers and End-Users', and addresses the impacts, risks and opportunities associated with the well-being of our employees. This chapter also discloses information about our engagement with Baltic societies.

Our activities comply with international guidelines and principles for promoting inclusive, equal and diversity-driven workplaces, and we require our suppliers, vendors and customers to abide by these principles. We have therefore chosen to align our activities with UN SDG 8 – decent work and economic growth.

Sustainable development goals (SDGs) related to decent work and economic growth

SDG 8: Our priorities	
8.3	Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro, small and medium-sized enterprises, including through access to financial services.
8.5	Achieve full and productive employment and decent work for all women and men by 2030, including for young people and people with disabilities, and equal pay for work of equal value.
8.7	Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking, and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms.
8.8	Protect labour rights and promote safe and secure working environments for all workers, including migrant workers and women migrants in particular, and those in precarious employment.

D. Own Workforce

We prioritise the health, human rights, safety and well-being of our employees and promote ethical and inclusive practices throughout our value chain. Continuous improvement and transparent communication lets us build a sustainable and socially responsible organisation that makes a beneficial contribution to the communities we serve.

By recognising the direct impact that the quality of our workforce has on business outcomes, we can create sustained value for stakeholders while upholding the principles of responsible and ethical corporate behaviour. Having a healthy, inclusive, and ethically managed workforce underpins the long-term success of our business. The expertise of our employees is, moreover, crucial for the effective execution of processes, market resilience, and compliance with regulatory requirements and voluntary commitments.

IMPACTS, RISKS, AND OPPORTUNITIES

Impacts, risks and opportunities connected to our employees identified in our double materiality assessment.

Own workforce (S1)

Material topic/ IRO description	**Expected time horizon**	**Affected stakeholders**	**Source or concentration of IRO**
Own workforce (working conditions)			
Material impacts on the environment or on people			
(–) Working time, work-life balance: Excessive working hours could lead to fatigue, stress, and worse health.	2028-2034	Employees	Own operations, the Baltics
(+) Secure employment: Stability increases morale, motivation, productivity and engagement.	2025-2027	Employees	Own operations, the Baltics
(+) Working time: Reasonable hours improve well-being, productivity and job satisfaction, and reduce burnout.	2028-2034	Employees	Own operations, the Baltics
(+) Work-life balance: Promotes well-being and balances family and career.	2028-2034	Employees	Own operations, the Baltics
(+) Health and safety: Strong health and safety measures.	2025-2027	Shareholders, Investors, Creditors	Own operations, the Baltics
Material financial risks and opportunities			
(+) Adequate wages: Having sufficiently high wages boosts satisfaction, motivation and productivity, and reduces employee turnover.	2025-2027	Shareholders, Investors, Creditors	Own operations, the Baltics
Own workforce (equal treatment and opportunities for all)			
Material impacts on the environment or on people			
(+) Promoting diversity enhances employee satisfaction, productivity and innovation, and attracts top talent, leading to a more resilient and adaptable organisational culture.	2025-2027	Employees	Own operations, the Baltics
Material financial risks and opportunities			
(+) The opportunity to offer value-added services like transition advisory, so building customer loyalty and new revenue streams by developing additional climate-based capabilities.	2025-2027	Shareholders, Investors, Creditors	Own operations, the Baltics

Ensuring job stability, reasonable working hours, and a healthy work-life balance may significantly boost employee morale, productivity, and overall well-being. Additionally, strong health and safety measures, fair wages, and a diverse workplace may foster a motivated, engaged, and innovative workforce, reducing stress and potential increase in employee voluntary turnover. No specific groups of employees were identified that face specific risks of harm. Our success depends on recruiting and retaining people to serve our customers and realise our ambitions as well as developing their capabilities. Developing additional climate-based capabilities means that services with added value could be offered to customers, such as transition advisory services, which may lead to increased customer loyalty and potentially to new revenues.

We have not identified any specific group of employees or non-employees to be materially impacted by our operations. All people in our own workforce who could be materially impacted by us are included in the scope of this disclosure. Types of employees and non-employees in our own workforce subject to material impacts are described in the below section of 'Characteristics of our employees'.

POLICIES

Our commitments to our employees and our efforts for them are set out in the Sustainability Policy, the Code of Conduct, the ESG Due Diligence Standard, the Equality, Non-Discrimination and Diversity Standard, the Remuneration Policy, the Base Salary Management Standard, and the Mental Health and Well-being at Work Standard. We operate under Estonian Law. Our policies are in full alignment with Estonia Law and regulations from the EU, the EBA and the ECB governing the banking industry as well as relevant regulations in the other Baltic states. The Sustainability Policy and the ESG Due Diligence Standard are addressed further under the 'Environmental information' section. The Equality, Non-Discrimination and Diversity Standard is addressed further under the 'Diversity' section, while the Remuneration Policy, the Base Salary Management Standard and the Code of Conduct are addressed in the 'Governance' section. Other policies are described in the sections below, and further information on our policies can also be found in the 'Notes to the sustainability statement' in ‘Our policies, procedures, and standards’.

TARGETS

We are committed to setting and achieving our business and sustainability targets through a transparent and inclusive performance management process. We engage our employees to ensure our targets are both meaningful and achievable, and we set clear and focused targets for all our employees. The employees are engaged by their managers when proposing upcoming year targets to the Board and designing lower-level targets after the targets for the Company are approved by the Council. We track our performance against these targets using robust monitoring systems that let us measure progress and incentivise the behaviour we want to see. We continuously learn and adapt so that we can be sure that our sustainability efforts are effective and are aligned with our long-term strategic goals.

We have targets for promoting diversity and inclusion, and employee engagement. Our targets are that women will be 40% of Council members and 33% of the members of management bodies by the end of 2026, and we aim to maintain the adjusted gender pay gap below 5%. We also aim to meet the International Labour Organization Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration). The MNE Declaration outlines the responsibilities of multinational enterprises in promoting fair labour practices and ensuring decent work conditions. It emphasizes the importance of respecting workers' rights, promoting equal opportunities, and fostering economic and social progress in the countries where enterprises operate.

We run a Pulse Survey twice a year to measure Employee Net Promoter Score (eNPS). The questionnaire used in Pulse Survey also includes questions to assess employees well-being, health and safety aspects. eNPS enables us to monitor the dynamics within the organization, providing managers with clear indications of areas that require more attention. The targets outlined below aim to provide feedback to the Management Board regarding employment practices, fair remuneration practices and diversity.

Own workforce	**Target year**	**Target**	**2024**
Employee Net Promoter Score (eNPS)	In 2024	50-55	+47
Gender pay gap same function, same job level, %	n/a	<5%	2.4
Council, % female members	2026	40%	44
Council and Board, % female members	2026	33%	31

Data Methodologies and limitations:

The monthly base salary rates effective as of the end of 2024 were used to calculate the gender pay gap same function, same job level. Data were directly sourced from the HR system without any assumptions or estimations, covering all employees on payroll. Executive management, global talents, and employees on long-term absence were excluded from the calculations. For each job level and function within each country, the gender pay gap was calculated as a percentage by comparing the average salaries of men and women. The calculated percentages were then summed and divided by the number of cases to obtain the overall average gender pay gap percentage.

The Employee Net Promoter Score (eNPS) is a metric used to measure employee engagement, satisfaction and loyalty. It is derived from the Net Promoter Score (NPS), which assesses in the main customer loyalty. The eNPS is suited for aggregating related factors and tackling objectives. The Council sets the targets with the involvement of the senior management. We use the Pulse Survey to collect opinions from employees, and the available benchmarks show that our performance against targets is at the typical level of the industry.

ACTIONS

The following section gives information on our key actions and engagement efforts with our staff. It describes the scope of activities, the timelines for them, and where applicable how their outcomes relate to material impacts, diversity and inclusion, adequate compensation, social protection, training and skills development, health and safety, work-life balance, and human rights.

We monitor performance against key metrics and report to the board at least quarterly to keep the outcomes aligned with their targets. These reports assess progress, identify areas that require improvement, and agree on where mitigation is needed.

We use a range of processes to identify and address actual or potential negative impacts on employees, including a whistleblower channel, a twice-yearly Pulse survey, onboarding interviews for new employees, exit interviews for departing employees, quarterly snapshots, and annual performance reviews. These mechanisms let us proactively assess feedback from employees, and their working conditions. We will continue monitoring our policy commitments in 2025 to ensure that our working environments are safe and ergonomic, and that we prevent discrimination and promote employee well-being. These and other priorities are detailed in the sections below.

Our People and Culture Department manages the own workforce related material impacts, risks and opportunities with aggregated operational expenditures of 6.0 MEUR in 2024. These figures come from department level plans, that were afterwards aggregated in divisions and group financial plan and are part of our overall Personnel expenses in annual financial statement as provided in Note 6. The resources cover the expenses of all relevant described IROs, and actions related to employee benefits, health and safety such as health insurance incl. pension insurance, accident insurance, regular health checks & glasses compensation, sport related wellness programs, allowances for employees etc., training and growth activities and wellbeing promotion including the centralized staff events, gifts for anniversaries and Christmas among others. For 2025, 6.7 MEUR are integrated into our financial plan.

To build our workforce's resilience against risks from the transition to a climate-neutral economy, we prioritize knowledge and education. To support our goal of achieving net zero by 2050 and assisting customers in their low-carbon transitions, we have initiated various climate risk trainings which are elaborated in the section 'Climate and environmental risk stewardship'.

A1. Diversity and inclusion

We have a diverse workforce, and we are committed to the principles of diversity and inclusion. Promoting inclusion and diversity enhances our business performance, and we recognise that involving a wide range of backgrounds, experiences and skills leads to better decision-making and outcomes. Improving diversity and eliminating discrimination helps increase employee satisfaction and reduce turnover, and it is viewed positively by our customers and business partners.

Gender distribution of top management level, 31 Dec 2024	**Female**	**Male**	**Other**	**Not disclosed**	**Total**
Headcount, #	27	41	N/A	N/A	**68**
Percentage, %	39.7	60.3	N/A	N/A	**100.0**

Age distribution of employees, 31 Dec 2024	**>30 years**	**30-50 years**	**<50 years**	**Total**
Headcount, #	495	1,796	339	**2,630**
Percentage, %	18.8	68.3	12.9	**100.0**

Data Methodologies and limitations: The figures in these tables are directly sourced from the HR system, with no assumptions or estimations. We have not used any external body other than the assurance provider to evaluate those metrics. Top management includes senior managers (head of divisions without Management Board mandate) and managers of structural units reporting the senior managers.

Our diversity values are supported by our Code of Conduct, our Equality, Non-Discrimination and Diversity Standard, the Mental Health and Well-being at Work Standard, the Remuneration Policy and the Base Salary Management Standard, together with our recruitment and development practices. We require third parties from countries outside EU/EAA we work with to ensure fair employment practices and to follow the principles of our third-party code of conduct. The code contains provisions for the fair treatment of employees, and requires that the employees of the third party have the right to establish and join trade unions or any other association of their choice.

Our Equality, Non-discrimination and Diversity Standard outlines how to build and foster a fair and inclusive working environment and culture. We value every employee, and we give equal opportunities irrespective of any protected characteristics. The standard also seeks to achieve a diverse and skilful composition for management bodies, teams and talents, promote a variety of views in decision making, and comply with universal principles of equality, fairness and social justice. The specific definition of discrimination covers direct and indirect discrimination, harassment and sexual harassment, and any instruction to discriminate against a person or a group based on their protected characteristic ray, membership of a political party or public organisation, religious beliefs, experience, way of thinking, opinions or views, property, birth, intention to have a child or children, or other grounds provided by law, and any discrimination that is not related to the professional qualities of the employee is prohibited in any employment relationship. Our policy commitments to inclusion are broad and do not specifically target or differentiate any particular group of individuals who are at heightened risk of vulnerability. We strive to ensure discrimination is prevented, mitigated and acted upon once detected, and to advance diversity and inclusion.

In 2024, we received no court orders, administrative body decisions, or other dispute resolution board decisions in connection with severe human rights incidents connected to Luminor's workforce, incidents of discrimination, including harassment, in the reporting period, nor fines, penalties, and compensation for damages paid as a result of the aforementioned incidents and complaints. In 2024, 27 concerns were submitted by our employees via 'Raising your concerns'. The number includes false positive concerns.

We track the gender pay gap and diversity at the levels of the Council, the Board, top management and all employees. In accordance with the Directive methodology detailed in the 'Data Methodologies and Limitations' section below, our gender pay gap was recorded at 39.0%, with an annual total remuneration of 17.1%. In alignment with our commitment to gender equality, the gender pay gap for the same job within the same function was 2.4% in 2024, consistently staying below the 5% target.

To ensure the achievement of this target, our leaders participated in a two-module training programme in 2024 on our 'Performance Management Cycle', which included the topics of diversity and equality in team management and ways of evaluating it. We continued an e-learning course in 2024 about human rights that presented the importance of basic human rights and equal employee rights, and their relevance for financial institutions. We also ran a mentorship programme between managers from different backgrounds and with differing leadership experience that prioritised demographic diversity in the mentorship pairs.

Compensation indicators	**2024**
Gender pay gap, %	39.0
Annual total remuneration ratio	17.1

Data Methodologies and limitations: Actual data from the HR systems as of 31/12/2024 excluding long-term leavers has been used for the calculation of both metrics. The gender pay gap was calculated by deducting the average gross hourly pay level of female employees from the same figure for male employees and the result was divined by the average gross hourly pay level of male employees times hundred. No external body other than the assurance provider has evaluated those metrics.

A2. Adequate compensation

We updated our Remuneration Policy in October 2024, and we applied it together with our Base Salary Management Standard to align our strategic initiatives with our culture, and attract, retain and engage employees through transparency and gender-neutral remuneration management. We are positioning ourselves as a coveted place to work by prioritising three categories of fairness, which are external fairness that compares compensation to external benchmarks in the country; internal fairness that compares compensation by job level and job group; and individual fairness that considers compensation against individual skills, experience in the job, and performance.

We conduct equal pay reviews annually to identify and close any potential gender gaps, both for management bodies and for all employees. The outcome of the review is used to support transparency during the annual salary review process. We are working to close the gender pay gap and to make the information on our salaries more transparent. We have set a target that the gender pay gap for the same job in the same function must be less than 5%. Managers are informed about diversity and equality in each cycle of the performance management process and when they conduct salary reviews, and they are offered training about equal remuneration.

We use the Hay/Korn Ferry Applied Job Grading Methodology for job levelling and salary benchmarking for the Estonian, Latvian and Lithuanian financial and information and technology sectors. This helps us set salary ranges for each level in each country. In 2024, 3% of staff were below the minimum levels of the salary ranges. In 2024, all employees were paid above the adequate wage.

Data Methodologies and limitations: Actual data from the HR systems as of 31 December 2024 used without applying any assumptions. We have not used any external body other than the assurance provider to evaluate these metrics.

A3. Social Protection

The national social insurance programme in each country where we work provides protection for all employees against loss of income due to sickness, unemployment, employment injury and acquired disability, maternity and parental leave, and retirement.

Performance reviews completed and average training hours provided for employees, 31 Dec 2024	**Performance reviews (%)**	**Average training hours per employee**
Male	91%	17
Female	97%	25.0
Other	N/A	N/A
Not disclosed	N/A	N/A
Total	**95%**	**22.0**

Data Methodologies and limitations: Average training hours data was extracted from the iLearn platform. We verify and correct any anomalies. Learning hours are monitored for any instances exceeding 10 hours, indicating potential recording issues, and discrepancies are verified and corrected. For Performance reviews % calculation, the data used is derived from People Goal system with no assumptions applied. To calculate the average number of training hours, we summed all the training hours completed during the year 2024 by employees who were on our payroll at the end of the year. Then, we divided this total by the number of employees used to report numbers under ESRS S1-6. From calculation we exclude employees who were on long absence. We have not used any external bodies to evaluate the performance and effectiveness metrics.

A4. Health and safety

To maintain employee well-being, we have implemented in 2024 a new Health and Safety at Work Standard which defines how labour protection system is managed in company. In additional in accordance with the local regulatory requirements in all three Baltic countries there are work safety policies in local languages and employees are selected and trained each year by certified occupational health specialists to observe, report and resolve issues around workplace safety.

Each employee is required to complete a regular health check, and our facilities have ergonomic workplaces. We teach our employees about health and safety, handling emergencies, and fire hazards. Occupational safety specialists in each country guide and recommend the best practices and monitor health checks and training. Our policies cover all employees and contractors working at any of our locations, and employees working at their homes. Our employees can report hazards at work and claims about harassment to the People and Culture Department.

We offer health insurance to all employees after three months of work, including those who are on parental leave. We provide accident insurance (including critical illnesses) for all of our employees starting from their first day of work. Support is also provided to employees if a close relative dies. All employees are in any case covered by social protection through public programmes and through our Health and Accident Insurance Programme.

We realise that we succeed and that we contribute best to the prosperity of our home markets if our employees thrive and are engaged. Our Mental Health and Well-being at Work Standard, which was approved in 2023, sets out the processes for protecting and promoting mental health and well-being at work, for assessing and managing psychosocial hazards including violence and harassment, for reporting and handling complaints, and for providing support. The standard also outlines how we support employees if there is a crisis at work.

We continued to raise awareness about well-being during the year, and to increase the well-being of our employees. We run a Pulse Survey twice a year to measure employee engagement and satisfaction, and generate an Employee Net Promoter Score (eNPS) and Services and Products Net Promoter Score. Our latest eNPS score is 47.

Health and safety management indicators	2024
Workforce covered by health and safety management system, %	100.0
Fatalities in own workforce as result of work-related injuries and work-related ill health, #	0
Fatalities as result of work-related injuries and work-related ill health of other workers working on undertaking's sites, #	0

In 2024, we did not have any recordable work-related accidents.

Data Methodologies and limitations: We assume that all who have employment contact with organization are covered by our health and safety management system by default as per labour law and as per our offered accident insurances, mandatory health check and mandatory safety trainings. We have not used any external bodies to evaluate the health and safety metrics.

A5. Work-life balance

Our Work Organisation Rules were updated in 2024 and approved in early 2025. They outline the main principles and obligations of the parties in an employment relationship under labour legislation, and cover working time, place of work including options for remote working, working abroad, general health and safety, and conditions for holidays and time off.

Our employees can use days off for family reasons under local legislation, and they may take up to seven additional days of holiday on top of their annual set number of holiday days. They can also take paid days for health reasons and for volunteering. We offer a 'Workation' programme as part of our commitment to helping our employees develop, which allows them to work abroad for up to three months, provided that the place of work and the working conditions meet all the internal and external requirements.

Work-life balance-related metrics, %	2024
Employees entitled to take family-related leave	100.0
Entitled employees that took family-related leave:	
Female	9.0
Male	2.0
Not disclosed	N/A
Other	N/A

Data Methodologies and limitations: Family-related leave helps employees strengthen their work life balance and be present with their families in their life important moments leading to better overall wellbeing. We see that also male employees are using those options supporting diversity aspects. Direct data from HR system has been used; no assumptions have been applied. Numbers represent headcount. Reporting period covered is full year 2024. We assume that all employees with employment contact are eligible to family related leaves as per local law in each country. We have not used any external bodies to evaluate the work-life balance metrics.

A6. Human rights

As stated in our Sustainability Policy, we respect and promote fundamental human rights and the rights contained in the United Nations' Global Compact, the Guiding Principles on Business and Human Rights, the OECD's Guidelines for Multinational Enterprises, and the ILO's Tripartite Declaration of Principles Concerning Multinational Enterprises on Social Policy, including the Declaration on Fundamental Principles and Rights at Work and the Core Conventions.

We do not tolerate the infringement of human or labour rights, corruption, the degradation of ecosystems, the destruction of world heritage, or any other action that could be regarded as unethical. We engage our workforce through regular communication, training, and feedback to foster a supportive and collaborative working environment and promote fundamental human rights.

Our Sustainability Policy also addresses discrimination, human trafficking and forced and child labour in both our own workforce and in our value chain. We do not accept modern slavery or other human rights abuses within our own operations, nor within our financing work or our investments.

Our Code of Conduct underpins everything we do and compliance with the Code is an absolute requirement. The Code requires us to act ethically and professionally, to comply with regulatory requirements and our own internal regulations. We aim to review regularly and enhance how we manage our approach to human rights due diligence, modern slavery and other issues of human rights and sustainability, and we expect our customers, vendors and suppliers to do the same. We are determined to engage and work with clients, NGOs and NPOs, authorities and other stakeholders to increase awareness and share knowledge and best practices for combating modern slavery and other human rights, social and environmental issues.

We assess any adverse or potential impacts on society and the environment that may be caused by our operational activities. This includes impacts from our decision making processes for investment as set out in our Sustainable Investment Guidelines, and we expect our suppliers, vendors and corporate clients to do the same, as detailed in the 'Due Diligence processes' section. We expect our counterparties to conduct their business in a way that ensures fair social conditions that do not contradict the United Nations Guiding Principles on Business and Human Rights, which are integrated in our Code of Responsible Business Conduct for Third Parties. When we contract a significant third party we inquire specifically about their internal regulations for social issues like modern slavery, and diversity, equity and inclusion, and if needed we develop a milestone plan for them to enhance their approach.

OTHER

Characteristics of our employees

As at 31 December 2024, 70% of our employees were female and 30% were male. Nearly all our employees work full-time, and most have a permanent contract. Employees with fixed-term contracts include staff who are covering particular roles while the permanent staff members are absent, typically on maternity or parental leave, or those who have been hired for a specific project.

Employees by country, #	2024
Estonia	630
Latvia	960
Lithuania	1,040
Total	**2,630**

Employee headcount by gender, #	2024
Male	800
Female	1,830
Other	NA
Not reported	NA
Total	**2,630**

Employees at 31 Dec 2024 FTE	Female	Male	Other (a)	Not disclosed	Total
Number of employees	1,682	794	N/A	N/A	**2,476**
Number of permanent employees	1,615	780	N/A	N/A	**2,395**
Number of temporary employees	67	14	N/A	N/A	**81**
Number of non-guaranteed hours employees	0	0	N/A	N/A	**0**

a. Gender as specified by the employees themselves

Employee (FTE) turnover in the reporting period	2024
Employees who have left undertaking, #	352
Employee turnover, %	14.3

Data Methodologies and limitations: For the gender categories 'Other' and 'Not reported,' these classifications have been designated as not applicable, as they are not recognized under the local laws of the Baltic region; The figures in these tables are directly sourced from the HR system, with no assumptions or estimations. Turnover calculations exclude employees who left after long-term leave and those whose contracts ended as agreed. Each figure has indicated whether employees numbers are reported in head-count or full/time equivalent accordingly. Employee numbers are reported at end of reporting year, e.g. 31 December 2024. The number of employees reconciles with the figures reported in Financial Report, Note 30 'Country information.'

E. Customers and end users

Our customers and end users encompass individuals and businesses who rely on our comprehensive range of retail banking services. We have diversified our customers in two main segments - private individuals and corporate customers- and we are establishing our value streams according to these segments. For individual customers, we provide essential financial solutions, including bank accounts, payment services, cash withdrawals and deposits, investments in public and private instruments, housing loans, financing for education or private transport, and support for purchasing household appliances or electronic devices. For corporate customers, we deliver tailored banking services, such as accounts, payment processing, factoring, escrow for international business transactions, working capital loans, project financing, equipment and vehicle leasing, and bond issuance to secure additional investments.

Our strategy and business model are intrinsically aligned with meeting the evolving needs of our diverse customer base. By enabling individuals to achieve their personal goals, and supporting corporate customers in their growth and ability to serve their own stakeholders, we ensure mutual success and long-term sustainability. Customer satisfaction and trust are core to our business model, as they underpin our resilience and competitiveness. The principles outlined in our Customer Service Standard are central to our operations, ensuring a proactive approach to addressing customer needs and delivering exceptional service. Any disruptions or challenges faced by customers with material impact are addressed swiftly and effectively, in line with our Complaints Handling Procedure~~.~~

We recognize the unique needs of specific customer segments and have embedded this understanding into our strategic priorities. For younger customers, we take special care to promote financial literacy and responsible decision-making to prevent financial difficulties or facing fraud and phishing due to inexperience. We spread our newsletters talking on the items on regular basis via e-mails, we participate in podcasts and ensure relevant content in social media where we meet mentioned audience. Similarly, we are committed to ensuring that our elderly customers remain connected and included, addressing barriers such as limited internet access by ensuring sufficient consultations and support in our customer service centres and call support line. For customers with disabilities, we continuously enhance our physical facilities, digital interfaces, and public communications to ensure accessibility and inclusivity in our services. We are in progress to ensure EAA in our customer experience and services as to expected timeline.

Through this customer-focused approach, our retail banking strategy is designed to empower individuals and businesses alike, driving mutual growth and fostering a strong foundation of trust, innovation, and long-term value.

Our data protection IROs, policies, targets and actions are described in the 'Cybersecurity' section.

We place paramount importance on customer satisfaction, and we build and maintain trust through fair treatment, protection of privacy, and high-quality service. We introduced customer service roles in 2023 to enhance our customer relationships, using personalised communication content and channels, and during 2024 this resulted in improved customer engagement. Our commitment extends to investing in IT scalability, communication with customers when investigating complaints, and using service level agreements that are closely aligned with the recommendations of the local FSAs.

We have also demonstrated our commitment to inclusive and sustainable growth, establishing impact metrics, forming partnerships, and engaging employees in community initiatives.

IMPACTS, RISKS, AND OPPORTUNITIES

Material topics and IROs related to consumers and end users.

Consumers and end users (S4)

Material topic/ IRO description	Expected time horizon	Affected stakeholders	Source or concentration of IRO
Consumers and end users (Social inclusion of consumers and or end users)			
Material impacts on the environment or on people			
(–) Poor marketing practices and transparency issues can harm trust, leading to financial and reputational damage.	2028–2034	Clients	Own operations, the Baltics
(+) Expanding access for underserved groups through means like online banking promotes social benefits.	2025–2027	Shareholders, Investors, Creditors	Own operations, the Baltics
Material financial risks and opportunities			
(–) Changing consumer trends such as eco-friendly preferences and possible discrimination against customers may reduce revenue and limit access to financial products.	2028–2034	Clients	Credit portfolio – downstream value chain, the Baltics
(–) Discriminatory practices towards customers could lead to reputational damage.	2025–2027	Shareholders, Investors, Creditors	Own operations, the Baltics
(+) Improving product accessibility, leveraging new technologies, and offering consumer finance products helps access underserved markets, increase revenue, and build customer loyalty.	2025–2027	Investors, Creditors, Shareholders, Customers	Own operations, the Baltics
Consumers and end-users (Information related impacts)			
Material impacts on the environment or on people			
(–) Inadequate customer protection controls such as mis-selling or poor product quality could result in customer complaints, regulatory issues, and a loss of profitability and trust.	2025–2027	Shareholders, Employees, Customers, Regulators, Local Communities	Own operations, the Baltics
(+) Privacy: Protecting customer data fosters security, trust, and peace of mind.	2035–2050	Shareholders, Employees, Customers, Regulators, Local Communities	Own operations, Global
Material financial risks and opportunities			
(–) Privacy: Lack of transparency and data breaches can lead to financial loss, regulatory penalties, and reputational damage.	2025–2027	Shareholders, Investors, Creditors	Own operations, Global
(–) Failure to meet the needs of underserved customers, a lack of transparency in mortgage lending, or poor customer protection can lead to regulatory scrutiny, reputational damage, and risky product portfolios.	2025–2027	Shareholders, Customers	Own operations, the Baltics
(+) Access to information: Improving financial literacy helps customers make informed decisions, leading to stronger long-term relationships.	2025–2027	Shareholders, Customers	Own operations, the Baltics
(+) Privacy: Safeguarding customer data builds trust and enhances the bank's reputation and customer relationships.	2025–2027	Shareholders, Customers	Own operations, the Baltics
(+) Meeting the needs of underserved customers with responsible lending practices can strengthen trust and improve the bank’s reputation.	2025–2027	Shareholders, Customers	Own operations, the Baltics

There are various impacts, risks and opportunities associated with our customer interactions. As a responsible financial institution, we recognise how important it is to foster a positive relationship with our clients and address potential challenges proactively.

We are exposed to the risk of information integrity and to online conduct risks that are associated with the spread of misinformation, hate speech, cyberbullying and harmful content. These risks may arise from engagement within our bank or with our employees, leading to litigation risks and reputational damage. There is a risk of customers making misinformed decisions because they have insufficient or inaccurate product and service information that could lead them into debt problems, underscoring how important it is to give out accurate information. This is especially relevant for younger customers. They face elevated risk from credit and debt because they have limited financial experience, lower incomes, lives that are in transition, evolving financial goals, and increased access to credit, which all emphasises the importance of financial education and guidance for this demographic. We also face the risk of our customers being discriminated against because of minority characteristics, leading to reputational damage and potentially a negative impact on our brand image and customer trust. This highlights the need to take a fair and inclusive approach.

Our business model provides a number of opportunities for us to gain a better reputation, more satisfied customers, and increased revenue. These opportunities include providing services to remote, young, old, and digitally disadvantaged population groups, which fits very well with our commitment to inclusivity. Navigating the complex landscape of consumer interactions requires a strategic approach, and by addressing these material risks and capitalising on opportunities, we can reinforce our commitment to responsible banking, protecting customer interests, and contributing to the well-being of the communities we serve. By making continuous improvements and being transparent in our communication, we can foster a sustainable and mutually beneficial relationship with our valued customers and end users.

Our approach to communicating customer banking offers is rooted in transparency and ethical practices. We try to tailor banking products and offers to meet the needs and preferences of different customers while also promoting sustainable and responsible banking solutions. By adhering to industry best practices, we can foster trust and long-term relationships with our clients, helping make the financial ecosystem more sustainable. We keep sharing customer feedback on our IT organisation, seeking to improve the general customer experience.

POLICIES

We focus on transparency, accountability, and remediation to create an ethical and customer-oriented approach to providing banking services, which is fundamental to our success. We strive to satisfy our customers, as well as respect their fundamental human rights, by providing fair and honest treatment that does not discriminate, ensuring privacy and customer data protection, and offering high-quality service.

We have policies in place to manage the material impacts of our products and services on customers and end users, as well as to ensure respect of their human rights in our service provision. Our Sustainability Policy promotes adherence to the United Nations' Guiding Principles on Business and Human Rights, the OECD's Guidelines for Multinational Enterprises, and the ILO's Tripartite Declaration of Principles Concerning Multinational Enterprises on Social Policy. We identify four topics of human rights to be relevant to our customers, as described below. We are committed to transparency in how we handle data protection, ensuring our customers' right to privacy are upheld. Our publicly accessible Privacy Policy outlines the processes we follow to safeguard customer information and protect their rights. As detailed in the 'Cybersecurity' section, we maintain a robust data protection framework, empowering customers with full control over their personal data.

To uphold customers' right to clear and accurate information, we actively engage with them to ensure that their needs and concerns are addressed effectively. Our communication to customers is personalised, and distributed through multiple communication channels, in alignment with customers consent preferences. We ensure timely delivery of critical information, covering legal aspects, expected updates in our Terms and Conditions and our Pricelist, which is fundament of our collaboration. We ensure responsiveness to our customers inquires across various communication channels. By investing in advanced feedback mechanisms, as outlined in the 'Customer satisfaction' section, we continuously tailor our engagement strategies to meet the evolving needs of our customers.

We work to ensure our customers are sold those financing products that meet their needs. Our Customer Service Standard instructs our employees to place offers for customers only based on their needs. We track our performance on daily basis by service quality assessments to notice early signs of lacking competences and act accordingly. When we lend to individuals, we consider the affordability of the loan and their risk tolerance for investment. We will not offer high-risk funds to customers if there is reason to believe it might lead to financial losses. These principles are outlined in the Lending Risk Parameters for Private Individuals Procedure, which describes the main parameters to be adhered to by the Retail Banking Division and the Credit Advisory & Restructuring Division when lending to private individuals. The dimensions that can be considered in this procedure comprise the type of co-borrower, type and size of income, and the location, type and value of the property that the loan is for, etc. We raise our customers awareness of financial literacy by providing regular newsletters covering such topics as fraud schemes, pension funds 'performance, financial market overviews etc.

We strive to deliver our services in a way accessible to all customers without discrimination based on race, gender, age, disability, and we have processes in place to ensure that customers are treated fairly and honestly. Our Code of Conduct outlines our core values and guides our behaviour, while our Customer Service Standard sets the professional requirements for our employees when dealing with customers, including those with special needs. The standard is reinforced with regular trainings.

During 2024 we hired a third party to conduct an analysis of the accessibility of our products and services to people with disabilities, including a gap analysis to meet the requirements of the European Accessibility Act. In result we have adopted an action plan with measures to improve accessibility of our digital channels in terms of functionality of our websites and platforms, to make our physical infrastructure more accessible to people with disabilities and to review the necessary documentation of our products and services to make it more understandable for non-professionals. We have already applied this approach to our General Terms & Conditions by reducing excessive legal terminology and committed to introduce more measures in 2025, as well as conduct related customer service trainings.

We engage with our customers to understand their concerns and expectations and to ensure their right to remedy. Feedback is gathered through surveys and direct interaction. In case a customer or third party has concern about breach of regulatory requirement or Code of Conduct, publicly accessible 'Raise Your Concern' channel can be used to submit a concern, as described in the section on the 'Raise your concern' channel below.

We follow the Customer Complaints, Feedback and Requests Handling Procedure to mitigate any negative outcomes from deficiencies in processes and systems, human error, attempted fraud towards our customers, or technical incidents by offering financial compensation or alternative solutions. This policy sets out the framework and overall principles for handling, investigating and reporting customer complaints and feedback. We updated our internal regulations for handling customer complaints, feedback and requests in the end of 2024. The introduced changes relate to the revision of definitions of complaints and requests in order to improve the timing of solving the deficiencies, and improve our customers satisfaction.

Following our ESG Due Diligence Standard we address the topics of human rights in operations of our customers on risk-based approach through our customer due diligence process, as described in the dedicated section. In the loan origination and monitoring process for large corporate clients that operate in industries where possible social risks are high (predefined according to the internal regulations) we employ a dedicated questionnaire for social and governance risk assessment covering social risk aspects - human and labour rights to make sure that a customer has policies and measures in place to address the core human rights issues, such as workplace discrimination, child labour or forced labour, fair working conditions, freedom of association and others. We also inquire if compliance with the international standards for human rights are addressed by our customers in their value chain. As a result of the assessment customer risk mitigation capacity is assessed and the residual risk level is concluded that is documented in the respective credit documentation and considered in the credit decision making process.

Once onboarded, our clients with the high AML risk are subject to regular Adverse Media Screening Procedure, which contains potential tools to detect incidents of violation of human rights among our customers. In 2024 there were no such incidents reported on this topic in our downstream value chain. However, in 2025 we will review the adequacy of the scope of our screening tools to ensure a sufficient coverage of human rights issues.

Our AML/CFT/CFP and Sanctions Policy outlines the key principles for anti-money laundering (AML), countering the financing of terrorism (CFT), countering the financing of proliferation (CFP), and sanctions compliance. These principles are further detailed in the Anti-Financial Crime and Sanctions Standards, which describe the internal control system, and the approach used to prevent the misuse of the organization for money laundering, terrorism financing, sanctions evasion, or proliferation of weapons of mass destruction. Both the policy and standards are approved by our management bodies.

The AML/CFT/CFP and Sanctions Policy and the Anti-Financial Crime and Sanctions Standards are reviewed on a regular basis or as needed. The review and updates conducted in 2024 ensured full implementation of the requirements stemming from the European Banking Authority (EBA) Guidelines on policies and procedures in relation to compliance management and the role and responsibilities of the AML/CFT Compliance Officer under Article 8 and Chapter VI of Directive (EU) 2015/849. The updates established clear roles and responsibilities with defined accountability at both the group and local levels, ensuring effective governance and management of risks related to money laundering, terrorist financing, proliferation of weapons of mass destruction, and sanctions. We foster a culture of compliance and expect our customers, partners, vendors, suppliers, and other third parties to adhere to all applicable laws and regulations concerning AML, CFT, CFP, and sanctions. This commitment to robust oversight and upholding integrity standards demonstrates our dedication to preventing financial crimes and ensuring compliance with legal requirements.

We place importance on customer protection in handling fraud cases. Our main policies and the underlying procedures underscore the importance of measures to safeguard the bank’s customers from abuse by fraudulent activities. They describe the mechanisms for prevention, detection and investigation, along with the overarching principles that guide compliance at the bank. The primary objective of this is to minimise and detect criminal attacks against the bank’s customers, and to handle incidents in a manner that reinforces the trust of customers in our reliability. By fostering a proactive and vigilant approach, we can fortify the perception of our bank as a trustworthy institution that is committed to sustaining the integrity of our financial services.

Further details on policies concerning customers and end users are presented in the 'Notes to the sustainability statement' in ‘Our policies, procedures, and standards’ in subsection ‘Customers’

TARGETS

We have established targets, metrics and actions to address the identified material IROs. The metrics established are compound of all factors driven by customer satisfaction, transparency, accountability, and remediation. All the targets are reviewed as part of our annual strategy review process in engagement with all relevant internal stakeholders. The established targets cover all the IROs as these are aggregate of all factors driving customer relationship quality, satisfaction and loyalty.

Targets and metrics	Target year	Target	2024
Customer Net Promoter Score – Transactional (Retail)	2024	+40	+55
Customer Net Promoter Score - Relational (Group)	2024	+7	+14
Customer complaints caused by human error (Retail), %-age reduction vs. previous year	2024	-10	-36

Net promoter score (NPS) measures customer loyalty and satisfaction by looking at their likelihood of recommending a given business. NPS score is measured with a single-question survey and reported with a number ranging from -100 to +100, where a higher score is better. The transactional NPS score measures a customer's experience of a transaction or an interaction with a Luminor while the relational NPS score measures the overall sentiment and loyalty of customers towards Luminor.

In 2024, we set targets for reducing the negative impacts felt by customers that occurred because of human error in the customer service and operations processes. We achieved our goal of reducing the number of customer complaints caused by human error by -36%. We aim to improve on this metric further during 2025 and have set the target of reducing it by another 10%. This target is for our private and corporate customers across the Baltics. Internal stakeholders from retail banking have been involved in setting this target and it corresponds to the desire of the financial supervisory authorities that all negative impacts on end users of banking services should be reduced. Our performance against this target is monitored on a monthly basis as well as reported on quarterly basis to the board by the Customer Experience Unit to ensure that progress is in line with the initial plan. Feedback from performance tracking is reported to stakeholders in processes and product development units to generate improvement actions that would mitigate repeated mistakes and/or complaint occurrence in future. .

We are analysing all the complaints rout causes and categorizing them. We are calculating the proportion of complaints caused by employees mistakes and defining constant ambition to decrease this category. We do not change our target during the year. We keep the follow up and reporting as to the defined rules in Complaints Management procedure.

ACTIONS

Our general processes that analyse our engagement with customers and other stakeholders include our regular customer satisfaction survey, mystery shopping semi-annual waves, ongoing quality assessments, focus group discussions for product development, customer seminars, the annual ESG Business Materiality Assessment, and a survey that we conduct every three years. Our Customer Relations Department and Customer Experience Unit manage and constantly improve the above mentioned.

The insights gained from our engagement work are integrated into our decision-making processes. The feedback from consumers informs our policies and practices to keep them aligned with the needs and expectations of our customers. We use these customer insights to improve our products and services continuously and make them more accessible and responsive to the needs of all users. We develop our products by building solutions to meet the financial needs of customers.

The section below gives detailed information on our key activities how we track and follow up the quality of our engagements with customers including the scope of activities and timelines for them, and where applicable their outcomes. The actions relating customer data protection are provided under the sections 'Data protection' and 'Cybersecurity'.

Our financial resources impact directly our customers and end users in several ways. Having adequate financial resources enable us to develop and offer a wide range of products and services that are tailored to meet the diverse needs of our customers. Strong financial health allows us to invest in advanced customer service and training, ensuring a high-quality experience for our customers. The resources addressing the IROs, and actions related to accessibility enhancement, customer complaints management including remediation of negative impacts and relationship improvement are planned as business as usual unit cost and were 1.5 million EUR in 2024. For 2025, 1.6 million EUR has been planned. Our Anti-Financial Crime, Fraud And Sanctions related resources that cover the IROs and actions related to customer protection, were 10.5 million EUR in 2024. The cost includes staff costs and information tools used. For 2025, 11.4 million EUR are planned for the same purpose. Related actions are also addressed under the chapter 'Cybersecurity' The provided resource allocation figures come from department level plans, that were aggregated in divisions and group financial plan and are part of our overall Personnel expenses in annual financial statement as provided in Note 6.

A1. Customer satisfaction

We consistently measure customer satisfaction to follow up our quality of services, to capture all early signals of imperfections and to collect call to actions for improvements. We invite our customers from both retail and corporate banking to respond to our NPS survey and give feedback on their overall experience with us twice a year from which we calculate a relational NPS score, and throughout the year on the most recent interaction they have had with us, to give a transactional NPS score. Our Customer Experience Unit contacts all customers who are either restrained or modest and giving the NPS evaluations of 0-8 in their feedback to find out about their experience and to resolve any remaining questions or concerns.

We continued to measure satisfaction using statements in 2024 as these give more detailed insights into what our customers think about our service. Approximately 91% of our retail customers confirmed that they felt heard and understood in their contact with our service staff, and 95% of our customers said they had a great service experience through our advisors. The CSAT customer satisfaction score showed 86% of our customers to be satisfied with the service they received. We continued to measure customer sentiment for digital self-service channels in 2024 to ensure that customers are able to use our remote services. We will keep a close eye on their digital experience and use their feedback to make improvements.

We created new roles responsible for service quality assessments in 2024 to improve customer satisfaction by focusing on maintaining relationships with existing individual customers to make sure their needs for services are understood. We started a programme of personalising the content and channels of communication to suit customer needs and behaviour. The programme began in Lithuania and the result was that our customer engagement improved, relevant interest was generated in using products that give more personal value. We track and assess how effective this work is using our Customer Complaints, Feedback and Requests Handling Procedure, the Advisors and Consultants Evaluation Procedure, the results of the customer satisfaction survey, as well as complaint reports. We extended the programme to Estonia and Latvia in 2024. We are continuing to improve the quality of our consultation through regular quality assessments and proactive engagement with dormant customers, and by keeping relationships balanced from the risk perspective and understanding how to create more value from banking solutions. In additional we have established annual update of the Customers Service Standard. The updated Customer Service Standard emphasizes the importance of "hygiene" topics such as KYC checks, marketing consents, and customer detail updates in every interaction. It also outlines guidelines for structuring customer conversations, retaining customers considering leaving, and effectively using "Why Luminor?" statements. Additionally, it highlights the benefits of meeting customers in person or via Teams, the importance of professionalism, and the critical role of CRM in understanding customer needs and profiles.

We continued working in 2024 to improve our customer relationships, for which we used mystery shoppers and adjusted our service guidelines to keep our focus firmly on the personal customer experience in all channels. The service quality of our sales channels rating was 89% in 2024, while the proportion of value-added customer contacts in the visits by mystery shoppers was 63%. This drove the customer satisfaction score for our service to +55 as measured by the transactional NPS metric. We continued customer service quality assessments in 2024 and improved the follow-up actions for our advisory sessions. We scaled the quality assessment function to all customer service channels, and customer satisfaction is now measured weekly for all channels and reported monthly to our main stakeholders, quarterly to the board and annually to the council. We also perform an annual ESG business materiality assessment that is described in the section 'General disclosures'.

A2. Raise Your Concern Channel

We established Raising Your Concern process (incl. whistleblowing) and channel, where employees, customers and third parties can report cases where they see that we have breached laws, external regulatory enactments or internal requirements (including, Code of Conduct). If an employee or a customer thinks that an employee or business partner has behaved unethically, they can use internal and publicly accessible channels. Concerns reported through Raising Your Concern channels are treated seriously and reviewed by Conduct Department (in Compliance Division) to ensure independent concern handling process. Overview of received concerns are reported on a quarterly basis to our board and council.

We keep those that raised concerns informed so that they can trust the processes for raising their concerns. The procedure is accompanied by an intranet page and a dedicated space on our website that describes how concerns should be reported, to whom and on what subject. We have a user-friendly reporting form that allows concerns to be raised confidentially or anonymously, providing an accessible and secure method for individuals to voice issues. We regularly assess employee awareness and trust through our annual survey, ensuring that our processes meet the needs of our stakeholders and maintain the high standards of transparency and accountability. In addition to the external channel for raising concerns, our customers and employees can also use reporting tools and procedures from other parties, such as those provided by local banking associations or supervisory authorities. After an individual has raised a concern, their identity will not be disclosed without their written consent, and nor will any other information from which their identity could be deduced. Concerns about board members are directed to the chair of council’s audit committee, who evaluates the concerns and forwards the information for further action to the Head of Internal Audit or the Chief Compliance Officer.

A3. Processes for remedying negative impacts

There may be negative consequences from customer experience and complaints, shortcomings in our customer service, or matters affecting employees such as work relationships, health and well-being, professional disputes, or conflicts of interests. Any shortcomings in services or processes that are discovered during investigations and that have negative financial consequences for customers are directed to stakeholders of internal processes and services. Plans for improvement are then made and followed up. Individual agreements with customers are made to remedy their loss in the form of monetary compensation or returned or cancelled fees. We also take a proactive approach in order to mitigate the negative consequences of any deficiencies in our processes. Remediation work can also be started without any customer complaint being received if an employee discovers an error that is causing losses for customers.

To improve at remedying negative consequences and losses, regular analytics are delivered to key internal stakeholders indicating the areas that are causing the majority of complaints and to follow up on improvement activities for reducing or preventing such consequences. These activities may include improvement in service standards and processes or additional training needs definition.. No further actions are planned at the current time to pursue material opportunities in relation to consumers and end-users. We have established clear roles and responsibilities under Customer experience unit to handle material impacted cases and consequences with customers, to analyse the causes and patterns and to place actions to mitigate reoccurrence of same situations.

A4. Products and customer complaints

We have improved our customer offerings by investing in developing and rolling out additional functionalities and products. We are working to strengthen our security and regulatory compliance processes. Our goal is to make our cybersecurity and fraud management systems more robust to protect our customers better. This will remain a constant area of focus as we try to keep pace with the evolving risks we face. We updated our standard and procedure for handling customer complaints, feedback and requests in 2024, and we upgraded our operational risk management reports with data on customer complaints requesting financial compensation. This helps us understand which products and processes are causing the most customer dissatisfaction and financial losses for us and for our customers, and it ensures that we have relevant mitigation plans in place.

We continued to improve our processes and routines to keep our activities aligned with our risk appetite and our business models. We invested in our anti-money laundering capabilities, sanctions compliance, and anti-fraud framework and technology, while promoting ethical behaviour and building our risk culture. We are committed to protection of human rights, countering financing of terrorism and proliferation of weapons of mass destruction. For this reason, in addition to fulfilling all statutory obligations related to sanctions imposed by United Nations, European Union and competent authorities of countries where we operate (Lithuania, Latvia, Estonia), we follow sanctions imposed by the Department of Treasury's Office of Foreign Asset Control (OFAC) of the United States of America, the United Kingdom, Sweden and Norway. We report possible breaches and violations of sanctions to the regulatory authorities. We continued to enhance our risk culture and worked to raise awareness. Our commitment to protecting our customers and preserving the integrity of the financial system remains at the heart of our efforts. To bolster our ability to prevent fraud we continued to roll out a new, pan-Baltic, anti-fraud solution for non-card payments. We are also continuously improving our existing solutions and analytical capabilities, and making continued efforts to raise public awareness about fraud prevention. We established and approved our Anti-Bribery and Anti-Corruption (ABAC) Standard as part of our ongoing efforts to protect our customers and ensure our integrity within the financial system.

We are committed to investing in enhancing IT scalability and performance in 2025. We plan to improve our communication with customers during complaint investigation by implementing service level agreements and providing interim notifications. Furthermore, we will provide our customers with education on fraud prevention. We will maintain our close cooperation with local FSAs and adhere to their recommendations to sustain relationships and effective communication with our customers.

A5. Inclusive and sustainable growth

We are committed to fostering growth in the Baltic region through our Sustainability Policy, focusing on community investment, social entrepreneurship, and educational initiative. In 2024, we supported local social entrepreneurs and partnered with organizations like the NULA Incubator and the Estonian Cleantech Association. We promoted financial literacy through school visits and collaborations with local banking associations, while also addressing climate change via initiatives like the Peatland Restoration Project. Our efforts include sponsoring programs that empower youth and women in tech, alongside ongoing community engagement and partnerships aimed at enhancing financial resilience and supporting social causes throughout the Baltics.

We are a member of and contribute to the Estonian, Latvian and Lithuanian Banking Associations. The primary function of the associations is to promote the development of banking, to improve the operations of the member banks, and to institute good business practices, including concern for ethics, into their operations. We also exchange financial information under the US Foreign Account Tax Compliance Act and the OECD's Common Reporting Standard. We are a member of the Baltic chapter of the American Chamber of Commerce and of the German-Baltic Chamber of Commerce. In Estonia we are a member of Green Tiger, which is a cross-sectoral cooperation platform for creating a green economic model for Estonia; the Estonian Leasing Association; the Chamber of Commerce and Industry; and the Employers Association. We are also a member of the Foreign Investors' Council in Latvia and Latvian Corporate Social Responsibility Platform – CSR Latvia. which is a cross-sectoral organization aimed at corporate social responsibility implementation in organizations and achievement of sustainable development goals., In Lithuania we are a member of the Investors' Forum, the Baltic Financial Advisors Association, the International Compliance Association, and the Sustainable Business Association of Lithuania (LAVA).

We continued in partnership with the European Investment Bank to make funding more affordable for SMEs. We work with the three Baltic state agencies Invega, Altum and Estonian Business and Innovation Agency that issue guarantees for SMEs, making financing available to companies that lack their own collateral.

GOVERNANCE INFORMATION

This section of the report provides disclosures about the governance topics of Business conduct and regulatory compliance and entity specific governance topics of Business model resilience and Cybersecurity. This section should be read in conjunction with the governance related disclosures in the section 'General information' and Corporate Governance Report, which describes the bank's Council, and Board, the members of those management bodies, and the criteria for selecting them. These also provide detailed information on the Council and Board committees and their responsibilities, and the composition of the Council committees.

We have prioritised SDG 16 so we can help build effective, accountable and inclusive societies and strong institutions, and we have worked to meet the targets under this goal.

Sustainable development goals (SDGs) related to governance.

SDG 16: Our priorities	
16.3	To promote the rule of law at the national and international levels and ensure equal access to justice for all
16.4	To cut illicit flows of finance and arms significantly by 2030, strengthen the recovery and return of stolen assets, and combat all forms of organised crime
16.5	To reduce corruption and bribery substantially in all their forms
16.6	To develop effective, accountable and transparent institutions at all levels
16.7	To make responsive, inclusive, participatory and representative decisions at all levels
16.10	To ensure public access to information and protect fundamental freedoms in accordance with national legislation and international agreements
16A	To strengthen national institutions, including through international cooperation, in order to build capacity at all levels particularly in developing countries, and so prevent violence and combat terrorism and crime
16B	To promote and enforce non-discriminatory laws and policies for sustainable development

For the second year in a row, we were awarded the best ESG rating from Sustainalytics (https://www.sustainalytics.com/esg-rating/luminor-bank-as-estonia/2006561407) that is possible in the Baltic region. The rating measures how exposed we are to ESG risks, how well we manage those risks, and our commitment to managing these risks. The rating we received is a testament to the hard work of our staff in putting targets, policies and processes in place to integrate ESG into our business.

The commitments in our Sustainability policy are cascaded into our internal regulations and policies. The divisions and business functions translate the commitments into their processes and communicate them to stakeholders. ESG risk has been integrated into our Remuneration policy.

We realise our commitments by providing ESG training to our employees, produced by a dedicated training team in People & Culture, supported by subject matter experts. We run mandatory training for all employees about Sustainability Matters, human rights, preventing financial crime, security, gifts and events, and operational risk. We also run training on know-your-customer due diligence (KYC), procurement, and the consequences of climate risk for staff with day-to-day responsibility for the commitments in the sustainability policy. We also have courses to promote physical and mental well-being.

The following sections on business conduct, cybersecurity and business model resilience outline our approach to corporate culture, protection for whistleblowers, political engagement, customer and data protection and lobbying work, and management of relationships with suppliers, emphasising the associated risks and opportunities that we have identified through our comprehensive double materiality assessment.

F. Business conduct

How we do business impacts our reputation, customer trust, and overall stability. It is essential that we apply ethical and responsible business practices if we are to maintain regulatory compliance, avoid legal issues, and ensure the fair treatment of customers. We are dedicated to minimising or mitigating any negative impacts that our activities could have on society and the environment, taking an inside-out perspective, while also addressing sustainability and ESG risk drivers that could affect significantly our operations from an outside-in perspective. For determining the business conduct matters in our DMA process, we considered our own operations and our suppliers from upstream and credit customers and investment services clients from downstream value chain in the Baltics. For more information please see 'General information', in 'Double Materiality Assessment and Sustainability Reporting Processes'.

We ensure strong governance for our sustainability and corporate culture development efforts. The Supervisory Council and Senior Management oversee the Governance and the Conduct policies and improvement initiatives, making sure they align with our business and sustainability goals.

IMPACTS, RISKS, AND OPPORTUNITIES

Material topics and IROs related to business conduct.

Business conduct (G1)

Material topic/ IRO description	Expected time horizon	Affected stakeholders	Source or concentration of IRO
Business conduct (Corporate culture)			
Material impacts on the environment or on people			
(+) A strong corporate culture led by visionary and inspiring leaders fosters a balance between ambition and achievement, leading to positive organisational outcomes.	2028–2034	Shareholders, Investors, Creditors	Own operations, the Baltics
Material financial risks and opportunities			
(–) Poor leadership, values, and practices can create a toxic corporate culture, leading to low productivity and high employee turnover.	2025–2027	Shareholders, Investors, Creditors	Own operations, the Baltics
Business conduct (Corruption and bribery)			
Material impacts on the environment or on people			
(–) Cases of corruption or bribery erode market integrity, distort fair competition, and undermine public trust, destabilising the financial system.	2028–2034	Society	Own operations, the Baltics
Material financial risks and opportunities			
(–) Unethical practices leading to corruption or bribery can result in reputational damage and regulatory fines.	2025–2027	Shareholders, Investors, Creditors	Own operations, the Baltics
(–) Failure to prevent or address issues like tax evasion, fraud and corrupt practices can severely harm the bank's reputation and erode client trust.	2025–2027	Shareholders	Own operations, the Baltics
Business conduct (Protection of whistleblowers)			
Material impacts on the environment or people			
(+) Protecting whistleblowers ensures operations are ethical, prevents harmful practices, and promotes accountability, benefiting all of society.	2035–2050	Employees, Society	Own operations, the Baltics

POLICIES

We aspire that our business activities are conducted with the highest ethical and professional standards, fully compliant with applicable laws and internal regulations.. To achieve this, we follow our Code of Conduct that our Council approves and that the Board implement. The Code of Conduct is applicable to all Employees and entities in the Group and sets our ethical principles, behavioural standards and describes values. The Code of Conduct also sets expectations for Third Parties with whom we cooperates, ensuring that we operates with integrity, respect, and accountability in all business activities.

The expertise of our administrative, management and supervisory bodies in business conduct matters is described under the 'Governance' structures section. When we set a policy we assess how the decisions taken will impact our shareholders, customers, business partners, communities, and employees, and we ensure their interests are considered.

The Board's Non-Financial Risk committee provides oversees and provides guidance on emerging and developing risks, including analysing conduct related matters (excluding topics covered by the Conduct Committee). The Non-Financial Risk committee makes recommendations to the Board. The expertise represented on the committee is deliberately diverse so that various aspects of business conduct can be covered.

The Board's Conduct Committee is responsible for supporting Board in management of potential employee misconduct related to possible breaches of the Code of Conduct, personal transactions, disclosure of inside information, conflict of interest, bribery and corruption or internal fraud cases. Among other responsibilities, the Conduct Committee reviews potential or actual breaches of the Code of Conduct, Raising Your Concern or other conduct related cases, and provides to the Board an overview of implementation of the Code of Conduct.

Board members are expected to lead by example and demonstrate consistently openness, integrity and ethical behaviour. Employees receive regular training on our ethical principles, behavioural standards and values, and they are expected to adhere to the rules in the Code of Conduct in their daily work.

Everyday expertise in business conduct is delegated to the Compliance division, which sets the framework for ethical and professional business conduct, manages bribery and corruption risks, provides support and training to employees, advises structural units on the Code of Conduct, conducts investigations, and reports issues directly to the CCO. We have an Anti-Bribery and Anti-Corruption Standard that is consistent with the United Nations Convention against Corruption.

The elevated chance of receiving a gift or an invitation to an event from a customer or a third party supplier means we consider that the functions most at risk of corruption and bribery are Corporate Banking, Retail Banking, Wealth Management, and the Partnership and Local Support Unit, and our subsidiaries for leasing, and pension and asset management. Therefore, these structural units receive additional trainings regarding Bribery and Corruption risk to maintain their awareness high about these risks.

TARGETS

Our Sustainability Policy commits us to avoid as much as possible, or otherwise mitigate, any negative impacts that our business activities might have on society and the environment, which is the inside out perspective, and to guarding against those sustainability and ESG risk drivers that are likely to materially affect our business, which is the outside in perspective.

We apply the ESG due diligence processes to all new suppliers and vendors and we reassess regularly our most significant third parties, as described in our ESG Due Diligence Standard and the Sourcing and Third Party Management Procedure, and in the section of this Statement.

Our Code of Conduct sets clear expectations for all our Employees. We build and maintain internal controls to identify and avoid or mitigate risks that arise from the behaviour of employees or from business conduct. We are responsible for the impact of our business activities on society and the environment, and we expect our third party vendors from countries outside EU/EAA to sign our Code of Responsible Business Conduct for Third Parties or confirm their adherence to any similar internal code of such third parties, where such code would be providing similar rules to our code in all material aspects.

ACTIONS

We updated our Code of Conduct in 2024. The code outlines the general principles for how we do business and sets out principles, standards for ethical behaviour, and values for all our employees. We aspire to the highest standards of ethical and professional conduct, and comply regulatory regulations and internal regulations. Our employees must follow the spirit of the code, which is approved by the Council and published on our website.

We are determined to minimise financial crime and to apply international sanctions. We maintain high ethical and professional standards, ensuring a positive compliance culture. We target our services only at residents of the Baltic countries, or at individuals and enterprises with verifiable links to the region, we know our customers and their beneficial owners, and we understand the purpose and intended nature of our business relationships.

We have zero tolerance policy for any business activities that involve or could be thought to involve any kind of bribery or corruption. Our employees are not allowed to offer or accept bribes, benefits, or incentives that could compromise ethical standards. We expect our suppliers to apply the same principles of responsible business conduct as we do. We engage but do not have any direct affiliation with any political party or organisation. Instead, we participate actively as members of local banking associations, where we foster partnerships with the public authorities in legislative processes and initiatives that could affect our operations and industry. This approach lets us contribute positively to policy discussions while maintaining transparency and integrity in our interactions with stakeholders. We do not make political contributions.

The Council provides input for the ESG materiality assessment and oversees it, and it approves the material topics and oversees and approves the sustainability reporting. We are committed to integrating ESG targets into employees' annual performance criteria and maintaining regulatory compliance. Embedding ESG provisions in the Remuneration policy is the responsibility of the head of our People and Culture Department. The current and future resources allocated to the action plan cover both long-term investments and ongoing operational costs which are within Personnel expenses in the Note 6 to the consolidated financial statements. For 2025, the costs have been integrated into the financial plan in a similar magnitude.

A1. Remuneration principles

The Council's Remuneration committee oversees the process of setting fixed and variable remuneration. Fixed remuneration is made up from a base salary, and other payments that do not depend on individual performance, which reflect organisational responsibility and professional experience, work within the business and local pay conditions.

Variable remuneration is designed to promote our long-term interests, and is shaped by three factors: financial and non-financial targets; how well the employee fits with our values, leadership principles and Code of Conduct; and how well they contribute to our sustainability performance. The amount paid to an employee in variable remuneration cannot exceed 100% of their annual fixed remuneration in a given performance year. Variable remuneration for staff in our internal control functions does not depend on the performance of the business units they control. At least 40% of the variable remuneration for material risk takers above the threshold set in the regulations is deferred for not less than four to five years and 50% is paid out in instruments that are subject to an appropriate retention period. For variable remuneration in excess of 0.1 million EUR, at least 60% of the amount of the variable remuneration is deferred.

If there is any reason to suspect fraud or serious irregularities in breach of internal or external rules, if the material risk taker is charged or indicted, or if there are other circumstances that mean the variable remuneration could appear unreasonable or objectionable, it may be withheld, revoked (in full or part), or the recipient may be required to repay it. We maintain a series of qualitative and quantitative risk-based performance criteria as well that are used to assess how well staff have applied sound and effective risk management through the financial year. Poor performance against these criteria reduces the amount of variable remuneration awarded to the division or the individual concerned.

Severance payments are made where such payments are mandatory, but not in cases of voluntary resignation. Payments above the minimum or that exceed the employee's annual fixed remuneration must be approved by the Council. We do not provide retirement benefits, but employers in the Baltic countries are required by law to contribute to their employees' pillar II pension funds. We also match our employees' own contributions of up to 1% of their base salary to their pillar III pension funds.

A2. Managing conflicts of interest

The Council has approved the Code of Conduct, the Remuneration policy, Conflict of Interest (CoI) Management Standard and the Procurement Standard, the Inducement Standard for the Provision of Investment and Ancillary Services. Conflict of Interest management is one of the topics included in Principles of Business Conduct training, mandatory for all managers and Compliance Division runs additional training for managers.

We implement COI management through relevant decision making and other internal processes. Managers (including heads of structural units, function and subsidiary) are identifying COIs within their area of responsibility and makes sure that their unit is informed about CoI management, the internal regulations for it, and that all the work of their unit meets those requirements.

Employees must complete a declaration of external engagement each year, detailing whether they or anyone connected to them is involved in anything that could impair their professional independence, judgment, objectivity or capability. Board and Council members and the management board members of all subsidiaries must also complete a declaration of economic interest for the previous calendar year for themselves and people connected with them. We use this information to fulfil our regulatory requirements and to demonstrate that we have reasonable controls in place to ensure that we meet our legal obligations.

A3. Mechanisms for seeking advice and raising concerns

Upholding our commitments means we must prevent and detect as early as possible any breaches of laws, external regulatory requirements, or internal policies. Any breaches that are identified are brought promptly to the attention of the departments concerned for investigation and resolution. All reported breaches are taken seriously, and any associated risks are managed effectively. To help with this, we have whistleblowing ('Raise your concern') channels that provide a confidential way for internal or external stakeholders to raise concerns confidentially or anonymously. These channels encourage individuals to come forward without fear of retaliation so that we can address issues promptly and uphold our ethical standards.

Our work council in Lithuania has a dedicated team that reviews all decisions for any major impact they may have on employees. Employees can join trade unions and use their services. The 'Raise your concern' channels managed by the Conduct Department and is described further in the 'Customers and End Users' section of this report.

A4. Preventing and detecting corruption and bribery

We do not tolerate bribery or corruption. Adhering to the Code of Conduct and the internal regulations and to all laws, regulations and international best practice in countering bribery and corruption is of fundamental importance to us. Bribery and corruption in all their forms are strictly prohibited.

Each year we run a training course on our principles of business conduct, which covers combating bribery and corruption. This training is mandatory for all our employees including the Board. In addition, we have targeted training for at-risk functions on Bribery and Corruption risks. Additionally, we have different policies and sanctions in place to mitigate the risk, see the section 'Anti-financial crime, fraud and sanctions policies'.

Compliance Division as an independent control function is reviewing and responding to concern raised through Raising Your Concern process (including in case of allegations or incidents relating to corruption and bribery). Concerns are reviewed by independent compliance officers to ensure their impartiality. The Compliance Division reports each quarter on its assessment of bribery and corruption risk and any actual cases to the management bodies of the bank and its subsidiaries. Policies and policy updates are communicated to stakeholders in internal articles and general and targeted mandatory training sessions.

We did not identify any incidents of corruption nor any breaches of anti-corruption and anti-bribery procedures or standards in 2024. As a result, no fines were imposed, nor specific actions taken to address such breaches.

Anti-corruption core metrics	2024
Employees at-risk functions that have received training invitation on anti-corruption, %	100.0
Administrative, management and supervisory bodies that have received training invitation on anti-corruption, %	94.0

G. Business model resilience

We serve the financial needs of individuals and families, companies and governments across Estonia, Latvia and Lithuania. We manage our business by customer segment – Retail Banking and Corporate Banking – from our headquarters in Estonia and our branches in Latvia and Lithuania, whom we reach through various channels, such as physical branches and digital platforms. Our subsidiaries provide leasing, manage pension funds and offer e-commerce payments. We operate only in the Baltic countries and target our services at residents of the Baltic countries, or individuals and companies with a strong connection to the Baltic countries. Our upstream value chain network includes key partners such as investors, service providers like IT firms, regulatory bodies that ensure compliance, and other financial institutions. Loans to customers are two-thirds of our assets, we are funded primarily by deposits from customers, and we are well capitalised.

The sustainability goals of the portfolio are described in the section 'Targets' in the chapter 'Climate change'. Assessments of lending portfolios and the sustainability goals are provided under the chapter 'Climate change', section 'Actions'.

Our business model resilience is ensured through our strategy planning processes and our internal governance framework. We organise our internal control framework across three lines. The first line is our business and support divisions, which are responsible for managing their risks in accordance with our policies, procedures and controls. The second line is a control function that comprises our compliance and risk divisions, which are independent of the first line, and monitor its activities. The internal audit serves as the third line, and it assesses the effectiveness of the first two lines. We are committed to understanding the potential impacts, risks and opportunities in our customer segments, and aligning them with our business model and the value chain. The disclosures in this sustainability statement also include contextual information.

IMPACTS, RISKS, AND OPPORTUNITIES

Business model resilience (entity-specific topic)

Material topic/ IRO description	Expected time horizon	Affected stakeholders	Source or concentration of IRO
Business conduct (Corporate culture) Material financial risks and opportunities			
(–) Inadequate risk management and internal controls such as capital adequacy or liquidity can expose the bank to financial losses, increase systemic risk, and lead to market disruptions.	2025–2027	Shareholders	Own operations, the Baltics
(–) Failing to adapt the business model to technology or to changes in customer demand can lead to losses and negative business outcomes.	2025–2027	Shareholders, Investors, Creditors	Own operations, upstream investors and creditors, Global
(+) Enhancing risk management disclosure helps banks absorb financial shocks, meet regulatory requirements, improve investor confidence, and contribute to market stability.	2025–2027	Shareholders	Own operations, upstream investors and creditors, Global

POLICIES

We have an internal control framework that underpins our prudent governance, risk management and controls. The comprehensive risk management framework sets the policies, procedures, risk limits and controls that manage material risks, and it is designed to meet our objective of balancing the rewards from taking risk to generate income against the losses that could occur. The key principles, roles and responsibilities for risk management are contained in our Risk Policy, Compliance Risk Policy, and Risk Appetite Framework - Policy, while key governance arrangements are defined in the Governance Policy. These policies are approved by the Council. Our governance framework is supported by a broader set of internal policies such as the Sustainability Policy, Code of Conduct and the Remuneration Policy, which are approved by the Council, and the Sustainability Reporting Standard approved by the Board, and the Raising Your Concern Procedure. Our Business Model Risk Policy and Strategy Planning procedure outlines how we integrate sustainability considerations, including climate and environmental risks, into our long-term strategic planning process, as well as establish a structured framework for aligning our performance management practices with our overarching corporate strategy and risk management objectives. Strategy Planning Procedure defines principles for setting, monitoring, and evaluating key performance indicators, as well as enables us to track the effectiveness of our strategic initiatives and proactively identify and mitigate emerging risks to the business model.

Our internal regulations follow a thorough internal review process with multiple internal stakeholders arranged in different review rounds depending on the level of the policy, as this engages the key internal stakeholders who are impacted. All internal regulations including these policies are also available to the internal stakeholders though the central internal regulations repository. The Code of Conduct is also publicly available.

Our risk management governance processes and the integration of C&E risks into the business model, strategy and processes are described in our Pillar 3 report.

TARGETS

Our annual report discloses the targets and metrics for maintaining adequate capital levels to support the planned growth of business. Climate and environmental targets are given in the section on 'Environmental information'.

To ensure that our business model is sustainable, we have a three-year financial plan that is reviewed annually and approved by the Council. The financial plan is prepared in alignment with our risk appetite as well as climate and environmental targets. Financial planning starts from the volume and margin of the business portfolio, together with capital and operating expenditure forecasts in monetary value, consolidated at the bank level for all business portfolios and operational areas.

The financial plan is developed by involving the individuals who are accountable for business and operational areas, the Risk division and the Performance management and strategy department to aggregate and consolidate the results. Risk limits are developed by the first line and reviewed and challenged by the second line including when setting the ESG Key Performance Indicators.

Progress on the financial plan is reported monthly by the Performance Management and Strategy department to the Management Board. We monitor continuously our risk profile and at least quarterly report to the Board, the Council's Risk Committee and the Council.

ACTIONS

A1. Strategic and financial planning

We manage business model risk through strategic and financial planning, for which we evaluate economic conditions, market positioning, geopolitical factors, current trends, and income and cost estimates. The strategy planning cycle aggregates input and analysis from client-facing divisions, support divisions, and the second line of defence on the internal performance and external environment. The second line provide independent risk assessment of the proposed strategic initiatives and financial/non-financial ambitions to assess alignment with the bank's risk appetite framework. This risk assessment process is integrated throughout the strategy planning cycle. The final strategy or its update is consequently developed and shared with the Management Board and Supervisory Council for alignment and approval. Sustainability considerations are integrated into our long-term strategic planning process through the integration of the outcome of the C&E risk impact assessment processes as described in the section 'Identifying climate and environmental impacts and materiality assessments'. Business model risk is managed through continuous monitoring of our key performance indicators (KPIs), of which a summary is provided in the section 'Our progress and targets' in the introduction to the Consolidated Sustainability Statement. Targets are cascaded from the Board to divisions for the planning horizon, with quarterly reviews to evaluate progress. The Board then reviews performance and agrees on any corrective measures that are needed if the KPIs are not met.

The operational resources required for the management of the IROs and actions for strategy and planning related processes management were 3.5 million EUR in 2024 and are planned to be 3.8 million EUR in 2025. These operational expenditures contain the Performance Management and Strategy, Enterprise Risk Management and Market & Liquidity Risk departmental cost. The staff and IT resources required to execute the strategy are described in the 2025-2027 financial plan of the bank.

A2. Resilience analysis

We perform ICAAP and ILAAP continuously and integrate any newly identified and emerging risks such as C&E risks and continuously perform reviews of our stress testing framework adequacy and at least quarterly reviews our stress scenarios for their relevance. We conducted an enterprise-wide Climate and Environmental (C&E) risk stress test in the last quarter of 2024. The risks were categorized into two primary types. First, Climate-related physical risks: include chronic risks such as water stress and acute risks such as floods and heatwaves. The assessment incorporated physical risk scores (incl. flood risk) procured from an external vendor and mapped directly to collaterals to evaluate potential impacts. Second, Climate-related transition risks: encompass factors such as regulatory changes, shifts in market demand and increased compliance costs. The analysis focused on sector-specific exposures and impacts using our stress testing models.

The analysis applied a short-term (up to 3 years) time horizon to align with the financial planning cycle. The stress test primarily incorporated the downstream value chain impacts, where our resilience is subject to financial risks that can materialize through our customers within our credit portfolio. From an upstream perspective, potential disruptions of critical supplier services (including due to climate-related causes) are addressed through the robust Business Continuity Planning (BCP) governance framework. These plans ensure operational resilience irrespective of the disruption scenario and cause. The stress testing analysis did not cover own operations.

The resilience analysis incorporated IPCC RCP climate risk scenarios, aligned with global climate mitigation efforts. The scenarios used included both high and low warming pathways, such as RCP 2.6 and RCP 8.5, with a focus of their implications on for our capital adequacy.

Key assumptions included: Water stress was identified as a primary physical risk driver, with sector-specific impacts primarily affecting agriculture, industry, tourism, and private individuals; The transition to a lower-carbon economy will lead to shifts in macroeconomic trends, energy consumption patterns, and technology deployment, as well as can alleviate the compliance risk profile, leading to losses due to legal, reputational, and remediation costs.

Estimated financial effects from material physical and transition risks were integrated into loss projections and ICAAP P&L modelling. The analysis concluded that physical risk factors, when assessed in isolation, are not material for the bank’s capital adequacy. Integrated stress tests, encompassing physical and transition credit risks and compliance risks, demonstrated higher impact, but the bank is adequately capitalised to absorb these losses. Further analysis will be conducted as part of the ICAAP timeline in Q1 2025 based on updated financial data.

Uncertainties in the resilience analysis can stem from the emerging stage of climate risk data and models, thus, as data quality and methodologies are continuously developing, future outcomes can be impacted. At present, the analysis confirmed that no additional mitigation actions are necessary in terms of GHG emissions reduction targets, and the bank continues to adhere to its established Transition Plan and GHG reduction targets.

The stress testing of Climate and Environmental Risks supports risk materiality assessment process and thus development of our Risk Appetite Statements. As part of our strategic planning process, we systematically integrate the findings from the Analysis of the Impacts of Climate and Environmental Risks on our Business Environment into our annual strategy updates.. The process is supported by iterative reviews of the materials to review if the proposed Strategic initiatives and financial and non-financial ambitions are in line with the Bank's Risk Appetite Statement. This process ensures that our approach to risk mitigation and adaptation measures is responsive to the evolving climate landscape such as needs to introduce additional risk limits or exclusions, adapting our products and services portfolio, and reskilling our workforce to meet emerging challenges and opportunities presented by climate change.

H. Cybersecurity and data protection

We are subject to Digital Operational Resilience Act (DORA). Accordingly, we place high priority on ensuring the security, continuity, and resilience of our critical systems and operations. Our commitment to cybersecurity and data protection is integral to our Sustainability strategy, as it not only safeguards sensitive information but also fosters stakeholder confidence, ensures regulatory compliance, and supports sustainable growth. By embedding robust information security practices into our operations, we mitigate digital and reputational risks, contributing to a secure and sustainable digital economy.

IMPACTS, RISKS, AND OPPORTUNITIES

Cybersecurity (entity-specific topic)

Material topic/ IRO description	Expected time horizon	Affected stakeholders	Source or concentration of IRO
Material impacts on the environment or on people			
(–) Cyber risk is a significant threat to sustainability, endangering society through data breaches and disruption of financial networks.	2028–2034	Shareholders, Society	Own operation, The Baltics
(–) Data theft or leakage from our systems could expose customers to fraud, cause reputational damage, and lead to fines under GDPR and regulatory reporting obligations. Failure to enforce data protection could harm the bank's reputation and incur financial penalties.	2028–2034	Clients	Own operation, The Baltics
Material financial risks and opportunities			
(–) Increasing dependence on technology raises cybersecurity threats, requiring ongoing updates to technology and staff training.	2025–2027	Shareholders, Employees	Own operation, The Baltics

POLICIES

P1. Cybersecurity policies

Our cybersecurity policies are designed to protect the confidentiality, integrity, and availability of information across all business units while ensuring operational resilience. These comprehensive policies cover such areas as access control, identity verification, encryption protocols, secure software development, and incident handling and are aligned with globally recognised standards including the NIST Cybersecurity Framework, PCI-DSS, and the SWIFT Customer Security Controls Framework. Our policies also adhere to regional and international regulations such as the GDPR, CCPA, and the EBA Guidelines on ICT and Security Risk Management. We also comply with all national laws, including the Cybersecurity Acts of Estonia and Lithuania, and regulations such as the Payment Services Directive 2 (PSD2). These standards and laws together keep our approach consistent, effective, and adaptable to the evolving cyber threat landscape.

Governance plays a crucial role in our information security strategy. Our DORA resilience and security working group, which is established under the Non-financial Risk Committee, monitors compliance and implementation. provides guidance and reports to our Board for DORA related activities. The Chief Information Security Officer (CISO) holds ultimate accountability for implementing cybersecurity policies. Regular reporting on security metrics, regulatory compliance, and incident response readiness supports CISO effectively in implementing these policies.

P2. Data protection policies

To meet our obligations as a data controller, we comply with the General Data Protection Regulation (GDPR) and national laws. We have guidelines, policies, and procedures in place for this, and we have improved our information management system and trained our staff. Our customers have full control over their personal data, including the right to erase, rectify, complete or amend the personal information that we store and to raise any data privacy concerns with the Data Protection Officer (DPO).

We are improving continuously our Data Protection Standard, which commits us to leading data protection requirements that require any third party data processors that we share customer data with to comply with our policies. Compliance division defines and applies the processes for customer data privacy and protection. We also have governance structures and internal regulations for managing privacy and cybersecurity issues, such as procedures for data anonymisation, handling data subjects' rights, and processing personal data for direct marketing and direct marketing communication purposes.

Our Data Protection Standard outlines the key information about the data protection requirements in the General Data Protection Regulation. The standard is approved by the Board and applies to all employees and group entities. The standard is not publicly available.

Should a data breach occur, our first action is to mitigate its impact. The dedicated employee then investigates the breach and assesses the causes and consequences of it. The Data Protection Officer decides if there is a risk to customers or other individuals and whether the breach should be reported to the Data Protection Authority or the data subject. Risks identified by the incident owner are documented in the Operational Risk Incident database. All employees are required to notify a DPO about any failure to comply with the GDPR that they have identified during risk-based assurance reviews, and any other issues related to processing personal data.

For projects that present a high degree of risk to the rights and freedoms of customers, a data protection impact assessment is conducted by the unit initiating the processing of personal data before the project starts. We are committed and open to cooperating with community organisations on individual projects and in developing policies and initiatives. The nature of our services requires us to share the personal data of customers so that we can conduct our day-to-day business of processing transactions, maintaining customer accounts, and reporting to or responding to government authorities, all of which are covered by our external and internal regulations and customer agreements.

TARGETS

T1. Cybersecurity targets

We continuously enhance our cybersecurity capability, and we have clear targets for achieving this over a 3 year plan. These targets include zero-tolerance of cybersecurity incidents with a critical or high level of severity, and using zero-trust network architecture and cloud technologies to strengthen our defences against malicious attacks.

We are also committed to expanding our cybersecurity talent pool so that our organisation remains resilient in the face of evolving threats. We aim to expand the scope and frequency of resilience testing in line with DORA's impact tolerance thresholds. These efforts are designed to ensure that our critical systems can withstand disruptive events and recover from them, further reinforcing our operational resilience.

T2. Targets for customer data protection and privacy

Our commitment to customer data privacy and protection is unwavering. We monitor the limits set by the Board for compliance risk. Key metrics for this are the total number of data breaches reported to the Data Protection Authorities; the number of reportable data breaches where the 72-hour reporting deadline was not met; and the number of breaches of response time limits for Data Subject Access Requests. We are dedicated to maintaining a robust approach that minimises the risk of data breaches. Our focus is on applying best practice, staying ahead of evolving threats and being fully informed about them, and proactively improving our cybersecurity measures to safeguard the trust of our customers. We will continue to operate with an independent Data Protection Officer in each Baltic country to run and improve our privacy framework. These DPOs ran several assurance assessments of our key processes in 2024, and they will continue to do so following their plan of work in 2025.

ACTIONS

A1. Cybersecurity actions

We have taken significant steps to improve our cybersecurity framework. Our comprehensive incident management strategy includes a 24/7 Security Operations Centre (SOC) that provides continuous monitoring and threat detection. Incident response playbooks that are prepared in advance mean that we can respond quickly and consistently, while post-incident reviews help us identify the root causes of incidents so that we can take corrective measures.

Our approach extends to third-party and supply chain security as we recognise the importance of managing the risks associated with external vendors and partners. We conduct rigorous risk assessments before onboarding new vendors, and we follow them up with periodic audits and security reviews. Contractual agreements make sure that vendors have to adhere to our robust security practices and reporting obligations.

Investment in advanced security technologies has further bolstered our defences. Recent enhancements include the deployment of Privileged Access Management solutions, Endpoint Detection and Response (EDR) tools, and upgrades to our Security Information and Event Management (SIEM) systems. Redundancy and backup solutions are used to ensure service continuity and provide an additional layer of resilience. We treat as confidential the nature of our cybersecurity programme and the financial resources we allocate to various cybersecurity programmes, recognising that such information if disclosed externally could be used by malicious entities to target the information security of our customers.

A2. Customer Privacy and Data Protection

Our commitment to sustainability means we have elevated and will consistently improve our Data Protection Standard and procedures with dedicated processes for handling data subjects' rights and careful management of personal data. We have run comprehensive training to raise awareness, fortify data breach management, enhance the data quality in our processing register, and conduct thorough impact assessments for data protection, ensuring our steadfast commitment to safeguarding sensitive information and maintaining the highest standards of data integrity.

We will continue to refine our practices in 2025, and when necessary we will engage in assurance work. This forward-looking commitment underscores our steadfast pledge to uphold the highest standards in safeguarding the integrity and privacy of data for our stakeholders.

Over the course of this year we shall continue to provide training and raise awareness on privacy and data processing practices, and we will focus on applying our processes at the local level. We will continue to monitor the legal interpretation of the GDPR and local requirements for data protection and take the steps needed to adapt to any changes. We have appointed staff across all our business areas who will work together to take any further steps to maintain full compliance with the GDPR. We will continue to manage issues identified by the GDPR compliance monitoring strategy and the data protection management framework and do everything necessary to comply with the data protection laws and industry practice.

A3. Performance

We evaluate how effective our cybersecurity initiatives are by monitoring key performance indicators that give valuable insights into our security posture. These include the annual completion rate of mandatory cybersecurity training for employees, average incident detection and response times, and the outcomes of simulated phishing tests. We also track the number of third-party security assessments conducted annually so we can be sure that our vendors meet our stringent security requirements.

Our metrics-driven approach helps us identify areas for improvement and measure progress against our targets. This keeps our cybersecurity efforts aligned with our broader sustainability objectives and regulatory commitments. All controls and metrics are derived from international methodologies such as the NIST Cyber Security Framework and regulatory requirements such as the DORA impact threshold tolerances.

Our cybersecurity programme runs regular audits of both external and internal partners. The annual end of year audit of the bank also covers the cybersecurity programme and is led by an external auditing firm and made available to the regulatory authorities. Local authorities run cybersecurity stress tests, and threat-led penetration tests as part of the new DORA regulations. The results of these assurance activities are reported to our Council Risk and Audit committees and to the Council.

NOTES TO THE SUSTAINABILITY STATEMENT

1. EU Taxonomy tables

Template 0. Summary of KPIs to be disclosed by credit institutions under Article 8 Taxonomy Regulation

		Total environ-mentally sustainable assets €m (a, f)	KPI (b)	KPI (c)	% coverage (over total assets) (d, g)	% of assets excluded from the numerator of the GAR (article 7(2) and (3) and Section 1.1.2. of Annex V) (e, h)	% of assets excluded from the denominator of the GAR (article 7(1) and Section 1.2.4. of Annex V) (e, h)
2024							
Main KPI	Green asset ratio (GAR) stock	402.8	3.6	3.6	71.5	28.8	28.5
Additional KPIs	GAR (flow)	65.4	2.6	2.6	44.9	22.9	55.1
	Trading book (i)	N/A	N/A	N/A			
	Financial guarantees	0.0	–	–			
	Assets under management	13.4	0.6	0.6			
	Fees and commission income (k)	N/A	N/A	N/A			
2023							
Main KPI	Green asset ratio (GAR) stock	274.6	2.4	2.5	72.2	30.5	27.8
Additional KPIs	GAR (flow)	53.4	2.5	2.5	42.5	26.0	57.5
	Trading book (i)	N/A	N/A	N/A			
	Financial guarantees	–	–	–			
	Assets under management	N/A	N/A	N/A			
	Fees and commission income (k)	N/A	N/A	N/A			

a. For main KPI, based on turnover KPI of the counterparties. The amount of total environmentally sustainable assets based on CapEx KPI of the counterparties is 406.1 million EUR for 2024 and 279.7 million EUR for 2023.
b. Based on the turnover KPI of the counterparties.
c. Based on the CapEx KPI of the counterparties, except for lending activities where for general lending turnover KPI is used.
d. For main KPI, % of assets covered by the KPI over banks 'total assets based on turnover KPI of the counterparties. The amount resulting from CapEx KPI of the counterparties is the same.
e. For main KPI, the percentage is calculated with respect to total assets.
f. For additional KPIs, based on turnover KPI of the counterparties. For 2024, the amount of total environmentally sustainable assets of new assets for GAR flow based on CapEx KPI of the counterparties is 65.5 million EUR. In respect of Assets under management the amount resulting from CapEx KPI of the counterparties is 13.9 million EUR. For 2023, The amount is the same if calculated based on turnover KPI of the counterparties and CapEx KPI of the counterparties.
g. For additional KPIs, % of assets covered by the KPI over banks 'total flow of new assets based on turnover KPI of the counterparties. The amount resulting from CapEx KPI of the counterparties is the same.
h. For additional KPIS, the percentage is calculated with respect to total flow of new assets.
i. For credit institutions that do not meet the conditions of Article 94(1) of the CRR or the conditions set out in Article 325a(1) of the CRR. To be reported from 2026 for the reporting period 2025.
j. For 2023, the evaluation of taxonomy eligibility and alignment of assets under management has not been performed due to unavailable data
k. Fees and commissions income from services other than lending and AuM. To be reported from 2026 for the reporting period 2025.

Template 1. Assets for the calculation of GAR based on turnover KPI

	€m	Total gross carrying amount	Climate change mitigation (CCM)					Climate change adoption (CCA)			
			o/w towards taxonomy relevant sectors (Taxonomy-eligible)					o/w towards taxonomy relevant sectors (Taxonomy-eligible)			
				o/w environmentally sustainable (Taxonomy-aligned)					o/w environmentally sustainable (Taxonomy-aligned)		
					o/w use of proceeds	o/w transit-ional	o/w enabling			o/w use of proceeds	o/w enabling
	GAR - Covered assets in both numerator and denominator										
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	6,759.8	5,861.2	402.8	396.4	0.2	0.4	1.6	0.0	-	0.0
2	**Financial undertakings (only NFRD)**	210.2	80.6	5.8	-	0.2	0.2	1.5	0.0	-	0.0
3	Credit institutions	184.5	80.6	5.8	-	0.2	0.2	1.5	0.0	-	0.0
4	Loans and advances	2.3	0.5	0.1	-	0.0	0.0	0.0	0.0	-	-
5	Debt securities, including UoP	182.2	80.1	5.7	-	0.2	0.2	1.5	0.0	-	0.0
6	Equity instruments	-	-	-		-	-	-	-		-
7	Other financial corporations	25.8	0.0	-	-	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-		-	-	-	-		-
12	of which management companies	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-		-	-	-	-		-
16	of which insurance undertakings	0.0	0.0	-	-	-	-	-	-	-	-
17	Loans and advances	0.0	0.0	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-		-	-	-	-		-
20	**Non-financial undertakings (only NFRD)**	231.1	18.1	0.6	-	0.0	0.2	0.0	0.0	-	-
21	Loans and advances	165.4	16.3	0.3	-	0.0	0.0	0.0	0.0	-	-
22	Debt securities, including UoP	59.8	0.6	0.2	-	-	0.1	-	-	-	-
23	Equity instruments	5.8	1.2	0.1		0.0	0.0	0.0	0.0		-
24	**Households**	6,148.0	5,692.9	396.4	396.4	-	-	-	-	-	-
25	of which loans collateralised by residential immovable property	5,463.5	5,463.5	396.4	396.4	-	-	-	-	-	-
26	of which building renovation loans	26.7	26.7	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	342.4	202.8	-	-	-	-	-	-	-	-
28	**Local governments financing**	170.5	69.6	-	-	-	-	-	-	-	-
29	Housing financing	26.8	26.8	-	-	-	-	-	-	-	-
30	Other local government financing	143.8	42.9	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	-	-	-	-	-	-	-	-	-	-
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	4,557.2									
33	**Financial and Non-financial undertakings**	4,150.9									
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations (all non-NFRD) (a)	4,147.8									
35	Loans and advances	4,098.2									
36	of which loans collateralised by commercial immovable property	2,416.5									
37	of which building renovation loans	-									
38	Debt securities	45.5									
39	Equity instruments	4.2									
40	Non-EU country counterparties not subject to NFRD disclosure obligations	3.0									
41	Loans and advances	0.2									
42	Debt securities	2.8									
43	Equity instruments	-									
44	**Derivatives**	77.9									
45	**On demand interbank loans**	63.6									
46	**Cash and cash-related assets**	120.5									
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	144.4									
48	**Total GAR assets**	11,317.1	5,861.2	402.8	396.4	0.2	0.4	1.6	0.0	-	0.0
49	**Assets not covered for GAR calculation**	4,513.7									
50	**Central governments and Supranational issuers**	1,393.0									
51	**Central banks exposure**	3,100.1									
52	**Trading book**	20.6									
53	**Total assets**	15,830.7	5,861.2	402.8	396.4	0.2	0.4	1.6	0.0	-	0.0
	Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations										
54	Financial guarantees	3.8	-	-	-	-	-	-	-	-	-
55	Assets under management	2,075.1	60.8	13.4	-	12.0	0.2	0.0	0.0	-	0.0
56	Of which debt securities	619.4	60.5	13.1	-	12.0	0.2	0.0	0.0	-	0.0
57	Of which equity instruments	1,455.7	0.3	0.3	-	-	-	-	-	-	-

a. Includes exposures to financial undertakings not subject to CSRD disclosures.

Template 1. Assets for the calculation of GAR based on turnover KPI (contd)

Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and ecosystems (BIO)				Total (CCM+CCA+WTR+CE+PPC+BIO)				
o/w towards taxonomy relevant sectors (Taxonomy-eligible)				o/w towards taxonomy relevant sectors (Taxonomy-eligible)				o/w towards taxonomy relevant sectors (Taxonomy-eligible)				o/w towards taxonomy relevant sectors (Taxonomy-eligible)				o/w towards taxonomy relevant sectors (Taxonomy-eligible)				
	o/w environmentally sustainable (Taxonomy-aligned)				o/w environmentally sustainable (Taxonomy-aligned)				o/w environmentally sustainable (Taxonomy-aligned)				o/w environmentally sustainable (Taxonomy-aligned)				o/w environmentally sustainable (Taxonomy-aligned)			
		o/w use of proceeds	o/w enabling			o/w use of proceeds	o/w enabling			o/w use of proceeds	o/w enabling			o/w use of proceeds	o/w enabling			o/w use of proceeds	o/w transit-ional	o/w enabling
0.0	-	-	0.0	0.1	0.0	-	-	0.0	0.0	-	-	0.0	-	-	-	5,862.9	402.8	396.4	0.2	0.4
0.0	-	-	0.0	0.1	0.0	-	-	0.0	0.0	-	-	0.0	-	-	-	82.3	5.8	-	0.2	0.2
0.0	-	-	0.0	0.1	0.0	-	-	0.0	0.0	-	-	0.0	-	-	-	82.3	5.8	-	0.2	0.2
0.0	-	-	-	0.0	0.0	-	-	0.0	0.0	-	-	0.0	-	-	-	0.5	0.1	-	0.0	0.0
0.0	-	-	0.0	0.1	0.0	-	-	0.0	0.0	-	-	0.0	-	-	-	81.8	5.7	-	0.2	0.2
-	-		-	-	-		-	-	-		-	-	-		-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-		-	-	-		-	-	-		-	-	-		-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-		-	-	-		-	-	-		-	-	-		-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-		-	-	-		-	-	-		-	-	-		-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18.1	0.6	-	0.0	0.2
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16.3	0.3	-	0.0	0.0
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.6	0.2	-	-	0.1
-	-		-	-	-		-	-	-		-	-	-		-	1.2	0.1	-	0.0	0.0
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,692.9	396.4	396.4	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,463.5	396.4	396.4	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	26.7	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	202.8	-	-	-	-
-	-	-	-	0.0	-	-	-	-	-	-	-	-	-	-	-	69.6	-	-	-	-
-	-	-	-	0.0	-	-	-	-	-	-	-	-	-	-	-	26.8	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	42.9	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0.0	-	-	0.0	0.1	0.0	-	-	0.0	0.0	-	-	0.0	-	-	-	5,862.9	402.8	396.4	0.2	0.4
0.0	-	-	0.0	0.1	0.0	-	-	0.0	0.0	-	-	0.0	-	-	-	5,862.9	402.8	396.4	0.2	0.4
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0.0	0.0	-	-	0.1	0.0	-	-	0.0	0.0	-	-	-	-	-	-	60.9	13.4	-	12.0	0.2
0.0	0.0	-	-	0.1	0.0	-	-	0.0	0.0	-	-	-	-	-	-	60.6	13.1	-	12.0	0.2
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.3	0.3	-	-	-

Template 1. Assets for the calculation of GAR based on turnover KPI (T-1)

	€m	Total gross carrying amount	Climate change mitigation (CCM)					Climate change adoption (CCA)			
			o/w towards taxonomy relevant sectors (Taxonomy-eligible)					o/w towards taxonomy relevant sectors (Taxonomy-eligible)			
				o/w environmentally sustainable (Taxonomy-aligned)					o/w environmentally sustainable (Taxonomy-aligned)		
					o/w use of proceeds	o/w transit-ional	o/w enabling			o/w use of proceeds	o/w enabling
	<u>**GAR - Covered assets in both numerator and denominator**</u>										
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	6,522.8	5,599.9	274.6	274.4	-	-	2.1	-	-	-
2	**Financial undertakings (only NFRD)**	165.0	66.1	0.2	-	-	-	-	-	-	-
3	Credit institutions	134.6	65.3	0.2	-	-	-	-	-	-	-
4	Loans and advances	2.3	0.2	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	132.3	65.1	0.2	-	-	-	-	-	-	-
6	Equity instruments	-	-	-		-	-	-	-		-
7	Other financial corporations	30.3	0.7	-	-	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-		-	-	-	-		-
12	of which management companies	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-		-	-	-	-		-
16	of which insurance undertakings	0.0	0.0	-	-	-	-	-	-	-	-
17	Loans and advances	0.0	0.0	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-		-	-	-	-		-
20	**Non-financial undertakings (only NFRD)**	186.9	7.3	-	-	-	-	2.1	-	-	-
21	Loans and advances	122.3	7.2	-	-	-	-	2.1	-	-	-
22	Debt securities, including UoP	59.2	0.1	-	-	-	-	0.0	-	-	-
23	Equity instruments	5.4	-	-		-	-	0.0	-		-
24	**Households**	5,993.5	5,475.6	274.4	274.4	-	-	-	-	-	-
25	of which loans collateralised by residential immovable property	5,302.0	5,302.0	274.4	274.4	-	-	-	-	-	-
26	of which building renovation loans	25.4	25.4	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	264.8	148.1	-	-	-	-	-	-	-	-
28	**Local governments financing**	177.4	51.0	-	-	-	-	-	-	-	-
29	Housing financing	18.6	18.6	-	-	-	-	-	-	-	-
30	Other local government financing	158.8	32.4	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	0.0	-	-	-	-	-	-	-	-	-
32	<u>**Assets excluded from the numerator for GAR calculation (covered in the denominator)**</u>	4,757.5									
33	**Financial and Non-financial undertakings**	4,356.5									
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations (all non-NFRD) (a)	4,351.8									
35	Loans and advances	4,302.8									
36	of which loans collateralised by commercial immovable property	2,492.7									
37	of which building renovation loans	-									
38	Debt securities	45.5									
39	Equity instruments	3.5									
40	Non-EU country counterparties not subject to NFRD disclosure obligations	4.6									
41	Loans and advances	0.2									
42	Debt securities	4.5									
43	Equity instruments	-									
44	**Derivatives**	92.2									
45	**On demand interbank loans**	47.4									
46	**Cash and cash-related assets**	105.5									
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	155.9									
48	**Total GAR assets**	11,280.3	5,599.9	274.6	274.4	-	-	2.1	-	-	-
49	<u>**Assets not covered for GAR calculation**</u>	4,335.3									
50	**Central governments and Supranational issuers**	1,241.9									
51	**Central banks exposure**	3,079.5									
52	**Trading book**	14.0									
53	<u>**Total assets**</u>	15,615.6	5,599.9	274.6	274.4	-	-	2.1	-	-	-
	Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations										
54	Financial guarantees	4.2	-	-	-	-	-	-	-	-	-
55	Assets under management	-	-	-	-	-	-	-	-	-	-
56	Of which debt securities	-	-	-	-	-	-	-	-	-	-
57	Of which equity instruments	-	-	-	-	-	-	-	-	-	-

a. Includes exposures to financial undertakings not subject to CSRD disclosures.

Template 1. Assets for the calculation of GAR based on turnover KPI (T-1) (contd)

Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and ecosystems (BIO)				Total (CCM+CCA+WTR+CE+PPC+BIO)				
o/w towards taxonomy relevant sectors (Taxonomy-eligible)				o/w towards taxonomy relevant sectors (Taxonomy-eligible)				o/w towards taxonomy relevant sectors (Taxonomy-eligible)				o/w towards taxonomy relevant sectors (Taxonomy-eligible)				o/w towards taxonomy relevant sectors (Taxonomy-eligible)				
	o/w environmentally sustainable (Taxonomy-aligned)				o/w environmentally sustainable (Taxonomy-aligned)				o/w environmentally sustainable (Taxonomy-aligned)				o/w environmentally sustainable (Taxonomy-aligned)				o/w environmentally sustainable (Taxonomy-aligned)			
		o/w use of proceeds	o/w enabling			o/w use of proceeds	o/w enabling			o/w use of proceeds	o/w enabling			o/w use of proceeds	o/w enabling			o/w use of proceeds	o/w transitional	o/w enabling
-	-	-	-	0.9	-	-	-	-	-	-	-	-	-	-	-	5,602.9	274.6	274.4	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	66.1	0.2	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	65.3	0.2	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	65.1	0.2	-	-	-
-	-		-	-	-		-	-	-		-	-	-		-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.7	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-		-	-	-		-	-	-		-	-	-		-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-		-	-	-		-	-	-		-	-	-		-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-		-	-	-		-	-	-		-	-	-		-	-	-	-	-	-
-	-	-	-	0.9	-	-	-	-	-	-	-	-	-	-	-	10.3	-	-	-	-
-	-	-	-	0.9	-	-	-	-	-	-	-	-	-	-	-	10.2	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-
-	-		-	-	-		-	-	-		-	-	-		-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,475.6	274.4	274.4	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,302.0	274.4	274.4	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	25.4	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	148.1	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	51.0	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18.6	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	32.4	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	0.9	-	-	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5,602.9	274.6	274.4	-	-
-	-	-	-	0.9	-	-	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5,602.9	274.6	274.4	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Template 1. Assets for the calculation of GAR based on CapEx KPI

	€m	Total gross carrying amount	Climate change mitigation (CCM)					Climate change adoption (CCA)			
			o/w towards taxonomy relevant sectors (Taxonomy-eligible)					o/w towards taxonomy relevant sectors (Taxonomy-eligible)			
				o/w environmentally sustainable (Taxonomy-aligned)					o/w environmentally sustainable (Taxonomy-aligned)		
					o/w use of proceeds	o/w transit-ional	o/w enabling			o/w use of proceeds	o/w enabling
	GAR – Covered assets in both numerator and denominator										
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	6,759.8	5,892.3	406.1	396.4	0.3	1.0	1.6	0.0	–	0.0
2	**Financial undertakings (only NFRD)**	210.2	77.7	6.0	–	0.3	0.2	1.6	0.0	–	0.0
3	Credit institutions	184.5	77.7	6.0	–	0.3	0.2	1.6	0.0	–	0.0
4	Loans and advances	2.3	0.1	0.0	–	0.0	0.0	0.0	0.0	–	–
5	Debt securities, including UoP	182.2	77.6	6.0	–	0.3	0.2	1.6	0.0	–	0.0
6	Equity instruments	–	–	–		–	–	–	–		–
7	Other financial corporations	25.8	0.0	–	–	–	–	–	–	–	–
8	of which investment firms	–	–	–	–	–	–	–	–	–	–
9	Loans and advances	–	–	–	–	–	–	–	–	–	–
10	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–
11	Equity instruments	–	–	–		–	–	–	–		–
12	of which management companies	–	–	–	–	–	–	–	–	–	–
13	Loans and advances	–	–	–	–	–	–	–	–	–	–
14	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–
15	Equity instruments	–	–	–		–	–	–	–		–
16	of which insurance undertakings	0.0	0.0	–	–	–	–	–	–	–	–
17	Loans and advances	0.0	0.0	–	–	–	–	–	–	–	–
18	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–
19	Equity instruments	–	–	–		–	–	–	–		–
20	**Non-financial undertakings (only NFRD)**	231.1	52.1	3.7	–	0.0	0.8	0.0	0.0	–	–
21	Loans and advances	165.4	40.2	2.8	–	0.0	0.1	0.0	0.0	–	–
22	Debt securities, including UoP	59.8	10.7	0.9	–	–	0.7	–	–	–	–
23	Equity instruments	5.8	1.2	0.1		0.0	0.0	0.0	0.0		–
24	**Households**	6,148.0	5,692.9	396.4	396.4	–	–	–	–	–	–
25	of which loans collateralised by residential immovable property	5,463.5	5,463.5	396.4	396.4	–	–	–	–	–	–
26	of which building renovation loans	26.7	26.7	–	–	–	–	–	–	–	–
27	of which motor vehicle loans	342.4	202.8	–	–	–	–	–	–	–	–
28	**Local governments financing**	170.5	69.6	–	–	–	–	–	–	–	–
29	Housing financing	26.8	26.8	–	–	–	–	–	–	–	–
30	Other local government financing	143.8	42.9	–	–	–	–	–	–	–	–
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	–	–	–	–	–	–	–	–	–	–
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	4,557.2									
33	**Financial and Non-financial undertakings**	4,150.9									
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations (all non-NFRD) (a)	4,147.8									
35	Loans and advances	4,098.2									
36	of which loans collateralised by commercial immovable property	2,416.5									
37	of which building renovation loans	–									
38	Debt securities	45.5									
39	Equity instruments	4.2									
40	Non-EU country counterparties not subject to NFRD disclosure obligations	3.0									
41	Loans and advances	0.2									
42	Debt securities	2.8									
43	Equity instruments	–									
44	**Derivatives**	77.9									
45	**On demand interbank loans**	63.6									
46	**Cash and cash-related assets**	120.5									
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	144.4									
48	**Total GAR assets**	11,317.1	5,892.3	406.1	396.4	0.3	1.0	1.6	0.0	–	0.0
49	**Assets not covered for GAR calculation**	4,513.7									
50	**Central governments and Supranational issuers**	1,393.0									
51	**Central banks exposure**	3,100.1									
52	**Trading book**	20.6									
53	**Total assets**	15,830.7	5,892.3	406.1	396.4	0.3	1.0	1.6	0.0	–	0.0
Off-balance sheet exposures – Undertakings subject to NFRD disclosure obligations											
54	Financial guarantees	3.8	–	–	–	–	–	–	–	–	–
55	Assets under management	2,075.1	58.6	13.8	–	12.5	0.5	–	–	–	–
56	Of which debt securities	619.4	58.3	13.5	–	12.5	0.5	–	–	–	–
57	Of which equity instruments	1,455.7	0.3	0.3	–	–	–	–	–	–	–

a. Includes exposures to financial undertakings not subject to CSRD disclosures.

Template 1. Assets for the calculation of GAR based on CapEx KPI (contd)

Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and ecosystems (BIO)				Total (CCM+CCA+WTR+CE+PPC+BIO)				
o/w towards taxonomy relevant sectors (Taxonomy-eligible)				o/w towards taxonomy relevant sectors (Taxonomy-eligible)				o/w towards taxonomy relevant sectors (Taxonomy-eligible)				o/w towards taxonomy relevant sectors (Taxonomy-eligible)				o/w towards taxonomy relevant sectors (Taxonomy-eligible)				
	o/w environmentally sustainable (Taxonomy-aligned)				o/w environmentally sustainable (Taxonomy-aligned)				o/w environmentally sustainable (Taxonomy-aligned)				o/w environmentally sustainable (Taxonomy-aligned)				o/w environmentally sustainable (Taxonomy-aligned)			
		o/w use of proceeds	o/w enabling			o/w use of proceeds	o/w enabling			o/w use of proceeds	o/w enabling			o/w use of proceeds	o/w enabling			o/w use of proceeds	o/w transit-ional	o/w enabling
0.0	0.0	-	-	1.2	0.0	-	-	0.0	0.0	-	-	0.0	-	-	-	5,895.1	406.1	396.4	0.3	1.0
0.0	0.0	-	-	0.1	0.0	-	-	0.0	0.0	-	-	0.0	-	-	-	79.4	6.0	-	0.3	0.2
0.0	0.0	-	-	0.1	0.0	-	-	0.0	0.0	-	-	0.0	-	-	-	79.4	6.0	-	0.3	0.2
-	-	-	-	0.0	0.0	-	-	0.0	0.0	-	-	-	-	-	-	0.1	0.0	-	0.0	0.0
0.0	0.0	-	-	0.1	0.0	-	-	0.0	0.0	-	-	0.0	-	-	-	79.3	6.0	-	0.3	0.2
-	-		-	-	-		-	-	-		-	-	-		-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-		-	-	-		-	-	-		-	-	-		-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-		-	-	-		-	-	-		-	-	-		-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-		-	-	-		-	-	-		-	-	-		-	-	-	-	-	-
0.0	-	-	-	1.1	-	-	-	-	-	-	-	-	-	-	-	53.2	3.7	-	0.0	0.8
-	-	-	-	1.1	-	-	-	-	-	-	-	-	-	-	-	41.3	2.8	-	0.0	0.1
0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10.7	0.9	-	-	0.7
-	-		-	-	-		-	-	-		-	-	-		-	1.2	0.1	-	0.0	0.0
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,692.9	396.4	396.4	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,463.5	396.4	396.4	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	26.7	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	202.8	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	69.6	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	26.8	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	42.9	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0.0	0.0	-	-	1.2	0.0	-	-	0.0	0.0	-	-	0.0	-	-	-	5,895.1	406.1	396.4	0.3	1.0
0.0	0.0	-	-	1.2	0.0	-	-	0.0	0.0	-	-	0.0	-	-	-	5,895.1	406.1	396.4	0.3	1.0
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0.0	0.0	-	-	0.1	0.0	-	-	0.1	0.1	-	-	-	-	-	-	58.8	13.9	-	12.5	0.5
0.0	0.0	-	-	0.1	0.0	-	-	0.1	0.1	-	-	-	-	-	-	58.5	13.6	-	12.5	0.5
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.3	0.3	-	-	-

Template 1. Assets for the calculation of GAR based on CapEx KPI (T-1)

	€m	Total gross carrying amount	Climate change mitigation (CCM)					Climate change adoption (CCA)			
			o/w towards taxonomy relevant sectors (Taxonomy-eligible)					o/w towards taxonomy relevant sectors (Taxonomy-eligible)			
				o/w environmentally sustainable (Taxonomy-aligned)					o/w environmentally sustainable (Taxonomy-aligned)		
					o/w use of proceeds	o/w transit-ional	o/w enabling			o/w use of proceeds	o/w enabling
	GAR - Covered assets in both numerator and denominator										
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	6,522.8	5,608.2	279.7	274.4	-	0.4	4.2	-	-	-
2	**Financial undertakings (only NFRD)**	165.0	60.1	-	-	-	-	-	-	-	-
3	Credit institutions	134.6	59.4	-	-	-	-	-	-	-	-
4	Loans and advances	2.3	0.1	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	132.3	59.2	-	-	-	-	-	-	-	-
6	Equity instruments	-	-	-		-	-	-	-		-
7	Other financial corporations	30.3	-	-	-	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-		-	-	-	-		-
12	of which management companies	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-		-	-	-	-		-
16	of which insurance undertakings	0.0	0.0	-	-	-	-	-	-	-	-
17	Loans and advances	0.0	0.0	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-	-		-	-	-	-		-
20	**Non-financial undertakings (only NFRD)**	186.9	21.6	5.3	-	-	0.4	4.2	-	-	-
21	Loans and advances	122.3	17.8	4.9	-	-	-	4.2	-	-	-
22	Debt securities, including UoP	59.2	3.8	0.4	-	-	0.4	-	-	-	-
23	Equity instruments	5.4	-	-		-	-	-	-		-
24	**Households**	5,993.5	5,475.6	274.4	274.4	-	-	-	-	-	-
25	of which loans collateralised by residential immovable property	5,302.0	5,302.0	274.4	274.4	-	-	-	-	-	-
26	of which building renovation loans	25.4	25.4	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	264.8	148.1	-	-	-	-	-	-	-	-
28	**Local governments financing**	177.4	51.0	-	-	-	-	-	-	-	-
29	Housing financing	18.6	18.6	-	-	-	-	-	-	-	-
30	Other local government financing	158.8	32.4	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	0.0	-	-	-	-	-	-	-	-	-
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	4,757.5									
33	**Financial and Non-financial undertakings**	4,356.5									
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations (all non-NFRD) (a)	4,351.8									
35	Loans and advances	4,302.8									
36	of which loans collateralised by commercial immovable property	2,492.7									
37	of which building renovation loans	-									
38	Debt securities	45.5									
39	Equity instruments	3.5									
40	Non-EU country counterparties not subject to NFRD disclosure obligations	4.6									
41	Loans and advances	0.2									
42	Debt securities	4.5									
43	Equity instruments	-									
44	**Derivatives**	92.2									
45	**On demand interbank loans**	47.4									
46	**Cash and cash-related assets**	105.5									
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	155.9									
48	**Total GAR assets**	11,280.3	5,608.2	279.7	274.4	-	0.4	4.2	-	-	-
49	**Assets not covered for GAR calculation**	4,335.3									
50	**Central governments and Supranational issuers**	1,241.9									
51	**Central banks exposure**	3,079.5									
52	**Trading book**	14.0									
53	**Total assets**	15,615.6	5,608.2	279.7	274.4	-	0.4	4.2	-	-	-
	Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations										
54	Financial guarantees	4.2	-	-	-	-	-	-	-	-	-
55	Assets under management	-	-	-	-	-	-	-	-	-	-
56	Of which debt securities	-	-	-	-	-	-	-	-	-	-
57	Of which equity instruments	-	-	-	-	-	-	-	-	-	-

a. Includes exposures to financial undertakings not subject to CSRD disclosures.

Template 1. Assets for the calculation of GAR based on CapEx KPI (T-1) (contd)

Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and ecosystems (BIO)				Total (CCM+CCA+WTR+CE+PPC+BIO)				
o/w towards taxonomy relevant sectors (Taxonomy-eligible)				o/w towards taxonomy relevant sectors (Taxonomy-eligible)				o/w towards taxonomy relevant sectors (Taxonomy-eligible)				o/w towards taxonomy relevant sectors (Taxonomy-eligible)				o/w towards taxonomy relevant sectors (Taxonomy-eligible)				
	o/w environmentally sustainable (Taxonomy-aligned)				o/w environmentally sustainable (Taxonomy-aligned)				o/w environmentally sustainable (Taxonomy-aligned)				o/w environmentally sustainable (Taxonomy-aligned)				o/w environmentally sustainable (Taxonomy-aligned)			
		o/w use of proceeds	o/w enabling			o/w use of proceeds	o/w enabling			o/w use of proceeds	o/w enabling			o/w use of proceeds	o/w enabling			o/w use of proceeds	o/w transit-ional	o/w enabling
-	-	-	-	0.6	-	-	-	-	-	-	-	-	-	-	-	5,613.1	279.7	274.4	-	0.4
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60.1	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	59.4	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	59.2	-	-	-	-
-	-		-	-	-		-	-	-		-	-	-		-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.7	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-		-	-	-		-	-	-		-	-	-		-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-		-	-	-		-	-	-		-	-	-		-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-		-	-	-		-	-	-		-	-	-		-	-	-	-	-	-
-	-	-	-	0.6	-	-	-	-	-	-	-	-	-	-	-	26.4	5.3	-	-	0.4
-	-	-	-	0.6	-	-	-	-	-	-	-	-	-	-	-	22.6	4.9	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3.8	0.4	-	-	0.4
-	-		-	-	-		-	-	-		-	-	-		-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,475.6	274.4	274.4	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,302.0	274.4	274.4	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	25.4	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	148.1	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	51.0	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18.6	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	32.4	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	0.6	-	-	-	-	-	-	-	-	-	-	-	5,613.1	279.7	274.4	-	0.4
-	-	-	-	0.6	-	-	-	-	-	-	-	-	-	-	-	5,613.1	279.7	274.4	-	0.4
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Template 2. GAR sector information based on turnover KPI

Breakdown by sector – NACE 4 digits level (code and label)		Climate change migration (CCM)				Climate change adaption (CCA)				Water and marine resources (WTR)			
		Non-financial corporates (subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-financial corporates (subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-financial corporates (subject to NFRD)		SMEs and other NFC not subject to NFRD	
		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount	
		€m	o/w environ-mentally sustainable (CCM)	€m	o/w environ-mentally sustainable (CCM)	€m	o/w environ-mentally sustainable (CCA)	€m	o/w environ-mentally sustainable (CCA)	€m	o/w environ-mentally sustainable (WTR)	€m	o/w environ-mentally sustainable (WTR)
C.22.22	Manufacture of plastic packing goods	-	-			-	-			-	-		
D.35.11	Production of electricity	2.8	-			-	-			-	-		
F.41.10	Development of building projects	3.0	-			-	-			-	-		
F.41.20	Construction of residential and non-residential buildings	0.1	-			-	-			-	-		
F.42.11	Construction of roads and motorways	0.4	-			-	-			-	-		
L.68.20	Renting and operating of own or leased real estate	0.7	-			-	-			-	-		
N.77.11	Renting and leasing of cars and light motor vehicles	29.2	0.4			-	-			-	-		
Total (a)		**36.2**	**0.4**			**-**	**-**			**-**	**-**		

a. Total exposure to CSRD counterparties operating in sectors that are not associated with Taxonomy activities is €192.6m.

The table represents only exposures to counterparties active in sectors covered by the EU Taxonomy (i.e., in case the sector NACE code could

Template 2. GAR sector information based on Capex KPI

Breakdown by sector – NACE 4 digits level (code and label)		Climate change migration (CCM)				Climate change adaption (CCA)				Water and marine resources (WTR)			
		Non-financial corporates (subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-financial corporates (subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-financial corporates (subject to NFRD)		SMEs and other NFC not subject to NFRD	
		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount	
		€m	o/w environ-mentally sustainable (CCM)	€m	o/w environ-mentally sustainable (CCM)	€m	o/w environ-mentally sustainable (CCA)	€m	o/w environ-mentally sustainable (CCA)	€m	o/w environ-mentally sustainable (WTR)	€m	o/w environ-mentally sustainable (WTR)
C.22.22	Manufacture of plastic packing goods	-	-			-	-			-	-		
D.35.11	Production of electricity	2.8	-			-	-			-	-		
F.41.10	Development of building projects	3.0	-			-	-			-	-		
F.41.20	Construction of residential and non-residential buildings	0.1	-			-	-			-	-		
F.42.11	Construction of roads and motorways	0.4	-			-	-			-	-		
L.68.20	Renting and operating of own or leased real estate	0.7	-			-	-			-	-		
N.77.11	Renting and leasing of cars and light motor vehicles	29.2	0.5			-	-			-	-		
Total (a)		**36.2**	**0.5**			**-**	**-**			**-**	**-**		

a. Total exposure to CSRD counterparties operating in sectors that are not associated with Taxonomy activities is €192.6m.

The table represents only exposures to counterparties active in sectors covered by the EU Taxonomy (i.e., in case the sector NACE code could

Template 2. GAR sector information based on turnover KPI (continued)

Circular economy (CE)				Pollution (PPC)				Biodiversity (BIO)				Total (CCM+CCA+WTR+CE+PPC+BIO)			
Non-financial corporates (subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-financial corporates (subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-financial corporates (subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-financial corporates (subject to NFRD)		SMEs and other NFC not subject to NFRD	
Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount	
€m	o/w environ-mentally sustainable (CE)	€m	o/w environ-mentally sustainable (CE)	€m	o/w environ-mentally sustainable (PPC)	€m	o/w environ-mentally sustainable (PPC)	€m	o/w environ-mentally sustainable (BIO)	€m	o/w environ-mentally sustainable (BIO)	€m	o/w environ-mentally sustainable (Total)	€m	o/w environ-mentally sustainable (Total)
0.9	-			-	-			-	-			0.9	-		
-	-			-	-			-	-			2.8	-		
-	-			-	-			-	-			3.0	-		
-	-			-	-			-	-			0.1	-		
-	-			-	-			-	-			0.4	-		
-	-			-	-			-	-			0.7	-		
-	-			-	-			-	-			29.2	0.4		
0.9	**-**			**-**	**-**			**-**	**-**			**37.0**	**0.4**		

be associated to Taxonomy activity)

Template 2. GAR sector information based on CapEx KPI (continued)

Circular economy (CE)				Pollution (PPC)				Biodiversity (BIO)				Total (CCM+CCA+WTR+CE+PPC+BIO)			
Non-financial corporates (subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-financial corporates (subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-financial corporates (subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-financial corporates (subject to NFRD)		SMEs and other NFC not subject to NFRD	
Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount	
€m	o/w environ-mentally sustainable (CE)	€m	o/w environ-mentally sustainable (CE)	€m	o/w environ-mentally sustainable (PPC)	€m	o/w environ-mentally sustainable (PPC)	€m	o/w environ-mentally sustainable (BIO)	€m	o/w environ-mentally sustainable (BIO)	€m	o/w environ-mentally sustainable (Total)	€m	o/w environ-mentally sustainable (Total)
0.9	-			-	-			-	-			0.9	-		
-	-			-	-			-	-			2.8	-		
-	-			-	-			-	-			3.0	-		
-	-			-	-			-	-			0.1	-		
-	-			-	-			-	-			0.4	-		
-	-			-	-			-	-			0.7	-		
-	-			-	-			-	-			29.2	0.5		
0.9	**-**			**-**	**-**			**-**	**-**			**36.2**	**0.5**		

be associated to Taxonomy activity)

Template 3. GAR KPI stock based on turnover KPI

	% (compared to flow of total eligible assets)	Climate change migration (CCM)					Climate change adaption (CCA)				Water and marine resources (WTR)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
				o/w use of proceeds	o/w transit-ional	o/w enabling			o/w use of proceeds	o/w enabling			o/w use of proceeds	o/w enabling
	GAR - Covered assets in both numerator and denominator													
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	86.7	6.0	5.9	0.0	0.0	0.0	0.0	-	0.0	0.0	-	-	0.0
2	**Financial undertakings**	38.3	2.8	-	0.1	0.1	0.7	0.0	-	0.0	0.0	-	-	0.0
3	Credit institutions	43.7	3.2	-	0.1	0.1	0.8	0.0	-	0.0	0.0	-	-	0.0
4	Loans and advances	22.0	4.2	-	0.0	0.1	0.0	0.0	-	-	0.0	-	-	-
5	Debt securities, including UoP	43.9	3.1	-	0.1	0.1	0.8	0.0	-	0.0	0.0	-	-	0.0
6	Equity instruments	-	-		-	-	-	-		-	-	-		-
7	Other financial corporations	0.0	-	-	-	-	-	-	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-		-	-	-	-		-	-	-		-
16	of which insurance undertakings	100.0	-	-	-	-	-	-	-	-	-	-	-	-
17	Loans and advances	100.0	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-		-	-	-	-		-	-	-		-
20	**Non-financial undertakings**	7.8	0.3	-	0.0	0.1	0.0	0.0	-	-	-	-	-	-
21	Loans and advances	9.9	0.2	-	0.0	0.0	0.0	0.0	-	-	-	-	-	-
22	Debt securities, including UoP	1.0	0.3	-	-	0.2	-	-	-	-	-	-	-	-
23	Equity instruments	20.2	1.4		0.0	0.2	0.0	0.0		-	-	-		-
24	**Households**	92.6	6.4	6.4	-	-	-	-	-	-	-	-	-	-
25	of which loans collateralised by residential immovable property	100.0	7.3	7.3	-	-	-	-	-	-	-	-	-	-
26	of which building renovation loans	100.0	-	-	-	-	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	59.2	-	-	-	-								
28	**Local governments financing**	40.8	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	100.0	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	29.8	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	-	-	-	-	-	-	-	-	-	-	-	-	-
32	**Total GAR assets**	51.8	3.6	3.6	0.0	0.0	0.0	0.0	-	0.0	0.0	-	-	0.0

Template 3. GAR KPI stock based on turnover KPI (contd)

Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				Total (CCM+CCA+WTR+CE+PPC+BIO)					
Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total new assets covered
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
		o/w use of proceeds	o/w enabling			o/w use of proceeds	o/w enabling			o/w use of proceeds	o/w enabling			o/w use of proceeds	o/w transit- ional	o/w enabling	
0.0	0.0	-	-	0.0	0.0	-	-	0.0	-	-	-	86.7	6.0	5.9	0.0	0.0	37.0
0.1	0.0	-	-	0.0	0.0	-	-	0.0	-	-	-	39.1	2.8	-	0.1	0.1	0.5
0.1	0.0	-	-	0.0	0.0	-	-	0.0	-	-	-	44.6	3.2	-	0.1	0.1	0.5
0.0	0.0	-	-	0.0	0.0	-	-	0.0	-	-	-	22.1	4.2	-	0.0	0.1	0.0
0.1	0.0	-	-	0.0	0.0	-	-	0.0	-	-	-	44.9	3.2	-	0.1	0.1	0.5
-	-		-	-	-		-	-	-		-	-	-		-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	0.0	-	-	-	-	0.0
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-		-	-	-		-	-	-		-	-	-		-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-		-	-	-		-	-	-		-	-	-		-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	100.0	-	-	-	-	0.0
-	-	-	-	-	-	-	-	-	-	-	-	100.0	-	-	-	-	0.0
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-		-	-	-		-	-	-		-	-	-		-	-	-
0.0	-	-	-	-	-	-	-	-	-	-	-	7.8	0.3	-	0.0	0.1	0.1
0.0	-	-	-	-	-	-	-	-	-	-	-	9.9	0.2	-	0.0	0.0	0.1
-	-	-	-	-	-	-	-	-	-	-	-	1.0	0.3	-	-	0.2	0.0
-	-		-	-	-		-	-	-		-	20.2	1.4		0.0	0.2	0.0
-	-	-	-	-	-	-	-	-	-	-	-	92.6	6.4	6.4	-	-	36.0
-	-	-	-	-	-	-	-	-	-	-	-	100.0	7.3	7.3	-	-	34.5
-	-	-	-	-	-	-	-	-	-	-	-	100.0	-	-	-	-	0.2
												59.2	-	-	-	-	1.3
-	-	-	-	-	-	-	-	-	-	-	-	40.8	-	-	-	-	0.4
-	-	-	-	-	-	-	-	-	-	-	-	100.0	-	-	-	-	0.2
-	-	-	-	-	-	-	-	-	-	-	-	29.8	-	-	-	-	0.3
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0.0	0.0	-	-	0.0	0.0	-	-	0.0	-	-	-	51.8	3.6	3.5	0.0	0.0	37.0

Template 3. GAR KPI stock based on turnover KPI (T-1)

	% (compared to flow of total eligible assets)	Climate change migration (CCM)					Climate change adaption (CCA)				Water and marine resources (WTR)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
				o/w use of proceeds	o/w transit-ional	o/w enabling			o/w use of proceeds	o/w enabling			o/w use of proceeds	o/w enabling
	GAR - Covered assets in both numerator and denominator													
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	85.9	4.2	4.2	-	-	0.0	-	-	-	-	-	-	-
2	**Financial undertakings**	40.0	0.1	-	-	-	-	-	-	-	-	-	-	-
3	Credit institutions	48.5	0.1	-	-	-	-	-	-	-	-	-	-	-
4	Loans and advances	8.1	-	-	-	-	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	49.2	0.1	-	-	-	-	-	-	-	-	-	-	-
6	Equity instruments	-	-		-	-	-	-		-	-	-		-
7	Other financial corporations	2.5	-	-	-	-	-	-	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-		-	-	-	-		-	-	-		-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-		-	-	-	-		-	-	-		-
16	of which insurance undertakings	100.0	-	-	-	-	-	-	-	-	-	-	-	-
17	Loans and advances	100.0	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-		-	-	-	-		-	-	-		-
20	**Non-financial undertakings**	3.9	-	-	-	-	1.1	-	-	-	-	-	-	-
21	Loans and advances	5.9	-	-	-	-	1.7	-	-	-	-	-	-	-
22	Debt securities, including UoP	0.1	-	-	-	-	-	-	-	-	-	-	-	-
23	Equity instruments	-	-		-	-	-	-		-	-	-		-
24	**Households**	91.4	4.6	4.6	-	-	-	-	-	-	-	-	-	-
25	of which loans collateralised by residential immovable property	100.0	5.2	5.2	-	-	-	-	-	-	-	-	-	-
26	of which building renovation loans	100.0	-	-	-	-	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	55.9	-	-	-	-								
28	**Local governments financing**	28.8	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	100.0	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	20.4	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	-	-	-	-	-	-	-	-	-	-	-	-	-
32	**Total GAR assets**	49.6	2.4	2.4	-	-	-	-	-	-	-	-	-	-

Template 3. GAR KPI stock based on turnover KPI (T-1) (contd)

Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				Total (CCM+CCA+WTR+CE+PPC+BIO)					
Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total new assets covered
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
		o/w use of proceeds	o/w enabling			o/w use of proceeds	o/w enabling			o/w use of proceeds	o/w enabling			o/w use of proceeds	o/w transit-ional	o/w enabling	
-	-	-	-	-	-	-	-	-	-	-	-	85.9	4.2	4.2	-	-	35.9
-	-	-	-	-	-	-	-	-	-	-	-	40.0	0.1	-	-	-	0.4
-	-	-	-	-	-	-	-	-	-	-	-	48.5	0.1	-	-	-	0.4
-	-	-	-	-	-	-	-	-	-	-	-	8.1	-	-	-	-	0.0
-	-	-	-	-	-	-	-	-	-	-	-	49.2	0.1	-	-	-	0.4
-	-		-	-	-		-	-	-		-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	2.5	-	-	-	-	0.0
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-		-	-	-		-	-	-		-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-		-	-	-		-	-	-		-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	100.0	-	-	-	-	0.0
-	-	-	-	-	-	-	-	-	-	-	-	100.0	-	-	-	-	0.0
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-		-	-	-		-	-	-		-	-	-	-	-	-	-
0.5	-	-	-	-	-	-	-	-	-	-	-	5.5	-	-	-	-	0.0
0.8	-	-	-	-	-	-	-	-	-	-	-	8.3	-	-	-	-	0.0
-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	-	0.0
-	-		-	-	-		-	-	-		-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	91.4	4.6	4.6	-	-	35.1
-	-	-	-	-	-	-	-	-	-	-	-	100.0	5.2	5.2	-	-	34.0
-	-	-	-	-	-	-	-	-	-	-	-	100.0	-	-	-	-	0.2
												100.0	-	-	-	-	0.2
-	-	-	-	-	-	-	-	-	-	-	-	28.8	-	-	-	-	0.3
-	-	-	-	-	-	-	-	-	-	-	-	100.0	-	-	-	-	0.1
-	-	-	-	-	-	-	-	-	-	-	-	20.4	-	-	-	-	0.2
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0.0	-	-	-	-	-	-	-	-	-	-	-	49.7	2.4	2.4	-	-	35.9

Template 3. GAR KPI stock based on CapEx KPI

	% (compared to flow of total eligible assets)	Climate change migration (CCM)					Climate change adaption (CCA)				Water and marine resources (WTR)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
				o/w use of proceeds	o/w transit-ional	o/w enabling			o/w use of proceeds	o/w enabling			o/w use of proceeds	o/w enabling
	GAR - Covered assets in both numerator and denominator													
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	87.2	6.0	5.9	0.0	0.0	0.0	0.0	-	0.0	0.0	0.0	-	-
2	**Financial undertakings**	37.0	2.9	-	0.1	0.1	0.8	0.0	-	0.0	0.0	0.0	-	-
3	Credit institutions	42.1	3.3	-	0.1	0.1	0.9	0.0	-	0.0	0.0	0.0	-	-
4	Loans and advances	3.9	0.6	-	0.0	0.1	0.0	0.0	-	-	-	-	-	-
5	Debt securities, including UoP	42.6	3.3	-	0.1	0.1	0.9	0.0	-	0.0	0.0	0.0	-	-
6	Equity instruments	-	-		-	-	-	-		-	-	-		-
7	Other financial corporations	0.0	-	-	-	-	-	-	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-		-	-	-	-		-	-	-		-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-		-	-	-	-		-	-	-		-
16	of which insurance undertakings	100.0	-	-	-	-	-	-	-	-	-	-	-	-
17	Loans and advances	100.0	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-		-	-	-	-		-	-	-		-
20	**Non-financial undertakings**	22.5	1.6	-	0.0	0.3	0.0	0.0	-	-	0.0	-	-	-
21	Loans and advances	24.3	1.7	-	0.0	0.1	0.0	0.0	-	-	-	-	-	-
22	Debt securities, including UoP	17.9	1.5	-	-	1.1	-		-	-	0.0	-	-	-
23	Equity instruments	20.4	1.6		0.1	0.4	0.0	0.0		-	-	-		-
24	**Households**	92.6	6.4	6.4	-	-	-	-	-	-	-	-	-	-
25	of which loans collateralised by residential immovable property	100.0	7.3	7.3	-	-	-	-	-	-	-	-	-	-
26	of which building renovation loans	100.0	-	-	-	-	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	59.2	-	-	-	-								
28	**Local governments financing**	40.8	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	100.0	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	29.8	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	-	-	-	-	-	-	-	-	-	-	-	-	-
32	**Total GAR assets**	52.1	3.6	3.5	0.0	0.0	0.0	0.0	-	0.0	0.0	0.0	-	-

Template 3. GAR KPI stock based on CapEx KPI (contd)

Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				Total (CCM+CCA+WTR+CE+PPC+BIO)					
Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total new assets covered
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
		o/w use of proceeds	o/w enabling			o/w use of proceeds	o/w enabling			o/w use of proceeds	o/w enabling			o/w use of proceeds	o/w transit-ional	o/w enabling	
0.0	0.0	-	-	0.0	0.0	-	-	0.0	-	-	-	87.2	6.0	5.9	0.0	0.0	37.2
0.0	0.0	-	-	0.0	0.0	-	-	0.0	-	-	-	37.8	2.9	-	0.1	0.1	0.5
0.0	0.0	-	-	0.0	0.0	-	-	0.0	-	-	-	43.0	3.3	-	0.1	0.1	0.5
0.0	0.0	-	-	0.0	0.0	-	-	-	-	-	-	4.0	0.7	-	0.0	0.1	0.0
0.0	0.0	-	-	0.0	0.0	-	-	0.0	-	-	-	43.5	3.3	-	0.1	0.1	0.5
-	-		-	-	-		-	-	-		-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	0.0	-	-	-	-	0.0
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-		-	-	-		-	-	-		-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-		-	-	-		-	-	-		-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	100.0	-	-	-	-	0.0
-	-	-	-	-	-	-	-	-	-	-	-	100.0	-	-	-	-	0.0
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-		-	-	-		-	-	-		-	-	-	-	-	-	-
0.5	-	-	-	-	-	-	-	-	-	-	-	23.0	1.6	-	0.0	0.3	0.3
0.7	-	-	-	-	-	-	-	-	-	-	-	25.0	1.7	-	0.0	0.1	0.3
-	-	-	-	-	-	-	-	-	-	-	-	17.9	1.5	-	-	1.1	0.1
-	-		-	-	-		-	-	-		-	20.4	1.6	-	0.1	0.4	0.0
-	-	-	-	-	-	-	-	-	-	-	-	92.6	6.4	6.4	-	-	36.0
-	-	-	-	-	-	-	-	-	-	-	-	100.0	7.3	7.3	-	-	34.5
-	-		-					-	-		-	100.0	-	-	-	-	0.2
-	-	-	-	-	-	-	-	-	-	-	-	59.2	-	-	-	-	1.3
-	-	-	-	-	-	-	-	-	-	-	-	40.8	-	-	-	-	0.4
-	-	-	-	-	-	-	-	-	-	-	-	100.0	-	-	-	-	0.2
-	-	-	-	-	-	-	-	-	-	-	-	29.8	-	-	-	-	0.3
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0.0	0.0	-	-	0.0	0.0	-	-	0.0	-	-	-	52.1	3.6	3.5	0.0	0.0	37.2

Template 3. GAR KPI stock based on CapEx KPI (T-1)

	% (compared to flow of total eligible assets)	Climate change migration (CCM)					Climate change adaption (CCA)				Water and marine resources (WTR)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
				o/w use of proceeds	o/w transit-ional	o/w enabling			o/w use of proceeds	o/w enabling			o/w use of proceeds	o/w enabling
	GAR - Covered assets in both numerator and denominator													
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	86.0	4.3	4.2	-	0.0	-	-	-	-	-	-	-	-
2	**Financial undertakings**	36.4	-	-	-	-	-	-	-	-	-	-	-	-
3	Credit institutions	44.1	-	-	-	-	-	-	-	-	-	-	-	-
4	Loans and advances	5.8	-	-	-	-	-	-	-	-	-	-	-	-
5	Debt securities, including UoP	44.8	-	-	-	-	-	-	-	-	-	-	-	-
6	Equity instruments	-	-		-	-	-	-		-	-	-		-
7	Other financial corporations	2.5	-	-	-	-	-	-	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-		-	-	-	-		-	-	-		-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-		-	-	-	-		-	-	-		-
16	of which insurance undertakings	100.0	-	-	-	-	-	-	-	-	-	-	-	-
17	Loans and advances	100.0	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-		-	-	-	-		-	-	-		-
20	**Non-financial undertakings**	11.5	2.8	-	-	0.2	2.3	-	-	-	-	-	-	-
21	Loans and advances	14.5	4.0	-	-	-	3.5	-	-	-	-	-	-	-
22	Debt securities, including UoP	6.4	0.7	-	-	0.7	-	-	-	-	-	-	-	-
23	Equity instruments	-	-		-	-	-	-		-	-	-		-
24	**Households**	91.4	4.6	4.6	-	-	-	-	-	-	-	-	-	-
25	of which loans collateralised by residential immovable property	100.0	5.2	5.2	-	-	-	-	-	-	-	-	-	-
26	of which building renovation loans	100.0	-	-	-	-	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	55.9	-	-	-	-								
28	**Local governments financing**	28.8	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	100.0	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	20.4	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	-	-	-	-	-	-	-	-	-	-	-	-	-
32	**Total GAR assets**	49.7	2.5	2.4	-	0.0	0.0	-	-	-	-	-	-	-

Template 3. GAR KPI stock based on CapEx KPI (T-1) (contd)

Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				Total (CCM+CCA+WTR+CE+PPC+BIO)					
Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total new assets covered
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
		o/w use of proceeds	o/w enabling			o/w use of proceeds	o/w enabling			o/w use of proceeds	o/w enabling			o/w use of proceeds	o/w transit-ional	o/w enabling	
-	-	-	-	-	-	-	-	-	-	-	-	86.1	4.3	4.2	-	0.0	35.9
-	-	-	-	-	-	-	-	-	-	-	-	36.4	-	-	-	-	0.4
-	-	-	-	-	-	-	-	-	-	-	-	44.1	-	-	-	-	0.4
-	-	-	-	-	-	-	-	-	-	-	-	5.8	-	-	-	-	0.0
-	-	-	-	-	-	-	-	-	-	-	-	44.8	-	-	-	-	0.4
-	-		-	-	-		-	-	-		-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	2.5	-	-	-	-	0.0
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-		-	-	-		-	-	-		-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-		-	-	-		-	-	-		-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	100.0	-	-	-	-	0.0
-	-	-	-	-	-	-	-	-	-	-	-	100.0	-	-	-	-	0.0
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-		-	-	-		-	-	-		-	-	-	-	-	-	-
0.3	-	-	-	-	-	-	-	-	-	-	-	14.1	2.8	-	-	0.2	0.1
0.5	-	-	-	-	-	-	-	-	-	-	-	18.5	4.0	-	-	-	0.1
-	-	-	-	-	-	-	-	-	-	-	-	6.4	0.7	-	-	0.7	0.0
-	-		-	-	-		-	-	-		-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	91.4	4.6	4.6	-	-	35.1
-	-	-	-	-	-	-	-	-	-	-	-	100.0	5.2	5.2	-	-	34.0
-	-	-	-	-	-	-	-	-	-	-	-	100.0	-	-	-	-	0.2
												100.0	-	-	-	-	0.2
-	-	-	-	-	-	-	-	-	-	-	-	28.8	-	-	-	-	0.3
-	-	-	-	-	-	-	-	-	-	-	-	100.0	-	-	-	-	0.1
-	-	-	-	-	-	-	-	-	-	-	-	20.4	-	-	-	-	0.2
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0.0	-	-	-	-	-	-	-	-	-	-	-	49.8	2.5	2.4	-	0.0	35.9

Template 4. GAR KPI flow based on turnover KPI

	% (compared to flow of total eligible assets)	Climate change migration (CCM)					Climate change adaption (CCA)				Water and marine resources (WTR)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
				o/w use of proceeds	o/w transit-ional	o/w enabling			o/w use of proceeds	o/w enabling			o/w use of proceeds	o/w enabling
	GAR - Covered assets in both numerator and denominator													
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	77.3	5.4	5.2	0.0	0.0	0.1	0.0	-	-	-	-	-	-
2	**Financial undertakings**	24.1	2.7	-	0.1	0.0	0.9	0.0	-	-	-	-	-	-
3	Credit institutions	24.1	2.7	-	0.1	0.0	0.9	0.0	-	-	-	-	-	-
4	Loans and advances	1.3	0.3	-	0.0	0.0	-	0.0	-	-	-	-	-	-
5	Debt securities, including UoP	39.4	4.3	-	0.2	0.1	1.6	0.0	-	-	-	-	-	-
6	Equity instruments	-	-		-	-	-	-		-	-	-		-
7	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-		-	-	-	-		-	-	-		-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-		-	-	-	-		-	-	-		-
16	of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-		-	-	-	-		-	-	-		-
20	**Non-financial undertakings**	11.5	0.4	-	-	-	-	-	-	-	-	-	-	-
21	Loans and advances	11.5	0.4	-	-	-	-	-	-	-	-	-	-	-
22	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Equity instruments	-	-		-	-	-	-		-	-	-		-
24	**Households**	86.8	6.2	6.2	-	-	-	-	-	-	-	-	-	-
25	of which loans collateralised by residential immovable property	100.0	8.2	8.2	-	-	-	-	-	-	-	-	-	-
26	of which building renovation loans	100.0	-	-	-	-	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	61.6	-	-	-	-								
28	**Local governments financing**	83.0	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	100.0	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	67.5	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	-	-	-	-	-	-	-	-	-	-	-	-	-
32	**Total**	37.9	2.6	2.5	0.0	0.0	0.0	0.0	-	-	-	-	-	-

Only includes exposures with an outstanding gross carrying amount as at 31 December 2024. For 2024, certain types of assets (e.g., goodwill,

Template 4. GAR KPI flow based on turnover KPI (contd)

Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				Total (CCM+CCA+WTR+CE+PPC+BIO)					
Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total new assets covered
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
		o/w use of proceeds	o/w enabling			o/w use of proceeds	o/w enabling			o/w use of proceeds	o/w enabling			o/w use of proceeds	o/w transit-ional	o/w enabling	
0.0	-	-	-	-	-	-	-	-	-	-	-	77.4	5.4	5.2	0.0	0.0	170
-	-	-	-	-	-	-	-	-	-	-	-	25.1	2.7	-	0.1	0.0	0.4
-	-	-	-	-	-	-	-	-	-	-	-	25.1	2.7	-	0.1	0.0	0.4
-	-	-	-	-	-	-	-	-	-	-	-	1.3	0.3	-	0.0	0.0	0.0
-	-	-	-	-	-	-	-	-	-	-	-	41.0	4.3	-	0.2	0.1	0.4
-	-		-	-	-		-	-	-		-	-	-		-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-		-	-	-		-	-	-		-	-	-		-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-		-	-	-		-	-	-		-	-	-		-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-		-	-	-		-	-	-		-	-	-		-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	11.5	0.4	-	-	-	0.2
-	-	-	-	-	-	-	-	-	-	-	-	11.5	0.4	-	-	-	0.2
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-		-	-	-		-	-	-		-	-	-		-	-	-
0.0	-	-	-	-	-	-	-	-	-	-	-	86.8	6.2	6.2	-	-	15.8
0.0	-	-	-	-	-	-	-	-	-	-	-	100.0	8.2	8.2	-	-	13.8
-	-	-	-	-	-	-	-	-	-	-	-	100.0	-	-	-	-	0.2
												61.6	-	-	-	-	1.8
-	-	-	-	-	-	-	-	-	-	-	-	83.0	-	-	-	-	0.7
-	-	-	-	-	-	-	-	-	-	-	-	100.0	-	-	-	-	0.4
-	-	-	-	-	-	-	-	-	-	-	-	67.5	-	-	-	-	0.3
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0.0	-	-	-	-	-	-	-	-	-	-	-	37.9	2.6	2.5	0.0	0.0	17.0

and commodities) have been excluded from the GAR KPI flow reporting due to unavailability of data at the start of the reporting period.

Template 4. GAR KPI flow based on CapEx KPI

	% (compared to flow of total eligible assets)	Climate change migration (CCM)					Climate change adaption (CCA)				Water and marine resources (WTR)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
				o/w use of proceeds	o/w transit-ional	o/w enabling			o/w use of proceeds	o/w enabling			o/w use of proceeds	o/w enabling
	GAR - Covered assets in both numerator and denominator													
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	79.1	5.5	5.3	0.0	0.0	0.1	0.0	-	-	-	-	-	-
2	**Financial undertakings**	33.4	4.3	-	0.3	0.1	1.5	0.0	-	-	-	-	-	-
3	Credit institutions	33.4	4.3	-	0.3	0.1	1.5	0.0	-	-	-	-	-	-
4	Loans and advances	0.1	0.1	-	-	-	0.0	0.0	-	-	-	-	-	-
5	Debt securities, including UoP	34.7	4.5	-	0.3	0.1	1.6	0.0	-	-	-	-	-	-
6	Equity instruments	-	-		-	-	-	-		-	-	-		-
7	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-
8	of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Equity instruments	-	-		-	-	-	-		-	-	-		-
12	of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
16	of which insurance undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Equity instruments	-	-		-	-	-	-		-	-	-		-
20	**Non-financial undertakings**	11.1	0.5	-	-	-	-	-	-	-	-	-	-	-
21	Loans and advances	11.1	0.5	-	-	-	-	-	-	-	-	-	-	-
22	Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Equity instruments	-	-		-	-	-	-		-	-	-		-
24	**Households**	86.8	6.2	6.2	-	-	-	-	-	-	-	-	-	-
25	of which loans collateralised by residential immovable property	100.0	8.2	8.2	-	-	-	-	-	-	-	-	-	-
26	of which building renovation loans	100.0	-	-	-	-	-	-	-	-	-	-	-	-
27	of which motor vehicle loans	61.6	-	-	-	-								
28	**Local governments financing**	83.0	-	-	-	-	-	-	-	-	-	-	-	-
29	Housing financing	100.0	-	-	-	-	-	-	-	-	-	-	-	-
30	Other local government financing	67.5	-	-	-	-	-	-	-	-	-	-	-	-
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	-	-	-	-	-	-	-	-	-	-	-	-	-
32	**Total GAR assets**	37.8	2.6	2.5	0.0	0.0	0.0	0.0	-	-	-	-	-	-

Only includes exposures with an outstanding gross carrying amount as at 31 December 2024. For 2024, certain types of assets (e.g., goodwill,

Template 4. GAR KPI flow based on CapEx KPI (contd)

Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				Total (CCM+CCA+WTR+CE+PPC+BIO)					
Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total new assets covered
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
		o/w use of proceeds	o/w enabling			o/w use of proceeds	o/w enabling			o/w use of proceeds	o/w enabling			o/w use of proceeds	o/w transit-ional	o/w enabling	
-	-	-	-	-	-	-	-	-	-	-	-	79.1	5.5	5.3	0.0	0.0	17.0
-	-	-	-	-	-	-	-	-	-	-	-	35.0	4.3	-	0.3	0.1	0.3
-	-	-	-	-	-	-	-	-	-	-	-	35.0	4.3	-	0.3	0.1	0.3
-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1	-	-	-	0.0
-	-	-	-	-	-	-	-	-	-	-	-	36.3	4.5	-	0.3	0.1	0.3
-	-		-	-	-		-	-	-		-	-	-		-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-		-	-	-		-	-	-		-	-	-		-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-		-	-	-		-	-	-		-	-	-		-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-		-	-	-		-	-	-		-	-	-		-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	11.1	0.5	-	-	-	0.2
-	-	-	-	-	-	-	-	-	-	-	-	11.1	0.5	-	-	-	0.2
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-		-	-	-		-	-	-		-	-	-		-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	86.8	6.2	6.2	-	-	15.8
-	-	-	-	-	-	-	-	-	-	-	-	100.0	8.2	8.2	-	-	13.8
-	-	-	-	-	-	-	-	-	-	-	-	100.0	-	-	-	-	0.2
												61.6	-	-	-	-	1.8
-	-	-	-	-	-	-	-	-	-	-	-	83.0	-	-	-	-	0.7
-	-	-	-	-	-	-	-	-	-	-	-	100.0	-	-	-	-	0.4
-	-	-	-	-	-	-	-	-	-	-	-	67.5	-	-	-	-	0.3
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	37.8	2.6	2.5	0.0	0.0	17.0

and commodities) have been excluded from the GAR KPI flow reporting due to unavailability of data at the start of the reporting period.

Template 5. KPI off-balance sheet exposures based on turnover KPI

	% (compared to total eligible off-balance sheet assets)	Climate change mitigation (CCM)					Climate change adoption (CCA)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible))					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
				o/w use of proceeds	o/w transit-ional	o/w enabling			o/w use of proceeds	o/w enabling
1	Financial guarantees (FinGuar KPI)	-	-	-	-	-	-	-	-	-
2	Assets under management (AuM KPI)	2.9	0.6	-	0.6	0.0	0.0	0.0	-	0.0

This table provides information on assets under management activities performed by Asset Management Subsidiaries that manage pension

Template 5. KPI off-balance sheet exposures based on CapEx KPI

	% (compared to total eligible off-balance sheet assets)	Climate change mitigation (CCM)					Climate change adoption (CCA)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
				o/w use of proceeds	o/w transit-ional	o/w enabling			o/w use of proceeds	o/w enabling
1	Financial guarantees (FinGuar KPI)	-	-	-	-	-	-	-	-	-
2	Assets under management (AuM KPI)	2.8	0.7	-	0.6	0.0	-	-	-	-

This table provides information on assets under management activities performed by Asset Management Subsidiaries that manage pension

Template 5. KPI off-balance sheet exposures based on turnover KPI (contd)

Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and ecosystems (BIO)				Total (CCM+CCA+WTR+CE+PPC+BIO)				
Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
		o/w use of proceeds	o/w enabling			o/w use of proceeds	o/w enabling			o/w use of proceeds	o/w enabling			o/w use of proceeds	o/w enabling			o/w use of proceeds	o/w transit-ional	o/w enabling
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0.0	0.0	-	-	0.0	0.0	-	-	0.0	0.0	-	-	-	-	-	-	2.9	0.6	-	0.6	-

funds, and our Discretionary Portfolio Management service.

Template 5. KPI off-balance sheet exposures based on CapEx KPI (contd)

Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and ecosystems (BIO)				Total (CCM+CCA+WTR+CE+PPC+BIO)				
Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
		o/w use of proceeds	o/w enabling			o/w use of proceeds	o/w enabling			o/w use of proceeds	o/w enabling			o/w use of proceeds	o/w enabling			o/w use of proceeds	o/w transit-ional	o/w enabling
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0.0	0.0	-	-	0.0	0.0	-	-	0.0	0.0	-	-	-	-	-	-	2.8	0.7	-	0.6	0.0

funds, and our Discretionary Portfolio Management service.

Annex XII: Template 1.

Nuclear related activities	
The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	Yes
The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	Yes
The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	Yes

Fossil gas related activities	
The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	Yes
The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	Yes
The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	Yes

The above and subsequent Annex XII reporting templates provide information of financing of nuclear energy and fossil gas related activities based on counterparties Taxonomy reports.

Annex XII: Template 2. Taxonomy-aligned economic activities (denominator) based on turnover KPI

Economic activities	Green Asset Ratio						Green Ratio for Assets under Management					
	CCM + CCA		Climate change migration (CCM)		Climate change adaption (CCA)		CCM + CCA		Climate change migration (CCM)		Climate change adaption (CCA)	
	Amt	%	Amt	%	Amt	%	Amt	%	Amt	%	Amt	%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	0.0	0.0	0.0	0.0	-	-	-	-	-	-	-	-
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	0.0	0.0	0.0	0.0	-	-	0.0	0.0	0.0	0.0	-	-
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	1.7	0.0	1.7	0.0	-	-	0.3	0.0	0.3	0.0	-	-
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	0.0	0.0	0.0	0.0	-	-	-	-	-	-	-	-
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	0.0	0.0	0.0	0.0	-	-	0.0	0.0	0.0	0.0	-	-
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	0.0	0.0	0.0	0.0	-	-	-	-	-	-	-	-
Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	401.1	3.5	401.1	3.6	0.0	0.0	13.1	0.6	13.1	0.6	0.0	0.0
Total applicable KPI	**402.8**	**3.6**	**402.8**	**3.6**	**0.0**	**0.0**	**13.4**	**0.6**	**13.4**	**0.6**	**0.0**	**0.0**

Annex XII: Template 2. Taxonomy-aligned economic activities (denominator) based on CapEx KPI

Economic activities	Green Asset Ratio						Green Ratio for Assets under Management					
	CCM + CCA		Climate change migration (CCM)		Climate change adaption (CCA)		CCM + CCA		Climate change migration (CCM)		Climate change adaption (CCA)	
	Amt	**%**	**Amt**	**%**	**Amt**	**%**	**Amt**	**%**	**Amt**	**%**	**Amt**	**%**
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	-	-	-	-	-	-	-	-	-	-	-
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	0.3	0.0	0.3	0.0	-	-	0.0	0.0	0.0	0.0	-	-
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	2.4	0.0	2.4	0.0	-	-	0.3	0.0	0.3	0.0	-	-
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	0.0	0.0	0.0	0.0	-	-	0.0	0.0	0.0	0.0	-	-
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	0.0	0.0	0.0	0.0	-	-	0.0	0.0	0.0	0.0	-	-
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	0.0	0.0	0.0	0.0	-	-	0.0	0.0	0.0	0.0	-	-
Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	403.4	3.6	403.4	3.6	0.0	0.0	13.5	0.7	13.5	0.7	-	-
Total applicable KPI	**406.1**	**3.6**	**406.1**	**3.6**	**0.0**	**0.0**	**13.8**	**0.7**	**13.8**	**0.7**	**-**	**-**

Annex XII: Template 3. Taxonomy-aligned economic activities (numerator) based on turnover KPI

Economic activities	Green Asset Ratio						Green Ratio for Assets under Management					
	CCM + CCA		Climate change migration (CCM)		Climate change adaption (CCA)		CCM + CCA		Climate change migration (CCM)		Climate change adaption (CCA)	
	Amt	%	Amt	%	Amt	%	Amt	%	Amt	%	Amt	%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	0.0	0.0	0.0	0.0	–	–	–	–	–	–	–	–
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	0.0	0.0	0.0	0.0	–	–	0.0	0.1	0.0	0.1	–	–
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	1.7	0.4	1.7	0.4	–	–	0.3	2.6	0.3	2.6	–	–
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	0.0	0.0	0.0	0.0	–	–	–	–	–	–	–	–
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	0.0	0.0	0.0	0.0	–	–	0.0	0.0	0.0	0.0	–	–
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	0.0	0.0	0.0	0.0	–	–	–	–	–	–	–	–
Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	401.	99.6	401.1	99.6	0.0	0.0	13.1	97.3	13.1	97.2	0.0	0.1
Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI	**402.8**	**100.0**	**402.8**	**100.0**	**0.0**	**0.0**	**13.4**	**100.0**	**13.4**	**99.9**	**0.0**	**0.1**

Annex XII: Template 3. Taxonomy-aligned economic activities (numerator) based on CapEx KPI

Economic activities	Green Asset Ratio						Green Ratio for Assets under Management					
	CCM + CCA		Climate change migration (CCM)		Climate change adaption (CCA)		CCM + CCA		Climate change migration (CCM)		Climate change adaption (CCA)	
	Amt	%	Amt	%	Amt	%	Amt	%	Amt	%	Amt	%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	–	–	–	–	–	–	–	–	–	–	–	–
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	0.3	0.0	0.3	0.0	–	–	0.0	0.1	0.0	0.1	–	–
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	2.4	0.6	2.4	0.6	–	–	0.3	1.9	0.3	1.9	–	–
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	0.0	0.0	0.0	0.0	–	–	0.0	0.0	0.0	0.0	–	–
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	0.0	0.0	0.0	0.0	–	–	0.0	0.0	0.0	0.0	–	–
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	0.0	0.0	0.0	0.0	–	–	0.0	0.0	0.0	0.0	–	–
Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	403.4	99.0	403.4	99.0	0.0	0.0	13.5	98.0	13.5	98.0	–	–
Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI	**406.1**	**99.6**	**406.1**	**99.6**	**0.0**	**0.0**	**13.8**	**100.0**	**13.8**	**100.0**	**–**	**–**

Annex XII: Template 4. Taxonomy-eligible but not taxonomy-aligned economic activities based on turnover KPI

Economic activities	Green Asset Ratio						Green Ratio for Assets under Management					
	CCM + CCA		Climate change migration (CCM)		Climate change adaption (CCA)		CCM + CCA		Climate change migration (CCM)		Climate change adaption (CCA)	
	Amt	%	Amt	%	Amt	%	Amt	%	Amt	%	Amt	%
Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0	0.0	0.0	0.0	–	–	–	–	–	–	–	–
Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0	0.0	0.0	0.0	–	–	–	–	–	–	–	–
Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0	0.0	0.0	0.0	–	–	0.0	0.0	0.0	0.0	–	–
Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1.1	0.0	1.1	0.0	–	–	2.0	3.3	2.0	3.3	–	–
Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.6	0.0	0.6	0.0	–	–	2.1	3.5	2.1	3.5	–	–
Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0	0.0	0.0	0.0	–	–	0.6	1.0	0.6	1.0	–	–
Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	5,458.2	93.1	5,456.7	93.1	1.5	0.0	42.7	70.2	42.7	70.2	0.0	0.0
Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	**5,459.9**	**93.1**	**5,458.4**	**93.1**	**1.5**	**0.0**	**47.4**	**78.0**	**47.4**	**78.0**	**0.0**	**0.0**

Annex XII: Template 4. Taxonomy-eligible but not taxonomy-aligned economic activities based on CapEx KPI

Economic activities	Green Asset Ratio						Green Ratio for Assets under Management					
	CCM + CCA		Climate change migration (CCM)		Climate change adaption (CCA)		CCM + CCA		Climate change migration (CCM)		Climate change adaption (CCA)	
	Amt	%	Amt	%	Amt	%	Amt	%	Amt	%	Amt	%
Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–	–	–	–	–	–	–	–	–	–	–
Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0	0.0	0.0	0.0	–	–	–	–	–	–	–	–
Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.0	0.0	0.0	0.0	–	–	0.0	0.0	0.0	0.0	–	–
Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.5	0.0	0.5	0.0	–	–	0.1	0.1	0.1	0.1	–	–
Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.5	0.0	0.5	0.0	–	–	1.1	1.8	1.1	1.8	–	–
Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0.1	0.0	0.1	0.0	–	–	0.0	0.0	0.0	0.0	–	–
Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	5,486.7	93.1	5,485.1	93.1	1.6	0.0	43.6	74.5	43.6	74.5	–	–
Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	**5,487.8**	**93.1**	**5,486.2**	**93.1**	**1.6**	**0.0**	**44.8**	**76.4**	**44.8**	**76.4**	**–**	**–**

Annex XII: Template 5. Taxonomy non-eligible economic activities based on turnover KPI

Economic activities	Green Asset Ratio		Green Ratio for Assets under Management	
	Amt	%	Amt	%
Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-
Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-
Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-
Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-
Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-
Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-
Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	5,454.1	48.2	2,014.2	97.1
Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI	**5,454.1**	**48.2**	**2,014.2**	**97.1**

Annex XII: Template 5. Taxonomy non-eligible economic activities based on CapEx KPI

Economic activities	Green Asset Ratio		Green Ratio for Assets under Management	
	Amt	%	Amt	%
Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-
Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-
Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-
Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-
Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-
Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-
Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	5,421.9	47.9	2,016.3	97.2
Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI	**5,421.9**	**47.9**	**2,016.3**	**97.2**

2. Explanation of the negative materiality assessment

Explanation of the negative materiality assessment for ESRS E2 Pollution

We have assessed pollution to air as not material. Carbon dioxide (CO_2) emissions are already covered under the material topic of Climate Change. For other air emissions (such as methane, nitrous oxide, and fluorinated gases), the assessment concluded non-materiality due to the existence of adequate mitigation measures by our customers, who operate under strict EU regulations. Our ESG risk assessment process also requires high-risk clients to establish transition plans. The process to identify actual and potential pollution-related impacts, risks, and opportunities was consistent with the approach used for all other sustainability topics, as described in the previous section. No separate consultations were conducted specifically regarding pollution.

Explanation of the negative materiality assessment for ESRS E3 Water and marine resources

We have defined several IROs relating to water and marine resources and have concluded that this topic is not material for us. Water stress across the agriculture, manufacturing and construction sectors might significantly increase the operating costs and reduce the profitability of these industries as they rely heavily on water for their production processes. As water becomes scarcer or more expensive, companies might face higher expenses that could strain their financial stability. This heightened financial pressure would raise the risk of loan defaults for businesses in these sectors, and this would be a concern for the banks that finance them. Geographical analysis of the C&E risk drivers shows that the probability of water stress is very low in the Baltics in the short and medium term, even if it may increase a little in the long term.

Our assessment is that such impacts would be bound to specific locations and sectors, limiting the magnitude of the impact. The issue of local water accessibility may reduce property values for both residential and agricultural land, and this could cause property values to fall because of the need for investment in water management systems. Reduced property values may increase the risk of loan repayment and potential credit losses. Some of these locations are prime and are in wealthy municipalities that are expected to create local water management solutions. It is also expected that water collection and irrigation systems will be developed over time, making water crisis events unlikely, and the impact of any event will be limited to specific, small regions. The issue of a negative contribution to the preservation of marine resources through financing of or investment in clients, industries and projects that harm the marine ecosystem was deemed immaterial as we do not have any financing towards these sectors. We may finance in the future these sectors but in a very limited scope and in this case the current internal regulations expect mitigation measures to be in place. No separate consultations were conducted specifically regarding water and marine resources.

Explanation of negative materiality assessment for ESRS S2 Workers in the value chain

We have defined and assessed several IROs relating to workers in the value chain and have concluded that this topic is not material for us. The IROs concern the exacerbation of poor working conditions in the value chain due to financing or investments; workers being exposed to unsafe environments, or lacking proper protective equipment or safety protocols, leading to an increased risk of accidents, injuries or even fatalities; reputational risk, loss of business partners or legal consequences in the event of our clients, suppliers or vendors violating human rights or labour laws; and the potential impact of forced or child labour by suppliers or customers.

In the short term, the chance of such issues arising in our value chain is low because local regulations apply for companies operating in the Baltics, and we have existing policies and processes for due diligence in place to identify this risk to the extent it is practically possible. We also require our customers and vendors to perform due diligence on their own vendors and customers. The trend in localising value chains to decarbonise them and the increased requirements for due diligence by larger companies that are passed down through the supply chains mean that the chances will be increasingly small.

Explanation of the negative materiality assessment for ESRS S3 Affected communities

We have defined two IROs relating to affected communities. First is the negative impact on the living conditions of affected communities through funded projects like large-scale infrastructure or resource extraction projects. These are often intended to promote economic growth, but may lead to the displacement of communities or loss of livelihoods. This impact is deemed not to be material because the localised character of such large projects means they impact a limited population and the likelihood of any such project being launched in the Baltics is low. Second is the potential reputational risk, loss of business partners or legal consequences for human rights violations against affected communities by our suppliers, vendors or clients. There are minority communities in the Baltics that are integrated to a large extent with the local communities. Our services are offered in the languages that are mainly spoken locally and we have a standard in place of having no tolerance for discrimination of any kind.

3. Additional metrics

Our facilities at 31 December 2024

City	Address	Name	Type
Estonia			
Tallinn	Liivalaia street 45, Tallinn	Tallinn HQ, CSC	Headquarter, Customer Service Centre
Tallinn	Endla street 45, Tallinn	Kristiine CSC	Customer Service Centre
Tartu	Kaluri street 2, Tartu	Tartu CSC	Customer Service Centre
Parnu	Lai 11, Pärnu	Pärnu CSC	Customer Service Centre
Rakvere	Võidu 30, Rakvere	Rakvere BO	Backoffice
Latvia			
Riga	Skanstes iela 12, Rīga	Riga HQ, CSC	Headquarter, Customer Service Centre
Riga	Malduguņu iela 2, Mārupe	Marupe CSC	Customer Service Centre
Daugavpils	Cietokšņa iela 48, Daugavpils	Daugavpils CSC	Customer Service Centre
Liepaja	Radio iela 16, Liepāja	Liepaja CSC	Customer Service Centre
Valmiera	Rīgas iela 13, Valmiera	Valmiera CSC	Customer Service Centre
Riga	Tērbatas iela 4, Rīga	Tērbatas CSC	Customer Service Centre
Riga	Marijas iela 2A, Rīga	Stacijas CSC	Customer Service Centre
Riga	Tērbatas 4, Rīga	Terbata CSC	Customer Service Centre
Lithuania			
Vilnius	Konstitucijos 21A, Vilnius	Vilnius HQ, CSC	Headquarter, Customer Service Centre
Alytus	Naujoji g. 3, Alytus	Alytaus CSC	Customer Service Centre
Kaunas	Karaliaus Mindaugo pr. 38, Kaunas	Kauno CSC	Customer Service Centre
Kaunas	Savanorių pr. 349, Kaunas	Kauno Savanoriu CSC	Customer Service Centre
Klaipeda	Liepų g. 10, Klaipėda	Klaipeda CSC	Customer Service Centre
Panevėžys	Urbšio g. 1, Panevėžys	Panevėžys CSC	Customer Service Centre
Vilnius	Aukštaičių 7, Vilnius	Paupio CSC	Customer Service Centre
Pašilaičiai	Eitminų str. 3, Vilnius	Pašilaičiai CSC	Customer Service Centre
Šiauliai	Aido 8, Šiauliai	Siauliai CSC	Customer Service Centre
Telsai	Gedimino g. 8, Telšiai	Telsai CSC	Customer Service Centre
Šiauliai	Dvaro g. 96, Šiauliai	Siauliai Remote	Backoffice

Own emissions by country

Scope 1, 2 and 3 own emissions by country and source, 2024	Scope 1	Scope 2	Scope 3	Total
Estonia	5.0	675.0	516.3	**1,196.3**
Latvia	10.2	131.8	485.9	**628.0**
Lithuania	16.1	204.9	525.5	**746.5**
Total	**31.3**	**1,011.7**	**1,527.7**	**2,570.8**

Loan portfolio financed emissions by country

Financed emissions by selected lending portfolio	Exposure in scope €m	Carbon Intensity tCO2e/€m	Financed emissions	
			‘000 tCO2e	% of total
Estonia	1,086.1	61.2	66.5	2.4
Latvia	1,378.8	28.0	38.6	1.4
Lithuania	2,962.4	43.5	128.9	4.7
Mortgages	**5,427.3**	**43.1**	**234.0**	**8.6**
Estonia	335.7	59.5	20.0	0.7
Latvia	354.4	57.8	**20.5**	0.7
Lithuania	632.7	53.8	34.0	1.2
Motor vehicle loans	**1,322.8**	**56.3**	**74.5**	**2.7**
Estonia	792.5	454.6	360.3	13.2
Latvia	964.6	378.9	365.5	13.4
Lithuania	1,676.4	1,012.0	1,696.6	62.1
Corporate lending	**3,433.6**	**705.5**	**2,422.4**	**88.7**

Scope 3 financed emissions and carbon intensity of corporate lending portfolio by sector

2024	Exposure in scope €m	Carbon Intensity tCO2e/€m	Financed emissions		PCAF quality score
			‘000 tCO2e	% of total	
Real estate activities	1,171.6	47	55.0	2	4.1
Wholesale and retail trade	442.2	1,122	496.3	20	4.0
Manufacturing	504.1	2,503	1,261.9	52	3.9
Transportation and storage	116.4	246	28.7	1	4.2
Agriculture, forestry and fishing	263.0	625	164.4	7	4.1
Construction	166.0	401	66.5	3	4.0
Electricity, gas, steam and air conditioning	233.4	1,056	246.5	10	4.0
Water supply	71.3	157	11.2	-	3.4
Mining and quarrying	10.5	305	3.2	-	4.0
Other	455.1	195	88.7	4	4.1
Total (included in scope)	**3,433.6**	**706**	**2,422.4**	**100**	4.1
Excluded Financial activities (NACE code K)	268.2				

Climate and Environmental Risks on Business Environment – Short term principal risks by portfolio

By business risk	Chronic physical risks															Acute physical risks													Transition risks				
	Changing temperature	Heat stress	Temperature variability	Permafrost thawing	Changing wind patterns	Changing precipitation	Ocean acidification	Saline intrusion	Sea level rise	Precipitation or hydrological variability	Water stress	Coastal erosion	Soil degradation	Soil erosion	Solifluction	Heat wave	Cold wave/frost	Wildfire	Cyclone, hurricane	Storm	Tornado	Drought	Heavy precipitation	Flood	Glacial lake outburst	Avalanche	Landslide	Subsidence	Policy risk	Litigation risk	Technology risk	Market risk	Reputation risk
Asset based assessment																																	
Private lending (mortgages and consumer lending)	✓				✓											✓						✓	✓	✓					✓				
Leasing (private and corporate)																							✓	✓					✓				
Businesses (Large Corporates and SMEs) (a)																																	
Agriculture, forestry and fishing (b)	✓	✓														✓							✓	✓					✓	✓			✓
Mining and quarrying											✓											✓	✓	✓					✓				✓
Manufacturing																							✓	✓					✓	✓	✓		✓
Electricity, gas, steam and aircon	✓	✓														✓							✓	✓					✓	✓	✓		✓
Water supply	✓	✓														✓							✓	✓					✓	✓	✓	✓	✓
Construction																							✓	✓					✓	✓			✓
Wholesale and retail trade	✓	✓																					✓						✓	✓		✓	✓
Transportation and Storage																				✓			✓	✓					✓	✓	✓	✓	✓
Accommodation and food service	✓	✓														✓							✓	✓					✓				
Information and communication	✓	✓														✓							✓	✓					✓	✓	✓		✓
Financial and insurance activities	✓	✓														✓							✓	✓					✓	✓	✓		✓
Real estate activities																✓							✓	✓					✓		✓	✓	
Other activities																																	

Climate and Environmental Risks on Business Environment – Medium term principal risks by portfolio

By business risk	Chronic physical risks															Acute physical risks													Transition risks				
	Changing temperature	Heat stress	Temperature variability	Permafrost thawing	Changing wind patterns	Changing precipitation	Ocean acidification	Saline intrusion	Sea level rise	Precipitation or hydrological variability	Water stress	Coastal erosion	Soil degradation	Soil erosion	Solifluction	Heat wave	Cold wave/frost	Wildfire	Cyclone, hurricane	Storm	Tornado	Drought	Heavy precipitation	Flood	Glacial lake outburst	Avalanche	Landslide	Subsidence	Policy risk	Litigation risk	Technology risk	Market risk	Reputation risk
Asset based assessment																																	
Private lending (mortgages and consumer lending)	✓				✓							✓				✓						✓	✓	✓					✓			✓	
Leasing (private and corporate)																							✓	✓					✓			✓	
Businesses (Large Corporates and SMEs) (a)																																	
Agriculture, forestry and fishing (b)	✓	✓									✓					✓							✓	✓					✓	✓	✓	✓	✓
Mining and quarrying											✓											✓	✓	✓					✓		✓		✓
Manufacturing		✓														✓							✓	✓					✓	✓	✓	✓	✓
Electricity, gas, steam and aircon	✓	✓									✓	✓				✓							✓	✓					✓	✓	✓	✓	✓
Water supply	✓	✓														✓							✓	✓					✓	✓	✓	✓	✓
Construction	✓																			✓			✓	✓					✓	✓	✓	✓	✓
Wholesale and retail trade	✓	✓																					✓						✓	✓		✓	✓
Transportation and Storage																				✓			✓	✓					✓	✓	✓	✓	✓
Accommodation and food service	✓	✓										✓				✓							✓	✓					✓			✓	
Information and communication	✓	✓														✓							✓	✓					✓	✓	✓	✓	✓
Financial and insurance activities	✓	✓									✓	✓				✓							✓	✓					✓	✓	✓	✓	✓
Real estate activities	✓	✓										✓				✓				✓			✓	✓					✓	✓	✓	✓	✓
Other activities																																	

Climate and Environmental Risks on Business Environment – Long term principal risks by portfolio

By business risk	Chronic physical risks															Acute physical risks													Transition risks				
	Changing temperature	Heat stress	Temperature variability	Permafrost thawing	Changing wind patterns	Changing precipitation	Ocean acidification	Saline intrusion	Sea level rise	Precipitation or hydrological variability	Water stress	Coastal erosion	Soil degradation	Soil erosion	Solifluction	Heat wave	Cold wave/frost	Wildfire	Cyclone, hurricane	Storm	Tornado	Drought	Heavy precipitation	Flood	Glacial lake outburst	Avalanche	Landslide	Subsidence	Policy risk	Litigation risk	Technology risk	Market risk	Reputation risk
Asset based assessment																																	
Private lending (mortgages and consumer lending)	✓	✓			✓	✓					✓	✓	✓			✓		✓		✓	✓	✓	✓	✓				✓	✓			✓	
Leasing (private and corporate)																				✓	✓		✓	✓				✓	✓			✓	
Businesses (Large Corporates and SMEs) (a)																																	
Agriculture, forestry and fishing (b)	✓	✓				✓				✓	✓		✓			✓		✓		✓	✓	✓	✓	✓					✓	✓		✓	✓
Mining and quarrying						✓					✓									✓	✓	✓	✓	✓				✓	✓	✓	✓	✓	✓
Manufacturing	✓	✓									✓		✓			✓				✓	✓	✓	✓	✓					✓	✓	✓	✓	✓
Electricity, gas, steam and aircon	✓	✓								✓	✓	✓				✓				✓	✓	✓	✓	✓					✓	✓	✓	✓	✓
Water supply	✓	✓				✓										✓				✓			✓	✓					✓	✓		✓	✓
Construction	✓																			✓	✓		✓	✓					✓	✓	✓	✓	✓
Wholesale and retail trade	✓	✓														✓				✓	✓	✓	✓						✓	✓		✓	✓
Transportation and Storage																				✓	✓		✓	✓					✓	✓	✓	✓	✓
Accommodation and food service	✓	✓										✓				✓		✓		✓	✓		✓	✓					✓			✓	
Information and communication	✓	✓				✓										✓		✓		✓	✓		✓	✓					✓	✓	✓	✓	✓
Financial and insurance activities	✓	✓				✓				✓	✓	✓	✓			✓		✓		✓	✓	✓	✓	✓				✓	✓	✓		✓	✓
Real estate activities	✓	✓										✓				✓		✓		✓	✓		✓	✓					✓	✓	✓	✓	✓
Other activities																																	

4. Our policies, procedures, and standards

ESG AND GOVERNANCE

Document	Description
Sustainability Policy	
Applies to Luminor Group; Implemented by Group Sustainability Department; Available at our Intranet	This policy establishes the general principles, roles and responsibilities for sustainability, and the measures that must be applied in all our business activities and processes so that we meet the sustainability requirements. It outlines the main ESG principles and values that we aim to integrate into our business model so that we can avoid or minimise any negative impacts on society and the environment that might be caused by our business activities, customers and suppliers. The policy includes provisions for due diligence over our clients, suppliers and vendors, and due consideration and integration of ESG risk drivers into our governance frameworks, and it defines our exclusion list for investment activities. Our policy follows the guidance from international standards including the United Nations Global Compact; the Principles of Responsible Investments (UN PRI); the Guiding Principles on Business and Human Rights; the United Nations Sustainable Development Goals; the OECD Guidelines on Multinational Enterprises; the Anti-Bribery and Corruption Guidance: Due Diligence Guidance for Responsible Business Conduct; the International Labour Organization Tripartite Declaration of Principles concerning Multinational Enterprises on Social Policy; the United States Foreign Corrupt Practices Act and the United Kingdom Anti-Bribery Act 2010; and the Codes of Conduct of the local Baltic Banking Associations.
ESG Due Diligence Standard	
Applies to Luminor Bank AS, Leasing Subsidiaries and Maksekeskus AS; Implemented by Luminor Finance Division; Available at our Intranet.	This document establishes our principles, roles and responsibilities, and describes the steps to be followed when the ESG Due Diligence process is applied in our business activities, decision making and relationships with our employees, customers, vendors, and suppliers. The aim is to avoid or minimise any harm to society and the environment that might be caused by our business activities or those of our customers, vendors and suppliers. This standard has been developed in accordance with the OECD Due Diligence Guidance for Responsible Business Conduct and builds on the UN Guiding Principles on Business and Human Rights, the UN Sustainable Development Goals, the EBRD Environmental and Social Risk Categorisation List, the EU Taxonomy, and other relevant EU regulations. The standard is aligned with the Luminor Risk Policy and Strategy for the non-financial risk assessment grid and with the Sustainability Policy for the exclusion list from our direct investments and financing universe.
Compliance Policy	
Applies to Luminor Group; Implemented by Compliance Division; Available at our Intranet.	This internal regulation outlines our strategy and objectives for compliance risk management and defines the basic principles and roles we use to achieve those objectives. The policy is aligned with the principles set in our Risk Policy.
Double Materiality Assessment Procedure	
Applies to Luminor Group except Maksekeskus AS; Implemented by Group Sustainability Department; Available at our Intranet.	The procedure defines the Double Materiality Assessment (DMA) processes for identification, assessment, management, and disclosure of sustainability-related impacts, risks, and opportunities (IROs). Material Sustainability Matters are identified and assessed from both impact and financial materiality perspectives, relying on stakeholder engagement. The DMA outcomes are reviewed and approved by the Management Board and Supervisory Council and integrated into Luminor's business strategy and risk management processes, as well as sustainability statement in accordance with the Sustainability Reporting Standard. The procedure aligns with the European Sustainability Reporting Standards (ESRS) and Sustainability Accounting Standards Board (SASB) Standards.
ESG Risk Materiality Assessment and ESG Disclosure Standard	
Applies to Luminor Bank AS, and Leasing Subsidiaries; Implemented by Finance Division; Available at our Intranet.	The standard sets out our general principles, roles and responsibilities, and the processes for the Business ESG Materiality Assessment, Climate and Environmental Risk Assessment (CERA), and ESG risk drivers' impact assessment on risk (sub-)types. The objective is to integrate these assessments into Luminor's business strategy and risk management processes, and disclose material aspects properly in the annual Sustainability Statement as a part of the Annual Financial Report. The standard aligns with regulatory requirements such as the EU Corporate Sustainability Reporting Directive (CSRD) and voluntary frameworks like the Global Reporting Initiative (GRI). The document also specifies principles for data collection, quality monitoring, and validation to ensure accurate, balanced, and timely disclosures.

Document	Description
Instruction for Preparation of Credit Risk Report	
Applies to Luminor Bank and Leasing Subsidiaries; Implemented by Credit Risk Department; Available at our Intranet.	This internal regulation provides instructions for preparing the Credit Risk Section of the quarterly Risk Report and preparing a comprehensive Credit Risk Report. It describes the processes, controls and governance, and the associated roles and responsibilities.
Procedure for Analysis of Impact of Climate and Environmental Risks on the Business Environment (C&E RBE)	
Applies to Luminor Group except Maksekeskus AS; Implemented by Sustainability Department; Available at our Intranet.	This internal regulation describes the process for identifying and assessing climate and environmental impacts and risks, and the adaption measures and opportunities resulting for our business areas. The C&E RBE process screens the business environment that we operate in and analyses in detail the C&E risk drivers, covering drivers of both physical and transitional risks for our downstream value chain.
Procedure for Risk Taxonomy Review and Risk Materiality Assessment	
Applies to Luminor Bank and Asset Management Subsidiaries; Implemented by Risk Division; Available at our Intranet.	This procedure sets out the requirements, process, roles and responsibilities for revising our risk taxonomy and for the risk materiality assessment. It describes the top-down and bottom-up approaches to identifying risk, the risk materiality assessment from the normative and economic perspectives, the process for assessing inherent and residual level risk, and an outline of the tools used for the risk materiality assessment.
Risk Appetite Framework (RAF) Policy	
Applies to Luminor Group; Implemented by Risk Division; Available at our Intranet.	This internal regulation is one of the core elements of the risk management framework, and it defines the system of risk limits and provides an overarching set of rules, procedures and processes for setting, communicating and monitoring the risk appetite. It also outlines the roles and responsibilities of those overseeing the implementation and monitoring of the established processes.
Risk Appetite Statement (RAS)	
Applies to Luminor Group; Implemented by Risk Division; Available at our Intranet.	The Statement is a strategic document and a deliverable that is governed by the Risk Policy and prepared in accordance with the Risk Appetite Framework – Policy. The RAS defines the overall risk appetite, risk strategy, risk appetite statements, and metrics for all material Level 1 risk types that we are exposed to, and also for the risk drivers, which may influence a broad range of risk types and sub-types in a material way.
Risk Policy	
Applies to Luminor Group;. Implemented by Risk Division; Available at our Intranet.	The Risk Policy defines the risk management framework, the key risk management principles, and the roles and responsibilities for risk management within Luminor.
Strategy Planning Procedure	
Applies to Luminor Bank AS; Implemented by Luminor Finance Division; Available at our Intranet.	This procedure outlines the strategic planning process, which includes formulating and planning the execution of the long-term group strategy. This procedure encompasses the preparation, review and approval of the strategy, and planning for its execution, detailing the roles and responsibilities, the scope and structure of it, the annual cycle, and the approval process.
Sustainability Reporting Standard	
Applies to Luminor Group; Implemented by Sustainability Department; Available at our Intranet.	The standard outlines the process, roles, and principles for preparing Luminor's annual and quarterly sustainability disclosures. The objective is to ensure accurate, fair, comprehensive, balanced, and timely disclosure of sustainability-related information. The process involves gathering information, validating and signing off disclosures, and obtaining approval from the Management Board and Supervisory Council. The disclosures are integrated into the Management Report and aligned with the European Sustainability Reporting Standards, Corporate Sustainability Reporting Directive, and other relevant regulations.
Business Model Risk Policy	
Applies to Luminor Bank AS; Implemented by Enterprise Risk Management Department; Available at our Intranet.	This policy sets out the core components of business model risk management, including Group Strategy, Financial Plan, products & pricing framework, performance criteria, and performance management, as well as related principles and limitations. The regulation outlines how potential key vulnerabilities to our business model arising from identified ESG risk drivers should be considered during the Group Strategy planning process, and product & pricing framework development.

EMPLOYEES

Document	Description
Advisors and Consultants Evaluation Procedure	
Applies to Luminor Bank; Implemented by Retail Division; Available at our Intranet.	This procedure defines how evaluations of employees working as customer advisors and consultants should be conducted. This process lets us evaluate the competence level of our customer service personnel and help them become better at communicating with customers, mapping customer needs, doing cross-sales, offering the most suitable solutions, and more. The evaluation results can be used for deciding on additional training or coaching. The evaluation results are also taken into account when the variable pay is decided, or the semi-annual salary review conducted for the employees concerned.
Base Salary Management Standard	
Applies to Luminor Group except Maksekeskus AS; Implemented by People & Culture Department; Available at our Intranet.	The standard provides a framework that outlines the principles and guidelines for managing base salaries within the Luminor Group. It is designed to make compensation fair and competitive by maintaining appropriate classifications of positions, setting salary ranges, and aligning with external market standards. The standard emphasises internal, external, and individual fairness, ensuring that employees in similar roles get comparable pay, while also rewarding skills and performance. It is designed to attract, engage, develop, and retain talent, and so support the overall goals of the Luminor Group.
Equality, Non-Discrimination and Diversity Standard	
Applies to Luminor Group except Maksekeskus AS; Implemented by People & Culture Department; Available at our Intranet.	The standard provides a comprehensive framework that prohibits any form of direct or indirect discrimination, harassment, or instruction to discriminate based on various characteristics such as race, age, gender, gender identity, ethnicity, nationality, language, sexual orientation, disability, and more. It emphasises the creation of an inclusive working culture where every employee is valued and given equal opportunities to thrive, regardless of their differences. The standard is designed to ensure that all employees are treated fairly and equitably, promoting a diverse and respectful workplace environment.
Health and Safety at Work Standard	
Applies to Luminor Group except Maksekeskus AS; Implemented by People & Culture Department; Available at our Intranet.	This standard sets out the process for protecting and promoting physical health and safety at work, including labour protection and fire safety aspects. It aims to establish a labour protection system at Luminor, which is in compliance with the regulatory framework of labour protection that applies in the Baltic countries and the European Union.
Individual Performance Management Procedure	
Applies to Luminor Group except Maksekeskus AS; Implemented by People & Culture Department; Available at our Intranet.	The procedure outlines the process for managing individual performance within the Luminor Group, setting out the roles and responsibilities of managers and employees. It describes how to set individual goals, provide regular feedback through one-to-one meetings and quarterly snaps, and conduct year-end reviews. The procedure aims to create clarity, build alignment, and develop the abilities needed for executing the strategy. It also addresses how to manage poor performance through informal counselling and formal performance improvement plans, and to ensure that employees are given opportunities to improve and are supported in their development.
Induction and Training Procedure for the Management Bodies	
Applies to Luminor Group except Maksekeskus AS; Implemented by People & Culture Department; Available at our Intranet.	The procedure outlines the process for integrating newly appointed members of the Management Board and other key function holders into their roles and the organisation. The process includes creating an induction plan, which is part of the on-boarding process and involves a range of development activities, such as training and mentorship. The aim is to support effective integration and ensure that new members are well-prepared for their responsibilities.
Mental Health and Wellbeing at Work Standard	
Applies to Luminor Group except Maksekeskus AS; Implemented by People & Culture Department; Available at our Intranet.	The standard describes our organisational initiative to foster a healthy, psychologically safe, and respectful working environment. It outlines how we define, identify, and manage work-related or psychosocial risks, and handle concerns about workplace incivility. The standard insists on compliance with the labour laws in Estonia, Latvia and Lithuania, and is designed to create effective and collaborative teams, sustainable engagement, and improved performance. It highlights the importance of addressing workplace incivility and ensuring that employees feel valued and feel safe to speak up when issues arise.

Document	Description
Performance Management Procedure	
Applies to Luminor Group except Maksekeskus AS; Implemented by Performance Management & Strategy Department; Available at our Intranet.	The procedure provides a structured and systematic approach to managing and improving the Luminor Group's performance in alignment with the Strategy and the Financial Plan of the organization. It outlines main rules and principles used for performance management and sets outs roles and responsibilities applicable for the performance management process, which includes KPI setting and monitoring as well as periodical follow-up on actual performance vs the Financial Plan.
Procurement Standard	
Applies to Luminor Group except Maksekeskus AS; Implemented by Procurement Department; Available at our Intranet.	The standard outlines the general principles and overall responsibilities for managing the procurement process. It aims to ensure that our procurement processes are handled in a transparent, timely, efficient and effective manner that is fully compliant with the law and other regulatory acts and with best practice, and that meets the needs of the business units that use or receive products or services.
Remuneration Policy	
Applies to Luminor Group except Maksekeskus AS; Implemented by People & Culture Department; Available at our Intranet.	The policy is designed to produce transparent and balanced remuneration programmes that align individual performance with the long-term goals of the organisation. The aim is to attract, develop, and retain motivated and skilled employees without encouraging excessive risk-taking. The policy emphasises equal opportunities and non-discrimination within both fixed and variable remuneration, and it contains measures for preventing mis-selling in retail banking and ensuring fairness in investment services. The remuneration structure has fixed and variable components, with performance fees at the discretion of the Supervisory Council, and with priority given to financial stability and regulatory compliance.
Variable Remuneration for Employees Procedure	
Applies to Luminor Group except Maksekeskus AS; Implemented by People & Culture Department; Available at our Intranet.	This procedure outlines the roles and responsibilities in managing the remuneration process and sets the provisions for variable remuneration that apply to all employees and senior management. It details the responsibilities, eligibility criteria, performance evaluation, and the process for awarding and monitoring variable remuneration. It emphasises the importance of aligning remuneration with performance, risk management, and compliance discipline, as well as ensuring proper documentation, communication, and approval processes for variable remuneration. It also contains specific guidelines for deferral payments and performance evaluation.
Work Organization Rules	
Applies to Luminor Group except Maksekeskus AS; Implemented by People & Culture Department; Available at our Intranet.	The rules outline the main principles on obligations of the parties in an employment relationship, pursuant to the applicable labour legislation and internal documents. The document covers main aspects of working time, annual vacation and time-off, remote work, working abroad, contract changes and termination.

CUSTOMERS

Document	Description
Adverse Media Screening Instruction	
Applies to Luminor Bank AS; Implemented by Operations Division; Available at our Intranet.	This instruction defines the process of screening for adverse media information in public sources and describes the roles and responsibilities in investigating the risks identified during the process. The purpose of adverse media screening is to prevent Luminor being used for financial crime and engaging with legal entities or private individuals who are involved in or related to or found guilty of financial crime or ESG related offences. Daily exposure checks for high-risk clients against adverse media let us identify existing or perspective customers that might be victims or perpetrators or accomplices of financial crime.
AML/CFT/CFP and Sanctions Policy	
Applies to Luminor Group; Implemented by Compliance Division; Available at our Intranet.	The The policy sets the main principles for risk management and defines the minimum compliance requirements for Anti-Money Laundering (AML), Countering the Financing of Terrorism (CFT), Countering the Financing of Proliferation (CFP), and Sanctions. This policy ensures that the principles and compliance requirements are applied consistently, reflecting our regulatory, ethical, and social responsibilities. The policy, together with lower-level documents that set and maintain its provisions comprise the Internal Control Framework in the AML/CFT/CFP and Sanctions area within Luminor.
Anti-Financial Crime and Sanctions Standards	
Applies to Luminor Group except Maksekeskus AS; Implemented by Compliance Division; Available at our Intranet.	The standards are designed to give further detail on the main risk management principles and requirements set in the AML/CFT/CFP and Sanctions Policy. They aim to ensure compliance with the legal requirements and the Policy, and to protect Luminor and our customers, partners and business activities from being used for ML/TF/PF and for circumventing Sanctions. The Standards define the main pillars of effective AML/CFT/CFP and the Sanctions Internal Control Framework, including detailed roles and responsibilities within the three lines model, the ML/TF/PF and Sanctions risk strategy, implementation of binding and non-binding Sanctions regimes, KYC, Transaction Monitoring and Sanctions Screening, internal controls, reporting, and training.
Anti-Bribery and Anti-Corruption (ABAC) Standard	
Applies to Luminor Group; Implemented by Conduct Department; Available at our Intranet.	The standard outlines our strategy and objectives for managing bribery and corruption risk and defines the overarching principles and roles we use to achieve those objectives. It describes how we develop, apply and maintain effective overarching management of bribery and corruption risk.
Customer Complaints, Feedback and Requests Handling Procedure & also Standard	
Applies to Luminor Group except Maksekeskus AS; Implemented by Customer Experience Unit; Available at our Intranet.	The internal regulations together set forth the framework and overall principles for handling of customer complaints, feedback and requests, as well as mistakes found by our employees. They outline roles and responsibilities of structural units in complaints handling, reporting, analyzing data and following-up on improvements. When mitigating negative impacts, we follow the applicable EU and national regulations. These provisions also apply i to our external vendors acting under an agreement to sell our products, and to all the customer segments we serve, including third party service providers who use our open banking solutions.
Conflict of Interest Management Standard	
Applies to Luminor group; Implemented by Conduct Department; Available at our Intranet and a summary on our website.	The standard sets the requirements for identifying, preventing and managing Conflicts of Interest in Luminor that concern employees, management bodies, structural units, and all of our business activities, including the provision of investment and ancillary Services, launches of new products or services, approval of a new target market, a change to an existing product or service or to a defined target market, or an ad hoc review of any of these.
Credit Risk Policy	
Applies to Luminor Bank AS, and Leasing Subsidiaries; Implemented by Credit Risk Department; Available at our Intranet.	This internal regulation provides a framework that ensures we have a consistent approach and common objectives for all our activities related to lending within the boundaries of defined in the Risk Policy and the Risk Appetite Statement. Adhering to this Policy means we can maintain a sound credit portfolio that balances risk and business objectives. The Policy also sets the foundations for our business strategies and serves as the framework for credit strategies for individual and legal entities segments.

Document	Description
Customer Service Standard	
Applies to Luminor Bank AS; Implemented by Retail Banking Division; Available at our Intranet.	The standard outlines the essential guidelines and best practice for delivering exceptional customer service. It aims to enhance customer satisfaction and loyalty through consistency, efficiency and high-quality interactions across all customer touchpoints. It sets out detailed steps for handling customer inquiries, resolving issues, and maintaining a positive customer experience.
Data Anonymisation Procedure	
Applies to Luminor Bank, AS; Implemented by Technology Division; Available at our Intranet.	This internal regulation defines the main statements and minimal requirements for data anonymisation in non-production environments. We have a legal obligation to protect personal data and any other confidential information from the company and stop it leaking out to the non-production environment when it is shared with non-production users. This procedure sets and maintains internal limits on the protection of personal data and any other confidential company data.
Data Protection Standard	
Applies to Luminor Group, except Maksekeskus AS; Implemented by Compliance Division; Available at our Intranet.	This internal regulation defines the requirements for personal data protection and handling. It defines the roles and responsibilities for addressing the specific requirements of the EU General Data Protection Regulation (GDPR) s, and the process of controlling for compliance with this Standard and the GDPR requirements.
Data Quality Management Procedure	
Applies to Luminor Group, except Maksekeskus AS; Implemented by Data Management Department; Available at our Intranet.	The regulation defines the main principles and responsibilities for data quality management setting out guidelines for data collection, storage, architecture, and aggregation, and for monitoring of data quality for the completeness, validity, timeliness, accuracy, consistency and uniqueness of the data, as well as remediation steps for if data quality issues arise. It aims to establish a standardised and systematic approach to evaluating and improving the quality of data across the organisation. This approach is designed to follow the principles outlined in the Basel Committee on Banking Supervision Standard no. 239.
Enhanced Due Diligence Procedure	
Applies to Luminor Group, except Maksekeskus AS; Implemented by Compliance Division; Available at our Intranet.	This internal regulation aims to prevent Luminor from being used for money laundering and financing of terrorism or proliferation (ML/TF/PF) or for sanctions evasion. It describes cases when the enhanced due diligence should be performed, the scope of it, the deadlines for it, and the people responsible. Enhanced due diligence is carried out in addition to the standard customer due diligence measures after ML/TF/PF and sanctions risk-assessments have identified customers that pose a higher risk.
ESG Risk Assessment Procedure	
Applies to Luminor Bank AS, and Leasing Subsidiaries; Implemented by Credit Risk Department; Available at our Intranet.	This internal regulation defines the main principles and assigns responsibilities of the ESG Risk assessment process for legal entities. which is part of the overall creditworthiness assessment process. The procedure establishes a risk-based approach to define the ESG risk assessment process, focusing on customers whose inherent environmental, social and governance risks are highest because of their position in the EBRD industry categorisation list, our internal assessment of their transition risk, and considering the size of their credit exposure. An enhanced assessment is made of customers that an elevated inherent ESG risk has been identified for, and conclusions are reached about their mitigation capacity and the residual risk level. These conclusions are documented and considered in the decision-making process for credit.
Inducement Standard for the Provision of Investment and Ancillary services	
Applies to Luminor Bank AS; Implemented by Wealth Management Department; Available at our Intranet.	This internal regulation sets the principles that ensure we act honestly, fairly and professionally when providing investment or ancillary services to clients. This helps us act in the best interests of our clients, avoid conflicts of interest, and take all the measures needed to identify conflicts of interest that may arise from monetary or non-monetary benefits received from third parties or in the course of the provision of investment services to our clients.

Document	Description
Customer Due Diligence Procedure (Know Your Customer process)	
Applies to Luminor Group except Maksekeskus AS; Implemented by Compliance Division; Available at our Intranet.	This internal regulation defines the Know Your Customer (KYC) process, which is designed to prevent us being used for ML/TF/PF and Sanctions evasion, or other types of financial crime. The procedure describes the applicable customer due diligence (CDD) measures, the cases when CDD is performed before a business relationship is established or before an occasional transaction, and during business relationships. The procedure also describes the principles for terminating a customer relationship if CDD measures could not be applied, or in other circumstances.
Lending Risk Parameters for Private Individuals Procedure	
Applies to Luminor Bank AS and Leasing Subsidiaries; Implemented by Retail Division; Available at our Intranet.	This internal regulation describes the main lending risk parameters that are applicable to lending to private individuals including through leases. Issues to be considered include the co-borrower type, the income type, and the size, location, type and value of the property.
Privacy Policy	
Applies to Luminor Group; Implemented by Data Management Department; Available at our Intranet.	This public policy describes how we collect, share, protect and retain personal data. Further information about our processing of personal data is set out in our product and service agreements and other forms and documents relating to our products and services.
Procedure on Personal Data Handling	
Applies to Luminor Group except Maksekeskus AS; Implemented by Compliance Office Department; Available at our Intranet.	This internal regulation describes the application of the rights of data subjects. It defines the roles, responsibilities, principles and activities for registering, accepting and responding to requests concerning Personal Data Processing. Such requests may come from current, prospective or former customers and employees, or from other people whose personal data we may process.
Procedure for Personal Transactions in Financial Instruments	
Applies to Luminor Group except Maksekeskus AS; Implemented by Conduct Department; Available at Our Intranet.	The procedure defines the general requirements for personal transactions in financial instruments that apply to all employees in the Luminor Group, and the specific requirements and restrictions that apply to employees involved in investment activities and their related persons. It is aligned with the requirements of the EU Market Abuse Regulation and its underlying regulations.
Code of Responsible Business Conduct for Third Parties	
Applies to Third Party agreements; Implemented by Conduct Department; Available at our Intranet and our website.	This is an annex to our Code of Conduct which outlines our values and principles for responsible business conduct that we expect third parties to follow, including concerns for the impact on society and the environment of the business activities. We supplement this annex to our agreements with all suppliers and vendors from outside the EU/EEA unless they confirm that their own approved internal regulations are aligned with our conduct principles.
Third Party Risk Management Standard	
Applies to Luminor Group except Maksekeskus AS; Implemented by Operational Risk Department; Available at our Intranet.	This standard sets the principles for the effective management of third party and outsourcing risks across the third-party risk management lifecycle. It describes processes for identifying critical and outsourcing agreements with third parties and intragroup providers, managing and providing governance of third-party agreements and their risks. It also defines roles, responsibilities and escalation paths for the related risks, as well as reporting obligations within Luminor and to the regulatory bodies. The Standard is aligned with the relevant guidelines of EBA and ESMA, and the EU Digital Operational Resilience Act.
Sourcing and Third-Party Management Procedure	
Applies to Luminor Group except Maksekeskus AS; Implemented by Operational Risk Department; Available at our Intranet.	This procedure establishes a consistent approach for the sourcing and purchasing of all goods and services and for managing the risks and performance-related activities throughout the third-party management lifecycle: from the point when the business identifies that it needs to use a third party or intragroup service provider, up to when the agreement is renewed or terminated, or expires. It provides a set of templates for supplier due diligence questionnaires, depending on supplier classification, which all contain an ESG related questionnaire, and outlines their application process. The Procedure is aligned with the relevant guidelines of EBA and ESMA, and the EU Digital Operational Resilience Act.

BUSINESS CONDUCT

Document	Description
Code of Conduct (the Code)	
Applies to Luminor Group; Implemented by Conduct Department; Available at our Intranet and website	Our Code outlines the general principles for how we conduct business. We aspire to maintain the highest standards of ethical and professional conduct, and to operate in compliance with the laws and internal policies when dealing with shareholders, customers, business partners, communities and each other. Our Code follows the OECD Good Practice Guidance on Internal Controls, Ethics and Compliance, as well as relevant EU and national regulations.
Procedure of Handling of Inside Information	
Applies to Luminor group except Maksekeskus; Implemented by Conduct Department; Available at our Intranet.	The procedure sets out our principles and measures that we apply to ensure that inside information is handled and disclosed correctly in order to prevent market abuse. This procedure is aligned with the requirements of the Market Abuse Regulation and its underlying regulations.
Procedure for Personal Transactions in Financial Instruments	
Applies to Luminor Group except Maksekeskus; Implemented by Conduct Department; Available at Our Intranet.	The procedure defines the general requirements for personal transactions in financial instruments that apply to all employees in the Luminor Group, and the specific requirements and restrictions that apply to employees involved in investment activities and their related persons. It is aligned with the requirements of the EU Market Abuse Regulation and its underlying regulations.
Raising Your Concern Procedure	
Applies to Luminor Group; Implemented by Conduct Department; Available at our Intranet.	The procedure describes the process for preventing and proactively detecting any breaches of the law, other external regulatory acts, or internal requirements, and bringing them to the attention of the appropriate functions within Luminor. The procedure covers the principles of whistleblowing and describes the internal alert framework, and the principles of handling of information received about any type or area of concern that has occurred, is suspected, or may occur.

CLIMATE AND ENVIRONMENT RELATED POLICIES

Document	Description
Data Specification for ESG Data Proxies	
Applies to Luminor Bank AS; Implemented by Sustainability Department; Available at our Intranet.	This internal regulation describes all of the data requirements needed for developing the ESG risk data model, including the data sources, and where to get the data needed. This internal regulation also provides the methodologies for estimating the data attributes if the data are not yet in our systems or if it is not possible to get the data needed in the right format from external data providers.
ESG Data Management Procedure	
Applies to Luminor Bank AS; Implemented by Sustainability Department; Available at our Intranet.	This procedure establishes the principles, roles, and responsibilities for managing ESG data within Luminor in line with our data management framework. It aims to ensure accurate and reliable ESG data management to support informed decision-making and compliance with internal and external reporting requirements. The procedure details the process of collaboration between business units and support functions, covering stages from initiation and analysis to implementation and finalization. Regular monitoring and documentation are in place to maintain data quality and integrity.
Industry ESG Risk Management Procedure	
Applies to Luminor Bank AS, and Leasing Subsidiaries; Implemented by Credit Risk Department; Available at our Intranet.	This is a subordinated document to the ESG Risk Assessment Procedure that provides additional guidance for sectors with medium or high climate risk exposure. It details sector-specific climate risks and risk drivers, and outlines possible ways of mitigating risks, such as developing climate-friendly policies and procedures, setting targets and metrics, and writing transition plans. It also defines the general lending principles and expectations for customers in these sectors, which includes expectations for mitigating and adapting to climate change, pursuing energy efficiency, shifting towards increased use of renewable energy, etc.
Product Management Procedure	
Applies to Luminor Group except Maksekeskus; Implemented by Legal Department; Available at Our Intranet.	This procedure governs the processes for managing Luminor's products, including developing new products, making changes to existing products, and decommissioning. It establishes the definitions of products, and provides guidelines for product documentation and assessment processes. We aim to ensure that our customer interests, objectives, characteristics, and sustainability preferences are considered, potential consumer detriment is mitigated, and conflicts of interest are minimized. The procedure aligns product management with our business strategy, and our internal regulations for risk management and accounting.
Sustainable Investment Guidelines	
Applies to Luminor Bank AS and Asset Management Subsidiaries Implemented by Group Sustainability Department Available at our website	The guidelines outline sustainable investment principles, including the ESG risk integration in the investment decision making process in Luminor Bank and its Asset Management Subsidiaries. Subsidiaries. The guidelines apply to direct and indirect investments in the provision of discretionary portfolio management services, management of pension funds, pension plans and pension schemes, and investment on our own account through Luminor liquidity bond portfolio management, and bond trading. The sustainable investment guidelines were developed in accordance with the Sustainable Finance Disclosure Regulation (SFDR), the United Nations Principles for Responsible Investment (UN PRI), the EU Action Plan for Financing Sustainable Growth, and other applicable legal acts.
Discretionary Portfolio Management ESG Due Diligence Procedure	
Applies to Luminor Bank AS; Implemented by Wealth Management Department; Available at our Intranet.	The procedure sets out how ESG risks and principal adverse impacts are integrated in the investment decision making processes, following the principles set in our Sustainability Policy and the Sustainable Investment Guidelines, when managing client investment portfolio on a discretionary basis. It outlines how the ESG due diligence assessment is performed before and during the investment decision making process, including the relevant methodology and the allocation of responsibility when the principal adverse impact prioritisation framework is applied. The regulation also defines roles and responsibilities for monitoring and reporting processes.
Sustainable Investment Due Diligence Procedure of Luminor Asset Management and Pension Companies	
Applies to Luminor Asset Management Subsidiaries; Implemented by Asset Management and Pension Companies Department; Available at our Intranet.	The procedure describes how ESG risks and adverse sustainability impacts are integrated into the investment decision making processes for Asset Management Subsidiaries. Following the SFDR provisions, our Sustainability Policy and the Sustainable Investment Guidelines, the procedure establishes different types of financial instruments with regards to their sustainability characteristics and sets out how the ESG due diligence assessment is made for the financial instruments proposed for the pension funds. The regulation also defines roles and responsibilities for monitoring and reporting processes on relevant disclosures.

5. CSRD content index

Standard	Disclosure requirement	Section in the sustainability statement	Additional information
ESRS 2 – General disclosures			
BP-1	General basis for preparation of the sustainability statement	General information: Scope of reporting and restatements	5(e): Luminor is based in an EU member state that does not permit the exemption from disclosing impending developments or matters under negotiation, and so no exemption has been applied.
BP-2	Disclosures in relation to specific circumstances	General requirements: Sources of estimation and outcome uncertainty, and Notes to the sustainability statement: Methodologies	13(b),14: As we do not disclose comparative figures in the report, there are no restatements or prior period errors except in the section of Disclosures pursuant to Article 8 of EU Taxonomy Regulation: Restatements.
GOV-1	The role of the administrative, management and supervisory bodies	General information: Governance Structures	
GOV-2	Information provided to and Sustainability Matters addressed by the undertaking's administrative, management and supervisory bodies	General information: Summary of reporting lines, management and oversight over Sustainability Matters by administrative, management and supervisory bodies	
GOV-3	Integration of sustainability-related performance in incentive scheme	General information: Integration of sustainability related performance in the incentive scheme	
GOV-4	Statement on due diligence	General information: Due Diligence processes	
GOV-5	Risk management and internal controls over sustainability reporting	General information: Risk management and internal controls over sustainability reporting	
SBM-1	Strategy, business model and value chain	General information:	40(b) disclosure requirement concerning revenue by significant ESRS sectors omitted until adaptation of Delegated Act.
SMB-2	Interests and view of stakeholders	General information: Stakeholder engagement	
SMB-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Material impacts and how they interact with strategy	Disclosure requirement 48(e) omitted during the first year of preparation.
IRO-1	Description of the process to identify and assess material impacts, risks and opportunities	General information: Double Materiality Assessment and Sustainability Reporting Processes	
IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	General information: Double Materiality Assessment and Sustainability Reporting Processes	

Standard	Disclosure requirement	Section in the sustainability statement	Additional information
ESRS E1 – Climate change			
ESRS 2 GOV-3	Integration of sustainability-related performance in incentive schemes	General information: Integration of sustainability related performance in the incentive scheme	
E1-1	Transition plan for climate change mitigation	Environmental information, Climate change: Reducing the climate impact on our operations	
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Environmental information, Climate change: Climate and environmental risk stewardship	
ESRS 2 IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	Environmental information, Climate change: Description of the processes to identify and assess material climate-related impacts, risks and opportunities	
E1-2	Policies related to climate change mitigation and adaptation	Environmental information, Climate change: Policies related to climate change mitigation and adaptation	
E1-3	Actions and resources in relation to climate change policies	Environmental information, Climate change: Actions	
E1-4	Targets related to climate change mitigation and adaptation	Environmental information, Climate change: Targets	
E1-5	Energy consumption and mix	Environmental information, Climate change: Climate impact of our operations	
E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	Environmental information, Climate change: Reducing the climate impact of our operations	
E1-7	GHG removals and GHG mitigation projects financed through carbon credit	Environmental information, Climate change: Targets and GHG removals	
E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	–	Disclosure requirements related to E1-9 omitted during the first year of preparation.

Standard	Disclosure requirement	Section in the sustainability statement	Additional information
ESRS E4 – Biodiversity and ecosystems			
E4-1	Transition plan and consideration of biodiversity and ecosystems in strategy and business model	Environmental information, Biodiversity and ecosystems: Actions	
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Environmental information, Biodiversity and ecosystems	
ESRS 2 IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	Environmental information, Biodiversity and ecosystems: IRO	
E4-2	Policies related to biodiversity and ecosystems	Environmental information, Biodiversity and ecosystems: Policies	
E4-3	Actions and resources related to biodiversity and ecosystems	Environmental information, Biodiversity and ecosystems: Actions	
E4-4	Targets related to biodiversity and ecosystems	Environmental information, Biodiversity and ecosystems: Targets	
E4-5	Impact metrics related to biodiversity and ecosystems change	-	Disclosure requirements omitted as either not applicable or voluntary
E4-6	Anticipated financial effects from biodiversity and ecosystem-related impacts, risks and opportunities	-	Disclosure requirements related to E4-6 omitted during the first year of preparation.
ESRS E5 – Resource use and circular economy			
ESRS 2 IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	Environmental information, Resource use and circular economy: IRO	
E5-1	Policies related to resource use and circular economy	Environmental information, Resource use and circular economy: Policies	
E5-2	Actions and resources related to resource use and circular economy	Environmental information, Resource use and circular economy: Actions	
E5-3	Targets related to resource use and circular economy	Environmental information, Resource use and circular economy: Targets	
E5-4	Resource inflows	N/A	Resource inflows associated with Luminor own operations are not material and therefore not disclosed.
E5-5	Resource outflows	Environmental information, Resource use and circular economy: Resource outflows	
E5-6	Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	-	Disclosure requirements related to E5-6 omitted during the first year of preparation.

Standard	Disclosure requirement	Section in the sustainability statement	Additional information
ESRS S1 - Own workforce			
ESRS 2 SBM-2	Interests and views of stakeholders	General information: Stakeholder engagement	
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Social information, Own workforce: IRO	

Standard	Disclosure requirement	Section in the sustainability statement	Additional information
ESRS S1 – Own workforce			
S1-1	Policies related to own workforce	Social information, Own workforce: Policies	
S1-2	Processes for engaging with own workforce and workers' representatives about impacts	General information: Stakeholder engagement	
S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	Social information, Consumers and end users: Raise your concern channel	
S1-4	Acting on material impacts and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions and approaches	Social information, Own workforce: Actions	
S1-5	Targets related to managing material impacts, advancing positive impacts, as well as to risks and opportunities	Social information, Own workforce: Targets	
S1-6	Characteristics of the undertaking's employees	Social information, Own workforce: Characteristics of our employees	
S1-7	Characteristics of non-employee workers in the undertaking's own workforce	-	Disclosure requirements related to S1-7 omitted during the first year of preparation.
S1-8	Collective bargaining agreements	-	Disclosure requirements omitted as not not applicable
S1-9	Diversity metrics	Social information, Own workforce: Diversity and inclusion	
S1-10	Adequate wages	Social information, Own workforce: Adequate compensation	
S1-11	Social protection	Social information, Own workforce: Social protection	
S1-13	Training and skills development metrics	Social information, Own workforce: Training and skills development	
S1-14	Health and safety metrics	Social information, Own workforce: Health and safety	Disclosure requirements related to reporting non-employees and of work-related ill-health and on number of days lost to injuries, accidents, fatalities and work-related ill health as a part of S1-14 omitted during the first year of preparation.
S1-15	Work-life balance	Social information, Own workforce: Work-life balance	
S1-16	Compensation metrics (pay gap and total remuneration)	Social information, Own workforce: Adequate compensation	
S1-17	Incidents, complaints and severe human rights impacts	Social information, Own workforce: Diversity and inclusion	

Standard	Disclosure requirement	Section in the sustainability statement	Additional information
ESRS S4 – Consumers and end-users			
ESRS 2 SBM-2	Interests and views of stakeholders	Social information, Customers and end users: IRO	
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Social information, Customers and end users: IRO	
S4-1	Policies related to consumers and end-users	Social information, Customers and end users: Policies	
S4-2	Processes for engaging with consumers and end users about impacts	Social information, Customers and end users: Actions and engagement with customers and other stakeholders	
S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	Social information, Customers and end users: Raise your concern channel	
S4-4	Acting on material impacts on consumers and end- users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	Social information, Customers and end users: Processes for remedying negative impacts	
S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Social information, Customers and end user: Targets	

Standard	Disclosure requirement	Section in the sustainability statement	Additional information
ESRS G1 – Business conduct			
ESRS 2 GOV-1	The role of the administrative, management and supervisory bodies	Governance information, Business conduct: Policies	
ESRS 2 IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	Governance information, Business conduct: IRO	
G1-1	Business conduct policies and corporate culture	Governance information, Business conduct: Policies	
G1-3	Prevention and detection of corruption and bribery	Governance information, Business conduct: Prevention and detection of corruption and bribery	
G1-4	Incidents of corruption or bribery	Governance information, Business conduct: Incidents, fines and penalties	
Business model resilience (entity-specific, disclosed under G1)			
MDR-P	Policies adopted to manage material Sustainability Matters	Governance information, Business model resilience: Policies	
MDR-A	Actions and resources in relation to material Sustainability Matters	Governance information, Business model resilience: Actions	
MDR-M	Metrics in relation to material Sustainability Matters	Consolidated Sustainability Statement: Our progress and targets	
MDR-T	Tracking effectiveness of policies and actions through targets	Governance information, Business model resilience: Targets	
Cyber security (entity-specific, disclosed under G1)			
MDR-P	Policies adopted to manage material Sustainability Matters	Governance information, Cybersecurity: Policies	
MDR-A	Actions and resources in relation to material Sustainability Matters	Governance information, Cybersecurity: Actions	
MDR-M	Metrics in relation to material Sustainability Matters	Governance information, Cybersecurity: Metrics	
MDR-T	Tracking effectiveness of policies and actions through targets	Governance information, Cybersecurity: Targets	

6. Datapoints that derive from other EU legislation

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Materiality	Section
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	Indicator number 13 of Table #1 of Annex 1		Commission Delegated Regulation (EU) 2020/1816, Annex II		Material	General information: Board
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)			Delegated Regulation (EU) 2020/1816, Annex II		Material	General information: Board
ESRS 2 GOV-4 Statement on due diligence paragraph 30	Indicator number 10 Table #3 of Annex 1				Material	General information: Due diligence processes
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Indicators number 4 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II		Not material	
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d)	Indicator number 9 Table #2 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		Not material	
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	Indicator number 14 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Not material	
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Not material	

SFDR reference
Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (Sustainable Finance Disclosures Regulation) (OJ L 317, 9.12.2019, p. 1).

Pillar 3 reference
Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (Capital Requirements Regulation "CRR") (OJ L 176, 27.6.2013, p. 1).

Benchmark Regulation reference
Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1).

EU Climate Law reference
Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law') (OJ L 243, 9.7.2021, p. 1).

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Materiality	Section
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14				Regulation (EU) 2021/1119, Article 2(1)	Material	Environmental information, Climate change: Reducing the climate impact on our operations
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book-Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article12.1 (d) to (g), and Article 12.2		Not material	
ESRS E1-4 GHG emission reduction targets paragraph 34	Indicator number 4 Table #2 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		Material	Environmental information, Climate change: Targets
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator number 5 Table #1 and Indicator n. 5 Table #2 of Annex 1				Not material	
ESRS E1-5 Energy consumption and mix paragraph 37	Indicator number 5 Table #1 of Annex 1				Material	Environmental information, Climate change: Reducing the climate impact on our operations
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Indicator number 6 Table #1 of Annex 1				Not material	
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Indicators number 1 and 2 Table #1 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		Material	Environmental information, Climate change: Reducing the climate impact on our operations
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Indicators number 3 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		Material	Environmental information, Climate change: Reducing the climate impact on our operations
ESRS E1-7 GHG removals and carbon credits paragraph 56				Regulation (EU) 2021/1119, Article 2(1)	Material	Environmental information, Climate change: Targets and GHG removals

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Materiality	Section
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		Material	Not included. Disclosure requirements related to E1-9 omitted during the first year of preparation.
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk.			Material	Not included. Disclosure requirements related to E1-9 omitted during the first year of preparation.
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk.			Material	Not included. Disclosure requirements related to E1-9 omitted during the first year of preparation.
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities paragraph 69			Delegated Regulation (EU) 2020/1818, Annex II		Material	Not included. Disclosure requirements related to E1-9 omitted during the first year of preparation.
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Indicator number 8 Table #1 of Annex 1 Indicator number 2 Table #2 of Annex 1 Indicator number 1 Table #2 of Annex 1 Indicator number 3 Table #2 of Annex 1				Not material	
ESRS E3-1 Water and marine resources paragraph 9	Indicator number 7 Table #2 of Annex 1				Not material	
ESRS E3-1 Dedicated policy paragraph 13	Indicator number 8 Table 2 of Annex 1				Not material	
ESRS E3-1 Sustainable oceans and seas paragraph 14	Indicator number 12 Table #2 of Annex 1				Not material	
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	Indicator number 6.2 Table #2 of Annex 1				Not material	
ESRS E3-4 Total water consumption in m3 per net revenue on own operations paragraph 29	Indicator number 6.1 Table #2 of Annex 1				Not material	

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Materiality	Section
ESRS 2- IRO 1 - E4 paragraph 16 (a) i	Indicator number 7 Table #1 of Annex 1				Material	Environmental information, Biodiversity and ecosystems
ESRS 2- IRO 1 - E4 paragraph 16 (b)	Indicator number 10 Table #2 of Annex 1				Material	Environmental information, Biodiversity and ecosystems
ESRS 2- IRO 1 - E4 paragraph 16 (c)	Indicator number 14 Table #2 of Annex 1				Material	Environmental information, Biodiversity and ecosystems
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	Indicator number 11 Table #2 of Annex 1				Material	Environmental information, Biodiversity and ecosystems: Policies
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	Indicator number 12 Table #2 of Annex 1				Material	Environmental information, Biodiversity and ecosystems: Policies
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	Indicator number 15 Table #2 of Annex 1				Material	Environmental information, Biodiversity and ecosystems: Policies
ESRS E5-5 Non-recycled waste paragraph 37 (d)	Indicator number 13 Table #2 of Annex 1				Material	Environmental information, Resource use and circular economy: Resource outflows
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Indicator number 9 Table #1 of Annex 1				Material	Environmental information, Resource use and circular economy: Resource outflows

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Materiality	Section
ESRS 2- SBM3 - S1 Risk of incidents of forced labour paragraph 14 (f)	Indicator number 13 Table #3 of Annex I				Not material	
ESRS 2- SBM3 - S1 Risk of incidents of child labour paragraph 14 (g)	Indicator number 12 Table #3 of Annex I				Not material	
ESRS S1-1 Human rights policy commitments paragraph 20	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I				Material	Social information, Own workforce: Human rights
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21			Delegated Regulation (EU) 2020/1816, Annex II		Material	Social information, Own workforce: Human rights
ESRS S1-1 processes and measures for preventing trafficking in human beings paragraph 22	Indicator number 11 Table #3 of Annex I				Material	Social information, Own workforce: Human rights
ESRS S1-1 workplace accident prevention policy or management system paragraph 23	Indicator number 1 Table #3 of Annex I				Material	Social information, Own workforce: Health and safety
ESRS S1-3 grievance/complaints handling mechanisms paragraph 32 (c)	Indicator number 5 Table #3 of Annex I				Not material	
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	Indicator number 2 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Material	Social information, Own workforce: Health and safety
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Indicator number 3 Table #3 of Annex I				Material	Phased in, not reported in 2024
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Indicator number 12 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Material	Social information, Own workforce: Diversity and inclusion
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	Indicator number 8 Table #3 of Annex I				Material	Social information, Own workforce: Diversity and inclusion
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Indicator number 7 Table #3 of Annex I				Not material	
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD paragraph 104 (a)	Indicator number 10 Table #1 and Indicator n. 14 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		Not material	
ESRS 2- SBM3 – S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	Indicators number 12 and n. 13 Table #3 of Annex I				Not material	
ESRS S2-1 Human rights policy commitments paragraph 17	Indicator number 9 Table #3 and Indicator n. 11 Table #1 of Annex 1				Not material	

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Materiality	Section
ESRS S2-1 Policies related to value chain workers paragraph 18	Indicator number 11 and n. 4 Table #3 of Annex 1				Not material	
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Not material	
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19			Delegated Regulation (EU) 2020/1816, Annex II		Not material	
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Indicator number 14 Table #3 of Annex 1				Not material	
ESRS S3-1 Human rights policy commitments paragraph 16	Indicator number 9 Table #3 of Annex 1 and Indicator number 11 Table #1 of Annex 1				Not material	
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	Indicator number 10 Table #1 Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Not material	
ESRS S3-4 Human rights issues and incidents paragraph 36	Indicator number 14 Table #3 of Annex 1				Not material	
ESRS S4-1 Policies related to consumers and end-users paragraph 16	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1				Material	Social information, Customers and end-users: Policies
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Material	Social information, Customers and end-users: Policies
ESRS S4-4 Human rights issues and incidents paragraph 35	Indicator number 14 Table #3 of Annex 1				Material	Social information, Customers and end-users: Policies
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	Indicator number 15 Table #3 of Annex 1				Material	Governance information, Business conduct: Policies
ESRS G1-1 Protection of whistle-blowers paragraph 10 (d)	Indicator number 6 Table #3 of Annex 1				Material	Governance information, Business conduct: Mechanisms for seeking advise and raising concerns
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Indicator number 17 Table #3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II)		Material	Governance information, Business conduct: Incidents, fines and penalties
ESRS G1-4 Standards of anti-corruption and anti-bribery paragraph 24 (b)	Indicator number 16 Table #3 of Annex 1				Material	Governance information, Business conduct: Preventing and detecting corruption and bribery

7. Datapoints from other legislation or sustainability standards

Name of metric	Standard or framework applied	Section in report
Scope 3 financed emissions	PCAF, part A, Financed Emissions (December 2022). Addressed in ESRS E1-6-AR 46B	Environmental information, Climate change: Targets
Mortgage portfolio with EPC rating A or better, % of total mortgage exposure	Applied methodologies deriving from EU regulations 2010/31 and 2022/2453. Addressed in ESRS E1-9 AR 74B EPC data collected from customers and local EPC registries	Environmental information, Climate change: Targets
Financed emissions and carbon intensity. Corporate lending portfolio, on balance sheet assets	PCAF, part A, Financed Emissions (December 2022); Science-based Targets (SBTs). Addressed in ESRS E1-6-AR 46B.	Environmental information, Climate change: Targets and Climate change mitigation and adaptation - transition plan
Total amount of green bonds outstanding (at year-end) divided by (a 5-year rolling average of) total amount of bonds outstanding	Reported based on following EU regulations: 2020/852 and 2021/2178. Addressed in e.g. ESRS 2 SBM-1, E1-1 and E5-3 Principles for evaluation based on Green Bond Principles (GBP) by the International Capital Market Association (ICMA) (June 2022)	Environmental information, Climate change: Reducing the climate impact of our investment management and capital markets origination services, and treasury activities

8. Subsequent events

On 4 February 2025, our transition plan was approved by Management Board.

GLOSSARY

Adverse or Potential Adverse Impact
Refers to a significant negative outcome, often challenging to reverse or remedy, affecting individuals, communities, and companies within relevant ecological, social, or economic systems. This impact can manifest as decreased well-being, ecosystem degradation, reduced customer demand, technological obsolescence, supply chain disruptions, creditworthiness deterioration, financing constraints, regulatory fines, or reputational damage. These impacts, stemming from ESG Risk Drivers, are categorized based on severity, nature, and likelihood into Low, Medium, High, and Critical levels.

AML/CFT/CFP
Refers to the key principles for anti-money laundering (AML), countering the financing of terrorism (CFT), and countering the financing of proliferation (CFP).

Asset Management Subsidiaries
Luminor Pensions AS, Luminor Asset Management IPAS, Luminor Latvijas atklatais pensiju fonds AS and UAB Luminor Investiciju valdymas.

Board
Management Board of Luminor Bank AS.

Carbon related assets
Assets tied to the energy and utilities sectors under the Global Industry Classification Standard, excluding water utilities, independent power and renewable electricity producer industries. For current reporting, the carbon-related assets exposure is derived from EBRD Environmental risk mapping using the NACE code of counterparties.

Climate Delegated Act
Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation. Helps determine whether an economic activity causes no significant harm to any of the other environmental objectives.

CoI
Conflict of Interest.

Council
Supervisory Council of Luminor Bank AS.

CSRD
Corporate Sustainability Reporting Directive, Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting.

CRD Institutions
Institutions that are legally defined as 'an undertaking whose business is to receive deposits or other repayable funds from the public and to grant credits for its own account' by the Capital Requirements Directive.

Disclosure Delegated Act
Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally-sustainable economic activities and specifying the methodology to comply with that disclosure obligation.

DPO
Data Protection Officer

ESG
Environmental, Social and Governance factors

ESG risk drivers
Environmental, Social or Governance matters that through counterparties, invested assets, value chain and other channels may adversely impact financial performance, solvency or liquidity of an enterprise. Environmental risk drivers (including climate-related) refer to direct and indirect environmental factors that may impact an enterprise, these are categorized by physical (including acute and chronic) and transitional risk drivers (including policy change, technology and market-related); Social risk drivers refer to exposure to adverse consequences stemming from surrounding community and working conditions; Governance refers to the framework of rules, strategies, practices, and processes through which an enterprise is directed and controlled. Governance risk drivers arise from inadequate or ineffective governance structures, strategies, policies and practices.

EBRD industry classification
Risk classification based on EBRD Environmental and Social Risk Categorisation List. This list provides a guide to the typical level of inherent environmental and social risk related to particular business activities with a purpose to provide help for judging the appropriate level of environmental and social risk assessment that should be carried out. Low risk - the customers' business activities have minor environmental and social risks and impacts associated with them; Medium risk - the customers' business activities have some environmental and social risks and impacts, but these can be readily prevented or mitigated through technically and financially feasible measures; High risk - the customer's business activities may give rise to significant or long-term environmental and social risks and impacts. These may require more specialised risk assessments, and the customer may not have the technical or financial means to manage them.

Energy Attribute Certificates (EACs)
The preferred way to document and report renewable energy consumption. Each EAC represents unique ownership of 1 MWh of renewable energy that has been produced and injected into the grid. We buy these to offset our electricity consumption related emissions.

EPCs
Energy performance certificates - a rating scheme to summarise the energy efficiency of buildings.

EU Taxonomy Regulation
The EU Taxonomy Regulation (Sustainable finance taxonomy - Regulation (EU) 2020/852) is a classification system or framework that defines which economic activities are environmentally sustainable. The regulation lists six environmental objectives and sets criteria for activities to meet them, such as producing low-CO 2 emissions. It establishes the basis for the EU taxonomy by setting out the 4 overarching conditions that an economic activity has to meet in order to qualify as environmentally sustainable. Under the Taxonomy Regulation, the Commission developed a list of environmentally sustainable activities by defining technical screening criteria for each environmental objective through delegated and implementing acts e.g. Climate Delegated Act. The Taxonomy Regulation was published in the Official Journal of the European Union on 22 June 2020 and entered into force on 12 July 2020. Further info: https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/eu-taxonomy-sustainable-activities_en.

EU Taxonomy report
Report published by an entity as required under EU Taxonomy Regulation following templates established in the Disclosure Delegated Act. The EU Taxonomy reporting is mandatory for large, public-interest companies.

FINREP
A framework given by EBA for reporting financial (accounting) information to the regulator which is applicable to all Credit Institutions in the European Union.

FSC
Forest Stewardship Council - an organization that works to promote the practice of sustainable forestry worldwide and sets standards for forest products, independently certifies that these standards have been met and bestows labels upon the products that qualify.

GAR
Green Asset Ratio, a key performance indicator under the Taxonomy Regulation shows the proportion of exposures related to Taxonomy-aligned activities compared to the total assets of the credit institutions.

GDPR
General Data Protection Regulation

GHG
Greenhouse gas emissions - Reported Scope 1 emissions contain the emissions from our own leased cars; Scope 2 emissions cover our procured electricity and heating emissions, and Scope 3 own operations emissions cover our emissions from employee commuting (estimated based on average commuting distance, type of travel and frequency), business air-travel, and waste (bio-waste, mixed packaging, municipal waste, paper/cardboard), paper consumption and excludes the emissions from inter-state bus and local taxi drives. Financed emissions have been calculated based on PCAF methodology, where GHG emissions data for some of the largest customers have been collected, while for the rest was estimated using PCAF database of emission factors. In most cases, data quality score is 4 or 5. See also section 'Additional information for our data definitions and limitations'.

GHG Protocol
An accounting standard that establishes comprehensive global standardized frameworks to measure and manage GHG emissions from private and public sector operations, value chains and mitigation actions. PCAF builds on GHG protocol and establishes a standardized method of measuring and reporting emissions for the financial sector. GHG Protocol categorizes the emissions based on the source into Scope 1, 2 and 3.

Green Growth
Activities that foster economic growth and development, while ensuring that natural assets continue to provide the resources and environmental services on which our well-being relies. OECD (2022) Green growth and sustainable development.

GRI
Global Reporting Initiative - a standard for reporting sustainability-related information. Further information can be found at: https://www.globalreporting.org/.

Guide on climate-related and environmental risks
An ECB Guide on supervisory expectations relating to risk management and disclosure, source: https://www.bankingsupervision.europa.eu/ecb/pub/pdf/ssm.202011finalguideonclimate-relatedandenvironmentalrisks~58213f6564.en.pdf.

IRO
Impacts, Risks and Opportunities.

KYC
Know Your Customer.

Leasing Subsidiaries
Luminor Liising AS, Luminor Lizings SIA, UAB Luminor Lizingas.

Materiality Assessment External Score Weighting used, by source and weight
35% for Benchmark (Corporate reports), 30% for mandatory laws, 10% for voluntary regulation, 10% for news, 5% for social media and 10% for Stakeholder Survey participants, including customers, Council members and employees.

NACE codes
The standard European nomenclature of productive economic activities.

NFCs
Non-financial counterparty - an undertaking established in the European Union other than a financial counterparty (FC) or a Central Counterparties (CCP). CCPs are a market infrastructure, which reduces systemic risk and enhances financial stability by standing between the two counterparties to a derivatives contract (i.e., acting as buyer to the seller and seller to the buyer of risk) and thereby reducing the risk for both.

NFRD
Non-Financial Reporting Directive, Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups EUR-Lex - 32014L0095 - EN - EUR-Lex (europa.eu).

PCAF
Partnership for Carbon Accounting Financials – used for our financed emissions calculation, which starts with classification of assets into listed equity and corporate bonds, project finance, business loans and unlisted equity, commercial real estate and mortgage and motor vehicle loans. For business loans, the methodology includes all products except guarantees and is based on customer level data. However, for the other asset classes, the calculation considers the agreement level. The methodology offers five different formulas for calculating financed emissions for each asset class, based on data granularity and quality. Given the data limitations, we mostly use #4 and #5, which represents the lowest confidence level. PCAF emission factors database covers Scope 1, Scope 2 and Scope 3 upstream emissions.

Pillar 3
The Risk Management and Capital Adequacy Disclosure report that is published on our website under https://luminor.ee/investors.

SBT
Science Based Targets - a way for companies to define emission reduction targets. SBTs follow a “top-down” approach and focus on the quantity of emissions that need to be reduced to meet the Paris Climate Agreement targets, limiting global warming to 1.5°C.

Scope 1
Direct GHG emissions, covers all direct GHG emissions by a company. It includes fuel combustion, company vehicles and fugitive emissions. These emissions are direct GHG emissions that happen from sources owned or controlled by an organization including fuel combustion in boilers, furnaces, vehicles.

Scope 2
Energy related indirect GHG emissions, covers indirect GHG emissions from consumption of purchased electricity, heat, cooling or steam. These emissions are a result of a company's activities but often occur outside a company's physical facility (e.g., at an electricity utility plant), hence scope 2 emissions are considered an indirect emission source.

Scope 3
Other indirect GHG emissions and financed emissions, covers other indirect emissions, such as the extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by the reporting entity, outsourced activities and waste disposal. See also section 'Additional information for our data definitions and limitations'.

Sustainability Matters
Environmental, social and human rights, and governance factors, including sustainability factors defined in point (24) of Article 2 of Regulation (EU) 2019/2088.

Sustainable investments
Investment products that comply with the SFDR requirements for sustainable investments (Article 9 products) and investments promoting ESG characteristics (Article 8 products) as well as green bond investments, investments into EU taxonomy aligned instruments and social investments.

Sustainable lending
Lending for use of proceeds where the financing procedures and criteria are aligned to EU Taxonomy standards and/or other sustainable financing frameworks, such as the European Bank for Reconstruction and Development.

Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)
The proportion of taxonomy-eligible assets over the gross carrying amount of the flow of new assets of the respective asset type.

Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)
The proportion of taxonomy-aligned assets over the gross carrying amount of flow of new assets the respective asset type.

Proportion of total assets covered
The proportion of taxonomy-eligible assets over the total flow of new assets.

tCO_2e
The sum of Scope 1 emissions, Scope 2 emissions and Scope 3 emissions, during a given period, measured in metric tonnes of carbon dioxide equivalent, according to GHG Protocol standards.

Time horizons
(1) short term - 2025-2027; (2) medium term - 2028-2034 and (3) 2035-2050 long term.

UN SDG
United Nations Standard Development Goals – include 17 Sustainable Development Goals developed by the United Nations and adopted by all United Nations Member States in 2015, which by 2030 aim to eradicate extreme poverty, reduce injustice and inequalities in the world, promote peace and justice and tackle the climate change and environmental protection.

(–) Financial risk, Negative actual impact, Negative potential impact.

(+) Financial opportunity, Positive actual impact, Positive potential impact.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Profit or Loss

€m	Notes	2023	2024
Interest income calculated using the effective interest method (a)	3	650.5	709.4
Other similar income (a)	3	89.5	92.4
Interest and similar expense (a)	3	−208.5	−294.1
Net interest and similar income		**531.5**	**507.7**
Fee and commission income	4	114.8	120.6
Fee and commission expense	4	−30.2	−31.0
Net fee and commission income		**84.6**	**89.6**
Net gain from financial items (a)	5	34.9	32.6
Other operating income (a)		1.0	1.5
Share of profit from associates	12	1.6	1.2
Net other operating income		**37.5**	**35.3**
Total operating income		**653.6**	**632.6**
Personnel expenses	6	−131.3	−147.4
Other administration expenses (a)	7	−192.6	−175.0
Depreciation, amortisation, and impairment	13,14	−16.8	−20.5
Gain (−loss) on derecognition of non-financial assets – net		−3.2	−2.1
Total operating expenses (a)		**−343.9**	**−345.0**
Profit before credit losses, bank taxes, and tax		**309.7**	**287.6**
Expected credit losses	11	−33.1	1.5
Bank taxes and resolution fee (a)	8	−33.5	−33.4
Profit before tax		**243.1**	**255.7**
Income tax expense (a)	21	−48.4	−53.5
Profit for the period		**194.7**	**202.2**
Total comprehensive income		**194.7**	**202.2**

a. See also Note 1 chapter “Change in presentation”.

The accompanying Notes form an integral part of these financial statements.

Consolidated Statement of Financial Position

€m	Notes	1 Jan 2023	31 Dec 2023	31 Dec 2024
Assets				
Cash and balances with central banks (a)	9	2,065.5	3,069.1	3,106.3
Balances with banks (a)		85.5	47.5	63.6
Debt securities	10	1,289.8	1,491.8	1,670.2
Loans to customers (a)	11	10,875.3	10,502.8	10,535.4
Derivatives	20	121.6	92.2	77.9
Equity instruments		2.5	2.9	3.5
Investments in associates	12	5.7	5.5	5.9
Intangible assets	13	62.8	56.0	49.3
Tangible assets	14	30.2	27.0	22.3
Current tax assets		–	0.7	1.5
Deferred tax assets (a)	21	13.8	10.0	4.9
Other assets (a)	15	205.3	187.7	182.9
Total		**14,758.0**	**15,493.2**	**15,723.7**
Liabilities				
Loans and deposits from credit institutions (a)		17.5	212.3	192.9
Deposits from customers (a)	16	10,935.6	11,277.5	11,352.7
Fair value of changes of hedge items in portfolio hedges of interest rate	20	–	6.9	6.2
Debt securities issued	17	1,813.9	1,898.7	2,238.0
Derivatives	20	194.1	73.7	35.6
Tax liabilities (a)	21	10.0	26.6	22.3
Deferred tax liabilities (a)		1.3	1.1	0.7
Lease liabilities	14	30.0	24.8	20.0
Other liabilities (a)	18	150.2	165.5	134.4
Provisions	19	22.0	28.0	34.5
Total		**13,174.6**	**13,715.1**	**14,037.3**
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	327.5	235.7
Other reserves		3.6	3.5	3.6
Total		**1,583.4**	**1,778.1**	**1,686.4**
Total liabilities and shareholder's equity		**14.758.0**	**15,493.2**	**15,723.7**

a. See also Note 1 chapter "Change in presentation".

The accompanying Notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

€m	Share capital	Share premium	Retained earnings	Other reserves	Total
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**
Balance as at 31 December 2023	**34.9**	**1,412.2**	**327.5**	**3.5**	**1,778.1**
Profit for the period	–	–	202.2	–	**202.2**
Total comprehensive income	**–**	**–**	**202.2**	**–**	**202.2**
Dividends	–	–	–294.5	–	**–294.5**
Other	–	–	0.5	0.1	**0.6**
Balance as at 31 December 2024	**34.9**	**1,412.2**	**235.7**	**3.6**	**1,686.4**

The majority of Other reserves consist of mandatory statutory reserve capital, calculated in accordance with the Estonian Commercial Code, which may be used to cover losses. At 31 December 2024 and 2023, Luminor's share capital consisted of 12,000,000 authorised registered ordinary shares with a nominal value of €10 each, of which 3,491,223 were issued and fully paid.

In 2024, dividends of 294.5 million EUR, equivalent to 84.35 EUR per share, were paid. Given retained earnings and regulatory requirements, Luminor had the capacity at 31 December 2024, to pay dividends of 235.7 million EUR (31 December 2023: 327.5 million EUR). The corresponding income tax payable on these distributions would be 59.5 million EUR (31 December 2023: 59.9 million EUR).

The accompanying Notes form an integral part of these financial statements.

Consolidated Statement of Cash flows

€m	Notes	2023	2024
Profit before tax		243.1	255.7
Adjustment for non-cash items:			
Credit loss allowance	11	33.1	-1.5
Depreciation, amortisation, and impairment	13,14	16.8	20.5
Derecognition of non-financial assets	13,14	3.2	2.1
Other non-cash items		-1.6	-1.2
Interest and similar income	3	-740.0	-801.8
Interest and similar expense	3	208.5	294.1
Change in operating assets/liabilities:			
Increase (-) / decrease (+) of lending to customers		363.7	-39.5
Increase (-) / decrease (+) of debt securities		-200.5	-175.6
Increase (-) / decrease (+) of other assets		83.6	36.7
Increase (+) / decrease (-) of deposits from customers		313.0	74.6
Increase (+) / decrease (-) of other liabilities		145.9	-44.3
Interest received		687.5	787.4
Interest paid		-148.0	-303.8
Income tax paid		-28.9	-53.9
Cash flow used in operating activities		**979.4**	**49.5**
Payment for acquisition of subsidiary, net of cash acquired	12	-0.3	-
Acquisition of tangible and intangible assets	13,14	-8.5	-12.9
Proceeds from disposal of tangible and intangible assets	13,14	0.1	0.2
Dividend received		1.8	1.3
Cash flows used in investing activities		**-6.9**	**-11.4**
Debt securities issued	17	598.5	542.8
Debt securities redeemed or matured	17	-600.0	-227.0
Payments of principal on leases		-5.5	-6.1
Dividends paid		-	-294.5
Cash flows from / (used in) financing activities		**-7.0**	**15.2**
Net increase or decrease in cash and cash equivalents		**965.5**	**53.3**
Cash and cash equivalents at the beginning of the period		2,151.0	3,116.6
Effects of currency translation on cash and cash equivalents		0.1	0.0
Net increase or decrease in cash and cash equivalents		965.5	53.3
Cash and cash equivalents at the end of the period		**3,116.6**	**3,169.9**
Cash and cash equivalents			
Cash on hand	9	105.4	120.4
Non-restricted current account with central bank	9	2,963.7	2,985.9
Due from other credit institutions within three months		47.5	63.6
Total		**3,116.6**	**3,169.9**

The accompanying Notes form an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Material accounting policy information

Luminor Bank AS (which, together with its subsidiaries, is referred to as 'Luminor', below) is a credit institution with its headquarters in Tallinn. Luminor is owned by Luminor Holding (which is controlled ultimately by BCP VII, an investment fund managed by an affiliate of Blackstone) which, in turn, is owned by a consortium led by private equity funds managed by Blackstone (80.05%) and DNB Bank (19.95%). These consolidated financial statements for the year ended 31 December 2024, which have been prepared on a going concern basis, were approved by the Management Board on 18 March, the Supervisory Council on 25 March, and by shareholders on 25 March 2025.

BASIS OF PRESENTATION

The Consolidated financial statements (the Statements) of Luminor are prepared in accordance with International Financial Reporting Standards (the Standards) as endorsed by the European Union. In addition, Luminor has adopted the EU carve-out version of IAS 39 to hedge the interest rate risk on a portfolio of non-maturing core deposits. The Statements are prepared under the historical cost convention, except for financial instruments measured at fair value through profit or loss (FVTPL) or other comprehensive income (FVTOCI), as well as financial assets and liabilities designated as hedged items in qualifying fair value hedging relationships which are measured at amortised cost with adjustments for hedging gain or loss. In the primary financial statements of Luminor as a separate entity which are disclosed in these Statements (Note 31, below), the investments in subsidiaries are carried at cost less impairment.

The material accounting policy information and significant accounting estimates and judgements applied in the preparation of these Statements are set out below. Luminor's functional and presentation currency is the euro (EUR) and, unless otherwise stated, all amounts are reported in millions of euro to one decimal place. Monetary assets and liabilities denominated in foreign currencies are translated into euro at the official rate of the European Central Bank at the reporting period end.

Certain new Standards, amendments and interpretations to existing Standards, came into effect for accounting periods beginning after 1 January 2024 or later periods. Standards, that became effective from 1 January 2024, did not have any material impact on Luminor. Amendments to Standards which became effective for annual periods beginning on or after 1 January 2024, include amendments to IAS 1, IFRS 16, IAS 7 and IFRS 7. The impact of applying these changes is not material. The International Accounting Standards Board has issued amendments to existing international accounting standards (IAS 7, IAS 21, IFRS 1, IFRS 7, IFRS 9 and IFRS 10) and new standard IFRS 19 that have not yet come into force. None of the amendments is expected to have a significant impact on Luminor's financial statements. There will be impact on the structure and disclosures of the Statements from the implementation of the new standard IFRS 18 (effective as of 1 January 2027), significance of which is currently being analysed.

CHANGE IN PRESENTATION

During 2024, certain changes were introduced in the presentation of its consolidated statement of profit or loss and consolidated statement of financial position, which had an impact on the comparative financial information at and for the year ended 31 December 2023 contained in these consolidated financial statements. The aim of the changes was to improve the quality of disclosure and readability for investors and reflect on recommendations received from the regulatory authorities.

Key changes implemented in the presentation of the consolidated statement of profit or loss include: Resolution fees that were previously included in 'Other operating expense – net' and the Lithuanian bank tax that was presented in 'Total income tax' are now presented on a new row 'Bank taxes and resolution fee'; Deposit guarantee scheme contributions were moved from 'Other operating expense – net' to 'Interest and similar expense'. Securitisation fees were reclassified from line 'Other operating expense – net' to 'Other administration expenses', leaving only other operating income in section 'Net other operating income' and renaming the line to 'Other operating income'. Following these changes 'Total administration expenses' line was renamed as 'Total operating expenses'; and Interest income from debt securities at amortised cost that was immaterial in previous periods and was recorded as 'Other similar income' has grown and has been reclassified to 'Interest income calculated using the EIM'. Similarly, some lease deals were reclassified as loans and the corresponding income was reclassified from 'Other similar income' to 'Interest income calculated using the EIM'.

Statement of Profit or Loss, 2023 €m	As reported previously	Change	As Restated
Interest income calculated using the EIM	627.6	+22.9	650.5
Other similar income	112.6	−23.1	89.5
Interest and similar expense	−198.2	−10.3	−208.5
Net interest and similar income	**542.0**	**−10.5**	**531.5**
Net gain from financial instruments at fair value	16.1	−16.1	–
Net gain from foreign currency operations	18.6	−18.6	–
Net gain from financial items	–	+34.9	34.9
Other operating expense – net	−16.7	+16.7	–
Other operating income	–	+1.0	1.0
Net other operating income	**19.6**	**+17.9**	**37.5**
Other administration expenses	−188.6	−4.0	−192.6
Total administration expenses	**−339.9**	**+339.9**	**–**
Total operating expenses	**–**	**+343.9**	**343.9**
Profit before credit losses, bank taxes, and tax	**306.3**	**3.4**	**309.7**
Bank taxes and resolution fee	–	−33.5	−33.5
Profit before tax	**273.2**	**−30.1**	**243.1**
Latvian corporate income tax	−15.8	+15.8	–
Lithuanian bank tax	−30.1	+30.1	–
Other corporate income tax	−32.6	+32.6	–
Income tax expense	–	−48.4	−48.4
Total income tax	**−78.5**	**+30.1**	**−48.4**
Profit for the period	**194.7**	**0.0**	**194.7**

Key changes implemented in the presentation of the consolidated statement of financial position include: based on requirements of IAS 1, restricted balances with central and other banks are presented in 'Other assets'; repossessed assets were moved from 'Other assets' to 'Loans to customers' where the risk is not transferred to Luminor; deferred tax liabilities are presented separately as per IAS 12; some account balances were moved from 'Loans and deposits from credit institutions' and 'Deposits from customers' to 'Other liabilities'; and liabilities related to the Lithuanian bank tax were moved from 'Tax liabilities' to 'Other liabilities'.

Statement of Financial position	31 Dec 22	Change	1 Jan 2023	31 Dec 2023		
€m	As reported		As restated	As reported previously	Change	As restated
Assets						
Cash and balances with central banks	2,178.1	−112.6	2,065.5	3,184.9	−115.8	3,069.1
Balances with banks	123.4	−37.9	85.5	56.2	−8.7	47.5
Loans to customers	10,874.7	+0.6	10,875.3	10,502.6	+0.2	10,502.8
Deferred tax assets	12.5	+1.3	13.8	8.9	+1.1	10.0
Other assets	55.4	+149.9	205.3	63.4	+124.3	187.7
Total	14,756.7	+1.3	14,758.0	15,492.1	+1.1	15,493.2

Liabilities						
Loans and deposits from credit institutions	36.6	−19.1	17.5	224.3	−12.0	212.3
Deposits from customers	10,947.9	−12.3	10,935.6	11,287.2	−9.7	11,277.5
Tax liabilities	10.0	–	10.0	35.9	−9.3	26.6
Deferred tax liabilities	–	+1.3	1.3	–	+1.1	1.1
Other liabilities	118.8	+31.4	150.2	134.5	+31.0	165.5
Total	13,173.3	+1.3	13,174.6	13,714.0	+1.1	13,715.1

The effect of these changes on the Statement of Cash flows was:

Statement of Cash flows, 2023 €m	**As reported previously**	**Change**	**As restated**
Profit before tax	273.2	−30.1	243.1
Interest and similar income	−740.2	+0.2	−740.0
Interest and similar expense	198.2	+10.3	208.5
Increase (−) / decrease (+) of lending to customers	363.3	−0.4	363.7
Increase (−) / decrease (+) of other assets	84.0	+0.4	83.6
Increase (+) / decrease (−) of deposits from customers	310.4	+2.6	313.0
Increase (+) / decrease (−) of other liabilities	139.2	+6.7	145.9
Interest received	687.7	−0.2	687.5
Interest paid	−137.7	−10.3	−148.0
Income tax paid	−49.7	+20.8	−28.9
Cash flow used in operating activities	979.4	0.0	979.4

FEE AND COMMISSION INCOME AND EXPENSE

Fees and commission income is recognised either over time as the services are rendered, when the customer simultaneously receives and consumes the benefits provided by Luminor's performance, or at a point in time when Luminor satisfies its performance obligation, usually upon execution of the underlying transaction. The amount of fee or commission received, or receivable, represents the transaction price for the services identified as distinct performance obligations.

Fees and commission recognised over time include fees for account maintenance, servicing, and subscription, portfolio and other asset management advisory and services, wealth management and financial planning services, or fees for servicing loans on behalf of third parties (except for those subject to effective interest rate). Variable fees are recognised only to the extent that Management determines that it is highly probable that a significant reversal will not occur. Fees and commission recognised at a point in time include fees for arranging a sale or purchase of foreign currencies on behalf of a customer, processing payment transactions, cash settlements, collection or cash disbursements, and other commissions. Fee and commission expense is recognised as the service is being received (accrual basis) and when liability has been incurred.

TEMPORARY BANK TAXES

Effective January 2024 the Government of Latvia enacted a temporary tax on credit providers as an amendment to the Latvian 'Consumer Rights Protection Law'. This tax was levied on credit providers at a rate of 2% per annum of their total mortgage loan portfolio as at 31 October 2023. The tax, which is payable at a rate of 0.5% per quarter, remained in force through 2024. In the fourth quarter 2024, Latvia enacted a second temporary bank tax. The tax is to be levied for three years starting in 2025 at a rate of 60% on the net interest income that exceeds the average annual net interest income for the financial years 2018–2022 by more than 50%. The amount of taxable income may be reduced if a certain rate of credit growth is attained.
Expenses on both contributions accounted according to IAS 37 / IFRIC 21.

Lithuania extended until December 2025 a temporary tax introduced in 2023 on the selected income of banks earned within its jurisdiction. The tax is levied at a rate of 60% on the net interest income generated in each of the years 2023, 2024, and 2025

from loans that were issued to customers before 31 December 2022, if the net interest income generated exceeds the average net interest income of the preceding four financial years by more than 50%.
The tax initially was accounted as Corporate income tax in accordance with IAS 12, but the accounting policy was changed following the view of the Lithuanian FSA and starting from 2024 expenses on this contribution accounted according to IAS 37 / IFRIC 21. See also Change in presentation part.

CASH AND BALANCES WITH CENTRAL BANKS

In the Statements of cash flows, cash and cash equivalents comprise cash balances, non-restricted balances due from the central banks, and amounts due from other credit institutions with original maturity of less than 3 months and insignificant risk due to change in value but excludes mandatory cash balances with central banks, which represent non-interest-bearing mandatory reserve deposits which are not available to finance Luminor's day to day operations.

SYNTHETIC SECURITISATION

Loans subject to synthetic securitisation remain on balance sheet, with credit protection realised through purchase of guarantees. Any impairment allowances for expected credit losses are calculated without consideration of the guarantee protection bought. The reimbursement right under the guarantees are recognized as an asset and reflected in net other finance income once it is virtually certain that the reimbursement amount for qualifying losses will be received. The related guarantee fees are accounted as other administrative expenses.

TANGIBLE AND INTANGIBLE ASSETS, LESSEE CONTRACTS ACCOUNTING

Tangible assets are recorded at cost minus accumulated depreciation and impairment losses. Equipment is depreciated between 20 and 33% per annum, and property between 1% and 2% per annum. For property leases Luminor uses its own funding cost as a discount rate. For other assets Luminor uses the interest rate implicit in the lease. Payments associated with leases with a 12 month term or less, or with a value of less than 5,000 EUR, are recognized on a straight-line basis as an expense in profit or loss. Intangible assets are carried at cost minus accumulated amortisation and impairment losses and amortised over 3 to 5 years.

IMPAIRMENT OF GOODWILL

Luminor tests whether goodwill has suffered any impairment at least annually or more frequently if indications of impairment exist. For 2023 and 2024, the recoverable amount of the cash-generating units was determined based on value-in-use calculations which require the use of assumptions. The calculations use discounted cash flow method covering the period of ten years. Beyond ten-years projections are made using estimated industry growth rates relevant to the cash-generating unit.

HEDGE ACCOUNTING

At the inception of a hedge relationship, Luminor formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how Luminor will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined).

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements: there is 'an economic relationship' between the hedged item and the hedging instrument; the effect of credit risk does not 'dominate the value changes' that resulting from that economic relationship; the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that Luminor actually hedges and the quantity of the hedging instrument that Luminor actually uses to hedge that quantity of the hedged item.

Luminor applies hedge accounting according to IFRS 9 Financial instruments to fair value hedges of euro-denominated senior preferred and covered bond Debt securities issue, and to part of Deposits from customers according to EU carve-out version of IAS 39. Luminor enters into interest rate swaps to hedge its Debt securities issued and part of deposit portfolio and applies a fair value hedge. Changes in the fair value are presented under "Net gain (-loss) from financial instruments at fair value" in the Statement of Profit or Loss. Interest income and expense from financial instruments (hedged item) are presented as "Net interest and similar income". The changes in the fair value of the hedged Debt securities issued attributable to the hedged risk are recognised as an addition to or deduction from the balance sheet value of financial liabilities and presented under "Net gain (-loss) on financial instruments at fair value" in the income statement.

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, whereas portfolio hedging effect is recognised as 'Fair value of changes of hedged items in hedges of interest rate' in the Statement of Financial Position, on Liabilities side corresponding to the change in fair value of designated customer deposits discounted at market interest rates.

CORPORATE INCOME TAX

Quarterly profits of credit institutions in Estonia are subject to advance corporate income tax at a rate of 14%. The profit of a quarter can be reduced by losses of up to 19 previous quarters. Quarterly advance corporate income tax payments can be offset by the corporate income tax liability, charged at a rate of 20% arising from profit distribution. If no dividends are paid, the quarterly advance corporate income tax payments are not refunded. Corporate income tax payable on the quarterly profits is recognised as a current income tax expense. Deferred tax asset (and deferred tax income) on quarterly losses is recognised only if it is probable that future taxable profits will be available during 19 subsequent quarters to utilise those losses. The corporate income tax arising from the payment of dividends is accounted for as an expense in the period when dividends are declared, regardless of the actual payment date or the period for which the dividends are paid.

Effective 1 January 2024, Latvia introduced annual mandatory prepayment of corporate income tax for credit institutions and consumer credit service providers, at a rate of 20% on prior year after-tax profit. The first payment was made in 2024 based on 2023 profit. Payments will be reduced by the amount of tax paid on profits already distributed in the tax year. Accruals for mandatory prepayment of corporate income tax were created in 2024. Previously in Latvia, corporate income tax was charged upon distribution of profits or conditionally distributed profit at the rate of 20% of the gross amount. Corporate income tax on distributed profit was recognised when the shareholders of Luminor decided on profit distribution. Corporate income tax was recognised as expenses in the profit and loss calculation in the reporting period when the dividends or conditional dividends were calculated, whereas for other objects of conditionally distributed profit corporate income tax was recognised at the moment when the expenses occurred within the reporting period.

In Lithuania the standard corporate income tax rate is 15%. For profits of credit institutions in excess of 2 million EUR the income tax rate is 20%. Expenses related to taxation charges and included within these financial statements are based on calculations made by Luminor in accordance with the Lithuanian tax legislation.

CONTINGENT LIABILITIES

Luminor originates off-balance sheet financial instruments consisting of commitments to provide loans, including factoring, guarantees, and financial (loan repayment) guarantees and commercial letters of credit. Such instruments are recorded in the Statement of Financial Position when they are funded, or related fees are incurred or received. All these items are initially recognised at their fair value, which is normally evidenced by the amount of the contract. These amounts are amortised on a straight-line basis over the life of the contract. At each balance sheet date, the issued financial guarantees are measured at the higher of either the unamortised balance of the amount after initial recognition or an expected credit loss (ECL) amount calculated in accordance with IFRS 9.

MEASUREMENT OF OPERATING ('CUSTOMER') SEGMENTS PERFORMANCE

Luminor's Management Board, its Chief Operating Decision Maker (CODM), monitors separately the operating results of its Customer segments – Retail Banking and Corporate Banking (including Maksekeskus). The results of all other operations are included in the 'Other' segment. Segment results consist of income and expenses associated directly with the customers belonging to each segment and income and expenses not booked at a customer level, which are allocated between the operating segments using internally agreed allocation methods. Operating expense allocation to the respective segments and products is carried out by activity-based costing. Only assets and liabilities relating to customers which belong to the segments are reported under the respective segments. Loans and Deposits are reported at net carrying amounts including accrued interest and net of credit impairments. Credit loss allowances on loans to customers are monitored for each of the segments. See Note 27, 'Customer segments', below.

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Fair value of financial instruments

The carrying amount of the part of Luminor's assets and liabilities is a reasonable approximation of their fair value.

Methodology followed to fair value Financial instruments:

Level	Description
1	Unadjusted quoted prices in active markets for identical assets or liabilities
2	Observable inputs, other than quoted prices included within Level 1, are observable for the asset or liability
3	Unobservable inputs for the asset or liability

See also Note 24, 'Fair value of financial assets and liabilities', below.

Methods and assumptions used to estimate fair value

Instrument	Methods and assumptions used to estimate fair value
Cash and balances with central banks	Carrying amount
Balances with banks	Carrying amount
Loans to customers	Future cashflows discounted using the sum of the EURIBOR base rate curve and average new sales margin of the reporting quarter. For mortgages the average new sales margin of mortgages of the reporting quarter is added to the base rate curve
Debt securities	If issued in the Baltic states, quotes from Baltic market makers. If issued outside the Baltic states, or there are no quotes available from local market makers, or the quotes are clearly incorrect or artificial, market data
Equity instruments	If Baltic-listed equities, the quotes of Baltic market makers. Other listed equities, market data. For equities of non-listed companies for which active market does not exist, any available trusted public information on recent trades or dividend discount model
Interest-bearing financial instruments	Discounted cash flows using interest rates for items with similar characteristics
Derivatives	Market data
Loans and deposits from credit institutions	Carrying amount
Deposits from customers	Term deposit future cashflows discounted using the sum of the EURIBOR base rate curve
Debt securities issued	Market data

Impairment of financial instruments

Luminor's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The accounting judgements and estimates of the ECL models are described in the Note 2, 'General risk management policies', below.

2. General risk management policies

Luminor's risk management policies balance the rewards of taking risk to generate income with the risk of loss. Luminor ensures that all material risks are identified, assessed, treated, monitored, controlled and reported. Luminor's Risk division is an independent function responsible, in cooperation with Compliance division, for ensuring that Luminor has an appropriate risk management framework and for verifying that Luminor's divisions operate within this framework. Risk management is organised so that any possible conflicts of interest are avoided or escalated, should they occur.

CREDIT RISK

Credit risk is defined as the risk that a debtor or counterparty is unable to meet their obligations as they fall due, in part or in full. Credit exposures arise primarily from lending activities, including contingent liabilities, and from purchasing debt securities. Note 23, below, details Luminor's maximum exposure to credit risk.

The principles of Luminor's credit risk management are outlined in Luminor's Credit Risk Policy. Application of these principles and decision-making processes are regulated by relevant internal regulations. Luminor's principal objective for lending is that the loan portfolio must have a quality and a composition that ensure profitability in the short and long term by maintaining a low to moderate risk profile. The assessment of creditworthiness is based on the customer's ability and willingness to meet their contractual obligations. Cash flows from customers' activities dedicated for loan payments must be clearly understandable and sustainable.

In 2024, credit decisions were made by Credit committees unanimously, and by individuals according to decision-making authorisations, based on their competence level. Regular reports are prepared and presented to Luminor's Management Bodies to monitor the portfolio composition, to follow the level and development of the assumed credit risk, and to take corrective actions when needed.

Credit risk measurement

Loans to customers

Credit risk is managed by analysing the customer before granting any credit and by monitoring after credit disbursement. Luminor measures credit risk using rating models that estimate Probability of default (PD), Loss given default (LGD), and Exposure at default (EAD).

Rating models, which estimate PD and risk grade, are used to estimate default risk of the counterparty. The assessment is made by using the customer segment/product specific rating models for six homogeneous groups of customers: individuals, large corporates, corporates, small and medium-sized enterprises, microbusinesses, and real estate projects of legal entities. All credits granted to Retail customers are re-classified using these rating models every time a commitment is renewed. Where the rating process is more automated, the risk estimates are reviewed on a quarterly basis. Ratings assigned to larger Corporate customers are reviewed at least once a year.

Luminor's internal rating scale for customers and the indicative mapping of external ratings

Risk level	Rating grade	Probability of default	Fitch, Standard & Poor's	Moody's
Low risk	1 to 4	<0.75%	AAA to BB+	Aaa to Ba1
Moderate risk	5 to 7	0.75% to 3%	BB to BB-	Ba2 to Ba3
High risk	8 to 10	>3%	B+ to C	B1 to Ca
Default	11 and 12	100%	D	C

The PD models rely on internal and external information. Internal information incorporates information on delinquencies, account behaviour and set up of the loan, while external data includes social demographic aspects, late payments, financials, and leverage. The LGD models are based on the historically realized loss for different collaterals, customer segments, and types of facilities. The EAD models estimate exposure at default and are segmented across customer types and facility groups.

In addition to credit decision-making, internal model outputs are used in credit pricing, loan portfolio quality monitoring, and risk reporting, as well as economic capital (risk-adjusted capital (RAC)) calculations, capital allocation, and stress testing. When a loan is granted to a large business customer, a risk-adjusted return on risk-adjusted capital (RAROC) is calculated, measured at both an individual loan and customer levels. The same principles of RAC-based pricing as well as RAROC-based profitability assessment are also extended to the other segments of the loan portfolio through standardised pricing tools or rules.

Luminor performs ESG risk assessment as part of its assessment of customer's creditworthiness. The extent of the assessment depends on the ESG risks identified. If ESG risks are high, for exposures above a certain threshold the customer's risk grade is adjusted by one grade which affects the probability of default. In 2024, the risk grade of several corporate customers was changed, though all remained within Stage 1 and hence the impact on ECL was not material. There was no material impact on ECL from green financing activities. For other exposures their risk mitigation capacity is assessed.

Balances with banks

Counterparty risk of banks and financial institutions is managed by establishing risk limits for investment grade counterparties and then by monitoring those counterparties. If an investment grade counterparty does not exist in a country, the best available counterparties from that country are chosen. All counterparty banks are risk classified and risk limits are established. The risk grade and PD of banks and countries are based primarily on external ratings from recognised credit rating agencies. If an external rating for a counterparty is unavailable, Luminor will derive its own internal rating based on assessment of macroeconomic factors, the counterparty's own solvency and liquidity, and qualitative factors. All counterparties and countries are monitored on a quarterly basis, and limits are reviewed at least annually.

Debt securities

Luminor invests in debt securities in its banking book and trading book. Debt securities in the banking book are generally held-to-maturity and are classified as Amortised cost, FVTPL (designated or held mandatorily), or FVTOCI depending on business model or other criteria mandated by IFRS 9. Debt securities in the trading book, which are classified as held-for-trading, are used to provide secondary market liquidity.

Credit risk limit control and mitigation policies

Concentration risk

Luminor manages concentration risk by limiting exposure to sectors and customers. Lending to individual sectors is capped in general at 20% of total lending to legal entities, with exceptions for real estate (30%) and construction (10%). Luminor limits consumption of its economic capital for the 10 largest customer groups to 50 million EUR and, in addition, has a single name concentration limit (excluding state and municipality risk) of 180 million EUR.

Collateral

Luminor mitigates credit risk through collateral. Long-term financing and lending to business customers is generally secured. Consumer loans (including credit card limits) to individual customers are usually unsecured. Upon the initial recognition of loans to customers, the fair value of collateral is established. For real estate, market values estimated by external valuers or the purchase price, whichever is lower, are used, while for movable assets book value is used typically. The value of collateral is monitored and reconsidered periodically. A statistical revaluation is performed periodically for residential real estate by applying relevant indices. For leased assets, after origination, the market value is adjusted by depreciation of the movable asset. When calculating collateral realisation value, a discount is applied, the amount of which depends on different factors, including the type of collateral and expected realisation time.

Derivatives

Luminor's counterparty credit risk represents the potential loss incurred to replace derivative contracts if counterparties fail to meet their obligations. Luminor assesses counterparties' creditworthiness in conjunction with its derivatives exposure to control the level of credit risk taken. Counterparty credit risk is managed primarily using exposure limits, exchange of collateral and valuation adjustments to reported fair values. Derivatives are recognised initially and carried subsequently at their fair value, adjusted each month, while credit risk exposure limits and collateral are monitored and exchanged daily.

Credit-related commitments

Commitments are collateralised in general either by the funds held in a Luminor account, tangible assets, or other collateral.

Credit impairment policies

Principles

Luminor recognises credit losses in accordance with the requirements of IFRS 9 applying a forward-looking expected credit loss approach. Luminor classifies loans, and other credit instruments, into one of three stages:

Stage	Status of financial instrument	ECL horizon	Amount on which interest is calculated
1	No significant increase in credit risk since initial recognition or low credit risk	12-months	Gross carrying amount
2	Significant increase in credit risk since initial recognition but not credit-impaired	Lifetime	Gross carrying amount
3	Credit-impaired	Lifetime	Gross carrying amount less loss allowance

Luminor's expected credit loss calculation models have a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. These include:

- evaluating the criteria for assessment of significant increase in credit risk and allocation of loans to Stage 1 or 2
- identification of unlikeliness to pay criteria and assignment of loans to Stage 3
- classification of forbearance and watch list
- assessing accounting interpretations and modelling assumptions used to build the models that calculate ECL, including the various formulas and the choice of inputs
- the modelling and calculation of key parameters of the expected credit loss (ECL) models, including probability of default (PD), loss given default (LGD), and exposure at default (EAD)
- determining the macro-economic indicators and incorporating forward-looking information into the ECL models
- estimating the above-mentioned indicators for future periods and for three different scenarios (baseline, optimistic, and pessimistic), and assigning probabilities to those scenarios
- estimating ECL under base case and risk case scenarios for individually assessed Stage 3 assets, and assigning probabilities to those scenarios
- setting principles for Stage 3 immaterial assets collective assessment
- assessing necessity of Management overlay adjustments to ECL models and determining the magnitude of the adjustments.

The applied ECL model was enhanced during the fourth quarter of 2024. Enhancement included changes in parametrisation of the model and redevelopment of macro-economic model. These changes lead to material migration of exposures from Stage 2 to Stage 1, although the total change in ECL was not material. The application of temporary collective significant increase in credit risk (SICR) indicator for commercial real estate exposures vulnerable to increasing interest rates, which was incorporated into the ECL model in the second quarter of 2023, was discontinued leading to immaterial decrease of collective impairment. Affected exposures are reviewed based on regular collective SICR indicators and, where appropriate, reclassified as Stage 2.

Where possible, Luminor seeks to restructure loans rather than takes possession of collateral. This involves mostly adjusting the borrower's payment schedule to match their financial capacity, such as reducing temporarily principal repayments or extending payment terms, and the agreement of new loan conditions. Once the terms have been renegotiated and executed, a loan is no longer considered non-performing as long as a borrower complies with the renegotiated terms and conditions. Such loans are reviewed continuously to ensure all criteria are met and that future payments are likely to occur, and interest and fee income is accrued and recognised as for other performing loans.

Significant increase in credit risk ('SICR')

A financial asset is treated as facing a SICR if one of five indicators is identified after initial recognition of the financial instrument and was not present at its origination. All indicators are applied at a financial instrument level in order to track changes in credit risk since the initial recognition date for a particular financial instrument, even though some of them refer to a customer's characteristics. SICR indicators are:

- significant increase of lifetime PD since initial recognition until the reporting date (2.5 times and 0.6 p.p. jointly)
- risk grade 9 or 10 as at the reporting date
- more than 30 days past due on any material overdue amount to Luminor as at the reporting date

- forborne (restructured) performing status as at the reporting date (forbearance not triggering non-performing status)
- watch list status as at the reporting date.

The probability of default over the lifetime of a financial asset (cumulative lifetime PD) conditional on macroeconomic scenarios is calculated as weighted sum of point-in-time (PIT) forward-looking PDs generated for every future year until maturity of the financial instrument. For the indicator of more than 30 days past due, the same principles for counting days past due considering materiality thresholds are applied as for default identification, as below. In case of payment holidays, the counting of days past due is based on the modified payment schedule.

Return to Stage 1 is possible no earlier than 3 months after >30 days past due SICR trigger ceases to be met. During those 3 months of the probation period the customer must make payments due in a timely fashion. No probation period is applied for backward transfer from Stage 2 in respect of other SICR indicators as the probation period is already integrated in the reversal of those SICR triggers, e.g., minimum 2 years' probation period for forborne performing exposures to become fully performing.

Expected credit losses

A collective assessment of impairment is performed for all financial instruments that are not defaulted as at the reporting date. The expected loss is calculated as the probability weighted average of losses expected in different macroeconomic scenarios. The expected loss in the specific macroeconomic scenario is calculated as the multiple of PD, LGD, EAD, and cumulative prepayment rate and is calculated using a discount rate. PD, LGD, and EAD curves are estimated for every future year until the maturity date of the facility. The ECL horizon varies with Stage of the facility.

Estimation of PD and LGD curves considers forecasts of macroeconomic data. Luminor economists forecast this data three years ahead and propose scenario probabilities. From the fourth year it is assumed that PD and LGD converge to their long-term average. Annual change in real GDP and the unemployment rate are used when modelling for customers of Corporate Banking, while modelling for customers of Retail Banking also includes annual change of residential real estate prices.

Three-year projections of macroeconomic variables and probability weights are prepared for each Baltic country. Macroeconomic scenarios and their weights were most recently re-considered in the fourth quarter of 2024 to reflect, mainly, possible consequences of the prevailing geopolitical uncertainties and distorted trade relations in the main Luminor's markets. The ECL model inputs and parameters were updated, including changes in the estimated current and future states of the economy based on updated macroeconomic variables and forecasts, as well as regular IFRS 9 risk parameters used in ECL calculation. In addition, the ECL model was enhanced by changes in parametrisation of the model and redevelopment of macro-economic model.

At the end of 2024, the probability weights for scenarios remained unchanged as compared to the end of 2023. 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:

Forecasts under different scenarios:

Economic data, %		**Scenarios**											
		Optimistic				**Baseline**				**Pessimistic**			
31 December 2023	**2022a**	**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
31 December 2024	**2023a**	**24f**	**25f**	**26f**	**27f**	**24f**	**25f**	**26f**	**27f**	**24f**	**25f**	**26f**	**27f**
Real GDP (a)													
Estonia	-3.0	-0.5	2.8	2.6	4.5	-1.0	1.0	1.0	3.0	-1.0	-7.0	-0.4	4.1
Latvia	1.7	1.1	4.1	5.2	4.7	0.5	2.2	3.5	3.0	0.5	-5.8	-0.9	2.9
Lithuania	0.3	2.8	4.4	3.6	4.2	2.4	3.0	2.4	3.0	2.4	-5.0	-1.5	4.9
Unemployment rate													
Estonia	6.4	7.6	7.4	6.6	6.7	8.0	8.0	7.0	7.0	8.0	11.0	10.5	9.0
Latvia	6.5	6.8	6.3	5.6	6.6	7.1	6.8	6.0	7.0	7.1	10.8	12.0	10.6
Lithuania	6.9	7.1	6.5	6.4	6.4	7.5	7.2	7.0	7.0	7.5	11.2	12.7	11.4
Residential Real Estate price (a)													
Estonia	5.9	4.0	3.4	3.1	6.1	3.0	0.0	0.0	3.4	3.0	-20.0	-7.0	10.0
Latvia	3.7	3.2	6.6	7.3	7.2	2.0	1.7	2.7	2.9	2.0	-18.3	-2.9	10.0
Lithuania	9.8	4.7	3.5	3.3	5.3	4.0	1.0	1.0	3.0	4.0	-19.0	-9.4	6.0

a. Annual change

Material exposures are reviewed regularly. The regularity and depth of the assessment are based on the risk level and size of the exposure. The aim of the follow-up is to identify any potential worsening of the situation and start early actions to improve Luminor's position, and to identify the occurrence of unlikeliness to pay criteria. Credit-impaired large exposures that are above materiality thresholds are reviewed every quarter or more frequently when individual circumstances require. The valuation is updated when there are significant changes in cash flows, otherwise it is performed at least once a year.

For Stage 3 financial asset exposures (including defaulted POCI assets), which are classified as material, Luminor evaluates the impairment amount on an individual basis (individual assessment) under the discounted cash flows method where future cash flows from the customer's operations and cash flows from collateral realisation are considered. As a rule, two scenarios – base case and risk case – with certain probability weights are used. For exceptional cases one scenario may be used, where only cash flow from collateral realisation without any cash flow from operating activities is considered, for example, a workout case.

For Stage 3 financial asset exposures (including defaulted POCI assets), which are classified as immaterial, Luminor evaluates the impairment amount on a collective basis (collective assessment) where collective assessment is defined by asset type, product, and non-performing loans vintage. Impairment is calculated by applying a provision rate for the unsecured part. The unsecured part for impairment purposes is calculated using the collateral value capped to the exposure amount and afterwards discounted, eliminating situations when over-collateralised loans have an entirely secured part and result in zero impairment. Different provision rates for the unsecured part are applied for three homogeneous groups: mortgage loans and other loans with real estate collateral to individuals; consumer and other loans (including leasing) to individuals, and loans to businesses.

Expected credit losses sensitivity analysis

ECL sensitivity analysis, €m	31 Dec 2023		31 Dec 2024	
	Lower	Higher	Lower	Higher
Effect of change in SICR thresholds (a)				
Estonia	0.04	-0.08	0.23	-0.11
Latvia	0.06	-0.06	0.47	-0.07
Lithuania	0.80	-0.40	0.67	-0.24
Luminor	0.90	-0.54	1.36	-0.42
Effect of change in scenario probabilities (b)				
Estonia	-0.03	0.03	-0.09	0.09
Latvia	-0.14	0.14	-0.22	0.22
Lithuania	-0.56	0.56	-0.58	0.59
Luminor	-0.73	0.73	-0.89	0.90
Effect of change in LGD values of Stage 1 and 2 exposures (c)				
Estonia	-0.76	0.78	-0.99	1.00
Latvia	-2.10	2.12	-2.32	2.34
Lithuania	-4.23	4.24	-3.26	3.29
Luminor	-7.09	7.14	-6.58	6.63

In the above, increases in ECL (positive amounts) represent higher impairment allowances that would be recognised.

a. Impact on ECL if SICR relative thresholds were increased or decreased by 20% and absolute thresholds increased or decreased by 20bps (31 December 2023: 12bps)

b. Impact on ECL if pessimistic scenario weight was increased or decreased by 2 p.p. and optimistic scenario weight was decreased or increased by 2 p.p.

c. Impact on ECL if Loss given default values at exposure level increased or decreased relatively by 10%

ECL sensitivity to changes in SICR thresholds increased after ECL calculation model improvements were made during the fourth quarter. Luminor aligned its SICR assessment to market practices and completed a comprehensive triennial review of its credit cycle model. The latter featured improved data quality, higher sensitivity to macroeconomic shocks, and a greater alignment across Luminor's markets. These improvements also increase the sensitivity of other scenarios presented in the table above.

Credit risk assessment on modified financial assets

In general, each time a financial instrument is modified due to financial problems of the debtor, a new rating/scoring is obtained, a new PD assigned, and the loan marked as forborne (restructured) if the regulatory reporting definition is met. Therefore, as a result of modification, the loan would be classified as Stage 2 if the forborne performing status is assigned (or Stage 3 if the forborne non-performing status is assigned) and/or the loan would be classified as Stage 2 if the change in PD is considered significant. In case of substantial modification resulting in derecognition of the asset and the origination of a new asset, the newly recognised asset is classified as Stage 1 if not credit-impaired or a POCI asset if credit-impaired.

Default definition

Luminor identifies default when either a customer is past due more than 90 days on any material overdue amount to Luminor or the customer is considered unlikely to pay its credit obligations to Luminor, or both. For exposure to banks, the default is recognised when payments are overdue by more than 7 days. Counting of days past due on a customer level starts when the overdue amount on a customer level breaches materiality threshold. For individual customers the threshold is more than 100

EUR and more than 1% of its credit obligations to Luminor, for business customers the threshold is more than 500 EUR and more than 1% of its credit obligations to Luminor. The default is recognised on a customer level.

Indications of unlikeliness to pay include:

- major financial problems of the customer (present or expected)
- distressed restructuring of credit obligation (forbearance triggering a non-performing status)
- recognition of specific credit risk adjustments resulting from a significant perceived decline in the credit quality of the exposure
- Luminor sells the credit obligation at a material credit-related economic loss
- bankruptcy of the customer or similar protection
- non-accrued status
- disappearance of an active market for a financial asset because of financial difficulties of the customer
- credit fraud
- external rating indicating default.

Return to non-defaulted status is possible no earlier than 3 months after all default triggers cease to be met. During those 3 months of the probation period the customer must make payments due in a timely fashion. In a distressed restructuring at least 1 year needs to pass since the moment of extending restructuring measures and the moment when a customer is deemed to have an ability to comply with the post-restructuring conditions before the obligation is considered non-defaulted.

Write-off policy

Luminor writes off financial assets, in whole or in part, which are considered as being non-collectible – in general following sale of collateral. Before a write-off decision, Luminor ensures there is no reasonable expectation of recovery by assessing the legal recoverability of a claim, and the possibility of voluntary recovery solutions based on a customer's willingness and ability to settle a claim. However, write-off does not limit Luminor's recovery measures. The outstanding contractual amount on financial assets that were written off during the year ended 31 December 2024 and still subject to enforcement activity was 7.9 million EUR (31 December 2023: 1.3 million EUR).

Information about collaterals of loans

Luminor considers guarantees issued by the state and other parties issuing guarantees that are equivalent to the state guarantees. Guarantees and warranties issued by other parties (individuals, legal entities), although they mitigate risk, are considered immaterial. If exposure is secured by several different types of collateral, priority in recognition of a collateral is based on its liquidity. Securities, cash, and guarantees are treated as the types of collateral with the highest liquidity, followed by residential real estate and then other real estate. Movable assets like transport vehicles, equipment, and other assets are treated as having the lowest liquidity.

OPERATIONAL RISK

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, and systems, or from external events. Operational risk comprises of eight sub-types in Luminor's risk taxonomy: Information and communication technology risk, Information security risk, Data management risk, Legal risk, Operational continuity and resilience risk, People risk, Process and reporting risk, and Third party and outsourcing risk.

Operational risk management is governed by the Operational Risk Management Standard and other relevant operational risk management framework documents which establish requirements for identifying, managing, assessing, treating, monitoring, and reporting operational risks. Business units are responsible for operational risk management within their areas and are overseen by the Operational Risk Department which identifies any deviations from Luminor's Risk Appetite Framework and ensures any deviations can be managed effectively without significant detriment to Luminor, its customers or other stakeholders. Luminor Management is kept updated on the status of operational risk through periodic and ad hoc risk reporting.

MARKET RISK

Market risk is the risk of losses in on- and off-balance sheet positions arising from adverse movements in market prices. The most significant parts of market risk for Luminor are interest rate risk and credit spread risk in the banking book. Luminor has a low-risk appetite for market risk. Customer related derivative business, which commonly includes foreign exchange, interest rates and commodities, is hedged through interbank transactions.

Luminor monitors and manages all risks within banking and trading book. Market value at risk and other risk measurements and metrics are part of the management, limit, and control system. Luminor's trading book is very small and consists mainly of low-risk fixed income instruments to provide secondary market liquidity. The inherent risks, mainly interest rate sensitivity and credit spread risk, are small. Interest rate risk in the banking book is also measured in terms of stressed EVE (Economic Value of Equity) and stressed NII (Net Interest Income) to ensure compliance with regulatory guidance. Credit spread risk is relatively small due to predominantly low-risk fixed income instruments in the banking book. Year on year changes in stressed NII and EVE were driven by updates of NMD model given changes in the interest rate environment.

Sensitivity to interest rate risk in banking book, €m	**2023**	**2024**
Stressed Net interest income (Parallel up +200bp)	16.0	42.8
Stressed Economic value of equity (Parallel up +200bp)	-37.7	69.4
Stressed Net interest income (Parallel down -200bp) (a)	-15.9	-43.0
Stressed Economic value of equity (Parallel down -200bp) (a)	55.0	-71.5

a. Negative interest rate scenarios floored at -1.5% based on the EBA guidelines.

Luminor operates mainly in euros. Positions in other currencies are small. FX risk is measured as the nominal value of open FX positions converted to Euro using the ECB rates. Luminor has defined limits for all foreign currencies.

Exposure to FX risk, €m	**2023**	**2024**
US Dollars	-0.1	-0.4
Maximum absolute exposure of all foreign currencies other than US Dollars	0.1	0.1
Sum of all foreign currency exposures in absolute terms excluding US Dollars	0.3	0.3
Total (a)	**0.3**	**0.7**

a. The higher absolute value of either sum of positive exposures or sum of negative exposures of all foreign currency open positions.

LIQUIDITY RISK

Liquidity risk is the risk of the bank being unable to fulfil its obligations in a timely manner or to the full extent when they fall due, without incurring significant costs in the process. Liquidity is managed to ensure a constant ability to settle contractual obligations. Liquidity risk management is divided into intraday, short-term, and long-term liquidity management. Long-term liquidity risk management is based on planned and foreseeable balance sheet developments, the funding plan and is further supported by analyses of estimated future cash flows considering, amongst other, deposit and loan portfolio growth, as well as possible refinancing sources.

Luminor uses a range of liquidity metrics for measuring, monitoring, and controlling liquidity risk, including the Liquidity Coverage Ratio (LCR), the Net Stable Funding Ratio (NSFR), internal liquidity limits for funding concentration, and a survival horizon metric as a part of the liquidity stress testing. Luminor has a set of early warning indicators to identify adverse liquidity trends in a timely fashion, and contingency funding plans to manage Luminor's liquidity during liquidity disruptions. The liquidity risk management strategy is reviewed at least annually or after any significant change in the internal or external environment.

The minimum limit for LCR and NSFR ratios is set at 100%, however Luminor has a substantial liquidity buffer and maintains higher ratios than set by regulatory requirements.

COUNTRY RISK

Country risk is a risk that some event within a country could have an adverse effect on Luminor directly by impairing the value of Luminor or indirectly through an obligor's ability to meet its obligations to Luminor. Establishment of country limits is required when Luminor acquires sovereign debt, takes risk backed by a country's government, or when establishing credit limits towards foreign financial institutions. No country limits are required for exposures to countries that are rated at AA- (S&P, Fitch), or Aa3

(Moody's), or better; EU countries that are rated BBB (S&P, Fitch), or Baa2 (Moody's), or better; and Luminor's home markets of Estonia, Latvia, and Lithuania. At the end of the reporting period Luminor had set country limits of 35 million EUR towards three countries out of which 0.2 million EUR was utilised.

COMPLIANCE RISK

Compliance risk is the risk of negative impacts due to potential regulatory criticism, direct or indirect financial liabilities, civil penalties, or loss to reputational standing due to non-compliance or as a result of failure to comply with laws, regulations, organizational standards of practice, or other applicable rules. Compliance risk entails financial crime risk, conduct risk and regulatory compliance risk. Compliance risk management is based on a strong compliance culture, where all stakeholders feel empowered and accountable to take active steps to ensure that Luminor remains compliant.

BUSINESS MODEL RISK

Business model risk is the risk of not fulfilling strategic and financial planning objectives due to external business risks and internal strategic risks. Business model risk is managed through the strategic and financial planning processes, through product management and adequate product pricing framework, through establishing performance criteria to incentivize the execution of the strategy and through performance management to continually monitor and steer performance.

MODEL RISK

Model risk is the risk of adverse effects on capital adequacy, financial loss, poor business, or strategic decision-making from the use of inadequate or deficient quantitative models. Periodical validation and proactive model risk management of Luminor's models is performed according to principles established in internal regulations.

CAPITAL MANAGEMENT

Capital is managed to comply with minimum capital, regulatory buffers and expectations, and liquidity requirements at all times. Capital consists of Common Equity Tier 1 (CET 1) and Tier 2 capital which at 31 December 2024 totalled 1,477.8 million EUR and 1,676.9 million EUR respectively (31 December 2023: 1,441.3 million EUR). Luminor uses the Standardised method to calculate the Risk Exposure Amount (REA) for credit and market risk. The REA for operational risk is calculated using the Basic Indicator Approach method. Based on information provided internally to key management personnel Luminor complied with external capital requirements during the current and preceding reporting periods.

Capital requirements and resources	**31 Dec 2023**			**31 Dec 2024**		
% Risk exposure amounts	**CET1**	**Tier 1**	**Total**	**CET1**	**Tier 1**	**Total**
Common Equity Tier 1	4.50	4.50	4.50	4.50	4.50	4.50
Additional Tier 1	-	1.50	1.50	-	1.50	1.50
Tier 2	-	-	2.00	-	-	2.00
Pillar 2 requirement	1.24	1.65	2.20	1.41	1.88	2.50
SREP capital requirement	**5.74**	**7.65**	**10.20**	**5.91**	**7.88**	**10.50**
Capital conservation buffer	2.50	2.50	2.50	2.50	2.50	2.50
O-SII capital buffer	2.00	2.00	2.00	2.00	2.00	2.00
Systemic risk buffer	0.27	0.27	0.27	0.28	0.28	0.28
Countercyclical buffer	0.83	0.83	0.83	0.96	0.96	0.96
Combined buffer requirement	**5.60**	**5.60**	**5.60**	**5.74**	**5.74**	**5.74**
Overall capital requirement	**11.33**	**13.25**	**15.80**	**11.64**	**13.61**	**16.24**
Pillar 2 guidance	1.50	1.50	1.50	1.50	1.50	1.50
Regulatory expectation	**12.83**	**14.75**	**17.30**	**13.14**	**15.11**	**17.74**
Capital resources	20.42	20.42	20.42	20.15	20.15	22.87

Exact capital requirements are rounded to 2 decimal places at each calculation level.

3. Net interest and similar income

€m	2023	2024
Loans to customers at amortised cost (a)	536.0	566.3
Balances with central banks	91.9	113.0
Debt securities at amortised cost (a)	21.5	29.5
Balances with banks	1.1	0.6
Interest income calculated using effective interest method	**650.5**	**709.4**
Finance leases	88.4	90.2
Other (a)	1.1	2.2
Other similar income	**89.5**	**92.4**
Interest and similar income	**740.0**	**801.8**
Loans and deposits from credit institutions	-1.5	-7.1
Deposits from customers	-101.8	-171.5
Debt securities issued	-55.5	-59.4
Loss on hedging activities	-38.8	-45.5
Contributions to deposit guarantee fund	-10.3	-9.9
Other	-0.6	-0.7
Interest expense	**-208.5**	**-294.1**
Total	**531.5**	**507.7**

a. See also Note 1 chapter ‘Change in presentation’.

4. Net fee and commission income

€m	2023			2024		
	Income	Expense	Net	Income	Expense	Net
Cards	43.5	-22.4	**21.1**	45.0	-22.5	**22.5**
Credit products	6.7	-2.1	**4.6**	5.5	-1.7	**3.8**
Daily banking plans	19.4	–	**19.4**	19.8	–	**19.8**
Deposit products and cash management	14.3	-3.1	**11.2**	13.7	-3.2	**10.5**
Insurance	3.8	0.0	**3.8**	4.1	–	**4.1**
Investments	5.7	-1.7	**4.0**	4.9	-1.8	**3.1**
Pensions	8.9	-0.8	**8.1**	15.5	-1.8	**13.7**
Trade finance	11.4	–	**11.4**	10.9	0.0	**10.9**
Other	1.1	-0.1	**1.0**	1.2	0.0	**1.2**
Total	**114.8**	**-30.2**	**84.6**	**120.6**	**-31.0**	**89.6**

Fee and commission income by recognition type

€m	2023			2024		
	Over time	Point in time	Total	Over time	Point in time	Total
Cards	8.3	35.2	**43.5**	2.3	42.7	**45.0**
Credit products	1.6	5.1	**6.7**	1.3	4.2	**5.5**
Daily banking plans	19.4	–	**19.4**	19.8	–	**19.8**
Deposit products and cash management	3.7	10.6	**14.3**	3.2	10.5	**13.7**
Insurance	–	3.8	**3.8**	–	4.1	**4.1**
Investments	2.9	2.8	**5.7**	3.1	1.8	**4.9**
Pensions	8.9	–	**8.9**	15.5	–	**15.5**
Trade finance	10.8	0.6	**11.4**	10.4	0.5	**10.9**
Other	0.1	1.0	**1.1**	0.0	1.2	**1.2**
Total	**55.7**	**59.1**	**114.8**	**55.6**	**65.0**	**120.6**

5. Net gain from financial items

€m	2023	2024
Derivatives	1.9	23.5
Financial assets and liabilities held for trading (a)	13.7	14.3
Financial assets and liabilities at fair value through profit or loss	1.1	1.6
Investments in Debt securities designated at fair value through profit or loss	7.0	6.6
Total Net gain from financial instruments at fair value	**23.7**	**46.0**
Net gain (-loss) from foreign currency exchange differences	11.2	-13.4
Total	**34.9**	**32.6**
a. of which FX spot	12.4	13.4

b. See also Note 1 chapter ‘Change in presentation’.

6. Personnel expenses

€m	2023	2024
Wages and salaries	-109.0	-121.6
Social security contributions	-17.8	-19.6
Indirect personnel expenses (recruitment, training)	-4.1	-5.7
Contribution to pension funds	-0.4	-0.5
Total	**-131.3**	**-147.4**

Social security tax payments include a contribution to state pension funds. Luminor has no legal or constructive obligation to make pension or similar payments beyond the social security tax.

7. Other administration expenses

€m	2023	2024
Information Technology related	−98.9	−114.3
Consulting and professional services	−54.6	−15.9
Advertising and marketing	−8.6	−8.2
Real estate	−3.3	−3.1
Taxes and duties	−1.3	2.1
Other (a)	−25.9	−35.6
Total	**−192.6**	**−175.0**
of which PwC: Audit of these consolidated financial statements	0.3	0.3
Other services including audit of subsidiaries financial statements	0.4	0.5

In addition to the statutory audit, PwC provided additional services required by regulations in the Baltic countries and other services permitted under the Estonian Auditors Activities Act and other EU and national laws and regulations.

a. See also Note 1 chapter ‘Change in presentation’.

8. Bank taxes and resolution fee

€m	2023	2024
Latvian bank tax	–	−27.7
Lithuanian bank tax	−30.1	−5.7
Resolution fee	−3.4	–
Total	**−33.5**	**−33.4**

See also Note 1 chapters ‘Change in presentation’ and ‘Temporary bank taxes’.

9. Cash and balances with central banks

€m	31 Dec 2023	31 Dec 2024
Cash on hand	105.4	120.4
Balances with central banks	2,963.7	2,985.9
Total	**3,069.1**	**3,106.3**

See also Note 1 chapter ‘Change in presentation’.

10. Debt securities

By type of obligor and IFRS9 measurement

€m	Govern-ments	Credit institutions	Financial institutions	Corporates	Total
31 December 2023					
AC	1,074.4	109.6	7.1	104.2	**1,295.3**
FVTPLD	152.7	22.7	–	–	**175.4**
FVTPLM	13.7	0.0	4.7	–	**18.4**
FVTOCI	2.7	–	–	–	**2.7**
Total	**1,243.5**	**132.3**	**11.8**	**104.2**	**1,491.8**
31 December 2024					
AC	1,236.3	165.3	4.9	104.6	**1,511.1**
FVTPLD	115.8	16.9	–	–	**132.7**
FVTPLM	18.9	0.0	3.2	1.4	**23.5**
FVTOCI	2.9	–	–	–	**2.9**
Total	**1,373.9**	**182.2**	**8.1**	**106.0**	**1,670.2**

All the portfolio is classified as Stage 1 and total ECLs recognised as at the end of 2024 amounted to 1.0 million EUR (2023: 1.0 million EUR).

Luminor buys derivatives (interest rate swaps) to economically hedge the interest rate risk of debt securities affecting the fair value. Derivatives are accounted for in the trading portfolio with the fair value changes through profit or loss. To avoid or significantly reduce accounting mismatch, part of the debt securities portfolio are designated at FVTPL. For the debt securities designated at FVTPL, the maximum credit risk equals their carrying amount. Part of the change in fair value that is attributable to credit risk component is immaterial. The credit risk level of these securities is low (all rated AAA to A by Fitch and/or Standard & Poor’s).

11. Loans to customers

€m	31 Dec 2023	31 Dec 2024
Individuals	5,941.6	6,112.2
Businesses	4,181.4	4,023.5
Financial institutions	190.9	191.7
Public sector	188.9	208.0
Total	**10,502.8**	**10,535.4**
of which loans pledged as security for covered bonds (see also Note 17, 'Debt securities issued', below)	1,050.0	963.2
By country of customer registration		
Estonia, Latvia, and Lithuania	10,353.9	10,398.8
Rest of the European Union	123.0	112.4
Other	25.9	24.2
Total	**10,502.8**	**10,535.4**

See also Note 1 chapter 'Change in presentation'.

Loans to customers by stage and type

€m	Gross carrying amount				Credit loss allowances				Total
	Stage 1	2	3	Total	Stage 1	2	3	Total	
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	402.1	27.1	2.9	**432.1**	−1.8	−1.3	−0.7	**−3.8**	**428.3**
Consumer loans, cards	116.9	11.2	0.8	**128.9**	−0.8	−0.8	−0.3	**−1.9**	**127.0**
Other	209.8	49.7	9.1	**268.6**	−1.2	−1.5	−2.9	**−5.6**	**263.0**
Individuals	**5,631.8**	**285.4**	**76.6**	**5,993.8**	**−15.4**	**−18.6**	**−18.2**	**−52.2**	**5,941.6**
Loans	1,918.4	1,043.3	99.4	**3,061.1**	−5.7	−19.0	−28.4	**−53.1**	**3,008.0**
Leasing	843.1	118.4	24.5	**986.0**	−3.0	−3.2	−8.0	**−14.2**	**971.8**
Factoring	174.1	27.3	1.5	**202.9**	−0.3	−0.2	−0.8	**−1.3**	**201.6**
Businesses	**2,935.6**	**1,189.0**	**125.4**	**4,250.0**	**−9.0**	**−22.4**	**−37.2**	**−68.6**	**4,181.4**
Financial institutions	139.7	52.2	0.1	**192.0**	−0.1	−1.0	0.0	**−1.1**	**190.9**
Public sector	189.0	–	0.1	**189.1**	−0.1	–	−0.1	**−0.2**	**188.9**
Total	**8,896.1**	**1,526.6**	**202.2**	**10,624.9**	**−24.6**	**−42.0**	**−55.5**	**−122.1**	**10,502.8**
31 December 2024									
Mortgages	5,108.2	161.4	49.0	**5,318.6**	−4.0	−12.1	−9.5	**−25.6**	**5,293.0**
Leasing	400.5	23.7	3.7	**427.9**	−1.6	−1.4	−1.3	**−4.3**	**423.6**
Consumer loans, cards	125.4	7.5	1.0	**133.9**	−0.7	−0.8	−0.5	**−2.0**	**131.9**
Other	235.9	25.0	7.0	**267.9**	−0.7	−1.2	−2.3	**−4.2**	**263.7**
Individuals	**5,870.0**	**217.6**	**60.7**	**6,148.3**	**−7.0**	**−15.5**	**−13.6**	**−36.1**	**6,112.2**
Loans	2,297.0	572.9	102.9	**2,972.8**	−8.7	−12.7	−30.3	**−51.7**	**2,921.1**
Leasing	789.2	105.0	23.6	**917.8**	−3.5	−4.6	−8.2	**−16.3**	**901.5**
Factoring	194.6	6.7	0.1	**201.4**	−0.4	0.0	−0.1	**−0.5**	**200.9**
Businesses	**3,280.8**	**684.6**	**126.6**	**4,092.0**	**−12.6**	**−17.3**	**−38.6**	**−68.5**	**4,023.5**
Financial institutions	167.6	25.0	0.0	**192.6**	−0.3	−0.6	0.0	**−0.9**	**191.7**
Public sector	208.1	0.0	–	**208.1**	−0.1	0.0	–	**−0.1**	**208.0**
Total	**9,526.5**	**927.2**	**187.3**	**10,641.0**	**−20.0**	**−33.4**	**−52.2**	**−105.6**	**10,535.4**

Loans to customers, 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 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	-1.4	-2.2	**-4.5**	**631.4**
Manufacturing	328.9	173.0	16.7	**518.6**	-0.7	-3.3	-10.8	**-14.8**	**503.8**
Transport & storage	212.9	37.1	14.9	**264.9**	-0.8	-0.5	-4.2	**-5.5**	**259.4**
Agriculture, forestry, fishing	292.2	58.6	16.9	**367.7**	-0.7	-1.4	-6.6	**-8.7**	**359.0**
Construction	158.0	84.0	11.5	**253.5**	-0.6	-2.8	-8.1	**-11.5**	**242.0**
Administrative & support services	240.5	57.4	1.9	**299.8**	-1.0	-1.3	-0.7	**-3.0**	**296.8**
Professional, scientific, technical	70.3	56.7	0.6	**127.6**	-0.5	-2.5	-0.3	**-3.3**	**124.3**
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	**2,935.6**	**1,189.0**	**125.4**	**4,250.0**	**-9.0**	**-22.4**	**-37.2**	**-68.6**	**4,181.4**
31 December 2024									
Real estate activities	1,009.5	191.3	5.7	**1,206.5**	-2.9	-2.3	-1.3	**-6.5**	**1,200.0**
Wholesale and retail	422.3	113.7	9.2	**545.2**	-1.5	-2.4	-5.4	**-9.3**	**535.9**
Manufacturing	421.0	115.1	9.4	**545.5**	-1.4	-3.0	-5.0	**-9.4**	**536.1**
Transport and storage	172.3	24.2	8.5	**205.0**	-0.7	-1.4	-3.1	**-5.2**	**199.8**
Agriculture, forestry, and fishing	259.8	64.3	11.2	**335.3**	-1.0	-3.6	-3.6	**-8.2**	**327.1**
Construction	189.6	41.7	2.9	**234.2**	-0.8	-2.3	-1.2	**-4.3**	**229.9**
Administrative & support services	250.9	42.6	7.5	**301.0**	-1.3	-1.2	-1.7	**-4.2**	**296.8**
Professional, scientific, technical	98.7	50.0	0.8	**149.5**	-0.5	-0.6	-0.3	**-1.4**	**148.1**
Electricity, gas, steam, & aircon	226.5	9.9	0.1	**236.5**	-1.5	-0.1	-0.1	**-1.7**	**234.8**
Other	230.2	31.8	71.3	**333.3**	-1.0	-0.4	-16.9	**-18.3**	**315.0**
Total	**3,280.8**	**684.6**	**126.6**	**4,092.0**	**-12.6**	**-17.3**	**-38.6**	**-68.5**	**4,023.5**

Investments in finance leases

€m	Year 1	Year 2	Year 3	Year 4	Year 5	> 5 years	Total
31 December 2023							
Gross investments	478.5	443.1	334.3	228.2	125.9	20.9	**1,630.9**
Unearned future finance income	−70.1	−54.2	−32.3	−16.3	−5.5	−1.3	**−179.7**
Total	**408.4**	**388.9**	**302.0**	**211.9**	**120.4**	**19.6**	**1,451.2**
31 December 2024							
Gross investments	470.5	400.9	293.0	188.7	122.4	19.0	**1,494.5**
Unearned future finance income	−51.8	−39.2	−23.1	−11.4	−4.3	−0.8	**−130.6**
Total	**418.7**	**361.7**	**269.9**	**177.3**	**118.1**	**18.2**	**1,363.9**

Expected credit losses

€m	2023	2024
Expected credit losses	−23.5	−0.8
Provisions	−9.6	2.3
Total	**−33.1**	**1.5**

Stage 3 Loans to customers by type of customer and collateral value

€m	31 Dec 2023			31 Dec 2024		
	Individuals	Businesses	Total	Individuals	Businesses	Total
Under collateralised loans	8.8	20.9	**29.7**	5.0	46.0	**51.0**
Over collateralised loans	67.8	104.7	**172.5**	55.7	80.6	**136.3**
Gross carrying amount	**76.6**	**125.6**	**202.2**	**60.7**	**126.6**	**187.3**
Credit loss allowances	−18.2	−37.3	**−55.5**	−13.6	−38.6	**−52.2**
Total	**58.4**	**88.3**	**146.7**	**47.1**	**88.0**	**135.1**
of which POCI	5.4	2.3	**7.7**	4.9	–	**4.9**
Collateral fair value						
Under collateralised loans	6.2	14.0	**20.2**	3.8	25.4	**29.2**
Over collateralised loans	66.2	100.8	**167.0**	54.1	77.9	**132.0**
Total	**72.4**	**114.8**	**187.2**	**57.9**	**103.3**	**161.2**
of which POCI	6.0	2.4	**8.4**	5.3	–	**5.3**

Loans to customers by stage, type, and risk category (continues on next page)

€m	31 Dec 2023				31 Dec 2024			
	Stage 1	2	3	Total	Stage 1	2	3	Total
Individuals								
Mortgages								
Low risk	4,274.9	32.1	–	**4,307.0**	4,532.8	8.2	–	**4.541.0**
Moderate risk	590.7	24.6	–	**615.3**	524.1	14.5	–	**538.6**
High risk	37.4	140.7	–	**178.1**	51.3	138.7	–	**190.0**
Default	–	–	63.8	**63.8**	–	–	49.0	**49.0**
Gross carrying amount	**4,903.0**	**197.4**	**63.8**	**5,164.2**	**5,108.2**	**161.4**	**49.0**	**5,318.6**
Leasing								
Low risk	187.4	0.0	–	**187.4**	197.9	0.1	–	**198.0**
Moderate risk	189.8	14.6	–	**204.4**	184.2	9.6	–	**193.8**
High risk	24.9	12.5	–	**37.4**	18.4	14.0	–	**32.4**
Default	–	–	2.9	**2.9**	–	–	3.7	**3.7**
Gross carrying amount	**402.1**	**27.1**	**2.9**	**432.1**	**400.5**	**23.7**	**3.7**	**427.9**
Consumer loans, cards								
Low risk	69.0	1.2	–	**70.2**	73.5	0.1	–	**73.6**
Moderate risk	44.1	5.1	–	**49.2**	48.6	2.5	–	**51.1**
High risk	3.8	4.9	–	**8.7**	3.3	4.9	–	**8.2**
Default	–	–	0.8	**0.8**	–	–	1.0	**1.0**
Gross carrying amount	**116.9**	**11.2**	**0.8**	**128.9**	**125.4**	**7.5**	**1.0**	**133.9**
Other								
Low risk	116.6	1.8	–	**118.4**	125.5	0.3	–	**125.8**
Moderate risk	90.0	31.5	–	**121.5**	107.2	7.2	–	**114.4**
High risk	3.2	16.4	–	**19.6**	3.2	17.5	–	**20.7**
Default	–	–	9.1	**9.1**	0.0	–	7.0	**7.0**
Gross carrying amount	**209.8**	**49.7**	**9.1**	**268.6**	**235.9**	**25.0**	**7.0**	**267.9**

Loans to customers by stage, type, and risk category (continued from prior page)

€m	31 Dec 2023				31 Dec 2024			
	Stage 1	2	3	Total	Stage 1	2	3	Total
Businesses								
Loans								
Low risk	759.4	197.3	–	**956.7**	779.3	4.7	–	**784.0**
Moderate risk	1,152.7	554.8	–	**1,707.5**	1,512.4	410.9	–	**1,923.3**
High risk	6.3	291.2	–	**297.5**	5.3	157.3	–	**162.6**
Default	–	–	99.4	**99.4**	–	–	102.9	**102.9**
Gross carrying amount	**1,918.4**	**1,043.3**	**99.4**	**3,061.1**	**2,297.0**	**572.9**	**102.9**	**2,972.8**
Leasing								
Low risk	214.9	1.8	–	**216.7**	184.3	0.5	–	**184.8**
Moderate risk	611.6	58.3	–	**669.9**	588.0	41.6	–	**629.6**
High risk	16.6	58.3	–	**74.9**	16.9	62.9	–	**79.8**
Default	–	–	24.5	**24.5**	–	–	23.6	**23.6**
Gross carrying amount	**843.1**	**118.4**	**24.5**	**986.0**	**789.2**	**105.0**	**23.6**	**917.8**
Factoring								
Low risk	120.9	1.6	–	**122.5**	94.0	0.2	–	**94.2**
Moderate risk	52.8	19.7	–	**72.5**	100.5	1.5	–	**102.0**
High risk	0.4	6.0	–	**6.4**	0.1	5.0	–	**5.1**
Default	–	–	1.5	**1.5**	–	–	0.1	**0.1**
Gross carrying amount	**174.1**	**27.3**	**1.5**	**202.9**	**194.6**	**6.7**	**0.1**	**201.4**
Financial institutions								
Low risk	132.7	4.7	–	**137.4**	150.2	–	–	**150.2**
Moderate risk	6.7	47.3	–	**54.0**	17.4	24.8	–	**42.2**
High risk	0.3	0.2	–	**0.5**	0.0	0.2	–	**0.2**
Default	–	–	0.1	**0.1**	–	–	0.0	**0.0**
Gross carrying amount	**139.7**	**52.2**	**0.1**	**192.0**	**167.6**	**25.0**	**0.0**	**192.6**
Public sector								
Low risk	189.0	–	–	**189.0**	208.1	0.0	–	**208.1**
Moderate risk	–	–	–	**–**	–	–	–	**–**
High risk	–	–	–	**–**	–	–	–	**–**
Default	–	–	0.1	**0.1**	–	–	–	**–**
Gross carrying amount	**189.0**	**–**	**0.1**	**189.1**	**208.1**	**0.0**	**–**	**208.1**
Total								
Low risk	6,064.8	240.5	–	**6,305.3**	6,345.6	14.1	–	**6,359.7**
Moderate risk	2,738.4	755.9	–	**3,494.3**	3,082.4	512.6	–	**3,595.0**
High risk	92.9	530.2	–	**623.1**	98.5	400.5	–	**498.5**
Default	–	–	202.2	**202.2**	–	–	187.3	**187.8**
Gross carrying amount	**8,896.1**	**1,526.6**	**202.2**	**10,624.9**	**9,526.5**	**927.2**	**187.3**	**10,641.0**
of which POCI	–	6.7	1.3	**8.0**	–	4.1	1.0	**5.1**

Movement in Loans to customers and credit loss allowances

For the purposes of the movement schedules below, Luminor assesses Stages only at the reporting date and transfers between the Stages reflect this. Movements between stages are measured at the beginning of the reporting period.

Movement by stage in Loans to customers and credit loss allowances

€m	2023				2024			
	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**	**8,896.1**	**1,526.6**	**202.2**	**10,624.9**
Transfers to Stage 1	387.6	-387.1	-0.5	**0.0**	527.4	-526.0	-1.4	**0.0**
Transfers to Stage 2	-866.9	900.2	-33.3	**0.0**	-392.1	418.1	-26.0	**0.0**
Transfers to Stage 3	-56.5	-98.6	155.1	**0.0**	-29.8	-65.7	95.5	**0.0**
Originated	2,007.1	-	-	**2,007.1**	2,082.1	-	-	**2,082.1**
Derecognised and repaid	-1,780.2	-525.6	-49.7	**-2,355.5**	-1,557.2	-425.8	-65.7	**-2,048.7**
Movement	**-308.9**	**-111.1**	**71.6**	**-348.4**	**630.4**	**-599.4**	**2.4**	**33.4**
Write-offs, recoveries etc.	-	-	-2.8	**-2.8**	-	-	-17.3	**-17.3**
Closing balance	**8,896.1**	**1,526.6**	**202.2**	**10,624.9**	**9,526.5**	**927.2**	**187.3**	**10,641.0**
of which POCI	-	6.7	1.3	**8.0**	-	4.1	1.0	**5.1**
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	-6.7	6.6	0.1	**0.0**	-10.7	10.5	0.2	**0.0**
Transfers to Stage 2	5.7	-12.2	6.5	**0.0**	4.7	-9.9	5.2	**0.0**
Transfers to Stage 3	4.5	3.3	-7.8	**0.0**	2.8	5.9	-8.7	**0.0**
Originated	-13.4	-	-	**-13.4**	-12.4	-	-	**-12.4**
Derecognised and repaid	2.5	5.0	5.5	**13.0**	0.6	0.9	0.8	**2.3**
Change in ECL assumptions, Stages & other	9.9	-13.7	-19.3	**-23.1**	19.6	1.2	-11.5	**9.3**
Movement	**2.5**	**-11.0**	**-15.0**	**-23.5**	**4.6**	**8.6**	**-14.0**	**-0.8**
Write-offs, recoveries etc.	-	-	2.8	**2.8**	-	-	17.3	**17.3**
Closing balance	**-24.6**	**-42.0**	**-55.5**	**-122.1**	**-20.0**	**-33.4**	**-52.2**	**-105.6**
of which POCI	-	-0.1	-0.2	**-0.3**	-	-0.1	-0.2	**-0.3**

Movement by stage in Loans to customers, Individuals, Mortgages and credit loss allowances

€m	2023				2024			
	Stage 1	2	3	Total	Stage 1	2	3	Total
Gross carrying amount								
Opening balance	**4,842.6**	**232.7**	**33.2**	**5,108.5**	**4,903.0**	**197.4**	**63.8**	**5,164.2**
Transfers to Stage 1	71.0	-70.8	-0.2	**0.0**	87.0	-86.4	-0.6	**0.0**
Transfers to Stage 2	-90.2	94.1	-3.9	**0.0**	-70.1	89.9	-19.8	**0.0**
Transfers to Stage 3	-13.3	-31.4	44.7	**0.0**	-4.4	-14.0	18.4	**0.0**
Originated	616.7	-	-	**616.7**	712.6	-	-	**712.6**
Derecognised and repaid	-523.8	-27.2	-9.4	**-560.4**	-519.9	-25.5	-10.8	**-556.2**
Movement	**60.4**	**-35.3**	**31.2**	**56.3**	**205.2**	**-36.0**	**-12.8**	**156.4**
Write-offs, recoveries etc.	-	-	-0.6	**-0.6**	-	-	-2.0	**-2.0**
Closing balance	**4,903.0**	**197.4**	**63.8**	**5,164.2**	**5,108.2**	**161.4**	**49.0**	**5,318.6**
of which POCI	-	3.5	0.9	**4.4**	-	4.0	1.4	**5.4**
Credit loss allowances								
Opening balance	**-10.4**	**-10.6**	**-8.0**	**-29.0**	**-11.6**	**-15.0**	**-14.3**	**-40.9**
Transfers to Stage 1	-2.7	2.6	0.1	**0.0**	-5.5	5.5	0.0	**0.0**
Transfers to Stage 2	0.7	-1.3	0.6	**0.0**	0.5	-4.5	4.0	**0.0**
Transfers to Stage 3	0.6	2.4	-3.0	**0.0**	0.2	1.7	-1.9	**0.0**
Originated	-1.2	-	-	**-1.2**	-1.0	-	-	**-1.0**
Derecognised and repaid	0.2	0.6	0.7	**1.5**	0.3	0.9	1.2	**2.4**
Change in ECL assumptions, Stages & other	1.2	-8.7	-5.3	**-12.8**	13.1	-0.7	-0.5	**11.9**
Movement	**-1.2**	**-4.4**	**-6.9**	**-12.5**	**7.6**	**2.9**	**2.8**	**13.3**
Write-offs, recoveries etc.	-	-	0.6	**0.6**	-	-	2.0	**2.0**
Closing balance	**-11.6**	**-15.0**	**-14.3**	**-40.9**	**-4.0**	**-12.1**	**-9.5**	**-25.6**
of which POCI	-	-0.1	-0.1	**-0.2**	-	-	-0.2	**-0.2**

Movement by stage in Loans to customers, Businesses, Loans and credit loss allowances

€m	2023				2024			
	Stage 1	2	3	Total	Stage 1	2	3	Total
Gross carrying amount								
Opening balance	**2,200.6**	**1,025.5**	**72.7**	**3,298.8**	**1,918.4**	**1,043.3**	**99.4**	**3,061.1**
Transfers to Stage 1	163.6	-163.6	0.0	**0.0**	354.3	-354.3	0.0	**0.0**
Transfers to Stage 2	-574.2	602.1	-27.9	**0.0**	-192.5	195.1	-2.6	**0.0**
Transfers to Stage 3	-12.7	-58.5	71.2	**0.0**	-7.1	-41.6	48.7	**0.0**
Originated	579.8	0.0	0.0	**579.8**	619.7	0.0	0.0	**619.7**
Derecognised and repaid	-438.7	-362.2	-14.8	**-815.7**	-395.8	-269.6	-27.8	**-693.2**
Movement	**-282.2**	**17.8**	**28.5**	**-235.9**	**378.6**	**-470.4**	**18.3**	**-73.5**
Write-offs, recoveries etc.	-	-	-1.8	**-1.8**	-	-	-14.8	**-14.8**
Closing balance	**1,918.4**	**1,043.3**	**99.4**	**3,061.1**	**2,297.0**	**572.9**	**102.9**	**2,972.8**
of which POCI	-	2.2	-	**2.2**	-	0.6	-	**0.6**
Credit loss allowances								
Opening balance	**-8.4**	**-13.7**	**-24.4**	**-46.5**	**-5.7**	**-19.0**	**-28.4**	**-53.1**
Transfers to Stage 1	-1.7	1.7	0.0	**0.0**	-3.1	3.1	0.0	**0.0**
Transfers to Stage 2	3.2	-8.4	5.2	**0.0**	2.6	-2.9	0.3	**0.0**
Transfers to Stage 3	0.3	0.3	-0.6	**0.0**	0.5	3.3	-3.8	**0.0**
Originated	-4.2	-	-	**-4.2**	-5.7	-	-	**-5.7**
Derecognised and repaid	1.2	3.5	1.4	**6.1**	0.9	3.4	1.0	**5.3**
Change in ECL assumptions, Stages & other	3.9	-2.4	-11.8	**-10.3**	1.8	-0.6	-14.2	**-13.0**
Movement	**2.7**	**-5.3**	**-5.8**	**-8.4**	-5.7	-19.0	-28.4	**-53.1**
Write-offs, recoveries etc.	-	-	1.8	**1.8**	-	-	14.8	**14.8**
Closing balance	**-5.7**	**-19.0**	**-28.4**	**-53.1**	**-8.7**	**-12.7**	**-30.3**	**-51.7**
of which POCI	-	0.0	-	**0.0**	-	0.0	-	**0.0**

Loans to customers by collateral and type

€m	Unsecured	Secured				Total
		Residential Real estate	Other Real estate	Other security	Total	
31 December 2023						
Mortgages	29.8	5,104.0	26.2	4.2	**5,134.4**	**5,164.2**
Leasing	14.2	0.0	0.0	417.9	**417.9**	**432.1**
Consumer loans, cards	121.3	0.4	0.0	7.2	**7.6**	**128.9**
Other	11.9	142.1	74.8	39.8	**256.7**	**268.6**
Individuals	**177.2**	**5,246.5**	**101.0**	**469.1**	**5,816.6**	**5,993.8**
Loans	471.7	64.1	2,026.5	498.8	**2,589.4**	**3,061.1**
Leasing	55.7	0.0	0.1	930.2	**930.3**	**986.0**
Factoring	202.9	0.0	0.0	0.0	**0.0**	**202.9**
Businesses	**730.3**	**64.1**	**2,026.6**	**1,429.0**	**3,519.7**	**4,250.0**
Financial institutions	1.8	0.1	170.5	19.6	**190.2**	**192.0**
Public sector	141.4	0.0	13.9	33.8	**47.7**	**189.1**
Total	**1,050.7**	**5,310.7**	**2,312.0**	**1,951.5**	**9,574.2**	**10,624.9**
31 December 2024						
Mortgages	23.6	5,267.4	25.4	2.2	**5,295.0**	**5,318.6**
Leasing	30.1	–	–	397.8	**397.8**	**427.9**
Consumer loans, cards	127.3	0.6	0.0	6.0	**6.6**	**133.9**
Other	11.8	146.7	74.4	35.0	**256.1**	**267.9**
Individuals	**192.8**	**5,414.7**	**99.8**	**441.0**	**5,955.5**	**6,148.3**
Loans	309.3	77.7	1,920.6	665.2	**2,663.5**	**2,972.8**
Leasing	134.3	–	–	783.5	**783.5**	**917.8**
Factoring	201.4	–	–	–	**–**	**201.4**
Businesses	**645.0**	**77.7**	**1,920.6**	**1,448.7**	**3,447.0**	**4,092.0**
Financial institutions	0.6	0.1	179.9	12.0	**192.0**	**192.6**
Public sector	159.2	–	9.3	39.6	**48.9**	**208.1**
Total	**997.6**	**5,492.5**	**2,209.6**	**1,941.3**	**9,643.4**	**10,641.0**

12. Investments in associates and subsidiaries

Investments in associates, €m	2023	2024
Opening balance	5.7	5.5
Profit for the year (a)	1.6	1.2
Dividends	−1.8	−1.3
Other	–	0.5
Closing balance	**5.5**	**5.9**

Associates, €m	Domicile	Share of capital (%)	31 Dec 2023			31 Dec 2024		
			Equity	Profit for the year (a)	Book value	Equity	Profit for the year (a)	Book value
ALD Automotive Eesti AS	Estonia	25.0	6.0	0.3	1.5	5.9	0.2	2.1
ALD Automotive SIA	Latvia	25.0	8.3	0.6	1.5	8.9	0.4	1.5
ALD Automotive UAB	Lithuania	25.0	9.2	0.7	2.4	8.7	0.5	2.2
SIA Kredītinformācijas Birojs,	Latvia	19.8	1.0	0.0	0.1	1.5	0.1	0.1
Total				**1.6**	**5.5**		**1.2**	**5.9**

a. Luminor share of the associates profit

Subsidiary	Activity	Domicile	31 Dec 2023	31 Dec 2024
Luminor Liising AS	Leasing, factoring	Estonia	100%	100%
Luminor Līzings SIA	Leasing, factoring	Latvia	100%	100%
Luminor Lizingas UAB	Leasing, factoring	Lithuania	100%	100%
Luminor Pensions Estonia AS	Pension fund management	Estonia	100%	100%
Luminor Latvijas atklātais pensiju fonds AS	Pension fund management	Latvia	100%	100%
Luminor Asset Management IPAS	Pension fund management	Latvia	100%	100%
Luminor Investiciju Valdymas UAB	Pension fund management	Lithuania	100%	100%
Maksekeskus AS (a)	E-commerce payments	Estonia	99.8%	99.8%
Subsidiaries being liquidated				
Promano Lat SIA	Buying and selling of own real estate	Latvia	100%	100%
Salvus SIA	Buying and selling of own real estate	Latvia	100%	100%

a. See also Note 13, 'Intangible assets', below

13. Intangible assets

€m	2023					2024				
	Good-will (a)	Customer acquisition costs	Soft-ware	Other	Total	Good-will (a)	Customer acquisition costs	Soft-ware	Other	Total
Accumulated cost										
Opening balance	48.8	0.6	42.4	3.0	**94.8**	49.1	1.8	44.4	3.0	**98.3**
Acquisition of MKK	0.3	-	-	-	**0.3**	-	-	-	-	-
Other additions	-	1.2	6.2	-	**7.4**	-	3.5	8.1	-	**11.6**
Disposals (b)	-	-	-4.2	-	**-4.2**	-	-	-3.3	-	**-3.3**
Closing balance	**49.1**	**1.8**	**44.4**	**3.0**	**98.3**	**49.1**	**5.3**	**49.2**	**3.0**	**106.6**
Accumulated amortisation and impairment										
Opening balance	-	-0.1	-29.8	**-2.1**	**-32.0**	-6.2	-0.4	-33.3	-2.4	**-42.3**
Amortisation (c)	-	-0.3	-4.1	-0.3	**-4.7**	-	-1.1	-2.7	-0.3	**-4.1**
Disposals	-	-	0.6	-	**0.6**	-	-	0.2	-	**0.2**
Impairment	-6.2	-	-	-	**-6.2**	-11.1	-	-	-	**-11.1**
Closing balance	**-6.2**	**-0.4**	**-33.3**	**-2.4**	**-42.3**	**-17.3**	**-1.5**	**-35.8**	**-2.7**	**-57.3**
Carrying amount	**42.9**	**1.4**	**11.1**	**0.6**	**56.0**	**31.8**	**3.8**	**13.4**	**0.3**	**49.3**
of which assets under development			7.4		**7.4**			8.4		**8.4**

a. See also Note 12, 'Investments in associates and subsidiaries', above.
b. Disposals under category Software include derecognition of capitalized software costs of 2.9 million EUR (2023: 3.6 million EUR).
c. Amortisation of Customer acquisition costs and Other Intangible assets, total amount of 1.4 million EUR in 2024 (0.6 million in 2023), is presented under Net fee and commission income line item in Statement of Profit or Loss

The goodwill, which is recognized as part of business combination, is attributable mainly to the business potential of Maksekeskus AS. To determine the value-in-use of the Maksekeskus the following assumptions were used:

Assumption	Approach used to determine values	Values 2023	Values 2024
Revenue growth rate 1-5 years	Annual growth rate over the five-year forecast period, by countries and methods; based on past performance and management's expectations of market development	average 22%	average 18%
EBITDA growth rate 6-10 years	Declining annual EBITDA growth	average 10%	average 10%
Long-term growth rate	ECB forecast 2022-2025	2.2%	2.2%
Pre-tax discount rate	Conservative and prudent estimate considering WACC	11.1%	9.62%

In 2022, we acquired control of Maksekeskus AS when we purchased 99% of its issued share capital for a cash consideration of 53.4 million EUR, including cash balances of 5.3 million EUR. In 2023, we purchased a further 0.8% of its issued share capital for a cash consideration of 0.3 million EUR.

Goodwill was tested for impairment in June and December 2024. Assumptions used in the 2024 impairment tests were based on the prevailing financial plan considering latest forecasts and approved budgets. The assessments were based on the external market growth expectations and internal market share forecasts. The discount rate was reviewed and was decreased as compared to 2023 to reflect market rates. The goodwill impairment test in June resulted in a charge of 11.1 million EUR while the test in December resulted in no charge (2023: 6.2 million EUR).

The recoverable amount of Maksekeskus is sensitive to changes in cash flow projections, discount rates and growth rates. Thus, as of December 2024, changes of parameters are the same as December 2023: change by 1 percentage point in the long-term growth rate would have impact of approximately 4 million EUR, change by 1 percentage point in the revenue growth rate would have impact of approximately 4 million EUR (reduction of these rates would result in additional impairment and vice versa), and change by 1 percentage point in the pre-tax discount rate would have impact of approximately 5 million EUR (increase of this rate would result in additional impairment and vice versa).

14. Tangible assets

€m	2023				2024			
	Property	Equip-ment	Right-of-use assets	Total	Property	Equip-ment	Right-of-use assets	Total
Accumulated cost								
Opening balance	0.9	15.9	46.6	**63.4**	0.9	18.1	46.1	**65.1**
Additions	–	3.0	1.9	**4.9**	–	1.3	0.9	**2.2**
Finance sublease	–	–	–	**–**	–	–	-1.1	**-1.1**
Sold	–	–	–	**–**	-0.2	–	–	**-0.2**
Disposals	–	-0.8	-2.4	**-3.2**	–	-0.9	-0.9	**-1.8**
Closing balance	**0.9**	**18.1**	**46.1**	**65.1**	**0.7**	**18.5**	**45.0**	**64.2**
Accumulated depreciation								
Opening balance	-0.2	-12.6	-20.4	**-33.2**	-0.2	-13.4	-24.5	**-38.1**
Depreciation	0.0	-1.6	-4.9	**-6.5**	0.0	-1.7	-5.0	**-6.7**
Finance sublease	–	–	–	**–**	–	–	1.2	**1.2**
Sold	–	–	–	**–**	0.1	–	–	**0.1**
Disposals	–	0.8	0.8	**1.6**	–	0.7	0.9	**1.6**
Closing balance	**-0.2**	**-13.4**	**-24.5**	**-38.1**	**-0.1**	**-14.4**	**-27.4**	**-41.9**
Carrying amount	**0.7**	**4.7**	**21.6**	**27.0**	**0.6**	**4.1**	**17.6**	**22.3**

Most of the Right of Use assets relate to lease arrangements for head offices in Estonia, Latvia and Lithuania.

Lease liabilities, €m	**2023**	**2024**
Opening balance	30.0	24.8
New leases	1.8	0.4
Lease modifications	0.1	0.2
Termination of agreements	-1.6	0.0
Interest	0.6	0.7
Payments	-6.1	-6.1
Closing balance	**24.8**	**20.0**

For Lease liabilities maturity structure refer to Note 25, 'Maturity of financial instruments', below

15. Other assets

€m	31 Dec 2023	31 Dec 2024
Payments in transit	31.5	17.5
Mandatory reserve balances with central banks (a)	115.8	114.2
Term balances with banks (a)	8.7	2.3
Accounts receivables	7.2	8.7
Accrued income	5.2	8.7
Financial assets	**168.4**	**151.4**
Advance payments	11.2	17.1
Value Added Tax recoverable and other taxes	6.4	12.5
Other	1.7	1.9
Non-financial assets (a)	**19.3**	**31.5**
Total	**187.7**	**182.9**

a. See also Note 1 chapter 'Change in presentation'.

16. Deposits from customers

€m		31 Dec 2023	31 Dec 2024
Individuals		4,738.1	4,988.1
Businesses		4,200.9	3,921.5
Financial institutions		249.6	194.6
Public sector		2,088.9	2,248.5
Total (b)		**11,277.5**	**11,352.7**
of which	Demand deposits (a)	8,483.7	8,416.0
	Term deposits	2,793.8	2,936.7
By country of registration			
Estonia, Latvia, and Lithuania		11,121.7	11,180.8
Rest of the European Union		76.8	71.7
Other		79.0	100.2
Total (b)		**11,277.5**	**11,352.7**

a. See also Note 20, ‘Derivatives’, below
b. See also Note 1 chapter ‘Change in presentation’.

17. Debt securities issued

€m	First call date	Maturity date	Additional information	31 Dec 2023	31 Dec 2024
€500m, 0.01%		Mar 2025		475.3	491.8
€500m, 1.688%		Jun 2027		486.5	494.6
Covered bonds				**961.8**	**986.4**
€300m, 7.25%	Jan 2025	Jan 2026	€214.1m repurchased Sep 24.	319.9	88.7
€300m, 0.539%	Sep 2025	Sep 2026		300.5	299.3
SEK500m, floating rate	Mar 2026	Mar 2027	Issued Mar 2024. Pays 3mSTIBOR+2.25%	-	43.5
€300m, 7.75%	Jun 2026	Jun 2027		316.5	315.9
€300m, 4.042%	Sep 2027	Sep 2028	Issued Sep 2024	-	305.2
Senior bonds				**936.9**	**1,052.6**
€200m, 5.399%, Tier 2	Oct 2030	Oct 2035	Subordinated. Issued Oct 2024	**-**	199.0
Total				**1,898.7**	**2,238.0**
Of which accumulated fair value changes of hedged items				-38.4	-10.7

See also Note 20, ‘Derivatives’, below

Movement in Debt securities issued

€m	2023	2024
Opening balance	1,813.9	1,898.7
Cash inflow - debt securities issued	598.5	542.8
Cash outflow - debt securities redeemed or matured	-600.0	-227.0
Interest expense	55.5	59.4
Interest paid	-26.0	-57.2
Hedge effect	56.2	28.5
Other changes	0.6	-7.2
Closing balance	**1,898.7**	**2,238.0**

18. Other liabilities

€m	31 Dec 2023	31 Dec 2024
Payments in transit (a)	85.3	60.8
Accrued liabilities	25.2	21.3
Account payables	4.2	11.4
Other	3.1	1.6
Financial liabilities	**117.8**	**95.1**
Accrued liabilities (related to Personnel expenses)	22.3	25.8
Received prepayments	3.2	2.8
Value Added Tax	4.6	1.5
Other tax liabilities (a)	11.1	2.4
Other	6.5	6.8
Non-financial liabilities	**47.7**	**39.3**
Total	**165.5**	**134.4**

a. See also Note 1 chapter "Change in presentation".

19. Provisions

€m	2023			2024		
	Contingent liabilities	Legal and Other	Total	Contingent liabilities	Legal and Other	Total
Opening balance	**11.8**	**10.2**	**22.0**	**21.4**	**6.6**	**28.0**
Arising during the year	8.6	1.6	**10.2**	4.9	0.0	**4.9**
Other movements (a)	1.0	-5.2	**-4.2**	-7.3	8.9	**1.6**
Movement	**9.6**	**-3.6**	**6.0**	**-2.4**	**8.9**	**6.5**
Closing balance	**21.4**	**6.6**	**28.0**	**19.0**	**15.5**	**34.5**
of which legal provisions		0.1			8.1	

a. Other movements consisted mostly of stage changes, derecognition, and from revisions to the ECL measurement model assumptions.
Luminor believes that any legal proceedings pending and for which provisions have not been created will not result in material losses. See also Note 22, 'Contingent liabilities', below

20. Derivatives

€m	31 Dec 2023			31 Dec 2024		
	Notional	Assets	Liabilities	Notional	Assets	Liabilities
Interest rate-related	3,861.2	78.7	56.2	3,823.8	57.9	26.8
Currency-related	1,012.1	9.2	13.5	750.0	13.9	2.9
Commodity-related	67.6	4.3	4.0	54.8	6.1	5.9
Total	**4,940.9**	**92.2**	**73.7**	**4,628.6**	**77.9**	**35.6**

Luminor applies hedge accounting to fair value hedges of Debt securities issued and, from January 2023, part of Deposits from customers. There is an economic relationship between the hedged item and the hedging instruments as the terms of the interest rate swaps match the terms of the fixed rate debt security issued. Luminor has established a hedge ratio of 1:1 for the hedging relationships, as the underlying risk of the interest rate swaps is identical to the hedged risk.

There is an economic relationship between the hedged item and the hedging instruments for part of Deposits from customers - Luminor aims to hedge interest rate risk stemming from the change in fair value of non-maturing deposits. Fair value hedge essentially decreases duration of hedged portfolio of non-maturity deposits – as fixed rate is received, and floating rate is paid – making it less sensitive towards volatility in financial markets. Deposit hedges are part of the Bank's interest rate risk management framework. Luminor has applied judgement that apart of Deposits from customers qualify for hedge accounting under EU carve-out version of IAS 39 although these deposits are due on demand and under regular IFRS requirements their FV cannot be less than the nominal amount, whereas portfolio hedging effect is recognised corresponding to the change in FV of designated customer deposits discounted at market interest rates over expected timing of their maturity.

To assess the hedge effectiveness of Deposits from customers portfolio part, Luminor uses the prospective (regression analysis) and retrospective tests 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. The effectiveness measurement is made on a cumulative basis. Ineffectiveness was clearly immaterial as at 31 December 2024. 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 2023 and 2024.

Fair value hedges

Hedging instruments	31 Dec 2023			31 Dec 2024		
€m	Notional	Assets	Liabilities	Notional	Assets	Liabilities
Deposits from customers	875.0	18.1	-	575.0	14.9	-
Debt securities issued	1,900.0	32.0	40.5	1,900.0	22.9	14.5

See also Note 16, 'Deposits from customers' and Note 17, 'Debt securities issued', respectively, above

Summary of hedging instruments (interest rate swaps) and related hedged items, nominal amount, €m

Hedging instruments and receiving coupon	Effective date	Maturity date	Paying coupon	31 Dec 2023	31 Dec 2024
3.845%	Jun 2023	Jun 2024	3m EURIBOR	100.0	-
3.796%	Jun 2023	Sep 2024	3m EURIBOR	100.0	-
3.75%	Jun 2023	Dec 2024	3m EURIBOR	100.0	-
3.145%	Jan 2023	Jun 2025	3m EURIBOR	300.0	300.0
3.562%	Mar 2023	Jun 2026	6m EURIBOR	200.0	200.0
3.258%	Jun 2023	Dec 2027	6m EURIBOR	75.0	75.0
Demand deposits (according to NMD model)				**875.0**	**575.0**
€500m, 0.01%	Mar 2020	Mar 2025	6m EURIBOR +0.289%	500.0	500.0
€500m, 1.688%	May 2022	Jun 2027	3m EURIBOR +0.3395%	500.0	500.0
Covered bonds				**1,000.0**	**1,000.0**
€300m, 7.25%	Jan 2023	Jan 2025	3m EURIBOR +3.9455%	300.0	-
€300m, 0.539%	Oct 2022	Sep 2025	3m EURIBOR -2.323%	300.0	300.0
€300m, 7.75%	Jun 2023	Jun 2026	6m EURIBOR +4.40%	300.0	300.0
€300m, 4.042%	Sep 2024	Sep 2027	3m EURIBOR +1.5335%	-	300.0
Senior bonds				**900.0**	**900.0**

Hedge ineffectiveness for fair value hedges	**31 Dec 2023**			**31 Dec 2024**		
€m	**Changes in FV of hedging instruments**	**Changes in value of hedged items**	**Recognised in the Income Statement**	**Changes in FV of hedging instruments**	**Changes in value of hedged items**	**Recognised in the Income Statement**
Deposits from customers	7.1	-6.9	**0.2**	0.7	-0.7	**0.0**
Debt securities issued	48.5	-53.3	**-4.8**	28.0	-31.3	**-3.3**
Total	**55.6**	**-60.2**	**-4.6**	**28.7**	**-32.0**	**-3.3**

21. Income tax

€m	31 Dec 2023	31 Dec 2024
Current tax for the year	-26.1	-32.5
Latvian corporate income tax	-15.8	-14.7
Adjustment of current tax for previous years	-2.9	-1.6
Deferred tax movement	-3.6	-4.7
Total	**-48.4**	**-53.5**
Profit before tax	243.1	255.7
Tax at the applicable tax rate	-47.1	-46.3
Effect of non-deductible expenses	-2.8	-8.2
Effect of non-taxable income	2.1	2.7
Other adjustments	2.3	-0.1
Adjustment of current tax for previous years	-2.9	-1.6
Total	**-48.4**	**-53.5**
Effective tax rate	20%	21%
Deferred tax assets		
Opening balance	13.8	10.0
Tax loss carry forwards utilised	-1.7	-1.3
Tax loss carry forwards derecognized	-	-2.2
Other deferred tax temporary changes	-2.1	-1.6
Closing balance	**10.0**	**4.9**
Deferred tax liabilities		
Opening balance	1.3	1.1
Other deferred tax temporary changes	-0.2	-0.4
Closing balance	**1.1**	**0.7**
Tax liabilities		
Latvian corporate income tax	15.8	14.0
Other corporate income tax	10.8	8.3
Total (a)	**26.6**	**22.3**

a. **See also Note 1 chapter "Change in presentation".**

The applicable tax rates are described in Note 1, 'Material accounting policy information', above. Deferred tax asset was recognised for accrued tax losses. Based on a forecast by Luminor, 2.2 million EUR were derecognised in 2024 due to insufficient taxable profit in next periods against which the deferred tax asset could be utilised.

Latvian corporate income tax (CIT)

Effective 1 January 2024, the Government of Latvia enacted amendments to the Latvian Corporate income tax law. The amendments introduced annual mandatory CIT surcharge for credit institutions and consumer crediting service providers, at a rate of 20% on prior year after-tax profit. The first CIT payment was made in 2024 based on 2023 profit. CIT payments can be reduced by the amount of CIT paid on profits already distributed in the tax year. The underlying law was enacted in December 2023, therefore creating present legal obligation resulting in probable outflow of resources embodying economic benefits and the amount could be reliably estimated, since it was based on year 2023 profit. Accruals for mandatory prepayment of CIT were created in 2023 and 2024.

22. Contingent liabilities

€m	31 Dec 2023	31 Dec 2024
Undrawn loan commitments	1,081.1	1,405.7
Performance guarantees	321.0	310.5
Financial guarantees	4.2	3.8
Other guarantees	419.6	363.6
Other commitments	229.9	181.1
Total	**2,055.8**	**2,264.7**

By stage and risk category

€m	31 Dec 2023				31 Dec 2024			
	Stage 1	2	3	Total	Stage 1	2	3	Total
Low risk	633.3	68.7	–	**702.0**	786.0	37.7	–	**823.7**
Moderate risk	924.0	229.6	–	**1,153.6**	1,164.3	160.7	–	**1,325.0**
High risk	19.3	140.8	–	**160.1**	7.4	88.9	–	**96.3**
Default	–	–	40.1	**40.1**	–	–	19.7	**19.7**
Total	**1,576.6**	**439.1**	**40.1**	**2,055.8**	**1,957.7**	**287.3**	**19.7**	**2,264.7**
Provisions	-1.8	-1.9	-17.7	**-21.4**	-2.8	-4.7	-11.5	**-19.0**
Total net of provisions	**1,574.8**	**437.2**	**22.4**	**2,034.4**	**1,954.9**	**282.6**	**8.2**	**2,245.7**

Movement by stage in provisions

€m	2023				2024			
	Stage 1	2	3	Total	Stage 1	2	3	Total
Opening balance	**-4.1**	**-2.0**	**-5.7**	**-11.8**	**-1.8**	**-1.9**	**-17.7**	**-21.4**
Arising during the year	-8.6	0.0	0.0	**-8.6**	-4.9	–	–	**-4.9**
Derecognition and other movements	10.9	0.1	-12.0	**-1.0**	3.9	-2.8	6.2	**7.3**
Movement	**2.3**	**0.1**	**-12.0**	**-9.6**	**-1.0**	**-2.8**	**6.2**	**2.4**
Closing balance	**-1.8**	**-1.9**	**-17.7**	**-21.4**	**-2.8**	**-4.7**	**-11.5**	**-19.0**

Net decrease in Stage 3 provisions was driven by decreases for two larger customers from construction and manufacturing sectors, partly offset by an increase for one services sector customer. Derecognition and other movements consisted mostly of stage changes, derecognition, and from revisions to the ECL measurement model assumptions. See also Note 19, 'Provisions', above

23. Maximum exposure to credit risk

€m	Subject to ECL Assessment?	Notes	31 Dec 2023	31 Dec 2024
Cash and balances with central banks	Yes	9	3,069.1	3,106.3
Balances with banks	Yes		47.5	63.6
Debt securities	Yes	10	1,298.0	1,514.0
Debt securities	No	10	193.8	156.2
Loans to customers	Yes	11	10,502.8	10,535.4
Derivatives	No	20	92.2	77.9
On balance sheet assets			**15,203.4**	**15,453.4**
Contingent liabilities	Yes	22	2,034.4	2,245.7
Total			**17,237.8**	**17,699.1**

The maximum exposure to credit risk for on balance sheet assets is the net amounts of financial assets, and for contingent liabilities is the amount of the commitment net of ECL. In 2024 ECL amount for contingent liabilities was 19.0 million EUR (2023: 21.4 million EUR). Cash and balances with central banks and Balances with banks have low credit risk, with immaterial expected credit losses, and so are classified as 'Stage 1' assets. See also Note 2 'General risk management policies', above.

24. Fair value of financial instruments

€m	IFRS 9 measurement	Fair value				Carrying amount
		Level 1	2	3	Total	
31 December 2023						
Cash and balances with central banks	AC	105.4	2,963.7	–	**3,069.1**	3,069.1
Balances with banks	AC	–	47.5	–	**47.5**	47.5
Debt securities	AC	1,222.5	–	11.3	**1,233.8**	1,295.3
Debt securities	FVTPLD	175.4	–	–	**175.4**	175.4
Debt securities	FVTPLM	13.9	–	4.5	**18.4**	18.4
Debt securities	FVTOCI	2.7	–	–	**2.7**	2.7
Loans to customers	AC	–	–	10,692.4	**10,692.4**	10,502.8
Derivatives	FVTPLM	–	92.2	–	**92.2**	92.2
Equity instruments	FVTPLM	–	2.4	–	**2.4**	2.4
Equity instruments	FVTOCI	–	–	0.5	**0.5**	0.5
Other	AC	–	168.4	–	**168.4**	168.4
Total assets		**1,519.9**	**3,274.2**	**10,708.7**	**15,502.8**	**15,374.7**
Loans and deposits from credit institutions	AC	–	212.3	–	**212.3**	212.3
Deposits from customers	AC	–	8,483.7	2,799.3	**11,283.0**	11,277.5
Debt securities issued	AC	–	1,856.6	–	**1,856.6**	1,898.7
Derivatives	FVTPLM	–	73.7	–	**73.7**	73.7
Other	AC	–	117.8	–	**117.8**	117.8
Total liabilities		**–**	**10,744.1**	**2,799.3**	**13,543.4**	**13,580.0**
31 December 2024						
Cash and balances with central banks	AC	120.4	2,985.9	–	**3,106.3**	3,106.3
Balances with banks	AC	–	63.6	–	**63.6**	63.6
Debt securities	AC	1,466.3	–	12.1	**1,478.4**	1,511.1
Debt securities	FVTPLD	132.7	–	–	**132.7**	132.7
Debt securities	FVTPLM	20.7	–	2.8	**23.5**	23.5
Debt securities	FVTOCI	2.9	–	–	**2.9**	2.9
Loans to customers	AC	–	–	10,804.7	**10,804.7**	10,535.4
Derivatives	FVTPLM	–	77.9	–	**77.9**	77.9
Equity instruments	FVTPLM	–	3.0	–	**3.0**	3.0
Equity instruments	FVTOCI	–	–	0.5	**0.5**	0.5
Other	AC	–	151.4	–	**151.4**	151.4
Total assets		**1,743.0**	**3,281.8**	**10,820.1**	**15,844.9**	**15,608.3**
Loans and deposits from credit institutions	AC	–	192.9	–	**192.9**	192.9
Deposits from customers	AC	–	8,416.0	2,945.1	**11,361.1**	11,352.7
Debt securities issued	AC	–	2,457.5	–	**2,457.5**	2,238.0
Derivatives	FVTPLM	–	35.6	–	**35.6**	35.6
Other	AC	–	95.1	–	**95.1**	95.1
Total liabilities		**–**	**11,197.1**	**2,945.1**	**14,142.2**	**13,914.3**

Change in debt securities recorded in Level 3

€m	2023	2024
Opening balance	3.5	15.8
Disposals	–	-3.0
Transfer to Level 3	11.1	–
Unrealised gains on assets held at the end of the reporting period	1.2	2.1
Closing balance	**15.8**	**14.9**

25. Maturity of financial instruments

€m	Month 1	Months 2–3	Months 4–12	Years 2–5	>5 years	Total
31 December 2023						
Cash and balances with central banks	3,069.1	–	–	–	–	**3,069.1**
Balances with banks	47.5	–	–	–	–	**47.5**
Debt securities	12.6	17.9	182.1	907.5	371.7	**1,491.8**
Loans to customers	335.1	357.6	1,403.5	4,207.8	4,198.8	**10,502.8**
Derivatives	3.3	3.2	12.8	66.2	6.7	**92.2**
Equity instruments	2.9	–	–	–	–	**2.9**
Other	168.4	–	–	–	–	**168.4**
Total financial assets	**3,638.9**	**378.7**	**1,598.4**	**5,181.5**	**4,577.2**	**15,374.7**
Total financial liabilities	9,261.9	688.6	1,516.8	2,125.5	12.0	**13,604.8**
Net financial assets (–liabilities)	**–5,623.0**	**–309.9**	**81.6**	**3,056.0**	**4,565.2**	**1,769.9**
Contingent liabilities	2,055.8	–	–	–	–	**2,055.8**
Liquidity gap	**-7,678.8**	**-309.9**	**81.6**	**3,056.0**	**4,565.2**	**-285.9**
31 December 2024						
Cash and balances with central banks	3,106.3	–	–	–	–	**3,106.3**
Balances with banks	63.6	–	–	–	–	**63.6**
Debt securities	59.6	30.8	198.7	1,016.3	364.8	**1,670.2**
Loans to customers	97.9	566.7	1,525.0	4,067.6	4,278.2	**10,535.4**
Derivatives	11.1	5.6	11.4	45.4	4.4	**77.9**
Equity instruments	3.5	–	–	–	–	**3.5**
Other	151.4	–	–	–	–	**151.4**
Total financial assets	**3,493.4**	**603.1**	**1,735.1**	**5,129.3**	**4,647.4**	**15,608.3**
Total financial liabilities	9,722.4	2,061.9	1,658.7	285.7	205.6	**13,934.3**
Net financial assets (–liabilities)	**–6,229.0**	**–1,458.8**	**76.4**	**4,843.6**	**4,441.8**	**1,674.0**
Contingent liabilities	2,264.7	–	–	–	–	**2,264.7**
Liquidity gap	**–8,493.7**	**–1,458.8**	**76.4**	**4,843.6**	**4,441.8**	**–590.7**

On-balances – are carrying amounts, contingent liabilities – are nominal commitments. The liquidity gap up to 1-month is driven by demand deposits. These deposits have been stable historically. The liquidity gap up to 3-months is driven by short term deposits. These deposits are short term placed demand deposits which have been stable historically. See also Note 2 ‘General risk management policies, above.

Liabilities

€m	Contracted undiscounted cash flows						Discount	Carrying
	Month 1	Months 2–3	Months 4–12	Years 2–5	>5 years	Total	effect	amount
31 December 2023								
Loans and deposits from credit institutions	96.2	1.8	4.4	135.0	0.0	**237.4**	-25.1	**212.3**
Deposits from customers	9,023.4	681.8	1,517.2	92.2	5.4	**11,320.0**	-42.5	**11,277.5**
Debt securities issued	22.7	0.1	38.8	2,035.1	0.0	**2,096.7**	-198.0	**1,898.7**
Derivatives (see also table below)	6.4	10.5	3.2	48.2	3.2	**71.5**	2.2	**73.7**
Lease liabilities	0.5	1.0	4.5	16.8	4.0	**26.8**	-2.0	**24.8**
Other	117.8	-	-	-	-	**117.8**	0.0	**117.8**
Contingent liabilities	2,055.8	-	-	-	-	**2,055.8**	0.0	**2,055.8**
Total	**11,322.8**	**695.2**	**1,568.1**	**2,327.3**	**12.6**	**15,926.0**	**-265.4**	**15,660.6**
31 December 2024								
Loans and deposits from credit institutions	83.4	7.6	9.1	100.6	-	**200.7**	-7.8	**192.9**
Deposits from customers	9,101.6	1,050.9	1,531.1	71.7	5.2	**11,760.5**	-407.8	**11,352.7**
Debt securities issued	312.6	500.7	369.9	1248.7	210.4	**2,642.3**	-404.3	**2,238.0**
Derivatives (see also table below)	6.6	9.9	-1.7	18.1	2.6	**35.5**	0.1	**35.6**
Lease liabilities	0.5	1.0	4.2	14.0	1.9	**21.6**	-1.6	**20.0**
Other	95.1	-	-	-	-	**95.1**	0.0	**95.1**
Contingent liabilities	2,264.7	-	-	-	-	**2,264.7**	0.0	**2,264.7**
Total	**11,864.5**	**1,570.1**	**1,912.6**	**1,453.1**	**220.1**	**17,020.4**	**-821.4**	**16,199.0**

of which Derivatives

€m	Month 1	Months 2–3	Months 4–12	Years 2–5	>5 years	Total
31 December 2023						
Inflow	-239.8	-107.3	-215.3	-0.2	0.0	**-562.6**
Outflow	244.2	109.5	220.0	0.1	0.0	**573.8**
Gross settled derivatives	**4.4**	**2.2**	**4.7**	**-0.1**	**0.0**	**11.2**
Net settled derivatives	2.0	8.3	-1.5	48.3	3.2	**60.3**
Total	**6.4**	**10.5**	**3.2**	**48.2**	**3.2**	**71.5**
31 December 2024						
Inflow	-105.9	-37.5	-14.1	-0.4	0.0	**-157.9**
Outflow	107.8	38.2	14.4	0.4	0.0	**160.8**
Gross settled derivatives	**1.9**	**0.7**	**0.3**	**0.0**	**0.0**	**2.9**
Net settled derivatives	4.7	9.2	-2.0	18.1	2.6	**32.6**
Total	**6.6**	**9.9**	**-1.7**	**18.1**	**2.6**	**35.5**

26. Offsetting financial instruments

€m	Gross carrying amounts	Offset	Net amounts	Netting	Cash collateral	Net exposure
31 December 2023						
Loans to customers	1,050.0	–	**1,050.0**	–961.8	–	**88.2**
Derivatives	92.2	–	**92.2**	–0.1	–75.1	**17.0**
Total assets	**1,142.2**	**–**	**1,142.2**	**–961.9**	**–75.1**	**105.2**
Debt securities issued	961.8	–	**961.8**	–961.8	–	**0.0**
Derivatives	73.7	–	**73.7**	–0.1	–8.6	**65.0**
Total liabilities	**1,035.5**	**–**	**1,035.5**	**–961.9**	**–8.6**	**65.0**
31 December 2024						
Loans to customers	963.2	–	963.2	–963.2	–	**–**
Derivatives	77.9	–	77.9	–5.2	–58.9	**13.8**
Total assets	**1,041.1**	**–**	**1,041.1**	**–968.4**	**–58.9**	**13.8**
Debt securities issued	986.4	–	986.4	–963.2	–	**23.2**
Derivatives	35.6	–	35.6	–5.2	–1.9	**28.5**
Total liabilities	**1,022.0**	**–**	**1,022.0**	**–968.4**	**–1.9**	**51.7**

Amounts shown under ‘Netting’ and ‘Cash collateral’ are subject to master netting and similar arrangements not set off in the Statement of Financial Position. Cash collateral pledged (shown under assets) and cash collateral received (shown under liabilities) are included in ‘Other assets’ and ‘Loans and deposits from credit institutions’, and relate to derivatives positions.

27. Customer segments

€m	2023				2024			
	Retail	Corporate	Other	Total	Retail	Corporate	Other	Total
Interest and similar income	305.2	325.4	109.4	**740.0**	335.6	328.3	137.9	**801.8**
Interest and similar expense	-23.4	-70.2	-114.9	**-208.5**	-61.2	-103.6	-129.3	**-294.1**
Net interest and similar income	**281.8**	**255.2**	**-5.5**	**531.5**	**274.4**	**224.7**	**8.6**	**507.7**
Fee and commission income	73.2	40.1	1.5	**114.8**	83.6	36.3	0.7	**120.6**
Fee and commission expense	-18.5	-9.5	-2.2	**-30.2**	-20.4	-10.2	-0.4	**-31.0**
Net fee and commission income	**54.7**	**30.6**	**-0.7**	**84.6**	**63.2**	**26.1**	**0.3**	**89.6**
Net gain from financial items	5.9	13.5	15.5	**34.9**	5.7	10.5	16.4	**32.6**
Other	-0.2	-0.5	3.3	**2.6**	-0.1	-0.6	3.4	**2.7**
Net other operating income	**5.7**	**13.0**	**18.8**	**37.5**	**5.6**	**9.9**	**19.8**	**35.3**
Total operating income	**342.2**	**298.8**	**12.6**	**653.6**	**343.2**	**260.7**	**28.7**	**632.6**
Personnel expenses	-79.2	-50.8	-1.3	**-131.3**	-92.5	-53.4	-1.5	**-147.4**
Other administrative expenses	-117.5	-69.8	-5.3	**-192.6**	-116.3	-53.3	-5.4	**-175.0**
Depreciation, amortisation, impairment and other	-8.5	-4.6	-6.9	**-20.0**	-7.6	-3.8	-11.2	**-22.6**
Total operating expenses	**-205.2**	**-125.2**	**-13.5**	**-343.9**	**-216.4**	**-110.5**	**-18.1**	**-345.0**
Profit before credit losses and taxes	**137.0**	**173.6**	**-0.9**	**309.7**	**126.8**	**150.2**	**10.6**	**287.6**
Expected credit losses	-12.5	-21.2	0.6	**-33.1**	13.9	-13.3	0.9	**1.5**
Bank taxes and resolution fee	-	-	-33.5	**-33.5**	-	-	-33.4	**-33.4**
Profit (-loss) before tax	**124.5**	**152.4**	**-33.8**	**243.1**	**140.7**	**136.9**	**-21.9**	**255.7**
of which Fee and commission income								
Cards	31.2	12.3	0.0	**43.5**	32.5	12.5	0.0	**45.0**
Credit products	0.5	6.1	0.1	**6.7**	0.5	5.0	0.0	**5.5**
Daily banking plans	18.9	0.5	0.0	**19.4**	19.3	0.5	0.0	**19.8**
Deposit products and cash management	7.4	6.7	0.2	**14.3**	7.9	5.5	0.3	**13.7**
Insurance	3.1	0.7	0.0	**3.8**	3.5	0.6	0.0	**4.1**
Investments	2.7	2.3	0.7	**5.7**	3.7	1.2	0.0	**4.9**
Pensions	8.9	0.0	-	**8.9**	15.5	0.0	-	**15.5**
Trade finance	0.1	10.9	0.4	**11.4**	0.1	10.5	0.3	**10.9**
Other	0.4	0.6	0.1	**1.1**	0.6	0.5	0.1	**1.2**
Total	**73.2**	**40.1**	**1.5**	**114.8**	**83.6**	**36.3**	**0.7**	**120.6**

Customer balances

€m	31 Dec 2023				31 Dec 2024			
	Retail	Corporate	Other	Total	Retail	Corporate	Other	Total
Loans to customers	5,700.2	4,799.3	3.3	**10,502.8**	5,900.1	4,632.2	3.1	**10,535.4**
Deposits from customers	5,915.5	5,282.2	79.8	**11,277.5**	6,119.2	5,196.9	36.6	**11,352.7**

28. Related parties

€m	2023			2024		
	Significant influence	Key personnel	ALD Automotive	Significant influence	Key personnel	ALD Automotive
Net interest income	-0.1	0.0	0.3	-0.5	0.0	0.7
Net fee and commission income	-0.1	0.0	0.0	-0.1	0.0	0.0
Net gain from financial instruments at fair value	-7.4	0.0	0.0	6.0	0.0	0.0
Personnel expenses	0.0	-5.3	0.0	-	-6.8	-
Other operating expenses	-0.7	0.0	-0.1	-4.7	-	-0.1
Other income and expenses	-0.1	0.0	0.0	0.0	0.0	0.0
Total	**-8.4**	**-5.3**	**0.2**	**0.7**	**-6.8**	**0.6**

€m	31 Dec 2023			31 Dec 2024		
	Significant influence	Key personnel	ALD Automotive	Significant influence	Key personnel	ALD Automotive
Assets						
Balances with banks	1.2	0.0	0.0	2.0	-	-
Loans to customers	0.0	0.1	11.9	-	0.2	23.3
Debt securities	-	-	-	9.6	-	-
Derivatives	17.5	0.0	0.0	8.5	-	-
Other	0.0	0.0	0.0	0.0	0.0	0.1
Total	**18.7**	**0.1**	**11.9**	**20.1**	**0.2**	**23.4**
Liabilities						
Loans and deposits from credit institutions	18.9	0.0	0.0	10.9	-	-
Deposits from customers	0.0	0.7	0.7	-	0.4	1.0
Derivatives	1.6	0.0	0.0	0.0	-	-
Provisions	0.0	0.2	0.0	-	0.1	0.0
Other	0.0	0.0	0.0	0.2	0.0	0.1
Total	**20.5**	**0.9**	**0.7**	**11.1**	**0.5**	**1.1**

We enter banking transactions with related parties in the normal course of business. There have been no debts classified as Stage 3 due from related parties as at 31 December 2023 and 2024. In 2024 dividends of 294.5 million EUR were paid to Luminor Holding (2023: nil million EUR). Related parties are:

Significant influence
DNB Bank and Blackstone owned and managed entities are entities with significant influence in 2024. The changes in profit or loss items and balance sheet positions are largely driven by derivatives and related cash collateral positions with respective parties.

Key management personnel
Members of the Management Board and other key management personnel are entitled to a maximum of 12-months of non-compete restrictions in case of employment termination. Besides risk-adjusted performance based variable remuneration, no other short or long term benefits are applied.

Associated companies
ALD Automotive comprise three entities, one in each of Estonia, Latvia, and Lithuania.

29. Country information

€m	2023				2024			
	Estonia	Latvia	Lithuania	Total	Estonia	Latvia	Lithuania	Total
Interest and similar income	168.9	209.2	361.9	**740.0**	182.7	226.7	392.4	**801.8**
Fee & commission income	18.2	34.1	62.5	**114.8**	20.2	37.9	62.5	**120.6**
Sales revenue (a)	**187.1**	**243.3**	**424.4**	**854.8**	**202.9**	**264.6**	**454.9**	**922.4**
Profit before tax (b)	13.2	83.7	146.2	**243.1**	11.4	76.8	167.5	**255.7**
Eliminations	-154.2	49.7	104.5	**0.0**	-30.5	0.0	30.5	**0.0**
Income tax	1.7	15.9	30.8	**48.4**	3.5	14.7	35.3	**53.5**
Number of employees (Full Time Equivalent)	580	908	1,003	**2,491**	589	900	987	**2,476**

Customer balances, €m	31 Dec 2023				31 Dec 2024			
	Estonia	Latvia	Lithuania	Total	Estonia	Latvia	Lithuania	Total
Loans to customers	2,391.1	2,863.0	5,248.7	**10,502.8**	2,302.9	2,815.3	5,417.2	**10,535.4**
Deposits from customers	1,236.9	3,043.8	6,996.8	**11,277.5**	1,270.0	3,047.2	7,035.5	**11,352.7**

a. Sum of Interest and similar income and fee and commission income after intragroup eliminations

b. Excludes intragroup dividend income

The disclosure above is required by Article 89 of the EU Capital Requirements Directive IV (CRD IV) as implemented by the Estonian Credit Institutions Act § 92. No state support was received.

30. Subsequent events

On 12 February 2025 Luminor Bank issued its inaugural hybrid capital security, a 150 million EUR, perpetual Additional Tier 1 note, structured with an issuer call after 6 and a half-years. The security was issued to Luminor Holding which, in turn, sold a similar security, rated Ba2 by Moody's, to investors.

31. Financial statements of Luminor Bank as a separate entity

Luminor Bank's unconsolidated primary financial statements have been prepared in accordance with the Estonian Accounting Act and are not separate financial statements of Luminor Bank AS in the meaning of IAS 27 'Separate financial statements'.

STATEMENT OF PROFIT OR LOSS

€m	2023	2024
Interest income calculated using the effective interest method	715.5	778.2
Other similar income	0.9	0.4
Interest and similar expense	–209.1	–294.9
Net interest and similar income	**507.3**	**483.7**
Fee and commission income	95.8	97.1
Fee and commission expense	–26.1	–27.1
Net fee and commission income	**69.7**	**70.0**
Net gain from financial instruments at fair value	15.9	45.6
Net gain from foreign currency operations	18.6	–13.4
Other operating income	8.4	8.3
Dividends received	9.1	42.4
Net other operating income	**52.0**	**82.9**
Total operating income	**629.0**	**636.6**
Personnel expenses	–124.4	–139.8
Other administration expenses	–185.1	–167.2
Depreciation, amortisation and impairment	–16.0	–48.3
Losses on derecognition of non-financial assets – net	–3.2	–2.1
Total operating expenses	**–328.7**	**–357.4**
Profit before credit losses, bank taxes, and tax	**300.3**	**279.2**
Expected credit losses	–30.4	5.1
Bank taxes and resolution fee	–33.5	–33.4
Profit before tax	**236.4**	**250.9**
Income tax expenses	–47.0	–52.6
Profit for the period	**189.4**	**198.3**
Total comprehensive income	**189.4**	**198.3**

Financial Statements of Luminor Bank as separate entity were updated similarly as consolidated statements – see Note 1 chapter 'Change in presentation'

STATEMENT OF FINANCIAL POSITION

€m	31 Dec 2023	31 Dec 2024
Assets		
Cash and balances with central banks	3,069.1	3,106.3
Balances with banks	46.3	63.3
Debt securities	1,491.8	1,670.2
Loans to customers	10,432.2	10,486.2
Derivatives	92.2	77.9
Equity instruments	0.5	0.5
Investments in subsidiaries	245.4	205.5
Intangible assets	9.4	11.2
Tangible assets	26.0	21.5
Deferred tax assets	10.0	4.9
Other assets	181.2	170.4
Total	**15,604.1**	**15,817.9**
Liabilities		
Loans and deposits from credit institutions	212.3	192.9
Deposits from customers	11,454.9	11,520.8
Fair value of changes of hedge items in hedges of interest rate	6.9	6.2
Debt securities issued	1,898.7	2,238.0
Derivatives	73.7	35.6
Tax liabilities	26.3	22.1
Deferred tax liabilities	1.1	0.7
Lease liabilities	24.7	19.9
Other liabilities	153.4	119.5
Provisions	27.9	34.1
Total	**13,879.9**	**14,189.8**
Shareholder's equity		
Share capital	34.9	34.9
Share premium	1,412.2	1,412.2
Retained earnings	273.6	177.4
Other reserves	3.5	3.6
Total	**1,724.2**	**1,628.1**
Total liabilities and shareholder's equity	**15,604.1**	**15,817.9**

Financial Statements of Luminor Bank as separate entity were updated similarly as consolidated statements – see Note 1 chapter 'Change in presentation'

STATEMENT OF CHANGES IN EQUITY

€m	Share capital	Share premium	Retained earnings	Other reserves	Total
Balance as at 31 December 2022	**34.9**	**1,412.2**	**84.2**	**3.6**	**1,534.9**
Profit for the period	–	–	189.4	–	**189.4**
Total comprehensive income	**–**	**–**	**189.4**	**–**	**189.4**
Other	–	–	–	–0.1	**–0.1**
Dividends	–	–	–	–	**–**
Balance as at 31 December 2023	**34.9**	**1,412.2**	**273.6**	**3.5**	**1,724.2**
Balance as at 31 December 2023	**34.9**	**1,412.2**	**273.6**	**3.5**	**1,724.2**
Profit for the period	–	–	198.3	–	**198.3**
Total comprehensive income	**–**	**–**	**198.3**	**–**	**198.3**
Other	–	–	–	0.1	**0.1**
Dividends	–	–	–294.5	–	**–294.5**
Balance as at 31 December 2024	**34.9**	**1,412.2**	**177.4**	**3.6**	**1,628.1**

€m	31 Dec 2023	31 Dec 2024
Equity capital of the parent undertaking	1,724.2	1,628.1
Value of subsidiaries in the unconsolidated statement of financial position of the parent	–245.4	–205.5
Value of subsidiaries under equity method	299.0	263.9
Total	**1,777.8**	**1,686.5**

STATEMENT OF CASH FLOWS

€m	2023	2024
Profit before tax	236.4	250.9
Adjustments:		
Expected credit losses	30.4	-5.1
Depreciation, amortisation and impairment	16.0	8.4
Derecognition of non-financial assets	3.2	2.1
Other items	-0.1	-
Interest and similar income	-716.4	-778.6
Interest and similar expenses	209.1	294.9
Dividend income	-9.1	-42.4
Write-off of investments in subsidiaries	0.0	39.9
Change in operating assets/liabilities:		
Increase (-) / decrease (+) of lending to customers	359.3	-58.6
Increase (-) / decrease (+) of debt securities	-200.5	-175.7
Increase (-) / decrease (+) of other assets	80.7	8.5
Increase (+) / decrease (-) of deposits from customers	310.9	65.1
Increase (+) / decrease (-) of other liabilities	161.8	-49.7
Interest received	665.5	799.7
Interest paid	-147.1	-304.2
Income tax paid	-26.8	-52.1
Cash flows from operating activities	**973.3**	**3.1**
Payment for acquisition of subsidiaries	-0.3	-
Acquisition of tangible and intangible assets	-6.6	-8.1
Proceeds from disposal of tangible assets	0.1	0.2
Dividend received	9.1	42.4
Cash flows from investing activities	**2.3**	**34.5**
Debt securities issued	598.5	542.8
Debt securities redeemed or matured	-600.0	-227.0
Payments of principal on leases	-5.5	-4.7
Dividends paid	0.0	-294.5
Cash flows from financing activities	**-7.0**	**16.6**
Net increase (+) or decrease (-) in cash and cash equivalents	**968.6**	**54.2**
Cash and cash equivalents at the beginning of the period	2,146.7	3,115.4
Effects of currency translation on cash and cash equivalents	0.1	0.0
Net increase or decrease in cash and cash equivalents	968.6	54.2
Cash and cash equivalents at the end of the period	**3,115.4**	**3,169.6**
Cash and cash equivalents		
Cash on hand	105.4	120.4
Balances with central banks less mandatory reserve requirement	2,963.7	2,985.9
Balances with banks due within three months less cash collateral	46.3	63.3
Total	**3,115.4**	**3,169.6**

The Financial Statements of Luminor Bank as separate entity were updated similarly as consolidated statements - see Note 1 chapter 'Change in presentation'

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Luminor Bank AS

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OUR OPINION

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Luminor Bank AS (the "Bank") and its subsidiaries (together the "Group") as at 31 December 2024, and the Group's consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Our opinion is consistent with our additional report to the Audit Committee dated 21 March 2025.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of profit or loss for the year ended 31 December 2024;
- the consolidated statement of financial position as at 31 December 2024;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the Bank and its parent and subsidiaries are in accordance with the applicable law and regulations in the Republic of Estonia and that we have not provided non-audit services that are prohibited under § 59 [1] of the Auditors Activities Act of the Republic of Estonia.

The non-audit services that we have provided to the Bank and its parent and subsidiaries in the period from 1 January 2024 to 31 December 2024 are disclosed in the Note 7 to the consolidated financial statements.

OUR AUDIT APPROACH

Overview

- Overall group audit materiality is EUR 16.8 million, which represents 1% of consolidated total equity as at 31 December 2024.
- A full scope audit was performed by us or, under our instructions, by other PwC network firms for Group entities covering substantially all of the Group's consolidated assets and revenues. Selected audit procedures were performed on remaining balances to ensure we obtained sufficient appropriate audit evidence to express an opinion on the Group's financial statements as a whole.
- Key audit matter relates to impairment of loans to customers

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the Management Board made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgment, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the consolidated financial statements as a whole.

Overall Group audit materiality	EUR 16.8 million
How we determined it	1% of consolidated total equity as at 31 December 2024
Rationale for the materiality benchmark applied	We have applied this benchmark, as total equity is, in our view, one of the principal considerations when assessing the Group's performance and a key performance indicator for Management and Supervisory Boards, as well as the regulatory authorities. We chose 1%, which is consistent with quantitative materiality thresholds used for this benchmark.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment of loans to customers (refer to Note 1 'Material accounting policy information', Note 2 'General risk management policies' and Note 11 'Loans to customers' for further details). As at 31 December 2024, the net carrying amount of loans to customers amounted to EUR 10,535.4 million and related credit loss allowance amounted to EUR 105.6 million. We focused on this area because application of IFRS 9 "Financial instruments" 3-stage expected credit loss (ECL) model requires management to use complex models with subjective inputs to assess the timing and the amount of expected credit losses. Key areas requiring significant management judgements and modelling include: • evaluating the criteria for assessment of significant increase in credit risk and allocation of loans to stage 1, 2 or 3; • assessing accounting interpretations and modelling assumptions used to build the models that calculate ECL; • the modelling and calculation of key parameters of ECL model, including probability of default (PD), loss given default (LGD) and exposure at default (EAD); • determining the macro-economic indicators and incorporating forward-looking information into the ECL model; • estimating the above-mentioned indicators for reliable future period and for three different scenarios (baseline, optimistic and pessimistic) and assigning probabilities to those scenarios; and • estimating ECL under base case and risk case scenarios for Stage 3 individual assessments and assigning probabilities to those scenarios.	We assessed whether the Group's accounting policies and methodology applied for the calculation of impairment of loans to customers are in compliance with IFRS 9. We assessed the design and operating effectiveness of key controls over ECL data and respective calculations, including: • IT general controls over relevant systems; • IT application controls over exposure balances and overdue information; • automated application of staging of loans (including applying the criteria for determining significant increase in credit risk and definition of default), • automated calculations of ECL for stages 1, 2 and 3 collective; • review and approval of customer credit rating grades; • review and update of collateral values and correctness of the respective information in the loan systems which serve as an input into the ECL model; • existence of approved customer analysis before loan disbursement; • review and approval of ECL calculations for individual material exposures (stage 3). On a sample basis, we performed detailed testing over: • the completeness and accuracy of data used in the ECL calculation system; • the compliance of key inputs used in ECL calculation system with IFRS 9 methodology; • the existence of valid collateral contracts; • the accuracy of LGD calculation which serves as an input into the ECL model; and • the completeness of loans subject to stage 3 assessment and related ECL calculations. We have assessed the reasonableness of key assumptions made by management, which serve as critical inputs in the ECL model, such as weights of different scenarios, point in time PD and LGD estimates, key forecasts of macroeconomic information and multipliers used for different scenarios.

How we tailored our Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group comprises a number of entities operating in Estonia, Latvia and Lithuania, including branches of the Bank in Latvia and Lithuania (see further information on the Group structure in Note 12 to the consolidated financial statements). Based on our risk and materiality assessments, we determined which entities were required to be audited at full scope considering the relative significance of each entity to the Group and the overall coverage obtained over each material line item in the consolidated financial statements. A full scope audit was performed by us, or under our instructions, by other PwC network firms for entities covering substantially all revenues and assets.

Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those reporting units to be able to conclude whether sufficient and appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole. At the Group level we also audited the consolidation process and performed selected audit procedures on remaining balances to ensure we obtained audit evidence to express an opinion on the Group's financial statements as a whole.

REPORTING ON OTHER INFORMATION INCLUDING THE MANAGEMENT REPORT

The Management Board is responsible for the other information. The other information comprises the following sections: Introduction, Management report and Additional Information (but does not include the consolidated financial statements and our auditor's report thereon).

Our opinion on the consolidated financial statements does not cover the other information, including the Management report.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Management report, excluding the requirements for the information on the sustainability reporting on which the separate assurance report on the sustainability reporting has been issued by us on 21 March 2025, we also performed the procedures required by the Auditors Activities Act of the Republic of Estonia. Those procedures include considering whether the Management report is consistent, in all material respects, with the consolidated financial statements and is prepared in accordance with the requirements of the Accounting Act of the Republic of Estonia.

Based on the work undertaken in the course of our audit, in our opinion:
- the information given in the Management report for the financial year for which the consolidated financial statements are prepared is consistent, in all material respects, with the consolidated financial statements; and
- the Management report, excluding the requirements for the information on sustainability reporting, has been prepared in accordance with the requirements of the Accounting Act of the Republic of Estonia.

If, based on the work we have performed on the Management report and other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement in the Management report or in this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE MANAGEMENT BOARD AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Management Board is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the Management Board determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Management Board is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Board either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board.
- Conclude on the appropriateness of the Management Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Appointment and period of our audit engagement

We were first appointed as auditors of Luminor Bank AS on 31 May 2018 for the financial year ended 31 December 2018 and the total period of our uninterrupted audit engagement has lasted for seven years. In accordance with the Auditors Activities Act of the Republic of Estonia and the Regulation (EU) No 537/2014, our appointment as the auditor of Luminor Bank AS can be extended for up to the financial year ending 31 December 2027 and after a new tendering process for up to the financial year ending 31 December 2037.

AS PricewaterhouseCoopers

Ago Vilu
Auditor's certificate no.325

21 March 2025
Tallinn, Estonia

Independent Practitioner’s Limited Assurance Report on Luminor Bank AS Consolidated Sustainability Statement

To the Shareholder of Luminor Bank AS

LIMITED ASSURANCE CONCLUSION

We have conducted a limited assurance engagement on the consolidated sustainability statement of Luminor Bank AS (the “Bank”), included in Consolidated Sustainability Statement of the Management report (the “Consolidated Sustainability Statement”), as at 31 December 2024 and for the year then ended.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Consolidated Sustainability Statement is not prepared, in all material respects, in accordance with Section 31, subsection 4 of the Accounting Act implementing Article 29(a) of EU Directive 2013/34/EU, including:

- compliance with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the Bank to identify the information reported in the Consolidated Sustainability Statement (the “Process”) is in accordance with the description set out in note Identifying material matters and IROs; and
- compliance of the disclosures in note Disclosures pursuant to Article 8 of EU Taxonomy Regulation within Environmental Information and note 1. EU Taxonomy tables within Notes to the Sustainability Statement of the Consolidated Sustainability Statement with Article 8 of EU Regulation 2020/852 (the “Taxonomy Regulation”).

BASIS FOR CONCLUSION

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance engagements other than audits or reviews of historical financial information* (“ISAE 3000 (Revised)”), issued by the International Auditing and Assurance Standards Board.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. Our responsibilities under this standard are further described in the Practitioner’s responsibilities section of our report.

Our independence and quality management

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies International Standard on Quality Management (Estonia) 1 (revised), which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

RESPONSIBILITIES FOR THE CONSOLIDATED SUSTAINABILITY STATEMENT

Management Board of the Bank is responsible for designing and implementing a process to identify the information reported in the Consolidated Sustainability Statement in accordance with the ESRS and for disclosing this Process in note Identifying material matters and IROs of the Consolidated Sustainability Statement. This responsibility includes:

- understanding the context in which the Group’s activities and business relationships take place and developing an understanding of its affected stakeholders;
- the identification of the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the Group’s financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium-, or long-term;
- the assessment of the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- making assumptions that are reasonable in the circumstances.

Management Board of the Bank is further responsible for the preparation of the Consolidated Sustainability Statement, in accordance with Section 31, subsection 4 of the Accounting Act implementing Article 29(a) of EU Directive 2013/34/EU, including:

- compliance with the ESRS;
- preparing the disclosures in note Disclosures pursuant to Article 8 of EU Taxonomy Regulation within Environmental Information and note 1. EU Taxonomy tables within Notes to the Sustainability Statement of the Consolidated Sustainability Statement, in compliance with Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation");
- designing, implementing and maintaining such internal control that Management Board determines is necessary to enable the preparation of the Consolidated Sustainability Statement that is free from material misstatement, whether due to fraud or error; and
- the selection and application of appropriate sustainability reporting methods and making assumptions and estimates that are reasonable in the circumstances.

Those charged with governance are responsible for overseeing the Group's sustainability reporting process.

Inherent limitations in preparing the Consolidated Sustainability Statement

In reporting forward-looking information in accordance with ESRS, Management Board of the Bank is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Group. Actual outcomes are likely to be different since anticipated events frequently do not occur as expected.

PRACTITIONER'S RESPONSIBILITIES

Our responsibility is to plan and perform the assurance engagement to obtain limited assurance about whether the Consolidated Sustainability Statement is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Consolidated Sustainability Statement as a whole.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised) we exercise professional judgement and maintain professional scepticism throughout the engagement.
Our responsibilities in respect of the Consolidated Sustainability Statement, in relation to the Process, include:

- obtaining an understanding of the Process, but not for the purpose of providing a conclusion on the effectiveness of the Process, including the outcome of the Process;
- considering whether the information identified addresses the applicable disclosure requirements of the ESRS; and
- designing and performing procedures to evaluate whether the Process is consistent with the Bank's description of its Process set out in note Identifying material matters and IROs.

Our other responsibilities in respect of the Consolidated Sustainability Statement include:

- identifying where material misstatements are likely to arise, whether due to fraud or error; and
- designing and performing procedures responsive to where material misstatements are likely to arise in the Consolidated Sustainability Statement. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

SUMMARY OF THE WORK PERFORMED

A limited assurance engagement involves performing procedures to obtain evidence about the Consolidated Sustainability Statement. The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

The nature, timing and extent of procedures selected depend on professional judgement, including the identification of disclosures where material misstatements are likely to arise in the Consolidated Sustainability Statement, whether due to fraud or error.

In conducting our limited assurance engagement, with respect to the Process, we:

- obtained an understanding of the Process by:
  - performing inquiries to understand the sources of the information used by management (e.g., stakeholder engagement, business plans and strategy documents); and
  - reviewing the Bank's internal documentation of its Process; and
- evaluated whether the evidence obtained from our procedures with respect to the Process implemented by the Bank was consistent with the description of the Process set out in note Identifying material matters and IROs.

In conducting our limited assurance engagement, with respect to the Consolidated Sustainability Statement, we:

- obtained an understanding of the Group's reporting processes relevant to the preparation of its Consolidated Sustainability Statement by:
  - obtaining an understanding of the Group's control environment, processes and information system relevant to the preparation of the Consolidated Sustainability Statement, but not for the purpose of providing a conclusion on the effectiveness of the Group's internal control.
  - obtaining an understanding of the roles and responsibilities in the preparation of the Consolidated Sustainability Statement, including communication within the Bank and between management and those charged with governance.
- evaluated whether the information identified by the Process is included in the Consolidated Sustainability Statement;
- evaluated whether the structure and the presentation of the Consolidated Sustainability Statement is in accordance with the ESRS;
- performed inquiries of relevant personnel and analytical procedures on selected information in the Consolidated Sustainability Statement;
- performed substantive assurance procedures on selected information in the Consolidated Sustainability Statement;
- where applicable, compared disclosures in the Consolidated Sustainability Statement with the corresponding disclosures in the consolidated financial statements and Management Report;
- evaluated the methods, assumptions and data for developing estimates and forward-looking information;
- obtained an understanding of the Bank's process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Consolidated Sustainability Statement.

OTHER MATTER

The comparative information included in the Consolidated Sustainability Statement of the Bank as at 31 December 2023 and for the year then ended was not subject to an assurance engagement. Our conclusion is not modified in respect of this matter.

AS PricewaterhouseCoopers

Janno Hermanson
Certified auditor in charge, auditor's certificate no. 570

21 March 2025
Tallinn, Estonia

AS PricewaterhouseCoopers
Tatari 1, 10116 Tallin, Estonia. Licence No. 6. Registry code 10142876.

PROFIT ALLOCATION PROPOSAL

€m	2023	2024
Opening balance of retained earnings	132.7	327.5
Profit for the period	194.7	202.2
Dividends paid in the period	-	-294.5
Other	0.1	0.5
Closing balance of retained earnings	**327.5**	**235.7**
Proposed dividends	-	-101.1
Closing balance of retained earnings after payment of proposed dividends	**327.5**	**134.6**

SIGNATURES OF THE MANAGEMENT BOARD

The Management Board of Luminor Bank AS has approved the Annual Report for the year 2024. The Annual Report consists of the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statement, profit allocation proposal and independent auditor's report. The Supervisory Council of Luminor Bank AS has reviewed the Annual Report and has approved it for submission to the General Meeting of Shareholders.

25 March 2025

Wojciech Sass
Chair

Ossi Leikola

Diego Biondo

Mari Mõis

Johannes Proksch

Jonas Urbonas

Enkelejd Zotaj

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

Corporate Banking
Corporate Banking serves business customers with a dedicated relationship manager and all leasing customers who do not have a bank relationship

Cost/income ratio
Total operating expenses as a percentage of total operating income

EIM
Effective Interest Method

FVTOCI
Fair Value through Other Comprehensive Income

FVTPLD
Designated at Fair Value through Profit or Loss

FVTPLM
Measured mandatorily as 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

POCI loans
Loans which were credit impaired when purchased or originated

Provisions
Expected credit losses on Contingent liabilities

Retail Banking
Retail Banking serves individuals and small businesses

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

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 2024	1 January to 31 December 2024	euro

Contacts

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For Sustainability:
Kadri Vunder Fontana
Kadri.Vunder@luminorgroup.com
+372 5017 209

Financial Calendar 2025

Date	Report
8 May 2025	Interim report 1Q 2025
31 July 2025	Interim report 2Q 2025
30 October 2025	Interim report 3Q 2025

Cover photo: Still image from our brand campaign 'Future You', which we ran in 2024. With the support of experts and advanced technology, we created a unique experience for nine people to meet their future selves 20 years ahead and hear, in their own voice, how they are doing.

This report was designed and produced by Luminor Bank AS

Luminor

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