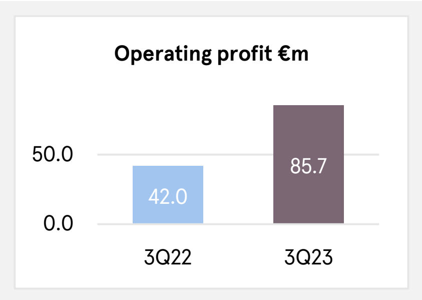
Luminor
Interim Report
3Q 2023

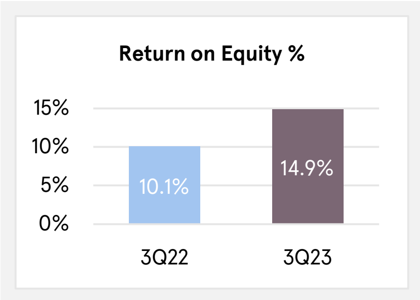
AT A GLANCE

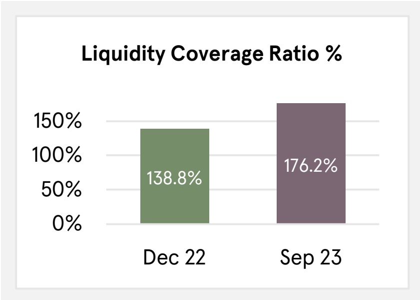
THE QUARTER IN BRIEF

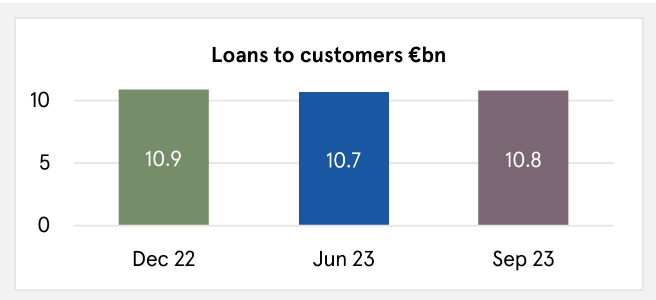
- Profit of 65.1 million EUR, a 63% increase on 3Q22, with an improved Return on Equity of 14.9%
- Strong growth in income (up 66%) but also higher cost spend
- Robust credit quality with limited credit loss allowance
- Limited growth in customer loans
- Strong liquidity ratios
- Well capitalised with 23.9% CET1 and 10.6% Leverage ratios

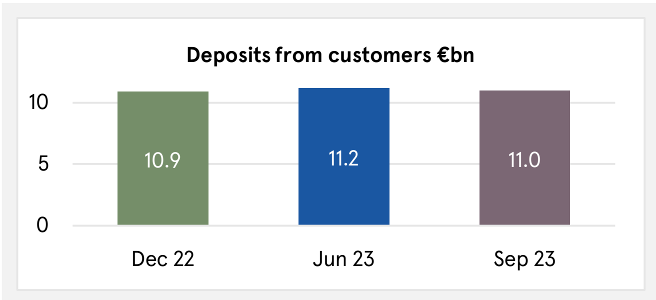
FINANCIAL PERFORMANCE, RATIOS, AND CUSTOMER BALANCES











OUR STRATEGY

1. To build our bank around our customers
2. To be the preferred bank for retail mortgages and asset management
3. To be the preferred bank for growing Baltic companies
4. To be more efficient, automated, and agile
5. To elevate the resilience and capability of our IT platform
6. To become a team who executes with an ownership mindset

While managing our risks sustainably, and building further our Compliance and Risk culture

COVER IMAGE

In September, 120 of our employees helped restore two wetland areas, Silėnai peatland and Svirplinė Botanical-Zoological Reserve in Asveja Regional Park, in Lithuania. Re-wetting peatlands helps to avoid greenhouse gas emissions and binds the carbon, and so help mitigate climate change

CHIEF EXECUTIVE'S STATEMENT

> In the third quarter we maintained our strong liquidity and capital positions. We grew our income, and invested for the future, while improving our efficiency
>
> Peter Bosek
> Chief Executive

The third quarter saw limited demand for new loans and a marginal decrease in deposits as customers responded to the prevailing economic environment and higher reference interest rates. We focused on supporting our customers – individuals and companies resident in the Baltic countries – as we worked to realise our ambition of being the independent Baltic banking champion.

We made progress in Retail Banking as we improved our customer offering; we increased mortgage lending year on year, launched Phone POS – enabling small business customers to accept payments on their Android devices – and grew our active customer base. In Corporate Banking we were once again the leading underwriter of new debt securities offered by Baltic corporate issuers. We made additional investments in our IT platform, and continued to strengthen our organisation – a development we will continue in the coming quarters. We took several further steps to realise our ESG ambitions including strengthening our governance and risk policies, deepening our assessment of ESG risks, and improving data capture.

We generated a net profit of 65.1 million EUR in the quarter, 63% higher than in the third quarter of last year. This improvement was driven principally by a two-third increase in income, as we grew net interest – as interest rates increased after years of extraordinary low rates and limited profitability. As we invested in our IT systems and our processes, we increased operating expenses by 39%. We incurred a small credit loss allowance, as compared to a net reversal last year, and higher tax expense after Lithuania introduced a temporary bank tax. We retained the profit we generated in the quarter. As compared to the third quarter of 2022 our cost to income ratio improved by 9.5 percentage points to 48.6% and we generated an increased annualised return on equity of 14.9%.

Our liquidity and capital positions are strong. Our Liquidity Coverage ratio at 176.2% remained high, and at quarter end our Common Equity, Tier 1 and Total Capital Ratios, including net profit for the period, were 23.9%. All our capital is composed of equity. We are reviewing our capital levels and structure to align with our plans and outlook, and improve the efficiency of our capital resources.

We have no direct exposure to companies domiciled in Russia, Belarus or Ukraine. Our exposure to residents of these countries, mostly residential mortgages, fell further over the quarter and is now less than 2 million EUR. Our credit quality remains robust. Stage 2 loans increased slightly over the quarter as we re-assessed the risk of a small number of business exposures in the wholesale sector, while our commercial real estate exposures continue to perform in line with our expectations. Stage 3 loans increased marginally but account for just 1.3% of gross lending.

Michael Richard Jackson and Elly Hardwick stepped down from the Supervisory Council, and the committees on which they served, in July and October, while in August Iain Plunkett was elected to the Council. We announced a number of changes to Management Board: we recruited Ossi Leikola to the new role of Deputy Chief Executive Officer; Andrius Načajus, Head of Corporate Banking, and Ian Penny, responsible for the Chief Operating Office Division, separately resigned. Jonas Urbonas assumed operational responsibility for the Corporate Banking Division and, on an interim basis, Andrea Granata took on the operational leadership of the Chief Operating Office Division; and, we appointed Diego Biondo as Chief Risk Officer, as successor to Georg Kaltenbrunner, who stepped down to return home to Sweden with his family.

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

CONTENTS

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

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.

MANAGEMENT REPORT

Financial review

PERFORMANCE

Summary income statement	3Q		Jan-Sep		FY
€m	2022	2023	2022	2023	2022
Net interest and similar income	73.3	141.6	202.4	399.1	300.8
Net fee and commission income	20.7	21.0	59.6	63.8	80.3
Net other operating income	6.2	4.1	8.9	17.7	10.7
Total operating income	**100.2**	**166.7**	**270.9**	**480.6**	**391.8**
Total administration expenses	-58.2	-81.0	-168.2	-246.2	-233.3
Profit before allowances and tax	**42.0**	**85.7**	**102.7**	**234.4**	**158.5**
Credit loss allowances	2.6	-4.0	-6.9	-12.9	-16.1
Profit before tax	**44.6**	**81.7**	**95.8**	**221.5**	**142.4**
Tax expense	-4.6	-16.6	-11.4	-43.2	-17.7
Profit for the period	**40.0**	**65.1**	**84.4**	**178.3**	**124.7**
Cost / income ratio, %	58.1	48.6	62.1	51.2	59.5
Return on equity, %	10.1	14.9	7.3	14.3	8.0

We generated a net profit of 65.1 million EUR in the quarter, 63% higher than the third quarter of last year. An increase in Total operating income of 66.5 million EUR was offset in part by a 22.8 million EUR increase in Total administration expenses as well as a charge for credit loss allowances and the recently introduced temporary bank tax in Lithuania.

Total operating income was 166.7 million EUR, an increase of 66.4%, as compared to the prior year third quarter. Net interest income increased by 68.3 million EUR to 141.6 million EUR as we recorded a net interest margin of 3.72%, as compared to 2.04%, as reference interest rates normalised after years of extraordinary low policy rates. Interest income increased by 123.2 million EUR while interest expense grew by 54.9 million EUR as the cost of funding, mainly deposits, increased. Net fee and commission income was virtually unchanged at 21.0 million with growth in fees from daily banking and trade finance, while fees from investments were lower.

Total administration expenses were 81.0 million EUR, an increase of 39.2% as compared to the same period last year. The increase is a consequence of the significant investments we are making to improve our IT systems and our processes and so improve our customers' experience. Most of the increase is therefore related to IT expenses and consultancy costs. We have also invested more into staff. Despite the absolute increase in operating expenses, our cost-to-income ratio improved 9.5percentage points to 48.6%.

Expense change v 3Q22	€m
IT-related	5.5
Consultancy	11.7
Salaries	4.9
Other	0.7
Total	**22.8**

We recorded net credit loss allowances of 4.0 million EUR this quarter as compared to a net reversal of credit loss allowances of 2.6 million EUR in the third quarter last year. The allowances reflect, in particular, an increase in allowance to a single Stage 2 exposure with an increased probability of default, and the impact of our cautious assessment of risks related to private individuals. For additional details please refer to the 'Asset Quality' section, below.

Tax expense more than tripled to 16.6 million EUR, 14.0 million EUR of which is attributable to the Lithuanian temporary bank tax introduced in May 2023 and which will apply for 2-years. In the third quarter we generated a return on equity of 14.9%, as measured on an annualised basis, as compared to 10.1% in the third quarter last year.

FINANCIAL CONDITION AND LIQUIDITY

Summary balance sheet €m	31 Dec 2022	30 Jun 2023	30 Sep 2023
Cash and central bank balances	2,178.1	3,020.3	2,709.7
Debt securities	1,289.8	1,362.5	1,458.5
Loans to customers	10,874.7	10,730.8	10,772.5
Other assets	414.1	341.7	313.4
Total assets	**14,756.7**	**15,455.3**	**15,254.1**
Deposits from customers	10,947.9	11,195.2	11,043.4
Debt securities issued	1,813.9	2,180.0	2,054.3
Other liabilities	411.5	383.4	394.7
Equity	1,583.4	1,696.7	1,761.7
Total liabilities and equity	**14,756.7**	**15,455.3**	**15,254.1**

Liquidity %	31 Dec 2022	30 Jun 2023	30 Sep 2023
Liquidity Coverage ratio	138.8	186.7	176.2
Net Stable Funding ratio	130.5	138.6	138.3

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

We are ready and able to support our customers when lending demand resumes

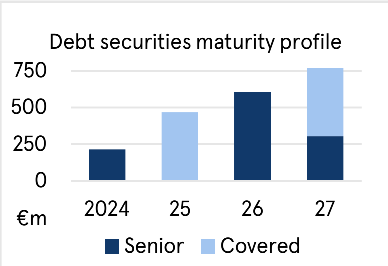
Palle Nordahl
Chief Financial Officer

Loans to customers increased marginally over the third quarter while Deposits from customers decreased by 1.4%. At quarter end, nearly 90% of Loans to customers were floating rate.

During the third quarter Loans to customers increased by 41.7 million EUR, or 0.4%. While loans to individuals was virtually unchanged, lending to companies increased by a net 38.7 million EUR. Debt securities grew by 96.0 million EUR, or 7.0% as we continued to build our liquidity portfolio which consists, in the main, of high-quality government and covered bonds which can be pledged with the European Central Bank to allow us to obtain additional liquidity, if required.

Deposits from customers decreased by 151.8 million EUR, mainly as our strong liquidity position allowed us to be selective when attracting large deposits. Deposits from individuals fell by 41.1 million EUR while deposits from businesses decreased by 199.8 million EUR, offset in part by an increase of 91.2 million EUR from the public sector. Debt securities issued decreased by 125.7 million as we exercised our right to call a senior preferred issue, concurrent with its loss of MREL-eligibility. Equity increased by 65.0 million EUR as we retained the net profit we generated in the period.

At quarter end our MREL-eligible securities totalled 36.47% of Total Risk Exposure Amounts and 16.16% of our leverage exposure, as compared to an effective minimum of 27.41% and 5.91% respectively.



The Liquidity Coverage ratio decreased by 10.5 percentage points over the quarter to 176.2%, principally because of the early redemption of the senior preferred note, mentioned above. The ratio remains very strong and is substantially higher than as compared both to the start of the year and the regulatory minimum of 100%.

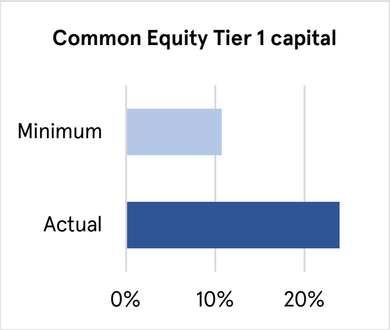
The Net Stable Funding ratio at quarter end was 138.3%, virtually unchanged over the quarter. Available stable funding decreased, driven by the net reduction in deposits from companies. This impact of this change was, however, counterbalanced by a decrease in required stable funding, which was driven mainly by a reduction in Contingent liabilities.

CAPITAL

Capital resources and uses €m	31 Dec 2022	30 Jun 2023	30 Sep 2023
Including net profit			
Shareholder's equity	1,583.4	1,696.7	1,761.7
Regulatory adjustments	-94.8	-92.1	-94.1
Prudential filters	-0.6	-0.5	-0.4
Common Equity Tier 1	**1,488.0**	**1,604.1**	**1,667.2**
Credit risk exposure amounts	6,944.3	6,304.6	6,260.9
Operational risk exposure amounts	675.2	675.2	675.2
Other risk exposure amounts	43.0	38.2	31.2
Risk exposure amounts	**7,662.5**	**7,018.0**	**6,967.3**
Common Equity Tier 1 ratio, %	19.4	22.9	23.9
Leverage ratio	9.6	10.0	10.6
Capital, regulatory basis			
Common Equity Tier 1, €m	1,407.7	1,428.4	1,426.6
Common Equity Tier 1 ratio, %	18.4	20.4	20.5
Leverage ratio, %	9.1	9.0	9.1

At the end of the third quarter, our own funds totalled 1,667.3 million EUR, composed entirely of Common Equity Tier 1 (CET1) capital. Our CET1, Tier 1, and Total capital ratios increased in the quarter to 23.9%. Capital increased with the addition to Shareholder's equity of third quarter net profits, which we retained. Risk Exposure Amounts (REA), which we measure on a standardised basis, was relatively stable.

Our capital ratios remain well above our minimum capital requirements set by our regulators which require us to have a CET1 ratio exceeding 10.73%, a Tier 1 ratio above 12.65% and a Total Capital ratio greater than 15.20%. These include a Pillar 2 additional own funds requirement of 2.2%.



We will be subject to countercyclical buffers of 1% of our risk exposures in Lithuania from October 2023 and additional countercyclical buffer of 0.5% in Estonia from December 2023. We estimate these new buffers will add 59 basis points to our minimum CET1, Tier 1 and Total capital requirements, taking them to 11.33%, 13.24%, and 15.79% respectively by the end of this year.

Our capital targets, internal limits and Total Capital target are set at the regulatory requirement (excluding P2G) plus a Management Buffer (150-300 bps). We continue to assess the value of Tier 2 capital to improve the efficiency of our capital resources. Our leverage ratio increased to 10.6% during the quarter. This was supported by both capital growth and a reduction in Leverage amounts, as our total balance sheet reduced slightly. Minimum requirement for leverage ratio is 3.0%.

Capital, regulatory basis

Capital resources measured on a regulatory basis includes retained profits verified by our auditors, subject to the application of a deduction for foreseeable dividends. Retained profits for 2023 have, so far. not been included in regulatory capital. Our CET1, Tier 1, and Total capital ratios, measured on a regulatory basis, increased slightly in the quarter to 20.5%.

ASSET QUALITY

Loans to customers €m	31 Dec 2022	30 Jun 2023	30 Sep 2023
Stage 1	9,205.0	9,008.9	8,977.4
Stage 2	1,637.7	1,695.0	1,766.8
Stage 3	133.4	134.4	138.0
Gross carrying amount[1]	**10,976.1**	**10,838.3**	**10,882.2**
Credit loss allowances	-101.4	-107.5	-109.7
Total	**10,874.7**	**10,730.8**	**10,772.5**
Non-performing loans ratio, %	1.2	1.2	1.3

1. POCI loans are spread between Stage 2 and Stage 3

The quality of our loan portfolio is good and stable. During the quarter total Loans to customers increased by 43.9 million EUR, or 0.4%, Stage 2 loans increased by 71.8 million, or 4.2%, while Stage 3 loans increased by 3.6 million EUR, or 2.7%. At quarter end Stage 3 loans accounted for 1.3% of gross loans, an increase of 0.1 percentage points.

Given the increasing rate environment we assessed risks related to exposures in the commercial real estate sector during the second quarter. Our assessment led us to move some 200 million EUR of loans to the sector, or 1.8% of total Loans to customers, from Stage 1 to Stage 2, based on a precautionary collective significant interest in credit risk trigger. Given the move from Stage 1 to 2, the loss horizon of these loans extended from 12-months to lifetime, with an accompanying increase in credit loss allowances.

> The quality of our loan portfolio is good and stable though given increasing interest rates the outlook remains uncertain
>
> Diego Biondo
> Chief Risk Officer

Our exposure to the commercial real estate (CRE) sector totalled 1.6 billion EUR at quarter end. Our portfolio is well-diversified, with about one third of the portfolio to retail sector and a further third to offices. Exposure to the logistics sector accounts for a further fifth of the portfolio, with a number of other sectors accounting for the remainder. We have manageable exposure towards the less certain sub-segments, shopping malls and hotels, and limited exposure to development risks with some 10% of the portfolio in development stage. The portfolio has an average loan-to-value ratio around 50%. Furthermore, 70% of our CRE exposures have a loan to value ratio below 60%. Payments of principal and/or interest is overdue by more than 5-days for 0.3% of CRE exposures.

Total Stage 2 exposures increased by a net 71.8 million EUR with inflows around 1.3 times higher than the outflows. Over a third of the inflows were loans to few larger wholesalers and overall some 80% of exposures which migrated to Stage 2 were exposure to companies. The outflow, driven by positive migrations between stages and exposure decreases, across a number of different economic sectors, was also mostly exposures to companies.

Total Stage 3 loans increased slightly to 138.0 million EUR, or 1.3% of gross lending, at the end of the quarter. The inflow of non-performing loans was around 1.1 times higher than the outflow. Over 70% of the inflow was driven by private individuals, mostly as we improved identification of unlikely to pay criteria, which was based on externally obtained income data. Outflow was dominated by exposure to companies. Approximately half of the outflow was driven by repayments and a half by cures – mostly driven by one larger exposure.

Stage 3 Loans, €m	30 Sep 23
Gross carrying amount	138.0
Credit loss allowances	-44.4
Total	**93.6**
Collateral fair value	121.1

Details of the Credit loss allowance for the quarter of 4.0 million EUR can be found in the 'Performance' section, above.

Retail Banking

Financial performance	3Q		Jan-Sep		FY
€m	**2022**	**2023**	**2022**	**2023**	**2022**
Net interest and similar income	32.9	75.9	89.2	204.9	134.2
Net fee and commission income	13.2	13.4	39.0	40.4	53.0
Net other operating income	1.9	1.4	5.5	4.5	7.1
Total operating income	**48.0**	**90.7**	**133.7**	**249.8**	**194.3**
Total administration expenses	-35.5	-50.5	-103.7	-151.1	-146.1
Profit before allowances and tax	**12.5**	**40.2**	**30.0**	**98.7**	**48.2**
Credit loss allowances	2.0	-2.1	6.5	-5.7	1.0
Profit (-loss) before tax	**14.5**	**38.1**	**36.5**	**93.0**	**49.2**
Cost/ income ratio, %	74.0	55.7	77.6	60.5	75.2

Balances €m	31 Dec 2022	30 Jun 2023	30 Sep 2023
Loans to customers	5,667.1	5,729.7	5,783.8
Deposits from customers	6,066.2	5,689.4	5,660.2

Our new sales volumes for lending continued to be lower in the third quarter than a year ago as higher reference interest rates affected customer sentiment. New mortgage lending sales were around 40% lower. However, we still managed to grow our Loans to customers to 5.8 billion EUR, an increase of 3.1% as compared to a year ago.

Our focus remains on growth in current account and deposit volumes, and so improving the financial health of our customers. The balances of term deposits is double that of a year ago as we met increased demand with attractive offers. We continued to open new term deposits, with 20% more new accounts opened in the third quarter as compared to the preceding quarter.

Our active customer base continued to grow with higher use of payment cards and increased number of non-cash payments, while use of digital wallets by wallet users increased by half as comparted to a year ago.

Our focus remains on growth in current account and deposit volumes. The balances of term deposits is double that of a year ago

Kerli Vares
Head of Retail Banking

We continue to develop our customer experience. At the end of quarter we launched Phone POS, which enables small business customers to accept payments on their Android devices, which supports day-to-day business for the self-employed and small business sector. In addition, we rolled out in Lithuania remote photo onboarding for new private customers, which followed its successful launch in Latvia at the end of last year. Finally, in early October, we extended incoming instant payment services to Latvia, after its well-received introduction last year in Estonia and Lithuania.

Corporate Banking

Financial performance	3Q		Jan-Sep		FY
€m	**2022**	**2023**	**2022**	**2023**	**2022**
Net interest and similar income	44.1	62.9	121.8	185.6	177.8
Net fee and commission income	6.6	7.8	19.7	24.0	26.3
Net other operating income	4.5	2.9	13.5	11.8	16.9
Total operating income	**55.2**	**73.6**	**155.0**	**221.4**	**221.0**
Total administration expenses	-20.3	-29.6	-58.1	-92.6	-81.0
Profit before allowances and tax	**34.9**	**44.0**	**96.9**	**128.8**	**140.0**
Credit loss allowances	0.6	-1.9	-13.9	-8.5	-16.9
Profit before tax	**35.5**	**42.1**	**83.0**	**120.3**	**123.1**
Cost/ income ratio, %	36.8	40.2	37.5	41.8	36.7

Balances €m	31 Dec 2022	30 Jun 2023	30 Sep 2023
Loans to customers	5,205.9	4,996.4	4,986.9
Deposits from customers	4,788.2	5,425.3	5,313.9

Although reference interest rates are expected to stabilise, the continuing economic uncertainty kept demand for new credit lower than it was last year. Despite this we maintained our balances of Loans to customers over the quarter.

Companies continued to refrain from significant investments, applying for maintenance financing rather than for investment. Demand for working capital facilities was downward given lower prevailing consumer demand than before, and lower prices of certain materials and goods as compared to last year. That said, we continued to see strong demand for investment in renewable energy.

The credit quality of the portfolio remains good, with only a few SMEs requesting temporary grace periods for principal payments. In addition to companies in the transportation and commercial real estate sectors, manufacturing companies are also seeing a decline in demand, especially those in wood processing. Companies that have largely been oriented to Scandinavian markets are being impacted the most.

We continued to support the development of the Baltic capital markets as we lead managed a further issue for a customer in the renewable energy sector under its green bond programme

Jonas Urbonas
Head of Corporate Banking

We were the Sole Lead Manager and Bookrunner in another tap issue for a company in the renewable energy sector under its 100 million EUR domestic green bond programme, bringing it its accumulated issued bond volume to 70 million EUR. We also acted as advisor in the preparations for a green bond financing framework for a major regional municipality.

During the quarter, we continued to develop our renewable energy financing for Business Customers in our small and medium-sized enterprises segment to finance equipment such as solar panels, wind turbines, heat pumps and car charging stations.

Additional information

ECONOMIC ENVIRONMENT

Data and Luminor economists' forecasts[1]	Public Debt /GDP	Economic growth (GDP)[2]		Inflation (CPI)[2]		Unemployment rate		Wage growth[2]	
%	23Q1	23Q2	23f	Sept 23	23f[3]	23Q2	23f	23Q2	23f
Estonia	17.2	−3.0	−2.0	4.2	9.0	6.7	7.0	11.9	12.0
Latvia	42.9	−0.8	0.6	3.4	9.1	6.4	6.6	12.0	11.9
Lithuania	38.4	0.7	−0.5	3.7	8.8	5.9	5.9	12.3	12.0

1. Luminor economists' forecasts as of September 2023, data as of 16 October 2023; 2. Annual change; 3. Average for the year

The economic environment remains unsettled with higher policy interest rates and weak economic growth in Germany and Scandinavia leading to negative or low growth in the Baltic countries. Estonian gross domestic product (GDP) fell for six quarters in a row, but the rate of decline is becoming smaller, indicating the approaching end of the economic slowdown. Latvian and Lithuanian GDP growth rates have been stable.

Since the third quarter of 2022, the Baltic states have seen a much lower inflation rate, though with some volatility related to commodity prices and the ending of government support measures, with year-on-year inflation in September at 4% or lower. As most of the producer prices have been passed-through to consumers already, the inflation rates in the Baltic states are expected to remain low. Unemployment rates are also low, though with some upward pressure as refugees from Ukraine are included for the first time in unemployment statistics. Wages have been growing strongly in all three countries, with year on year increases of around 12%, higher than the inflation rate. Individuals have therefore regained about half of their purchasing power lost due to high inflation rates up until fall 2022, which, in turn, has supported new lending and real estate prices.

Government indebtedness at around 40% in Latvia and Lithuania, and below 20% in Estonia, remains very low compared to the level of other European Union countries and is lower than at the peak of COVID-19. The outlook remains cautiously optimistic with growth dependent on expansion of the euro area, notably those markets important for trade with the Baltic states.

BUSINESS DEVELOPMENTS

We continued to improve our services to better serve our customers, and saw improved customer ratings. Aligned with our purpose to improve the financial health of our customers we grew balances of term deposits and raised the rates of interest we paid. We are investing in the organisation, focusing on enhanced resilience, elevated cooperation with our partners, strengthened security and regulatory compliance processes and systems, and enhanced risk culture. We will continue with these investments in the coming quarters, maintaining our focus to keep pace with the evolving risks we face.

In July Michael Richard Jackson stepped down from the Supervisory Council and its remuneration, risk and transformation committees, the latter of which he chaired. The following month, Iain Plunkett was appointed to the Council. Iain is a financial services executive with four-decades experience in transformation, operations, and talent development.

In July we also announced the recruitment of Ossi Leikola to the new role of Deputy Chief Executive Officer. Ossi has extensive operational and leadership experience gained within the financial services and industrial sectors. He will joins us from Nordea where he was most recently Head of Operations and earlier Head of Poland and the Baltic countries. In August Andrius Načajus, Head of Corporate Banking, and Ian Penny, responsible for the Chief Operating Office Division, separately resigned from the Management Board and left Luminor. Jonas Urbonas, Head of Corporate Banking in Lithuania, assumed operational responsibility for the Corporate Banking Division, and was appointed as well as Head of our Lithuania branch. At the same time, Andrea Granata assumed the operational leadership of the Chief Operating Office Division on an interim basis.

In September, we appointed Diego Biondo to the Management Board as Chief Risk Officer, as successor to Georg Kaltenbrunner. After four years leading the risk division and as a member of the Board, Georg stepped down from the role and the Board, and left Luminor. Diego joins us from BPER Banca, the Italian banking group, where he most recently held the position of Head of the Risk Governance Unit.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

During the quarter we took several steps to realise our ESG ambitions including strengthening our governance, deepening our assessment of ESG risks, and improving data capture and use.

We updated our Governance and Risk policies, and initiated a Climate & Environmental Risks Materiality Assessment on our risk types. The updated Governance Policy establishes more clearly the tasks and competencies required with regard to ESG matters. Our Risk Policy defines the integration of ESG risk drivers into our risk management framework. We measure ESG risk through its impact on our existing material Risk Types, rather than being a standalone risk. ESG risks are therefore integrated into our risk governance process, with roles and responsibilities allocated in accordance with our internal control framework.

We initiated a Climate & Environmental Risks Materiality Assessment on our risk types to quantify the effect of the risk drivers to which we are exposed. Both qualitative and quantitative data has been used in the assessment, and the initial results will be updated with enhanced data in the coming months. We are developing an ESG Risk Rating scoring model, based on physical and transitional risk drivers, which we will use to enhance the ESG risk assessment process for our largest credit customers. We also adopted concentration limits on high transition/physical risk sectors in our company credit portfolio, and continued the development of business area specific roadmaps to achieve the calculated Science Based Targets.

During the quarter, we continued to support the 'She's Next' programme where, together with VISA we established a scholarship for female entrepreneurs. Six women will receive business consulting and a lump sum payment to develop their brands. In Estonia, we continued to support the preparation of the GreenEST Summit which takes place in Tallinn in mid-November. In Latvia, for the second year, we offered lectures to school pupils to improve their financial literacy under our 'Life Ready' programme, while in Lithuania our employees mentored participants in the 'Women go tech' programme, which supports and encourages women to participate in the tech industry and promotes gender equality in the workplace.

PREVENTING FINANCIAL CRIME

We do not tolerate financial crime. We operate only in the Baltic countries and target our products and services at residents of the Baltic countries, and at individuals and companies with a strong connection to those countries. We continued to improve our processes and routines during the quarter to keep them consistent with our low risk appetite and our conservative business model. We also continued to invest 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 the protection of human rights, and to countering the financing of terrorism and the proliferation of weapons of mass destruction. Accordingly, we apply sanctions imposed by the United Nations, the European Union and the authorities of Estonia, Latvia and Lithuania, together with sanctions imposed by the United States' Treasury Department's Office of Foreign Asset Control (OFAC), HM Treasury in the United Kingdom, and the governments of Norway and Sweden. We report possible sanctions breaches and violations to the regulatory authorities.

We continued to enhance our risk culture and carried out various awareness-raising activities in the quarter. Our commitment to protecting our customers and preserving the integrity of the financial system remains at the heart of our actions. To bolster our fraud prevention capabilities we continued to implement a new, pan-Baltic, anti-fraud solution for non-card payments. We also enhanced our existing solutions with improved analytical capabilities and continued efforts to raise public awareness about fraud prevention. We approved our Anti-Bribery and Anti-Corruption (ABAC) Policy and performed an ABAC Risk Assessment as part of our ongoing efforts to protect our customers.

EVENTS AFTER PERIOD END

Elanor Rose ('Elly') Hardwick stepped down from our Supervisory Council, and from its audit and nomination committees, with effect from 15 October 2023.

Peter Bosek, Chief Executive and Chairman of the Management Board, will resign effective 30 June 2024 to become Chief Executive Officer of Erste Group Bank AG. The Supervisory Council have commenced a process to identify Peter's successor. In the meantime, he will remain as Chief Executive until next summer working as before with the Council and leading the Management Board as we progress our strategy and, in due course, ensuring a seamless handover to his successor.

Statement of the Management Board

The interim report of Luminor Bank AS for the third quarter of 2023 consists of the Management Report and the Condensed Consolidated Interim Financial Statements.

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

Luminor Bank AS and its subsidiaries are going concerns.

Peter Bosek
Chief Executive Officer and
Chairman of the Management Board
Tallinn, 31 October 2023

INTERIM FINANCIAL STATEMENTS

Condensed consolidated Statement of Profit or Loss and Other Comprehensive Income

€m	Notes	3Q		Jan-Sep		FY
		2022	2023	2022	2023	2022
Interest income calculated using the effective interest method	3	65.7	171.8	180.5	452.9	270.6
Other similar income	3	12.4	29.5	33.3	78.1	57.4
Interest and similar expense	3	-4.8	-59.7	-11.4	-131.9	-27.2
Net interest and similar income		**73.3**	**141.6**	**202.4**	**399.1**	**300.8**
Fee and commission income	4	28.8	28.8	81.8	85.7	110.3
Fee and commission expense	4	-8.1	-7.8	-22.2	-21.9	-30.0
Net fee and commission income		**20.7**	**21.0**	**59.6**	**63.8**	**80.3**
Net gain (-loss) from financial instruments at fair value	5	17.5	13.7	33.2	19.8	17.7
Net gain (-loss) from foreign currency operations		-8.9	-5.7	-17.5	6.7	6.7
Other operating expense - net	6	-2.9	-3.6	-8.1	-9.9	-15.3
Share of profit (-loss) from associates		0.5	-0.3	1.3	1.1	1.6
Net other operating income		**6.2**	**4.1**	**8.9**	**17.7**	**10.7**
Total operating income		**100.2**	**166.7**	**270.9**	**480.6**	**391.8**
Salaries and other personnel expenses		-27.3	-32.2	-81.1	-95.4	-110.6
Other administration expenses	7	-28.4	-46.2	-79.5	-142.8	-112.7
Depreciation, amortisation and impairment		-2.5	-2.6	-7.6	-8.0	-10.0
Total administration expenses		**-58.2**	**-81.0**	**-168.2**	**-246.2**	**-233.3**
Profit before credit loss allowances and tax		**42.0**	**85.7**	**102.7**	**234.4**	**158.5**
Credit loss allowances	9	2.6	-4.0	-6.9	-12.9	-16.1
Profit before tax		**44.6**	**81.7**	**95.8**	**221.5**	**142.4**
Lithuanian bank tax		0.0	-14.0	0.0	-20.8	0.0
Tax expense		-4.6	-2.6	-11.4	-22.4	-17.7
Profit for the period		**40.0**	**65.1**	**84.4**	**178.3**	**124.7**
Total comprehensive income		**40.0**	**65.1**	**84.4**	**178.3**	**124.7**

Condensed consolidated Statement of Financial Condition

€m	Notes	31 Dec 2022	30 Jun 2023	30 Sep 2023
Assets				
Cash and balances with central banks		2,178.1	3,020.3	2,709.7
Due from other credit institutions		123.4	85.5	68.0
Debt securities	8	1,289.8	1,362.5	1,458.5
Loans to customers	9	10,874.7	10,730.8	10,772.5
Derivatives	13	121.6	94.8	78.3
Equity instruments		2.5	2.7	2.8
Investments in associates		5.7	7.1	6.8
Intangible assets		62.8	62.8	63.0
Tangible assets		30.2	26.5	27.0
Current tax assets		0.0	0.3	0.8
Deferred tax assets		12.5	10.3	9.5
Other assets		55.4	51.7	57.2
Total		**14,756.7**	**15,455.3**	**15,254.1**
Liabilities				
Loans and deposits from credit institutions		36.6	41.8	88.6
Deposits from customers	10	10,947.9	11,195.2	11,043.4
Fair value of changes of hedge items in portfolio hedges of interest rate		0.0	-4.2	-5.4
Debt securities issued	11	1,813.9	2,180.0	2,054.3
Derivatives	13	194.1	162.6	120.0
Tax liabilities		10.0	17.9	20.0
Lease liabilities		30.0	26.7	26.0
Other liabilities	12	118.8	120.5	127.1
Provisions		22.0	18.1	18.4
Total		**13,173.3**	**13,758.6**	**13,492.4**
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	246.1	311.1
Other reserves		3.6	3.5	3.5
Total		**1,583.4**	**1,696.7**	**1,761.7**
Total liabilities and shareholder's equity		**14,756.7**	**15,455.3**	**15,254.1**

Condensed consolidated Statement of Changes in Equity

€m	Share capital	Share premium	Retained earnings	Other reserves	Total equity
Balance as at 31 December 2021	**34.9**	**1,412.2**	**97.9**	**3.8**	**1,548.8**
Profit for the period	–	–	84.4	–	**84.4**
Total comprehensive income	**–**	**–**	**84.4**	**–**	**84.4**
Dividends	–	–	−90.0	–	**−90.0**
Other	–	–	0.1	−0.2	**−0.1**
Balance as at 30 September 2022	**34.9**	**1,412.2**	**92.4**	**3.6**	**1,543.1**
Balance as at 31 December 2022	**34.9**	**1,412.2**	**132.7**	**3.6**	**1,583.4**
Profit for the period	–	–	178.3	–	**178.3**
Total comprehensive income	**–**	**–**	**178.3**	**–**	**178.3**
Transfer to mandatory reserve	–	–	–	–	**–**
Dividends	–	–	–	–	**–**
Other	–	–	0.1	−0.1	**0.0**
Balance as at 30 September 2023	**34.9**	**1,412.2**	**311.1**	**3.5**	**1,761.7**
Balance as at 31 December 2021	**34.9**	**1,412.2**	**97.9**	**3.8**	**1,548.8**
Profit for the period	–	–	124.7	–	**124.7**
Total comprehensive income	**–**	**–**	**124.7**	**–**	**124.7**
Dividends	–	–	−90.0	–	**−90.0**
Other	–	–	0.1	−0.2	**−0.1**
Balance as at 31 December 2022	**34.9**	**1,412.2**	**132.7**	**3.6**	**1,583.4**

Condensed consolidated Statement of Cash flows

€m		Jan-Sep		FY
	Notes	2022	2023	2022
Profit before tax		95.8	221.5	142.4
Adjustment:				
Credit loss allowance	9	-6.8	9.2	16.1
Depreciation and amortisation		7.6	8.0	10.0
Other items		-1.3	-1.1	-1.5
Interest and similar income	3	-213.8	-531.0	-328.0
Interest and similar expense	3	11.4	131.9	27.2
Change in operating assets/liabilities:				
Increase (-) / decrease (+) of lending to customers		-932.0	99.9	-924.6
Increase (-) / decrease (+) of debt securities		-491.9	-159.4	-676.2
Increase (-) / decrease (+) of other assets		-80.1	449.0	-90.1
Increase (+) / decrease (-) of deposits from customers		519.7	130.0	593.1
Increase (+) / decrease (-) of other liabilities		65.8	-443.0	74.8
Interest received		209.4	511.1	309.8
Interest paid		-7.1	-100.0	-17.6
Income tax paid		-2.8	-31.0	-9.4
Cash flows from operating activities		**-826.1**	**295.1**	**-874.0**
Payment for acquisition of subsidiaries, net of cash acquired		-48.1	0.0	-48.1
Acquisition of tangible assets and intangible assets		-5.3	-3.3	-6.1
Proceeds from disposal of tangible assets		0.0	1.7	0.1
Dividend received		0.0	0.0	2.3
Cash flows from investing activities		**-53.4**	**-1.6**	**-51.8**
Debt securities issued		796.9	598.5	796.9
Debt securities matured, called, or repurchased		0.0	-390.3	-71.8
Payments of principal on leases		-4.2	-4.5	-5.6
Dividends paid		-90.0	0.0	-90.0
Cash flows from financing activities		**702.7**	**203.7**	**629.5**
Net increase or decrease in cash and cash equivalents		**-176.8**	**497.2**	**-296.3**
Cash and cash equivalents at the beginning of the period		2,447.2	2,151.0	2,447.2
Effects of currency translation on cash and cash equivalents		0.1	0.2	0.1
Net increase or decrease in cash and cash equivalents		-176.8	497.2	-296.3
Cash and cash equivalents at the end of the period		**2,270.5**	**2,648.4**	**2,151.0**
Cash and cash equivalents				
Cash on hand		122.3	124.8	127.4
Non-restricted current account with central banks		2,088.6	2,467.5	1,938.1
Due from other credit institutions within three months		59.6	56.1	85.5
Total		**2,270.5**	**2,648.4**	**2,151.0**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Material accounting policies

BASIS OF PRESENTATION

The condensed consolidated interim financial statements of Luminor Bank AS were prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union. The condensed consolidated interim financial statements do not contain all the information and disclosures required in the annual financial statements and should be read in conjunction with Luminor Bank AS annual financial statements for the year ended 31 December 2022 (the Annual Report). The financial information in this interim report is presented to a material extent in the same format as in the Annual Report.

The accounting policies adopted in the preparation of these condensed consolidated interim financial statements are consistent with those followed in the preparation of the Annual Report, except for the adoption of new standards effective as of 1 January 2023. Several amendments and interpretations are effective for the first time in 2023, but do not have a material impact on the interim condensed consolidated financial statements of Luminor. Luminor has not early adopted any standard, interpretation, or amendment that has been issued but is not yet effective.

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

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

Impairment of financial instruments

The methods and the key assumptions related to the calculation of the impairment of financial instruments are consistent with those applied by Luminor for the year ended 31 December 2022, except as noted further. For more detailed information on the impairment policies, please, refer to the Annual Report, Note 2 'General Risk Management Policies'.

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

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

Fair value determination

The methods and the key assumptions related to the calculation of the fair value are consistent with those applied by Luminor for the year ended 31 December 2022. For detailed information on the valuation techniques and inputs, please, refer to the Annual Report.

2. General risk management policies

CREDIT RISK

Impairment policies

Luminor recognises credit losses in accordance with the requirements of IFRS 9 applying a forward-looking ECL approach. More detailed information on the impairment policies is contained in the Annual Report, Note 2. During the first nine months of 2023, the impairment calculation approach remained unchanged.

Three-year projections of macroeconomic variables and probability weights are prepared for each Baltic country. These were most recently prepared in the fourth quarter of 2022 to reflect, mainly, possible consequences of the invasion of Ukraine and impact of COVID-19 receding. The projections of macroeconomic variables and probability weights were reviewed in the third quarter of 2023 resulting in no change.

The prevailing probability weights for the three scenarios are 20% for the optimistic scenario, 50% for the baseline, and 30% for the pessimistic scenario. The parameters we used for macroeconomic modelling were:

Economic data, %	2022a	Scenarios								
		Optimistic			Baseline			Pessimistic		
		23f	24f	25f	23f	24f	25f	23f	24f	25f
Real GDP[1]										
Estonia	-1.3	2.0	4.0	3.0	0.0	4.0	4.0	-2.0	2.0	4.0
Latvia	2.0	3.0	4.0	4.0	0.0	4.0	4.0	-2.0	3.0	4.0
Lithuania	1.9	3.0	5.0	4.0	-1.2	5.5	3.5	-3.0	3.0	4.0
Unemployment rate										
Estonia	6.0	6.0	5.0	6.0	7.0	8.0	7.0	10.0	8.0	7.0
Latvia	7.0	7.0	6.0	6.0	8.0	7.0	7.0	11.0	8.0	8.0
Lithuania	6.0	6.0	6.0	6.0	7.0	6.8	6.4	10.0	9.0	8.0
Residential Real Estate price[1]										
Estonia	22.2	7.0	6.0	6.0	4.0	5.0	5.0	-7.0	0.0	3.0
Latvia	14.0	8.0	6.0	5.0	4.0	6.0	5.0	-5.0	0.0	2.0
Lithuania	19.0	6.0	5.0	5.0	0.0	4.0	4.0	-6.0	0.0	3.0

[1]Annual change

MARKET AND LIQUIDITY RISK

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

Luminor's liquidity position has remained strong in the third quarter, with an LCR ratio of 176.2% at quarter end. The limits for regulatory ratios, LCR and NSFR, are set well above the minimum requirements. Luminor maintains a substantial liquidity buffer and operates well above regulatory requirements. There were no regulatory limit breaches for liquidity risk during the quarter.

3. Net interest and similar income

€m	3Q		Jan-Sep		FY
	2022	2023	2022	2023	2022
Loans to customers at amortised cost	64.8	145.5	174.8	387.7	264.5
Deposits with other banks	0.2	26.3	0.5	65.2	0.9
Negative interest on financial liabilities	0.7	0.0	5.2	0.0	5.2
Interest income calculated using effective interest method	**65.7**	**171.8**	**180.5**	**452.9**	**270.6**
Finance leases	11.3	24.5	31.7	64.6	47.4
Other interest	1.1	5.0	1.6	13.5	10.0
Other similar income	**12.4**	**29.5**	**33.3**	**78.1**	**57.4**
Interest and similar income	**78.1**	**201.3**	**213.8**	**531.0**	**328.0**
Loans and deposits from credit institutions	-0.8	-1.4	-4.7	-4.3	-7.4
Deposits from customers	-0.1	-31.6	-0.5	-63.3	-4.7
Debt securities issued	-5.0	-14.7	-8.6	-37.5	-15.5
Gain (-loss) on hedging activities	1.3	-11.5	2.9	-27.1	1.1
Net interest paid or received on derivatives in hedges of liabilities	0.0	-0.3	0.0	0.8	0.0
Other	-0.2	-0.2	-0.5	-0.5	-0.7
Interest expense	**-4.8**	**-59.7**	**-11.4**	**-131.9**	**-27.2**
Net interest and similar income	**73.3**	**141.6**	**202.4**	**399.1**	**300.8**

4. Net fee and commission income

€m	2022			2023		
	Income	Expense	Net	Income	Expense	Net
Third quarter						
Cards	10.2	-5.7	**4.5**	11.3	-5.9	**5.4**
Credit products	1.8	-0.7	**1.1**	1.6	-0.5	**1.1**
Daily banking plans	4.5	0.0	**4.5**	4.8	0.0	**4.8**
Deposit products and cash management	4.2	-0.7	**3.5**	3.4	-0.7	**2.7**
Insurance	0.9	0.0	**0.9**	1.0	0.0	**1.0**
Investments	1.3	-0.4	**0.9**	1.0	-0.4	**0.6**
Pensions	2.2	-0.2	**2.0**	2.3	-0.2	**2.1**
Trade finance	2.5	0.0	**2.5**	2.9	0.0	**2.9**
Other	1.2	-0.4	**0.8**	0.5	-0.1	**0.4**
Total	**28.8**	**-8.1**	**20.7**	**28.8**	**-7.8**	**21.0**
January-September						
Cards	28.9	-15.9	**13.0**	32.6	-16.4	**16.2**
Credit products	5.5	-1.8	**3.7**	4.9	-1.3	**3.6**
Daily banking plans	12.9	0.0	**12.9**	14.6	0.0	**14.6**
Deposit products and cash management	12.4	-2.3	**10.1**	10.9	-2.1	**8.8**
Insurance	2.6	-0.1	**2.5**	2.8	0.0	**2.8**
Investments	3.7	-1.0	**2.7**	4.0	-1.2	**2.8**
Pensions	6.8	-0.6	**6.2**	6.6	-0.6	**6.0**
Trade finance	7.3	0.0	**7.3**	8.4	0.0	**8.4**
Other	1.7	-0.5	**1.2**	0.9	-0.3	**0.6**
Total	**81.8**	**-22.2**	**59.6**	**85.7**	**-21.9**	**63.8**
Full year						
Cards	38.6	-21.5	**17.1**			
Credit products	7.3	-2.5	**4.8**			
Daily banking plans	17.6	0.0	**17.6**			
Deposit products and cash management	16.5	-2.9	**13.6**			
Insurance	3.5	-0.1	**3.4**			
Investments	5.0	-1.3	**3.7**			
Pensions	8.9	-0.8	**8.1**			
Trade finance	9.8	0.0	**9.8**			
Other	3.1	-0.9	**2.2**			
Total	**110.3**	**-30.0**	**80.3**			

Fee and commission income, €m	2022			2023		
	Over time	Point in time	Total	Over time	Point in time	Total
Third quarter						
Cards	2.8	7.4	**10.2**	2.3	9.0	**11.3**
Credit products	0.3	1.5	**1.8**	0.3	1.3	**1.6**
Daily banking plans	4.5	0.0	**4.5**	4.8	0.0	**4.8**
Deposit products and cash management	1.1	3.1	**4.2**	0.8	2.6	**3.4**
Insurance	0.0	0.9	**0.9**	0.0	1.0	**1.0**
Investments	0.5	0.8	**1.3**	0.7	0.3	**1.0**
Pensions	2.2	0.0	**2.2**	2.3	0.0	**2.3**
Trade finance	2.3	0.2	**2.5**	2.8	0.1	**2.9**
Other	0.0	1.2	**1.2**	0.0	0.5	**0.5**
Total	**13.7**	**15.1**	**28.8**	**14.0**	**14.8**	**28.8**
January–September						
Cards	8.1	20.8	**28.9**	7.7	24.9	**32.6**
Credit products	0.9	4.6	**5.5**	1.1	3.8	**4.9**
Daily banking plans	12.9	0.0	**12.9**	14.6	0.0	**14.6**
Deposit products and cash management	2.9	9.5	**12.4**	2.9	8.0	**10.9**
Insurance	0.0	2.6	**2.6**	0.0	2.8	**2.8**
Investments	1.5	2.2	**3.7**	2.0	2.0	**4.0**
Pensions	6.8	0.0	**6.8**	6.6	0.0	**6.6**
Trade finance	6.6	0.7	**7.3**	8.0	0.4	**8.4**
Other	0.1	1.6	**1.7**	0.0	0.9	**0.9**
Total	**39.8**	**42.0**	**81.8**	**42.9**	**42.8**	**85.7**
Full year						
Cards	10.9	27.7	**38.6**			
Credit products	1.2	6.1	**7.3**			
Daily banking plans	17.6	0.0	**17.6**			
Deposit products and cash management	4.1	12.4	**16.5**			
Insurance	0.0	3.5	**3.5**			
Investments	2.1	2.9	**5.0**			
Pensions	8.9	0.0	**8.9**			
Trade finance	9.0	0.8	**9.8**			
Other	0.1	3.0	**3.1**			
Total	**53.9**	**56.4**	**110.3**			

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

€m	3Q		Jan-Sep		FY
	2022	2023	2022	2023	2022
Net gain from derivatives	20.8	11.3	47.9	11.8	30.5
Net gain (-loss) on financial assets and liabilities at FVTPL	-0.2	-0.1	-0.6	0.6	-0.1
Net gain (-loss) on debt securities designated at FVTPL	-5.2	1.0	-20.1	3.1	-20.4
Net gain on financial assets and liabilities held for trading	2.1	1.5	6.0	4.3	7.7
Total	**17.5**	**13.7**	**33.2**	**19.8**	**17.7**

6. Other operating expense – net

€m	3Q		Jan-Sep		FY
	2022	2023	2022	2023	2022
Other income	0.0	0.1	0.6	1.0	0.6
Other operating income	**0.0**	**0.1**	**0.6**	**1.0**	**0.6**
Contributions to resolution funds and deposit guarantee schemes	-2.9	-3.0	-8.7	-8.3	-15.9
Other expense	0.0	-0.7	0.0	-2.6	0.0
Other operating expense	**-2.9**	**-3.7**	**-8.7**	**-10.9**	**-15.9**
Total	**-2.9**	**-3.6**	**-8.1**	**-9.9**	**-15.3**

7. Other administration expenses

€m	3Q		Jan-Sep		FY
	2022	2023	2022	2023	2022
Information Technology related	-18.3	-23.8	-51.1	-77.2	-71.3
Consulting and professional services	-2.0	-13.7	-6.1	-43.0	-12.7
Advertising and marketing	-1.8	-2.1	-4.9	-4.7	-7.6
Real estate	-1.0	-0.9	-2.5	-2.5	-3.7
Taxes and duties	-0.9	-2.3	-1.3	-5.0	-2.6
Other	-4.4	-3.4	-13.6	-10.4	-14.8
Total	**-28.4**	**-46.2**	**-79.5**	**-142.8**	**-112.7**

8. Debt securities

€m	Governments	Credit institutions	Financial institutions	Corporates	Total
31 December 2022					
Amortised cost	881.9	60.7	0.0	108.0	**1,050.6**
FVTPL (designated)	178.0	22.0	0.0	0.0	**200.0**
FVTPL (mandatorily)	25.4	0.0	4.7	6.4	**36.5**
FVTOCI	2.7	0.0	0.0	0.0	**2.7**
Total	**1,088.0**	**82.7**	**4.7**	**114.4**	**1,289.8**
30 June 2023					
Amortised cost	972.4	71.2	4.7	107.4	**1,155.7**
FVTPL (designated)	159.5	22.2	0.0	0.0	**181.7**
FVTPL (mandatorily)	15.1	2.0	4.4	0.9	**22.4**
FVTOCI	2.7	0.0	0.0	0.0	**2.7**
Total	**1,149.7**	**95.4**	**9.1**	**108.3**	**1,362.5**
30 September 2023					
Amortised cost	1,062.1	94.7	2.3	102.8	**1,261.9**
FVTPL (designated)	160.2	22.4	0.0	0.0	**182.6**
FVTPL (mandatorily)	7.0	0.0	4.2	0.1	**11.3**
FVTOCI	2.7	0.0	0.0	0.0	**2.7**
Total	**1,232.0**	**117.1**	**6.5**	**102.9**	**1,458.5**

9. Loans to customers

€m	31 Dec 2022	30 Jun 2023	30 Sep 2023
Individuals	5,951.9	5,992.6	5,996.1
Businesses	4,498.0	4,336.1	4,391.1
Financial institutions	222.2	217.6	187.9
Public sector	202.6	184.5	197.4
Total	**10,874.7**	**10,730.8**	**10,772.5**
of which loans pledged as security for covered bonds	1,925.0	1,050.0	1,050.0
By country of registration			
Estonia, Latvia, and Lithuania	10,685.3	10,569.8	10,616.3
Rest of the European Union	158.9	133.1	129.3
Other	30.5	27.9	26.9
Total	**10,874.7**	**10,730.8**	**10,772.5**

Loans to customers by Stage and class

€m	Gross carrying amount				Credit loss allowances				Total
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	
31 December 2022									
Mortgages	4,842.6	232.7	33.2	**5,108.5**	-10.4	-10.6	-8.0	**-29.0**	**5,079.5**
Leasing	445.1	33.2	1.5	**479.8**	-1.9	-1.1	-0.3	**-3.3**	**476.5**
Consumer loans, cards	110.8	9.6	0.6	**121.0**	-0.5	-0.7	-0.2	**-1.4**	**119.6**
Other	213.9	57.2	11.4	**282.5**	-1.4	-1.6	-3.2	**-6.2**	**276.3**
Individuals	**5,612.4**	**332.7**	**46.7**	**5,991.8**	**-14.2**	**-14.0**	**-11.7**	**-39.9**	**5,951.9**
Loans	2,184.5	1,023.8	72.7	**3,281.0**	-8.3	-13.7	-24.4	**-46.4**	**3,234.6**
Leasing	816.2	188.4	9.1	**1,013.7**	-3.6	-2.9	-3.7	**-10.2**	**1,003.5**
Factoring	224.3	35.0	4.7	**264.0**	-0.4	-0.2	-3.5	**-4.1**	**259.9**
Businesses	**3,225.0**	**1,247.2**	**86.5**	**4,558.7**	**-12.3**	**-16.8**	**-31.6**	**-60.7**	**4,498.0**
Financial institutions	164.9	57.8	0.1	**222.8**	-0.4	-0.2	0.0	**-0.6**	**222.2**
Public sector	202.7	0.0	0.1	**202.8**	-0.2	0.0	0.0	**-0.2**	**202.6**
Total	**9,205.0**	**1,637.7**	**133.4**	**10,976.1**	**-27.1**	**-31.0**	**-43.3**	**-101.4**	**10,874.7**
30 June 2023									
Mortgages	4,907.2	226.1	37.8	**5,171.1**	-10.0	-15.2	-9.6	**-34.8**	**5,136.3**
Leasing	430.3	27.3	2.2	**459.8**	-1.9	-1.1	-0.5	**-3.5**	**456.3**
Consumer loans, cards	117.2	8.5	0.6	**126.3**	-0.5	-0.7	-0.2	**-1.4**	**124.9**
Other	213.3	56.0	12.1	**281.4**	-1.3	-1.6	-3.4	**-6.3**	**275.1**
Individuals	**5,668.0**	**317.9**	**52.7**	**6,038.6**	**-13.7**	**-18.6**	**-13.7**	**-46.0**	**5,992.6**
Loans	1940.4	1,127.5	61.0	**3,128.9**	-6.9	-17.2	-23.0	**-47.1**	**3,081.8**
Leasing	869.8	150.9	18.9	**1,039.6**	-3.7	-3.1	-4.9	**-11.7**	**1,027.9**
Factoring	188.8	37.2	1.6	**227.6**	-0.3	-0.1	-0.8	**-1.2**	**226.4**
Businesses	**2,999.0**	**1,315.6**	**81.5**	**4,396.1**	**-10.9**	**-20.4**	**-28.7**	**-60.0**	**4,336.1**
Financial institutions	157.3	61.5	0.1	**218.9**	-0.2	-1.1	0.0	**-1.3**	**217.6**
Public sector	184.6	0.0	0.1	**184.7**	-0.1	0.0	-0.1	**-0.2**	**184.5**
Total	**9,008.9**	**1,695.0**	**134.4**	**10,838.3**	**-24.9**	**-40.1**	**-42.5**	**-107.5**	**10,730.8**
30 September 2023									
Mortgages	4,915.8	208.5	54.4	**5,178.7**	-9.8	-13.8	-12.6	**-36.2**	**5,142.5**
Leasing	427.5	27.4	2.9	**457.8**	-2.0	-1.2	-0.7	**-3.9**	**453.9**
Consumer loans, cards	120.5	8.7	0.9	**130.1**	-0.5	-0.7	-0.3	**-1.5**	**128.6**
Other	212.8	52.5	12.0	**277.3**	-1.2	-1.5	-3.5	**-6.2**	**271.1**
Individuals	**5,676.6**	**297.1**	**70.2**	**6,043.9**	**-13.5**	**-17.2**	**-17.1**	**-47.8**	**5,996.1**
Loans	1,884.0	1,247.0	48.4	**3,179.4**	-7.1	-18.6	-22.0	**-47.7**	**3,131.7**
Leasing	883.5	144.6	17.7	**1,045.8**	-4.1	-3.1	-4.4	**-11.6**	**1,034.2**
Factoring	183.5	41.4	1.6	**226.5**	-0.4	-0.1	-0.8	**-1.3**	**225.2**
Businesses	**2,951.0**	**1,433.0**	**67.7**	**4,451.7**	**-11.6**	**-21.8**	**-27.2**	**-60.6**	**4,391.1**
Financial institutions	152.3	36.7	0.0	**189.0**	-0.1	-1.0	0.0	**-1.1**	**187.9**
Public sector	197.5	0.0	0.1	**197.6**	-0.1	0.0	-0.1	**-0.2**	**197.4**
Total	**8,977.4**	**1,766.8**	**138.0**	**10,882.2**	**-25.3**	**-40.0**	**-44.4**	**-109.7**	**10,772.5**

Lending to businesses by sector

€m	Gross carrying amount				Credit loss allowances				Total
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	
31 December 2022									
Real estate activities	1,011.3	331.8	13.6	**1,356.7**	-3.8	-4.7	-1.0	**-9.5**	**1,347.2**
Wholesale and retail	512.5	174.5	20.8	**707.8**	-1.6	-1.3	-5.9	**-8.8**	**699.0**
Manufacturing	410.4	226.0	15.9	**652.3**	-0.9	-2.9	-6.7	**-10.5**	**641.8**
Transport and storage	212.4	108.9	0.8	**322.1**	-1.0	-1.3	-0.3	**-2.6**	**319.5**
Agriculture, forestry, and fishing	285.7	58.7	4.7	**349.1**	-1.0	-0.9	-2.0	**-3.9**	**345.2**
Construction	189.1	43.7	13.0	**245.8**	-1.1	-1.1	-8.4	**-10.6**	**235.2**
Administrative & support services	191.9	61.7	5.1	**258.7**	-1.0	-0.7	-2.5	**-4.2**	**254.5**
Professional, scientific, technical	117.3	56.0	0.5	**173.8**	-0.8	-1.1	-0.4	**-2.3**	**171.5**
Electricity, gas, steam, & aircon	79.9	36.4	1.7	**118.0**	-0.2	-0.3	-1.6	**-2.1**	**115.9**
Other	214.5	149.5	10.4	**374.4**	-0.9	-2.5	-2.8	**-6.2**	**368.2**
Total	**3,225.0**	**1,247.2**	**86.5**	**4,558.7**	**-12.3**	**-16.8**	**-31.6**	**-60.7**	**4,498.0**
30 June 2023									
Real estate activities	800.8	464.4	8.8	**1,274.0**	-2.7	-7.2	-1.1	**-11.0**	**1,263.0**
Wholesale and retail	450.6	155.6	15.2	**621.4**	-1.1	-1.1	-3.5	**-5.7**	**615.7**
Manufacturing	368.1	195.1	15.5	**578.7**	-1.1	-2.3	-6.5	**-9.9**	**568.8**
Transport and storage	213.9	71.5	15.3	**300.7**	-1.1	-1.3	-4.5	**-6.9**	**293.8**
Agriculture, forestry, and fishing	316.3	36.7	6.9	**359.9**	-1.0	-0.7	-2.3	**-4.0**	**355.9**
Construction	139.5	112.8	15.1	**267.4**	-0.8	-2.3	-8.1	**-11.2**	**256.2**
Administrative & support services	211.2	82.4	1.6	**295.2**	-1.0	-1.6	-0.6	**-3.2**	**292.0**
Professional, scientific, technical	118.8	40.9	0.5	**160.2**	-0.7	-1.0	-0.4	**-2.1**	**158.1**
Electricity, gas, steam, & aircon	162.3	12.3	1.0	**175.6**	-0.4	-0.1	-0.9	**-1.4**	**174.2**
Other	217.5	143.9	1.6	**363.0**	-1.0	-2.8	-0.8	**-4.6**	**358.4**
Total	**2,999.0**	**1,315.6**	**81.5**	**4,396.1**	**-10.9**	**-20.4**	**-28.7**	**-60.0**	**4,336.1**
30 September 2023									
Real estate activities	795.2	448.7	8.5	**1,252.4**	-2.9	-6.4	-1.1	**-10.4**	**1,242.0**
Wholesale and retail	391.9	320.5	4.3	**716.7**	-1.3	-1.7	-2.5	**-5.5**	**711.2**
Manufacturing	376.8	176.2	17.1	**570.1**	-1.2	-3.2	-7.7	**-12.1**	**558.0**
Transport and storage	207.7	67.0	12.0	**286.7**	-1.1	-1.1	-3.0	**-5.2**	**281.5**
Agriculture, forestry, and fishing	334.8	37.6	7.5	**379.9**	-1.1	-0.8	-2.5	**-4.4**	**375.5**
Construction	148.1	104.3	14.0	**266.4**	-0.8	-3.4	-7.8	**-12.0**	**254.4**
Administrative & support services	225.4	74.8	1.5	**301.7**	-1.2	-1.5	-0.5	**-3.2**	**298.5**
Professional, scientific, technical	102.7	43.4	0.5	**146.6**	-0.7	-0.9	-0.4	**-2.0**	**144.6**
Electricity, gas, steam, & aircon	163.4	13.1	1.0	**177.5**	-0.4	-0.1	-1.0	**-1.5**	**176.0**
Other	205.0	147.4	1.3	**353.7**	-0.9	-2.7	-0.7	**-4.3**	**349.4**
Total	**2,951.0**	**1,433.0**	**67.7**	**4,451.7**	**-11.6**	**-21.8**	**-27.2**	**-60.6**	**4,391.1**

Loans to customers by risk category, €m	Stage 1	Stage 2	Stage 3	Total
31 December 2022				
Low risk	6,900.3	379.2	0.0	**7,279.5**
Moderate risk	2,196.7	890.4	0.2	**3,087.3**
High risk	108.0	368.1	0.0	**476.1**
Default	0.0	0.0	133.2	**133.2**
Gross carrying amount	**9,205.0**	**1,637.7**	**133.4**	**10,976.1**
of which POCI	0.0	13.8	3.0	**16.8**
30 June 2023				
Low risk	6,284.5	199.6	0.0	**6,484.1**
Moderate risk	2,605.0	1,049.2	0.0	**3,654.2**
High risk	119.4	446.2	0.0	**565.6**
Default	0.0	0.0	134.4	**134.4**
Gross carrying amount	**9,008.9**	**1,695.0**	**134.4**	**10,838.3**
of which POCI	0.0	7.5	2.7	**10.2**
30 September 2023				
Low risk	6,151.7	261.9	0.0	**6,413.6**
Moderate risk	2,714.8	1,045.5	0.0	**3,760.3**
High risk	110.9	459.4	0.0	**570.3**
Default	0.0	0.0	138.0	**138.0**
Gross carrying amount	**8,977.4**	**1,766.8**	**138.0**	**10,882.2**
of which POCI	0.0	7.2	2.6	**9.8**

Credit loss allowances	3Q		Jan-Sep		FY
€m	**2022**	**2023**	**2022**	**2023**	**2022**
Credit loss allowances	0.9	-3.4	-6.8	-9.2	-9.4
Provisions (Credit loss allowances on Contingent liabilities)	1.7	-0.6	-0.1	-3.7	-6.7
Total	**2.6**	**-4.0**	**-6.9**	**-12.9**	**-16.1**

Movement in Loans to customers and allowances

January–September	2022				2023			
€m	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount								
Opening balance	**8,452.0**	**1,411.0**	**185.6**	**10,048.6**	**9,205.0**	**1,637.7**	**133.4**	**10,976.1**
Transfers to Stage 1	429.1	–427.3	–1.8	**0.0**	346.4	–345.9	–0.5	**0.0**
Transfers to Stage 2	–914.9	950.5	–35.6	**0.0**	–890.5	923.5	–33.0	**0.0**
Transfers to Stage 3	–76.7	–31.2	107.9	**0.0**	–30.0	–38.3	68.3	**0.0**
Originated or purchased	1,910.6	0.0	0.0	**1,910.6**	1,657.2	0.0	0.0	**1,657.2**
Derecognised and repaid	–614.5	–239.9	–106.9	**–961.3**	–1,310.7	–410.2	–29.3	**–1,750.2**
Movement	**733.6**	**252.1**	**–36.4**	**949.3**	**–227.6**	**129.1**	**5.5**	**–93.0**
Write-offs	0.0	0.0	–8.1	**–8.1**	0.0	0.0	–0.9	**–0.9**
Closing balance	**9,185.6**	**1,663.1**	**141.1**	**10,989.8**	**8,977.4**	**1,766.8**	**138.0**	**10,882.2**
of which POCI	0.0	14.4	3.6	**18.0**	0.0	7.2	2.6	**9.8**
Credit loss allowances								
Opening balance	**–16.3**	**–29.0**	**–56.6**	**–101.9**	**–27.1**	**–31.0**	**–43.3**	**–101.4**
Transfers to Stage 1	–9.9	9.8	0.1	**0.0**	–6.0	5.9	0.1	**0.0**
Transfers to Stage 2	3.8	–8.3	4.5	**0.0**	4.3	–10.7	6.4	**0.0**
Transfers to Stage 3	2.2	1.9	–4.1	**0.0**	1.7	2.1	–3.8	**0.0**
Originated or purchased	–10.9	0.0	0.0	**–10.9**	–9.1	0.0	0.0	**–9.1**
Derecognised and repaid	0.6	2.8	2.2	**5.6**	2.0	5.5	3.6	**11.1**
Change in ECL assumptions, Stages & other	6.2	–13.9	–1.3	**–9.0**	8.9	–11.8	–8.3	**–11.2**
Management overlay	0.0	7.5	0.0	**7.5**	0.0	0.0	0.0	**0.0**
Movement	**–8.0**	**–0.2**	**1.4**	**–6.8**	**1.8**	**–9.0**	**–2.0**	**–9.2**
Write-offs	0.0	0.0	8.1	**8.1**	0.0	0.0	0.9	**0.9**
Closing balance	**–24.3**	**–29.2**	**–47.1**	**–100.6**	**–25.3**	**–40.0**	**–44.4**	**–109.7**
of which POCI	0.0	–0.2	–0.6	**–0.8**	0.0	–0.1	–0.2	**–0.3**

Movement in Loans to customers and allowances

Full year	2022			
€m	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount				
Opening balance	**8,452.0**	**1,411.0**	**185.6**	**10,048.6**
Transfers to Stage 1	476.3	-475.0	-1.3	**0.0**
Transfers to Stage 2	-1,075.7	1,114.9	-39.2	**0.0**
Transfers to Stage 3	-83.8	-31.5	115.3	**0.0**
Originated or purchased	2,938.7	0.0	0.0	**2,938.7**
Derecognised and repaid	-1,502.5	-381.7	-117.1	**-2,001.3**
Movement	**753.0**	**226.7**	**-42.3**	**937.4**
Write-offs	0.0	0.0	-9.9	**-9.9**
Closing balance	**9,205.0**	**1,637.7**	**133.4**	**10,976.1**
of which POCI	0.0	13.8	3.0	**16.8**
Credit loss allowances				
Opening balance	**-16.3**	**-29.0**	**-56.6**	**-101.9**
Transfers to Stage 1	-10.8	10.5	0.3	**0.0**
Transfers to Stage 2	4.7	-9.4	4.7	**0.0**
Transfers to Stage 3	5.7	1.7	-7.4	**0.0**
Originated or purchased	-16.4	0.0	0.0	**-16.4**
Derecognised and repaid	1.1	3.8	3.1	**8.0**
Change in ECL assumptions, Stages & other	4.9	-20.5	2.7	**-12.9**
Management overlay	0.0	11.9	0.0	**11.9**
Movement	**-10.8**	**-2.0**	**3.4**	**-9.4**
Write-offs	0.0	0.0	9.9	**9.9**
Closing balance	**-27.1**	**-31.0**	**-43.3**	**-101.4**
of which POCI	0.0	-0.1	-0.4	**-0.5**

10. Deposits from customers

€m	31 Dec 2022	30 Jun 2023	30 Sep 2023
Individuals	4,791.6	4,570.6	4,529.5
Businesses	3,937.3	4,283.0	4,083.3
Financial institutions	271.7	217.0	214.8
Public sector	1,947.3	2,124.6	2,215.8
Total	**10,947.9**	**11,195.2**	**11,043.4**
of which Demand deposits	9,614.0	8,917.2	8,622.4
Term deposits	1,333.9	2,278.0	2,421.0
By country of registration			
Estonia, Latvia, and Lithuania	10,736.6	11,029.9	10,874.2
Rest of the European Union	165.4	87.1	80.1
Other	45.9	78.2	89.1
Total	**10,947.9**	**11,195.2**	**11,043.4**

11. Debt securities issued

€m	First call date	Maturity date	Notes	31 Dec 2022	30 Jun 2023	30 Sep 2023
€500m, 0.01%		Mar 2025	Hedge accounted	459.3	462.0	466.6
€500m, 1.688%		Jun 2027	Hedge accounted. Issued May 2022	467.3	462.8	464.6
Covered bonds				**926.6**	**924.8**	**931.2**
€300m, 5%[1]	Aug 2023	Aug 2024	Redeemed Aug 2023	300.4	145.6	–
€300m, 0.792%[1]	Dec 2023	Dec 2024	€83.0m repurchased Jun 2023	290.0	211.0	214.6
€300m, 7.25%	Jan 2025	Jan 2026	Issued Jan 2023	–	305.7	311.4
€300m, 0.539%	Sep 2025	Sep 2026		296.9	295.2	294.2
€300m, 7.75%	Jun 2026	Jun 2027	Issued Jun 2023	–	297.7	302.9
Senior bonds				**887.3**	**1,255.2**	**1,123.1**
Total				**1,813.9**	**2,180.0**	**2,054.3**

All bonds are hedge accounted, except for those marked with 1.

12. Other liabilities

€m	31 Dec 2022	30 Jun 2023	30 Sep 2023
Payments in transit	43.2	34.0	48.5
Other	4.3	0.9	1.5
Financial liabilities	**47.5**	**34.9**	**50.0**
Accrued liabilities	53.9	65.5	58.9
Received prepayments	3.2	2.2	2.1
Value Added Tax	2.9	3.3	3.6
Other tax liabilities	2.0	2.0	2.8
Other	9.3	12.6	9.7
Non-financial liabilities	**71.3**	**85.6**	**77.1**
Total	**118.8**	**120.5**	**127.1**

13. Derivatives

€m	31 Dec 2022	30 Jun 2023	30 Sep 2023
Fair value			
Interest rate-related	48.8	47.3	50.6
Currency-related	11.9	10.6	18.1
Commodity-related	60.9	36.9	9.6
Total assets	**121.6**	**94.8**	**78.3**
Interest rate-related	114.1	115.2	101.8
Currency-related	20.3	11.4	9.0
Commodity-related	59.7	36.0	9.2
Total liabilities	**194.1**	**162.6**	**120.0**
Notional amounts			
Interest rate-related	2,820.3	3,112.4	3,004.4
Currency-related	1,202.2	1,155.8	1,054.7
Commodity-related	230.6	154.0	77.0
Total assets	**4,253.1**	**4,422.2**	**4,136.1**

Hedge accounting

Luminor applies hedge accounting to fair value hedges of Debt securities issued and, from January 2023, part of Deposits from customers. To assess the hedge effectiveness of Debt securities issued, Luminor uses the hypothetical derivative method and compares the changes in the fair value of the hedging instrument against the changes in the fair value of the hedged item attributable to the hedged risk. Ineffectiveness was clearly immaterial as at 31 December 2022, and 30 June and 30 September 2023. The carrying amount of the derivatives used to hedge Deposits from customers are included in line item 'Derivative financial instruments' in the Balance Sheet, on either the Assets or Liabilities side depending on the fair value of the instruments. The portfolio hedging effect is recognised as 'Fair value of changes of hedge item in hedges of interest rate' in the Statement of financial position, on Liabilities side corresponding to the change in FV of designated customer deposits discounted at market interest rates.

Hedging instruments (interest rate swaps) €m	31 Dec 2022	30 Jun 2023	30 Sep 2023
Debt securities issued, notional amount	1,900.0	1,900.0	1,900.0
Carrying amount	-84.4	-81.8	-67.2
Deposits from Customers, notional amount	0.0	875.0	875.0
Carrying amount	0.0	-4.2	-5.4

14. Contingent liabilities

€m	31 Dec 2022	30 Jun 2023	30 Sep 2023
Undrawn loan commitments	1,528.4	1,367.1	1,233.0
Performance guarantees	256.1	326.7	341.7
Financial guarantees	114.9	128.3	151.7
Other	381.2	451.3	439.1
Total	**2,280.6**	**2,273.4**	**2,165.5**

15. Fair value of financial assets and liabilities

€m	Accounting method	Fair Value				Carrying amount
		Level 1	Level 2	Level 3	Total	
31 December 2022						
Cash and balances with central banks	Amortised cost	127.4	2,050.7	0.0	**2,178.1**	**2,178.1**
Due from other credit institutions	Amortised cost	0.0	123.4	0.0	**123.4**	**123.4**
Debt securities	Amortised cost	943.4	9.7	0.0	**953.1**	**1,050.6**
Debt securities	FVTPL (designated)	200.0	0.0	0.0	**200.0**	**200.0**
Debt securities	FVTPL (mandatorily)	32.0	1.0	3.5	**36.5**	**36.5**
Debt securities	FVTOCI	0.0	2.7	0.0	**2.7**	**2.7**
Loans to customers	Amortised cost	0.0	0.0	11,149.4	**11,149.4**	**10,874.7**
Derivatives	FVTPL (mandatorily)	0.0	118.5	3.1	**121.6**	**121.6**
Equity instruments	FVTPL (mandatorily)	0.0	2.0	0.0	**2.0**	**2.0**
Equity instruments	FVTOCI	0.0	0.0	0.5	**0.5**	**0.5**
Other	Amortised cost	0.0	25.5	0.0	**25.5**	**25.5**
Total assets		**1,302.8**	**2,333.5**	**11,156.5**	**14,792.8**	**14,615.6**
Loans and deposits from credit institutions	Amortised cost	0.0	36.6	0.0	**36.6**	**36.6**
Deposits from customers	Amortised cost	0.0	9,614.0	1,333.9	**10,947.9**	**10,947.9**
Debt securities issued	Amortised cost	0.0	1,772.5	0.0	**1,772.5**	**1,813.9**
Derivatives	FVTPL (mandatorily)	0.0	194.1	0.0	**194.1**	**194.1**
Other	Amortised cost	0.0	47.5	0.0	**47.5**	**47.5**
Total liabilities		**0.0**	**11,664.7**	**1,333.9**	**12,998.6**	**13,040.0**
30 June 2023						
Cash and balances with central banks	Amortised cost	125.2	2,895.1	0.0	**3,020.3**	**3,020.3**
Due from other credit institutions	Amortised cost	0.0	85.5	0.0	**85.5**	**85.5**
Debt securities	Amortised cost	1,048.7	9.3	0.0	**1,058.0**	**1,155.7**
Debt securities	FVTPL (designated)	181.7	0.0	0.0	**181.7**	**181.7**
Debt securities	FVTPL (mandatorily)	17.9	0.4	4.1	**22.4**	**22.4**
Debt securities	FVTOCI	0.0	2.7	0.0	**2.7**	**2.7**
Loans to customers	Amortised cost	0.0	0.0	10,716.0	**10,716.0**	**10,730.8**
Derivatives	FVTPL (mandatorily)	0.0	91.7	3.1	**94.8**	**94.8**
Equity instruments	FVTPL (mandatorily)	0.0	2.2	0.0	**2.2**	**2.2**
Equity instruments	FVTOCI	0.0	0.0	0.5	**0.5**	**0.5**
Other	Amortised cost	0.0	24.4	0.0	**24.4**	**24.4**
Total assets		**1,373.5**	**3,111.3**	**10,723.7**	**15,208.5**	**15,321.0**
Loans and deposits from credit institutions	Amortised cost	0.0	41.8	0.0	**41.8**	**41.8**
Deposits from customers	Amortised cost	0.0	8,913.0	2,278.0	**11,191.0**	**11,195.2**
Debt securities issued	Amortised cost	0.0	2,154.1	0.0	**2,154.1**	**2,180.0**
Derivatives	FVTPL (mandatorily)	0.0	162.6	0.0	**162.6**	**162.6**
Other	Amortised cost	0.0	34.9	0.0	**34.9**	**34.9**
Total liabilities		**0.0**	**11,306.4**	**2,278.0**	**13,584.4**	**13,614.5**

€m	Accounting method	Fair Value				Carrying amount
		Level 1	Level 2	Level 3	Total	
30 September 2023						
Cash and balances with central banks	Amortised cost	124.8	2,584.9	0.0	**2,709.7**	**2,709.7**
Due from other credit institutions	Amortised cost	0.0	68.0	0.0	**68.0**	**68.0**
Debt securities	Amortised cost	1,139.2	9.4	11.1	**1,159.7**	**1,261.9**
Debt securities	FVTPL (designated)	182.6	0.0	0.0	**182.6**	**182.6**
Debt securities	FVTPL (mandatorily)	7.1	0.1	4.1	**11.3**	**11.3**
Debt securities	FVTOCI	0.0	2.7	0.0	**2.7**	**2.7**
Loans to customers	Amortised cost	0.0	0.0	10,995.8	**10,995.8**	**10,772.5**
Derivatives	FVTPL (mandatorily)	0.0	75.6	2.7	**78.3**	**78.3**
Equity instruments	FVTPL (mandatorily)	0.0	2.3	0.0	**2.3**	**2.3**
Equity instruments	FVTOCI	0.0	0.0	0.5	**0.5**	**0.5**
Other	Amortised cost	0.0	27.3	0.0	**27.3**	**27.3**
Total assets		**1,453.7**	**2,770.3**	**11,014.2**	**15,238.2**	**15,117.1**
Loans and deposits from credit institutions	Amortised cost	0.0	88.6	0.0	**88.6**	**88.6**
Deposits from customers	Amortised cost	0.0	8,617.0	2,421.0	**11,038.0**	**11,043.4**
Debt securities issued	Amortised cost	0.0	2,029.2	0.0	**2,029.2**	**2,054.3**
Derivatives	FVTPL (mandatorily)	0.0	120.0	0.0	**120.0**	**120.0**
Other	Amortised cost	0.0	50.0	0.0	**50.0**	**50.0**
Total liabilities		**0.0**	**10,904.8**	**2,421.0**	**13,325.8**	**13,356.3**

Change in debt securities in Level 3	**Jan-Sep**		**FY**
€m	**2022**	**2023**	**2022**
Opening balance	6.9	3.5	6.9
Additions or disposals	-4.0	0.0	-4.0
Transferred to Level 3	0.0	11.1	0.0
Unrealised gains (-loss) for assets held at the end of the reporting period	0.6	0.6	0.6
Closing balance	**3.5**	**15.2**	**3.5**

16. Segment reporting

€m	2022				2023			
	Retail	Corporate	Other	Total	Retail	Corporate	Other	Total
Third quarter								
Net interest and similar income	32.9	44.1	-3.7	**73.3**	75.9	62.9	2.8	**141.6**
Net fee and commission income	13.2	6.6	0.9	**20.7**	13.4	7.8	-0.2	**21.0**
Net financial income	1.9	3.9	2.8	**8.6**	1.4	3.2	3.4	**8.0**
Other income	0.0	0.6	-3.0	**-2.4**	0.0	-0.3	-3.6	**-3.9**
Total operating income	**48.0**	**55.2**	**-3.0**	**100.2**	**90.7**	**73.6**	**2.4**	**166.7**
Total administration expenses	-35.5	-20.3	-2.4	**-58.2**	-50.5	-29.6	-0.9	**-81.0**
Credit loss allowances	2.0	0.6	0.0	**2.6**	-2.1	-1.9	0.0	**-4.0**
Profit (-loss) before tax	**14.5**	**35.5**	**-5.4**	**44.6**	**38.1**	**42.1**	**1.5**	**81.7**
January-September								
Net interest and similar income	89.2	121.8	-8.6	**202.4**	204.9	185.6	8.6	**399.1**
Net fee and commission income	39.0	19.7	0.9	**59.6**	40.4	24.0	-0.6	**63.8**
Net financial income	5.3	11.9	-1.5	**15.7**	4.4	10.6	11.5	**26.5**
Other income	0.2	1.6	-8.6	**-6.8**	0.1	1.2	-10.1	**-8.8**
Total operating income	**133.7**	**155.0**	**-17.8**	**270.9**	**249.8**	**221.4**	**9.4**	**480.6**
Total administration expenses	-103.7	-58.1	-6.4	**-168.2**	-151.1	-92.6	-2.5	**-246.2**
Credit loss allowances	6.5	-13.9	0.5	**-6.9**	-5.7	-8.5	1.3	**-12.9**
Profit (-loss) before tax	**36.5**	**83.0**	**-23.7**	**95.8**	**93.0**	**120.3**	**8.2**	**221.5**
Full year								
Net interest and similar income	134.2	177.8	-11.2	**300.8**				
Net fee and commission income	53.0	26.3	1.0	**80.3**				
Net financial income	6.9	14.8	2.7	**24.4**				
Other income	0.2	2.1	-16.0	**-13.7**				
Total operating income	**194.3**	**221.0**	**-23.5**	**391.8**				
Total administration expenses	-146.1	-81.0	-6.2	**-233.3**				
Credit loss allowances	1.0	-16.9	-0.2	**-16.1**				
Profit (-loss) before tax	**49.2**	**123.1**	**-29.9**	**142.4**				

Customer balances €m	31 Dec 2022	30 Jun 2023	30 Sep 2023
Retail	5,667.1	5,729.7	5,783.8
Corporate	5,205.9	4,996.4	4,986.9
Other	1.7	4.7	1.8
Loans to customers	**10,874.7**	**10,730.8**	**10,772.5**
Retail	6,066.2	5,689.4	5,660.2
Corporate	4,788.2	5,425.3	5,313.9
Other	93.5	80.5	69.3
Deposits from customers	**10,947.9**	**11,195.2**	**11,043.4**

Fee and commission income by segment	2022				2023			
€m	Retail	Corporate	Other	Total	Retail	Corporate	Other	Total
Third quarter								
Cards	8.6	1.6	0.0	**10.2**	8.1	3.2	0.0	**11.3**
Credit products	0.1	1.7	0.0	**1.8**	0.1	1.5	0.0	**1.6**
Daily banking plans	4.4	0.1	0.0	**4.5**	4.7	0.1	0.0	**4.8**
Deposit products and cash management	2.3	1.8	0.1	**4.2**	1.8	1.6	0.0	**3.4**
Insurance	0.8	0.1	0.0	**0.9**	0.8	0.2	0.0	**1.0**
Investments	0.4	0.5	0.4	**1.3**	0.7	0.2	0.1	**1.0**
Pensions	2.2	0.0	0.0	**2.2**	2.3	0.0	0.0	**2.3**
Trade finance	0.0	2.5	0.0	**2.5**	0.0	2.8	0.1	**2.9**
Other	0.1	0.1	1.0	**1.2**	0.1	0.4	0.0	**0.5**
Total	**18.9**	**8.4**	**1.5**	**28.8**	**18.6**	**10.0**	**0.2**	**28.8**
January–September								
Cards	24.4	4.5	0.0	**28.9**	23.4	9.2	0.0	**32.6**
Credit products	0.3	5.2	0.0	**5.5**	0.3	4.6	0.0	**4.9**
Daily banking plans	12.6	0.2	0.1	**12.9**	14.2	0.4	0.0	**14.6**
Deposit products and cash management	6.5	5.7	0.2	**12.4**	5.7	5.1	0.1	**10.9**
Insurance	2.2	0.4	0.0	**2.6**	2.3	0.5	0.0	**2.8**
Investments	1.5	1.0	1.2	**3.7**	1.8	1.7	0.5	**4.0**
Pensions	6.6	0.2	0.0	**6.8**	6.6	0.0	0.0	**6.6**
Trade finance	0.1	7.2	0.0	**7.3**	0.0	8.0	0.4	**8.4**
Other	0.4	0.2	1.1	**1.7**	0.3	0.5	0.1	**0.9**
Total	**54.6**	**24.6**	**2.6**	**81.8**	**54.6**	**30.0**	**1.1**	**85.7**
Full year								
Cards	32.8	6.1	-0.3	**38.6**				
Credit products	0.4	6.9	0.0	**7.3**				
Daily banking plans	17.1	0.4	0.1	**17.6**				
Deposit products and cash management	8.8	7.5	0.2	**16.5**				
Insurance	3.0	0.5	0.0	**3.5**				
Investments	2.1	1.6	1.3	**5.0**				
Pensions	8.7	0.2	0.0	**8.9**				
Trade finance	0.1	9.6	0.1	**9.8**				
Other	0.4	0.4	2.3	**3.1**				
Total	**73.4**	**33.2**	**3.7**	**110.3**				

17. Related parties

A number of banking transactions are entered into with related parties in the normal course of business. DNB and Nordea were considered related parties. Nordea, however, sold their remaining shareholding in Luminor Holding on 1 September 2022 and are no longer treated as a related party. The income statement and balance sheet entries, shown below, include Nordea up to the date of the share sale.

Entities with significant influence

€m	3Q		Jan-Sep		FY
	2022	2023	2022	2023	2022
Interest income calculated using the effective interest method	0.0	0.0	0.1	0.1	0.1
Interest and similar expense[1]	-8.2	-0.1	-50.4	-0.1	-50.4
Fee and commission income	0.0	-0.1	-0.2	-0.1	-0.2
Net other financial income	31.5	3.6	83.5	0.3	73.5
Other administration expenses	0.0	0.0	0.0	-0.7	0.0
Other income and expenses	0.0	0.1	-0.1	-0.1	-0.1
Total	**23.3**	**3.5**	**32.9**	**-0.6**	**22.9**

1. Interest expense includes reduction in value of interest rate swaps used for hedge accounting purposes.

€m	31 Dec 2022	30 Jun 2023	30 Sep 2023
Due from other credit institutions	2.2	1.7	2.1
Derivatives	28.3	25.5	27.8
Other	1.4	0.0	0.0
Total assets	**31.9**	**27.2**	**29.9**
Loans and deposits from credit institutions	4.0	10.0	28.0
Derivatives	30.8	14.9	3.1
Total liabilities	**34.8**	**24.9**	**31.1**

Key management personnel

€m	3Q		Jan-Sep		FY
	2022	2023	2022	2023	2022
Fixed and variable remuneration	-0.3	-0.3	-1.3	-1.4	-1.6

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

Associated companies

ALD Automotive (3 entities) €m	31 Dec 2022	30 Jun 2023	30 Sep 2023
Loans to customers	13.5	10.7	9.6
Deposits from customers	0.3	1.3	1.0

18. Country reporting

Income by country of income generation	3Q		Jan-Sep		FY
€m	2022	2023	2022	2023	2022
Interest and similar income					
Estonia	17.2	45.1	48.3	123.0	75.2
Latvia	23.6	56.4	65.9	150.0	98.8
Lithuania	37.3	99.8	99.6	258.0	154.0
Total	**78.1**	**201.3**	**213.8**	**531.0**	**328.0**
Fee and commission income					
Estonia	4.6	4.5	12.2	13.5	16.8
Latvia	8.5	6.9	24.2	25.5	32.5
Lithuania	15.7	17.4	45.4	46.7	61.0
Total	**28.8**	**28.8**	**81.8**	**85.7**	**110.3**

Customer balances €m	31 Dec 2022	30 Jun 2023	30 Sep 2023
Estonia	2,459.4	2,474.5	2,451.3
Latvia	2,970.6	2,969.0	2,967.5
Lithuania	5,444.7	5,287.3	5,353.7
Loans to customers	**10,874.7**	**10,730.8**	**10,772.5**
Estonia	1,409.7	1,409.8	1,191.5
Latvia	3,051.7	3,006.9	2,954.4
Lithuania	6,486.5	6,778.5	6,897.5
Deposits from customers	**10,947.9**	**11,195.2**	**11,043.4**

GLOSSARY

Common Equity Tier 1 ratio
Shareholders' equity subject to regulatory adjustments as a percentage of total Risk Exposure Amounts

Companies
Business customers, Financial institutions, and Public sector

Cost/income ratio
Total administration expenses as a percentage of total operating income

FVTOCI
Fair Value through Other Comprehensive Income

FVTPL
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 earnings assets – the average of opening and closing balances of Cash and central bank balances, Due from other credit institutions, 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 loan.

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

POCI loans
Loans which were credit impaired when purchased or originated

LUMINOR BANK AS INFORMATION

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Balance sheet date
30 September 2023

Reporting period
1 January to 30 September 2023

Reporting currency
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Cover image. In September, 120 of our employees helped restore two wetland areas, Silėnai peatland and Svirplinė Botanical-Zoological Reserve in Asveja Regional Park, in Lithuania. Peatlands are an important part of the ecosystem, as they regulate the water regime and provide a vital refuge for peatland plant, animal and micro-organism species. Re-wetting peatlands helps to avoid greenhouse gas emissions and binds the carbon, and so help mitigate climate change.

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